



1.2. RVPN also filed Petition No. RERC/592/16 dated 27.01.2016 for approval of ARR for FY 2016-17 and for True-up for FY 2014-15 under Section 62 read with Section 64 of Electricity Act, 2003 and Regulation 6 &8 of Tariff Regulations 2014 with the following prayers:

- (1) Determine cumulative surplus/deficit on Truing-up of Annual Revenue Requirement for FY 2014-15 based on Audited Accounts of RVPN for FY 2014-15 for carry forward to ARR for FY 2016-17 under Regulation 8(6) of RERC Tariff Regulations, 2014;
- (2) To impart directions to Discoms for payment of incentive for FY 2014-15;
- (3) Approve revenue requirements for FY 2016-17 based on the information furnished in the petition and attached formats;
- (4) Approve firm recovery of fixed monthly transmission charges from Discoms on the basis of % allocation and for Open Access Consumers on the basis of actual capacity in Rs/kW/ Month and Paisa/kWh as the case may be;
- (5) Approve the tariff for recovery of transmission charges for Collective Power Exchange Transactions and charges for inter-State short term open access customer on per kWh basis for FY 2016-17;
- (6) Approve the revenue requirement for SLDC function by RVPN for FY 2016-17;
- (7) Approve SLDC Charges for FY 2016-17 and recovery of same from Discoms and other long term users and Open Access Consumers on monthly basis;
- (8) Allow furnishing of additional data and information and/or modification of the information submitted;
- (9) And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case.

1.3. As the approval of investment plan will have a direct impact on ARR and Tariff of RVPN, the Commission decided to take up the Petition for approval of investment plan along with ARR and Tariff Petition.

- 1.4. The Commission conveyed the data gaps found in the petitions to RVPN on 30.03.2016. RVPN in response has filed the reply vide its letter dated 16.05.2016.
- 1.5. As required under Section 64 (2) of the Electricity Act, 2003, the Commission allowed RVPN to publish notices with salient features of the petitions inviting comments/ suggestions from Stakeholders in the news papers. RVPN accordingly had published the abridged petitions in the following newspapers on the dates shown as under:

**Table 1: Publication of Public Notices**

<b>Name of Newspaper</b>	<b>Date of Publication</b>
Petition No. 590/16 & 592/16	
Danik Bhaskar (Hindi)	30.06.2016
Rashtradoot (Hindi)	30.06.2016
Danik Navjyoti (Hindi)	30.06.2016
Times of India (English)	01.07.2016

- 1.6. Petitions were also placed on the RVPN and Commission's website. The last date for submission of comments/suggestions was 26.07.2016.
- 1.7. The comments/suggestions have been received on the petitions from the following Stakeholders:

**Table 2: Comments/Suggestions received on the Petitions**

Petition No. 590/16 & 592/16
(1) Sh. Shanti Prasad
(2) Sh. G.L. Sharma
(3) Discoms*

\*Received on 06.09.2016

- 1.8. The public hearing in the matter was held on 07.09.2016.
- 1.9. During the public hearing the Officer representing the Petitioner appeared and reiterated the submissions made in the petitions and

prayers made therein. The Stakeholders also presented their views on the petitions. The list of Stakeholders and representatives of the Petitioner/ Respondents present during the hearings is enclosed to this order as **Annexure-1**. To facilitate references, the abbreviations used in this Order are placed at **Annexure-2**.

1.10. In exercise of the powers conferred under Sections 62, 64 and other enabling provisions of the Electricity Act, 2003, read with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, RERC (Investment Approval) Regulations, 2006 and other enabling Regulations, the Commission has carefully considered the submissions of the Petitioner and the suggestions/objections submitted by the various Stakeholders. The Commission has passed the following Order.

1.11. This Order has been structured in 6 sections, as under:

<b>Section</b>	<b>Particular</b>	<b>Page No.</b>
Section 1	General	1-4
Section 2	Summary of Objections/Comments/Suggestions and RVPN's response on Investment Plan for FY 2016-17, Truing-up for FY 2014-15, ARR for Transmission and SLDC Function for FY 2016-17	5-36
Section 3	Analysis of Truing-up of ARR for Transmission & SLDC function for FY 2014-15	37-59
Section 4	Analysis of Investment Plan for FY 2016-17	60-61
Section 5	Analysis of ARR for Transmission function for FY 2016-17	62-79
Section 6	Analysis of ARR for SLDC function for FY 2016-17	80-89

**Section – 2: Summary of Objections/Comments/Suggestions and RVPN's Response on Investment Plan for FY 2016-17, Truing-up for FY 2014-15 and ARR for Transmission and SLDC Function for FY 2016-17**

**A. Truing-up for FY 2014-15**

**(1) Segregated Audited Accounts**

**Stakeholders' Suggestions / Comments**

- 2.1. The Petitioner has not strictly complied with the Commission's directions, in its earlier Order, to segregate the accounts for transmission, SLDC and partnership projects. The segment wise results furnished in audited accounts cannot be treated as segregation of accounts.
- 2.2. The Stakeholder submitted that the annual accounts for 2014-15 as submitted by the Petitioner have not been authenticated by the SLDC's in-charge, except the pages related to Balance Sheet and Profit & Loss Account. The "so called segregated accounts" of SLDC cannot be said as certified by the Statutory Auditor or a Chartered Accountant since the segregated accounts do not have the Cash flow statement. Furthermore, it does not contain comments of the Chartered Accountant on the maintenance of these Accounts and the same is not certified by Chartered Accountant on whether these Accounts are in conformity with accounting principles of India.
- 2.3. The Stakeholder further submitted that the so called segregated accounts of SLDC for FY 2014-15 cannot be said as certified by Statutory Auditor. Accordingly, the standalone annual account for FY 2014-15 for the Petitioner cannot be accepted as applicable for transmission utility only. Further, the Petitioner has also not submitted unaudited accounts of previous year (i.e. FY 2015-16) as per Regulations 11(4) of Tariff Regulations 2014.
- 2.4. In standalone and consolidated accounts, the Chartered Accountant has put emphasis that their opinion about giving a true and fair view is not to be considered in respect of following two points:-

- (i) Writing off of Debts of Rs. 200 Crore, and
  - (ii) Reducing the profits by Rs. 276.56 Crore
- 2.5. The Petitioner may also provide clarification in respect of following points related to Significant Accounting Policies mentioned under the Annual Accounts:
- a. Which of the revenue figures are taken on actual basis?
  - b. For transmission, SLDC and generation cost of partnership projects, tariff norms / interim orders of RERC have been referred, whereas for shared projects unaudited account or data from the company have been referred. How these two different statements can be justified?
  - c. The head of account under which the expenditure of training and recruitment, research and development are accounted for?
  - d. Details regarding the net credited amount of power procurement.
- 2.6. Stakeholder submitted that as per Note 24.2 of the Annual Accounts, the Petitioner has considered Nil SLDC charges from all the three Discoms. However, the final/provisional accounts of Discoms have shown SLDC charges. If there is 'NIL' Revenue from Discoms in respect of SLDC charges, then the Petitioner needs to clarify the sources from which SLDC has met its expenses during the year FY 2014-15.

### **RVPN's Response**

- 2.7. RVPN submitted that the segregated accounts pertaining to SLDC function is duly certified by M/s. S. Singhal & Co., Chartered Accountants, who are also the statutory auditor of RVPN. As per Accounting Standard 17, segment wise reporting, i.e., Transmission, SLDC and Generation, has been provided by RVPN in the Annual Accounts of RVPN for FY 2014-15. RVPN further submitted that the Balance sheet and Profit & Loss account have been signed by Sr. AO (SLDC) RVPN. Cash flow of RVPN as a whole has been provided in the Annual Accounts of RVPN duly audited by the statutory auditors. RVPN submitted that separate cash flow statement of SLDC function shall be prepared with the Annual Accounts of SLDC function for FY 2015-16 and onwards. RVPN further submitted that certification of

segregated SLDC accounts by the statutory auditor of RVPN itself signifies that expenditure and revenue shown in the segregated Accounts of SLDC are correct. RVPN submitted that these Accounts give a true and fair view in conformity with the accounting principles generally accepted in India.

- 2.8. RVPN submitted that as per requirement of the Companies Act, 2013, Standalone as well as Consolidated Financial Statements are to be prepared by the RVPN from the FY 2014-15 and onwards. Standalone Financial Statements have been prepared by RVPN including three segments of RVPN, i.e., Transmission, SLDC and Generation and in addition to the above, Consolidated Financial Statements also includes accounts of Subsidiary Companies of RVPN. RVPN submitted that all figures in the Accounts are correct and duly audited.
- 2.9. RVPN submitted that the management of RVPN has put all the facts before Statutory Auditors and C&AG about both the matters, namely writing of debts and reducing the profit, and after satisfaction, the Statutory Auditors as well as C&AG have given the true and fair view on these annual accounts.
- 2.10. RVPN submitted that the revenue from transmission of power, SLDC Charges and Generation cost of partnership projects has been accounted for on Accrual basis as defined under applicable Accounting Standards and Framework issued by ICAI for the preparation and presentation of Financial Statements.
- 2.11. With regard to the annual accounts for the FY 2015-16, RVPN submitted that the same is under statutory audit and will be finalized shortly. RVPN has submitted a copy of the un-audited financial results (provisional) for the year ended as on 31st March, 2016.
- 2.12. RVPN submitted that the transmission charges recovered from the Discoms are as per the rate allowed by the RERC on dated 09.10.2014 and the generation expense recovered from the Discoms are on actual basis as allowed in the said order.
- 2.13. RVPN submitted that the training expenses (75.614) and research and development expenses (79.210) for FY 2014-15 are Rs 6.90 Lakh and Rs Nil respectively. However, the accounts for FY 2015-16 are under

finalization and hence details are not available.

- 2.14. With respect to net credit for power purchase, RVPN submitted that there is no such figure for FY 2014-15.
- 2.15. RVPN submitted that SLDC has met their expenses amounting to Rs. 19.34 Crore for the FY 2014-15, out of income from open access open access consumers and other income amounting to Rs. 19.74 Crore. The same has also shown under the Note No. 35.6 "Segment wise results" of the Notes to Accounts for the FY 2014-15.

## **(2) Miscellaneous Issues**

### **Stakeholders' Suggestions / Comments**

- 2.16. The Petitioner may provide details pertaining to the actual transmission capacity handled for LTOA consumers along with the revenue received from such consumers, as well as the actual transmission capacity handled in respect of Discoms and the revenue received from them.
- 2.17. The Petitioner may further provide list of transmission lines and new grid substations of different capacities energized during FY 2014-15 and FY 2015-16, the cost incurred, transmission capacity (in MW), and status of permission from Electrical Inspector. The Petitioner may also provide the details of voltage-wise transformer capacity augmented at different GSS during the FY 2014-15 and FY 2015-16 along with date of commissioning, number of transformers and its MVA capacity, and newly installed number of bays with voltage level.
- 2.18. The Stakeholder submitted that in case of transmission line augmentation, the change in voltage level needs to be submitted. Accordingly, the Petitioner may provide list of transmission lines which have been constructed at design rated capacity but energized at lower voltage level. Further, the Petitioner may also provide the list of GSS installed and commissioned but not connected with Discoms system.
- 2.19. The Petitioner may provide the year-wise details for FY 2014-15 and FY 2015-16 of present transformer capacity at GSS, peak load attained at GSS, expected additional load and its basis of consideration,



additional capacity installed for augmentation, replacement of any present transformers and their depreciated value.

- 2.20. The Petitioner may provide the voltage-wise and capacity-wise list of transformers burnt / failed during FY 2014-15 and FY 2015-16. Further, the Petitioner may also provide the status of final disposal of burnt transformers as per the direction of the Commission.
- 2.21. The Petitioner may provide the relevant documents for insurance charges claimed.
- 2.22. The Petitioner may provide the details of transmission lines connected from RAPP to Kota and to other GSS with their respective length, voltage, costs and source of funding.

**RVPN's Response**

- 2.23. RVPN submitted that the Objector may refer page- 62 Annexure-D of ARR petition for LTOA consumers and page-36 Annexure-IX of data gap reply dated 16.05.16 for revenue receipt and capacity handled.
- 2.24. RVPN has submitted the desired information on 765 kV, 400 kV, 220 kV and 132 kV transmission lines and new grid sub-stations commissioned during FY 2014-15 and FY 2015-16. RVPN submitted the SIL capacity of various EHV Lines as under:

**Table 3: Capacity of Transmission Lines**

<b>Transmission Lines</b>	<b>SIL Capacity</b>
765 kV Line on Quad Bersimis conductor	2250 MW
400 kV Line on Twin Moose conductor	515 MW
400 kV Line on Quad Moose conductor	690 MW
220 kV Line on Zebra conductor	132 MW
132 kV Line on Panther conductor	50 MW

- 2.25. RVPN intimated that the application for seeking permission is being regularly submitted to Electrical Inspector Office before charging the lines and due procedures are being followed. The lines are charged only after the approval of concerned Authorities. RVPN further submitted that this issue is not related to determination of tariff.
- 2.26. RVPN also submitted that the number of feeder bays commissioned in

FY 2014-15 and FY 2015-16 is available in Form T2, page No.67-68 of ARR Petition.

- 2.27. RVPN further submitted the list of augmentation of transformers during FY 2014-15 and FY 2015-16 along with information on transmission lines augmented. RVPN submitted that augmentation programme is based on proposals received from Zonal Chief Engineers (ZCE) (T&C), RVPN, which are prepared as per the actual transformer loading conditions and as per the requirements of the Discoms. The proposals received from ZCE (T&C), RVPN for FY 2015-16 were submitted by RVPN.
- 2.28. With regard to transmission lines constructed at design rated capacity but have been energized at lower voltage level, RVPN submitted that presently 400 kV S/C Dholpur GTPS-Hindaun line is charged on 220 kV since 03.02.2008, because 400KV voltage level has not been provided by RVUN at Dholpur GTPS. RVPN further submitted that whenever RVUN will provide 400KV voltage level at Dholpur GTPS, this line would be charged at 400KV voltage level.
- 2.29. With regard to disposal of unusable transformers and other assets, RVPN submitted that at the time of discarding of assets, the written down value (WDV) of the assets is transferred in the Head "Assets not in use". When the assets are auctioned, then the entry of the profit/loss is accounted for. During FY 2013-14 and FY 2014-15, Rs. 1.54 Crore and Rs. 18.98 Crore respectively (Gross Value) were accounted for in the Accounts towards discarding of Plant & Machinery including transformers and also booked in the profit or loss under the code head 62.400 & 77.730 respectively.
- 2.30. RVPN submitted the details of unutilized 33 kV bays at various 220 kV and 132 kV grid sub-stations.
- 2.31. RVPN submitted that the item-wise documents are available at each unit level all over RVPN. The amount shown in the annual accounts has been audited by the Statutory Auditor.
- 2.32. RVPN informed that following are the transmission lines owned by RVPN from RAPP(A) & RAPP(B):
  - RAPP(A)
    - 220 kV D/C RAPP(A)-Sakatpura line : 84 CkM

- 220 kV S/C RAPP(A)-Sakatpura line : 42 CkM
- 220 kV S/C RAPP(A)-Debari line: 192 CkM
- RAPP(B)
  - LILO of 220 kV S/C RAPP(A)-Sakatpura line at RAPP(B)

### **(3) Depreciation**

#### **Stakeholders' Suggestions / Comments**

- 2.33. The Petitioner has stated that the computation of depreciation is as per rates and methodology specified in RERC Tariff Regulations, 2014. However, the Petitioner has not clarified whether the difference in depreciation is due to rate of depreciation on account of value of Gross Fixed Assets (GFA). Further, the Petitioner has stated in the past that the depreciation shall be computed as per RERC Tariff Regulations, 2014, i.e., higher depreciation in first 12 years and balance depreciation for remaining useful life of the Fixed Assets. However, the Petitioner has not provided the requisite details and it seems that higher depreciation rate applicable for the initial period of 12 years has been applied on all the Fixed Assets, thereby ignoring the provisions of Regulation 22(4). The Stakeholder submitted that for truing-up, depreciation should be computed by considering 35% of the fixed assets less than 12 years old and remaining 65% exceeding 12 years old.
- 2.34. The Stakeholder submitted that the Statutory Auditor has in their report in Annex-B (page 160 of the Petition) mentioned value of free hold and lease hold includes value of boundary wall and accordingly computed the depreciation at the rate of 1.01%. The Petitioner may please indicate the exact place and project for which boundary wall has been referred here.

#### **RVPN's Response**

- 2.35. RVPN submitted that up to FY 2013-14, the depreciation had been charged at the rate/useful life notified by the Forum of Regulators dated 23.06.2006 in pursuance to para 5.3(c) of the Tariff Policy issued by the Ministry of Power, Gol dated 06.01.2006 duly adopted by RERC. From the FY 2014-15, depreciation has been calculated at the rates/

useful life and methodology notified vide RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 in accordance with Part-B of Schedule II of the Companies Act 2013 issued by the ICAI.

- 2.36. RVPN submitted that from the FY 2014-15, the depreciation on boundary wall is charged @ 3.34% p.a. as prescribed for of all projects of RVPN.
- 2.37. RVPN further submitted that the detailed calculation of depreciation is available in the assets register.

#### **(4) Operation and Maintenance Cost and Actuarial Liability as per AS-15**

##### **Stakeholders' Suggestions / Comments**

- 2.38. The Stakeholder submitted that provision for any liability, such as 'provision due to actuarial valuation liability' amounting to Rs. 486.44 Crore cannot be considered as actual expenses and therefore, the O&M expenses should be considered without including the same.
- 2.39. The Stakeholder submitted that the increase in O&M expenses from Rs. 706.89 Crore to Rs. 811.43 Crore, is mainly on account of actuarial valuation liability for leave encashment and pension. The Petitioner has not considered the same in True Up. Further, the Petitioner has considered pension, PF and leave encashment liability as part of normative O&M expenses whereas, Discoms have considered normative O&M expenses and terminal benefits as separate items.
- 2.40. The Stakeholder observed that the difference between the terminal benefit as per actuarial valuation and actually provided, may be considered as part of O&M expenses for True-Up. Further, the difference between total actuarial liability less amount available in trust fund together with the amount included in O&M expenses may be considered towards bridging past arrears as terminal benefit.
- 2.41. The Stakeholder has sought clarification on applicability of disclosures under AS-15 on the Petitioner in order to determine whether the Petitioner can correlate terminal benefit of Rs. 486.44 Crore or not. The Stakeholder further stated that if satisfied, the Commission may consider terminal benefit liability of Rs. 472.44 Crore for transmission ARR, with the direction that this sum (less already paid) will be paid to

trusts in the FY 2016-17 in addition to current contribution (as part of normative O&M charges) and additional amount for terminal benefit dues (towards arrears), as may be considered by the Commission.

- 2.42. The Stakeholder submitted that since the 765 kV line is not charged at its rated capacity, therefore, O&M expenses of lower voltage of 400 kV line should be considered. Further, the Petitioner may provide information on lines charged at lower than rated capacity. The Stakeholder also submitted that various lines of the Petitioner have been charged on lower voltage whereas O&M Expenses are being charged on higher voltage. O&M Expenses should be allowed for the lower voltage.

### **RVPN's Response**

- 2.43. RVPN submitted that it has obtained actuarial valuation of pension and leave encashment as on 31.03.2015 and incremental liability of the pension and leave encashment amounting to Rs 472.44 Crore and Rs 14 Crore respectively, as determined by the Actuary which has been recognized as expenses of the current year as per Accounting Standard-15. Further RVPN submitted the disclosures given as per AS-15 vide note 28.4 of the Annual Accounts for FY 2014-15 is in respect of RVPN only.
- 2.44. RVPN submitted that the O&M expenses are to be claimed as per design voltage of the transmission system and accordingly, O&M expenses have been claimed.

