

RAJASTHAN ELECTRICITY REGULATORY COMMISSION JAIPUR

Petition No.RERC 488/14 and 499/14

In the matter of approval of :

- (i) Investment Plan of Rajasthan Rajya Vidyut Prasaran Nigam Limited for FY 2015-16;
- (ii) ARR and determination of tariff for FY 2015-16 for recovery of Transmission and SLDC Charges and True up of ARR for FY 2013-14 of Rajasthan Rajya Vidyut Prasaran Nigam Limited.

Coram: **Sh. Vishvanath Hiremath, Chairman**
 Sh. Vinod Pandya, Member
 Sh. Raghuvendra Singh, Member

Petitioner : M/s Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RVPN)

Respondent(s) : 1. Jaipur Vidyut Vitran Nigam Ltd. (JVVNL)
 2. Ajmer Vidyut Vitran Nigam Ltd. (AVVNL)
 3. Jodhpur Vidyut Vitran Nigam Ltd. (JdVVNL)

Date of hearing : 25.06.2015

Date of Order : **14.08.2015**

ORDER

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RVPN) has filed the Petition No. RERC/488/14 dated 03.12.2014 under Regulation no. 4 of RERC (Investment Approval) Regulations, 2006 for approval of Investment Plan for FY 2015-16.
2. RVPN also filed Petition No. RERC/499/14 for approval of ARR for FY 2015-

16 on 31.12.2014 and for True-up for FY 2013-14 on 27.03.2015 under Section 62 read with Section 64 of Electricity Act, 2003 and Regulation 8 & 11 of Tariff Regulations 2014 and Regulation 8 of Tariff Regulations, 2009 with the following prayers:

- (1) Determine cumulative surplus/deficit on True-up of Annual Revenue Requirement for FY 2013-14 based on Audited Accounts of RVPN for FY 2013-14 for carry forward of the same to ARR for FY 2015-16 under Regulation 8(12) of RERC Tariff Regulations, 2009;
 - (2) To impart directions to Discoms for payment of incentive for FY 2013-14;
 - (3) Approve revenue requirements for FY 2015-16 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 2015-16;
 - (6) Approve the revenue requirement for SLDC function by RVPN for FY 2015-16;
 - (7) Approve SLDC Charges for FY 2015-16 and recovery of same from Discoms and other long-term users and Open Access Customers on monthly basis;
 - (8) To direct the Discoms to reimburse the expenses incurred for partnership projects in proportion to their share in capacity.
3. RVPN filed the Petition for determination of tariff and approval of ARR for FY 2015-16 for recovery of Transmission and SLDC Charges and also requested to allow interim tariff for RVPN for FY 15-16 as the existing tariff was applicable up to 31.03.2015. After hearing RVPN on 18.03.2015, the Commission passed an order that the Transmission tariff and SLDC charges as allowed vide order dated 09.10.2014 shall continue to be applicable on interim basis from 1st April, 2015 till issuance of the Order approving final tariff. The interim tariff and charges are subject to

adjustment as may be decided when the transmission tariff and SLDC charges for FY 2015-16 are finalized.

4. 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 alongwith ARR and tariff Petition.
5. The Commission conveyed the data gaps found in the petitions to RVPN on 27.1.2015, 16.3.2015 and 10.04.2015. RVPN in response has filed the replies vide its letter dated 20.02.2015, 10.03.2015, 15.05.2015 and 24.6.2015.
6. As required under Section 64 (2) of the Electricity Act, 2003, the Commission directed 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

Name of Newspaper	Date of Publication
Petition No. 488/14 & 499/14	
Dainik Bhaskar	11.04.2015
Rashtradoot	11.04.2015
Times of India	12.04.2015

7. Petitions were also placed on the Commission's website.
8. The comments/suggestions have been received on the Petitions from the following stakeholders:

Table 2: Comments/Suggestions received on the Petitions

Petition No. 488/14 & 499/14
(1) Rudraksh Energy
(2) Sh. G.L. Sharma
(3) Discoms*

*Received on 24.6.2015

9. The public hearing in the matter was held on 25.06.2015.
10. During the public hearing, 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**.
11. In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, 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.
12. This Order has been structured in 5 sections, as under:
 - (1) Section 1: Summary of Objections/Comments/Suggestions and RVPN's response on Investment Plan for FY 2015-16, Truing-up for FY 2013-14, ARR for Transmission and SLDC Function for FY 2015-16
 - (2) Section 2: Analysis of Investment Plan for FY 2015-16
 - (3) Section 3: Analysis of Truing-up of ARR for Transmission & SLDC function for FY 2013-14
 - (4) Section 4: Analysis of ARR for Transmission Function for FY 2015-16
 - (5) Section 5: Analysis of ARR for SLDC Function for FY 2015-16

Section – 1: Summary of Objections/Comments/Suggestions and RVPN's Response on Investment Plan for FY 2015-16, Truing-up for FY 2013-14 and ARR for Transmission and SLDC Function for FY 2015-16

A. Truing-up for FY 2013-14

(1) Segregated Audited Accounts

Stakeholders' Suggestions/Comments

13. The Petitioner may provide the segregated Audited Accounts for Transmission function and SLDC for FY 2013-14 duly certified by the Statutory Auditor or Chartered Accountant, which has not been provided in spite of specific provision in the Regulations and repeated directions by the Commission.
14. The Petitioner may provide details of Gross Fixed Assets, calculation of depreciation and cash flow statement pertaining to SLDC business as the same are not available in the annual accounts.

RVPN's Response

15. Separate accounts of SLDC expenses duly certified by Chartered Accountant have already been submitted to the Commission. Further, RVPN submitted that the segregation of RVPN accounts of all the three functions, i.e., Transmission, SLDC and Generation is given at page No. 37-38 of Audited Annual Accounts of RVPN for the FY 2013-14 and the same is prepared as per Accounting Standard-17.
16. Asset register for SLDC is separate and submitted to the Commission. The copy is also provided to the Stakeholder with the reply.

(2) Discrepancies in the Petition

Stakeholders' Suggestions/Comments

17. The Petitioner has incorrectly reproduced the expenditure towards Net ARR for Transmission Tariff, Non-Tariff Income and Revenue from Short Term Open Access consumers as approved by the Commission vide Order dated 09.01.2014. The Petitioner may justify these discrepancies.

18. Stakeholder submitted that operational expenses of SLDC as per Audited Account for FY 2013-14 are only Rs. 11.32 Crore while in the true-up petition Table 7 it has been shown as Rs. 12.51 Crore. The Petitioner may justify the same.
19. Further, Stakeholder submitted that as per annexure-12 of the reply of RVPN furnished vide their letter No. 347 dated 29.05.2015 to the objector, operational expenses of SLDC includes a sum of Rs. 0.66 Crore as ULDC scheme charges for BBMB in northern region. As Rs. 0.66 Crore is for ULDC scheme charges for BBMB, these may be excluded from operational expenses of SLDC, as the same pertain to partnership projects.

RVPN's Response

20. RVPN submitted that in Table 5 of the petition Rs. 2112.64 Crore has been shown as total revenue for FY 2013-14. The net revenue is Rs. 2004.27 Crore and there is no discrepancy.
21. RVPN submitted that Rs. 12.51 Crore operational expenses of SLDC for FY 2013-14 includes Rs. 1.19 Crore of prior period, i.e., Rs. 11.32 Crore + Rs.1.19 Crore = Rs.12.51Crore.
22. As regards the ULDC scheme charges for BBMB in the northern region, the Petitioner submitted that the Commission may take a view in the matter.

(3) Mismatch of Revenue from SLDC Charges and Revenue from Transmission and Wheeling Charges as per the Audited Accounts of Discoms and RVPN

Stakeholders' Suggestions/Comments

23. Stakeholder submitted that there is mismatch in SLDC charges and Transmission & Wheeling charges booked in the Audited Accounts for FY 2013-14 by the Discoms and Revenue receipts booked in the Audited Accounts for FY 2013-14 by RVPN. RVPN may justify these discrepancies.

RVPN's Response

RVPN submitted that its accounts for FY 2013-14 are duly audited.

(4) Recovery of Receivables Payable on account of Truing-up Liability **Stakeholders' Suggestions/Comments**

24. Stakeholder referred to Para 332 and 353 of the Commission's Order dated 09.10.2014 and enquired the following information:
- a) The amount due to be recovered from each Discom as of 31.3.2014 for FY 2013-14 and the amount to be adjusted against such dues in respect of each Discom.
 - b) Adjustment made by RVPN prior to November, 2014, in the accounts for FY 2013-14 is against the Orders of the Commission. Therefore, it may be considered as non-compliance to the Order of the Commission.
 - c) Further, stakeholder submitted that refund of FY 2011-12 and FY 2012-13 cannot be reduced from the revenue actually received during FY 2013-14. The refund has to be from the excess recovery already made during FY 2011-12 and FY 2012-13 and not from the revenue of FY 2013-14.

RVPN's Response

25. RVPN submitted that under the Clause No. 332 and 353 of RERC Order dated 09.10.2014, RERC directed RVPN to refund the surplus amount of Rs. 412.72 Crore as transmission charges and Rs. 28.12 Crore as SLDC Charges for the year 2011-12 and 2012-13 to Discoms through adjustment. Accordingly, it has provided for such adjustment in the books for the financial year 2013-14. As there was considerable outstanding against Discoms, RVPNL has given credit of the above amount in one go instead of instalments. RVPN further submitted that its Annual Accounts for FY 2013-14 were not finalised as on 09.10.2014, hence the necessary adjustment has been carried out during 2013-14.

(5) O&M Charges

Stakeholders' Suggestions/Comments

26. Stakeholder referred to the Annual Report of RVUN for FY 2011-12 and submitted that the O&M of Rana Pratap Sagar (RPS) and Jawahar Sagar (JS) stations is being done by RVUN and added that payment of such costs to RVUN is not appearing in the books of RVPN or RVUN. Further, the stakeholder referred to the Commission's stipulation on the matter in the Tariff Order dated 23.12.2011 and submitted that RVPN is recovering the cost of O&M works carried out by RVUN for RPS and JS power stations without incurring any expenditure. The Commission is requested to disallow recovery of such expenditure by RVPN.
27. The Petitioner has claimed O&M expenses of 765 kV lines which have been charged at 400 kV by applying the rates applicable for 765 kV lines. The Tariff Regulations, 2014 do not specify norms when 765 kV lines are charged at lower voltages. The stakeholder referred to the definition of Rated Voltage as per Tariff Regulations, 2009 and submitted that as long as lines are charged at 400 kV, O&M norms specified at 400 kV will be applicable instead of O&M norms specified at 765 kV.
28. The Petitioner has claimed O&M expenses for lines which have been commissioned during the later part of the year. There is no justification for allowing O&M expenses for the entire year. The Commission is requested to allow the O&M expenses for the period for which all such lines, GSS and bays have been in operation.
29. Stakeholder referred to the Tariff Order dated 09.10.2014 and submitted that the opening balance of MVA capacity for FY 2013-14 is 48347.50 MVA whereas the opening balance of MVA capacity taken for FY 2013-14 in the Petition is 48512 MVA. Thus, the Petitioner is claiming O&M expense on the higher side which may be disallowed.

RVPN's Response

30. RVPN submitted that the O&M expenses of RPS and JS generating stations are being borne by it. The employees working on these stations

are on the pay rolls of RVUN. Further, 50% of this expenditure is debited to Madhya Pradesh and likewise 50% of expenditure of Satpura and Gandhi Sagar Stations which are in Madhya Pradesh are being debited by Madhya Pradesh to RVPN. The entire expenditure is then recovered from the distribution companies in the ratio of energy sharing. The total expenditure on these partnership projects are passed on the distribution companies without any profit or extra cost being debited to them. The entire expenses on RPS and JS are being incurred by RVPN and not RVUN.

31. The O&M expenses are to be claimed as per design voltage of the transmission system. Therefore, O&M expenses have been claimed accordingly. Regarding commissioning of the line during the financial year, average of opening and closing balance has been taken into consideration as per the regulation, irrespective of date of COD.
32. RVPN submitted that the correct figure for the opening balance of MVA capacity for FY 2013-14 is 48512 MVA. The Petitioner also provided GSS wise installed capacity with the reply.

(6) Transmission Losses

Stakeholders' Suggestions/Comments

33. Stakeholder objected to the submission of transmission losses for FY 2013-14 on provisional basis as actual transmitted energy is available with SLDC. The Petitioner may provide the justification for submission of losses on provisional basis and may submit the actual data.

RVPN's Response

34. RVPN submitted that the energy data available with SLDC is operational and hence cannot be used for finalisation of energy account, for which verified statement of energy from Discoms is required.

(7) Remittance of Funds to Gratuity and Pension Trust as per Commission's Order dated 09.10.2014

Stakeholders' Suggestions/Comments

35. The Petitioner may provide the necessary certificate pertaining to payment of contribution to pension and gratuity fund. Similarly, documents pertaining to insurance charges may also be provided.

RVPN's Response

36. RVPN submitted that the substantial amount of Rs. 450 Crore has been paid in FY 2014-15 out of Rs. 559.28 Crore (Rs. 615.26-55.98 Crore) after adjusting the amount already remitted to pension and gratuity fund. Further, RVPN has requested the Commission in the ARR Petition for FY 2015-16 to allow six month time for payment.

