# Order

## on

## True up for FY 2018-19,

## Annual Performance Review for FY 2019-20

## &

## ARR for FY 2020-21

## For

## Power Transmission Corporation of Uttarakhand Ltd.

**April 18, 2020**

**Uttarakhand Electricity Regulatory Commission**

**Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra**

**Dehradun – 248171**

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# UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

**Petition No.: 49 of 2019**

**In the Matter of:**

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True up for FY 2018-19, Annual Performance Review for FY 2019-20 and Revised Aggregate Revenue Requirement for FY 2020-21.

**AND**

**In the Matter of:**

Power Transmission Corporation of Uttarakhand Ltd.
Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT,
Dehradun-248001, Uttarakhand

……...Petitioner

**Coram**

**Shri D.P. Gairola Member (Law)**
**Shri M.K. Jain Member (Technical)**

**Date of Order: April 18, 2020**

Section 64(1) read with Section 61 and 62 of the Electricity Act, 2003 (hereinafter referred to as "the Act") requires the Generating Companies and the Licensees to file an application for determination of tariff before the Appropriate Commission in such manner and along with such fee as may be specified by the Appropriate Commission through Regulations.

In accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred to as "UERC Tariff Regulations, 2011") for the first Control Period from FY 2013-14 to FY 2015-16 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Multi Year Tariff

(MYT) Order dated May 6, 2013 for the first Control Period from FY 2013-14 to FY 2015-16. In accordance with the provisions of the UERC Tariff Regulations, 2011, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Tariff Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as "UERC Tariff Regulations, 2015") for the second Control Period from FY 2016-17 to FY 2018-19 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order on approval of Business Plan and Multi Year Tariff dated April 5, 2016 for the second Control Period from FY 2016-17 to FY 2018-19. In accordance with the provisions of the UERC Tariff Regulations, 2015, the Commission had carried out the Annual Performance Review for FY 2016-17, FY 2017-18 and FY 2018-19 vide its Tariff Orders dated March 29, 2017, March 21, 2018 and February 27, 2019.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018 (hereinafter referred to as "UERC Tariff Regulations, 2018") for the third Control Period from FY 2019-20 to FY 2021-22 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order on approval of Business Plan of PTCUL for the third Control period from FY 2019-20 to FY 2021-22. In the same Order the Commission had also approved the Multi Year Tariff for the third Control Period from FY 2019-20 to FY 2021-22.

In compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of UERC Tariff Regulations, 2018, Power Transmission Corporation of Uttarakhand Limited (hereinafter referred to as "PTCUL" or" Licensee" or "Petitioner") filed Application (Petition No. 49 of 2019 and hereinafter referred to as "Petition") for approval of True-up for FY 2018-19, Annual Performance Review (APR) for FY 2019-20 and Revised Aggregate Requirement (ARR)/Tariff for FY 2020-21.

The Petition filed by PTCUL had certain infirmities/deficiencies which were informed to PTCUL vide Commission's letter no. UERC/7/CL/401/Misc. App. No. 49 of 2018/1313 dated

December 9, 2019 and PTCUL was directed to rectify the said infirmities in the Petition and submit certain additional information necessary for admission of the Petition. PTCUL vide its letter no. 3184/Dir. (Projects)/PTCUL dated December 17, 2019 removed the critical deficiencies. Based on the submissions made by PTCUL, the Commission vide its Order dated December 20, 2019 provisionally admitted the Petition for further processing subject to the condition that PTCUL shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to the APR Petition filed by PTCUL for true up for FY 2018-19, APR for FY 2019-20 and revised ARR for FY 2020-21 and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings and the relevant findings contained in the APR Order dated March 21, 2018 and the MYT Order dated February 27, 2019.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission to elaborate in detail the procedure and to explain the underlying principles in determination of tariffs. Accordingly, in the present Order also, in line with past practices, the Commission has tried to elaborate the procedure and principles followed by it in determining the ARR of the licensee. The Annual Transmission Charges of PTCUL are recoverable from the beneficiary(ies). It has been the endeavour of the Commission in past also, to issue Tariff Orders for PTCUL concurrently with the issue of Order on retail tariffs for Uttarakhand Power Corporation Limited (UPCL), so that UPCL is able to honour the payment liability towards transmission charges of PTCUL. For the sake of convenience and clarity, this Order has further been divided into following Chapters:

Chapter 1 – Background and Procedural History.

Chapter 2 – Stakeholders' Objections/Suggestions, Petitioner's Responses and Commission's Views.

Chapter 3 – Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2018-19.

Chapter 4 – Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2019-20 and Revised ARR for FY 2020-21.

Chapter 5 – Commission's Directives.

# 1 Background and Procedural History

In accordance with the provisions of the Uttar Pradesh Reorganization Act 2000 (Act 29 of 2000), enacted by the Parliament of India on August 25, 2000, the State of Uttaranchal came into existence on November 9, 2000. Section 63(4) of the above Reorganization Act allowed the Government of Uttaranchal (hereinafter referred to as "GoU" or "State Government") to constitute a State Power Corporation at any time after the creation of the State. GoU, accordingly, established the Uttaranchal Power Corporation Limited (UPCL) under the Companies Act, 1956, on February 12, 2001 and entrusted it with the business of transmission and distribution in the State. Subsequently, from April 1, 2001, all works pertaining to the transmission, distribution and retail supply of electricity in the area of Uttaranchal were transferred from Uttar Pradesh Power Corporation Limited (UPPCL) to UPCL, in accordance with the Memorandum of Understanding dated March 13, 2001, signed between the Governments of Uttaranchal and Uttar Pradesh.

Meanwhile, the Electricity Act, 2003 was enacted by the Parliament of India on June 10, 2003, which mandated separate licenses for transmission and distribution activities. In exercise of powers conferred under sub-section 4 of Section 131 of the Act, the GoU, therefore, through transfer scheme dated May 31, 2004, first vested all the interests, rights and liabilities related to Power Transmission and Load Despatch of "Uttaranchal Power Corporation Limited" into itself and, thereafter, re-vested them into a new company, i.e. "Power Transmission Corporation of Uttaranchal Limited", now renamed as "Power Transmission Corporation of Uttarakhand Limited" after change of name of the State. The State Government, further vide another notification dated May 31, 2004 declared Power Transmission Corporation of Uttarakhand as the State Transmission Utility (STU) responsible for undertaking, amongst others, the following main functions:

a) To undertake transmission of electricity through intra-State transmission system.

b) To discharge all functions of planning and co-ordination relating to intra-State transmission system.

c) To ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines.

d) To provide open access.

A new company in the State was, thus, created to look after the functions of intra-State

Transmission and Load Despatch, on May 31, 2004. In view of re-structuring of functions of UPCL and creation of a separate company for looking after the transmission related works, the Commission amended the earlier 'Transmission and Bulk Supply License' granted to 'Uttarakhand Power Corporation Limited' and transmission license was given to PTCUL for carrying out transmission related works in the State vide Commission's Order dated June 9, 2004.

The Commission vide its Order dated May 6, 2013 approved the Business Plan and Multi Year Tariff for PTCUL for the first Control Period from FY 2013-14 to FY 2015-16. Further, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

In exercise of powers conferred to it under Section 61 of the Act and all other powers enabling it in this behalf, the Commission notified the UERC Tariff Regulations, 2015 on September 10, 2015. These Regulations superseded the UERC Tariff Regulations, 2011.

The Commission vide its Order dated April 5, 2016 approved the Business Plan and Multi Year Tariff for PTCUL for the second Control Period from FY 2016-17 to FY 2018-19. Further, the Commission had carried out the Annual Performance Review for FY 2016-17 and FY 2017-18 vide its Orders dated March 29, 2017 and March 21, 2018 respectively.

In exercise of powers conferred to it under Section 61 of the Act and all other powers enabling it in this behalf, the Commission notified the UERC Tariff Regulations, 2018 on September 14, 2018. These Regulations superseded the UERC Tariff Regulations, 2015.

The Commission vide its Order dated February 27, 2019 approved the Business Plan and Multi Year Tariff for PTCUL for the third Control Period from FY 2019-20 to FY 2021-22.

In compliance with the Regulations, PTCUL filed its Petition for Annual Performance Review for FY 2019-20 on November 29, 2019. Through the above Petition, PTCUL sought true up for FY 2018-19, review of ARR for FY 2019-20 and Revised Aggregate Revenue Requirement for FY 2020-21 based on the audited accounts for FY 2018-19. The above Petition was provisionally admitted by the Commission vide its Order dated December 20, 2019. The Commission, through its above Admittance Order dated December 20, 2019, to provide transparency to the process of tariff determination and give all stakeholders an opportunity to submit their objections/suggestions/ comments on the proposals of the Transmission Licensee, also directed PTCUL to publish the salient points of its proposals in the leading newspapers. The salient features of the proposals were published by the Petitioner in the following newspapers:

**Table 1.1: Publication of Notice**

| S. No. | Newspaper Name | Date of Publication |
|---|---|---|
| 1 | Hindustan Times | December 25, 2019 |
| 2 | Times of India | December 25, 2019 |
| 3 | Amar Ujala | December 25, 2019 |
| 4 | Dainik Jagran | December 25, 2019 |

Through above notice, stakeholders were requested to submit their objections/suggestions /comments latest by January 31, 2020 (copy of the notice is enclosed as **Annexure 1**). The Commission received in all 5 objections/suggestions/comments in writing on the Petition filed by PTCUL. The list of stakeholders who have submitted their objections/suggestions/comments in writing is enclosed as **Annexure-2**.

Further, for direct interaction with all the stakeholders and public at large, the Commission also held public hearings on the proposals filed by the Petitioner at the following places in the State of Uttarakhand.

**Table 1.2: Schedule of Hearing**

| S. No | Place | Date |
|---|---|---|
| 1 | Champawat | February 26, 2020 |
| 2 | Rudrapur | February 28, 2020 |
| 3 | Uttarkashi | March 4, 2020 |
| 4 | Dehradun | March 6, 2020 |

The list of participants who attended the Public Hearing is enclosed at **Annexure-3.**

The Commission also sent the copies of salient features of tariff proposals to Members of the State Advisory Committee and the State Government. The salient features of the Petition submitted by PTCUL were also made available on the website of the Commission, i.e. www.uerc.gov.in. The Commission also held a meeting with the Members of the Advisory Committee on March 16, 2020, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petition filed by PTCUL.

The objections/suggestions/comments, as received from the stakeholders through mail/ post as well as during the course of public hearing were sent to the Petitioner for its response. All the issues raised by the stakeholders and the Petitioner's response thereon are detailed in Chapter 2 of this Order. In this context, it is also to underline that while finalizing this Order, the Commission has, as far as possible, tried to address the issues raised by the stakeholders.

Meanwhile, based on the scrutiny of the Petition filed by PTCUL, the Commission vide its letter no. UERC/7/CL/401/Misc. App. No. 49 of 2019/1313 dated December 09, 2019 pointed out certain data gaps in the Petition and sought following additional information/ clarifications from the Petitioner:

- Details of cost overrun and time overrun along with the justification for the same for the actual capitalisation in FY 2018-19.
- Physical and financial progress of the works proposed to be capitalised during the period October, 2019 to March, 2020.
- Form 9.5 and Form 9.6 for all the projects capitalised in FY 2018-19 and FY 2019-20 (till date).
- Statement of Additional Capitalisation after CoD, De-Capitalisation, Depreciation, Capital Expenditure, Outstanding Loans and schedule of completion of New Schemes.
- Details of Interest on Working Capital, Interest on Loan and Finance Charge.
- Reconciliation of figures in case of discrepancies.
- Progress of Recruitment.

So as to have better clarity on the data filed by the Petitioner and to remove inconsistency in the data, a Technical Validation Session (TVS) was also held with the Petitioner's Officers on January 28, 2020, for further deliberations on certain issues related to the Petition filed by PTCUL. Minutes of above TVS were sent to the Petitioner vide Commission's letter no. UERC/7/CL/401/ Petition No. 49 of 2019/1525 dated January 29, 2020, for its response.

The Petitioner submitted the replies to data gaps vide its various letter dated December 27, 2019, January 17, 2020, February 5, 2020, February 19, 2020, February 28, 2020, March 12, 2020 and March 19, 2020. The submissions made by PTCUL in the Petition as well as additional submissions have been discussed by the Commission at appropriate places in the Tariff Order along with the Commission's views on the same.

# 2 Stakeholder's Objections/Suggestions, Petitioner's Responses and Commission's Views

The Commission has received suggestions/objections/comments on PTCUL's Petition for approval of true up for FY 2018-19, Annual Performance Review for FY 2019-20 and Aggregate Revenue Requirement for FY 2020-21. List of stakeholders who have submitted their objections/suggestions/comments in writing is given at **Annexure-2** and the list of Respondents who have participated in the Public Hearings is enclosed at **Annexure-3**. The Commission has further obtained replies from PTCUL on the suggestions/objections/comments received from the stakeholders. For the sake of clarity, the objections raised by the stakeholders and responses of the Petitioner have been consolidated and summarized issue wise. In the subsequent Chapters of this Order, the Commission has kept in view the suggestions/objections/comments of the stakeholders and replies of the Petitioner while deciding the ARR for PTCUL.