## **(5) Interest on Loan**

### **Stakeholders' Suggestions / Comments**

- 2.45. The Stakeholder submitted that the Petitioner has considered Advances to five subsidiary companies in its long term loan and interest on the same is passed on in the transmission ARR. The Commission should disallow such interest in light of its own directions given in its Order dated 09.10.2014. The Stakeholder submitted that impact of interest on loan by the Petitioner to its subsidiary companies may not have been reflected in the petition.

### **RVPN's Response**

2.46. RVPN submitted that the companies are wholly owned subsidiary companies of RVPN and they are incorporated for development of transmission lines and GSS, therefore, the interest expenditure of these companies are incurred by RVPN. However, interest has been charged on the amount advanced to the three Subsidiary Companies up to 31.03.2015.

### **(6) Equity Contribution**

#### **Stakeholders' Suggestions / Comments**

2.47. The Petitioner may provide year-wise equity infusion and its actual utilization.

### **RVPN's Response**

2.48. RVPN submitted that the GoR has provided the Equity Contribution of Rs. 370 Crore in FY 2014-15 against total Annual Plan of Rs. 1,780 Crore which is 20.78% of the total Annual Plan.

### **(7) Working Capital**

#### **Stakeholders' Suggestions / Comments**

2.49. The Petitioner may provide detailed workings of computation of target availability and amount of component in working capital requirement.

2.50. The Petitioner should furnish Working Capital related formats in the True-up Petition.

### **RVPN's Response**

2.51. RVPN submitted that the word "Receivable on Target availability" (as per norms) is mentioned in RERC Order dated 09.10.14 in Table No. 54- Approved interest on working capital for FY 2014-15. The amount of Rs. 264.39 Crore has been worked out by RVPN as the amount equivalent to 1.5 months of total RVPN revenue shown in Table No. 7 of Petition.

2.52. RVPN has submitted the True-Up Forms with the data gaps at Annexure-XIII.

## **(8) Income Tax Paid**

### **Stakeholders' Suggestions / Comments**

2.53. The Petitioner should provide documentary evidence of income tax paid.

### **RVPN's Response**

2.54. RVPN submitted the Copy of IT return and acknowledgment showing Net Tax.

## **(9) MW Capacity Handled**

### **Stakeholders' Suggestions / Comments**

2.55. The Petitioner has stated excessive total capacity handled to the extent of 622.46 MW in the Petition, i.e., in case of Barsingsar TPS (NLC), the auxiliary consumption has been taken as 9% with an excess of 37.57 MW and 584.89 MW in excess from Wind, Solar, Biomass, CPP, etc.

### **RVPN's Response**

2.56. RVPN submitted that 9% auxiliary consumption is considered in case of Barsingsar TPS (NLC) and Rajwest Power Station Lignite generating stations and not Auxiliary losses as indicated by the stakeholders. The details of capacity handled are available in RVPN reply at Para 24.11.

## **(10) Transmission System Availability**

### **Stakeholders' Suggestions / Comments**

2.57. The Petitioner may provide sub-station wise availability in accordance with clause 63 (2) of the Tariff Regulations, 2014.

### **RVPN's Response**

2.58. RVPN submitted that the availability of transmission system is being worked out (in accordance with RERC instructions/provisions) for all the substations at the circle level and which is compiled at the corporate level. The overall availability so worked out is communicated by RVPN to the Commission every year. RVPN

submitted that the transmission system availability as above is 99.75% as against the normative availability of 98%.

## **(11) Revenue Realized**

### **Stakeholders' Suggestions / Comments**

- 2.59. The Stakeholder submitted that Revenue from Transmission charges as submitted by the Petitioner is not matching with the corresponding figures of Discoms. The Petitioner may provide reasons of differences. Further, the Petitioner may also provide the details of actual transmission capacity handled for open access consumers and for Discoms as well as the revenue realized from open access consumers and Discoms.
- 2.60. The Stakeholder has observed a difference between the transmission charges for FY 2014-15 shown in the final accounts of JVVNL (Rs. 1,131.62 Crore) and those submitted by the Petitioner with respect to JVVNL (Rs. 683.78 Crore). The Petitioner may clarify the difference with regard to transmission charges associated with JVVNL.
- 2.61. The Petitioner may provide the detailed justification of Rs. 276.56 Crore credit adjustment given to Discoms in the background of deficit of Rs. 357.14 Crore.
- 2.62. The Stakeholder submitted that the amount not recovered from State Government, which has been written off by the Petitioner, should not be admitted.

### **RVPN's Response**

- 2.63. RVPN submitted that the transmission charges and SLDC charges as determined under RERC order for Discoms are shared among them in proportion to their contracted capacity for respective FY as per provisional basis subject to adjustment. In case of excess charges recovered from Discoms, the excess amount will be credited to Discoms.
- 2.64. RVPN submitted to refer to page no 62 Annex-D of ARR petition for MW capacity of LTOA consumers and page No. 36 Annex- IX of Data gap reply dated 16.05.2016 for revenue received.



- 2.65. RVPN submitted that the billing done by RVPN to Discoms is of Rs. 1,720.12 Crore during FY 2014-15. The billing done to JVVNL is of Rs. 683.78 Crore, which is as per the audited accounts of RVPN. RVPN further submitted that the transmission charges for FY 2014-15 shown as Rs. 1,131.62 Crore by JVVNL are to be justified by JVVNL.
- 2.66. RVPN submitted that total bill raised to JVVNL was amounting to Rs. 783.19 Crore and the credit passed on to JVVNL is amounting to Rs. 99.41 Crore.
- 2.67. With regard to credit adjustment given to DISCOMs, RVPN referred point No. 24.03 of note to accounts of annual account for FY 2014-15.
- 2.68. RVPN further submitted that the dues from State Government mainly include written off amount of Rs. 200 Crore due from Ajmer Discoms.

## **(12) Writing of Bad Debts**

### **Stakeholders' Suggestions / Comments**

- 2.69. The Stakeholder submitted that the resolution of Board of Directors of the Petitioner to write-off Rs 200 Crores as a special case, provided AVVNL pays a sum of Rs 10 Crores per month by way of daily escrow in favour of the Petitioner, without corresponding surplus in books of accounts has led to increase in losses. The Petitioner should have written off the same against its surplus and not reflected the same in the ARR. The amount so written off has been improperly reflected in ARR for FY 2016-17 and, if allowed, would have to be shared by all Discoms.

### **RVPN's Response**

- 2.70. RVPN submitted that Ajmer Discom had agreed to pay Rs. 40 Lakh per working day to liquidate their dues against RVPN subject to the condition that RVPN agrees to write off an amount of Rs. 200 Crore out of total due amount to Rs. 481.60 Crore against Ajmer Discom. Subsequently, the proposal of the Ajmer Discom to write off was agreed by RVPN so that the balance amount of Rs. 281.60 Crores could be recovered from Ajmer Discom. RVPN also submitted that a written off debt is an expenditure and not an appropriation of profit.

### **(13) Un- recovered Amount**

#### **Stakeholders' Suggestions / Comments**

2.71. The Stakeholder submitted that as per Note 24.3 (b) of Financial Statement of Annual Accounts, the Petitioner, following prudence concept of accounting, has considered to forgo surplus beyond 5% of ROE plus incentive for better availability, i.e., Rs. 184.49 Cr. However, the true up reflects a deficit of Rs. 357.14 Cr instead of surplus of Rs. 461.05 Cr (Rs. 248.53 Cr + Rs. 184.49 Cr). Therefore, the Commission should not allow this non-recovery from Discoms.

#### **RVPN's Response**

2.72. RVPN submitted that Accounting Standard-1 on "Disclosure of Accounting Policies" defines "Accrual" and "Prudence". The prudence concept states that provision is made for all known liabilities and losses even though the amount cannot be determined with certainty and represents only a best estimate in the light of available information. For the FY 2014-15, RERC had allowed RoE @ 5% amounting to Rs. 139.04 Crore and incentive of Rs. 45.45 Crore to RVPN over and above the expenditure.

2.73. RVPN further submitted that, in the past years also, any surplus accruing to RVPN beyond that allowed by RERC had been passed on by RERC to Discoms to the extent it exceeded the amount allowed by RERC. Therefore, the amount of Rs. 139.04 Crore in respect of RoE and Rs. 45.45 Crore as incentive as allowed by RERC had been retained by RVPN and any other surplus amount had been passed on to Discoms in the ratio of the billing, i.e., 40% to Jaipur Discom, 28% to Ajmer Discom and 32% to Jodhpur Discom.

### **(14) Inter-State Projects / Partnership Projects**

#### **Stakeholders' Suggestions / Comments**

2.74. The Stakeholder submitted that the inter-state projects are not in the purview of the Commission but the Central Electricity Regulatory Commission (CERC). Therefore, the Petitioner should obtain necessary orders from CERC, even for accepting the unaudited financial information for inter-state projects.

- 2.75. The Petitioner should clarify about the manner and the procedure under which it is passing expenditure of inter-State projects in its annual accounts.
- 2.76. The Petitioner may clearly specify whether Gross Fixed Assets (GFA) of transmission system related to BBMB feeding power to Rajasthan are included in Petitioner's GFA? If yes, the details of the same may be provided. Further, the Petitioner should also clarify whether share of cost of transmission system related to BBMB has been included in its ARR submissions? If yes, the reasons for the same may be provided.
- 2.77. The Petitioner should provide details about the double circuit Gandhi Sagar to RPS and RPS to Jawahar Sagar lines with regard to the total length, who maintains the line, and in whose accounts the GFA addition of the line is considered.
- 2.78. The Stakeholder has sought clarity on whether cost of lines and O&M expenses of 220 KV Panipat – Narela Ckt 1, 2, 3 and 220KV BTPS – Ballabgarh Ckt 1 and 220 KV BTPS - Ballabgarh of BBMB lines are being accounted for in the Accounts of BBMB and whether any share thereof is being passed on to Rajasthan in any manner and for what reasons.

### **RVPN's Response**

- 2.79. RVPN submitted that the deemed sale and purchase of power to/from MPPMCL in respect of shared projects has been accounted for in the accounts on provisional basis subject to final adjustment after reconciliation. CERC has determined the Transmission and Generation Tariff of BBMB vide order dated 07.08.2015 and 21.03.2016 respectively. RVPN also submitted that the tariff petition related to inter-state projects is under preparation and will be filed in CERC shortly.
- 2.80. RVPN submitted that for inter-state generation expenditure, the details are available in point No. 35.5 regarding segment wise result, page No. 37 of Annual Accounts FY 2014-15.
- 2.81. RVPN submitted that the transmission network of partnership projects outside Rajasthan are not a part of gross assets related to transmission tariff of RVPN. RVPN further submitted that the segment wise reporting

including generation has been provided in the annual account of RVPN.

- 2.82. RVPN submitted that total length of 132 kV Gandhi Sagar to RPS and RPS to Jawahar Sagar is 35.36 km. and 23.14 km. respectively and Superintending Engineer (T&C), RVPN, Kota is maintaining the RPS-Gandhi Sagar transmission line.
- 2.83. The transmission network of Partnership projects Outside Rajasthan are not part of Gross assets of Transmission tariff of RVPN.

## **B. Investment Plan Petition**

### **(1) Investment Plan in FY 2016-17**

#### **Stakeholders' Suggestions / Comments**

- 2.84. The Petitioner has given the details of investment schemes already approved as well as new schemes. The figures for ongoing schemes for next 1-2 years may also be given to ascertain that there will not be a tariff shock in next 1-2 years.
- 2.85. The proposed Investment Plan for FY 2016-17 does not state the amount, sources of funding, total equity inflow as well as justification of the same. The same may be provided by the Petitioner.
- 2.86. The Petitioner may provide the dates of approval of TSPCC for each EHV systems proposed for FY 2016-17.
- 2.87. The Petitioner should have clearly segregated the schemes for which investment has been sought for FY 2016-17 from those which are not related to FY 2016-17.
- 2.88. The Petitioner should provide justification for seeking investments for already commissioned projects.
- 2.89. The Petitioner may indicate as to whether any RFQ has been issued for evacuating power from Banswara Super Critical TPS and status of the same. Further, the Petitioner may provide information on wind power projects installed in the area of Banswara Super Critical TPS.
- 2.90. The Stakeholder submitted that in many cases, length of line in CKM is not mentioned, therefore, it is not possible to ascertain the correctness

of the justification of the cost associated with it. The Petitioner may provide the same. Further, the details of various works including the details of the scheme, associated cost, funding agency, terms and conditions of funding, and benefits of the scheme may be provided by the Petitioner. Also, the details of Kuchaman City – Dhod line (220 kV, LILLO), which was commissioned on 2.6.2015, may be provided.

- 2.91. The Stakeholder has sought justification on showing works under Power Evacuation system of Suratgarh Supercritical TPS which is actually on Jaipur – Delhi highway.
- 2.92. The Petitioner may clarify the schemes, terms & conditions and benefits under the works ADB TR-1, ADB, KfW funded schemes, ADB loan scheme and PSDF investment.
- 2.93. The Petitioner may mention the total amount to be incurred against various schemes mentioned at page 1 of Form – 1 at point no. 1.
- 2.94. The Stakeholder submitted that the purchase of testing equipment, metering equipment, IT / Software, etc. are part of O&M Expenses and therefore should not be considered by the Commission.
- 2.95. The Petitioner may provide details of works shown in S. No. 1, 2 (page 29), S.No. 3 (iv) (Page 30), and S .No. 13. However, the amount shown in S. No. 5, 10, 14 and utilization for administrative & residential buildings, tools and equipment, purchase of vehicle, etc., air conditioning of Control Room, Roof top solar power plant may be disallowed from capital investment plan as these are related to O&M.
- 2.96. The Stakeholder submitted that the capital expenditure proposed for evacuation of wind and solar power should be included in capital expenditure of Discoms and not in that of the Petitioner.
- 2.97. The Petitioner has mentioned the works of other transmission licensees. The reasons for the same may be clarified.
- 2.98. The Stakeholder has requested the Commission to make the Petitioner responsible for any delay with regards to the implementation of transmission schemes as envisaged by the Petitioner. Also, the Petitioner shall be made responsible for timely completion of the transmission lines as any delay will increase the IDC in capital expenditure and in terms of depreciation in the long term.

- 2.99. The Stakeholder has sought information on commissioning date, total installed capacity, number of bays existed/existing with voltage ratios of the upgraded 220KV GSS at Manoharpur.
- 2.100. The Petitioner may furnish the order of priority and ceiling limit of capital expenditure as per clause 9.E (b) of RERC (Investment Approval) Regulations, 2006, for implementation of annual plan for FY 2016-17.
- 2.101. The Petitioner may provide the source of Equity of Rs. 338 Crore along with its proof.
- 2.102. The Petitioner may provide clarification on capital investment in unidentified schemes as two different figures are mentioned.
- 2.103. The Petitioner may provide the details of ongoing schemes along with approved cost, cost as on date of commissioning, and if delayed, the reasons for the same.
- 2.104. The Petitioner may provide the details of 765 kV GSS schemes and also mention the Commission's order under which these GSS installations are approved. The Stakeholder has also sought clarification on the differences in the number of transformers to be installed as mentioned in different parts of investment plan.

### **RVPN's Response**

- 2.105. RVPN submitted that the information of the ongoing schemes to be completed in next 1-2 years and in FY 2016-17 is available with PPD wing. Hence, the same may be obtained from them for calculation of IDC.
- 2.106. RVPN submitted that the amount proposed in investment plan for FY 2016-17 is Rs. 2,380 Crore for transmission works. The write-up after the prayer is the part of the petition which is also given in the earlier petition submitted to the Commission for approval.
- 2.107. RVPN submitted that the Investment plan petition is prepared as per the prescribed format of the Commission and since there is no column for mentioning date for the approval of TSPCC of each scheme in the prescribed format (Form-2) of Investment Plan, therefore, these are not indicated in Form-2. However, copies of minutes of meeting of

various TSPCC meetings dated 22.6.10, 6.1.11, 17.10.11, 28.3.12, 27.2.13 and 10.10.13 wherein TSPCC has approved the various EHV schemes included in RVPN investment Plan have been provided along with the reply of data gaps of Investment Plan Petition for FY 2014-15 vide RVPN's letter no 153 dated 8.5.2014. Copy of minutes of meeting of TSPCC meetings dated 18.11.2014 has also been provided along with the reply of data gaps of Investment Plan Petition for FY 2015-16 vide RVPN's letter no 1381 dated 20.02.2015. Thereafter, some more EHV schemes were approved by TSPCC in its 9th meeting held on 17.11.2015 which has been included in the Investment Plan Petition for FY 2016-17 and a copy of the minutes of meeting dated 17.11.2015 has also been provided by RVPN along with the reply of data gaps of Investment Plan Petition for FY 2016-17 vide RVPN's letter no 192 dated 18.05.2016.

- 2.108. RVPN submitted the prescribed Form-2 of the Petition warrants mentioning data of 2 years, i.e., current year of filing petition and previous year. Accordingly, in the Investment Proposal for FY 2016-17 in prescribed Form-2, the physical and financial targets and achievements for FY 2015-16 (previous year) and FY 2016-17 (current year), i.e., for two simultaneous years have been indicated by RVPN. Therefore, there is no "un-required information" submitted by RVPN as these are desired by the Commission. Also, RVPN submitted that a provision has been kept during FY 2015-16 for lines and GSSs which have already been commissioned in FY 2014-15 or earlier for balance miscellaneous works and no further provision is required for the same lines and GSSs during FY 2016-17, hence no provision is shown in the Form-2 (col. No. 13) by RVPN.
- 2.109. With regard to the amount sought on schemes already commissioned before FY 2016-17, RVPN submitted that a GSS/ Line is declared commissioned by RVPN when its major works are completed. However, some minor works of both electrical and civil in nature remain to be completed and also some contractual liabilities, viz., bills of vendors, etc., for which some provision is kept in the succeeding FY also.
- 2.110. The Banswara Super Critical TPS scheme was sanctioned in the year

2009 and was dropped in the year 2016. As such expenditure has been made on acquisition of land for the Banswara SCTPS and the land is in the possession of RVPN. Further, RVPN submitted that wind power plants have not been installed by the developers in the Banswara district, therefore, proposed 400KV GSS Banswara along with ATS has been dropped. Also, RVPN submitted that no RFQ has been issued by RVPN for Banswara Super Critical TPS.

- 2.111. RVPN provided the length of every EHV line (Commissioned/to be commissioned) in col. No. 9 & 10 as per targeted year of commissioning (FY 2015-16 or FY 2016-17). As such for the schemes which are not targeted during FY 2015-16 & FY 2016-17 or targeted beyond 2016-17, their length has not been indicated in said columns by RVPN.
- 2.112. RVPN submitted that the scheme of 220kV interconnection, viz., LILO of 132kV S/C VKIA-Kukas line at 220kV GSS Manoharpur was earlier part of power evacuation scheme of Suratgarh TPS and linked with 400/ 220kV GSS at Jaipur (North). Later, the scheme of 400/ 220kV GSS at Jaipur (North) was dropped by RVPN, but the aforesaid 220kV interconnection was executed for system strengthening and in order to meet the load growth of Manoharpur, Kukas and VKIA GSSs.
- 2.113. With respect to 220 kV S/C Kuchaman City – Dhod line, RVPN submitted that this is existing line commissioned on 24.3.2010 and LILO of the above line was proposed at 400KV Deedwana, which was commissioned on 2.06.2015. The length of LILO of 220 kV S/C Kuchaman City – Dhod line at 400 kV GSS Deedwana is 87.70 ckm.
- 2.114. With respect to the works /schemes being executed with the financial assistance of Asian Development Bank (ADB) / KfW Development Bank (a German Government owned Bank), RVPN submitted that these schemes have been identified under Green Energy Corridor for evacuation Power generated by Wind and Solar developers and funded by ADB and KfW through loan on reduced rates & grants from Govt. of India. These financial aids / loans come in instalments channelling through the State of Rajasthan and Department of Economic Affairs, Gol, New Delhi. The rate of interest of loans provided by ADB/ KfW is much lower from the prevailing market rates



and the financial aid by KfW also includes 40% grant from Gol on the total scheme cost.