(8) SLDC Charges

Stakeholders' Suggestions/Comments

37. The Petitioner may provide the segregated employees cost for SLDC function and the basis for the same. Further, the stakeholder referred to correspondence of RVPN with the State Government and reply to Data Gaps dated 20.02.2015 and submitted that staff of SLDC is on deputation and expenses on their account are not being borne by RVPN. The Petitioner may justify the claim of O&M expenses.

38. As regards scheduling/operating charges for SLDC as per Regulation 9 & 10 of the Rajasthan Electricity Regulatory Commission (Levy of fee and charges by the State Load Despatch Centre) Regulations, 2004, stakeholder submitted that RVPN has not shown the amount recovered from scheduling/operating charges for FY 2013-14.

RVPN's Response

39. RVPN submitted that in the Annual Accounts of SLDC, the employees cost has been given as Rs.9.16 Crore as per actual basis shown in segregated SLDC balance sheet which was duly Audited and submitted to the Commission. Further, SLDC wing is working under the control of

RVPN and all the staff pertains to RVPN and all the expenditure on staff is incurred by the RVPN.

(9) Recovery of Open Access Charges

Stakeholders' Suggestions/Comments

40. The Petitioner may submit actual revenue from Short Term Open Access consumers and Long Term Open Access consumers separately for FY 2013-14.
41. Stakeholder requested the Commission that any income generated by the Petitioners from Short Term Open Access Consumers (Collective and Bilateral) shall be prudently checked and income generated on the above ground may be adjusted with the transmission charges recovered from the Discoms.

RVPN's Response

42. RVPN submitted that details regarding actual revenue from Short Term Open Access consumers and Long Term Open Access consumers for FY 2013-14 have already been submitted to the Commission and also provided with the reply.

(10) Discrepancies

Stakeholders' Suggestions/Comments

43. Stakeholder submitted that in Schedule 24.2 Page 26 of the Audited Accounts for FY 2013-14 in 1st sub-para it has been mentioned that "Revenue for SLDC Charges" and in 2nd sub-para "Revenue for Transmission Charges" instead of "Revenue from SLDC Charges" and "Revenue from Transmission Charges", respectively. RVPN may rectify the same.

RVPN's Response

44. RVPN submitted that "Revenue for SLDC Charges" and "Revenue for Transmission Charges" is incorrectly written in place of "Revenue from SLDC Charges" and "Revenue from Transmission Charges". The same is noted for rectification in the Accounts of RVPN for FY 2014-15.

(11) Other Issues

Stakeholders' Suggestions/Comments

45. The Petitioner may provide head-wise details of charges booked against ULDC/NRLDC/BBMB charges in the Schedule 26 of the Audited Accounts for FY 2013-14. As regards BBMB charges, the Petitioner may submit details of these charges.
46. The Audited Accounts for FY 2013-14 reveal expense on account of payment to CPF trust in note under Schedule 32 of 'Exceptional Items'. This may be disallowed as the same is part of O&M expenses.
47. The Petitioner may provide details of expenses written off as per Note 32.1 of the Audited Accounts for FY 2013-14.

RVPN's Response

48. RVPN submitted the details of charges regarding ULDC/NRLDC/BBMB charges for FY 2013-14.
49. RVPN submitted that the payment of Rs. 1.02 Crore to CPF Trust has been made in compliance to the decision of RRVK CPF Trust meeting held on 26.09.2012 towards its share to recoup the accumulated deficit and therefore, treated as extra ordinary item. Further, RVPN submitted that the Statutory Auditor has also verified this expense.
50. RVPN submitted that the Note No. 32.1 (Page No.36) in the Annual Accounts of Financial year 2013-14 is self explanatory.

B. Investment Plan for FY 2015-16

(1) Investment in FY 2015-16

Stakeholders' Suggestions/Comments

51. The Petitioner has not provided the copy of letters of Discoms showing the requirement of proposed 132 kV GSS and augmentation of transformation capacities. RVPN may provide copy of such letters.

RVPN's Response

52. RVPN submitted that all the new 132kV proposals are made by Discoms for which proposals are sent by Discoms. As an example, copy of the proposals is enclosed with the reply. The Augmentation proposals are received through the letters of ZCE (T&C), RVPN, Jaipur /Ajmer /Jodhpur based on the requirement of Discoms load. Copies of such letters are also submitted with the replies.

(2) Capital Outlay in FY 2015-16

Stakeholders' Suggestions/Comments

53. The Petitioner may furnish the supporting documents for the approval obtained from Transmission System Planning & Coordination Committee (TSPCC) for the schemes submitted in Form-2 of the Petition.
54. RVPN has considered the peaking capacity of 13019.42 MW (12594MW+425.42MW) as per the 18th Power Survey. But as per the 18th Power Survey, total peaking capacity is 12594 MW, which makes the proposed addition of 425.42 MW for Long Term Open Access consumers unnecessary.
55. Stakeholder referred to Paragraphs 3.2, 3.3 and 3.4 of Manual of Transmission Planning Criteria for January, 2013 issued by CEA according to which the augmentation of transmission network and new transmission works shall be undertaken by the State Transmission Utility on the request of the beneficiaries of the transmission network. Further, the Commission, in its Order dated December 11, 2013, on approval of Investment Plan for RVPN for FY 2013-14, directed RVPN to ensure that the transmission system should be planned optimally keeping in view the Manual on Transmission Planning Criteria notified by CEA in January, 2013 and concerns expressed by the stakeholders. The Petition filed by RVPN indicates that the proposed Investment Plan for FY 2015-16 is not on these lines as no supporting documents in this regard have been submitted.

56. Stakeholder requested the Commission to direct the Petitioner to submit quarterly / half yearly progress report indicating the actual cost of works mentioned by the Petitioner to monitor the progress of capital expenditure and assess the actual cost.

RVPN's Response

57. RVPN submitted that the copies of minutes of various TSPCC meetings, i.e., 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 EHV schemes included in RVPN Investment Plan, had already been provided along with the reply of data gaps of Investment plan 2014-15 vide RVPN's letter no 153 dated 8.5.2014. Thereafter, some more EHV schemes have been approved by TSPCC in its 8th meeting held on 18.11.2014 which has been included in the Investment Plan petition for FY 2015-16. A copy of the minutes of meeting dated 18.11.2014 is submitted to the Commission and also with the replies.

58. RVPN submitted that the peaking capacity has been taken as per past practice.

59. RVPN submitted that in Para no. 1 of the petition, it has indicated that investment made by it on different Transmission schemes are in order to provide stable and reliable EHV transmission system as per Grid code, Government Policies, Electricity Act 2003 and CEA's manual of Transmission Planning Criteria.

(3) Physical Target

Stakeholders' Suggestions/Comments

60. During FY 2015-16, RVPN has indicated physical target as one Sub-station of 400kV, 6 Sub-stations of 220kV and 16 Sub-stations of 132kV and Transformer capacity to be further augmented by 1500 MVA. The location of 400kV and 220kV S/S be please indicated.

61. Total transformer capacity at 220kV and 132kV Sub-stations is much higher than the peak demand occurred in FY 2014-15. Therefore, instead

of adding new transformer capacities, the existing transformers may be used by shifting of transformers. Further, 132 kV lines and sub-stations be added only if very much technically essential.

RVPN's Response

62. During 2015-16, the target for the following 400kV & 220kV S/Ss have been considered:
- a) 400kV S/S – Chittorgarh (Distt.Chittorgarh)
 - b) 220KV S/S – Barli (Distt. Jodhpur), Aau (Distt. Jodhpur), Sayla (Distt.Jalore), DantaRamgarh (Distt.Sikar), Goner (Distt.Jaipur), Vatika (Distt.Jaipur).
63. RVPN submitted that in the transformer augmentation programme for FY 2015-16, the following criteria have been adopted to reduce the existence of under loaded transformers in the Grid:
- a) Transformer augmentation is carried out only when the existing transformer is loaded to 70% of the capacity.
 - b) For meeting the REGC guidelines of providing two transformers at a GSS for reliability, RVPN is proposing to shift the lowest available capacity transformer rather than installing a new transformer.

(4) Other Issues

Stakeholders' Suggestions/Comments

64. Stakeholder submitted that in the Form 2 of the Petition, the column of unit, Km/MVA has been left blank. RVPN may submit the reason for such incomplete information.
65. Stakeholder submitted that at Page 6 of data gaps reply submitted by RVPN, it has been mentioned that procurement process of Capacitor Bank got delayed due to non-supply of CVT's by the firm. In this respect clarification on following points are required.
- a) How non-supply of CVT's by a firm is related to procurement process of Capacitor Bank?
 - b) How much penalty has been recovered from the firm as per penal clause of supply order, if any?

66. RVPN may kindly supply a latest power map showing existing lines and GSS and the proposed one as well.

RVPN's Response

67. The unit, Km/MVA at col. No.8 in prescribed Form-2 of petition has been shown for the schemes which were targeted to be completed during 2014-15 and the schemes proposed to be completed during 2015-16. As such for the schemes which are not targeted during these years, their Ckt. Km /MVA have not been indicated in said column.

68. As regards delay in procurement of Capacitor Bank system, RVPN submitted following:

- a) CVT is a typological error, be replaced by RVT which is a part of Capacitor Bank system.
- b) Till date, no payment has been released towards supply of Capacitor Banks along with associated equipments against subject Purchase Order and further, a maximum penalty @ 5% on the total cost of complete Capacitor bank along with associated equipments is recoverable from the firm towards delay in supply of RVT as per provision of the Purchase Order.

69. RVPN submitted the latest power map showing existing and proposed lines and GSS and the proposed one.

C. ARR for FY 2015 - 16

(1) General

Stakeholders' Suggestions/Comments

70. In lieu of Regulation 11(4) of Tariff Regulations, 2014, the Petitioner may have submitted either the Audited or unaudited accounts of FY 2014-15. The Petitioner may provide the same.

RVPN's Response

71. RVPN submitted that the tariff petition was filed on 26.12.2014. By that time Accounts for FY 2013-14 were not Audited by C&AG as desired by the Commission. However, after receiving direction from the Commission vide its letter dated 16.03.2015 and also in the hearing on 18.03.2015, the true up petition based on the Audited Accounts for FY 2013-14 was filed on dated 27.03.2015. Since, the petition for FY 2015-16 was filed in Dec. 2014, it was not feasible to provide accounts (Audited or Unaudited) for FY 2014-15.

(2) Projection of Peak Demand and Energy Requirement

Stakeholders' Suggestions/Comments

72. The actual peak recorded has always been lower than proposed by the Petitioner for determination of tariff. Thus, if actual peak is taken, the tariff admissible to the Petitioner would be higher, whereas, it is lower on the basis of projections. Due to this, recovery from Long Term Open Access Consumer remains lower. Therefore, the Commission may please consider determining Provisional transmission tariff on estimated/projected peak and final tariff be determined after truing up the annual expenses and actual peak recorded.
73. With regard to Transmission Service Agreement (TSA) with Long Term Open Access consumers, the Petitioner may provide the details of contracted capacity.
74. With regard to the projected demand in the petition, stakeholder referred to SLDC's duties as per Regulation 3(1) of the RERC (Power Purchase & Procurement Process of Distribution Licensee) Regulations, 2004 for assessment of energy requirement. Therefore, the Petitioner should have provided assessment made by SLDC with the Petition. The Petitioner may also provide details on commissioning of various units. Further, the stakeholders added that assessment made by the Petitioner in this regard is on the higher side.

75. In Annexure A of the Petition, the Petitioner has estimated capacity to be handled on the basis of installed capacity of various generating units. This is not correct as none of the generating units operate at 100% load factor. Further, auxiliary consumption also needs to be accounted for. There are lignite plants which have never run at 100% Plant Load Factor (PLF). Hence, planning the transmission system on installed capacity is not justified.
76. The Petitioner has submitted that against sanctioned capacity of 1374.12 MW, only 692.5 MW of solar/wind plants are connected to the grid. For the remaining 681.62 MW, the process of finalization of agreements with either Discoms or NVVNL/SECI is ongoing. The Petitioner may submit the status in this regard.
77. Data of Peak Demand provided in Table 1 of ARR petition for FY 2015-16 clearly shows that the actual peak demand is much lower than that projected by the Petitioner. The Petitioner may supply data of peak load of Open Access consumers.

RVPN's Response

78. The peak demand for 2014-15 has been taken as 11017 MW from demand projections made available by Discoms.
79. RVPN submitted that continuous efforts are being made to execute TSA with Discoms. The CE (RDPPC) has raised some observations on draft TSA vide their letter dated 13.11.2014, reply / comments on observations were sent by it on 17.12.2014. Thereafter several reminders have been written to execute TSA to Discoms but reply is still waited. The copies of letters have been submitted. The TSA with NVVN is under execution.
80. RVPN submitted that it does not matter how much is PLF of the generating stations. It has to make the system available for total capacity to be handled.
81. RVPN submitted that the projected peaking capacity on the system as

13019.42 MW during FY 2015-16 is on the basis of 18th Power Survey. The capacity handled is even much higher than this.

(3) Transmission Losses

Stakeholders' Suggestions/Comments

82. Stakeholder referred to S.No. 8 of the Petitioner's reply on Data Gaps and submitted that Section 32 (2) of the Electricity Act 2003 specifies that SLDC should maintain record of quantity of electricity transmitted through the state grid. Since the Petitioner also performs the duty of SLDC, it should provide the required data.