## 2.1 Overall Tariff Hike

### *2.1.1 Stakeholder's Comments*

Shri Shakeel A Siddiqui of M/s Kashi Vishwanath Textile Mill (P) Ltd. and Shri Munish Talwar of M/s Asahi India Glass Ltd. have submitted that the Tariff hike proposed by the Petitioner is exorbitant and unjustified.

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Petitioner has been escalating the projected expenses to get the same approved as much as they can from the Commission which is not expected from a public utility.

### *2.1.2 Petitioner's Response*

The Petitioner submitted that the expenses have been projected in adherence to the methodology specified in the Tariff Regulations. The projections are based on the actual expenses incurred in the past which are audited by statutory auditors and prudent estimates of expected expenses in the future. The Petitioner always submits a realistic estimate for the consideration of the Commission. The Petitioner requested the Commission to allow the projections based on the justifications provided.

### 2.1.3 *Commission's Views*

The Commission has carried out the detailed analysis of all the actual expenses while carrying out truing up of expenses for FY 2018-19 as elaborated in Chapter 3 of this Order. Further, the Commission has worked out the sharing of gains and losses for FY 2018-19 in accordance with the provisions of the UERC Tariff Regulations, 2015 while carrying out the truing up of expenses and revenues for FY 2018-19. The Commission has carried out detailed analysis of all the expenses while approving the Annual Transmission Charges for FY 2020-21 as elaborated in Chapter 4 of this Order.

## 2.2 Capitalization

### 2.2.1 *Stakeholder's Comments*

Shri T.A.N. Reddy of Electric Power Transmission Association submitted that Right of Way (RoW) is the major hindrance towards completion of projects on time and the Commission may emphasize on the importance of completion of projects in a timely manner.

### 2.2.2 *Petitioner's Response*

The Petitioner submitted that projects have been delayed in the past due to issues like Right of Way, forest clearances, floods, landslides etc., which are beyond the control. Therefore, the disallowance of the Project cost on account of delay due to uncontrollable factors will cause financial crisis and would not be beneficial for the Petitioner as well as for the consumers of the State.

The Petitioner further submitted that the project gestation period is higher in Uttarakhand due to hilly terrain and above issues, which also results in higher costs for new projects.

### 2.2.3 *Commission's Views*

The Commission while carrying out the truing up for FY 2018-19 as discussed in Chapter 3 of this Order has carried out detailed analysis of time over-run and cost over-run of the projects completed during the year. The Commission has allowed the increase in Capital Cost only for the projects, in which the cost and/or time over run is due to uncontrollable factors.

## 2.3 Competitive Bidding

### *2.3.1 Stakeholder's Comments*

Shri T.A.N. Reddy of Electric Power Transmission Association submitted that the Commission and the State Transmission Utility has to consider developing a significant portion of the State's transmission investment plan under the competitive route to ensure cost and tariff efficiencies. The stakeholder further submitted that the competition introduces new technologies & innovation and ensures timely completion of projects.

The stakeholder further requested the Commission to notify a threshold limit for projects that may be developed under Tariff Based Competitive Bidding (TBCB) route as envisaged in the Tariff Policy.

### *2.3.2 Petitioner's Response*

The Petitioner submitted that it has no comments in the matter of TBCB.

### *2.3.3 Commission's Views*

The Commission has taken note of the suggestion and will take up the matter of specifying a threshold limit for projects to be developed under TBCB route through separate process.

## 2.4 Transmission Planning

### *2.4.1 Stakeholder's Comments*

Shri T.A.N. Reddy of Electric Power Transmission Association submitted that transmission schemes pertaining to Construction, Augmentation and R&M of Sub-Stations, line bays, transformer bays, transmission line, reconductoring etc. must have a comprehensive independent scheme with individual benefits of the scheme. Further, the stakeholder submitted that the composite scheme comprising of complete scope at both the interconnection points including upstream/downstream elements and their associated bays would lead to better assessment of project requirement, timeline and utilization once commissioned.

Shri Vijay Singh Verma submitted that the power situation in Roorkee, Laksar and Landhora is still grim as transmission at 220 kV, 132 kV level network is still over loaded and corrective action for the same has not been taken till date.

The stakeholder further submitted that the Transmission licensee should develop its network as per load growth for at least upcoming five years.

### *2.4.2 Petitioner's Response*

The Petitioner submitted that the system expansion plan has been done on the basis of the system existing capacity, loading and future demand projections and most of the system is already in place and augmentation is required for capacity enhancement. Further, the Petitioner submitted that the scheme for new system which has to be designed and developed in phased manner was envisaged considering the coordinated planning.

With regard to over loading, the Petitioner submitted that 132 kV Roorkee-Laksar line and 132 kV Roorkee-Manglore line has already been replaced with high current carrying HTLS conductor to avoid the overloading and currently there is no overloading on these lines for catering of load. Further, Contract Agreement for augmentation of 132/33 kV S/S Laksar by installation of additional 01 No. 40 MVA T/F (132/33 kV) has already been executed and will be completed at the earliest and tender for replacement of existing 40 MVA T/F at 132 kV S/S Manglore by installation of 80 MVA T/F 132/33 kV has already been floated and will be finalized at the earliest.

The Petitioner submitted that the Intra-State Transmission Projects are being taken up as per load growth/load requirement of UPCL and evacuation of power from proposed Generators of Uttarakhand. Transmission Planning of new Sub-station and associated lines has been done as per projected load growth for next 5 years based on the information provided by UPCL.

### *2.4.3 Commission's Views*

The Commission has taken note of the stakeholders' suggestions and the Petitioner's response. The Commission is of the view that PTCUL as a State Transmission Utility should carry out proper transmission planning and execute the schemes as per Transmission Plan without any delay.

## 2.5 Losses

### *2.5.1 Stakeholder's Comments*

Shri Vijay Singh Verma submitted that the losses indicated by the Petitioner in its Petition are on the lower-side in comparison to actual field conditions and the same must be analyzed.

#### 2.5.2 *Petitioner's Response*

The Petitioner submitted that the overall transmission loss of PTCUL was 1.50% in FY 2016-17, 1.39% in FY 2017-18, 1.27% in FY 2018-19. In current Financial Year, losses of various months are in the range of 0.9% to 1.6%. The Petitioner further submitted that losses are due to technical reasons and cannot be predicted precisely as it depends on various unpredictable factors of active and reactive power flow conditions and as per current trend, the transmission losses will remain in the range of 0.9% to 1.6%.

#### 2.5.3 *Commission's Views*

The Commission while carrying out the truing up for FY 2018-19 has considered the actual transmission losses after prudence check as submitted by PTCUL.

### 2.6 Submission of Information

#### 2.6.1 *Stakeholder's Comments*

Shri T.A.N. Reddy of Electric Power Transmission Association submitted that the quality of the scanned documents on the website should be improved and the Petition along with associated annexures should be uploaded on the Commission's as well as PTCUL's website for analyzing the Petition in detail for the submission of comments.

#### 2.6.2 *Petitioner's Response*

The Petitioner submitted that it is making best effort to provide legible documents in its website. Further, the Petitioner assures that better and clean quality scanned documents shall be provided in the future.

#### 2.6.3 *Commission's Views*

The Commission follows the practice of uploading the scanned copy of the Petition along with the admittance Order on the Commission's website for comments/suggestions.

**The Commission directs PTCUL to upload the legible copies of entire Petition including supporting documents in the form of Annexures for information of the stakeholders from the next Tariff proceedings on its website.**

## 2.7 Others

### *2.7.1 Stakeholder's Comments*

Shri Sunil Gupta of Teesri Ankh ka Tehalka submitted that capital projects are being completed at twice/thrice the cost of DPR. Further, the Crores of Rupees are unnecessarily being spent on arbitrations which are ultimately realised from the stakeholders and not from the concerned officers of PTCUL. Furthermore, instead of using own vehicles or pooling of vehicles, the officers posted at headquarter are using expensive private taxis. Notwithstanding, 220 kV Jhajara S/S constructed to cater supply to Selaqui area being underutilised, a new Sub-station has been proposed in the Selaqui area leading to wastage of financial resources.

### *2.7.2 Commission's Views*

On the issues raised by the stakeholder, no comments have been received by the Commission till the date of issue of this Order. **In the matter, the Commission directs the Petitioner to submit its comments on the issues raised by Shri Sunil Gupta of Teesri Ankh ka Tehalka within one month of date of issue of this Order.**

## 2.8 Issues Raised During Meeting of State Advisory Committee

### *2.8.1 Stakeholder's Comments*

During the Advisory Committee meeting held on March 16, 2020, the Members made the following suggestions on the Petition filed by PTCUL for approval of True up for FY 2018-19, Annual Performance Review for FY 2019-20 and Aggregate Revenue Requirement for FY 2020-21:

- PTCUL has again claimed Return on Equity on PDF amount, though this is a settled issue as per the Commission's past Orders and is sub-judice at Hon'ble APTEL. As no stay has been granted by Hon'ble APTEL on Commission's Order, RoE on PDF amount should not be allowed.
- The capital expenditure and capitalisation proposed by PTCUL for FY 2019-20 and FY 2020-21 is on a higher side considering the past performance. They requested the Commission to take an appropriate view while approving the capital expenditure plan.

- PTCUL projects are generally delayed and hence, appropriate monitoring mechanism for monitoring the progress of the projects needs to be developed. Further, PTCUL is generally over-estimating the capital expenditure at the time of preparation of DPR and this needs to be avoided by preparing estimates on realistic basis.
- There is a need for reviewing the existing organizational structure of PTCUL.

### 2.8.2 Petitioner's Response

The Petitioner submitted the following replies on the queries raised:

- The RoE on PDF is considered as the issue is pending in Hon'ble APTEL.
- PTCUL informed about the current status of various projects and submitted that works of 2 number of 132 kV lines has been completed recently.

### 2.8.3 Commission's Views

The issues raised by the Members of the Advisory Committee have been taken into consideration while deciding on the Petitioner's claims in the Petition filed for approval of true up of FY 2018-19, APR for FY 2019-20 and revised ARR for FY 2020-21 as detailed in subsequent Chapters of this Order.

# 3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Final Truing up for FY 2018-19

## 3.1 Annual Performance Review

The Commission vide its MYT Order dated April 5, 2016 on approval of Business Plan and MYT for the second Control Period from FY 2016-17 to FY 2018-19, approved the ARR for the Control Period based on the audited accounts available till FY 2014-15. Regulation 12(1) of the UERC Tariff Regulations, 2015, stipulates that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review. The Commission vide its Tariff Order dated March 21, 2018 on approval of APR Petition for FY 2017-18 approved the revised ARR for FY 2018-19 considering the capitalisation approved by it till FY 2016-17 based on the audited accounts for FY 2016-17.

The Petitioner, in this Petition, has claimed final true up for FY 2018-19 based on the audited accounts. The Petitioner, based on the final true up for FY 2018-19, has also proposed a revenue surplus on account of truing up to be adjusted in FY 2020-21. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2015, the Commission has carried out the final true up for FY 2018-19 based on the audited accounts for FY 2018-19. The approach adopted by the Commission in the approval of true up for FY 2018-19 is elaborated in the subsequent paragraphs.

## 3.2 Value of opening assets

The Commission had discussed in detail its approach towards fixing of opening capital cost of PTCUL as on June 1, 2004 in its Tariff Order dated October 21, 2009. In the said Order, in respect of delay in finalization of the Transfer Scheme, it had been observed by the Commission that:

> *"The reason for this disinterest seems to be the caveat being put every year in the ARR and Tariff Petitions of UPCL and PTCUL that financial impact of finalization of transfer scheme should be allowed by the Commission as and when it takes place."*

It had been further elaborated by the Commission in the above Order that it would be very difficult to capture and pass on the entire financial impact due to change in the values of opening assets and liabilities on finalization of transfer scheme in a single tariff year. After highlighting the consequence of non-finalization of the Transfer Scheme, the Commission had also directed PTCUL as follows:

> *"The Petitioner is, therefore, directed to approach the State Government for early finalization of the transfer scheme and to provide them all necessary details/assistance in this regard. The Petitioner is directed to submit a report on steps taken by it and the status of transfer scheme within 3 months of the issuance of this tariff order."*

The Commission in its Tariff Order dated April 6, 2010 had observed that no concrete steps were taken by PTCUL and had directed the Petitioner as under:

> *"The Commission accordingly directs PTCUL, one more time, to get the Transfer Scheme finalized within the ensuing financial year. The Commission would further like to warn PTCUL that sufficient time has already elapsed and if they do not make sincere efforts now they may eventually lose any past claims due to redetermination of GFA in future."*

The Commission in its Tariff Order dated April 4, 2012 had further directed the Petitioner as under:

> *"As the Transfer Scheme has not been finalized so far, the Commission is constrained to adopt the same value for opening Gross Fixed Assets as already approved by it in the previous Tariff Orders.* ***The Commission further, directs PTCUL to make sincere and all out efforts for getting the Transfer Scheme finalized within the ensuing financial year****."*

The Petitioner in its Petition for approval of Business Plan and MYT for the first Control Period from FY 2013-14 to FY 2015-16, submitted that Govt. of Uttarakhand vide its Order No. 117/(I)(2)/2011-05/19/2002 dated April 27, 2012 had approved the value of GFA of Rs. 1058.18 Crore taken by UPCL in its accounts as on November 9, 2001. PTCUL submitted that it had, accordingly, considered the opening value of assets of Rs. 263.39 Crore as assigned to it in the Transfer Scheme. The Commission held that the said communication could not be accepted as finalization of the Transfer Scheme as it was only a letter to UPCL from Government of Uttarakhand and not a proper notification on finalization of Transfer Scheme. Subsequently, the Commission vide its Tariff Orders dated May 6, 2013, April 10, 2014, April 11, 2015, April 5, 2016 and March 29, 2017 directed the Petitioner to expedite the finalization of Transfer Scheme, to which the Petitioner did not comply.