- 2.115. RVPN further submitted that the Power System Development Fund (PSDF) Grant provided by MoP, Gol, is being utilised for two schemes namely Installation of Bus type Shunt Reactor and Renovation and Up-gradation of Sub-stations to rectify protection related deficiencies.
- 2.116. RVPN submitted that the detail of the schemes mentioned in Item 1 (Page 1 of Form 1), viz., Estimated cost, circuit Kilometre/ MVA, commissioning schedule and provisions for FY 2016-17, etc. have already been shown in Form-2. In Form-4 (Abstract of physical and financial targets & Achievements 2016-17), the abstract of total amount to be incurred during FY 2016-17 have been mentioned by RVPN. The works mentioned in Form-4 at S. No. 7, 9, 12, 13, 15, 17, 18, 19 & 20 are separate schemes not indicated in EHV schemes.
- 2.117. RVPN submitted that the works mentioned at Sr. No. 5 & 10 at Page 30, are useful for over a number of years (more than 1 year) and non-recurring in nature as well as they increase the earning capacity (or stability) of system, therefore, these have been taken as a part of capital expenditure.
- 2.118. RVPN submitted that the works at Sr. No. 1 & 2 (Page 29), "Carried over liabilities of 400/220/132kV S/Ss and transmission lines commissioned", are pending civil & electrical works, executed as per system requirement, pending bills or liabilities, etc. which are not known at the time of submission of petition as these are not planned works and are taken up as per System requirement.
- 2.119. RVPN was Bid Processing Coordinator (BPC) in the case of the project of 400kV GSS Ajmer. The project was delayed due to the contractor (M/s. Jyoti), who was unable to pay to sub-vendors due to his internal financial problems. Therefore, RVPN opted to directly pay the sub-vendors and execution of work started thereafter and was finally commissioned on 22.1.2015. RVPN also submitted that existing 132 kV (220 kV) S/C Ramgarh GTPS-Amarsagar line was commissioned on 220 kV voltage level on 19-10-2013 which has a capacity of 150 MW and is sufficient to evacuate the generation from Ramgarh Gas Thermal

Project (GT#3-110 MW).

- 2.120. RVPN submitted the detailed information in respect of 220kV GSS Manoharpur as per following: 220 kV GSS at Manoharpur (upgraded) (Distt. Jaipur) was commissioned on 28.02.2014. Total installed capacity is 275 MVA, transformers are 220/132 kV, 2X100 MVA, 132/33 kV, 1X40/50 MVA & 132/33 kV, 1X20/25 MVA; and numbers of Bays are 220 KV bays: 2 Nos., 132KV bays: 3 Nos. & 11 Nos. 132/33 kV (33kV).
- 2.121. The ceiling limit and order of priority has been already mentioned by RVPN in Investment Plan Petition for FY 2016-17, in form no. 1, in Write-up at Sr. no. 7 (Page. 5).
- 2.122. With regard to equity infusion, RVPN submitted a copy of the State Govt., Planning Department's letter No. F.10 (20) / PLAN / Gr. V / 2015 dated 31.12.2015 which has been given in reply to data gaps vide RVPN letter No. 179 dated. 16.05.2016.
- 2.123. With regard to unidentified schemes, RVPN submitted that there is a total provision of Rs. 10.00 Crore for 400kV new schemes to be identified and Rs. 5.00 Crore for 132kV new scheme to be identified as indicated in Form No. 2. However, due to typographical error in the data at Sr. No. A-16 Page 52 Unidentified schemes, the total value of unidentified schemes investment has been wrongly mentioned as Rs. 30.00 Crore and also due to typographical error in form A at Sr. No.2 & 3. Similarly, investment of Rs. 58.26 Crore shall be read as Rs. 59.76 Crore. Accordingly, revised Form No. 4 has been submitted by RVPN.
- 2.124. For ongoing schemes, RVPN submitted that the completion date/likely commissioning schedule and original/revised cost of the schemes have already been given in Form No. 2 & 3. IDC is being calculated for the total works in hand. RVPN further submitted that the actual cost as on date of commissioning of any scheme is considered at the time of finalisation of annual accounts of that year.
- 2.125. RVPN submitted that the prescribed Form-2 of the Petition warrants mentioning data of 2 years, i.e., current year of filing petition and previous year and accordingly, the Investment Proposal for two simultaneous years has been indicated by RVPN. The MVA capacity

of transformers for 765KV GSS at Phagi and Anta was not indicated in Investment Plan from FY 2010-11 to FY 2013-14 in Form no. 2, as the above GSSs were targeted to be commissioned in FY 2014-15. Hence, the MVA capacity of the said transformers was indicated in Investment Plan Petition for FY 2014-15 to 2015-16 in Form No. 2. Also, a copy of minutes of meeting of TSPCC dated 22.6.10 wherein TSPCC has approved the various EHV schemes included in RVPN Investment Plan had already been provided along with the reply of data gaps of Investment plan FY 2014-15 vide RVPN's letter no 153 dated 8.5.2014. Further, RVPN submitted that the approval as per DPR of power evacuation scheme including 765 kV Scheme has been sent to RERC vide RVPN letter No. 661 dated 18.08.2009. The Commission had approved the investments on the said scheme vide Commission's order dated 29.12.2010 for approval of Investment Plan for FY 2010-11 and further orders of approval of Investment Plan for FY 2015-16. RVPN submitted that in 765KV system, a 3-phase 1x1500 MVA transformer unit consists of 3 Nos. single phase units, each 1x500 MVA transformer units. The voltage ratio of each of these transformers is 765/400KV.

- 2.126. RVPN submitted that a provision of Rs. 15 Crore is made in the Investment Plan every year under the head "Allocation made by CCOA" which is utilized for capital expenditure on account of Administrative and Residential Building, Tools & Equipment and Purchase of Vehicle and is being kept for emergent circumstances. As per requirement, budget is issued from time to time out of the head of allocation made by CCOA. Booking of capital expenditure is made under the respective head at the time accounts are finalized and becomes a part of Fixed Assets.
- 2.127. With regard to air conditioning of the control room, RVPN submitted that it is required for maintaining proper temperature of the control panel and protection panels installed in the control room and is included in the project estimate report of scheme, therefore, these are part of capital works. Similarly, Roof top Solar Power Plant also forms part of Capital works.
- 2.128. RVPN submitted the Power Map showing the up to date existing transmission lines and GSS.

**C. ARR for FY 2016-17**

**(1) Transmission losses**

**Stakeholders' Suggestions / Comments**

2.129. The Petitioner has indicated actual losses of 4.11% for FY 2014-15 and projected losses of 4.15% for FY 2015-16 and for FY 2016-17. The Regulations provide that the transmission licensee shall propose a transmission loss reduction target, however, the Petitioner has projected the loss on higher side. The Petitioner may provide justification of the same. The Stakeholder submitted that having achieved transmission losses of 4.11% during FY 2014-15, and with continued expansion of transmission system, there is no likelihood of increase in transmission losses. Therefore, the Commission may consider losses of 4.11% for FY 2016-17 instead of 4.15% proposed by the Petitioner.

**RVPN's Response**

2.130. RVPN submitted that the actual losses for FY 2014-15 are 4.11% and expected losses for FY 2015-16 are 4.05%. The transmission losses may increase due to back down of the various generation units in Rajasthan. As such, RVPN has proposed the transmission losses as 4.15% for FY 2016-17.

**(2) O&M Expenses – Terminal Benefits**

**Stakeholders' Suggestions / Comments**

2.131. Stakeholder submitted that the Petitioner has stated that obligation towards gratuity exceeded the present value of obligation as on 31.3.2015 as per actuarial valuation report and excess fair value has been recognized as recoverable from gratuity trust. The Petitioner intended to utilize this refund amount to fulfil its liability towards pension fund. However, according to the transfer scheme, the Petitioner has to ensure that pension and gratuity trusts are adequately funded by all Nigams in respect of employees as on 19.7.2000. Further, the Petitioner may provide the copy of order effecting transfer of trust assets to respective successor companies.

- 2.132. The Stakeholder submitted that there is no clarity as to credit of Rs. 486.29 Crore in the ARR in Prior Period Expenses head (i.e., Income) in the Annual Accounts of the Petitioner for 2014-15 in compliance of the Accounting Standards. If it is not for Pension fund, then the Petitioner's action does not satisfy the conditions of AS-15, as such adjustment is feasible only if refund is made by Gratuity Trust or surplus in Gratuity Trust is passed to another Trust of employees' benefit.
- 2.133. The Stakeholder observed that the Gratuity, Pension or Pensioner's Medical Concession Fund Trust is approved superannuation funds under Section 10 (23AAA) of the Income Tax Act. For any transfer from one fund to another, formal consent of Commissioner of Income Tax will be required. Only after satisfaction of the above requirements, the Commission may consider above adjustment as proposed.
- 2.134. The Stakeholder observed that the Petitioner has not indicated any fund requirement for additional contribution to gratuity and pension. The Petitioner may provide current contribution and provision for meeting past dues of terminal benefits considered by them in O&M expenses and Commission may kindly examine adequacy for the same. If inadequate, Commission may make requisite provisions in this regard.
- 2.135. The stakeholder submitted that O&M expenses are to be reckoned on the opening balance of transmission lines, MVA capacity and number of bays of FY 2016-17. Further, when the 765 kV line and transformer have not been energized at their rated capacity, the bay cannot be said as commissioned. In this manner, the O&M expense for transmission utility for FY 2016-17 works out as Rs. 898.61 Crore only and not Rs 955.04 Crore.

### **RVPN's Response**

- 2.136. RVPN submitted that it is making best efforts to deposit the required amount every year. Dues of other companies are not being discharged fully by them and details regarding the same have been submitted by RVPN. RVPN further submitted that it is discharging its duties as per transfer scheme notified by the Govt. of Rajasthan.
- 2.137. RVPN submitted that the treatment of amount of Rs. 486.29 Crore has

been done as per Accounting Standard-15 and compliance of AS-15 is mandatory. The same can be clarified from Note No. 28.4 (vii) of Notes on Accounts of Annual Accounts for FY 2014-15 and No.1.22 of Tariff Petition.

- 2.138. RVPN also submitted that transfer from one fund to another is not being done by them.
- 2.139. RVPN submitted that it is making provision as per actuarial valuation every year in the Financial Statements. Besides the regular contribution, RVPN has made additional contribution towards these Trusts to the tune of Rs. 480 Crore and Rs. 330 Crore for FY 2014-15 and for FY 2015-16 respectively to meet the gap. However, the Commission may take an appropriate view regarding funding of these Trusts by Discoms so that payment to pensioners are made in time.
- 2.140. The O&M expenses are to be claimed as per design voltage of the transmission system. Therefore, O&M expenses have been claimed accordingly.

### **(3) Equity Contribution**

#### **Stakeholders' Suggestions / Comments**

- 2.141. The Stakeholder observed that the proposed investment of Rs. 2,345 Crore for FY 2016-17 has equity funding of Rs. 333.00 Crore and debt of Rs. 1,753.34 Crore. The equity component appears to be on the lower side and may lead to difficulty in raising future loans. The Petitioner may be advised for taking up with the State Government to raise equity contribution.
- 2.142. The Petitioner may provide the information on equity infused from time to time.

#### **RVPN's Response**

- 2.143. RVPN submitted that the Planning Department, GoR has vide order dated 31.12.2015 decided to release Equity Contribution to all power companies wherein RVPN has been awarded Rs. 338 Crore against outlay of Rs. 2,400 Crore (Including SLDC and Generation Project) during the FY 2016-17.

2.144. RVPN submitted that the ROE has already been allowed by the GoR in the FY 2014-15 and FY 2015-16 at the Rate 5 % and 8% respectively and relevant letter was submitted by RVPN. For FY 2016-17, ROE is proposed at the rate of 12% as per FRP.

#### **(4) Depreciation**

##### **Stakeholders' Suggestions / Comments**

2.145. The Petitioner has stated that the computation of depreciation is as per rates and methodology specified in RERC Tariff Regulations, 2014. However, the Petitioner has not clarified whether the difference in depreciation is due to rate of depreciation on account of value of Gross Fixed Assets (GFA). Further, the Petitioner has stated in the past that the depreciation shall be computed as per RERC Tariff Regulations, 2014, i.e., higher depreciation in first 12 years and balance depreciation for remaining useful life of the Fixed Assets. However, the Petitioner has not provided the requisite details and it seems that higher depreciation rate applicable for the initial period of 12 years has been applied on all the Fixed Assets, thereby ignoring the provisions of Regulations, 22(4). The Stakeholder submitted that for truing-up, depreciation should be computed by considering 35% of the fixed assets less than 12 years' old and remaining 65% exceeding 12 years old.

2.146. The Stakeholder further observed that as per Tariff Regulations, 2014, depreciation can be claimed only on the opening balance of GFA and cannot be claimed on any addition of gross assets during the year.

##### **RVPN's Response**

2.147. RVPN submitted that from the financial year 2014-15, depreciation has been calculated at the rates/useful life and methodology notified vide RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 in accordance with Part-B of Schedule II of the Companies Act, 2013 issued by the ICAI. Detailed calculation of depreciation is available in the assets register.

**(5) Interest and Finance Charges**

**Stakeholders' Suggestions / Comments**

2.148. Stakeholder submitted that the interest and finance charges may be allowed only on the term loan admitted and standing as on 1.4.2016. The interest on advances to subsidiaries is to be disallowed.

**RVPN's Response**

2.149. RVPN submitted that these companies are wholly owned subsidiary companies of RVPN and they are incorporated for development of transmission lines and GSS, therefore, the interest expenditure of these companies are incurred by RVPN. However, interest has been charged on the amount advanced to the three Subsidiary Companies upto 31.03.2015.

**(6) Insurance Charges**

**Stakeholders' Suggestions / Comments**

2.150. The Petitioner has not submitted any documentary evidence of Insurance Charges, hence the same shall not be considered as the Petitioner is incurring no such expenses.

**RVPN's Response**

2.151. RVPN submitted that the item-wise documents are available at each unit level all over RVPN.

**(7) Interest on Working Capital**

**Stakeholders' Suggestions / Comments**

2.152. Stakeholder submitted that the O&M expenses and maintenance spares as submitted by the Petitioner for FY 2016-17 are on the higher side and it should be reworked for calculating the interest on working capital.

**RVPN's Response**

2.153. RVPN submitted that the interest charge on normative working capital has been calculated as per Clause 27 of RERC Regulation 2014 -2019.



## **(8) Other Items**

### **Stakeholders' Suggestions / Comments**

2.154. The other Items are not part of the ARR as per Clause 64 of Tariff Regulations, 2014 and hence should be disallowed.

### **RVPN's Response**

2.155. RVPN submitted that the other items have been claimed as per the Form T-7 prescribed by the Commission.

## **(9) MW Allocation**

### **Stakeholders' Suggestions / Comments**

2.156. The Stakeholder submitted that the Petitioner has proposed determining of transmission charges based on projected peak demand of 13,128 MW (12,528 MW of all Discoms + 600 MW of OA consumers). This is not in line with the Regulations which requires determination of MW capacity based on capacity contracted/agreed (as per TSA). The peak demand will be less than transmission capacity due to daily and seasonal variations in generation and peak generation from all power stations having diversity (i.e., not occurring at the same time). Allocated and shared capacity of 14,272 MW should be considered in absence of TSAs. The deviation from regulations will lead to higher transmission charges per kW. Further, the Stakeholder also observed that the projected peak demand appears to be high compared to earlier years and may not cross 11,800 MW in FY 2016-17.

2.157. The Petitioner may provide the actual energy in the Petitioner's InSTS for FY 2015-16, as the final figures for the year may be available with the Petitioner by now.

### **RVPN's Response**

2.158. RVPN submitted that as per the past practice peak demand is considered. The peak demand considered has been indicated by Discoms. TSA(s) are not yet executed but are under active consideration with Discoms.

2.159. RVPN submitted that the Discoms have not specifically indicated

whether open access demand is included or not.

2.160. With regard to actual energy in the InSTS, RVPN submitted that the provisional energy is 71,389 MU and final account for FY 2015-16 is under process.

## **(10) Income Tax Liability**

### **Stakeholders' Suggestions / Comments**

2.161. The Stakeholder observed that with ROE of Rs. 478.97 Cr, there is no corresponding income tax liability considered by the Petitioner, therefore, there is an under-assessment of ARR on this account.

### **RVPN's Response**

2.162. RVPN submitted that the proposed Return of Equity (ROE) is gross ROE, i.e., inclusive of Income Tax.

## **(11) Determination of Tariff**

### **Stakeholders' Suggestions / Comments**

2.163. Regulation 60 of the Tariff Regulations stipulates that the petition for determination of Tariff shall be in respect of existing lines or sub-station or transmission system as a whole complying with Part II of these Regulations. The Stakeholder submits that any work carried out during the year shall not be included in this Petition.

### **RVPN's Response**

2.164. RVPN submitted that in case of determination of tariff, O&M expenses have been claimed for lines and Substation as per design voltage only. Further, average of opening and closing balance is taken into consideration as per Regulation irrespective of date of COD.

## **(12) Separate SLDC Petition**

### **Stakeholders' Suggestions / Comments**

2.165. The Stakeholder submitted that as per Electricity Act, 2003, SLDC is an independent body and therefore should have submitted a separate petition for levy of its fee and it shall not be included in the transmission petition.

### **RVPN's Response**

2.166. No comment received from RVPN.

### **(13) Transmission Service Agreement**

#### **Stakeholders' Suggestions / Comments**

2.167. The Stakeholder submitted that the Petitioner has not executed Transmission Service Agreement with the Discoms. It was intimated that the matter is in discussion with Discoms, but the current status of the same is not known. It is believed that the contracted demand/capacity duly authorized by the Chairman of Discoms and/or by Managing Director of each Discom must have been obtained by the Petitioner.

2.168. Stakeholder submitted that the Transmission system is being expanded for evacuation of power from solar and wind projects. The Petitioner may furnish information with regards to the total sanctioned capacity of both solar and wind projects connected to the Petitioner's network at present. The stakeholder requested the Commission that incidence of transmission capacity expanded for such projects, which is not the requirement of Discoms, may not be passed on to the consumers in any manner.

### **RVPN's Response**

2.169. After various communications on the matter, corrected draft TSA was sent to Urja Vikas Nigam (the erstwhile RDPPC) but the response is still awaited.

### **Commission's Views on Issues Raised by Stakeholders**

2.170. 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 Investment Plan for FY 2016-17, True Up petition for FY 2014-15, ARR and Tariff for FY 2016-17 in accordance with applicable RERC Regulations as detailed in the subsequent Sections of the Order.

### **Section – 3: Analysis of Truing-up of ARR for Transmission and SLDC Function for FY 2014-15**

- 3.1. RVPN has submitted the Petition for Truing-up of ARR for FY 2014-15 for Transmission and SLDC functions on the basis of Audited Accounts for FY 2014-15.
- 3.2. The Commission observes that RVPN has submitted Annual Accounts for SLDC function duly certified by its statutory auditor for the purpose of Truing up. Further, RVPN has submitted the segregated statement for all the three functions, i.e., Transmission, SLDC and Shared Generation Projects and the Commission has considered the RVPN submissions.
- 3.3. The Commission is of the view that Audited Annual Accounts form an important basis for the purpose of verification of the expenses / income for the year under consideration. Therefore, the Commission has relied on the information provided under the various schedules of the Audited Annual Accounts of RVPN of FY 2014-15 and information furnished in the various replies for the purpose of Truing-up of the ARR for Transmission function and SLDC function.
- 3.4. The Commission observes that RVPN in its true up petition and in the forms for variation analysis submitted with the Petition has quantified the variation for each cost component and also provided reasons for such variation.