RVPN's Response

83. RVPN submitted that the energy data available with SLDC is operational and hence, can't be used for finalisation of energy account for which verified statement of energy from Discoms is required.

(4) O&M expenses

Stakeholders' Suggestions/Comments

84. The projected O&M expenses for FY 2015-16 is more than double the actual O&M expenses for FY 2013-14, while reasonable increase for the same would be around 20%.

85. O&M expenses are allowed as per norms prescribed in the Tariff Regulations. The MVA capacity furnished in Form T-2 of the ARR petition is not correct as opening balance for MVA capacity for FY 2013-14 must be same as the closing balance for MVA capacity approved in True-up for FY 2012-13. RVPN may rectify the discrepancy.

RVPN's Response

86. RVPN submitted that the projected O & M expenses have been determined as per the Tariff Regulation 2014. However the same will be adjusted during truing up for the Financial Year 2015-16.

87. RVPN submitted that the correct figure is 48512 MVA. The GSS wise

installed capacity with full details have been submitted. Further, RVPN submitted the correct Transformers Capacity of 400, 220 & 132kV Sub-stations-wise as on 31.3.14 is as under:-

400kV Sub-stations = 6420 MVA

220 kV Sub-stations = 22105 MVA

132kV Sub-stations = 24723.50 MVA

Total transformers Capacity = 53248.50 MVA

(5) Depreciation

Stakeholders' Suggestions/Comments

88. As regards FY 2013-14 and FY 2014-15, the Petitioner may provide the details of number of transformers burnt and damaged with MVA capacity of each transformer and their voltage ratio, status of each such transformer, i.e., whether they are repairable or are to be declared as unserviceable, depreciated value on the date of incidence, details of new transformer which replaced the burnt one, date of incidence, period during which the transformer has remained out of service, date of replacement, name of GSS at which such transformers were replaced, whether the value of transformers considered to be unserviceable has been deleted from the gross fixed assets value during that year and whether these assets were under any insurance policy and if so, whether the cost has been recovered from insurance company. Similar information may also be supplied in respect of transformers burnt and damaged during FY 2011-12 and FY 2012-13.
89. Stakeholder referred to Regulation 22 (4) of the Tariff Regulations and submitted that the Petitioner may have submitted segregation of assets in operation for 12 years and more than 12 years and the manner by which depreciation is to be charged on these assets. The Commission has also issued directions in this regard in the Tariff Order dated 10.01.2013. The Petitioner may submit the segregation of assets for the computation of depreciation.

RVPN's Response

90. RVPN submitted that in case of burnt transformer, at the time of discarding of assets, the written down value (WDV) of the assets is

transferred in the Head" Assets not in use"(Code No. 16xxx). When the assets are auctioned, then the entry of the profit/loss is accounted for. Further, RVPN submitted that during FY 2013-14, Rs. 153,76,361.91 (Gross Value) was accounted for in the books of Accounts towards discard of Plant & Machinery including transformers and also booked the profit or loss under the code head 62.400 & 77.730, respectively. Further, RVPN submitted the details of decapitalized/ discarded items.

91. RVPN submitted that the fixed assets sheets have been submitted to the Commission and also submitted the same with the replies.

(6) Interest and Finance Charges

Stakeholders' Suggestions/Comments

92. Stakeholder submitted that:

- a) No interest on short term loans other than working capital may be allowed.
- b) No interest on the additional borrowings made on account of non-recovery of outstanding from Ajmer Discom and receivables from the Government may be allowed.
- c) No interest on the amount advanced to various SPV companies may be allowed.

RVPN's Response

93. As regards Points (a) and (b), the Petitioner submitted that the Commission may take an appropriate view in the matter. Regarding interest on amount advanced to various SPV companies, the Petitioner submitted that there are total five subsidiary companies to whom an amount of Rs 55.94 Crore has been given and as the bidding of 3 subsidiaries was initiated, interest charges have already been booked in their accounts. The Petitioner also submitted that for other two subsidiaries, interest shall be booked, once bidding of these subsidiaries is initiated.

(7) SLDC Charges

Stakeholders' Suggestions/Comments

94. The Petitioner may provide the details of charges paid to NLDC and other agencies with copies of relevant documents. Further, CERC may have done True-up of RLDC/NLDC for FY 2011-12, FY 2012-13, FY 2013-14 and FY 2014-15. RVPN may submit the details of adjustments in the Audited Accounts based on CERC true-ups.

RVPN's Response

95. RVPN submitted that expenditures regarding ULDC/NRLDC are being booked in the head 70.129(ULDC/NRLDC charges & expenditures related for the financial year 2009-10,2010-2011,2011-12,2012-2013 are being debited to 83.300(Prior period expenditure). Further RVPN submitted copies of bills to the Commission and also with the replies. RVPN submitted the year wise details of prior period expenses as under:-

S.No.	Financial Year	AMOUNT
1	2009-10	NIL
2	2010-11	NIL
3	2011-12	NIL
4	2012-13	NIL
5	2013-14	64,90,031/-

(8) Proposal for recovery of Open Access Charges

Stakeholders' Suggestions/Comments

96. Stakeholders enquired as to whether the proposed recovery of transmission charges from open access consumers on the basis of actual capacity in Rs/kW/month or paisa/kWh as the case may be subject to truing up based on Audited Accounts, was followed by the Petitioner in the past.

RVPN's Response

97. RVPN submitted that recovery of transmission charges from open access consumers on the basis of actual capacity in Rs/kW/month or paisa/kWh

as the case may be subject to truing up based on Audited Accounts has been followed in previous years also.

(9) Revenue Requirement

Stakeholders' Suggestions/Comments

98. The increase in projected revenue requirement for FY 2015-16 over the actual expenses for FY 2013-14 is very high at 41%, which may be around 20%.

RVPN's Response

99. RVPN submitted that the revenue requirement in Table -16 has been calculated as per norms specified in Tariff Regulation 2014 and difference, if any, shall be adjusted during truing up. Further, the projected Revenue Requirement for Transmission for 2014-15 was Rs. 2490.14 Crore whereas for 2015-16 is Rs. 2428.87 which is lesser than previous year.

(10) Other Issues

Stakeholders' Suggestions/Comments

100. Stakeholder submitted that insurance charges may be allowed only on the basis of last year expenses or on the basis of current year expenses subject to production of necessary documents for the same.

RVPN's Response

101. RVPN submitted that it has considered the previous year insurance charges while projecting for FY 2015-16.

Commission's Views on Issues Raised by Stakeholders

102. The Commission has taken note of all the comments/suggestions/observations of the stakeholders raised 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, true up petition for FY 2013-14, ARR and tariff for FY 2015-16 in accordance with applicable RERC Regulations as detailed in the subsequent Sections of the Order.

Section – 2: Analysis of Investment Plan for FY 2015-16

Proposed plan and Commission's approval:

103. RVPN had submitted the investment plan for FY 2015-16 for approval of the Commission as under:

Table 3: 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	2380
	Total	2400

104. The Commission has analyzed 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 4: Approved and Actual Investment for last 3 years (Rs. Crore)

S. No.	Description	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 (As per Tariff Order)	Average of Last 3 Year
1	Approved in investment Plan Order	2,450	2,224	2,150	1,539	1,971
2	Actual investment done	1,869	2,241	1,627	1,539*	1,802
3	Capitalisation as per Audited Accounts	1,194	1,125	2,077	1,494*	1,565

***As per the Commission's Tariff Order for FY 2014-15**

105. Thus, the actual average investment per year over the last three years, i.e., FY 2011-12 to FY 2013-14 has been Rs. 1802 Crore, as against Rs. 2380 Crore projected by RVPN for FY 2015-16. Considering the position discussed in the preceding paras and 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 under.

106. The Commission is of the view that if the investments proposed on on-going schemes during FY 2015-16 are not approved, then the same will affect the progress of such schemes which is not desirable as the certain amount of investments have already been made in the previous years. The Commission has therefore considered approx. 100% of investment proposed on ongoing schemes and approximate 50% of the proposed investment in new schemes which works out to Rs. 2025 Crore. As discussed in previous para, the Commission observed that the average investment made by RVPN during last three years is Rs 1802 Crore and maximum investment of Rs 2241 Crore was done in FY 2012-13. Considering these facts, the Commission approves the investment of Rs. 2025 Crore for FY 2015-16:

Table 5: Approved investment plan for FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Proposed	Approved
1	Transmission Works including SLDC function	2380	2025

107. However, if RVPN incurs actual expenditure more than what is approved in this Order, RVPN may seek a revision with reasons and the Commission may consider the same subject to verification of actuals and prudence check. Further, RVPN should ensure due diligence in prioritising the schemes while making investment.

108. As regards the investment plan for shared generation projects, the Commission in its Order dated 11th December 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 – 3: Analysis of Truing-up of ARR for Transmission and SLDC Function for FY 2013-14

109. RVPN has submitted the Petition for Truing-up of ARR for FY 2013-14 for Transmission and SLDC functions on the basis of Audited Accounts for FY 2013-14.
110. The Commission observed that RVPN has submitted separate Audited Accounts for SLDC function 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.
111. 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 2013-14 and information furnished in the various replies for the purpose of Truing-up of the ARR for Transmission function and SLDC function.
112. The Commission observes that RVPN in its true up petition and in the forms for deviation analysis submitted with the Petition, has quantified the deviation by way of surplus/deficit. The Commission observes that actual expenses under various heads are generally lower than that approved by the Commission in ARR order dated 9.1.2014.

Transmission Function

Operations and Maintenance (O&M) Expenses:

113. RVPN has projected normative O&M expenses as Rs. 539.17 Crore. The actual expenses as per audited accounts are Rs. 416.31 Crore. Therefore after considering the sharing of gain/loss in normative vis-a vis actual expenses, RVPN has claimed O&M expenses as Rs. 477.74 Crore. The details of normative O&M expenses and its sharing as per Regulation 10 of Tariff Regulations, 2009 as submitted by the petitioner are as under:

Table 6: Normative O&M Expenses submitted by the Petitioner for FY 2013-14

Particular	Circuit Basis (Ckt km)				MVA Basis	Feeder bay basis			
	765 KV	400 KV	220 KV	132 KV		765 KV	400 KV	220 KV	132 KV
Opening Balance	0.00	3018.96	11805.39	14780.85	48512.00	0	36	571	2137
Addition during FY13-14	425.50	259.35	430.36	373.24	5668.00	0	6	41	89
Deletion during FY13-14	0	0	0	0	931.00	0	0	0	4
Closing Balance	425.50	3278.31	12235.75	15154.09	53249.00	0.00	42.00	612.00	2222.00
Average during the Year	212.75	3148.64	12020.57	14967.47	50880.50	0.00	39.00	591.50	2179.50
Rates for FY 13-14 (Rs.Lakh /ckt-km / MVA/Bay)	1.35	0.85	0.34	0.20	0.52	78.77	52.52	7.32	4.97
Normative O&M expenses for FY 13-14 (Rs. Lakh)	287.03	2674.61	4054.31	2991.56	26694.96	0.00	2048.12	4329.93	10835.99
Total Normative O&M expenses (Rs. Lakh)	53916.50								
Total Normative O&M Expenses (Rs. Crore)	539.17								

Table 7: O&M expenses submitted by the Petitioner for FY 2013-14 (Rs. Crore)

Particulars	Actual	Normative	(Gain) / Loss	50% Sharing	Net Entitlement
Total O&M expenses for FY 2013-14	416.31	539.17	(122.86)	(61.43)	477.74

114. The Petitioner has also submitted the breakup of actual O&M expenses considering terminal benefits as under:

Table 8: Break-up of actual O&M expenses for FY 2013-14 submitted (Rs. Crore)

S. No.	Particulars	As per Petition
1	Repairs & Maintenance	35.19
2	Employee Costs	471.38
3	Administration & Other Expenses	77.65
4	Less: Capitalization of O&M Expenses	167.91
5	Net O&M Expense (1+2+3-4)	416.31

115. O&M expenses comprise of employee expenses, repair and maintenance and administrative and general expenses. As per RVPN's Audited Accounts, employee expenses are a major component of expenditure. The Petitioner has submitted that the norms prescribed for O&M expenses under Tariff Regulations, 2009 are based on assets like kvt-km length of Transmission lines, Sub-Station's MVA, and number of feeder bays and the actual O&M expenses were lower than admissible as per the norms prescribed under Tariff Regulations, 2009.

116. In this Truing-up Order for FY 2013-14, the Commission has approved O&M expenses as per Regulation 8(7) and Regulation 10 of the Tariff Regulations, 2009, which specifies that:

“(8) Annual Review of Performance

.....

(7) Some illustrative variations or expected variations in the performance of the applicant which may be attributed by the Commission to controllable factors include, but are not limited to, the following:

.....

(g) Variation in operation & maintenance expenses;

.....”

117. Hence, O&M expenses are controllable in accordance with Tariff Regulations, 2009.

118. Further, Regulation 10 of the Tariff Regulations, 2009 specifies that:

“10. Sharing of Gains and Losses on account of Controllable factors

(1) The approved aggregate gain to the Applicant on account of controllable factors shall be dealt with in the following manner:

(a) 50% of such gain shall be passed on as a rebate in tariffs over such period as may be specified in the Order of the Commission;

(b) The balance amount of gain may be utilized at the discretion of the Applicant.