The Commission vide its Tariff Order for FY 2019-20 dated February 27, 2019 directed the Petitioner to get the Transfer Scheme finalized and to submit the same to the Commission along with its Petition for Annual Performance Review for FY 2019-20. The Petitioner in the instant Petition submitted that various meetings and correspondence have been made between UPCL and PTCUL regarding finalization of Transfer Scheme. A Draft policy has also been submitted to UPCL for finalization. UPCL has informed that the Transfer scheme between UPCL and PTCUL shall be finalized only after the finalization of Transfer Scheme between UPPCL and UPCL.

The Commission expresses its extreme displeasure in the lackadaisical approach of the Petitioner in not acting responsibly in finalising the value of transferred assets from UPCL. **In this regard, the Commission holds that any consequential impact due to finalization of transfer scheme will be allowed without any carrying cost on the same as the delay is on the part of the Petitioner.**

The Commission has considered the scheme wise closing GFA for FY 2017-18 as approved in its MYT Order dated February 27, 2019 for the final truing up by the Commission as the opening GFA for FY 2018-19.

## 3.3 Additional capitalisation for FY 2018-19

The GFA addition in FY 2018-19 as per the audited accounts is Rs. 162.16 Crore out of the same, the GFA addition pertaining to UITP projects, which are not regulated by the Commission, is Rs. 20.90 Crore. The GFA addition pertaining to the transmission business regulated by the Commission is Rs. 141.26 Crore. PTCUL has claimed the GFA addition of Rs. 141.26 Crore for truing up of FY 2018-19. In addition, PTCUL has claimed GFA addition of Rs. 66.09 Crore which was disallowed by the Commission in the truing up of FY 2016-17.

The Commission has approved the scheme wise capitalisation for FY 2018-19. While approving the same, for first time capitalisation, the Commission has considered the allowable cost considering the delay in completion of the project, reasons for delay, cost overrun & reasons for cost overrun. Regarding the increase in project cost due to time overrun, Hon'ble ATE in its Judgment in Appeal No. 72 of 2010 clearly stipulated the treatment of extra IDC on account of delay under three cases, (i) due to factors entirely attributable to the Petitioner, (ii) due to factors beyond the control of the Petitioner, and (iii) situation not covered by (i) & (ii). The Commission for working out the excess IDC for the period of delay has first computed the Base Case IDC for the scenario if the project would have been completed on time as follows:

- IDC corresponding to Hard Cost as approved by the Commission = (actual IDC ÷ actual Hard Cost) x approved Hard Cost.
- Base case IDC = IDC corresponding to Hard Cost approved x (Scheduled completion period ÷ actual completion period).

After detailed analysis of the reasons submitted by PTCUL for time overrun, the Commission is of the view that for some of the projects, the reasons for delay are solely attributable to the Petitioner, while for some of the projects, the reasons for delay are beyond the control of the Petitioner and for some of the projects, the reasons are a mix of both. For the projects for which the reasons for delay are solely attributable to the Petitioner, the Commission has not allowed any excess IDC pertaining to time overrun. For the projects for which the reasons for delay are beyond the control of the Petitioner, the Commission has allowed the actual IDC and for the projects for which the reasons for delay are a mix of both, the Commission has allowed 50% of the excess IDC and disallowed the remaining 50% IDC. For additional capitalisation towards schemes capitalised in the previous years, the Commission has approved the additional capitalisation in accordance with Regulation 22 of the UERC Tariff Regulations, 2015 which is reproduced below:

*"22. **Additional capitalisation and De-capitalisation:***

*(1) The following capital expenditure within the original scope of work actually incurred or projected to be incurred after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

*a) Undischarged liabilities;*

*b) Works deferred for execution;*

*c) Procurement of initial capital spares within the original scope of work, subject to the provisions of Regulation 21(11);*

*d) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and*

*e) On account of change in law.*

*Provided that the details included in the original scope of work along with estimates of expenditure, deferred liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff.*

*(2) The capital expenditure of the following nature actually incurred after the cut-off date may be*

*admitted by the Commission, subject to prudence check:*

*a) Liabilities to meet award of arbitration or for compliance of the order or decree of acourt;*

*b) Change in Law;*

*c) Works deferred for execution within the original scope of work;*

*d) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;*

*e) Any additional capital expenditure which has become necessary for efficient operation of generating station or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;*

*..."*

Further, Regulation 2(19) of the UERC Tariff Regulations, 2015 defines cut-off date as under:

*"(19) "Cut-off Date" means 31st March of the year closing after two years of the year of commercial operation of the whole or part of the project, and in case the whole or part of the project is declared under commercial operation in the last quarter of a year, the cut-off date shall be 31st March of the year closing after three years of the year of commercial operation."*

In the subsequent paras, the Commission has discussed the scheme wise capitalisation for FY 2018-19 claimed by the Petitioner and approved by the Commission.

### 3.3.1 REC New Scheme (Also referred to as REC II Scheme)

The Petitioner claimed the capitalisation of Rs. 0.54 Crore in REC New Scheme for the project as shown in the Table below:

**Table 3.1: Capitalisation claimed for REC II Scheme in FY 2018-19 (Rs. Crore)**

| Project | Year of first-time capitalisation | Amount |
|---|---|---|
| OPGW Connectivity in PTCUL under Phase-II of ULDC Projects | FY 2018-19 | 0.54 |

#### *3.3.1.1 OPGW Connectivity in PTCUL under Phase-II of ULDC Projects*

The Commission vide its Investment Approval Order dated March 8, 2018 approved the project cost of Rs. 31.21 Crore for the project 'OPGW Connectivity in PTCUL under Phase-II of ULDC Projects'. In the final true-up of FY 2018-19, the Petitioner has claimed the capitalisation of Rs. 0.54 Crore only. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting of Rs. 31.21 Crore.

As the claimed capitalisation is lower than the ordering cost, and no IDC has been actually incurred, the Commission approves the capitalisation of Rs. 0.54 Crore towards 'OPGW Connectivity in PTCUL under Phase-II of ULDC Projects'.

The project-wise approved cost and the actual cost submitted by the Petitioner and the capitalisation approved by the Commission for truing up purpose is as shown in the Table given below:

**Table 3.2: Capitalisation approved for REC II Scheme in FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Total capitalisation approved by the Commission up to FY 2017-18 | Capitalisation claimed by PTCUL in FY 2018-19 | Capitalisation approved for FY 2018-19 | Total capitalisation approved till FY 2018-19 |
|---|---|---|---|---|---|---|
| OPGW Connectivity in PTCUL under Phase-II of ULDC Projects | 31.21 | FY 2018-19 | 0.00 | 0.54 | 0.54 | 0.54 |
| **Total** | **31.21** | | | **0.54** | **0.54** | **0.54** |

### 3.3.2 REC IV Scheme

The Petitioner has claimed the capitalisation of Rs. 0.13 Crore in REC IV Scheme for the project as shown in the Table below:

**Table 3.3: Capitalisation claimed for REC IV Scheme in FY 2018-19 (Rs. Crore)**

| Project | Year of first-time capitalisation | Amount |
|---|---|---|
| 220 kV S/s Dehradun | FY 2013-14 | 0.13 |
| **Total** | | **0.13** |

#### *3.3.2.1 220 kV S/s Dehradun*

The project '220 kV S/s Dehradun' was commissioned in FY 2013-14. The Petitioner has claimed the additional capitalisation of Rs. 0.13 Crore in FY 2018-19 on account of adjustment of final consumption of material. The additional capitalisation claimed by PTCUL is beyond the cut-off date. Regulation 22(2)(c) of the UERC Tariff Regulations, 2015 provides for additional capitalisation towards works deferred for execution and within the original scope of work, beyond the cut-off date. From the cost estimates submitted by PTCUL at the time of investment approval, the Commission finds that the capital expenditure towards consumption of material was included in the initial cost estimates. The Commission has already approved the capitalisation of Rs. 54.77 Crore upto FY 2017-18 for the said project. Considering the capitalisation claimed for FY 2018-19 i.e. Rs. 0.13 Crore, total capitalisation of Rs. 54.90 Crore for the scheme is within the total approved cost of Rs 85.73 Crore in Investment Approval. Hence, the Commission approves the additional capitalisation of Rs. 0.13 Crore towards '220 kV S/s Dehradun'.

The project-wise approved cost and the actual cost submitted by the Petitioner and the capitalisation approved by the Commission for truing up purpose is as shown in the Table given below:

**Table 3.4: Capitalisation approved for REC IV Scheme in FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Total capitalisation approved by the Commission up to FY 2017-18 | Capitalisation claimed by PTCUL in FY 2018-19 | Capitalisation approved for FY 2018-19 | Total capitalisation approved till FY 2018-19 |
|---|---|---|---|---|---|---|
| 220 kV S/s Dehradun | 85.73 | FY 2013-14 | 54.77 | 0.13 | 0.13 | 54.90 |
| **Total** | **85.73** | | | **0.13** | **0.13** | **54.90** |

### 3.3.3 REC VI

The Petitioner has claimed the capitalisation of Rs. 57.01 Crore in REC VI Scheme for the projects as shown in the Table below:

**Table 3.5: Capitalisation claimed for REC VI Scheme in FY 2018-19 (Rs. Crore)**

| Project | Year of first-time capitalisation | Amount |
|---|---|---|
| (2X25MVA) 220/33 kV Sub-station at Piran Kaliyar | FY 2018-19 | 46.01 |
| LILO of 220 kV S/C Roshnabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliyar | FY 2018-19 | 11.00 |
| **Total** | | **57.01** |

#### *3.3.3.1 (2X25MVA) 220/33 kV Sub-station at Piran Kaliyar*

The Commission had approved the project cost of Rs. 49.50 Crore for the project "(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar" vide its Investment Approval Order dated February 02, 2015. In the final True-up of FY 2018-19, the Petitioner has claimed the capitalisation of Rs. 46.01 Crore which includes an additional capitalisation of Rs. 12.50 Crore from CoD, i.e. September 23, 2018 to March 31, 2019. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works. The Petitioner submitted that there has been a delay in completion of work on account of reasons mentioned below:

- Delay of 2 year 5 months in Design and Engineering work of S/s by the firm;
- Delay of more than 2 years 7 months in civil work, i.e. earth filling, cable trench, internal road and control room by the firm;
- Delay due to extension of scope of work;
- Delay due to selection of suitable type of foundation;
- Delay due to unprecedented rain during monsoon.

The actual hard cost claimed by the Petitioner as on CoD is Rs. 30.81 Crore. Further, the Petitioner has claimed the additional capitalization of Rs. 12.50 Crore towards this scheme from CoD to March 31, 2019. As the total hard cost of Rs. 43.31 Crore including additional capitalization is within the cost approved by the Commission vide its Investment Approval Order, therefore, the Commission approves the same. Further, the Petitioner has claimed the actual IDC of Rs. 2.70 Crore. The actual completion period is 56 months as against the scheduled completion period of 12 months as per the submission of the Petitioner. In accordance with the principles approved in Para 3.3, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.57 Crore. Hence, the increase in IDC due to time overrun is Rs. 2.13 Crore. The delay is mainly because of delay by the firm in completion of the work and unprecedented rain during monsoon. The Commission is of the view that the delay by the firm is attributable to the Petitioner and as far as rain during monsoon is concerned, it is a natural phenomenon that happens every year, the Petitioner should have factored in all the weather related issues while deciding the scheduled completion period. Accordingly, the Commission finds that the reasons for delay are mainly attributable to PTCUL. Therefore, the Commission does not approve any increase in IDC on account of time overrun. Hence, the allowable IDC works out to Rs. 0.57 Crore. Accordingly, the Commission approves the total cost of Rs. 43.88 Crore including IDC of Rs. 0.57 Crore for '(2X25 MVA) 220/33 kV Sub-station at Piran Kaliyar'.

#### *3.3.3.2 LILO of 220 kV D/C Roorkee (PGCIL) Puhana-Roshnabad Line at 220 kV S/s Piran Kaliyar (Imlikhera)*

The Commission vide its Investment Approval Order dated April 28, 2015 had provided in-principle approval for the project and directed the Petitioner to submit complete executed cost on the completion of the project. In the final True-up of FY 2018-19, the Petitioner has claimed the capitalisation of Rs. 11.00 Crore which includes an additional capitalisation of Rs. 0.80 Crore from CoD, i.e. September 23, 2018 to March 31, 2019. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting to Rs. 5.92 Crore against the completed executed cost of Rs. 11.45 Crore. The reasons for the cost over-run submitted by the Petitioner are as provided below:

- In DPR, original estimate was made for 19 towers as per walk over Survey. As per walkover survey in DPR, length of line was 5.22 Km. After detailed survey length of line increased to 5.55 km and number of towers increased from 19 to 21.
- Initially no provision of Gantry was made. Later, after award of work the optimum three routes for the line were finalized in which there was minimum RoW. In the finalized route there was 400 kV line crossing, hence, the provision of gantry was made accordingly.
- In original DPR estimate, there was no provision of 90 KN disc. After detailed survey pilot fittings were proposed on towers where angle of deviation was higher to avoid swing of the jumpers.