#### **Transmission Function**

#### **Operation and Maintenance (O&M) Expenses**

- 3.5. RVPN has submitted computation of normative O&M expenses as Rs. 706.89 Crore. The actual O&M expenses incurred by RVPN as per audited accounts are Rs. 811.43 Crore as under:

**Table 4: Break-up of Actual O&M Expense of Transmission for FY 2014-15 (Rs. Crores)**

<b>S. No.</b>	<b>Particulars</b>	<b>Audited Accounts FY 2014-15</b>	<b>Remarks</b>
1	Repairs & Maintenance	45.25	
2	Employee Costs		

S. No.	Particulars	Audited Accounts FY 2014-15	Remarks
a	Employee cost of current year	384.55	
b	Provision due to actuarial valuation liability for leave encashment & Pension	486.44	Creation of this provision is in compliance of accounting standard AS 15, which is mandatory
c	Total Cost	870.99	
3	Administration & Other Expenses	69.17	
4	Less Capitalizations of O&M	<b>(173.98)</b>	
5	<b>Net O&amp;M Expense (1+2+3-4)</b>	<b>811.43</b>	

3.6. RERC Tariff Regulations, 2014 do not provide for any sharing of gain/loss on account of variation in actual vs. normative O&M Expenses. Accordingly, RVPN has claimed normative O&M expenses as Rs. 706.89 Crore only. The detailed working of normative O&M expenses as per Regulation 65 of Tariff Regulations, 2014 as submitted by the Petitioner are as under:

**Table 5: Normative O&M Expenses submitted by the Petitioner for FY 2014-15**

Particulars	Circuit Basis (ckt. Km.)				S/S capacity (MVA) Basis	Feeder bay (Number)				Total
	765 kV	400 kV	220kV	132kV		765 kV	400 kV	220 kV	132kV	
Opening Balance	425.44	3,278.37	12,235.75	15,153.29	53,249.00	-	42.00	612.00	2,222.00	
Addition during FY 14-15	-	-	976.13	444.93	10,130.00	12.00	29.00	48.00	128.00	
Deletion during FY 14-15	-	-	-	-	-	-	-	-	-	
Closing Balance	425.44	3,278.37	13,211.88	15,598.22	63,379.00	12.00	71.00	660.00	2,350.00	
Average during the year	425.44	3,278.37	12,723.82	15,375.75	58,314.00	6.00	56.50	636.00	2,286.00	
Rates for FY 14-15 (Rs. Lakh/ckt km/MVA/Bay)	1.57	0.99	0.39	0.23	0.61	91.94	61.29	8.54	5.80	
Normative O&M expenses for FY 14-15 (Rs. Crore)	6.68	32.46	49.62	35.36	355.72	5.52	34.63	54.31	132.59	<b>706.89</b>

3.7. The Commission has verified the computations and approved the O&M expenses submitted by the Petitioner for Truing up of FY 2014-15

as Rs. 706.89 Crore, as the same are in line with the norms stipulated under the Regulations:

**Table 6: Approved O&M Expenses for FY 2014-15 (Rs. Crore)**

Particulars	Approved in Tariff Order	As per Petition	Approved for Truing Up
O&M Expenses	707.20	706.89	706.89

3.8. It is observed from Table 4 that RVPN has made a provision of Rs. 486.44 Crore towards actuarial valuation liability for Leave Encashment & Pension. Thus, actual O&M expenses incurred as per audited account are Rs. 324.99 Crore only (Rs. 811.43 Crore – 486.44 Rs. Crore). The Commission has approved normative O&M expenses amounting to Rs. 706.89 Crore,. Therefore, RVPN is required to deposit an amount of Rs. 381.90 Crore (Rs. 706.89 Crore – Rs. 324.99 Crore) in Pension and Leave Encashment Trust in FY 2016-17 and intimate the details of such payment made to the Commission. This is in addition to the regular contribution to be made in Pension/Gratuity/Leave Encashment Trust Fund, which is already covered in O&M expenses of Rs. 324.99 Crore.

**Depreciation:**

3.9. RVPN has claimed Rs. 625.26 Crore as depreciation charges for the purpose of Truing up. The Commission observes that the average rate of depreciation worked out from the Petitioner's submission is 4.91%. The Commission finds that in the Order dated 09.10.2014, the average rate of depreciation approved was 3.32% for FY 2014-15.

3.10. RVPN's response to Stakeholder's query with regard to significant rise in the rate of depreciation approved in Order dated 09.10.2014 for FY 2014-15 vis-a-vis as submitted for Truing Up is as follows:

*"In the books of RVPN, upto the financial year 2013-14, the depreciation had been charged at the rate/useful life notified by the Forum of Regulators on dated 23.06.2006...*

*...From the financial year 2014-15, depreciation has been calculated at the rates/useful life and methodology notified vide RERC (Terms*

*and Conditions for Determination of Tariff) Regulations 2014..."*

- 3.11. As regards provision for depreciation, RERC Tariff Regulations, 2014 specify as under:

**"22. Depreciation**

- (1) *The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.*
- (2) *The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:*

.....

- (4) *Depreciation shall be calculated annually based on Straight Line Method (SLM) and at rates specified in Annexure-I to these Regulations for the assets of the generating station, transmission system and distribution system:*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets."*

- 3.12. The Commission observes that the amount of depreciation as per Audited Accounts for FY 2014-15 of RVPN is Rs. 627.36 Crore with an average rate of depreciation as 4.91%. The Commission also noted following points pertaining to depreciation under 'Significant Accounting Policies and Notes on Financial Statement' of the Audited Accounts for FY 2014-15.

**"1. Significant Accounting Policies**

**1.2 Fixed Assets and Depreciation**

....

*(e) Except in case of shared projects depreciation has been charged on straight line method at the rates /useful life and methodology notified vide Rajasthan Electricity Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations 2014...*

*30.1 During the year company has adopted the Rajasthan Electricity*



*Regulatory Commission (Terms and Conditions for determination of Tariff) Regulations 2014 for charging depreciation. Accordingly, the depreciation has been charged based on the life of assets/rate of depreciation and methodology as mentioned in the said regulations except in case of shared projects. Till previous year company was charging depreciation on Straight Line Method (SLM) basis at the rates/useful life notified by the Forum of Regulators on dated 23.06.2006 in pursuance to Para 5.3(c) of the Tariff Policy issued by the Ministry of Power, Govt on dated 06.01.2006 duly adopted by RERC except in case of shared project. Due to this change in the accounting estimate, depreciation for the current year is higher by Rs. 269,10,85,274."*

- 3.13. The Commission observed that substantial increase in the depreciation expenses amounting to Rs. 179.07 Crore as compared to the Order dated 09.10.2014, cannot be attributed to change in depreciation rates alone, as submitted by the Petitioner. Furthermore, in response to Stakeholder's query with regard to differential rate of depreciation on fixed assets aging less than 12 years and more than 12 years, the Petitioner merely stated that depreciation has been calculated at the rates/useful life and methodology notified vide RERC (Terms and Conditions for Determination of Tariff) Regulations 2014 and the detailed calculation of depreciation is available in the assets register.
- 3.14. The Commission also analysed the depreciation amount by applying Tariff Regulations, 2014 depreciation rates on the average balances of GFA for FY 2014-15 and found the total depreciation amount works out to Rs. 651 Crore as against Rs. 625.26 claimed by the Petitioner. This would necessarily mean that, almost all the fixed assets forming part of the GFA of FY 2014-15 are less than 12 years old and very insignificant component of Asset Base (GFA) pertains to the asset category with useful life exceeding 12 year and/or depreciated up to 90%, which is unlikely in case of RVPN.
- 3.15. The Commission considers that the allowance for Depreciation should be in line with provisions of RERC Tariff Regulations, 2014. For the assets with useful life exceeding 12 years, the rate of depreciation will have

to be spread over balance useful life as per Regulations. Thus, rate of depreciation for such asset cannot be charged at normal rate (say 5.28%) but will have to be considered at lower rate (say, 1.16%) spread over balance useful life. Further, the depreciation cannot be allowed in case the Assets wherein accumulated depreciation has reached 90%. Thus, computation of depreciation in accordance with provisions specified under the Regulations would require detailed information about asset-wise break-up of GFA, accumulated depreciation, date of commissioning, completed useful life, balance useful life etc.

- 3.16. However, in the absence of such information allowing depreciation as claimed by Petitioner would also not be appropriate since it amounts to acknowledging that no Asset has completed useful life of 12 years. This will lead to allowing excess depreciation than that what is allowable as per provisions of Tariff Regulations, 2014.
- 3.17. Hence, based on the available information, the Commission has re-computed the depreciation on the average balance of GFA for FY 2014-15, less closing balance of GFA for FY 2003-04 (the readily available audited accounts) at the depreciation rates as per Annexure 1 of the Tariff Regulation, 2014, for estimating asset base less than 12 years old. On the closing balance of GFA as on FY 2003-04, the Commission has computed depreciation at a lower rate considering balance depreciation spread over the useful life of the respective asset class. The depreciation amount by applying this methodology works out to Rs. 541.91 Crore, which is 4.24% of the average balance of GFA for FY 2014-15.
- 3.18. Accordingly, the Commission approves the allowable depreciation amount for FY 2014-15 as Rs. 541.91 Crore. The Commission is of the view that the Petitioner shall provide relevant information as per the stipulated regulatory provisions of the Tariff Regulations, 2014, i.e., summary of category-wise assets, rates and their respective depreciation amount, segregated into less than 12 years old, more than 12 years old and remaining assets that have reached the accumulated depreciation of 90% as per norms while filing Petition in future. Therefore, the depreciation charges approved by the

Commission for Truing Up of FY 2014-15 are as under:

**Table 7: Depreciation Charges approved by the Commission for Truing up of FY 2014-15 (Rs. Crore)**

Particulars	Approved in Tariff Order	As per Petition	Approved for Truing Up
Depreciation	446.19	625.26	541.91

**Interest and Finance Charges:**

- 3.19. RVPN has claimed Rs. 745.20 Crore as interest and finance charges excluding interest on working capital requirement, as against the interest and finance charges of Rs. 804.82 Crore as approved in the Tariff Order for FY 2014-15 dated 09.10.2014.
- 3.20. The Commission has computed the normative interest and finance charges as per Regulation 21 of Tariff Regulation, 2014. As regards opening loan for FY 2014-15, the Commission has considered the closing long-term loan approved in the true-up for FY 2013-14.
- 3.21. As per Regulation 19 of Tariff Regulations, 2014 extracted below:  
*“...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. Where actual equity employed is less than 30%, the actual equity shall be considered.”*
- 3.22. The Commission has sought information on the actual debt, equity and grant components infused by the Petitioner during the FY 2014-15. Based on the information submitted by the Petitioner, the share of debt-equity component works out as under.

**Table 8: Actual Debt-Equity Ratio for FY 2014-15**

Sources of Capital	Debt	Equity	Grant	Total
Amount in Rs. Crore	849.04	234.88	-	1083.92
Share in %	78.33%	21.67%	-	100.00%

- 3.23. As the actual equity addition during FY 2014-15 is less than 30%, therefore, for the purpose of computation of interest on long terms loans and return on equity for truing up purpose for FY 2014-15, the

Commission has considered the above mentioned debt-equity ratio. Furthermore, the portion of capitalisation financed through consumer contributions has been separated, as the depreciation and interest thereon would not be charged to the consumer contribution.

- 3.24. The allowable depreciation for the FY 2014-15, has been considered as normative loan repayment. Based on the interest amounts and loan balances as per Audited Accounts of FY 2014-15, average interest rate has been computed to be 11.01% in accordance with the submission of the Petitioner in Form TTU 4.1. The Commission has considered other finance charge for FY 2014-15 as per Audited Accounts.
- 3.25. Considering the above, the net interest and finance charges on long term loans are as under:

**Table 9: Approved Interest on Long Term Loans for FY 2014-15 (Rs. Crore)**

Particulars	Reference	Approved for Truing Up
<b>Opening Loan Balance</b>	<b>A</b>	<b>6,069.91</b>
Capitalisation during the year	B	1,085.99
Deductions during the year	C	18.47
Consumer Contribution	D	17.23
Net Capitalisation during the year	E=B-C-D	1,050.29
Loan Addition (1-Equity%)	F=E*(1-Equity%)	822.69
Less: Repayment (Depreciation allowable for the FY)	G	541.91
<b>Closing Loan Balance</b>	<b>H=A+F-G</b>	<b>6,350.69</b>
Average Loan	I = Average (A,H)	6,210.30
Weighted Average Rate of Interest	J	11.01%
Interest on Long Term Loans	K=I*J	683.65
Other Finance Charges	L	64.22
<b>Total Interest of Long Term Loans</b>	<b>M=K+L</b>	<b>747.87</b>

- 3.26. As the total Interest on Long Term Loans is based on Audited Accounts for RVPN for FY 2014-15, the Commission has reduced the amount of interest and finance charges pertaining to operations for SLDC and Partnership functions. Therefore, the net interest and finance charges approved by the Commission are shown in the table below:

**Table 10: Net Interest and Finance Charges Allocated to the Transmission Function for FY 2014-15 (Rs. Crore)**

<b>Particulars</b>	<b>Derivation</b>	<b>Amount</b>
Total Interest on Long Term Loans	A	747.87
SLDC Interest charges	B	0.36
Partnership Interest charges	C	6.01
<b>Net Transmission Interest and Finance charges</b>	<b>D=A-B-C</b>	<b>741.50</b>

**Interest on Working Capital:**

3.27. As per audited accounts, RVPN has indicated actual interest on working capital as Rs. 13.09 Crore as against Rs. 43.06 Crore approved in Tariff Order for FY 2014-15 dated 09.10.2014. RVPN in its True-Up Petition has submitted the normative interest on working capital as Rs. 51.47 Crore. However, in response to a subsequent query, RVPN submitted that it has erroneously considered Security Deposit figure as Rs. 7.76 Crore against Rs. 71.92 Crore. Accordingly, the normative interest on working capital is reworked as Rs. 43.64 Crore as per the Petitioner's submission.

3.28. Regulation 27 of the Tariff Regulations, 2014 stipulates that:

***"27. Interest charges on working capital***

*(1) The amount of normative working capital shall cover:*

....

*2. Transmission*

*(i) Operation and maintenance expenses for one month; plus*

*(ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 65; plus*

*(iii) Receivables equivalent to one and a half (1½) months of transmission charges calculated on target availability level;*

***Less***

*Amount held as security deposits from Users except security deposits held in the form of Bank Guarantees;*

.....

*(2) Rate of interest on working capital to be computed shall be on normative basis and shall be 250 basis points higher than the average Base Rate of State Bank of India prevalent during first six months of the year previous to the relevant year. The interest on working capital shall be computed on normative basis notwithstanding that the generating company or licensee has not taken working capital loan from any outside agency. The variation in the interest amount on account of actual vis-a-vis normative interest rate on normative working capital shall be shared in the ration of 50:50 between the generating company/licensee and the beneficiary."*

- 3.29. Accordingly, for the purpose of calculating interest on working capital, the Commission has considered weighted average SBI base rate of 9.71% prevalent during first six months of FY 2013-14 plus 250 basis points in lines with the Tariff Regulations, 2014. The weighted average rate of interest thus works out to 12.21% and the same has been considered for computation of Interest on Working Capital for Truing-Up of FY 2014-15.
- 3.30. Regulation 27(2) of the Tariff Regulations, 2014, stipulates sharing of variation in interest rate and not the interest amount. However, the Petitioner has neither submitted the weighted average interest rate paid on working capital loan availed during the financial year, nor it has worked out the difference in interest amount on account of actual vis-a-vis the normative interest rate to be shared as per Tariff Regulations, 2014. Instead, the Petitioner has claimed sharing of difference in actual interest paid vis-a-vis normative interest as per Tariff Regulations, 2009.
- 3.31. However, the Commission has derived actual rate of interest for working capital from the details provided in audited accounts for short term loans which works out to 12.47% and accordingly sharing of loss on interest on working capital has been computed in accordance with Regulation 27(2).
- 3.32. The Normative interest on working capital is as under:

**Table 11: Normative Interest on Working Capital approved by the Commission  
(Rs. Crore)**

S.No.	Particulars	Approved in Tariff Order	As per Petition	Revised workings as per additional Information	Approved
1	O&M Expenses (1 Month)	58.93	58.91	58.91	58.91
2	Maintenance Spares (15% of O&M)	106.08	106.03	106.03	106.03
3	Receivables on Target Availability (1.5 Months)	255.58	264.39	264.39	231.62
4	Less: Amount held as Security Deposit	67.94	7.76	71.92	71.92
<b>5</b>	<b>Total Working Capital</b>	<b>352.65</b>	<b>421.57</b>	<b>357.41</b>	<b>324.65</b>
6	Normative Interest Rate	12.21%	12.21%	12.21%	12.21%
<b>7</b>	<b>Interest Amount at Normative Interest Rate</b>	<b>43.06</b>	<b>51.47</b>	<b>43.64</b>	<b>39.63</b>

3.33. The working of interest on working capital, after sharing of losses on account of variation, as approved by the Commission for Truing up is summarised as under:

**Table 12: Interest on Working Capital approved by the Commission for Truing up of FY 2014-15 (Rs. Crore)**

Particulars	Normative	Actual	(Gain)/Loss	50% Sharing	Net Entitlement
Approved Interest Rate for Truing up	12.21%	12.47%	-0.26%	-0.13%	12.34%
Approved amount for Truing up (Rs. Crore)	39.63	40.48	(0.86)	(0.43)	<b>40.06</b>

**Return on Equity:**

3.34. RVPN submitted that the actual Return on Equity works out to Rs. 155.15 Crore for FY 2014-15 vis-a-vis the approved RoE of Rs. 138.99 Crore vide Tariff Order dated 09.10.2014. Furthermore, RVPN submitted that for True Up of FY 2014-15, RoE has been considered as approved by the Commission in its Order for FY 2014-15, i.e., Rs. 138.99 Crore.

3.35. As per the Tariff Regulations, 2014 the Commission has computed RoE for FY 2014-15 as Rs. 145.29 Crore and the same has been approved for Truing Up of FY 2014-15. The Commission has considered Equity infusion as 21.67%, as specified in Table 8.

3.36. The Return on Equity as approved by the Commission is as under:

**Table 13: Return on Equity approved by the Commission for Truing up of FY 2014-15 (Rs. Crore)**

S.No.	Particulars	Reference	Approved in Tariff Order	As per Petition	Approved for True Up
1	Equity at the beginning of the year	A	2,631.95	2,917.93	2,791.93
2	Capitalisation during the year	B	1,494.16	-	1,085.99
3	Deduction	C	-	-	18.47
4	Less: Consumer Contribution	D	16.01	-	17.23
5	Net Capitalisation	E=B-C-D	1,478.15	-	1,050.29
6	Equity portion of Capitalisation (21.67%)	F=E*21.67%	295.63	-	227.59
7	Equity at the end of the year	G=A+F	2,927.58	3,287.93	3,019.52
8	Average Equity	H=Average(A,G)	2,779.77	3,102.93	2,905.73
9	Total Return of Equity	I=H*5%	<b>138.99</b>	<b>138.99*</b>	<b>145.29</b>

\*As per Petition, the actual RoE works out to Rs. 155.15 Crore, however, RVPN has claimed Rs. 138.99 Crore as approved in FY 2014-15 Order.

### **Other Income and Expenses:**

3.37. The Petitioner has claimed an amount of Rs. 221.99 Crore as Other Expenses for FY 2014-15 which includes Bad Debts Written off amounting to Rs. 211.29 Crore and Net Prior Period Credit/Charges as Rs. 10.69 Crore.