(2) The approved aggregate loss to the Applicant on account of controllable factors shall be dealt with in the following manner:

- (a) 50% of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be specified in the Order of the Commission under; and
- (b) The balance amount of loss shall be absorbed by the Applicant.”

119. Regulation 25(4) of Tariff Regulations, 2009 specifies as under:

“Normative O&M expenses allowed at the commencement of the Control Period (i.e. FY 2009-10) under these Regulations shall be escalated at the rate of 5.72% per annum. Further, the same shall be subject to revision on account of annual escalation linked to WPI in the subsequent years for the purpose of true-up.”

120. The Commission observed that the Petitioner has considered the escalation rate of 5.72% per annum in place of escalation rate linked to WPI while computing normative O&M expenses. The Commission has therefore approved the O&M expenses for FY 2013-14 considering the normative O&M expenses for FY 2009-10 as specified in Tariff Regulations, 2009 and escalating the same with the year on year escalation rate based on the increase in WPI for FY 2013-14 over FY 2009-10.

121. The O&M expenses approved by the Commission based on norms for Truing up are as under:

Table 9: O&M expenses approved based on norms for Truing up of FY 2013-14

Particulars	Circuit Basis (Ckt Km)				MVA Basis	Feeder bay basis (No.s)			
	765 KV	400 KV	220 KV	132 KV		765 KV	400 KV	220 KV	132 KV
Opening balance	0.00	3,018.96	11,805.39	14,780.85	48,347.50	0.00	36.00	571.00	2,137.00
Addition during FY 13-14	425.50	259.35	430.36	373.24	5,832.00*	0.00	6.00	41.00	89.00
Deletion during FY 13-14	0.00	0.00	0.00	0.00	931.00	0.00	0.00	0.00	4.00
Closing balance	425.50	3,278.31	12,235.74	15,154.09	53,248.50	0.00	42.00	612.00	2,222.00
Average during the year	212.75	3,148.64	12,020.56	14,967.47	50,798.00	0.00	39.00	591.50	2,179.50
Rate as per norms for FY 2009-10 (Rs. Lakh/ckt-km)	1.08	0.68	0.27	0.16	0.42	63.06	42.04	5.86	3.98

Particulars	Circuit Basis (Ckt Km)				MVA Basis	Feeder bay basis (No.s)			
	765 KV	400 KV	220 KV	132 KV		765 KV	400 KV	220 KV	132 KV
Rate as per Norms escalated by WPI index (Rs. Lakh/ckt-km) for FY 13-14	1.47	0.92	0.37	0.22	0.57	85.63	57.09	7.96	5.40
Normative O&M expenses (Rs. Crore)	3.12	29.07	44.07	32.52	289.72	0.00	22.26	47.07	117.79
Total Normative O&M (Rs. Crore)	585.63								

**The Commission has considered the addition during the year as 5668 MVA and adjustment for past year as 164 MVA to bring the closing level of MVA capacity as on 31.03.2014 as per the individual GSS wise details of installed MVA capacity submitted by RVPN in reply to the observation of one of the stakeholders.*

122. The actual O&M expenses indicated by RVPN are Rs. 416.31 Crore. As emerges from above table normative O&M expenses works out Rs. 585.63 Crore. The Commission, while appreciating the efforts to reduce the O&M expenses, would like to stress that such reduction should not be at the cost of Repair & Maintenance. The Repair & Maintenance of the equipment should be carried out meticulously as it contributes to the safety, reliability and life of the equipment.

123. As O&M expenses are controllable in accordance with Tariff Regulations, 2009, the Commission has computed the sharing of gains/losses in accordance with Regulation 10 of the Tariff Regulations, 2009. The O&M expenses approved by the Commission for Truing up are as under:

Table 10: The O&M expenses approved by the Commission for Truing up of FY 2013-14 (Rs. Crore)

Particulars	Actual	Normative	(Gain) / Loss	50% Sharing	Net entitlement
Total Expenses O&M	416.31	585.63	-169.32	-84.66	500.97

Depreciation:

124. RVPN has claimed Rs 331.43 Crore as depreciation charges for the purpose of Truing up. The Commission observes that the average rate of depreciation worked out from the petitioner submission is 2.96%. The Commission finds no objection in accepting the depreciation claimed as the same is lower than approved in Tariff Order for FY 2013-14. Accordingly, depreciation charges approved by the Commission as per Audited Accounts for Truing up of FY 2013-14 are as under:

Table 11: Depreciation charges approved by the Commission for Truing up of FY 2013-14 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	Approved for Truing Up
Depreciation	369.33	331.43	331.43

Interest and Finance Charges

125. RVPN has claimed Rs 608.38 Crore as interest and finance charges excluding interest on working capital requirement against the interest and finance charges of Rs 732.39 Crore approved in the Tariff Order for FY 2013-14.

126. The Commission has worked out the normative interest and finance charges as per Regulation 22 of Tariff Regulation, 2009. As regards Opening loan for FY 2013-14, the Commission has considered the closing long-term loan approved in the true-up for FY 2012-13.

127. As per Regulation 17 of Tariff Regulations, 2009 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."

128. As the actual equity addition during FY 2013-14 is less than 30%, therefore the Commission has considered actual equity as per Audited Account and remaining capitalisation as debt. Thus 15% has been considered to be financed through equity contribution and balance 85% of the assets capitalised in the year has been considered to be financed through loan. 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. As per Audited Accounts consumer contribution is Rs 16.04 Crore.

129. The allowable depreciation for the year has been considered as normative loan repayment. The average interest rate of 10.58% has been considered as submitted by the Petitioner for computing interest. The Commission has considered other finance charge for FY 2013-14 as per Audited Accounts.

130. Considering the above, the net interest and finance charges on long term loan are as under:

Table 12: Approved Interest on Long Term Loans for FY 2013-14 (Rs. Crore)

Particulars	Reference	Approved
Opening Loan balance	A	4,727.82
Capitalisation during the year	B	2,078.76
Deductions during the year	C	87.66
Consumer contribution	D	16.04
Net Capitalisation during the year	E=B-C-D	1,975.07
Loan Addition (85% of Investments)	F=E*85%	1,673.99
Less: Repayments (Depreciation allowable for the year)	G	331.91
Closing Loan balance	H=A+F-G	6,069.91
Average Loan	I=Average(A,H)	5,398.87
Weighted average rate of interest	J	10.58%
Interest on Long Term Loans	K=I*J	571.29
Other Finance Charges	L	59.96
Total Interest on Long Term Loans	M=K+L	631.25

131. As the Total Interest on Long Term Loans is based on consolidated Audited Accounts for RVPN, the Commission has reduced the amount of interest and finance charges of SLDC and Partnership functions. The Commission observed that the interest and finance charge computed on normative basis is more than the interest and finance charges submitted by the Petitioner in the truing-up Petition. This difference is mainly due to consideration of different repayment by the Petitioner. The Petitioner has considered actual repayment while the Commission has considered repayment equal to depreciation as per Tariff Regulations, 2009 which is lower than the actual repayment. Therefore, the net interest and finance charges approved by the Commission are shown in the table below:

Table 13: Net Interest and Finance charges Allocated to the Transmission function (Rs. Crore)

Particulars	Derivation	Amount
Total Interest on Long Term Loans	A	631.25
SLDC Interest charges	B	0.38
Partnership interest charges	C	4.97
Net Transmission Interest and Finance charges	D=A-B-C	625.90

Interest on Working Capital

132. As per audited accounts RVPN has indicated actual interest on working capital as Rs. 23.16 Crore as against Rs. 46.35 Crore approved in Tariff Order for FY 2013-14. In the Form T 5, RVPN has worked out the normative interest on working capital as Rs. 43.09 Crore.

133. As Interest on working capital is controllable as per Regulation 8(7) of the Tariff Regulations, 2009, the Commission has to compute the sharing of interest on working capital in accordance with Regulation 10 of the RERC Tariff Regulations, 2009, as detailed in earlier paras.

134. The Commission has computed the normative interest on working capital

in accordance with Regulation 28 of the Tariff Regulations, 2009, which specify that the interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on April 1 of the relevant year. RERC (Terms and Conditions for determination of Tariff) (Fifth Amendment) Regulations, 2012, notified in gazette on 26.09.2012, specify that interest on working capital shall be 250 basis points higher than the average Base Rate of State Bank of India prevalent during first six months of the previous year. Accordingly, for the purpose of calculating interest on working capital, the Commission has considered SBI base rate of 9.99% existing during first six months of FY 2012-13 plus 250 basis points as per the amendment to the Regulations. The weighted average rate of interest thus works out to 12.49% and has been adopted for FY 2013-14.

135. The interest on working capital approved by the Commission is as under:

Table 14: Interest on Working Capital approved by the Commission for Trueing up of FY 2013-14 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition (Form T 5)	True Up
1	O&M Expenses (1 Month)	38.12	44.93	48.80
2	Maintenance Spares (15% of O&M)	68.61	80.87	87.85
3	Receivables on target availability (1.5 Month)	264.08	226.68	218.53
4	Less amount held as security deposit	-	7.78	-
5	Total Working Capital	370.81	344.70	355.18
6	Interest Rate	12.50%	12.50%	12.49%
7	Interest on Working Capital	46.35	43.09	44.35

136. The actual interest on working capital indicated by RVPN as per audited accounts is Rs. 23.16 Crore. As emerges from above table interest on normative working capital worked out by the Commission is Rs. 44.35 Crore.

137. As interest on working capital is controllable in accordance with Tariff

Regulations, 2009, the Commission has computed the sharing of gains/losses in accordance with Regulation 10 of the Tariff Regulations, 2009. The interest on working capital approved by the Commission for Truing up is as under:

Table 15: The Interest on Working Capital approved by the Commission for Truing up of FY 2013-14 (Rs. Crore)

Particulars	Actual	Normative	(Gain) / Loss	50% Sharing	Net entitlement
Interest on working capital	23.16	44.35	-21.19	-10.59	33.75

Additional Contribution to Pension and Gratuity

138. RVPN has claimed Rs 463 Crore as additional contribution towards pension and gratuity, which is the same as that approved by Commission in the Tariff Order for FY 2013-14. The Commission observes that as per Audited Accounts of FY 2013-14, these expenses are Rs 463 Crore. Therefore, Commission allows Rs 463 Crore towards additional contribution for pension and gratuity, as claimed by RVPN for Truing up of FY 2013-14 as under:

Table 16: Approved additional contribution to Pension and Gratuity in truing up for FY 2013-14 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	As per Audited Account	Approved for True up
Contribution to Pension and Gratuity	463.00	463.00	463.00	463.00

Other Income and Expenses:

139. The Commission has considered Other Income (including revenue from subsidy and grants and non-tariff income) etc. and other expenses (including prior period expenses, extraordinary items and fringe benefit tax), etc., on the basis of actual as per the Audited Accounts of FY 2013-

14 and accordingly approves as under :

Table 17: Approved Other Expenses and Other Income in Truing up of FY 2013-14 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	As per Audited Account	Approved for True up
Other Expenses	44.15	-29.18	-29.18	-29.18
Other Income	107.37	169.94	135.09*	135.09

* The incentive of Rs. 34.85 Crore shown by RVPN in the head of other income in audited accounts at table no. 24.6 is not considered since incentive is over and above the ARR.

Issue of adjustment of Refund in FY 2013-14 Audited Accounts

140. The Commission in its ARR Order for FY 2014-15 dated 09.10.2014 in Para 332 directed RVPN to refund the surplus amount of Rs. 412.72 Crore, on account of truing up of transmission function for the financial year 2011-12 and 2012-13, to Discoms. The extract of the same is reproduced below:

“RVPN in the True up petitions has projected a gap of Rs. 62.00 Crore in FY 2011-12 and surplus of Rs. 2.98 Crore in FY 2012-13 and has prayed to adjust the surplus/gap for FY 2011-12 and FY 2012-13 in the ARR of 2014-15. The Commission observes that after final True up, for FY 2011-12 and FY 2012-13 there is a surplus of Rs. 124.93 Crore and Rs. 287.79 Crore respectively and in case the same is adjusted in ARR for FY 2014-15 then there may be drastic reduction in transmission tariff for FY 2014-15. Therefore in order to stabilize the tariff, the Commission has not adjusted the surplus amount in ARR for 2014-15 and decided that RVPN should refund the surplus amount as indicated above for both the truing up petitions in five equal installments to Discoms in the ratio of contracted/ allotted capacity from November 2014 through supplementary bills as adjustment. This amount shall be taken as revenue by Discoms.”