To justify the reasons provided by the Petitioner for cost over-run, the Commission directed the Petitioner to submit the copy of amendment to contract placed for supply, erection, commissioning and civil works, if any. As directed by the Commission, the Petitioner submitted the contractual cost (Supply and Erection), i.e. Rs. 5.92 Crore for LILO of 220 kV D/C Roshnabad (Haridwar)-Puhana line at 220/33 kV Sub-station. The final executed cost for supply and erection work is Rs. 5.62 Crore, which is within the contractual limit of contract value as per LoA. The pile foundation work for location no. 19, 20 and 21 of LILO of 220 kV D/C Roshnabad (Haridwar)-Puhana line at 220/33 kV Sub-station Piran Kaliyar was awarded separately vide LoA No. 1083/SE(Civil)/PTCUL/D. Dun/T-1 dated 30.12.2016 amounting to Rs. 1.66 Crore. Hence, the total contractual cost of the said line (Supply and Erection) and three no. pile foundation (location no. 19, 20 and 21) is Rs. 7.58 Crore.

The Petitioner submitted that the increased scope of work is the only reason for cost as well as time overrun. The Commission analysed the reasons as submitted by the Petitioner. The Commission has gone through Form 9.5 submitted by the Petitioner for the said project. The Commission observed that in case of supply, the actual executed completion cost is Rs. 3.92 Crore against the contract value of Rs. 3.84 Crore. Further, completed executed cost for erection work and pile foundation was Rs. 1.70 Crore and Rs. 1.31 Crore respectively, against the ordering cost of Rs. 1.70 Crore for erection work and Rs. 1.66 Crore for pile foundation work. Accordingly, there is cost overrun in case of 'Supply' Contract.

The Commission observed that in some of the cases, the Petitioner has provided the reason for variations between estimated cost and the executed cost for supply, however, for some elements, the Petitioner has not provided any justification for increase in the supply cost. Accordingly, the Commission allows the increase in cost only where proper justification has been submitted by the Petitioner and not attributable to the Petitioner. Accordingly, the supply cost works out to Rs. 3.84 Crore after disallowing the cost overrun where no justification was submitted. Further, the Commission approves the executed completion cost pertaining to 'Erection' work and 'Pile foundation work' as the same is within the ordering cost. Accordingly, the Commission allows an amount of Rs. 1.70 Crore & Rs. 1.31 Crore against 'Erection' work & 'Pile foundation work', same as that submitted by the Petitioner.

Further, with regard to time overrun, the Commission observed that the actual completion period is 32 months against the schedule completion period of 10 months. There is a delay in completion of the project of 22 months. The Petitioner submitted that the reason for delay in commissioning of the project is change is scope and RoW related issues.

The Petitioner has claimed the actual IDC of Rs. 0.56 Crore. As discussed in the above paragraph of this Order, the actual completion period is 32 months as against the scheduled completion period of 10 months. In accordance with the principles approved in Para 3.3 of this Order, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.17 Crore. Hence, the increase in IDC due to time overrun is Rs. 0.38 Crore. The Commission finds that the reason for delay are partly attributable to PTCUL and partly beyond its control based on the submissions of the Petitioner. Accordingly, the Commission approves 50% of the increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 0.36 Crore. The Petitioner also claimed an amount of Rs. 1.80 Crore against Overhead expenses, the Commission allows overhead expenses of Rs. 1.18 Crore after deducting 50% of the cost pertaining to delay in completion of the scheme. Further, the Petitioner has submitted that in the original DPR, there was projection for crop compensation only, however, as per new guidelines of MoP, land compensation was also paid. The Commission observed that the Petitioner had projected crop compensation of Rs. 0.21 Crore against which in actual, the Petitioner was required to pay Rs. 2.16 Crore on account of crop compensation and land compensation. The Commission allows the actual compensation paid by the Petitioner, i.e. Rs. 2.16 Crore.

Accordingly, the Commission approves the total cost of Rs. 10.56 Crore including IDC of Rs. 0.36 Crore for 'LILO of 220 kV D/C Roorkee (PGCIL) Puhana – Roshnabad Line at 220 kV S/s Piran Kaliyar (Imlikhera)'.

The project-wise approved cost and the actual cost submitted by the Petitioner and the capitalisation approved by the Commission for truing up purpose is shown in the Table given below:

**Table 3.6: Capitalisation approved for REC VI Scheme in FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Total capitalisation approved by the Commission upto FY 2017-18 | Capitalisation claimed by PTCUL in FY 2018-19 | Capitalisation approved for FY 2018-19 | Total capitalisation approved till FY 2018-19 |
|---|---|---|---|---|---|---|
| (2X25 MVA) 220/33 kV Substation at Piran Kaliyar | 49.50 | FY 2018-19 | 0.00 | 46.01 | 43.88 | 43.88 |
| LILO of 220 kV D/C Roorkee (PGCIL) Puhana–Roshnabad Line at 220 kV S/s Piran Kaliyar (Imlikhera) | 10.56 | FY 2018-19 | 0.00 | 11.00 | 10.56 | 10.56 |
| **Total** | **56.69** | | | **57.01** | **54.45** | **54.45** |

### 3.3.4 PFC (System Improvement)

The Petitioner has claimed the capitalisation of Rs. 57.34 Crore towards a mix of System Improvement works funded by PFC in FY 2018-19 as shown in the Table below:

**Table 3.7: Capitalisation claimed for PFC (SI) in FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Amount |
|---|---|---|---|
| 220 kV S/S IIP Dehradun (Harrawala) | 113.14 | FY 2018-19 | 57.02 |
| LILO of 220 kV Jhajra-Rishikesh Line at proposed 220 kV S/s IIP (Harrawala), Dehradun | 0.53 | FY 2018-19 | 0.32 |
| **Total** | **113.67** | | **57.34** |

### *3.3.4.1 220 kV S/S IIP Dehradun (Harrawala)*

The Commission vide its Investment Approval Order dated February 28, 2014, had approved the project cost of Rs. 113.14 Crore for the project '220 kV S/S IIP Dehradun (Harrawala)'. In the final True-up of 2018-19, the Petitioner has claimed the capitalisation of Rs. 57.02 Crore which includes an additional capitalisation of Rs. 5.64 Crore from CoD, i.e. August 04, 2018 to March 31, 2019. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting to Rs. 51.00 Crore.

The actual completion period is 38 months as against the scheduled completion period of 18 months. There is delay in completion of the project of 20 months. The reasons for the time over-run submitted by the Petitioner are as provided below:

- Permission for tree cutting was delayed by 6 months by the Forest Department.
- Shifting of 33 kV line by UPCL.
- Demonetization.
- Due to change in vendor, supply of cables was delayed by 5 months.
- Restriction in mining by Hon'ble High Court of Uttarakhand.
- First time PTCUL constructed a 220 kV S/s on GIS technology and facility for type test and high voltage test of 220 kV cable termination kit was not available in India.

The Petitioner has claimed the actual IDC of Rs. 2.80 Crore. In accordance with the principles approved in Para 3.3 of this Order, the commission has computed the IDC corresponding to scheduled completion period as Rs. 1.34 Crore. Hence, the increase in IDC due to time overrun is Rs. 1.46 Crore. One of the reasons submitted by the Petitioner for delay in commissioning of the project is that the Petitioner constructed such Sub-station with GIS technology for the first time. The Commission is not convinced with the reason submitted by the Petitioner as the contractor(s) selected for construction of GIS s/s must have been selected based on their expertise in such technology. Based on the above discussion, the Commission finds that the reason for delay are partly attributable for PTCUL and partly beyond its control. The Commission approves 50% of the increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 2.07 Crore. Accordingly, the Commission approves the total cost of Rs. 56.29 crore towards '220 kV S/S IIP Dehradun (Harrawala)'.

***3.3.4.2 LILO of 220 kV Jhajra- Rishikesh Line at proposed 220 kV S/s IIP (Harrawala), Dehradun***

The Commission had approved the project cost of Rs. 0.53 Crore for the project 'LILO of 220 kV Jhajra-Rishikesh Line at proposed 220 kV S/s I.I.P.(Harrawala), Dehradun' vide its Investment Approval Order dated February 28, 2014. In the final true-up of FY 2018-19, the Petitioner has claimed the capitalisation of Rs. 0.32 Crore which includes an additional capitalisation of Rs. 0.02 Crore from CoD, i.e. August 04, 2018 to March 31, 2019. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting to Rs. 0.29 Crore.

The actual completion period is 12 months as against the scheduled completion period of 3 months. The reason for the time over-run submitted by the Petitioner are as provided below:

- LOA for construction of line was issued on August 02, 2017. A 33 kV Line was passing through switchyard of 220 kV GIS S/s IIP (Harrawala) and proposed tower of 220 kV Line was nearer to 33 kV line, therefore, due to safety reasons and non-availability of continuous shutdown of 33 kV Line foundation work could not be started. UPCL shifted 33 kV line from switchyard area in last week of September, 2017 and, thereafter, foundation work of Tower was completed in October, 2017.
- Final termination of line with Gantry of S/s could be done only after completion of work and testing of all equipment of S/s.
- After completion of testing of S/s, line was terminated at the gantry of S/s on 04.08.2018 and energized on the same day.

The Petitioner has claimed the actual IDC of Rs. 0.23 Lakh. The actual completion period is 12 months as against the scheduled completion period of 3 months. In accordance with the principles approved in Para 3.3 of this Order, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.06 Lakh. Hence, the increase in IDC due to time overrun is

Rs. 0.18 Lakh. The Commission finds that the reason for delay are partly attributable to PTCUL and partly beyond its control based on the submission made by the Petitioner for time overrun. The Commission approves 50% of the increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 0.15 Lakh. Accordingly, the Commission approves the total cost of Rs. 0.31 Crore towards 'LILO of 220 kV Jhajra-Rishikesh Line at proposed 220 kV S/s IIP (Harrawala), Dehradun'.

The project-wise approved cost and the actual cost claimed by the Petitioner and the capitalisation approved by the Commission for truing up purpose is shown in the Table given below:

**Table 3.8: Capitalisation approved for PFC (SI) for FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Total capitalisation approved by the Commission up to FY 2017-18 | Capitalisation claimed by PTCUL in FY 2018-19 | Capitalisation approved for FY 2018-19 | Total capitalisation approved till FY 2018-19 |
|---|---|---|---|---|---|---|
| 220 kV S/S IIP Dehradun (Harrawala) | 113.14 | FY 2018-19 | 0.00 | 57.02 | 56.29 | 56.29 |
| LILO of 220 kV Jhajra- Rishikesh Line at proposed 220 kV S/s IIP (Harrawala), Dehradun | 0.53 | FY 2018-19 | 0.00 | 0.32 | 0.31 | 0.31 |
| **Total** | **113.67** | | **0.00** | **57.34** | **56.61** | **56.61** |

### 3.3.5 REC (System Improvement)

The Petitioner has claimed the net capitalisation of Rs. 16.62 Crore for REC (System Improvement) Projects as shown in the Table below:

**Table 3.9: Capitalisation/De-capitalisation claimed for REC (SI) in FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Amount |
|---|---|---|---|
| Augmentation of 220 kV S/s Jhajra, Dehradun | 17.43 | FY 2016-17 | -4.00 |
| Replacement of ACSR Panther Conductor in 132 kV Pantnagar-Rudrapur S/C Line | 12.11 | FY 2017-18 | 5.90 |
| Augm. of 220/33 kV S/s to 220/132 kV S/s with additional 2x100 MVA T/F at Piran Kaliyar & 132 kV LILO of Bhagwanpur-Chudiyala Line at 220/132 kV S/s Pirankaliyar in dist. Haridwar. | 9.18 | FY 2018-19 | 14.72 |
| **Total** | **38.72** | | **16.62** |

#### *3.3.5.1 Augmentation of 220 kV S/s Jhajra, Dehradun*

The Commission had approved the project cost of Rs. 17.43 Crore for the project 'Augmentation of 220 kV S/s Jhajra, Dehradun' vide its Investment Approval Order dated February 11, 2016. The Commission has already approved an amount of Rs. 5.36 Crore and Rs. 0.12 Crore towards capitalisation as claimed by the Petitioner in FY 2016-17 and FY 2017-18 respectively. In the True-up of FY 2018-19, the Petitioner has claimed the de-capitalisation of Rs. 4.00 Crore on account of transfer of assets. There is no additional capitalisation claimed by the Petitioner in the true-up of FY 2018-19.

Hence, the Commission approves the total cost of Rs. 4.00 Crore as de-capitalisation towards 'Augmentation of 220 kV S/s Jhajra Dehradun'.