3.38. Furthermore, pursuant to the submission made by RVPN in its petition , it states that:

*"1.15 Amount of Rs. 211.29 Crore are for miscellaneous losses and bad debt written off. This includes Rs. 200 Crore of Ajmer Vidyut Vitran Nigam Ltd. (AVVNL) in compliance with decision of 229<sup>th</sup> meeting dated 28.01.2015 of Board of Directors"*

3.39. The Commission, while approving the Other Income and Expenses for truing up, has not considered the bad debt/miscellaneous debt write off as claimed by RVPN. The Commission considers the Petitioner's



claim for write-off of receivables from AVVNL and claiming as part of component of ARR for allowable expense as untenable. Such treatment would amount to passing on the burden to the account of a single beneficiary to other beneficiaries, including open access customers and cannot be allowed by the Commission. Besides, claim for bad-debt write-off/provisioning will have to be in line with provisions under RERC Tariff Regulations, 2014, which allow only 0.25% of receivables to be claimed towards provisioning for bad debt/write-offs. RVPN has not submitted any reasons for deviation from the norms stipulated under the Regulations.

- 3.40. After the disallowance of Rs. 200 Crore bad debt written off to AVVNL, there is still a balance amount of bad debts amounting to Rs. 11.29 Crore. Pursuant to Regulation 26 of the Tariff Regulations, 2014 provision for bad debts can be up to 0.25% of the receivables. The relevant proviso is reproduced herein as under:

***“26. Bad and doubtful debts***

*The Commission may consider a provision for writing off of bad and doubtful debts up to 0.25% of receivables subject to writing off of bad and doubtful debts in the previous year in accordance with the procedure laid down by the Licensee or Generating Company.”*

- 3.41. The amount of closing balance of Receivables as per Audited accounts of FY 2014-15 is Rs. 976.94 Crore. Therefore, the allowable bad and doubtful debts, in accordance with Regulation 26 mentioned above works out to Rs. 2.44 Crore only.
- 3.42. Furthermore, RVPN submitted that the Prior Period Expenditure/Credits amounting to Rs. 10.69 Crore considered for the FY 2014-15, is net of the various heads of prior period revenue and prior period expenses namely interest income related to previous years, credit of other excess provision, debits of other income, short provision for power purchase in previous years, depreciation under- provided, interest & finance charges, administrative & general expenses, other charges related to previous years etc.
- 3.43. The Commission has considered Other Income as submitted by RVPN (viz., Interest Income for prior period, Other excess provision in prior

period, Other income related to prior period) and Other Expenses (viz., Short provision for power purchase in previous years, depreciation under- provided, interest and financial charges and Other charges) on the basis of actuals as per the Audited Accounts of FY 2014-15. Operating expenses, employee cost, admin. & general expenses, being part of O&M expenses, which the Commission has been allowing on normative basis, have not been considered. Hence, Other Income and Expenses as approved for true up are as under:

**Table 14: Other Income and Expenses for FY 2014-15 (Rs. Crore)**

Particulars	Approved in Tariff Order	As per Petition	Approved for True up
Bad debts written-off/provided for		211.29	2.44
Net Prior period credit/charges		10.69	4.10
Other Debits/Credits		0.01	0.01
<b>Total</b>	<b>25.00</b>	<b>221.99</b>	<b>6.55</b>

#### **Treatment of Provisioning of Terminal Benefits under Prior Period Expenditure Adjustment**

- 3.44. RVPN, in para 1.22 of the petition, stated that Rs. 486.29 Crore has been credited to prior period expenditure (i.e. prior period expenditure reduced) in the Annual Accounts of RVPN for FY 2014-15 in compliance of the Accounting Standards. This includes obligation towards gratuity amounting to Rs. 251 Crore created in earlier years pursuant to transfer scheme dated 18.01.2002 notified by the Government of Rajasthan, which was no longer required due to transfer of Trust Assets to other Successor Companies. Therefore, the same has been withdrawn and credited to prior period expenditure in FY 2014-15.
- 3.45. Further, since the fair value of plan assets in respect of Gratuity exceeded the present value of obligation as on 31.03.2015 as per the Actuarial Valuation Report, therefore, the net excess fair value of Plan Assets amounting to Rs. 235.29 Crore has been recognized in Audited Accounts for FY 2014-15 as recoverable from Gratuity Trust and credited to prior period expenditure. The Gratuity Trust is being advised to refund the amount equivalent to the net excess in the

Gratuity Trust Assets to RVPN (i.e., Rs. 235.29 Crore).

3.46. On the other hand, the present value of obligations in respect of Pension as per the actuarial valuation report as on 31.3.2015 are more than the available Trust Assets for Pension. Therefore, RVPN will utilize this amount to fulfil its liability towards pension fund. Thus, the sum of Rs. 486.29 Crore which has been credited to prior period expenditure in the Annual Accounts for FY 2014-15 is not generating actual cash inflows to RVPN during FY 2014-15 and is only a book adjustment. Therefore, it should not be considered as an income to RVPN during FY 2014-15 for True-up purpose.

3.47. As regards the provision of Terminal Benefits, the Commission has been allowing the same in line with the Regulations and principles outlined in the respective Transmission Tariff Orders for RVPN from time to time. Further, in this context, it is important to highlight the Commission's analysis at paras 325 and 326 of its Order dated 09.10.2014 as under:

*"325. The Commission has noted the RVPN submission that claimed losses are mainly because of terminal benefit provisions, which are not actual losses. In reply to data gaps dated 10.07.2014 regarding item-wise loss details, RVPN submitted that item wise profit/ loss account is not being maintained. Further the Commission cannot consider the accumulated losses as per Audited Accounts and can only consider the unrecovered revenue gap as approved by the Commission, if any. As regards liability of pension and gratuity, the Commission has already allowed liability of pension and gratuity as on 19.7.2000 and since 19.7.2000 to 31.3.2008 in the Tariff Order dated 16.09.2010, as reproduced in the extract below:*

*"3.4.1 As per Regulation 31 of RERC (Tariff) Regulations, the amount of unfunded liability of pension and gratuity in respect of employees of erstwhile RSEB shall be specified by the Commission to meet actual liability as on 20.7.2000 towards pension and gratuity of such employees. Such amount shall be treated an expense for the licensee to whom the liability has been assigned by the State Govt. Presently, such liability has been assigned to RVPN and accordingly they have been claiming additional contribution for pension and gratuity in their ARR each year against Rs.1769 crores of such liability determined by the State Government. So far, the Commission has allowed Rs.1011 crores beginning from the year 2004-05. The balance Rs.758 crores therefore remains to be allowed. Besides, RVPN have also furnished the final report of Actuary for valuation of pension and gratuity liability and has accordingly informed about actuarial liability of Rs. 845.90 crores as on 31.3.2008 towards pension and gratuity since*

19.7.2000 after unbundling and liability for leave encashment as Rs. 60 crores. Regarding leave encashment the Commission has already taken a view in its MYT order that the existing liberal norms for O&M expenses should suffice to cover this expenditure. The liability of Rs.758 crores and Rs.845.90 crores is allowed by the Commission as under in the remaining years of the control period.

**Table-9: Approved additional contribution to pension & gratuity: (Rs. in Crores)**

<b>Particulars</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>Total</b>
<i>Liability of erstwhile RSEB employees as on 19.7.2000</i>	160	180	200	218	758
<i>Liability of RVPN after unbundling up to FY 2008</i>	175	200	225	245	845
<b>Total:</b>	335	380	425	463	1603

326. The Commission is of the view that expenditure/ provisions disallowed in true up orders in the past cannot be allowed now as Regulatory Assets. Further, Tariff Policy notified by Gol under Section 3 of the Electricity Act, 2003, at para 8.2.2, states that the facility of regulatory asset should be adopted only as exception. It is mentioned that Regulations also do not provide creation of regulatory asset in ARR of Transmission. In light of the said position, and considering the fact that no supporting data has been furnished by the RVPN in its reply, to authenticate that the so called loss is mainly due to unfunded liability of terminal benefit, the Commission declines to allow the creation of regulatory assets as requested by the petitioner."

- 3.48. The Commission observed that while in the past petition, RVPN had requested to create Regulatory Assets on account of accumulated losses which were claimed to be mainly attributed to disallowing provisioning of terminal benefits, on the other hand, in the Audited Accounts for FY 2014-15, RVPN has made adjustments in prior-period expenditure account claiming excess provisioning to the extent of Rs. 486.29 Crore on this count.
- 3.49. The Commission is of the view that the entire issue related to provision made for Terminal Benefits in Audited Accounts, amounts approved in earlier Tariff Orders, and actual amounts deposited in the Trust Assets needs to be analysed in detail. In this context, the Commission directs RVPN to submit year-wise reconciliation statement of accounting of

Terminal Benefits (Gratuity, Pension and Leave Encashment), duly certified by Chartered Accountant, along with its next ARR and Tariff petition. The Commission shall take a view in the matter based on the submissions made by RVPN.

**Incentive for System Availability:**

3.50. RVPN has claimed incentive amounting to Rs. 35.53 Crore for FY 2014-15 from Discoms and Open Access Consumers on achieving annual availability above the target availability of 98%, subject to maximum availability of 99.75% as per Standards of Performance of RVPN for the FY 2014-15 in accordance with Tariff Regulations, 2014. The incentive is admissible over and above the ARR and hence, the Commission has not included the same in computing the ARR. The Commission approves the incentive for achieving system availability above the target availability for FY 2014-15 as under:

**Table 15: Approved Incentive on achieving Availability above the Target Availability for FY 2014-15 (Rs. Crore)**

Particulars	Actual	Ceiling Limit as per Regulation	Normative Target	Approved ARR of RVPN after Truing Up	Incentive
Average System Availability	99.75%	99.75%	98%	1,853.42	<b>33.10</b>

3.51. The above incentive shall be paid to RVPN by Discoms and Long Term Open Access Customers.

**RVPN's Revenue for FY 2014-15**

3.52. The Commission, in its Order dated 09.10.2014, had approved Net Transmission charges to be recovered from Discoms amounting to Rs. 1,968.65 Crore (Rs. 148.91/kW/Month x 11,017 MW). However, the Commission observed that RVPN, in its Petition and Annual Accounts for FY 2014-15 has considered Revenue from Transmission Charges from Discoms amounting to Rs. 1,720.12 Crore only. The Commission observes that there is a difference of Rs. 248.53 Crore, vis-a-vis approved Revenue from Discoms.

3.53. In this context, RVPN submitted that an amount of Rs. 276.56 Crore,

comprising Transmission revenue component of Rs. 248.53 Crore and SLDC Revenue component of Rs. 28.03 Crore has not been claimed as per point no. 24.3(b) of 'Notes on financial statement' in Annual Accounts for FY 2014-15. Under the said note no. 24.3(b) of notes on financial statement of Annual Accounts FY 2014-15, RVPN submitted that considering the concept of accrual/prudence, the amount over and above the allowed RoE @ 5% and incentive has been passed on to the Discoms in the agreed ratio of billing.

- 3.54. The Commission is of the view that the Petitioner cannot, on its own, determine the truing up of the ARR and pass on the excess revenue to a few of the beneficiaries, keeping only the allowed RoE and incentive portion. The truing up exercise, application of prudence check and treatment of the resultant gap / surplus will have to be done in accordance with regulatory principles laid out as per Tariff Regulations, 2014 and approved by the Commission. Therefore, the Commission has not allowed the treatment of passing on the excess revenue back to the Discoms and considered Rs. 248.53 Crore as part of total revenue of the Transmission function to be considered for final true-up of FY 2014-15.
- 3.55. Hence, as against total Revenue from Transmission Charges of Rs. 1,784.69 Crore (Rs. 1,720.11 Crore from Discoms and Rs. 64.57 Crore from Long-Term Open Access consumers) submitted by RVPN, the Commission has considered an amount of Rs. 2,033.22 Crore (Rs. 1,968.65 Crore from Discoms and Rs. 64.57 Crore from Long-Term Open Access consumers) towards Revenue from Transmission Charges. Regarding revenue from Short-Term Open Access Charges and Other Income, RVPN has submitted the same as Rs. 131.79 Crore and Rs. 198.61 Crore respectively. The Commission has accepted the same.

#### **True-up of Transmission Function of RVPN for FY 2014-15**

- 3.56. Based on the above analysis and data provided by RVPN, Truing up of Transmission function for FY 2014-15 is summarized as under:

**Table 16: Summary of True-up of Transmission Function for FY 2014-15 (Rs. Crore)**

S.No.	Particulars	Approved in Tariff Order	As per Petition	Approved after True Up
<b>Expenditure</b>				
1	Operation & Maintenance Expenses	707.20	706.89	706.89
2	Depreciation	446.19	625.26	541.91
3	Interest on Long-term Loans	804.82	745.20	741.50
4	Interest on Working Capital	43.05	32.28	40.06
5	Insurance Charges	0.42	0.32	0.32
6	Other Expenses	25.00	221.99	6.55
<b>10</b>	<b>Total Revenue Expenditure</b>	<b>2,026.67</b>	<b>2,331.93</b>	<b>2,037.23</b>
11	Return on Equity	138.99	138.99	145.29
12	Income tax provision	-	1.30	1.30
<b>13</b>	<b>Total Expenditure (10+11+12)</b>	<b>2,165.66</b>	<b>2,472.22</b>	<b>2,183.82</b>
<b>Revenue</b>				
14	Revenue from Transmission Tariff	2,044.66	1,784.69	2,033.22
15	Revenue from Short-Term Open Access	1.00	131.79	131.79
16	Other Income	120.00	198.61	198.61
<b>17</b>	<b>Total Revenue (14+15+16)</b>	<b>2,165.66</b>	<b>2,115.09</b>	<b>2,363.62</b>
<b>18</b>	<b>Surplus / (Gap) = Total Revenue – Total Expenditure (17 – 13)</b>	<b>-</b>	<b>(357.14)</b>	<b>179.80</b>

3.57. After considering the revenue from Transmission Tariff, Open Access and Other Income, the Commission has approved a Surplus of Rs. 179.80 Crore, as against a Gap of Rs. 357.14 claimed by the Petitioner, on account of True-up of Transmission function for FY 2014-15 which has been considered while approving the ARR and tariff for FY 2016-17.

### **SLDC Function**

#### **SLDC Operational Expenses:**

3.58. RVPN has submitted SLDC Operational Expenses, which is the payment made to NRLDC on account of operation and recovery of annualised fixed charges as Rs. 7.41 Crore. Pursuant to the SLDC audited account statement for FY 2014-15, the Commission observes that the submission made by RVPN is as per the audited accounts. Accordingly, the Commission approves SLDC Operational Expenses as Rs. 7.41 Crore.

**Table 17: SLDC Operational Expenses approved by the Commission for Trueing up of FY 2014-15 (Rs. Crore)**

Particulars	Approved in Tariff Order	As per Petition (audited)	Approved in True Up
RLDC Fee and Charges	17.28	7.41	7.41

**Interest on Working Capital:**

3.59. RVPN has claimed a normative entitlement of Interest on Working Capital as Rs. 0.30 Crore. The Commission has computed the normative interest on working capital at the weighted average rate of interest of 12.21% in accordance with Regulation 27(2) of the Tariff Regulations, 2014.

3.60. The computation of normative interest on working capital by the Commission is as under:

**Table 18: Normative Interest on Working Capital approved by the Commission (Rs. Crore)**

Particulars	Reference	Approved
O&M Expenses (1 month)	A	0.87
Maintenance Spares	B=O&M Expenses*15%	1.57
Receivables	C= One and a half months of SLDC charges	0.78
Less: Amount held as security deposits	D	0.42
<b>Total Working Capital</b>	<b>E=A+B+C-D</b>	<b>2.81</b>
Interest Rate	F	12.21%
<b>Interest on Working Capital</b>	<b>G=E*F</b>	<b>0.34</b>

3.61. Regulation 27(2) of the Tariff Regulations, 2014 stipulates that:

*“Rate of interest on working capital to be computed shall be on normative basis and shall be 250 basis points higher than the average Base rate of State Bank of India prevalent during first six months of the year previous to the relevant year. The interest on working capital shall be computed on normative basis notwithstanding that the generating company or licensee has not taken working capital loan from any outside agency. The variation in the interest amount on account of actual vis-a-vis normative interest rate on normative working capital shall be shared in the ratio of 50:50 between the*



*generating company/licensee and the beneficiary”*

- 3.62. The actual interest on working capital submitted by RVPN is Nil. As emerges from above table, normative Interest on Working Capital computed by the Commission is Rs. 0.34 Crore. Therefore in view of provision at para 27(2) of the Tariff Regulation 2014 as above, normative interest on working capital is allowed as under:

**Table 19: SLDC True Up of Interest on Working Capital of FY 2014-15 (Rs. Crore)**

Particulars	Approved in Tariff Order	As per Petition	Approved in True Up
Interest on Working Capital	0.77	0.30	0.34

**Return on Equity:**

- 3.63. RVPN has submitted Rs. 0.05 Crore as Return on Equity for True Up of FY 2014-15, which has been approved by the Commission.

**Table 20: Return on Equity approved by the Commission for True up of FY 2014-15 for SLDC function (Rs. Crore)**

Particulars	Approved in True Up
Equity at the beginning of the year	1.07
Equity Addition during the year	-
Equity at the end of the year	1.07
Average Equity	1.07
<b>Total Return on Equity @ 5%</b>	<b>0.05</b>

**Depreciation:**

- 3.64. RVPN has submitted Rs. 1.12 Crore as depreciation amount for True Up of FY 2014-15 vis-a-vis Rs. 0.49 Crore as approved in the Tariff Order dated 09.10.2014.
- 3.65. Pursuant to the audited accounts of SLDC submitted by RVPN, the Commission approves Rs. 1.12 Crore as the depreciation amount for SLDC function in its true up of FY 2014-15.

**Table 21: Depreciation approved by the Commission for True up of FY 2014-15 for SLDC function (Rs. Crore)**

Particulars	Approved in Tariff Order	As per Petition	Approved in True Up
Depreciation	0.49	1.12	1.12

### **Operation & Maintenance:**

- 3.66. RVPN submitted Rs. 10.46 Crore as O&M expenses incurred for SLDC function for true up of FY 2014-15 against Rs. 11.52 Crore as approved in the Tariff Order dated 09.10.2014. RVPN submitted that it has considered employee expenses, administration and general expenses, repair and maintenance expenses as a part of O&M expenses.
- 3.67. Keeping in view the submission made by RVPN and pursuant to the SLDC audited accounts for FY 2014-15, the Commission approves the O&M expenses for SLDC function as Rs. 10.46 Crore for true up of FY 2014-15.

**Table 22: O&M Expenses approved by the Commission for True Up of 2014-15 SLDC Function (Rs. Crore)**

<b>Particulars</b>	<b>Approved in Tariff Order</b>	<b>As per Petition</b>	<b>Approved in True Up</b>
O&M Expenses	11.52	10.46	10.46

### **Revenue from Discoms for SLDC Charges:**

- 3.68. The Commission, in its Order dated 09.10.2014, had approved Net SLDC charges to be recovered from Discoms amounting to Rs. 28.03 Crore (Rs. 2.12/kW/Month x 11,017 MW). However, the Commission observed that RVPN, in its Petition and Annual Accounts for FY 2014-15 has considered 'Nil' Revenue from SLDC Charges from Discoms.
- 3.69. As already discussed in detail in Para 3.52 to 3.54 for Transmission function, the Commission has not allowed the treatment of passing on the excess revenue back to the Discoms and considered Rs. 28.03 Crore as revenue from SLDC charges from Discoms while computing the true up of SLDC function.
- 3.70. Based on the above analysis, Audited Accounts and data provided by RVPN, Truing up of SLDC function for FY 2014-15 is summarized as under:

**Table 23: Summary True-up of SLDC Function for FY 2014-15(Rs. Crore)**

S.No.	Particulars	Approved in Tariff Order	As per Petition	Approved in True Up
<b>1</b>	<b>Expenses</b>			
<b>a)</b>	<b>Operating Expenses</b>			
i)	Employee expenses	9.77	9.11	9.11
ii)	Administrative and General Expenses	1.60	1.23	1.23
iii)	Repair and Maintenance Expenses	0.15	0.12	0.12
iv)	Interest on Working Capital	0.77	0.30	0.34
v)	RLDC Fee and Charges	17.28	7.41	7.41
<b>b)</b>	<b>Capital expense components</b>			
i)	Depreciation	0.49	1.12	1.12
ii)	Interest and finance charges on term loan	0.61	0.36	0.36
iii)	Return on equity	0.05	0.05	0.05
c)	Income Tax provision	-	-	-
<b>2</b>	<b>Total Revenue Expenditure (a+b+c)</b>	<b>30.74</b>	<b>19.69</b>	<b>19.74</b>
3	Less: Non Tariff income	1.35	1.45	1.45
4	Less: Income from other business	0.21	12.21	12.21
<b>5</b>	<b>Aggregate Revenue Requirement</b>	<b>29.18</b>	<b>6.03</b>	<b>6.08</b>
6	Revenue from Discoms for SLDC Charges		-	28.03
7	Prior period Credit		6.08	6.08
<b>8</b>	<b>Total Revenue (3+4+6+7)</b>		<b>19.74</b>	<b>47.77</b>
<b>9</b>	<b>Surplus / (Gap) (8 – 2)</b>		<b>0.05</b>	<b>28.03</b>

3.71. The Surplus on account of Truing-up of SLDC function for FY 2014-15 as approved by the Commission is Rs. 28.03 Crore which has been considered while approving the ARR of SLDC function for FY 2016-17.