141. The Petitioner has adjusted the refund of surplus available with RVPN as stated above in para 140 against the revenue to be received through transmission tariff of FY 2013-14. Thus the actual revenue received from transmission tariff has been shown less to the extent of Rs. 412.72 Crore in table 5 of true up petition in the head "net transmission charges for recovery from Discoms". While adjustment of surplus available can be made against the bills raised for transmission tariff of FY 2013-14 but for the purpose of truing up, the revenue receipt shall have to be considered as per bills raised for transmission tariff which is actual revenue to be realized against transmission tariff for FY 2013-14. The Commission in this regard would like to observe that the amount to be refunded by RVPN based on the final true up for FY 2011-12 and FY 2012-13 is the amount which RVPN has realised in excess as against its entitlement based on truing up carried out by the Commission. Adjustment of this surplus revenue in the revenue from transmission tariff for FY 2013-14 by RVPN means claiming of refund again in true-up for FY 2013-14, is therefore, cannot be allowed as otherwise it would be allowing the circumvention of the order of the Commission. Hence the Commission has not considered the adjustment of refund amount against transmission charges recoverable for FY 2013-14 and increased the revenue receipt as per actual entitlement from transmission tariff of FY 2013-14 i.e. by Rs 412.72 Crore, which is the actual revenue to be considered for transmission tariff of FY 2013-14 for the purpose of truing up as also indicated in Form T 11.1 submitted with the ARR petition for FY 2013-14.

Incentive for System Availability

142. As per audited accounts, RVPN has claimed incentive amounting to Rs. 34.85 Crore for FY 2013-14 from Discoms on achieving annual availability above the target availability of 98% as per provision in Regulation 105 of Tariff Regulations, 2009. 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 2013-14

as under:

Table 18: Approved Incentive on achieving Availability above the target Availability for FY 2013-14 (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%	1,653.01	29.52

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

True-up of Transmission function for FY 2013-14

144. Based on the above analysis and data provided by RVPN, Truing up of Transmission function for FY 2013-14 is summarized as under:

Table 19: True-up of Transmission function for FY 2013-14 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Allowed after truing up
Expenditure				
1	Operation & Maintenance Expenses	457.42	477.74	500.97
2	Depreciation	369.33	331.43	331.43
3	Interest and Finance Charges (Less Capitalisation)	732.39	608.38	625.90
4	Interest on Working Capital	46.35	23.16	33.75
5	Additional Contribution to Pension and Gratuity	463.00	463.00	463.00
6	Insurance Charge	0.00	0.32	0.32
7	Other Expenses	44.15	-29.18	-29.18
8	Total Expenditure	2112.64	1874.85	1926.20

S. No.	Particulars	Approved in Tariff Order	As per Petition	Allowed after truing up
Revenue				
9	Revenue from Transmission tariff	2004.27	1561.02	1973.74
10	Revenue from Short- term Open Access	1.00	138.10*	138.10*
11	Other Income	107.37	169.94**	135.09#
12	Total revenue	2112.64	1869.06	2246.93
13	Total Revenue-Total Expenditure	0.00	-5.79	320.73

* RVPN submitted the details of revenue from short-term open access in additional data gaps.

** Includes non tariff income and subsidy & grants.

The incentive of Rs. 34.85 Crore shown by RVPN in the head of other income in audited accounts at table no. 24.6 is not considered since incentive is over and above the ARR.

145. The Surplus on account of Truing-up of Transmission function for FY 2013-14 as approved by the Commission is Rs. 320.73 Crore, which has been considered while approving the ARR and tariff for FY 2015-16.

SLDC Function

146. The Commission has approved normative Interest on Working capital after sharing of (Gain) /loss, while other components have been approved as per Audited Accounts.

SLDC Operational expenses

147. RVPN has submitted SLDC Operational expenses as Rs 12.51 Crore. The Commission observed that RVPN has included Rs. 1.19 Crore Prior period and Rs. 0.66 Crore of ULDC scheme charges for BBMB.

148. The Commission has reduced Rs 0.66 Lakh ULDC scheme charges for BBMB as it should be the part of O&M expenses of partnership projects.

149. As regards Rs 1.19 Core prior period expense, the Commission has considered it separately.

150. As discussed above, the Commission approves only Rs 10.66 Crore (Rs. 12.51 Crore - Rs.1.19 Crore- Rs.0.66 Crore = Rs.10.66 Crore) as SLDC operational charges.

Interest on Working Capital

151. RVPN has not claimed any amount as interest on working capital for FY 2013-14. The Commission has computed the normative interest on working capital at the weighted average rate of interest of 12.49% per annum in accordance with Regulation 28 of the Tariff Regulations, 2009.

152. The interest on working capital approved by the Commission is as under:

Table 20: Interest on Working Capital approved by the Commission for Trueing up of FY 2013-14 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	True Up
1	O&M Expenses (1 Month)	-	-	0.86
2	Maintenance Spare (15% of O&M)	-	-	1.55
3	Receivables on target availability (1.5 Month)	-	-	2.70
4	Total Working Capital	-	-	5.11
5	Interest Rate	-	-	12.49%
6	Interest on Working Capital	0.81	0.00	0.64

153. The actual interest on working capital indicated by RVPN is Rs. 0.00 Crore. As emerges from above table normative Interest on Working Capital works out by the Commission is Rs. 0.64 Crore.

154. As interest on working capital is controllable in accordance with Tariff Regulations, 2009, the Commission has computed the sharing of gains/losses in accordance with Regulation 10 of the Tariff Regulations, 2009. The interest on working capital approved by the Commission for True up is as under:

Table 21: The Interest on Working Capital approved by the Commission for True up of FY 2013-14 (Rs. Crore)

Particulars	Actual	Normative	(Gain) / Loss	50% Sharing	Net entitlement
Interest on working capital	0.00	0.64	-0.64	-0.32	0.32

Issue of adjustment of Refund in FY 2013-14 Audited Accounts

155. The Commission in its ARR Order for FY 2014-15 dated 09.10.2014 in Para 353 directed RVPN to refund the surplus amount of Rs. 28.12 Crore, on account of true up of SLDC function for the financial year 2011-12 and 2012-13 , to Discoms . The extract of the same is reproduced below:

“The Commission observed that RVPN in its petition has proposed to adjust the projected surplus of Rs. 1.01 Crore for FY 12-13 in the ARR of SLDC for FY 14-15 whereas after final true up of SLDC ARR for FY 11-12 and FY 12-13 there is surplus of Rs. 16.45 Crore and Rs. 11.67 Crore, respectively. In case this surplus of true ups is adjusted in ARR of FY 14-15 then there shall be drastic reduction in SLDC ARR for FY 2014-15. Therefore, to stabilize the SLDC Charges, the Commission has not included the surplus amount in ARR for FY 2014-15. But, decided that RVPN should refund the aforesaid surplus amounts in five monthly instalments commencing from November 2014 to Discoms in the ratio of contracted/allotted capacity through supplementary bills as adjustment. This amount shall be taken as revenue by the Discoms.”

156. The Petitioner has adjusted the refund of surplus available with RVPN as stated above against the revenue to be received through SLDC charges of FY 2013-14. As detailed in para 141 for transmission function, the Commission has not considered the adjustment of Refund amount against SLDC charges recoverable for FY 2013-14 and increased the revenue receipt as per actual entitlement from SLDC charges of FY 2013-14, i.e., by Rs 28.12 Crore which is the actual revenue to be considered from SLDC charges of FY 2013-14 for the purpose of truing up of ARR.

157. Based on the above analysis, Audited Accounts and data provided by RVPN, Truing up of SLDC function for FY 2013-14 is summarized as under:

Table 22: True-up of SLDC function for FY 2013-14 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Net Entitlement
1	Operation & Maintenance Expenses	10.32	10.33	10.33
2	Depreciation	1.11	0.48	0.48
3	Interest and Finance Charges (less capitalization)	4.61	0.38	0.38
4	Interest on Working Capital	0.81	0.00	0.32
5	SLDC Operational Expenses	16.46	12.51	10.66
6	Return on Equity	0.00	0.00	0.00
7	Prior Period Credits and Debits	0.00	0.00	1.19
8	Income Tax	0.00	0.00	0.00
9	Total Expenditure	33.31	23.70	23.36
10	Revenue from SLDC charges	32.16	11.56	39.68
11	Revenue from short-term Open Access	0.21	0.51	0.51
12	Other Income (Non-Tariff income + Grants and subsidies + Income from Turnkey projects)	0.93	1.55	1.55
13	Total Revenue	33.31	13.62	41.74
14	Total Revenue-Total Expenditure	0.00	(10.08)	18.38

158. The Surplus on account of Truing-up of SLDC function for FY 2013-14 as approved by the Commission is Rs. 18.38 Crore, which has been considered while approving the ARR of SLDC function for FY 2015-16.

True-up of generation expenses of Partnership Projects for FY 2013-14

159. As regards truing-up of generation expenses of Partnership Projects for FY 2013-14 submitted by the Petitioner, the Commission has already clarified in the Tariff Order dated 09.10.2014 for FY 2014-15 that the charges being incurred by RVPN on the Partnership projects shall continue to be reimbursed by the Discoms at actual as and when such claims are raised.

Section – 4: Analysis of ARR for Transmission Function for FY 2015-16

Transmission System Capacity

RVPN's Projections:

160. RVPN has projected a total capacity of 13019.42 MW to be handled by its transmission system during FY 2015-16. Out of this, 12594 MW has been allocated for the three Discoms and 425.42 MW for long term open access customers.

161. RVPN, in the Petition, submitted energy requirement of Discoms as 71166 MU and 2644 MU for open access customers. Thus, RVPN has projected total energy transmission of 73810 MU to be handled by its transmission system during FY 2015-16. RVPN has also submitted the status of year-wise energy flow approved in Tariff Orders and actual energy flow during FY 2011-12 to FY 2014-15 in the RVPN system as under:

Table 23: Energy flow on InSTS submitted by RVPN (in MU)

Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Energy transmission on system as per Tariff Order	50672	52477	54615	66895
Actual Energy in RVPN InSTS	51126	54982	60475	-

Commission's Analysis:

162. The Commission considers it appropriate to approve the transmission capacity to be handled as proposed by RVPN during FY 2015-16 as under:

Table 24: Approved Transmission Capacity for FY 2015-16 (in MW)

Particulars	As per Petition	Approved by Commission
Transmission Capacity (Discoms)	12594	12594
Transmission Capacity (Long Term Open Access)	425.42	425.42
Total Transmission Capacity (Discoms + Long Term Open Access)	13019.42	13019.42

Transmission Losses

RVPN's Projections:

163. RVPN has projected transmission losses at 4.15% for FY 2015-16. RVPN has also submitted the transmission loss for preceding five years i.e. from FY

2010-11 to FY 2014-15 as under:

Table 25: Transmission Losses as submitted by RVPN

Year	InSTS Transmission Loss specified in ARR Order (%)	Actual InSTS Transmission Loss (%)
FY 2010-11	4.40%	4.31%
FY 2011-12	4.20%	4.33%
FY 2012-13	4.20%	4.22%
FY 2013-14	4.20%	4.21% (Prov.)
FY 2014-15	4.20%	4.20% (Prov.)

Commission's Analysis:

164. The Commission has considered it appropriate to approve the transmission losses of 4.15% as per loss reduction trajectory approved for FY 2015-16 in Tariff Order for FY 2014-15 and as projected by Petitioner for FY 2015-16.

Capitalization

165. The investment plan furnished by RVPN proposes works of Rs. 2380 Crore, to be executed in FY 2015-16. It is obvious that commissioning of the certain works for which a significant provision has been kept in the year 2015-16 are likely to spill over to the year 2016-17.

166. The progress of asset addition by RVPN in FY 2013-14 as per audited accounts reveals that the Gross Fixed Assets (GFA) addition for Transmission function has been as follows:

Table 26 : Asset capitalization during FY 2013-14 (Rs. Crore)

Particulars	FY 2012-13	FY 2013-14
Actual Capitalization	1124.82	2076.07
Capitalization Approved in Tariff Order	1450	2164

167. It can be seen from the above table that during FY 2012-13 and FY 2013-14, the actual asset capitalization has been slightly lower than that approved by the Commission in the respective Tariff Orders. Therefore, the Commission has considered average of capitalization during FY

2012-13, FY 2013-14 and FY 2014-15 to project capitalization for FY 2015-16 which works out to Rs. 1663.63 Crore. The Commission has considered the capitalization for FY 2014-15, as Rs. 1790 Crore as submitted by RVPN in its ARR petition for FY 2015-16 to work out average capitalization. The Commission has approved asset capitalization for FY 2015-16 as under:

Table 27: Asset capitalization approved for FY 2015-16 (Rs. Crore)

Particulars	FY 2015-16
Capitalization	1663.63

168. Considering all these aspects and investment plan approved for FY 2015-16 for transmission function, the Commission approves a capitalization of approximately 82% of the approved investment plan.

Transmission Network expansion for FY 2015-16

RVPN's Projections:

169. The following table summarises the physical transmission network to be put to use during FY 2015-16 as projected by RVPN.

Table 28: Physical transmission network to be put to use during FY 2015-16 as projected by RVPN

S. No.	Particulars	Unit	FY2015-16 (Projected)
1	Addition of new Transmission Lines		
A	765kV Lines	c-km	0.00
B	400kV Lines	c-km	580.00
C	220kV Lines	c-km	545.00
D	132kV Lines	c-km	600.00
2	Sub-Stations		
A	765kV Sub-Station (Nos/MVA)	Nos.	0/4500
B	400kV Sub-Station (Nos/MVA)	Nos.	1/945
C	220kV Sub-Station (Nos/MVA)	Nos.	6/900

S. No.	Particulars	Unit	FY2015-16 (Projected)
D	132kV Sub-Station (Nos/MVA)	Nos.	16/475
3	Augmentation of Transformer Capacity	MVA	1500
4	No. of Feeder Bays added**		
A	765kV	Nos.	0
B	400kV	Nos.	8
C	220kV	Nos.	38
D	132kV	Nos.	96

** Includes bays creation at existing stations @10% of new bays.

Commission's Analysis:

170. 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 2015-16 on the basis of proposed capitalization during the year. The Commission has therefore, worked out pro-rata addition to physical assets on the basis of approved capitalization vis-à-vis that projected by RVPN.