#### *3.3.5.2 Replacement of ACSR Panther Conductor in 132 kV Pantnagar-Rudrapur Single Circuit Line*

The Commission had approved the project cost of Rs. 12.11 Crore combinedly for three separate works vide its Investment Approval Order dated October 10, 2015. Out of three work, one work *'Const. of 132 kV & 33 kV Bays Including bisection of 132 kV & 33 kV main Bus and Const. of 132 kV Bus Coupler by using Hybrid Switchgear at 132 kV S/s Kiccha'* was already capitalised in FY 2017-18, at the cost of Rs. 2.40 Crore. In the final true-up of FY 2018-19, the Petitioner has claimed the capitalisation of Rs. 5.90 Crore for another work/scheme naming *'Replacement of ACSR Panther Conductor in 132 kV Pantnagar-Rudrapur Single Circuit Line'*. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting of Rs. 6.37 Crore.

The Capitalisation claimed by the PTCUL is within the ordering cost and Investment approval cost of the Commission. There is no IDC claimed by the Petitioner. Hence, the Commission approves the total cost of Rs. 5.90 Crore towards 'Replacement of ACSR Panther Conductor in 132 kV Pantnagar-Rudrapur Single Circuit Line'.

#### *3.3.5.3 Augmentation of 220/33 kV S/s to 220/132 kV S/s with additional 2x100 MVA T/F at Piran Kaliyar and LILO of 132 kV Bhagwanpur-Chudiyala line at 220/132 kV S/S Piran Kaliyar*

The Commission had approved the project cost of Rs. 9.18 Crore for the project 'Augmentation of 220/33 kV S/s to 220/132 kV S/s with additional 2x100 MVA T/F at Piran Kaliyar in dist. Haridwar' vide its Investment Approval Order dated October 9, 2015. In the final True-up of FY 2018-19, the Petitioner has claimed the capitalisation of Rs. 14.72 Crore. The Petitioner has submitted the copies of contracts placed for supply, erection, commissioning and civil works amounting of Rs. 10.29 Crore. The Commission finds that initial ordering cost approved by the Board of PTCUL was Rs. 6.90 Crore which was revised to Rs. 10.29 Crore by the Board after considering the revised scope of work.

The Commission observed that the Petitioner has submitted IDC of Rs. 11.62 Crore whereas the Completion cost of the project itself is Rs. 11.62 Crore. The Commission asked the Petitioner to submit the reason for same. However, no satisfactory reply was submitted by the Petitioner in this regard. Further, the Commission enquired whether capitalized amount, i.e. Rs. 14.72 Crore included any amount pertaining to 'LILO of Bhagwanpur-Chudhiyala Line at 220 kV S/s Piran Kaliyar'.

The Petitioner in its reply submitted that the work of "Augmentation of 220/33 kV S/S to 220/132 kV S/S Piran Kaliyar" has been completed on November 30, 2018 and the Form 9.5 has been submitted before the Commission amounting to Rs. 11.62 Crore including IDC (Rs. 0.84 Crore for IDC). The Petitioner submitted that the scheme included the work of "Augmentation of 220/33 kV S/s to 220/132 kV S/s Piran Kaliyar" and "Construction of LILO of 132 kV Bhagwanpur-Chudiyala line at Piran Kaliyar". As per the books of accounts for FY 2018-19, the capitalized amount of Rs. 14.72 Crore is only for the work of 'Augmentation of 220/33 kV S/s to 220/132 kV S/s with additional 2X100 MVA T/F at Piran Kaliyar' and it does not contain any amount pertaining to 'LILO of Bhagwanpur-Chudiyala Line at 220 kV S/s Piran Kaliyar'.

The Petitioner further submitted that the difference of Rs. 3.10 Crore between the completion cost of Rs. 11.62 Crore as per Form 9.5 and capitalization claimed amounting to Rs. 14.72 Crore as per Form 9A is due to the value of transformer which was transferred from stock of SIDCUL Sub-station to Piran Kaliyar Sub-station through IUT (Inter Unit Transfer) during FY 2018-19. The value of transformer was taken in books of accounts as per the stock account/consumption statement during FY 2018-19.

The actual completion period is 38 months as against the scheduled completion period of 11 months. The reason for the time over-run submitted by the Petitioner are as follows:

- The work of "construction of extension of 220/33 kV S/s to 220/132 kV S/s Piran Kaliyar" was awarded to M/s Telmos Electronics, Hisar, which included 132 kV switchyard and 2 Nos. 220 kV Bays for HV side of 2*100 MVA, 220/132 kV Transformer and the work of "constructions of 220/33 kV Sub-stations Piran Kaliyar" along with the common service namely 220 kV Main & Transfer Bus, control Room Building, earthing, Earth filling, Main Trench, Auxiliary Supply, Switchyard Road etc. was awarded to M/s Safety Control & Device (Other Firm). Due to non-completion of the activity of Control Room Building, earthing, Earth filling, Main Trench, Auxiliary Supply, Switchyard Road by M/s Safety Control & Device, M/s Telmos Electronics could not complete their remaining scope of work on time.

The Petitioner also submitted that the work of "Construction of LILO of 132 kV Bhagwanpur-Chudiyala line at Piran Kaliyar" is in progress and is expected to be completed by June 30, 2020. The expected completion cost of "Construction of LILO of 132 kV Bhagwanpur-Chudiyala line at Piran Kaliyar" is Rs. 15.65 Crore.

The Capitalisation claimed by the PTCUL is higher than the revised ordering cost which was approved by PTCUL's BoD after considering the revised scope of work. The Commission decides to limit the allowable hard cost to Rs. 10.29 Crore which is the revised ordering cost submitted by the Petitioner as the same was revised considering the change in scope. The Petitioner has claimed the actual IDC of Rs. 0.84 Crore as per Form 9.5. The actual completion period is 38 months as against the scheduled completion period of 11 months. In accordance with the principles approved in Para 3.3 of this Order, the Commission has computed the IDC corresponding to scheduled completion period as Rs. 0.24 Crore. Hence, the increase in IDC due to time overrun is Rs. 0.60 Crore. As discussed above, the works awarded to the contractor could not be completed on time because of which the commissioning of the project got delayed. The Commission finds that the reason for delay are on account of delay by Contractor and the same cannot be considered as uncontrollable. Hence, the Commission does not approve any increase in IDC on account of time overrun. Therefore, the allowable IDC works out to Rs. 0.24 Crore.

Accordingly, the Commission approves the total cost of Rs. 13.63 Crore for 'Augmentation of 220/33 kV S/s to 220/132 kV S/s with additional 2x100 MVA T/F at Piran Kaliyar' which includes Rs. 10.29 Crore as hard cost, Rs 0.24 Crore towards IDC and Rs. 3.10 Crore against transfer of transformer under Inter Unit Transfer (IUT).

The project-wise approved cost and the actual cost claimed by the Petitioner and the capitalisation approved by the Commission for REC (SI) schemes for truing up purpose is shown in the Table given below:

**Table 3.10: Capitalisation approved for REC (SI) for FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Total capitalisation approved by the Commission up to FY 2017-18 | Capitalisation claimed by PTCUL in FY 2018-19 | Capitalisation approved for FY 2018-19 | Total capitalisation approved till FY 2018-19 |
|---|---|---|---|---|---|---|
| Augmentation of 220 kV S/s Jhajra, Dehradun | 17.43 | FY 2016-17 | 5.48 | -4.00 | -4.00 | 1.48 |
| Replacement of ACSR Panther Conductor in 132 kV Pantnagar-Rudrapur Single Circuit Line | 12.11 | FY 2017-18 | 2.40 | 5.90 | 5.90 | 8.30 |
| Augm. of 220/33 kV S/s to 220/132 kV S/s with additional 2x100 MVA T/F at Piran Kaliyar & 132 kV LILO of Bhagwanpur-Chudiyala Line at 220/132 kV S/s Pirankaliyar in dist. Haridwar. | 9.18 | FY 2018-19 | 0.00 | 14.72 | 13.63 | 13.63 |
| **Total** | **38.72** | | **7.88** | **16.62** | **15.53** | **23.41** |

### 3.3.6 Other Schemes (System Strengthening)

The Petitioner has claimed the capitalisation of Rs. 0.76 Crore for other (System Strengthening) projects as shown in the Table below:

**Table 3.11: Capitalisation claimed for Others (System Strengthening) scheme in FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Amount |
|---|---|---|---|
| Others | - | FY 2018-19 | 0.76 |
| **Total** | | | **0.76** |

#### *3.3.6.1 Others (system strengthening through internal resources and deposit works)*

The Petitioner has claimed the capitalisation of Rs. 0.76 Crore towards Others (System Strengthening Schemes funded by Internal Resources) Schemes. The Commission approves the capitalisation of Rs. 0.76 Crore, as claimed by the Petitioner.

The approved cost and the actual cost claimed by the Petitioner and the capitalisation approved by the Commission for Others (System Strengthening) Schemes for truing up purpose is shown in the Table given below:

**Table 3.12: Capitalisation approved for Others Scheme for FY 2018-19 (Rs. Crore)**

| Project | Approved Cost | Year of first-time capitalisation | Total capitalisation approved by the Commission up to FY 2017-18 | Capitalisation claimed by PTCUL in FY 2018-19 | Capitalisation approved for FY 2018-19 | Total capitalisation approved till FY 2018-19 |
|---|---|---|---|---|---|---|
| Others | - | FY 2018-19 | 0.00 | 0.76 | 0.76 | 0.76 |
| **Total** | | | **0.00** | **0.76** | **0.76** | **0.76** |

Further, the Petitioner has claimed the capitalisation of Rs. 7.48 Crore towards works carried out from PSDF grants, Rs. 0.09 Crore towards LDCD fund and Rs. 1.31 Crore towards deposit works aggregating to Rs. 8.88 Crore. The Commission has considered the capitalisation of Rs. 8.88 Crore, as claimed by the Petitioner.

During the analysis of the capitalisation claimed for FY 2018-19, the Commission observed that in many schemes, the Petitioner has provided different capitalisation amount in different tariff forms for the same project. **In this regard, the Commission directs the Petitioner to refrain from such practice and provide firm capitalisation amount in the subsequent true-up tariff proceedings. Further, if any ambiguity remains in subsequent true-up Petitions, the Commission shall consider the amount capitalised based on its own discretion after prudence analysis based on the available information.**

### 3.3.7 Disallowed capitalisation in the final true up of FY 2016-17

The Commission in the final true up of FY 2016-17 had disallowed some additional capitalisation based on the prudence check of the Petitioner's submissions. The Petitioner has sought the capitalisation of Rs. 66.09 Crore towards the same, in final true up of FY 2018-19 and requested the Commission to allow the same, giving reasons for cost overrun for those projects. The Commission had approved the capitalisation in the final true up of FY 2016-17 giving its detailed analysis thereon. The Petitioner has also filed Appeal No. 247 of 2018 before the Hon'ble APTEL on the disallowance of capitalisation for some of the projects and Hon'ble APTEL is yet to issue judgment on this Appeal. The request of the Petitioner to approve the capitalisation disallowed during the final true-up of 2016-17 cannot be considered on account of the fact that the matter is sub-judice and barring the issues raised by the Petitioner in the Appeal No. 247 of 2018, the other issues with respect to past trued up years, raised by the Petitioner in the instant Petition have attained finality. Therefore, the Commission has not gone into the merits of the Petitioner's submissions seeking approval of capitalisation of Rs. 66.09 Crore in FY 2018-19.