## Section – 4: Analysis of Investment Plan for FY 2016-17

### Proposed Plan and Commission's Approval:

4.1. RVPN had submitted the investment plan for FY 2016-17 for approval of the Commission as under:

**Table 24: Details of the Investment Plan submitted (Rs. Crore)**

Sl. No.	Head	Outlay (Tentative)
1	Generation (Shared Generating Projects)	20
2	Transmission Works including SLDC function	2,380
	<b>Total</b>	<b>2,400</b>

4.2. The Commission has analysed the actual investments made by the Petitioner in transmission works including SLDC function vis-à-vis plan approved for last 3 years and Capitalisation booked in the Audited Accounts as under:

**Table 25: Approved and Actual Investment for last 3 years (Rs. Crore)**

S. No.	Description	FY 2013-14	FY 2014-15	FY 2015-16	Average of Last 3 FYs
1	Approved in Investment Plan Order	2,150	1,539	2,025	1,905
2	Actual investment done	1,627	1,776	2,080	1,828
3	Capitalisation as per Audited Accounts	2,077	1,086	1,509	1,557

4.3. Thus, the actual average investment per year over the last three years, i.e., FY 2013-14 to FY 2015-16 has been Rs. 1,828 Crore as against Rs. 2,380 Crore projected by RVPN for FY 2016-17. In the light of the actual average investments vis-a-vis amount approved by the Commission in past three years, actual Capitalisation booked in Audited Accounts, and the concerns expressed by the Stakeholders, the Commission considers to allow investment as discussed in the following para.

4.4. The Commission is of the view that if the investments proposed on on-going schemes during FY 2016-17 are not approved then the same will affect the progress of such schemes which is not desirable as certain amount of investments has already been made in the previous years.

The Commission has therefore considered 100% of investment proposed on ongoing schemes and approximate 50% of the proposed investment in new schemes which works out to Rs. 2,138 Crore. As discussed in previous para, the Commission observed that the average investment made by RVPN during last three years is Rs 1,828 Crore and maximum investment of Rs 2,080 Crore was done in FY 2015-16. Considering these facts, the Commission approves the investment of Rs. 2,138 Crore for FY 2016-17. Further, RVPN should ensure due diligence in prioritising the schemes while making investment.

**Table 26: Approved investment plan for FY 2016-17 (Rs. Crore)**

Particulars	Proposed	Approved
Transmission Works including SLDC function	2,380	2,138

- 4.5. The Commission is well aware that the Transmission ARR is a direct function of investments undertaken and subsequent capitalisation. Henceforth, RVPN shall maintain scheme wise accounting and submit scheme wise completed cost showing IDC separately, indicating original cost, original and final date of commissioning of scheme costing above Rs. 10 Crore with detailed reasons for time and cost overrun, etc., so that the Commission may undertake prudence check of the scheme-wise capitalisation.
- 4.6. As regards the investment plan for shared generation projects, the Commission in its Order dated 11.12.2013, while approving RVPN's Investment Plan for FY 2013-14, has clarified that the shared generation projects in which the ownership belongs to various states fall under the purview of Central Electricity Regulatory Commission. Therefore, the Commission in this Order has not examined the investment plan for shared generation projects.

## Section – 5: Analysis of ARR for Transmission Function for FY 2016-17

### Transmission System Capacity

#### RVPN's Projections:

- 5.1. RVPN has projected a total capacity of 13,128 MW to be handled by its transmission system during FY 2016-17. Out of this, 12,528 MW has been allocated for the three Discoms and 600 MW for long term open access customers.
- 5.2. RVPN, in the Petition, submitted energy requirement of Discoms for FY 2016-17 as 78,513 MU and for open access consumers as 3,760 MU. Thus, RVPN has projected total energy to be handled by its transmission system during FY 2016-17 as 82,273 MU. RVPN has also submitted the status of year-wise energy flow approved in Tariff Orders and actual energy flow during FY 2012-13 to FY 2014-15 in the RVPN system as under:

**Table 27: Energy Flow on InSTS submitted by RVPN (in MU)**

Particulars	FY 2012-13	FY 2013-14	FY 2014-15
Energy transmission on system as per Tariff Orders	52,477	54,615	66,895
Actual Energy inflow (as shown in the Tariff Petition for FY 2016-17)	54,982	60,475	67,442

#### Commission's Analysis:

- 5.3. The Commission observes that as per Tariff Regulations, 2014, the capacity contracted/agreed with Transmission System Users shall form the basis for determination of Transmission Tariff. However, RVPN has not yet entered into BPTA with Discoms to ascertain the contracted capacity. Hence, the Commission considers it appropriate to approve the transmission capacity to be handled as proposed by RVPN during FY 2016-17 as under:

**Table 28: Approved Transmission Capacity for FY 2016-17 (in MW)**

Particulars	Reference	As per Petition	Approved by Commission
Transmission Capacity (Discoms)	A	12,528	12,528
Transmission Capacity (Long Term Open Access)	B	600	600
Total Transmission Capacity	C=A+B	13,128	13,128

## **Transmission Losses**

### **RVPN's Projections:**

5.4. As against its actual transmission losses for FY 2014-15 as 4.11%, RVPN has projected transmission losses at 4.15% for FY 2016-17, stating that owing to backing down of various generation units in the State, the losses are expected to increase. RVPN has also submitted the transmission losses for preceding two years, i.e., for FY 2014-15 and FY 2015-16 as under:

**Table 29: Transmission Losses as submitted by RVPN**

<b>Year</b>	<b>InSTS Transmission Loss specified in ARR Order (%)</b>	<b>Actual InSTS Transmission Loss (%)</b>
FY 2014-15	4.20%	4.11%
FY 2015-16	4.15%	4.05% (Prov.)*

\* RVPN in response to the Stakeholders query stated the losses for FY 2015-16 as 4.05% (Prov.) as against 4.15% indicated in ARR Petition.

### **Commission's Analysis:**

5.5. The Commission has considered it appropriate to approve the transmission losses of 4.11% for FY 2016-17 as achieved during FY 2014-15. The Commission opines that, with a significant amount of investments made by the Petitioner in system augmentation and improvement, and also being able to achieve actual transmission loss levels of 4.11% in FY 2014-15, there is no reason why the Petitioner should be allowed a higher transmission loss of 4.15%. Hence, the Commission approves InSTS transmission loss at 4.11% for FY 2016-17 vis-a-vis RVPN's submission of 4.15%.

### **Capitalization**

5.6. The investment plan furnished by RVPN proposes works of Rs. 2,380 Crore to be executed in FY 2016-17. It is obvious that commissioning of certain works for which a significant provision has been kept in the FY 2016-17 are likely to spill over to the FY 2017-18.

5.7. The progress of asset addition by RVPN during the previous three financial years as per audited accounts reveals that the Gross Fixed

Assets (GFA) addition for Transmission function has been as follows:

**Table 30 : Asset capitalization (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Capitalisation Approved in Tariff Order	2,150	1,539	2,025
Actual Capitalisation (as per Audited Accounts)	2,076	1,086	1,509

5.8. It can be seen from the above table that during FY 2013-14 to FY 2015-16, the actual asset capitalization has been lower than that approved by the Commission in the respective Tariff Orders. Therefore, the Commission has considered average of capitalization during FY 2013-14, FY 2014-15 and FY 2015-16 to project capitalization for FY 2016-17 which works out to Rs. 1,557 Crore. The Commission has approved asset capitalization for FY 2016-17 as under:

**Table 31: Asset Capitalization approved for FY 2016-17 (Rs. Crore)**

Particulars	FY 2016-17
Capitalisation	1,557

5.9. Considering all these aspects and investment plan approved for FY 2016-17 for transmission function, the Commission approves capitalization of approximately 73% of the approved investment plan.

### **Transmission Network Expansion for FY 2016-17**

#### **RVPN's Projections:**

5.10. The following table summarises the physical transmission network to be put to use during FY 2016-17 as projected by RVPN.

**Table 32: Physical Transmission Network to be put to use during FY 2016-17 as projected by RVPN**

S.No.	Particulars	Unit	FY 2016-17 (Projected)
<b>1</b>	<b>Addition of new Transmission Lines</b>		
A	765kV Lines	c-km	0
B	400kV Lines	c-km	840
C	220kV Lines	c-km	668
D	132kV Lines	c-km	551
<b>2</b>	<b>Sub-Stations</b>		
A	765kV Sub-Station (Nos/MVA)	Nos.	0/0



S.No.	Particulars	Unit	FY 2016-17 (Projected)
B	400kV Sub-Station (Nos/MVA)	Nos.	2/2130
C	220kV Sub-Station (Nos/MVA)	Nos.	8/1020
D	132kV Sub-Station (Nos/MVA)	Nos.	16/400
<b>3</b>	<b>Addition of Transformer Capacity</b>		
A	Addition of new Transformer Capacity	MVA	3550
B	Augmentation of Transformer Capacity	MVA	1500
C	Total Addition of Transformer Capacity	MVA	5050
<b>4</b>	<b>No. Of Feeder Bays added</b>		
A	765kV	Nos.	0
B	400kV	Nos.	31
C	220kV	Nos.	61
D	132kV	Nos.	104

### **Commission's Analysis:**

5.11. The Commission observes that RVPN has projected the details about physical asset addition in terms of transmission line (ckt-km), MVA capacity, and number of bays for FY 2016-17 on the basis of proposed capitalization during the year. The Commission has therefore, computed pro-rata addition to physical assets on the basis of approved capitalization vis-à-vis that projected by RVPN.

### **Operation and Maintenance (O&M) Expenses**

#### **RVPN's Projection:**

5.12. In the Tariff Regulations, 2014, norms for operation and maintenance (O&M) expense have been specified on the basis of ckt-km, MVA capacity, and feeder bay for different voltage levels. RVPN, in its Tariff Petition, has submitted the following asset addition on the basis of ckt-km, MVA capacity and feeder bays during FY 2016-17 and accordingly, operation and maintenance expense has been projected.

**Table 33: Physical Transmission Network to be put to use during FY 2016-17 for computation of O&M expenses as projected by RVPN**

S.No.	Particulars	FY 2016-17 (Projected)
<b>1</b>	<b>Circuit-Kilometer Basis</b>	
<b>A</b>	<b>Opening Balance of ckt-km</b>	
	765 KV	425.44
	400 KV	3,858.37
	220 KV	13,756.88
	132 KV	16,198.22
<b>B</b>	<b>Addition of ckt-km during year</b>	
	765 KV	-
	400 KV	840.00
	220 KV	668.00
	132 KV	551.00
<b>2</b>	<b>MVA Basis</b>	
<b>A</b>	<b>Op. Balance of MVA Capacity</b>	<b>68,699.00</b>
<b>B</b>	<b>Addition of MVA Capacity during year</b>	<b>5,050.00</b>
<b>3</b>	<b>Feeder bay basis</b>	
<b>A</b>	<b>Op. Balance of Feeder bay</b>	
	765 KV	12
	400 KV	79
	220 KV	698
	132 KV	2,446
<b>B</b>	<b>Addition of Feeder bay during year</b>	
	765 KV	-
	400 KV	31
	220 KV	61
	132 KV	104

5.13. On the basis of above physical network capacity addition, RVPN has projected following operation and maintenance expense for FY 2016-17:

**Table 34: Projected Operation and Maintenance Expenses by RVPN for FY 2016-17 (Rs Crore)**

Particulars	FY 2016-17 (Projected)
O&M cost for transmission lines (ckt-km)	158.96
O&M cost for substation (MVA)	486.79
O&M cost for feeder bays (Nos)	309.29
<b>Total O&amp;M Expenses</b>	<b>955.04</b>

**Commission's Analysis:**

5.14. As the Commission has reduced the capitalization for FY 2016-17, there shall be proportionate reduction in physical asset addition. Accordingly, considering the actual physical asset addition approved in the previous section of Truing-up for FY 2014-15, as base, and physical asset addition in FY 2015-16 as per Form T-2 of the Tariff Petition submitted by RVPN and estimated addition in FY 2016-17, the Commission has approved the O&M expenses as under:

**Table 35: Projected Operation and Maintenance Expenses approved by the Commission for FY 2016-17 (Rs. Crore)**

Particulars	FY 2016-17 (Projected)	FY 2016-17 (Approved)
O&M cost for transmission lines (ckt-km)	158.96	156.67
O&M cost for substation (MVA)	486.79	480.99
O&M cost for feeder bays (Nos)	309.29	303.80
<b>Total O&amp;M Expenses</b>	<b>955.04</b>	<b>941.46</b>

**Depreciation**

**RVPN's Projections:**

5.15. RVPN has projected Rs. 717.27 Crore as depreciation charges for FY 2016-17. RVPN submitted that depreciation has been charged based on the depreciation rates and methodology as specified in RERC Tariff Regulations, 2014. Furthermore, RVPN submitted in its Petition that the main reason for increase in depreciation during FY 2016-17 is due to the estimated addition of Gross Fixed Assets in accordance with the investment plan undertaken by it and new rates and methodology

specified in Tariff Regulations, 2014. Projection of RVPN for FY 2016-17 are presented in the table below:

**Table 36: Depreciation Charges submitted by RVPN for FY 2016-17 (Rs. Crore)**

Particulars	FY 2014-15 (Actual)	FY 2015-16 (Estimated)	FY 2016-17 (Projected)
Depreciation	625.26	665.38	717.27

**Commission's Analysis:**

5.16. For computing the depreciation for FY 2016-17, the Commission has considered the closing GFA of True-up Order for FY 2014-15 as opening GFA for FY 2015-16 and closing GFA of FY 2015-16 as opening GFA for FY 2016-17. Further, the Commission has approved the reduced capitalization for FY 2016-17. The average depreciation rate as per Petitioner's claim works out to 4.37%. Therefore, the Commission has computed depreciation for FY 2016-17 as Rs. 681.58 Crore, by applying the same depreciation rate of 4.37% on the average GFA computed for FY 2016-17, which has been summarized as under:

**Table 37: Depreciation Charges approved by the Commission for FY 2016-17 (Rs. Crore)**

Particulars	As per petition	Approved
<b>Opening GFA as on 1st April, 2015 (closing GFA from the Petition for FY 2014-15)</b>	<b>13,238.35</b>	<b>13,313.89</b>
Add: Addition during FY 2015-16 as per Audited Accounts for FY 2015-16	2,008.00	1,509.42
<b>Closing GFA for FY 2015-16 (Opening GFA as on 1st April, 2016)</b>	<b>15,246.35</b>	<b>14,823.31</b>
Add: Addition during FY 2016-17	2,345.00	1,557.16
<b>Closing Balance of GFA</b>	<b>17,591.35</b>	<b>16,380.47</b>
<b>Average GFA for FY 2016-17</b>	<b>16,418.85</b>	<b>15,601.89</b>
Depreciation Rate (%)	<b>4.37%</b>	<b>4.37%</b>
<b>Depreciation</b>	<b>717.27</b>	<b>681.58</b>

**Interest and Finance Charges**

**RVPN's Projections:**

5.17. RVPN has projected the interest and finance charges of Rs. 869.61 Crore for FY 2016-17.

### **Commission's Analysis:**

5.18. The Commission has considered a normative approach as per Regulation 19 of Tariff Regulations, 2014. As regards Opening loan for long-term loan pertaining to GFA for FY 2016-17, the Commission has considered closing long-term loan pertaining to GFA of FY 2014-15 as opening for FY 2015-16 and further, closing long-term loan pertaining to GFA of FY 2015-16 as opening loan for FY 2016-17.

5.19. As per Regulation 19 of Tariff Regulations, 2014 extracted below:

*"...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. Where actual equity employed is less than 30%, the actual equity shall be considered."*

5.20. As the equity addition percentages submitted by the Petitioner during FY 2015-16 and FY 2016-17 are less than 30%, therefore the Commission has considered equity percentage of capitalisation as submitted by the Petitioner for FY 2015-16, and for FY 2016-17 and remaining capitalisation as debt. Debt:Equity ratio submitted by the Petitioner for FY 2015-16 and FY 2016-17 are shown below:

**Table 38: Debt:Equity Ratio submitted by the petitioner for FY 2015-16 and FY 2016-17**

<b>Particulars</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Debt	73%	84%
Equity	27%	16%

5.21. RVPN submitted that 11% of the total amount submitted in the Investment Plan will be sourced via grant. Thus, deducting the grant component from Rs. 2,380 Crore (proposed Investment to be incurred in FY 2016-17) the equity portion of investment computes to 16%. Hence, as per above table, 16% of the capitalisation approved has been considered to be financed through equity contribution and balance 84% has been considered to be financed through loan. The portion of capitalisation financed through consumer contributions and grants has been excluded, as the depreciation, interest and return on

equity thereon would not be charged.