Operation and Maintenance Expenses

RVPN's projection

171. In the Tariff Regulations, 2014, norms for operation and maintenance 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 2015-16 and accordingly, operation and maintenance expense has been projected.

Table 29: Physical transmission network to be put to use during FY 2015-16 as projected by RVPN

Sr. No.	Particulars	FY 2015-16 Projected
1	Circuit-Kilometer Basis	
A	Opening Balance of ckt-km	
	765 KV	425.50

Sr. No.	Particulars	FY 2015-16 Projected
	400 KV	3578.31
	220 KV	13235.75
	132 KV	15754.09
B	Addition of ckt-km during year	
	765 KV	0.00
	400 KV	580.00
	220 KV	545.00
	132 KV	600.00
2	MVA Basis	
A	Opening Balance of MVA Capacity	60234.00
B	Addition of MVA Capacity during year	8320.00
3	Feeder bay basis	
A	Opening Balance of Feeder bay	
	765 KV	21.00
	400 KV	81.00
	220 KV	658.00
	132 KV	2340.00
B	Addition of Feeder bay during the year	
	765 KV	0.00
	400 KV	8.00
	220 KV	38.00
	132 KV	96.00

172. On the basis of above physical network capacity addition, RVPN has projected following operation and maintenance expense for FY 2015-16:

Table 30: Projected Operation and Maintenance Expenses by RVPN (Rs Crore)

Particulars	FY 2015-16
	Projected
O&M cost for transmission lines (ckt km)	142.46
O&M cost for substation (MVA)	415.78
O&M cost for feeder bays (no)	283.39
Total O&M Expenses	841.62

Commission's Analysis

173. As the Commission has reduced the capitalization for FY 2015-16, there shall be proportionate reduction in physical asset addition. Accordingly, considering the actual physical asset addition approved in previous section of Truing-up for FY 2013-14, as base, and physical asset addition in FY 2014-15 as per petitioner's revised submission and estimated addition in FY 2015-16, the Commission has approved the O&M expenses as under:

Table 31: Projected Operation and Maintenance Expenses approved by the Commission (Rs Crore)

Particular	FY 2015-16
	Approved
O&M cost for transmission lines (ckt km)	141.04
O&M cost for substation (MVA)	407.99
O&M cost for feeder bays (no)	281.28
Total O&M Expenses	830.31

Depreciation

RVPN's Projections:

174. RVPN has projected Rs. 504.33 Crore as depreciation charges for FY 2015-16. RVPN submitted that depreciation has been charged on straight line method for 90% of value of assets, considering 10% salvage value after useful life. No depreciation has been applied for assets, which have been depreciated up to 90% of value. RVPN further submitted that depreciation charge has been computed based on the depreciation rates specified in Tariff Regulations, 2014 for the addition during FY 15 & FY 16. The depreciation for the assets added up to FY 14 has been calculated as per old rates and methodologies. Projection of RVPN for FY 2015-16 are presented in the table below:

Table 32: Depreciation charges submitted by RVPN for FY 2015-16 (Rs Crore)

Particulars	FY 2013-14 Actual	FY 2014-15 Estimated	FY 2015-16 Projected
Depreciation	331.43	443.05	504.33

Commission's Analysis:

175. As the Commission has approved the reduced capitalization for FY 2015-16, depreciation also gets changed. Further, for computing the depreciation, the Commission has considered the closing GFA of True-up Order for FY 2013-14 as opening GFA for FY 2014-15 and closing GFA of FY 2014-15 as opening GFA for FY 2015-16. Depreciation for FY 2015-16 has been computed on the basis of opening GFA of FY 2015-16 plus half of average addition during FY 2015-16 to arrive at GFA at the midpoint of the year. The Commission has considered the average depreciation rates of 3.33% submitted by RVPN for FY 2015-16. Accordingly, depreciation worked out for FY 2015-16 is as under:

Table 33: Depreciation charges for FY 2015-16 (Rs Crore)

Particulars	Amount
Opening GFA as on 1st April, 2014 (closing GFA from the Petition for FY 2013-14)	12,173.61
Add: Addition during FY 2014-15 as per Petitioner's revised submission	1,790.00
Opening GFA as on 1st April, 2015	13,963.61
Add: Addition during FY 2015-16	1663.63
Closing Balance of GFA	15627.24
Average GFA for Depreciation for FY 2015-16	14,795.43
Depreciation Rate (%)	3.33%
Depreciation	493.01

Additional Contribution towards Pension and Gratuity**RVPN's Projections:**

176. RVPN has projected nil additional contribution towards Pension and Gratuity.

Commission's Analysis:

177. The Commission observed that RVPN has not projected any additional contribution towards Pension and Gratuity trust. Hence, the Commission has not allowed any expenditure under this head.

Interest and Finance Charges

RVPN's Projections:

178. RVPN has projected the interest and finance charges of Rs 808.38 Crore for FY 2015-16.

Commission's Analysis:

179. 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 2015-16, the Commission has considered closing long-term loan pertaining to GFA of FY 2013-14 as opening for FY 2014-15 and further, closing long-term loan pertaining to GFA of FY 2014-15 as opening loan for FY 2015-16.

180. As per Regulation 17 of Tariff Regulations, 2009 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."

181. As the equity addition percentage submitted by the Petitioner during FY 2014-15 and FY 2015-16 are less than 30%, therefore the Commission has considered equity percentage of capitalisation as submitted by the Petitioner for FY 2014-15 and for FY 2015-16 and remaining capitalisation as debt. Debt:Equity ratio submitted by the Petitioner for FY 2014-15 and FY 2015-16 are shown below:

Table 34: Debt:Equity ratio submitted by the petitioner for FY 2014-15 and FY 2015-16

Particulars	FY 2014-15	FY 2015-16
Debt	77%	73%
Equity	23%	27%

182. As per above table for FY 2015-16, 27% of the capitalisation approved has been considered to be funded through equity contribution and balance 73% has been considered to be financed through loan. The portion of capitalisation financed through consumer contributions and

grants has been excluded as the depreciation and interest thereon would not be charged.

183. Allowable depreciation for the year has been considered as normative loan repayment.

184. The Commission has considered the weighted average interest rate of 11.59%, as projected by the Petitioner, for estimating the interest charges for FY 2015-16. As regards other finance charges for FY 2015-16, the Commission has considered it on the same level of FY 2013-14.

185. The interest on long term loans approved by the Commission for FY 2015-16 is as under:

Table 35: Approved consolidated Interest and Finance charges for FY 2015-16 (Rs. Crore)

Particulars	Reference	FY 2014-15	FY 2015-16
Capitalisation (SLDC +Transmission Function)	1	1810.00	1700.63
Consumer's Contribution+ Grant	2	16.01	188.21
Net Investment during the year	3=1-2	1793.99	1512.42
Equity addition	4=3*equity%	408.91	409.90
Long term loan additions	5=3*debt%	1385.08	1102.53
Weighted Average Interest Rate (as per Petition)	6		11.59%
Opening Balance of Loan	7	6069.91	7010.93
Loan Repayment (equal to depreciation allowed)	8	444.06	495.34
Closing Balance of Loan	9=7+5-8	7010.93	7618.11
Average Loan Amount	10=Average(7,9)		7314.52
Interest Amount	11=10*6		847.75
Other Finance Charges	12		59.96
Total Interest & Finance Charges	13=11+12		907.71

186. As the net interest and finance charges computed are consolidated, the Commission has allocated the net interest and finance charges between Transmission and SLDC Functions. For SLDC function the

Commission has considered the interest and finance charge as submitted by the Petitioner, while for the Partnership generation part the interest and finance charge considered on the same level of FY 2013-14 i.e., Rs. 4.97 Crore as shown in the table below:

Table 36: Approved Interest and Finance charges for FY 2015-16 (Rs. Crore)

Particulars	Derivation	Amount
Total Interest on Long Term Loans	A	907.71
SLDC Interest charges	B	3.02
Partnership interest charges	C	4.97
Net Transmission Interest and Finance charges	D=A-B-C	899.72

Working Capital and Interest on Working Capital

RVPN's Projections:

187. RVPN has projected the interest on working capital as Rs. 53.58 Crore for FY 2015-16. RVPN has further submitted that working capital has been calculated as per norms and interest rate has been considered as 12.50% for FY 2015-16 as per Tariff Regulations, 2014. RVPN submitted that increase in interest in working capital is due to increase in O&M expenses and Receivables for FY 2015-16.

Commission's Analysis:

188. 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 10% existing during first six months of FY 2014-15 plus 250 basis points as per regulations, 2014. The average rate of interest thus works out to 12.50% and has been adopted for FY 2015-16. Therefore, working capital requirement and interest on working capital for FY 2015-16 is approved as follows:

Table 37: Approved Interest on Working Capital for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Petitioner's Submission	Approved by Commission
1	O&M Expenses (1 Month)	70.14	69.19

S. No.	Particulars	Petitioner's Submission	Approved by Commission
2	Maintenance Spare (15% of O&M)	126.24	124.55
3	Receivables on target availability (1.5 Month)	303.61	309.78
4	Less: Security Deposit	71.34	71.34
5	Total Working Capital	428.65	432.18
6	Interest Rate	12.50%	12.50%
7	Interest on Working Capital	53.58	54.02

Other Expenses

RVPN's Projections:

189. RVPN submitted that the other expenses of Rs 25.00 Crore are on account of the premium on restructuring/refinancing of long-term loans during the financial year, extra-ordinary items and FBT and deductions on account of capitalization of O&M expenses.

Commission's Analysis:

190. The Commission approves other expenses as the projected expenses as under:

Table 38: Approved Other Expenses for FY 2015-16 (Rs. Crore)

Particulars	As per Petition	Approved by Commission
Other Expenses (includes Prior Period Exp., Extraordinary items and FBT)	25.00	25.00

191. However, the Commission will consider the actual other expenses while carrying out the truing up for FY 2015-16 subject to prudence check.

Return on Equity (RoE)

RVPN's Projections:

192. RVPN submitted that although Tariff Regulations, 2009 allowed the licensees to claim Return on Equity in computation of ARR and determination of tariff. However, in view of Financial Restructuring Plan, 2005 approved by GoR (reviewed during November/December 2012)

RVPN has not claimed any RoE till FY 2013-14. RVPN has claimed RoE @ 5% in FY 2014-15. For FY 2015-16 RVPN has claimed Rs. 291.47 Crore RoE @ 8% instead of 15.5% admissible as per Tariff Regulations, 2014.

Commission's Analysis:

193. As the Petitioner has claimed return on equity @ 8% instead of 15.5% admissible as per Tariff Regulations, 2014, the Commission has approved return on equity @ 8% as claimed.

194. As regards opening equity for FY 2015-16, the Commission has considered closing equity for FY 2013-14 in the Audited Accounts as opening equity for FY 2014-15.

195. Equity percentage of capitalisation has been considered as admitted in Para 181.

196. The Commission approved Return on Equity for FY 2015-16 as shown in the Table below:

Table 39: Approved Return on equity for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Reference	FY 2014-15	FY 2015-16
			Estimated	Approved
1	Equity at the beginning of the year	A	2791.93	3196.28
2	Capitalisation during the Year	B	1790.00	1663.63
3	Deduction during the year	C	0.00	0.00
4	Less: Consumer Contribution	D	16.01	188.21
5	Net Capitalization	E=B-C-D	1773.99	1475.42
6	Equity portion of capitalization	F=E*equity%	404.35	399.87
7	Equity at the end of the year	G=A+F	3196.28	3596.15
8	Average Equity	H=Average(A,G)		3396.22
9	Total Return on Equity	I=H*8%		271.70

Non-Tariff Income

RVPN's Projections:

197. RVPN has projected the non-tariff income of Rs. 95.00 Crore for FY 2015-16. Non -tariff income comprises the revenue from non-tariff sources on account of miscellaneous receipts, prior period income, incentive against securitization of bonds, interest subsidy against government loan, differential interest subsidy in World Bank Loan, etc.

Commission's Analysis:

198. The Commission has considered the non-tariff income projected by the Petitioner and approved the same for FY 2015-16.

Table 40: Approved Non-Tariff Income for FY 2015-16 (Rs Crore)

Particulars	As per Petition	Approved by Commission
Non Tariff Income	95.00	95.00

Revenue from Open Access

RVPN's Projections:

199. RVPN submitted that the 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 under:

Table 41: Details of Revenue from Short-term Open Access consumers (Rs. Crore)

S. No.	Particular	FY 2015-16
1	Revenue from Short-term Open Access consumers	1.00

Commission's Analysis:

200. The Commission at this stage has considered the revenue from short-term open access consumers for FY 2015-16 as Rs. 1.00 Crore as claimed by RVPN. The Commission will consider the actual revenue from short-term open access charges while carrying out the truing up for FY 2015-16.