## 3.4 Gross Fixed Assets including additional capitalisation

Based on the above, the GFA considered by the Commission for FY 2018-19 is shown in the Table given below:

**Table 3.13: Revised GFA approved by the Commission for FY 2018-19 (Rs. Crore)**

| S.No | Particulars | Approved in Tariff Order | Claimed | Approved |
|---|---|---|---|---|
| 1 | Opening value | 1284.52 | 1396.23* | 1330.15 |
| | **Addition** | | | |
| 2 | REC II | | 0.54 | 0.54 |
| 3 | REC IV | 419.73 | 0.13 | 0.13 |
| 4 | REC VI | | 57.01 | 54.45 |
| 5 | System Improvement Works | | | |
| | REC | | 16.62 | 15.53 |
| | PFC | | 57.34 | 56.61 |
| 6 | Grants & Deposit works | | 8.88 | 8.88 |
| 7 | System strengthening | | 0.76 | 0.76 |
| 8 | **Total addition during the year** | | **141.26** | **136.88** |
| 9 | Less: Deletions during the year | 0.00 | 0.00 | 0.01 |
| 10 | **Closing value** | **1704.25** | **1537.51** | **1467.02** |

**including Rs. 66.09 Crore disallowed by the Commission in the final true up of FY 2016-17*

## 3.5 Capital Structure

Regulation 24 of the UERC Tariff Regulations, 2015 specifies as follows:

*"(1) For a project declared under commercial operation on or after 1.4.2016, debt-equity ratio shall be 70:30. 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 normative loan. Where actual equity employed is less than 30%, the actual equity would be used for determination of Return on Equity in tariff computations.*

*…*

*(6) In case of Generating Company, Transmission Licensee, Distribution Licensee, or SLDC where investments have been made prior to 1.4.2016, Debt: Equity Ratio shall be as approved by the Commission in the previous Orders."*

For Schemes capitalised prior to FY 2018-19, the Commission has considered the Debt-Equity ratio as approved earlier for the respective Schemes. For new Schemes, the Commission has considered the Debt-Equity Ratio of 70:30 as approved in the Investment Approval for the respective Scheme based on the actual funding. The capital structure considered by the Commission for true up for FY 2018-19 is shown in the Table given below:

**Table 3.14: Approved Means of Finance for FY 2018-19**

| S. No. | Particulars | Grants | Debt | Equity | Total |
|---|---|---|---|---|---|
| 1 | REC New (REC II Scheme) | 0% | 70% | 30% | 100% |
| 2 | REC IV | 0% | 70% | 30% | 100% |
| 3 | REC VI | 0% | 70% | 30% | 100% |
| 4 | System Improvement works | 0% | 70% | 30% | 100% |
| 5 | Deposit Works & Grants | 100% | 0% | 0% | 100% |
| 6 | System Strengthening | 0% | 70% | 30% | 100% |

Based on the above, the Commission has determined the debt and equity components for FY 2018-19 which works out as given below:

**Table 3.15: Details of financing for capitalisation for FY 2018-19 (Rs. Crore)**

| S. No. | Particulars | Cap. Res. | Grant | Loan | Equity | Total |
|---|---|---|---|---|---|---|
| 1 | Opening Value | 79.00 | 110.41 | 882.89 | 257.84 | 1330.15 |
| 2 | **Additions in the year** | | | | | |
| | REC IV | | 0.00 | 0.09 | 0.04 | 0.13 |
| | REC New (REC II Scheme) | | 0.00 | 0.38 | 0.16 | 0.54 |
| | REC VI | | 0.00 | 38.11 | 16.33 | 54.45 |
| | System Improvement Works | | | | | |
| | REC | | 0.00 | 10.87 | 4.66 | 15.53 |
| | PFC | | 0.00 | 39.62 | 16.98 | 56.61 |
| | Deposit Works & Grants | | 8.88 | 0.00 | 0.00 | 8.88 |
| | System Strengthening | | 0.00 | 0.53 | 0.23 | 0.76 |
| 3 | **Total addition during the year** | **0.00** | **8.88** | **89.60** | **38.40** | **136.88** |
| 4 | Less Deletions during the year | 0.01 | 0.00 | 0.00 | 0.00 | 0.01 |
| 5 | **Closing Value** | **78.99** | **119.29** | **972.49** | **296.25** | **1467.02** |

## 3.6 Annual Transmission Charges

Regulation 57 of the UERC Tariff Regulations, 2015 specifies as follows:

***"57. Annual Transmission Charges for each financial year of the Control Period***

*The Annual Transmission Charges for each financial year of the Control Period shall provide for recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of non-tariff income, income from Other Business and short-term open access charges, as approved by the Commission and shall be computed in the following manner:-*

*Aggregate Revenue Requirement, is the sum of:*

*(a) Operation and maintenance expenses;*
*(b) Lease Charges;*
*(c) Interest and Finance Charges on Loan Capital;*

*(d) Return on equity capital;*

*(e) Income-tax;*

*(f) Depreciation;*

*(g) Interest on working capital and deposits from Transmission System Users; and*

*Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above;*

***minus:***

*(h) Non-Tariff Income;*

*(i) Short-Term Open Access Charges; and*

*(j) Income from Other Business to the extent specified in these Regulations:*

*..."*

### 3.6.1 *O&M expenses*

O&M expenses comprises of Employee Expenses, A&G Expenses and R&M Expenses, i.e. expenditure on staff, administration and repairs and maintenance etc. For estimating the O&M expenses for the Control Period, Regulation 62 of UERC Tariff Regulations, 2015 specifies as follows:

*"(1) The O&M expenses for the first year of the Control Period will be approved by the Commission taking into account the actual O&M expenses for last five years till Base Year subject to prudence check and any other factors considered appropriate by the Commission.*

*(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2015-16, shall be approved based on the formula given below:-*

$O\&M_n = R\&M_n + EMP_n + A\&G_n$

*Where –*

- *O&Mn – Operation and Maintenance expense for the nth year;*
- *EMPn – Employee Costs for the nth year;*
- *R&Mn – Repair and Maintenance Costs for the nth year;*
- *A&Gn – Administrative and General Costs for the nth year;*

*(3) The above components shall be computed in the manner specified below:*

$EMP_n = (EMPn\text{-}1) \times (1+Gn) \times (CPIinflation)$

$R\&Mn = K \times (GFA_{n-1}) \times (1+WPIinflation)$ *and*

$A\&Gn = (A\&Gn\text{-}1) \times (1+WPIinflation) + Provision$

*Where –*

- *$EMP_{n-1}$ – Employee Costs for the (n-1)th year;*
- *A&Gn-1 – Administrative and General Costs for the (n-1)th year;*
- *Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and approved by the Commission after prudence check.*
- *"K" is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Transmission Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*
- *CPIinflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;*
- *GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *Gn is a growth factor for the nth year. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:*

*Provided that in case of a transmission licensee is governed by Government pay structure, the Commission may consider allowing a separate provision in Employee expenses towards the impact of $VII^{th}$ Pay Commission.*

*Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."*

### *3.6.2 Employee expenses*

The Commission had approved the normative employee expenses of Rs. 106.99 Crore in the Tariff Order dated March 21, 2018 for FY 2018-19. As against the same, the Petitioner has claimed the normative employee expenses of Rs. 82.60 Crore in the final true up of FY 2018-19.

The actual employee expenses for FY 2018-19 is Rs. 84.31 Crore as against Rs. 74.32 Crore in FY 2017-18. The Commission directed the Petitioner to submit the reason for increase in employee expenses. In response, the Petitioner submitted that employee expenses have increased mainly because of increase in number of employees and due to the impact of 7th Pay Commission. The Commission has approved the revised normative employee expenses for FY 2018-19 in accordance with UERC Tariff Regulations, 2015. The Commission has revised the CPI Inflation based on the actual CPI Indices for the preceding 3 years for FY 2018-19. Accordingly, the Commission has computed the CPI Inflation of 4.34% for FY 2018-19. The Commission has observed that there has been recruitment of 59 number of employees as against 208 number of employees considered in Tariff Order. Accordingly, the number of employees has increased to 802 in FY 2018-19 from 743 in FY 2017-18. Hence, the Commission has considered the Gn factor as 7.94%.

The Commission finds that while the Petitioner has been submitting ambitious recruitment plans at the time of projections, however, in actual, the actual recruitments have been consistently lower and number of employees retiring is outpacing the number of employees being recruited resulting in the number of employees reducing year on year till 2017-18. In year 2018-19, the number of employees has increased but is still lower than the Petitioner's ambitious recruitment plan. The Commission finds that this is not a healthy position on account of (1) the posts becoming vacant due to the retiring employees not being filled up and (2) the adequate number of employees required for construction and operation of the new assets being created is not maintained. The Petitioner is expected to maintain the adequate number of employees for its sustained operations.

With regard to the capitalisation rate, the Commission directed the Petitioner to submit the breakup of the actual employee expenses charged to P&L statement and capitalised during FY 2018-19 duly reconciling it with the audited accounts for FY 2018-19. As per audited books of accounts, the gross employee cost, i.e. employee cost charged to P&L statement and capitalised, works out to Rs. 111.28 Crore whereas the Petitioner has submitted the same as Rs. 97.77 Crore. Further, employee expenses capitalised for FY 2018-19 is Rs. 26.97 Crore as per audited accounts whereas the Petitioner submitted the same as Rs. 13.46 Crore for FY 2018-19. Accordingly, in the absence of information, the Commission has considered the actual capitalisation rate for FY 2018-19. The Commission expresses extreme displeasure in the lackadaisical manner of submissions of the Petitioner for computing the actual capitalisation rate of employee expenses.

The Commission in its Tariff Order dated March 21, 2018 had approved Rs. 18.72 Crore towards the impact of Seventh Pay Commission for FY 2018-19. However, in actual, the Petitioner has incurred Rs. 10.11 Crore towards the same. The Commission has considered the impact of Seventh Pay Commission of Rs. 10.11 Crore claimed by the Petitioner in addition to the normative employee expenses computed in accordance with the UERC Tariff Regulations, 2015.

The actual employee expenses charged to P&L statement as per the audited accounts for FY 2018-19 are Rs. 84.31 Crore. The actual employee expenses for FY 2018-19 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual employee expenses attributable to UITP projects is Rs. 1.74 Crore. Therefore, the actual employee expenses for non-UITP projects works out to Rs. 82.56 Crore. The Petitioner submitted that the employee expenses of FY 2018-19 have increased on account of the impact of Seventh Pay Commission.

The Commission observed that the actual employee expenses for FY 2018-19 is inclusive of the performance incentive of Rs. 1.69 Crore. The Commission directed the Petitioner to submit the nature of such performance incentive paid to its employees. The Petitioner submitted that the performance incentive was paid to its employees out of its efficiency gains. The Petitioner also submitted the copy of office memorandum & minutes of Board Meeting authorizing the payment of performance incentive. Further, in line with the approach adopted in the final true up of FY 2017-18, the Commission has computed the impact of advance increment allowed in FY 2015-16 for FY 2018-19 as Rs. 1.50 Crore. In accordance with the approach adopted in the true up of previous years, the performance incentive paid to the employees in FY 2018-19 and the impact of advance increment works out to Rs. 3.19 Crore is excluded from the actual employee expenses.

The Commission also observed that Petitioner has claimed an amount of Rs. 4.37 Crore in Employee expenses against 'Staff Welfare against ECED'. The Commission has not considered these expenses as part of actual employee expenses as the expenditure is incurred towards supply of concessional supply of electricity to its staff, which cannot be passed on to the consumers. Hence, the apportionment of the aforesaid expenses namely, Performance incentive, advance increment and staff welfare expenses against ECED, the expenses pertaining to Non-UITP projects works out to Rs. 7.47 Crore. Accordingly, the Commission has considered the actual employee expenses of Rs. 75.10 Crore for sharing of gains and losses.

The employee expenses approved by the Commission for FY 2018-19 is shown in the Table given below:

**Table 3.16: Employee expenses approved for FY 2018-19 (Rs. Crore)**

| Particulars | Approved in the Tariff Order | Normative | | Actual | |
|---|---|---|---|---|---|
| | | Claimed by PTCUL | Approved | Claimed by PTCUL | For Sharing |
| Employee expenses | 107.00 | 82.60 | 80.91 | 82.56 | 75.10 |

As the employee expenses are controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2015 as elaborated below in para 3.8 of this Order.

### *3.6.3 R&M expenses*

The Commission had approved the normative R&M expenses of Rs. 23.05 Crore in the Tariff Order dated March 21, 2018 for FY 2018-19. As against the same, the Petitioner has claimed the normative R&M expenses of Rs. 24.23 Crore.

The Commission has approved the revised normative R&M expenses for FY 2018-19 in accordance with UERC Tariff Regulations, 2015. The K factor has been considered as 1.78%, the same as approved in the Tariff Order dated March 21, 2018. The Petitioner has also considered the same K factor of 1.78% for computing the normative R&M expenses for FY 2018-19. In accordance with the UERC Tariff Regulations, 2015, the K factor shall be determined by the Commission in the MYT Order and shall remain constant for the entire Control Period. Therefore, the K factor for FY 2018-19 cannot be revised in the final true up. The Commission has revised the WPI Inflation for FY 2018-19 based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 0.33% for FY 2018-19.

The actual R&M expenses as per the audited accounts for FY 2018-19 are Rs. 25.98 Crore. The actual R&M expenses for FY 2018-19 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual R&M expenses attributable to UITP projects are Rs. 0.97 Crore. Therefore, the actual R&M expenses for non-UITP projects works out to Rs. 25.01 Crore.

The R&M expenses approved by the Commission for FY 2018-19 is shown in the Table below:

**Table 3.17: R&M expenses approved for FY 2018-19 (Rs. Crore)**

| Particulars | Approved in the Tariff Order | Normative | | Actual | |
|---|---|---|---|---|---|
| | | Claimed by PTCUL | Approved | Claimed by PTCUL | For Sharing |
| R&M expenses | 23.05 | 24.23 | 23.76 | 25.01 | 25.01 |

As R&M expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2015 as elaborated in para 3.8 of this Order.

### *3.6.4 A&G expenses*

The Commission had approved the normative A&G expenses of Rs. 16.10 Crore in the Tariff Order dated March 21, 2018 for FY 2018-19. As against the same, the Petitioner has claimed the normative A&G expenses of Rs. 26.11 Crore.

The actual A&G expenses have increased from Rs. 23.14 Crore in FY 2017-18 to Rs. 32.82 Crore in FY 2018-19. The Commission directed the Petitioner to submit the justification for the same. The Petitioner submitted that the A&G expenses have increased on account of (1) increase in Licensee Fee and (2) the revised salary of Security Guards by the GoU.

The Commission directed the Petitioner to submit the GoU order towards increase in salary for Security Guards. In response, the Petitioner submitted the copy of Order of GoU towards increase in salary of Security Guards (PRD and UPNL). The Commission during the proceedings of true-up of FY 2017-18 had observed that the expenses towards security personnel have been increasing substantially in the recent years. Considering the expenses towards the security personnel and increase in Licensee Fee being of uncontrollable nature, the Commission had allowed the same at actuals. The Commission has adopted the same methodology in the present proceedings for true-up for FY 2018-19. The Commission in this Order has revised the WPI Inflation based on the WPI Indices for the preceding three years and, accordingly, approves the WPI Inflation of 0.33% for FY 2018-19. The Commission has escalated the revised approved gross normative A&G expenses by the inflation factor of 0.33%.