- 5.22. Allowable depreciation for the year has been considered as normative loan repayment.
- 5.23. The Commission has considered the weighted average interest rate of 10.65%, as projected by the Petitioner, for estimating the interest charges for FY 2016-17.
- 5.24. RVPN submitted that the Finance Charges include the Guarantee charges, Commitment Charges, Stamp duty, Registration Fees, Legal Charges, etc. Taking into account these charges, the Finance Charges for FY 2016-17 have been projected at Rs. 70 Crore. As the detailed breakup of finance charges cannot be stipulated at this point, hence the Commission considers it appropriate to proportionately reduce finance charges to Rs. 65 Crore vis-a-vis Rs. 70 Crore as submitted by the RVPN in the ratio of loan addition approved by the Commission vis-a-vis loan addition projected by RVPN. The Commission has considered finance charges as Rs. 65 Crore for FY 2016-17.
- 5.25. The interest on long term loans approved by the Commission for FY 2016-17 is as under:

**Table 39: Approved Consolidated Interest and Finance charges for FY 2016-17 (Rs. Crore)**

Particulars	Reference	Petitioner's submission		Commission	
		FY 2015-16 (Provisional)	FY 2016-17 (Projected)	FY 2015-16 (Estimated)	FY 2016-17 (Approved)
<b>Opening Loan balance</b>	<b>A</b>	<b>8,732.80</b>	<b>9,510.29</b>	<b>6350.69</b>	<b>6,752.29</b>
Capitalisation during the year	B	-	-	1,509.42	1,557.16
Deductions during the year	C	-	-	-	-
Consumer contribution	D	-	-	58.91	274.67
Net Capitalisation during the year	E=B-C-D	-	-	1,450.51	1,282.49
Loan Addition	F=E*Debt %	1,324.80	1,753.34	1,058.87	1,079.36
Less: Repayments (Depreciation allowable for that year)	G	547.31	592.69	657.27	681.58
<b>Closing Loan Balance</b>	<b>H=A+F-G</b>	<b>9,510.29</b>	<b>10,670.94</b>	<b>6,752.29</b>	<b>7,150.07</b>
Average Loan	I=Average (A,H)	9,121.55	10,090.62	6,551.49	6,951.18
Weighted average rate of interest	J	10.97%	10.65%	10.97%	10.65%

Particulars	Reference	Petitioner's submission		Commission	
		FY 2015-16 (Provisional)	FY 2016-17 (Projected)	FY 2015-16 (Estimated)	FY 2016-17 (Approved)
Interest on Long Term Loans	K=I*J	1,000.78	1,074.88	718.80	740.46
Other Finance Charges	L	65.00	70.00	65.00	65.00
<b>Total Interest on Long Term Loan</b>	<b>M=K+L</b>	<b>1,065.78</b>	<b>1,144.88</b>	<b>783.80</b>	<b>805.46</b>
Less: Interest Capitalised	N	260.31	275.27	-	-
<b>Interest and Finance Charges (Net of Capitalisation)</b>	<b>O = M - N</b>	<b>805.47</b>	<b>869.61</b>	<b>783.80</b>	<b>805.46</b>

5.26. As the net interest and finance charges computation cover consolidated working for transmission function, SLDC function and partnership generation projects, the Commission has allocated the interest and finance charges between Transmission and SLDC functions. For SLDC function the Commission has considered the interest and finance charge as approved in SLDC ARR for FY 2016-17, while for the partnership generation part, the interest and finance charge have been considered on the same level of FY 2014-15, i.e., Rs. 6.01 Crore as shown in the table below:

**Table 40: Approved Interest and Finance charges for FY 2016-17(Rs. Crore)**

Particulars	Reference	Amount
Total Interest and Finance charges on Long Term Loans	A	805.46
SLDC Interest and Finance charges	B	3.66
Partnership Projects Interest and Finance charges	C	6.01
<b>Net Transmission Interest and Finance charges</b>	<b>D=A-B-C</b>	<b>795.79</b>

### Working Capital and Interest on Working Capital

#### RVPN's Projections:

5.27. RVPN has projected the interest on working capital as Rs. 79.00 Crore for FY 2016-17. RVPN has further submitted that working capital has been calculated as per norms and interest rate has been considered as 12.50% for FY 2016-17 as per Tariff Regulations, 2014. RVPN submitted that increase in interest on working capital is due to increase in O&M expenses and Receivables for FY 2016-17.

#### Commission's Analysis:

5.28. The Commission has computed the interest on working capital in

accordance with the provisions of Tariff Regulations, 2014. As regards interest rate, the Commission has considered SBI base rate of 9.76% existing during first six months of FY 2015-16 plus 250 basis points as per Tariff Regulations, 2014. The average rate of interest thus works out to 12.26% and has been adopted for FY 2016-17. Accordingly the Working capital requirement and interest on working capital as approved by the Commission for FY 2016-17 is as under:

**Table 41: Approved Interest on Working Capital for FY 2016-17 (Rs. Crore)**

Particulars	Reference	Petitioner's Submission	Approved by Commission
O&M Expenses (1 month)	A	79.59	78.46
Maintenance Spares	B=O&M Expenses*15%	143.26	141.22
Receivables on target availability	C= One and a half months of transmission charges	418.51	308.72
Less: Amount held as security deposits	D	9.39	76.03
<b>Total Working Capital</b>	<b>E=A+B+C-D</b>	<b>631.96</b>	<b>452.37</b>
Interest Rate	F	12.50%	12.26%
<b>Interest on Working Capital</b>	<b>G=E*F</b>	<b>79.00</b>	<b>55.48</b>

### Other Expenses

#### RVPN's Projections:

5.29. RVPN submitted the other expenses as Rs 25.00 Crore are on account of miscellaneous losses, bad debts, net prior period credit/ charges, other debits/credits, extra ordinary items, ULDC/NRLDC/VAR charges.

#### Commission's Analysis:

5.30. Looking to the past experience, the Commissions approves the Other Expenses as Rs. 10 Crore as under:

**Table 42: Approved Other Expenses for FY 2016-17 (Rs. Crore)**

Particulars	Petitioner's Submission	Approved by Commission
Other Expenses	25.00	10.00

### Return on Equity (RoE)

#### RVPN's Projections:

5.31. RVPN submitted that the Return on Equity for FY 2016-17 has been



considered as 12% instead of 15.50% as stipulated in the Tariff Regulations 2014. Furthermore, RVPN also submitted that the investment in transmission in FY 2016-17 is proposed to be financed by equity at 10%-20% provided by the Govt. of Rajasthan. RVPN has submitted Rs. 478.97 Crore as RoE for FY 2016-17.

**Commission's Analysis:**

5.32. Tariff Regulations, 2014 stipulate RoE at the rate of 15.5%. Relevant extract from the Regulation is reproduced below:

**“20. Return on Equity**

...

*(2) Return on equity shall be computed at the base rate of 15.5% for Generating Companies and Transmission Licensees, and at the base rate of 16% for distribution licensees.”*

5.33. The Petitioner has claimed return on equity @ 12% instead of 15.5% admissible as per Tariff Regulations, 2014. Accordingly, the Commission has approved the same rate of RoE as claimed by the Petitioner.

5.34. As regards opening equity for FY 2016-17, the Commission has considered closing equity in pursuance to True up for FY 2014-15 in the Audited Accounts as opening equity for FY 2015-16 and the closing equity of FY 2015-16 has been considered as opening equity of FY 2016-17.

5.35. Equity percentage of capitalisation has been considered as admitted in Table 38.

5.36. The Commission approves Return on Equity for FY 2016-17 as Rs. 421.53 vis-a-vis Rs. 478.97 Crore as claimed by RVPN. The same is shown as under:

**Table 43: Approved Return on Equity for FY 2016-17 (Rs. Crore)**

Particulars	Reference	Petitioner's submission		Commission	
		FY 2015-16 (Provisional)	FY 2016-17 (Projected)	FY 2015-16 (Provisional)	FY 2016-17 (Projected)
Equity at the beginning of the year	A	3,287.93	3,824.93	3,019.52	3,411.16
Capitalisation during the year	B	2,008.00	2,345.00	1,509.42	1,557.16

Particulars	Reference	Petitioner's submission		Commission	
		FY 2015-16 (Provisional)	FY 2016-17 (Projected)	FY 2015-16 (Provisional)	FY 2016-17 (Projected)
Deduction during the year	C	-	-	-	-
Less: Consumer contribution	D	-	-	58.91	274.67
Net Capitalisation	E=B-C-D	-	-	1,450.51	1,282.49
Equity portion of capitalisation	F=E*Equity%	537.00	333.00	391.64	203.13
Equity at the end of the year	G=A+F	3,824.93	4,157.93	3,411.16	3,614.29
Average Equity	H=Average (A,G)	3,556.43	3,991.43	3,215.34	3,512.72
Rate of RoE Considered	I	8.00%	12.00%	8.00%	12.00%
<b>Total Return on Equity</b>	<b>J=H*I</b>	<b>284.51</b>	<b>478.97</b>	<b>257.23</b>	<b>421.53</b>

### **Non-Tariff Income**

#### **RVPN's Projections:**

5.37. RVPN projected Rs. 104.50 Crore as Non-Tariff Income for FY 2016-17 on account of miscellaneous receipts, prior period income, differential interest subsidy on World Bank Loan, sale of scrap, Interest on loans and advances from employees, suppliers & Contractors, rebate for early payment, etc.

#### **Commission's Analysis:**

5.38. The non-tariff income as submitted by the Petitioner for FY 2014-15 is Rs. 124.56 Crore. The Commission observed that Other Income including Non Tariff Income amounting to Rs. 135.09 Crore was approved during true up of FY 2013-14. Accordingly, the Commission has considered the non-tariff income for FY 2016-17 as Rs. 125.00 Crore.

**Table 44: Approved Non-Tariff Income for FY 2016-17 (Rs Crore)**

Particulars	Petitioner's Submission	Approved by Commission
Non-Tariff Income	104.50	125.00

### **Revenue from Open Access**

#### **RVPN's Projections:**

5.39. RVPN submitted that the recovery of transmission charges from collective power exchange transactions and Inter-State short term

open access based on kWh energy is difficult to estimate accurately, therefore, the same has been included in total revenue from open access consumers. RVPN projected revenue from short-term open access consumers as Rs. 30 Crore.

**Commission's Analysis:**

5.40. Pursuant to the Petitioners submission in form TTU 12 of the true up tariff Petition, the Petitioner has submitted revenue from short term open access during FY 2014-15 as Rs. 131.79 Crore. The Commission observes that the volume of short term open access transactions have grown since FY 2014-15. It will not be prudent to consider revenue from short term open access charges at the level of Rs 30 Crore as proposed by Petitioner when the open access volume is increasing since then and the short term transmission charges have not changed significantly. Hence, it would be appropriate to the consider the revenue from short term open access charges at the same level as that considered for true up for FY 2014-15 for FY 2016-17. the Commission accordingly approves Revenue from short term open access for FY 2016-17 as under:

**Table 45: Details of Revenue from Short-term Open Access consumers (Rs. Crore)**

Particulars	Petitioner's Submission	Approved by Commission
Revenue from STOA	30.00	131.79

**Aggregate Revenue Requirement**

**RVPN's Projections:**

5.41. RVPN considered a deficit of Rs. 357.14 Crore in True up of FY 2014-15 and has considered the same in its submission of ARR. Considering this deficit on account of true-up for FY 2014-15, RVPN has projected the ARR of Rs. 3,348.08 Crore for transmission function for FY 2016-17.

**Commission's Analysis:**

5.42. Based upon the detailed analysis of various components as stipulated in the above paragraphs, the Commission approves the ARR for FY 2016-17 as under.

- 5.43. RVPN in the True up petition for FY 2014-15 has projected a deficit of Rs. 357.19 Crore. The Commission observes that after final True up for FY 2014-15, there is a surplus of Rs. 179.80 Crore. The Commission finds it appropriate to approve the surplus of Rs. 179.80 Crore and considers the same while computing the ARR for FY 2016-17.
- 5.44. Accordingly, the Commission approves an ARR of Rs. 2,469.79 Crore vis-à-vis Rs. 3,348.08 Crore as submitted by RVPN for FY 2016-17.

**Table 46: Approved Summary of ARR for Transmission Function for FY 2016-17 (Rs. Crore)**

S.No.	Particulars	Petitioner's Submission	Approved by Commission
1	Operation & Maintenance Expenses	955.04	941.46
2	Depreciation	717.27	681.58
3	Interest and finance charges on Long Term Loans	869.61	795.79
4	Interest on Working Capital & Financial Charges	79.00	55.48
5	Insurance charges	0.55	0.55
6	Other expenses	25.00	10.00
<b>7</b>	<b>Total Revenue Expenditure (1 to 6)</b>	<b>2,646.47</b>	<b>2484.85</b>
8	Return on Equity	478.97	421.53
9	Income tax provision	-	-
<b>10</b>	<b>Aggregate Revenue Requirement (7+8+9)</b>	<b>3,125.44</b>	<b>2,906.38</b>
11	Less: Non Tariff Income	104.50	125.00
12	Less: Income from Other Business	30.00	131.79
<b>13</b>	<b>Aggregate Revenue Requirement from Transmission Tariff (10-11-12)</b>	<b>2,990.94</b>	<b>2,649.59</b>
14	True-up of FY 2014-15 Surplus / (Gap)	(357.14)	179.80
<b>15</b>	<b>Net Revenue Requirement (13 – 14)</b>	<b>3,348.08</b>	<b>2,469.79</b>

#### **Incentive for System Availability**

- 5.45. As incentive is admissible over and above the ARR upon demonstration of actual transmission system availability exceeding the normative transmission system availability at the end of the year, therefore, the effect of incentive has not been considered by the Commission in this ARR. The same may be recovered by RVPN as per Regulations during the truing up of FY 2016-17.

## **Transmission Tariff for FY 2016-17**

### **RVPN's Projections:**

5.46. RVPN has projected the transmission tariff for FY 2016-17 as follows:

**Table 47: Projected Transmission Charges for FY 2016-17**

<b>Particulars</b>	<b>Petitioner's Submission</b>
<b>Revenue Requirement (Rs. Crore)</b>	<b>3,348.08</b>
Less: Revenue from Inter State Transmission Lines (Rs. Crore)	<b>37.98</b>
Net Revenue Requirement from Transmission Tariff (Rs. Crore)	<b>3,310.10</b>
Transmission Capacity for Discoms (MW)	12,528.00
Transmission Capacity for Open Access (MW)	600.00
<b>Transmission Tariff for Discoms and Long Term Open Access consumers (Rs./kW/Month)</b>	<b>210.12</b>
Energy Requirement for Discoms in FY 2016-17 (MU)	78,513.00
Energy Requirement for Long Term Open Access Customers in FY 2016-17 (MU)	3,760.00
<b>Transmission tariff for collective power exchange transactions (paisa/kWh)</b>	<b>40.23</b>
Transmission Charges to be recovered from Discoms (Rs. Crore)	3,158.81
Revenue recovery from Long Term Open Access (Rs. Crore)	151.28

### **Commission's Analysis:**

5.47. The Commission has specified transmission tariff in terms of network usage based upon projection of contracted/allotted capacity of 12,528 MW and 600 MW for Discoms and long term open access customers respectively, aggregating to 13,128 MW, as per the provisions of Regulation 66(1)(b) of the Tariff Regulations, 2014. The transmission tariff for Discoms and long term open access transactions works out as Rs. 154.37/kW/month. This tariff shall also be applicable for customers availing medium term open access. For intra-State short-term open access bilateral transactions, the transmission tariff has been worked out as Rs. 5.08/kW/day.

5.48. In respect of inter-State open access transactions, the Commission had earlier decided in its Order dated 9.10.2014, while specifying transmission tariff for FY 2014-15 that transmission charges for use of State transmission system in inter-State bilateral short-term transactions and collective power exchange transactions be levied on Rs/kWh basis. The same principle has been followed in this Order.

5.49. The gross energy requirement of Discoms and long-term open access customers for FY 2016-17 has been shown as 78,513 MU and 3,760 MU respectively by the Petitioner. Considering the aggregate energy requirement of 82,273 MU and total transmission charges net of revenue from inter-state transmission lines amounting to Rs. 2,431.81 Crore, the transmission tariff for use of State transmission system in inter-State short-term open access bilateral transactions and collective power exchange transactions are approved as Rs. 29.56 paisa/kWh.

5.50. Accordingly, the approved transmission tariff for the FY 2016-17 is as under:

**Table 48: Approved Transmission Tariff for FY 2016-17**

Sr. No.	Particulars	Unit	Approved by Commission
1	Net Transmission charges to be recovered from Discoms and Long Term Open Access customers	Rs. Crore	2,469.79
2	Less: Revenue from Inter State transmission Lines	Rs. Crore	37.98
3	Net Revenue Requirement From Transmission Tariff	Rs. Crore	2,431.81
4	Approved Transmission capacity for Discoms	MW	12,528
5	Long Term Open Access customers	MW	600
6	Total Transmission Capacity	MW	13,128
<b>7</b>	<b>Transmission Tariff for Discoms and Long Term Open Access customers</b>	<b>Rs./kW/Month</b>	<b>154.37</b>
<b>8</b>	<b>Transmission Tariff for Medium Term Open Access customers</b>	<b>Rs./kW/Month</b>	<b>154.37</b>
<b>9</b>	<b>Transmission Tariff for intra-state Short Term Open Access customers</b>	<b>Rs./kW/Day</b>	<b>5.08</b>
10	Energy Requirement for Discoms in FY 2016-17	MU	78,513
11	Energy Requirement for Long Term Open Access customers in FY 2016-17	MU	3,760
<b>12</b>	<b>Transmission tariff for use of State transmission system in intra-State Short Term Open Access bilateral transactions and collective power exchange transactions</b>	<b>paise/ kWh</b>	<b>29.56</b>
13	Transmission Charges to be recovered from Discoms during FY 2016-17	Rs. Crore	2,320.67

**Note:** The State Government vide letter No. F.20 (6) Energy /2010 /Pt.2 dated 13.1.2015 has issued a policy directive to fix the transmission tariff of

STU for Solar Power Projects to be commissioned during the period 01.04.2015 to 31.03.2018 or for a capacity of 2000 MW, whichever is earlier, at a rate equal to 50% of normal transmission tariff (Rs. Per MW) as applicable to conventional power for a period of 25 years, for which no subsidy shall be provided by the State Government. The Commission under Section 108 of Electricity Act, 2003 shall be guided by the policy directives issued by the State Government. Therefore, the Commission directs RVPN to charge the transmission tariff @ equal to 50% of the rate specified at Sr. No. 7, 8 & 9 above as the case may be for such solar power projects which are covered under the above policy directive.

## **Section – 6: Analysis of ARR for SLDC Function for FY 2016-17**

6.1. In order to ensure smooth real time system operations, the Electricity Act, 2003, provides for SLDC to be a separate entity, operated by a competent agency notified by the State Government. The State Transmission Utility will operate the SLDC till the time a separate entity is notified for this purpose. The GoR has entrusted RVPN with this responsibility in Rajasthan.

### **SLDC Capitalisation**

6.2. RVPN has proposed capital investment and capitalisation of Rs. 35 Crore in its petition towards SLDC works for FY 2016-17. In its forms submitted along with Investment Plan Petition, RVPN has submitted this investment plan as 'Automation/ SCADA solutions, RTU's/ BCU's, related primary equipments up-gradation, communication interfaces/ channels (under ULDC, up-gradation of existing S/S)' without any detailed break-up of the same. Further, RVPN had also proposed Rs. 37 Crore of investment and capitalisation under the same head in FY 2015-16, which was approved by the Commission in its Order dated 14.8.2015. The actual capitalisation in FY 2014-15 is Rs. 3.21 Crore, hence the Commission approves capitalisation of Rs. 25 Crore.

### **O&M Expenses**

#### **RVPN's Projections:**

6.3. RVPN has projected the O&M expenses of Rs. 13.94 Crore for FY 2016-17.

#### **Commission's Analysis:**

6.4. RVPN has submitted the O&M expenses as Rs. 13.94 Crore which includes Employee Expenses as Rs. 11.82 Crore, Administration and General Expenses as Rs. 1.92 Crore, Repair and Maintenance Expenses as Rs. 1.82 Crore for FY 2016-17.

6.5. Pursuant to the Regulation 24(3) of Tariff Regulations, 2014, the O&M Expenses shall be escalated by 5.85% each year from the start of Control Period, i.e., FY 2014-15. The relevant extract is reproduced as under:



## **“24. Operation & Maintenance expenses**

...

(2) Normative O&M expenses allowed at the commencement of the Control Period (i.e. FY 2014-15) under these Regulations shall be escalated at the rate of 5.85% per annum for each year of the Control Period.

...”

- 6.6. The Commission has approved O&M expenses as Rs. 10.46 Crore (Employee Expenses Rs. 9.11 Crore, Admin. & General Expenses Rs. 1.23 Crore and R&M Expenses Rs. 0.12 Crore) as per the SLDC Accounts statement while truing up for FY 2014-15. Hence, in line with the Regulations, the Commission in principle approves the O&M expenses as Rs. 11.72 Crore after escalating the O&M expenses approval in true up of FY 2014-15 @5.85% per annum which shall be subject to truing up of FY 2016-17.

**Table 49: Approved O&M Expenses for FY 2016-17 (Rs. Crore)**

Particulars	As per Petition	Approved by Commission
O&M Expenses	13.94	11.72

## **Depreciation**

### **RVPN's Projections:**

- 6.7. RVPN has projected the depreciation charges of Rs. 3.97 Crore for FY 2016-17. RVPN further submitted that the depreciation charges have been computed as per the provisions of Tariff Regulations, 2014.