Aggregate Revenue Requirement

RVPN's Projections:

201. RVPN has projected the ARR of Rs. 2428.87 Crore for transmission function for FY 2015-16.

Commission's Analysis:

202. Based upon the detailed analysis of various components, the Commission approves the ARR for FY 2015-16 as under.

203. RVPN in the True up petition for FY 2013-14 has projected a gap of Rs. 5.79 Crore. The Commission observes that after final True up for FY 2013-14 there is a surplus of Rs. 320.73 Crore approved by the Commission. The Commission in its previous Order directed RVPN to refund the Truing-up surplus of FY 2011-12 and FY 2012-13. As there has been a surplus scenario every year based on the truing up for last three years, the Commission finds it appropriate to adjust the surplus for FY 2013-14 in ARR for FY 2015-16.

**Table 42: Approved summary of ARR for Transmission function for FY 2015-16
(Rs Crore)**

S. No.	Particulars	FY2015-16	
		Petitioners Submission	Approved
1	Operation & Maintenance Expenses	841.62	830.31
2	Depreciation	504.33	493.01
3	Interest and finance charges on Long-term Loans	808.38	899.72
4	Interest on Working Capital & Financial Charges	53.58	54.02
5	Additional contribution towards pension and gratuity trust	0.00	0.00
6	Insurance charges	0.48	0.48
7	Other expenses	25.00	25.00
8	Total Revenue Expenditure	2233.40	2302.55
9	Return on Equity	291.47	271.70
10	Income tax provision	0.00	0.00

S. No.	Particulars	FY2015-16	
		Petitioners Submission	Approved
11	Aggregate Revenue Requirement (8+9+10)	2524.87	2574.25
12	Less: Non Tariff Income	95.00	95.00
13	Less: Income from Open Access (Short-term)	1.00	1.00
14	Aggregate Revenue Requirement from Transmission Tariff	2428.87	2478.25
15	Truing-up FY 2013-14 Surplus/(GAP)		320.73
16	Net Revenue Requirement	2428.87	2157.51

Incentive for System Availability

204. As incentive is admissible over and above the ARR, therefore, the effect of incentive has not been considered by the Commission in this ARR. The same may be recovered as per Regulations.

Transmission Tariff for FY 2015-16

RVPN's Projections:

205. RVPN has projected the transmission tariff for FY 2015-16 as follows:

Table 43: Projected Transmission Charges for FY 2015-16

S. No.	Particulars	Petitioner
1	Transmission Capacity for Discoms (MW)	12,594.00
2	Transmission Capacity for Open Access (MW)	425.42
3	Transmission Tariff for Discoms and long term open access consumers (Rs./kW/Month)	155.46
4	Energy Requirement for Discoms in FY 2015-16 (MU)	71166
5	Energy Requirement of Long Term Open Access Customers in FY 2015-16 (MU)	2644
6	Transmission tariff for collective power exchange transactions (paisa/kWh)	32.91

Commission's Analysis:

206. The Commission has specified transmission tariff in terms of network

usage based upon contracted/allotted capacity of 12594 MW and 425.42 MW for Discoms and long term open access customers , respectively, aggregating to 13019.42 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. 138.10 /kW/month. This tariff shall also be applicable for customers availing medium term open access under inter state transactions. For intra-State short-term open access bilateral transactions, the transmission tariff has been worked out as Rs. 4.54 /kW/day.

207. 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.

208. The gross energy requirement of Discoms and long-term open access customers for FY 2015-16 has been shown as 71166 MU and 2644 MU respectively by the Petitioner. Considering the aggregate energy requirement of 73810 MU and total transmission charges of Rs. 2157.51 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. 29.23 paisa/kWh.

209. Accordingly, the approved transmission tariff for the FY 2015-16 is as under:

Table 44: Approved Transmission Tariff for FY 2015-16

S. No.	Particulars	Approved by Commission
1	Net Transmission charges to be recovered from Discoms and Long Term Open Access Customers (Rs Crore)	2,157.51
2	Approved transmission capacity for Discoms (MW)	12,594.00
3	Long Term Open Access Customers (MW)	425.42
4	Total Transmission Capacity (MW)	13,019.42
5	Transmission Tariff for Discoms and Long Term Open Access Customers (Rs./kW/Month)	138.10

S. No.	Particulars	Approved by Commission
6	Transmission Tariff for intra-State short term open access bilateral transactions (Rs./kW/day).	4.54
7	Energy Requirement for Discoms in FY 2015-16 (MU)	71166
8	Energy Requirement of Long Term Open Access Customers in FY 2015-16 (MU)	2644
9	Transmission tariff for use of State transmission system in inter-State short term open access bilateral transactions and collective power exchange transactions (paisa/kWh)	29.23

Note 1: The tariff at Sr. no. 5 above shall also be applicable for customers availing medium term open access under inter state transactions.

Note 2: 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 Commission directs RVPN to charge the transmission tariff @ equal to 50% of the rate specified at Sr. no. 5 & 6 above for such solar power projects which are covered under the above policy directive.

Section – 5: Analysis of ARR for SLDC Function for FY 2015-16

210. 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

211. RVPN proposed Rs. 37 Crore investment in the petition for SLDC works for FY 2015-16. Further RVPN has also considered the capitalisation of Rs. 37 Crore for FY 2015-16. The Commission in-principle approves capitalisation of Rs 37 Crore as submitted by the Petitioner, which shall be subject to truing up based on actual capitalisation in FY 2015-16.

O&M Expenses

RVPN's Projections:

212. RVPN has projected the O&M expenses of Rs.12.67 Crore for FY 2015-16.

Commission's Analysis:

213. The Commission approves the O&M expenses as projected by RVPN for FY 2015-16 as under:

Table 45: Approved O&M Expenses for FY 2015-16 (Rs. Crore)

Particulars	As per Petition	Approved by Commission
O&M Expenses	12.67	12.67

Depreciation

RVPN's Projections:

214. RVPN has projected the depreciation charges of Rs. 2.33 Crore for FY 2015-16. RVPN further submitted that the depreciation charges have been computed as per the provisions of Tariff Regulations, 2014.

Commission's Analysis:

215. The Commission has considered same capitalization for FY 2014-15 and FY 2015-16 as projected by the petitioner. Further, for computing the depreciation, the Commission has considered the closing GFA of True-up Order for FY 2013-14 as opening GFA for FY 2014-15 and closing GFA of FY 2014-15 as opening GFA for FY 2015-16. Depreciation for FY 2015-16 has been computed on the basis of opening GFA of FY 2015-16 plus half of average addition during FY 2015-16 to arrive at GFA at the midpoint of the year. The Commission has considered the average depreciation rates of 3.59% submitted by RVPN for FY 2015-16. Accordingly, depreciation worked out for FY 2015-16 is as under:

Table 46: Approved Depreciation for FY 2015-16 (Rs. Crore)

Particulars	As per Petition	Approved by Commission
Depreciation	2.33	2.33

Interest and Finance Charges

RVPN's Projections:

216. RVPN has projected the interest and finance charges for FY 2015-16 as Rs 3.02 Crore.

Commission's Analysis:

217. Considering capitalisation for FY 2015-16 as above the Commission has considered interest and finance charges as submitted by the petitioner:

Table 47: Approved interest and finance charges for FY 2015-16 (Rs Crore)

Particulars	As per Petition	Approved by the Commission
Total Interest & Finance Charges	3.02	3.02

Working Capital and Interest on Working Capital

RVPN's Projections:

218. RVPN has projected the interest on working capital as Rs. 0.94 Crore for FY 2015-16. RVPN has further submitted that working capital has been calculated as per norms and interest rate has been considered as 12.50% for FY 2015-16 as per Tariff Regulations, 2014.

Commission's Analysis:

219. 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 10% existing during first six months of FY 2014-15 plus 250 basis points as per Tariff Regulations, 2014. The average rate of interest thus works out as 12.50% and has been adopted for FY 2015-16. Therefore, working capital requirement and interest on working capital for FY 2015-16 is as under:

Table 48: Approved Interest on Working Capital for FY 2015-16 (Rs. Crore)

S. No.	Particulars	As per Petition	Approved by the Commission
1	O&M Expenses (1 Month)	1.06	1.06
2	Maintenance Spares (15% of O&M)	1.90	1.90
3	Receivables on target availability (1.5 Month)	4.55	4.50
4	Less: Security Deposit	0.00	0.00
5	Total Working Capital	7.51	7.46
6	Interest Rate	12.50%	12.50%
7	Interest on Working Capital	0.94	0.93

SLDC Operation Charges

RVPN's Projections:

220. RVPN has projected the SLDC operation expenses of Rs. 18.14 Crore for FY 2015-16. 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:

221. 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.
222. Further, the Commission has already made it clear in SLDC true-up section for FY 2013-14 that ULDC charges for BBMB should not form the part of SLDC Operation charges.
223. Considering the marginal increase from amount approved in the FY 2014-15 Tariff Order, the Commission approves the expense as projected by RVPN.

Table 49: Approved SLDC Operation Charges for FY 2015-16 (Rs. Crore)

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

Return on Equity

RVPN's Projections:

224. RVPN submitted that although Tariff Regulations, 2009 allows the licensees for Return on Equity in computation of ARR and determination of tariff. However in view of Financial Restructuring Plan, 2005 approved by GoR (reviewed during November/December 2012) RVPN has not claimed any RoE till FY 2013-14. RVPN has claimed RoE @ 5% in FY 2014-15. For FY 2015-16, RVPN has claimed RoE @ 8% instead of 15.5% admissible as per Tariff Regulations, 2014.

Commission's Analysis:

225. The Petitioner has claimed return on equity @ 8% instead of 15.5% admissible as per Tariff Regulations, 2014. Accordingly, the Commission has approved return on equity as under:

Table 50: Approved return on equity for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Reference	FY 2014-15	FY 2015-16
			Estimated	Projected
1	Equity at the beginning of the year	A	1.07	7.07
2	Capitalisation during the Year	B	20.00	37.00
3	Less: Consumer Contribution	C	0.00	0.00
4	Net Capitalization	D=B-C	20.00	37.00
5	Equity portion of capitalization as per equity % submitted by the Petitioner	E=D*30%	6.00	11.00
6	Equity at the end of the year	F=A+E	7.07	18.07
7	Average Equity	G=Average(A,F)		12.57
8	Total Return on Equity	H=G*8%		1.01

Aggregate Revenue Requirement (ARR) for SLDC**RVPN's Projections:**

226. RVPN has projected the ARR of SLDC function for FY 2015-16 as under:

Table 51: Projected ARR of SLDC Business for FY 2015-16 (Rs. Crore)

S. No.	Particulars	As per Petition
1	Expenses	
	Operating Expenses	
i)	Employee expenses	10.75
ii)	Administrative and General Expenses	1.75
iii)	Repair and Maintenance Expenses	0.17
iv)	Depreciation	2.33
v)	Interest and Financial Charges	3.02
vi)	Interest on Working Capital	0.94
vii)	SLDC Operational expenses	18.14
viii)	Return on Equity	1.01
2	Total Revenue Expenditure	38.10
3	Less: Non-Tariff income	1.49
4	Less: Income from Open Access	0.21
5	Aggregate Revenue Requirement	36.41

Commission's Analysis:

227. The Commission has considered the non-tariff income of Rs. 1.55 Crore and the income from short-term open access consumers of Rs. 0.51 Crore in line with the actual non-tariff and short-term open access income received during FY 2013-14. Based on the detailed analysis of various components, the Commission approves the ARR for SLDC function for FY 2015-16 as follows:

**Table 52: Approved Summary of ARR for SLDC Function for FY 2015-16
(Rs. Crore)**

S. No.	Particulars	As per Petition	Net Entitlement
1	Expenses		
	Operating Expenses		
i)	Employee expenses	10.75	
ii)	Administrative and General Expenses	1.75	12.67
iii)	Repair and Maintenance Expenses	0.17	
iv)	Depreciation	2.33	2.33
v)	Interest and Financial Charges	3.02	3.02
vi)	Interest on Working Capital	0.94	0.93
vii)	RLDC Fee and Charges	18.14	18.14
viii)	Return of Equity	1.01	1.01
2	Total Revenue Expenditure	38.10	38.09
3	Less: Non-Tariff income	1.49	1.55
4	Less: Income from Short term Open Access	0.21	0.51
5	Aggregate Revenue Requirement	36.41	36.03
6	Truing-up FY 2013-14 surplus/(Gap)	-	18.38
7	Net Revenue Requirement	36.41	17.65

228. The recovery of SLDC expenses for FY 2015-16 shall be as under: :

Table 53: Approved SLDC Expenses for FY 2015-16

S. No.	Particulars	Approved by Commission
1	Net Revenue Requirement for SLDC Operations to be recovered from Discoms & Long Term Open Access Customers (Rs. Crore)	17.65
2	Contracted capacity for Discoms and Long Term Open Access Customers (MW)	13,019.42
3	SLDC Charges for Discoms and Long Term OA Transactions (Rs./kW/month)	1.13
4	SLDC Charges for Short Term OA transactions (Rs./kW/month)	1.13

Note : The SLDC charges at Sr. no. 3 above shall also be applicable for customers availing medium term open access under inter state transactions.