With regard to capitalisation rate, the Commission directed the Petitioner to submit the breakup of the actual A&G expenses charged to P&L statement and capitalised during FY 2018-19 duly reconciling it with the audited accounts for FY 2018-19. As per audited books of accounts, the gross A&G expenses excluding donation works out to Rs. 38.56 Crore whereas the Petitioner has submitted the same as Rs. 36.15 Crore. Further, the Petitioner has submitted that the total A&G

expenses capitalised for FY 2018-19 is Rs. 5.72 Crore whereas the Petitioner submitted the same as Rs. 3.33 Crore vide its submission dated March 12, 2020. Furthermore, the Commission directed the Petitioner to submit the breakup of license fee and security expenses between UITP and Non-UITP. However, no information regarding the same was provided by the Petitioner. Accordingly, in the absence of information, the Commission has considered the actual capitalisation rate for FY 2018-19 for PTCUL. **The Commission expresses extreme displeasure in the lackadaisical approach of the concerned Officers of the PTCUL for submissions of audited accounts information for computing the actual capitalisation rate of A&G expenses. The Commission directs the Petitioner to submit the financial information w.r.t. O&M expenses segregating the same between UITP and Non-UITP Schemes duly reconciled with audited books of accounts for the respective years while claiming true-up for subsequent years.**

The Commission has approved the actual Licensee Fee and security expenses, pertaining to Non-UITP scheme, incurred in FY 2018-19 in addition to the normative A&G expenses.

The actual A&G expenses as per the audited accounts for FY 2018-19 are Rs. 32.82 Crore. The actual A&G expenses for FY 2018-19 are towards the UITP projects and the non-UITP projects. As the UITP projects are not regulated by the Commission, such expenses towards the UITP projects cannot be considered for sharing of gains and losses on account of variation in normative and actual expenses. The Petitioner submitted that the actual A&G expenses attributable to UITP projects is Rs. 0.50 Crore. Further, the Commission observes that the actual A&G expenses for FY 2018-19 are inclusive of the amount of Rs. 1.29 Crore towards the CSR activities and Rs 0.01 Crore towards donation. The expenses towards the CSR expenses and donation should be met from own resources/profits of the company and, hence, are reduced from the actual A&G expenses for the purpose of sharing of gains and losses. Accordingly, the Commission has considered the actual A&G expenses of Rs. 31.04 Crore.

The A&G expenses approved by the Commission for FY 2018-19 is shown in the Table below:

**Table 3.18: A&G expenses approved for FY 2018-19 (Rs. Crore)**

| Particulars | Approved in the Tariff Order | Normative | | Actual | |
|---|---|---|---|---|---|
| | | Claimed by PTCUL | Approved | Claimed by PTCUL | For sharing |
| A&G expenses | 16.09 | 26.11 | 24.34 | 32.32 | 31.04 |

As A&G expenses are controllable in nature, the Commission has carried out sharing of losses in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 3.8 of this Order.

### 3.6.5 *O&M expenses*

Based on the above, the O&M expenses approved by the Commission for FY 2018-19 upon truing up are as shown in the Table given below:

**Table 3.19: O&M expenses approved for FY 2018-19 (Rs. Crore)**

| S. No. | Particulars | Approved in the Tariff Order | Normative | | Actual | |
|---|---|---|---|---|---|---|
| | | | Claimed by PTCUL | Approved | Claimed by PTCUL | For sharing |
| 1 | Employee expenses | 107.00 | 82.60 | 80.91 | 82.56 | 75.10 |
| 2 | R&M expenses | 23.05 | 24.23 | 23.76 | 25.01 | 25.01 |
| 3 | A&G expenses | 16.09 | 26.11 | 24.34 | 32.32 | 31.04 |
| | **Total** | **146.14** | **132.93** | **129.01** | **139.89** | **131.15** |

The normative O&M expenses approved by the Commission in the true up are lower in comparison to the normative O&M expenses approved in the Tariff Order on account of variation in CPI Inflation, reduction in Gn factor of employees, reduction in the GFA base and variation in capitalisation rate of employee expenses and A&G expenses in comparison to that considered in Tariff Order dated March 21, 2018.

### 3.6.6 *Interest and Finance Charges*

Regulation 27 of the UERC Tariff Regulations, 2015 specifies as follows:

*"(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.*

*(2) The normative loan outstanding as on 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 from the gross normative loan.*

*(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year.*

…

*(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:*

*….*

*(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

*…"*

The Commission had approved the interest expenses of Rs. 53.47 Crore in the Tariff Order dated March 21, 2018 for FY 2018-19. As against the same, the Petitioner has claimed the interest expenses of Rs. 52.59 Crore in the final true up of FY 2018-19. The Petitioner has considered the closing loan balance approved in true up of FY 2017-18 as the opening loan balance for FY 2018-19. The Petitioner submitted that the loan addition during the year has been considered as per Scheme wise means of finance and the actual GFA addition. The Petitioner submitted that the depreciation for the year has been considered as the normative repayment for the year. The Petitioner submitted that the actual weighted average interest rate of 11.08% has been considered for computing the interest expenses.

The Commission has considered the approved closing loan balance for FY 2017-18 as the opening loan balance for FY 2018-19. The Commission has worked out the Interest Charges considering the loan amount corresponding to the assets capitalised in FY 2018-19 based on the approved means of finance. The repayment of loans has been considered as equivalent to the depreciation worked out by the Commission on the approved GFA for FY 2018-19. The actual weighted average interest rate of 9.94% has been considered based on the actual interest rate for the year considering total actual long-term borrowings and gross interest on long-term borrowings based on the audited books of accounts for FY 2018-19.

The Petitioner also requested Commission to approve an additional amount of Rs. 1.04 crore against refinancing gains (PTCUL share). In support of this, the Petitioner submitted that REC and PFC had reduced the interest on their current loan portfolio and allowed the interest rebate of 123 basis points and 25 basis points respectively. The Commission asked the Petitioner to submit the copy of complete correspondence with PFC and REC, i.e. letters sent by PTCUL to PFC & REC and letters received from PFC & REC. The Commission has gone through the correspondence between PTCUL and REC in this regard. Based on the correspondence, it is observed that the rebate on interest rate offered by PFC and REC are mainly on account of following two reasons:

- Post COD Timely Payment Rebate Scheme in respect of the Projects which have been commissioned.
- PTCUL being categorized as Category "A+" States sector borrower.

Regulation 27(7) of the UERC Tariff Regulations, 2015 stipulates as follows:

*"The Generating Company or the Transmission Licensee or the Distribution Licensee, or the SLDC as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings on interest shall be shared between the beneficiaries and the Generating Company or the Transmission Licensee or the Distribution Licensee or the SLDC, as the case may be, in the ratio of 1:2."*

The Commission is of the view that the rebate in interest rate offered by PFC and REC in the instant case is mainly on account of lower risks involved after certain schemes for which the loans were sanctioned have been commissioned and due to change in borrower category of PTCUL. Ideally the re-financing implies that the loan has been switched from one lender to other lender to avail the benefits of lower interest. In this case, it is the reduction in interest rate in the same loans after commissioning of certain projects due to negotiation with the financial institutions and not the switching over from one loan to other loan. Further, there is no change in the tenure or repayment structure. Hence, this does not qualify for benefits of re-financing to be shared with PTCUL. The interest expenses approved by the Commission for FY 2018-19 is as shown in the Table given below:

**Table 3.20: Interest expenses approved for FY 2018-19 (Rs. Crore)**

| Particulars | Approved in the Tariff Order | True-up | |
|---|---|---|---|
| | | Claimed by PTCUL | Approved |
| Opening Loan balance | 419.16 | 439.98 | 439.98 |
| Drawl during the year | 293.81 | 138.99 | 89.60 |
| Repayment during the year | 71.15 | 69.44 | 66.46 |
| Closing Loan balance | 641.82 | 509.53 | 463.12 |
| Interest Rate | 10.08% | 11.08% | 9.94% |
| **Interest** | **53.48** | **52.59** | **42.31** |
| Add: Refinancing Gains | 0.00 | 1.04 | 0.00 |
| **Net Interest on Normative loan** | **53.48** | **53.64** | **42.31** |

### *3.6.7 Income Tax*

Regulation 34 of the UERC Tariff Regulations, 2015 specifies as follows:

***"34. Tax on Income***

*Income Tax, if any, on the main stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check."*

The Petitioner has claimed the income tax of Rs. 14.95 Crore for FY 2018-19. The Petitioner has submitted the supporting documents for the income tax claimed for FY 2018-19.

The Commission observes that the Revenue from operations for FY 2018-19 amounting to Rs. 317.35 Crore includes revenue of Rs. 99.82 Crore from 400 kV Srinagar S/s & Lines which are towards UITP Schemes. The income tax pertaining to revenue billed for UITP schemes needs to be reduced while allowing the Income Tax for FY 2018-19. Accordingly, the Commission has approved the income tax of Rs. 10.25 Crore in the ratio of actual revenue billed for Non-UITP projects to the total revenue billed from the operations for FY 2018-19.

### 3.6.8 Return on Equity

Regulation 26 of the UERC Tariff Regulations, 2015 specifies as follows:

*"(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.*

*Provided that, Return on Equity shall be allowed on amount of allowed equity capital for the assets put to use at the commencement of each financial year.*

*(2) Return on equity shall be computed on at the rate of 15.5% for thermal generating stations, transmission licensee SLDC and…"*

The Commission had approved the Return on Equity of Rs. 20.15 Crore in the Tariff Order dated March 21, 2018 for FY 2018-19. As against the same, the Petitioner has claimed the Return on Equity for FY 2018-19 as Rs. 44.58 Crore including Return on Equity invested from PDF. The Petitioner has claimed Return on Equity on the average of opening equity and closing equity at the rate of 15.50%.

With reference to "Return on Equity on opening Equity as on the date of creation of PTCUL", the Petitioner submitted that in the past Tariff Orders, the Commission had not allowed Return on Equity on entire equity base approved by the Commission in the respective Tariff Orders. The

Return on Equity was disallowed to the extent of equity contributed by the Government of Uttarakhand from Power Development Fund, considering that the Power Development Fund was realized from the consumers in form of a cess.

The Petitioner further submitted that the Hon'ble Appellate Tribunal of Electricity (ATE) in Judgement dated May 15, 2015 in R.P. No. 2 of 2015 in appeal No. 163 of 2015 had issued directions to allow the RoE on the amount invested by the State Government, if the amount has not been provided as grant. The relevant extract from the Judgement is reproduced below:

*"The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF toward capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has invested the amount as equity, ROE has to be allowed as per the Regulations of the State Commission. Accordingly this issue is decided in favour of the Petitioner."*

In view of the same, the Petitioner requested the Commission to allow the Return on Equity on the equity contribution of Government of Uttarakhand. The Petitioner submitted that this disallowance is not only restricting the internal surplus generation but also adversely affecting the financial position of the Petitioner and the consequent development of transmission assets.

In line with the approach adopted by the Commission in the earlier Orders and as deliberated in earlier Orders, the Commission has not approved the RoE on Equity from PDF. The Commission has allowed the Return on Equity on the opening equity base excluding the equity from PDF at the rate of 15.50%. The Return on Equity approved by the Commission for FY 2018-19 is as shown in the Table given below:

**Table 3.21: Return on Equity approved for FY 2018-19 (Rs. Crore)**

| Particulars | Approved in the Tariff Order | True-up | |
|---|---|---|---|
| | | Claimed by PTCUL | Approved |
| Opening Equity | 248.24 | 257.85 | 257.85 |
| Addition during the year | 125.92 | 59.57 | 38.40 |
| Closing Equity | 374.16 | 317.42 | 296.25 |
| Eligible Equity for Return | 130.03 | 287.63 | 139.64 |
| Rate of Return on Equity | 15.50% | 15.50% | 15.50% |
| **Return on Equity** | **20.15** | **44.58** | **21.64** |

With regard to RoE on the opening equity, it is to be noted that the Commission vide its Tariff Order dated February 27, 2019 had already approved RoE on Equity portion of Opening

Capital Reserve of an amount of Rs. 62.71 Cr till FY 2017-18 from FY 2004-05. The opening capital reserves for FY 2018-19 is considered same as the closing capital reserve of FY 2017-18. Hence, 30% of net unfunded assets/capital reserve has been considered by the Commission as equity eligible for return purposes for the respective year. In line with the Tariff Order dated February 27, 2019, the RoE on Opening Equity approved by the Commission for FY 2018-19 is shown in the Table given below:

**Table 3.22: RoE on Opening Equity approved for FY 2018-19 (Rs. Crore)**

| Particulars | Opening unfunded assets/Capital Reserve | Deduction | Closing unfunded assets/Capital Reserve | Equity portion of opening unfunded assets/Capital Reserve | Rate of RoE | RoE |
|---|---|---|---|---|---|---|
| RoE on Opening Equity | 79.00 | 0.01 | 78.99 | 23.70 | 15.50% | 3.67 |

Based on the above discussion, the allowable Return on Equity works out to Rs. 25.32 Crore (Rs. 21.64 Crore *plus* Rs. 3.67 Crore) for FY 2018-19.