### **Commission's Analysis:**

- 6.8. The Commission has considered capitalization for FY 2016-17 as Rs. 25 Crore vis-à-vis Rs. 35 Crore as submitted by the Petitioner. Accordingly, for computing the depreciation, the Commission has considered the closing GFA of True-up Order for FY 2014-15 as opening GFA for FY 2015-16 and closing GFA of FY 2015-16 as opening GFA for FY 2016-17. Depreciation for FY 2016-17 has been computed on the basis of opening GFA of FY 2016-17 plus half of average addition during FY 2016-17 to arrive at GFA at the midpoint of the year. The Commission has considered the average depreciation rates of 4.76% submitted by

RVPN for FY 2016-17. Accordingly, depreciation worked out for FY 2016-17 is as under:

**Table 50: Approved Depreciation for FY 2016-17 (Rs. Crore)**

Particulars	As per Petition	Approved by Commission
Depreciation	3.97	3.74

### **Interest and Finance Charges**

#### **RVPN's Projections:**

6.9. RVPN has projected the interest and finance charges for FY 2016-17 as Rs. 4.46 Crore.

#### **Commission's Analysis:**

6.10. The Commission has considered capitalisation for FY 2016-17 as Rs. 25 Crore as against Rs. 35 Crore projected by RVPN and proportionate loan additions as Rs. 22.86 Crore as against Rs. 32 Crore. Further, the Commission has also considered depreciation amount of Rs. 3.74 Crore towards normative repayment as against Rs. 0.28 Crore repayment projected by RVPN. Further, the Commission worked out interest on the weighted average interest rate of 9.53%, worked out on the basis of submissions of RVPN, Accordingly, the Commission has worked out and approved interest and finance charges for FY 16-17 as under:

**Table 51: Approved Interest and Finance Charges for FY 2016-17 (Rs Crore)**

Particulars	As per Petition	Approved by Commission
Total Interest and Finance Charges	4.46	3.66

### **Working Capital and Interest on Working Capital**

#### **RVPN's Projections:**

6.11. RVPN has projected the interest on working capital as Rs. 1.09 Crore for FY 2016-17. RVPN has further submitted that working capital has been calculated as per norms and interest rate has been considered as 12.50% for FY 2016-17 as per Tariff Regulations, 2014.

### **Commission's Analysis:**

6.12. The Commission has computed interest on working capital on the basis of revised parameters in accordance with the provisions of Tariff Regulations, 2014. As regards interest rate, the Commission has considered SBI base rate of 9.76% existing during first six months of FY 2015-16 plus 250 basis points as per Tariff Regulations, 2014. The average rate of interest thus works out as 12.26% and has been adopted for FY 2016-17. The Commission observed that the Petitioner has worked out the Maintenance Spares component @ 20% of O&M Expenses. However, the Commission has considered Maintenance Spares @ 15% of O&M Expenses as per norms specified in the Tariff Regulations, 2014. Therefore, working capital requirement and interest on working capital for FY 2016-17 is as under:

**Table 52: Approved Interest on Working Capital for FY 2016-17(Rs. Crore)**

<b>Particulars</b>	<b>Reference</b>	<b>As per Petition</b>	<b>Approved by Commission</b>
O&M Expenses (1 month)	A	1.16	0.98
Maintenance Spares	B	2.79	1.76
Receivables	C= One and a half months of SLDC charges	5.17	1.15
Less: Amount held as security deposits	D	0.40	0.40
<b>Total Working Capital</b>	<b>E=A+B+C-D</b>	<b>8.72</b>	<b>3.49</b>
Interest Rate	F	12.50%	12.26%
<b>Interest on Working Capital</b>	<b>G=E*F</b>	<b>1.09</b>	<b>0.43</b>

### **SLDC Operation Charges**

#### **RVPN's Projections:**

6.13. RVPN has projected the SLDC operation expenses of Rs. 18.14 Crore for FY 2016-17. RVPN also stated that it is paying NRLDC on account of operation and recovery of annualized fixed charges for the Unified Load Dispatch Centre (ULDC) scheme.

### **Commission's Analysis:**

6.14. The Commission observes that the payment is made to NRLDC on account of operation and recovery of annualized fixed charges for the Unified Load Dispatch Centre (ULDC) scheme on which licensee

has no control.

- 6.15. Considering the projected expenses to be in line with the approved SLDC Operation Charges for FY 2015-16, the Commission approves the expense for FY 2016-17 as under:

**Table 53: Approved SLDC Operation Charges for FY 2016-17 (Rs. Crore)**

Particulars	As per Petition	Approved by Commission
SLDC Operation Charges	18.14	18.14

### **Return on Equity**

#### **RVPN's Projections:**

- 6.16. RVPN submitted that RoE for FY 2015-16 has been considered @ 8% and for FY 2016-17 @ 12% instead of 15.5% as per Tariff Regulations, 2014.

#### **Commission's Analysis:**

- 6.17. The Petitioner has claimed Rs. 1.63 Crore as return on equity. The Commission has approved return on equity as under:

**Table 54: Approved Return on Equity for FY 2016-17 (Rs. Crore)**

Particulars	Reference	FY 2015-16 (Estimated)	FY 2016-17 (Approved)
Equity at the beginning of the year	A	1.07	12.07
Capitalisation during the year	B	37.00	25.00
Deduction during the year	C	-	-
Less: Consumer contribution	D	-	-
Net Capitalisation	E=B-C-D	37.00	25.00
Equity portion of capitalisation	F=E*Equity%	11.00	2.14
Equity at the end of the year	G=A+F	12.07	14.21
Average Equity	H=Average(A,G)	6.57	13.14
RoE Considered	I	8%	12%
<b>Total Return on Equity</b>	<b>J=H*I</b>	<b>0.53</b>	<b>1.58</b>

### **Aggregate Revenue Requirement (ARR) for SLDC**

#### **RVPN's Projections:**

- 6.18. RVPN has projected the ARR of SLDC function for FY 2016-17 as under:

**Table 55: Projected ARR of SLDC Business for FY 2016-17 (Rs. Crore)**

<b>S. No.</b>	<b>Particulars</b>	<b>As per Petition</b>
<b>1</b>	<b>Expenses</b>	
<b>a)</b>	<b>Operating Expenses</b>	
i)	Employee expenses	11.83
ii)	Administrative and General Expenses	1.93
iii)	Repair and Maintenance Expenses	0.18
iv)	Interest on Working Capital	1.09
v)	RLDC Fee and Charges	18.14
<b>b)</b>	<b>Capital expense components</b>	
i)	Depreciation	3.97
ii)	Interest and finance charges on term loan	4.46
iii)	Return on equity	1.63
<b>c)</b>	<b>Income Tax provision</b>	
<b>2</b>	<b>Total Revenue Expenditure (a+b+c)</b>	43.24
3	Less: Non Tariff income	1.63
4	Less: Income from other business	0.21
<b>5</b>	<b>Aggregate Revenue Requirement</b>	<b>41.40</b>

**Commission's Analysis:**

- 6.19. The Commission has considered the non-tariff income of Rs. 1.63 Crore and the income from short-term open access consumers of Rs. 0.21 Crore as projected by the petitioner.
- 6.20. RVPN submitted that there is a Surplus of Rs. 0.05 Crore in its true up Petition of FY 2014-15, against which the Commission has worked out a Surplus of Rs. 28.03 Crore in True-up for FY 2014-15.
- 6.21. Hence, based on the detailed analysis of various components, the Commission approves the ARR for SLDC function for FY 2016-17 as follows:

**Table 56: Approved Summary of ARR for SLDC Function for FY 2016-17  
(Rs. Crore)**

S. No.	Particulars	As per Petition	Net Entitlement
<b>1</b>	<b>Expenses</b>		
<b>a)</b>	<b>Operating Expenses</b>		
i)	Employee expenses	11.83	11.72
ii)	Administrative and General Expenses	1.93	
iii)	Repair and Maintenance Expenses	0.18	
iv)	Interest on Working Capital	1.09	0.43
v)	RLDC Fee and Charges	18.14	18.14
<b>b)</b>	<b>Capital expense components</b>		
i)	Depreciation	3.97	3.74
ii)	Interest and finance charges on term loan	4.46	3.66
iii)	Return on equity	1.63	1.58
c)	Income Tax provision		-
<b>2</b>	<b>Total Revenue Expenditure (a+b+c)</b>	<b>43.24</b>	<b>39.27</b>
3	Less: Non Tariff income	1.63	1.63
4	Less: Income from other business	0.21	0.21
<b>5</b>	<b>Aggregate Revenue Requirement</b>	<b>41.40</b>	<b>37.43</b>
6	True-up of FY 2014-15 Surplus / (Gap)	0.05	28.03
<b>7</b>	<b>Net Revenue Requirement</b>	<b>41.35</b>	<b>9.40</b>

6.22. The recovery of SLDC expenses for FY 2016-17 shall be as under:

**Table 57: Approved SLDC Expenses for FY 2016-17**

Sr. No.	Particulars	Approved by Commission
1	Net Revenue Requirement for SLDC Operations to be recovered from Discoms and Long Term Open Access Customers (Rs. Crore)	9.40
2	Contracted capacity for Discoms and Long Term Open Access Customers (MW)	13,128
3	SLDC Charges for Discoms and Long Term OA Transactions (Paise/kW/Month)	59.66
4	SLDC Charges for Medium Term OA Transactions (Paise/kW/Month)	59.66
5	SLDC Charges for Short Term OA Transactions (Paise/kW/Day)	1.96

**General:**

- 6.23. The transmission and SLDC charges as determined under this Order for Discoms would be shared amongst them in proportion to their contracted/allotted capacity for the FY 2016-17.
- 6.24. Status of Compliance to Directions Issued by the Commission in Previous Orders is enclosed as **Annexure-3**.
- 6.25. The tariff determined vide this Order shall be effective from 1<sup>st</sup> April, 2016. The Commission in its Order dated 31.03.2016 had approved transmission tariff and SLDC Charges for FY 2016-17 on interim basis subject to adjustment when the transmission tariff and SLDC charges are determined. For long term and medium term open access customers and Discoms, the net revenue surplus/shortfall based on final tariff approved by the Commission for FY 2016-17 in this Order and interim tariff for FY 2016-17 shall be adjusted/recovered in next three months from the date of this Order. However, in case of short term open access transactions, there shall be no retrospective adjustment of transmission and SLDC charges.
- 6.26. The summary of the Investment Plan 2016-17, True Up of ARR of FY 2014-15, ARR for Transmission and SLDC function for FY 2016-17 approved by the Commission is as under:

**A Investment Plan FY 2016-17 (Rs. Crore)**

Particulars	Proposed	Approved
Transmission Works including SLDC function	2,380	2,138

**B True Up Petition for FY 2014-15 (Rs. Crore)**

Particulars	Approved in Tariff Order	As per Petition	Allowed after truing Up
<b>Transmission Function</b>			
Total Expenditure	2,165.66	2,472.22	2,183.82
Total Revenue	2,165.66	2,115.09	2,363.62
Total Revenue- Total Expenditure	0.00	(357.14)	179.80

Particulars	Approved in Tariff Order	As per Petition	Allowed after truing Up
<b>SLDC function</b>			
Total Expenditure	30.74	19.69	19.74
Total Revenue		19.74	47.77
Total Revenue-Total Expenditure		0.05	28.03

**C ARR for FY 2016-17**

Particulars	Petitioners submission	Approved
<b>Transmission Function</b>		
Total Revenue Expenditure	2,990.94	2,649.59
Truing-up FY 2014-15 Surplus/(Gap)	(357.14)	179.80
Net Revenue Requirement	3,348.08	2,469.79
<b>SLDC function</b>		
Total Revenue Expenditure	43.24	39.27
Truing-up FY 2014-15 Surplus/(Gap)	0.05	28.03
Net Revenue Requirement	41.35	9.40

**D Approved Transmission Tariff for FY 2016-17 (Rs. Crore)**

Sr. No.	Particulars	Unit	Approved by Commission
1	Net Transmission charges to be recovered from Discoms and Long Term Open Access customers	Rs. Crore	2,469.79
2	Less: Revenue from Inter State transmission Lines	Rs. Crore	37.98
3	Net Revenue Requirement From Transmission Tariff	Rs. Crore	2,431.81
4	Approved Transmission capacity for Discoms	MW	12,528
5	Long Term Open Access customers	MW	600
6	Total Transmission Capacity	MW	13,128
7	<b>Transmission Tariff for Discoms and Long Term Open Access customers</b>	<b>Rs./kW/Month</b>	<b>154.37</b>
8	<b>Transmission Tariff for Medium Term Open Access customers</b>	<b>Rs./kW/Month</b>	<b>154.37</b>
9	<b>Transmission Tariff for intra-state Short Term Open Access customers</b>	<b>Rs./kW/Day</b>	<b>5.08</b>
10	Energy Requirement for Discoms in FY 2016-17	MU	78,513



Sr. No.	Particulars	Unit	Approved by Commission
11	Energy Requirement for Long Term Open Access customers in FY 2016-17	MU	3,760
12	<b>Transmission tariff for use of State transmission system in intra-State Short Term Open Access bilateral transactions and collective power exchange transactions</b>	<b>paise/ kWh</b>	<b>29.56</b>
13	Transmission Charges to be recovered from Discoms during FY 2016-17	Rs. Crore	2,320.67

**Note:** RVPN shall charge the transmission tariff @ equal to 50% of the rate specified as at Sr. No. 7, 8 & 9 above for solar power projects which are covered under the policy directive as detailed in Note under Table 48.

**E Approved SLDC expenses for FY 2016-17 (Rs. Crore)**

Sr. No.	Particulars	Approved by Commission
1	Net Revenue Requirement for SLDC Operations to be recovered from Discoms and Long Term Open Access Customers (Rs. Crore)	9.40
2	Contracted capacity for Discoms and Long Term Open Access Customers (MW)	13,128
3	SLDC Charges for Discoms and Long Term OA Transactions (Paise/kW/Month)	59.66
4	SLDC Charges for Medium Term OA Transactions (Paise/kW/Month)	59.66
5	SLDC Charges for Short Term OA Transactions (Paise/kW/Day)	1.96

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

**(Raghuvendra Singh)**  
Member

**(Vinod Pandya)**  
Member

**(Vishvanath Hiremath)**  
Chairman

**Annexure-1:****The list of Stakeholders and Representatives of the Petitioner/Respondents present during the hearing**

1.	Shri S. C. Sharma	SE(P&P)-RVPN
2.	Shri S. T. Hussain	SE(RA)-Discoms
3.	Shri. Manish Saxena	CAO – RVPN
4.	Shri G. D. Pamnani	XEN (Project)-RVPN
5.	Shri O. P. Bansal	XEN-RVPN
6.	Shri Anil Kumar	Sr. AO (B&R)-RVPN
7.	Shri Sourabh Bhatt	Sr. AO (A/C)-RVPN
8.	Shri Manoj Kr. Sharma	AEN (NPP&RA)-RVPN
9.	Shri M. P. Sharma	A&N (P&P)-RVPN
10.	Shri Rajendra Sharma	AEN (P&P)-RVPN
11.	Shri Neeraj Garg	Jr. Accountant-RVPN
12.	Shri Kailash Chand Saini	Electrician-II RVPN
13.	Shri B. M. Sanadhya	Director-Samta Power
14.	Shri Y. K. Bolia	Director-Samta Power
15.	Shri Kuldeep Verma	DISCOMs
16.	Shri Roshanlal Surana	Consultant-RVPN
17.	Shri D. S. Agarwal	Stakeholder
18.	Shri G. L. Sharma	Stakeholder
19.	Shri Lalit Chaturvedi	Idam Infra, Consultant to the Commission
20.	Shri Sumit Sood	Idam Infra, Consultant to the Commission

**Annexure-2:****List of Abbreviations**

A&G	Administrative and General
Act	Electricity Act, 2003
ADB	Asian Development Bank
ARR	Aggregate Revenue Requirement
AS	Accounting Standards
ATS	Associated Transmission System
AVVNL	Ajmer Vidyut Vitran Nigam Ltd
BPC	Bid Processing Co-ordinator
BPTA	Bulk Power Transmission Agreement
CCOA	Chief Controller of Accounts
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
COD	Commercial Date of Operation
Ckm	Circuit Kilo-meter
C&AG	Comptroller and Auditor General
Discom	Distribution Company
DPR	Detailed Project Report
EHV	Extra High Voltage
FRP	Financial Restructuring Plan
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government of India
GoR	Government of Rajasthan
GSS	Grid Sub Station
GTPS	Gas Thermal Power Station
IDC	Interest During Construction
InSTS	Inter State Transmission System
Investment Approval Regulation, 2006	RERC (Investment Approval) Regulations, 2006
JdVVNL	Jodhpur Vidyut Vitran Nigam Limited
JVVNL	Jaipur Vidyut Vitran Nigam Limited
kV	Kilo Volt
LILO	Loop in Loop Out

LTOA	Long Term Open Access
MoP	Ministry of Power
MU	Million Unit
MVA	Million Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
NRLDC	Northern Regional Load Despatch Center
OA	Open Access
O&M	Operation & Maintenance
PLF	Plant Load Factor
RERC	Rajasthan Electricity Regulatory Commission
RFQ	Request for Qualification
RoE	Return on Equity
R&M	Repairs & Maintenance
RVPN	Rajasthan Rajya Vidyut Prasaran Nigam Limited
SLDC	State Load Dispatch Centre
STOA	Short Term Open Access
Tariff Regulation, 2009	RERC (Terms and Conditions for Determination of Tariff) Regulations, 2009
Tariff Regulation, 2014	RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014
TPS	Thermal Power Station
TSA	Transmission Service Agreement
TSPCC	Transmission System Planning & Coordination Committee
ULDC	Unified Load Despatch Centre
WDV	Written Down Value

**Annexure-3:**

**Status of Compliance to Directions Issued by the Commission in Previous Orders**

<b>S.No.</b>	<b>Para No.</b>	<b>Commission's Observations / Directions</b>	<b>Further Action Taken by RVPN</b>	<b>Commission's Observations / Directions</b>
1	4	The Commission directs the Petitioner to expedite the finalization of TSA with the Discoms and Long Term Open Access Consumers.	RVPN vide letter dated 23.11.2015 has sent draft TSA to Discoms (CE(RDPPC)) to further fill up remaining information pertaining to them and has requested to execute the same at the earliest to comply with directions of Hon'ble Commission. Discoms have again been requested to execute TSA vide our letter date 22.12.2015 and 19.01.2016 but their response is still awaited.	Mere request to Discoms does not amount to compliance. Therefore Commission directs the Petitioner to expedite the finalisation of TSA with the Discoms and Long Term Open Access Customers and produce the signed TSA along with ARR & Tariff petition for FY 17-18.
2	213 & 248	RVPN is directed to remit this amount to the pension and gratuity trusts after adjusting the amount already remitted for FY 2011-12 and FY 2012-13 within a period of 3 months and report to the Commission. RVPN is further directed that while submitting true up	In compliance to directive issued by Hon'ble Commission in tariff order for FY 2014-15, an amount of Rs. 450 Crore has already been remitted in March 2015 to pension and gratuity trust besides the amount of Rs. 55.98 Crores already remitted for	The Commission directs the Petitioner to furnish the details of amount of Rs. 109.28 Crore deposited in the Trust as reported.

S.No.	Para No.	Commission's Observations / Directions	Further Action Taken by RVPN	Commission's Observations / Directions
		<p>petition in future a certificate indicating the amount remitted to pension and gratuity trusts be attached with the petition.</p> <p>RVPN should submit the compliance report after transferring funds.</p>	<p>FY 2011-12 &amp; FY 2012-13. The balance amount of Rs. 109.28 Crores shall be remitted to the trust as soon as the cash liquidity problem is resolved in current year, i.e., 2015-16.</p>	