229. One of the stakeholder submitted that RVPN has not shown the amount recovered from scheduling charges for FY 2013-14 as per Regulation 9 of the Rajasthan Electricity Regulatory Commission (Levy of fee and charges by the State Load Despatch Centre) Regulations, 2004.

230. The Commission observes that full recovery of SLDC expenses is being effected under existing mechanism. Therefore the Commission considers that at present there is no necessity to levy operating charges from Open Access consumers as per provision under regulation 9 of RERC (Levy of fee and charges by the State Load Despatch Centre) Regulations, 2004.

General:

231. 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 year FY 2015-16.

232. As regards true-up of generation expenses of Partnership Projects, the Commission has already clarified in the Tariff Order for FY 2014-15 dated 09.10.2014 that CERC is the competent authority to regulate and determine the tariff of the generating stations of Partnership projects. However, the charges being incurred by RVPN on the Partnership projects shall continue to be reimbursed from the Discoms at actuals.

233. Status of Compliance to Directions Issued by the Commission in Previous Orders have been enclosed as **Annexure-3**.

234. The tariff determined vide this office order shall be effective from 1st April, 2015. The Commission in its Order dated 31.03.2015 had approved transmission tariff and SLDC Charges for FY 2015-16 on interim basis subject to adjustment when the transmission tariff and SLDC charges are determined. For long term open access customers and Discoms, the net revenue surplus/shortfall based on final tariff approved by the Commission for FY 2015-16 in this Order and interim tariff for FY 2015-16 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.

235. The summary of the Investment Plan 2015-16, True Up of ARR of FY 2013-14, ARR for Transmission and SLDC function for FY 2015-16 approved by the Commission is as under:

A Investment Plan FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Proposed	Approved
1	Transmission Works including SLDC function	2380	2025

B True Up petition for FY 2013-14 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	Allowed after truing Up
Transmission Function			
Total expenditure	2112.64	1874.85	1926.20
Total revenue	2112.64	1869.06	2246.93

Particulars	Approved in Tariff Order	As per Petition	Allowed after truing Up
Total revenue - Total expenditure	0.00	-5.79	320.73
SLDC function			
Total Expenditure	33.31	23.70	23.36
Total Revenue	33.31	13.62	41.74
Total Revenue-Total Expenditure	0.00	-10.08	18.38

C ARR for FY 2015-16

Particulars	Petitioners submission	Approved
Transmission Function		
Total Revenue Expenditure	2428.87	2478.25
Truing-up FY 2013-14 Surplus/(Gap)	-	320.73
Net Aggregate Revenue Requirement (ARR)	2428.87	2157.51
SLDC function		
Total Revenue Expenditure	36.41	36.03
Truing-up FY 2013-14 Surplus/(Gap)	-	18.38
Aggregate Revenue Requirement	36.41	17.65

D Approved Transmission Tariff for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved by Commission
1	Net Transmission charges to be recovered from Discoms and Long Term Open Access Customers (Rs Crore)	2,157.51
2	Approved transmission capacity for Discoms (MW)	12,594.00
3	Long Term Open Access Customers (MW)	425.42
4	Total Transmission Capacity (MW)	13,019.42
5	Transmission Tariff for Discoms and Long Term Open Access Customers (Rs./kW/Month)	138.10
6	Transmission Tariff for intra-State short term open access bilateral transactions (Rs./kW/day).	4.54
7	Energy Requirement for Discoms in FY 2015-16 (MU)	71166

8	Energy Requirement of Long Term Open Access Customers in FY 2015-16 (MU)	2644
9	Transmission tariff for use of State transmission system in inter-State short term open access bilateral transactions and collective power exchange transactions (paisa/kWh)	29.23

Note 1: The tariff at Sr. no. 5 above shall also be applicable for customers availing medium term open access under inter state transactions.

Note 2: RVPN shall charge the transmission tariff @ equal to 50% of the rate specified at Sr. no. 5 & 6 above for solar power projects which are covered under the policy directive as detailed at para 209.

E Approved SLDC expenses for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved by Commission
1	Net Revenue Requirement for SLDC Operations to be recovered from Discoms & Long term Open Access Customers (Rs. Crore)	17.65
2	Contracted capacity for Discoms and Long Term Open Access Customers (MW)	13,019.42
3	SLDC Charges for Discoms and Long Term Open Access Customers (Rs./kW/month)	1.13
4	SLDC Charges for Short Term OA transactions (Rs./kW/month)	1.13

Note : The SLDC charges at Sr. no. 3 above shall also be applicable for customers availing medium term open access under inter state transactions.

236. 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. Sh. R. K Agarwal	CE (PPM)-RVPN
2. N.K Mathur	CCOA- RVPN
3. R.K Bhandari	ACE(NPP&R)-RVPN
4. R.P Sharma	SE(EA)-RVPN
5. Manish Saxena	CAO- RVPN
6. G.D Pamnani	XEN (Project)-RVPN
7. O.P Bansal	XEN-RVPN
8. M.N Sharma	XEN-RVPN
9. S.T Hussain	XEN-JVVNL
10. Deepak Tahiliani	AEN-RVPN
11. Rajendra Sharma	AEN-RVPN
12. Satish Sharma	AEN-RVPN
13. H.N Srivastava	AAO- RVPN
14. Nitesh Kumar Garg	Accountant- RVPN
15. V.K Gupta	Consultant-RVPN
16. C.M Jain	Consultant-RVPN
17. Roshanlal Surana	Consultant- RVPN
18. D. S. Agarwal	Stakeholder
19. G.L Sharma	Stakeholder
20. Suresh Gehani	ABPS Infra, Consultant to the Commission
21. Dinesh Yadav	ABPS Infra, Consultant to the Commission

Annexure-2:**List of Abbreviations**

A&G	Administrative and General
ARR	Aggregate Revenue Requirement
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
COD	Commercial Date of Operation
Discom	Distribution Company
FY	Financial Year
GFA	Gross Fixed Assets
MU	Million Unit
MW	Mega Watt
MYT	Multi Year Tariff
NRLDC	Northern Regional Load Despatch Center
O&M	Operation & Maintenance
RERC	Rajasthan Electricity Regulatory Commission
RoE	Return on Equity
R&M	Repairs & Maintenance
RVPN	Rajasthan Rajya Vidyut Prasaran Nigam Limited
SLDC	State Load Dispatch Centre
WDV	Written Down Value
ULDC	Unified Load Despatch Centre
LTOA	Long Term Open Access
AVVNL	Ajmer Vidyut Vitran Nigam Ltd
JVVNL	Jaipur Vidyut Vitran Nigam Limited
JdVVNL	Jodhpur Vidyut Vitran Nigam Limited
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
TSA	Transmission Service Agreement
TSPCC	Transmission System Planning & Coordination Committee
PLF	Plant Load Factor

Annexure-3

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

Sl. No.	Sl.No.of Annex-II of Tariff Order FY 2014-15	Commission's Observations/ Directions	Further Action Taken by RVPN	Commission's Observations/ Directions
1	2	The Commission has taken note of the Petitioner's submission and directs the Petitioner to expedite submission of the complete Fixed Asset Register in physical form.	The accounting unit wise fixed Asset register for FY 2012-13 was submitted in soft copy. Hard copy in physical form has now been submitted on 10th December, 2014.	The Commission has taken note of the Petitioner's submission.
2	3	The Commission again directs the Petitioner to expedite the outstanding recovery and submit the status to the Commission.	Government of Rajasthan has already agreed to liquidate receivable in four equal instalments. The first instalment is still awaited. The matter to liquidate the outstanding amount is under persuasion with AVVNL.	The Commission has taken note of the Petitioner's submission
3	4	The Commission again directs the Petitioner to expedite the finalization of TSA with the Discoms and Long Term Open Access Consumers	The TSA with DISCOMs is almost in final stage except one or two issues, which are under discussion with DISCOMs for mutual acceptance. TSA with two LTOA consumers has already signed and with NVVNL is under finalization.	The Commission has taken note of the Petitioner's submission and further, directs the Petitioner to expedite the finalization of TSA with the Discoms and Long Term Open Access Customers .
4	7	The Commission again directs the	The tender for ABT & TOD meters is under	The Commission has taken note of the Petitioner's

Sl. No.	Sl.No.of Annex-II of Tariff Order FY 2014-15	Commission's Observations/ Directions	Further Action Taken by RVPN	Commission's Observations/ Directions
		Petitioner to expedite the entire exercise of allocation of UI charges to the open access consumers	finalization and it is expected that the work of installation shall be operative from July, 2015.	submission
Para No. of Directives issued in Tariff Order for FY 2014-15				
1	199 & 230	RVPN is once again directed to segregate the accounts for the Transmission function, SLDC and Partnership function while submitting true up petition for FY 13-14 & ARR for FY 15-16 without fail.	The accounts for all the three functions has been separated in the balance sheet of 2013-14 and given at page number – 37. The details will be submitted with Truing up Petition.	RVPN has submitted the separate Audited Accounts for SLDC function and segregated statement for all the three functions in the consolidated Audited Accounts of RVPN. The Commission is of the view that the submissions made by RVPN are in order for the purpose of ARR and tariff determination for Transmission function and SLDC charges.
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 petition in future a	The matter is under reconciliation with the trust. RVPN has however made timely payments for pension and gratuity to the trust @ 12% and 4.17% respectively, besides transferring funds on account of additional contribution for pension and gratuity as approved by RERC. Transferring such a huge amount to the trust in such a short span of time is not	RVPN should submit the compliance report after transferring funds.

Sl. No.	Sl.No.of Annex-II of Tariff Order FY 2014-15	Commission's Observations/ Directions	Further Action Taken by RVPN	Commission's Observations/ Directions
		certificate indicating the amount remitted to pension and gratuity trusts be attached with the petition.	feasible for RVPN as cash flow will be disturbed. Moreover, RVPN shall be transferring such funds by taking loans sanction of which would take time. It is, therefore, requested to kindly extend the time frame for six months for transferring funds to the trust.	
3	357	RVPN is directed to submit the status of filing tariff petition in CERC by the competent authority for partnership projects in their petition for FY 2015-16	RVPN submitted that CERC vide Suo-motu petition no. 181/2011 issued an order dated 15.09.2011 directing BBMB to file an application before CERC for approval of tariff of its generating stations and transmission system, in accordance with CERC (Terms and condition of Tariff) Regulation, 2009 for the period 2009-14. BBMB along with partner states filed an appeal against the said order before APTEL challenging the jurisdiction of CERC over BBMB. APTEL vide its Order dated 14.12.2012 dismissed the appeal filed by BBMB and upheld the jurisdiction of CERC over BBMB affairs under EA 2003. Thereafter, BBMB filed a second appeal	The Commission has taken note of the Petitioner's submission. As regards the petitioner's request regarding expenditure being made by RVPN in RPS & JS Power Station (Partnership Projects with Madhya Pradesh) the Commission has clarified at para 357 of tariff order dated 9.10.2014 that CERC is the competent authority to regulate and determine the tariff of the generating stations of Partnership Projects.

Sl. No.	Sl.No.of Annex-II of Tariff Order FY 2014-15	Commission's Observations/ Directions	Further Action Taken by RVPN	Commission's Observations/ Directions
			<p>(1352/2013) along with stay application on the operation of APTEL's Judgment jointly with partner states before Hon'ble Supreme Court on 11.02.2013. However stay was not granted by Hon'ble Supreme Court and matter is pending before the court. Meanwhile BBMB has filed a tariff application before CERC based on actual O&M expenses of its Generating Stations & Transmission system on dated 23.08.2013, on which decision is pending.</p> <p>Chambal-Satpura Complex: This is a shared project between the State of Rajasthan and Madhya Pradesh consisting of Gandhi Sagar, R.P Sagar(RP),Jawahar Sagar(JS) and Satpura-I(now de-commissioned). RVPN has been given the responsibility of managing RPS and JS under the transfer scheme 2001, which in turn have given the responsibility to RVUN for O&M these projects.</p>	

Sl. No.	Sl.No.of Annex-II of Tariff Order FY 2014-15	Commission's Observations/ Directions	Further Action Taken by RVPN	Commission's Observations/ Directions
			<p>Gandhi Sagar which is located in MP is managed by MPGENCO. The approval of expenditure being made by MP on Gandhi Sagar is being taken into account in the ARR filed by MPGENCO before MPERC. The latest order was passed by MPERC on 1.04.2013 for the control period 2013-14 to 2015-16. The Commission may impart suitable directions in this regard regarding approval of expenditure being made by RVPN on RPS and JS.</p>	
4	359	<p>The Commission therefore directs RVPN that with the next true up petition, RVPN should clearly indicate the status of final disposal of burnt transformers i.e. whether it is declared obsolete or put to use after repair and its final accounting in the books.</p>	<p>RVPN will submit the details with Truing Up Petition.</p>	<p>RVPN has submitted that at the time of discard 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. The discarded items of plant and machinery are being regularly de capitalized. During the year 2013-14, the total value of discarded items under plant and machinery which includes not only transformers but all the items like circuit breakers,</p>

Sl. No.	Sl.No.of Annex-II of Tariff Order FY 2014-15	Commission's Observations/ Directions	Further Action Taken by RVPN	Commission's Observations/ Directions
				batteries, battery chargers, CVTs etc. worth gross value Rs. 153, 76, 361 have been capitalized. RVPN has also submitted the list of such items.