### 3.6.9 *Depreciation*

Regulation 28 of the UERC Tariff Regulations, 2015 specifies as follows:

*"(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.*

*Provided that the depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.*

*(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.*

*…*

*(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.*

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

*(5) In case of the existing projects, the balance depreciable value as on 1.4.2016 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2016*

*from the gross depreciable value of the assets. The difference between the cumulative depreciation recovered and the depreciation so arrived at by applying the depreciation rates as specified in these Regulations corresponding to 12 years shall be spread over the remaining period upto 12 years. The remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance life.*

*(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis…"*

The Commission had approved the depreciation of Rs. 71.15 Crore in the Tariff Order dated March 21, 2018 for FY 2018-19. As against the same, the Petitioner has claimed depreciation of Rs. 69.44 Crore in final true up of FY 2018-19.

The Commission has considered the closing GFA approved in the true up for FY 2017-18 as the opening GFA for FY 2018-19. The Commission has approved the asset class wise GFA by proportionately allocating the approved addition to GFA in FY 2018-19 in the same proportion as in the audited accounts for FY 2018-19 excluding additional capitalisation pertaining to UITP schemes. The Commission has approved the depreciation for FY 2018-19 by applying the depreciation rates specified in the UERC Tariff Regulations, 2015. The Commission has deducted the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2018-19. Accordingly, the depreciation approved by the Commission for FY 2018-19 is shown in the Table given below:

**Table 3.23: Depreciation approved for FY 2018-19 (Rs. Crore)**

| Particulars | Approved in the Tariff Order | Claimed by PTCUL | Approved |
|---|---|---|---|
| Depreciation | 71.15 | 69.44 | 66.46 |

### 3.6.10 Interest on Working Capital

The Commission had approved the interest on working capital of Rs. 9.07 Crore in the Tariff Order dated March 21, 2018 for FY 2018-19. As against the same, the Petitioner has claimed the normative interest on working capital of Rs. 8.68 Crore in the final true up of FY 2018-19 and the actual interest on working capital as zero.

The Commission has determined the normative interest on working capital for FY 2018-19 in accordance with the UERC Tariff Regulations, 2015.

### 3.6.11 One Month O&M expenses

The annual O&M expenses approved by the Commission are Rs. 129.72 Crore for FY 2018-19. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 10.81 Crore for FY 2018-19.

### 3.6.12 Maintenance Spares

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2015, which work out to Rs. 19.46 Crore for FY 2018-19.

### 3.6.13 Receivables

The Commission has approved the receivables for two months based on the approved ATC of Rs. 136.39 Crore for FY 2018-19, which works out to Rs. 22.73 Crore for FY 2018-19.

Based on the above, the total working capital requirement of the Petitioner for FY 2018-19 works out to Rs. 53.00 Crore. The Commission has considered the rate of interest on working capital as 13.70% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the MYT Petition and, accordingly, the interest on working capital works out to Rs. 7.26 Crore for FY 2018-19. The interest on working capital for FY 2018-19 approved by the Commission is as shown in the Table below:

**Table 3.24: Interest on working capital approved for FY 2018-19 (Rs. Crore)**

| Particulars | Approved in the Tariff Order | True-up | |
|---|---|---|---|
| | | Claimed by PTCUL | Approved |
| O&M expenses for 1 month | 12.18 | 11.24 | 10.81 |
| Maintenance Spares | 21.92 | 20.22 | 19.46 |
| Receivables for 2 months | 32.08 | 31.89 | 22.73 |
| **Working Capital** | **66.18** | **63.35** | **53.00** |
| Rate of Interest on Working Capital | 13.70% | 13.70% | 13.70% |
| **Interest on Working Capital** | **9.07** | **8.68** | **7.26** |

The actual interest on working capital as per Audited Accounts for FY 2018-19 is nil. As interest on working capital is controllable in nature, the Commission has carried out sharing of gains in accordance with UERC Tariff Regulations, 2015 as elaborated in Para 3.8 of this Order.

### 3.6.14 Non-Tariff Income

The Commission had approved the non-tariff Income of Rs. 4.41 Crore in the Tariff Order for FY 2018-19. As against the same, the Petitioner has claimed the non-tariff Income of Rs. 10.28 Crore in the final true up of FY 2018-19. The actual 'other income' as per the audited accounts is Rs. 41.14 Crore. The Commission observes that the Petitioner has not considered the 'other income' pertaining to namely (1) Interest on Investments in FDR, (2) Sale of tender form, (3) Recoveries from transport facilities, (4) Others miscellaneous receipts and (5) Deferred revenue grant. Regulation 63(2) of the UERC Tariff Regulations, 2015 stipulates that the interest earned from investments made out of Return on Equity corresponding to the regulated business of the transmission licensee shall not be included in the non-tariff income. The Commission directed the Petitioner to confirm if the FDR is made through its earning from RoE and submit the details to substantiate the same.

The Petitioner further submitted that for the computation of the interest on the investments made out of Return on Equity, the difference of the accrued profits for FY 2017-18 and the accumulated expenses carried out from the same till FY 2017-18 has been considered as the opening Return on Equity balance for FY 2018-19. The Petitioner submitted that all the drawls made for expenditures carried out from Internal Resources have been made from the profit accrued from other sources before utilizing the earned Return on Equity. The closing balance for FY 2018-19 for investments from Return on Equity has been computed based on the Return on Equity claimed in the Petition and expenses incurred from internal resources in FY 2018-19. Finally, the average Return on Equity for FY 2018-19 has been multiplied by the Interest Rate on deposits for the year calculated from the Audited Financial statements of PTCUL (6.25%), resulting in a figure of Rs. 5.37 Crore. The Petitioner submitted that the amount of Rs. 5.37 Crore may be deducted from non-tariff Income.

The Commission in the data gaps raised the following query to the Petitioner:

*"Details of the ROE approved by the Commission, Equity portion used for asset creation, fixed deposits and interest from FY 2013-14 to FY 2018-19 is as follows:*

| *Particular* | *FY 2013-14* | *FY 2014-15* | *FY 2015-16* | *FY 2016-17* | *FY 2017-18* | *FY 2018-19* |
|---|---|---|---|---|---|---|
| *Return on ROE* | *7.67* | *9.93* | *11.39* | *15.69* | *18.07* | *20.15* |
| *Assets procured from Internal Accruals/Equity* | *1.49* | *3.24* | *4.4* | *2.18* | *1.6* | *0.76* |
| *Expenses towards CSR* | *0* | *0.44* | *0.78* | *1.22* | *1.38* | *1.66* |
| *Remaining RoE* | *6.18* | *6.25* | *6.21* | *12.29* | *15.09* | *17.73* |
| *Cumulative Remaining RoE* | *6.18* | *12.43* | *18.64* | *30.93* | *46.02* | *63.75* |
| *Fixed Deposit at the end of the respective year as per annual accounts* | *-* | *-* | *-* | *52* | *59.37* | *84.83* |
| *Interest on Investments* | *-* | *-* | *-* | *2.75* | *2.9454* | *8.84* |

*From the above table, it is observed that the Fixed Deposits as on 31.03.2019 were amounting to Rs. 84.83 Crore against the cumulative remaining ROE of Rs. 63.30 Crore upto 31.03.2019. In this regard, the Petitioner is directed to submit the justification for such discrepancy.*

*Further, the Petitioner is also directed to submit calculation along with supporting documents basis of considering opening Balance of ROE deposits as on 01.04.1017 Rs. 49.62 Crore and closing ROE deposits of Rs. 107.12 Crore as on 31.03.2019 whereas the same works out to Rs. 46.02 Crore and 63.75 Crore respectively."*

PTCUL submitted that the above calculation doesn't consider the RoE on initial equity approved by the Commission in Tariff Order dated February 27, 2019 and the RoE as claimed by PTCUL in the Tariff Petition for FY 2020-21 resulting in a discrepancy between the amount of the fixed deposits and cumulative remaining RoE upto March 31, 2019 and submitted the computation for the calculation of Interest on Investment as provided below:

| *Particular* | *FY 2013-14* | *FY 2014-15* | *FY 2015-16* | *FY 2016-17* | *FY 2017-18* | *FY 2018-19* |
|---|---|---|---|---|---|---|
| *Return on ROE* | *7.67* | *9.93* | *11.39* | *15.69* | *18.07* | *44.58* |
| *Assets procured from Internal Accruals/Equity* | *1.49* | *3.24* | *4.4* | *2.18* | *1.6* | *0.76* |
| *Expenses towards CSR* | *0* | *0.44* | *0.78* | *1.22* | *1.38* | *1.66* |
| *Remaining RoE* | *6.18* | *6.25* | *6.21* | *12.29* | *15.09* | *42.16* |
| *RoE on opening Equity* | | | | | *62.71* | |
| *Cumulative Remaining RoE* | *6.18* | *12.43* | *18.64* | *30.93* | *108.73* | *150.89* |
| *Fixed Deposit at the end of the respective year as per annual accounts* | *-* | *-* | *-* | *52* | *59.37* | *85.28* |
| *Interest on Investments* | *-* | *-* | *-* | *2.75* | *2.9454* | *8.84* |

Based on the submissions made by the Petitioner it is not clear as to how the Petitioner can invest RoE claimed by it for the Fixed Assets which the Commission has not allowed in the Tariff Orders dated March 21, 2018 for FY 2018-19, the RoE allowed by the Commission in Tariff Order was Rs 20.15 Crore, while the Petitioner for justifying the Fixed Deposits amount has considered the RoE of Rs. 44.58 Crore. Further the RoE of Rs 62.71 Crore on opening equity was allowed by the Commission while carrying out the truing up of FY 2017-18 in its Order dated February 27, 2019. It is also observed that the actual interest on Working Capital for FY 2018-19 is nil as against the normative requirement of Rs. 52.73 Crore. If the Petitioner has invested the entire RoE in Fixed Deposits, it is not clear as to how the Petitioner has funded working capital. Furthermore, the Petitioner vide its submission dated February 28, 2020 revised the interest amount on fixed deposits made out of Return on Equity to Rs. 3.79 Crore. The Petitioner has not submitted the detailed fund flow statement for meeting the Working Capital requirements.

In the absence of any satisfactory evidence to substantiate that the investments were made out of Return on Equity, the Commission has considered the actual interest income of Rs. 8.85 Crore from FDR as non-tariff income. However, the Commission has not considered the deferred revenue grant of Rs. 20.26 Crore as non-tariff income. Accordingly, the Commission approves the non-tariff income of Rs. 20.88 Crore only.

#### *3.6.15 Revenue from Short Term Open Access*

The Petitioner has claimed the revenue from Short Term Open Access as Rs. 2.73 Crore for FY 2018-19.

The Commission observed the revenue from Short Term Open Access is Rs. 4.34 Crore as per audited books of accounts for FY 2018-19. Accordingly, the Commission directed the Petitioner to submit the reason for discrepancy in numbers. In response to Commission query, the Petitioner submitted that out of Rs. 4.34 Crore, Rs. 2.73 Crore is short term open access charges whereas Rs. 1.61 Crore is the scheduling and operating charges from medium term open access consumers by SLDC.

The Commission does not do true-up of SLDC separately and it is done as part of overall true-up of STU/the Petitioner. Since, all the other income of SLDC like short term open access charges, registration charges, scheduling and operating charges, etc. are to be deposited into LDCD fund for the purpose as specified in Regulation 98 of UERC Tariff Regulations, 2015, the same has not been considered as part of revenue from short term open access. Accordingly, the Commission has considered only the revenue of Rs. 2.73 Crore and deducted the same from the ARR of the Petitioner in accordance with the UERC Tariff Regulations, 2015.

#### *3.6.16 Revenue from Natural ISTS Lines*

As regards the revenue from Natural ISTS Lines, the Petitioner's submissions are as follows:

As per Tariff Order dated February 27, 2019, the Commission had directed PTCUL to adjust the Natural ISTS revenue (Rs. 104.66 Crore) from State ARR in three equal installments from the ARR of FY 2017-18 to FY 2019-20. Accordingly, the Petitioner has submitted an amount of Rs. 34.89 Crore as the second installment for the ARR of FY 2018-19.

The Commission has gone through the submissions of the Petitioner and has approved the revenue from Natural ISTS Lines of Rs. 34.89 Crore for FY 2018-19.

## 3.7 Transmission Availability Factor

The recovery of Annual Transmission Charges for the Transmission Licensee is linked to the Normative Transmission Availability Factor as specified in the UERC Tariff Regulations, 2015. The actual Transmission Availability Factor for FY 2018-19 was 99.15%. Regulation 65 of the UERC Tariff Regulations, 2015 specifies the methodology of billing of Transmission Charges by the Transmission Licensee.

From the audited accounts for FY 2018-19, the Commission observed that the Petitioner has received an incentive of Rs. 1.73 Crore on account of higher Transmission Availability Factor for FY 2018-19. As per UERC Tariff Regulations, 2015, the variation in performance parameters is a controllable factor and the gain on efficiency in performance parameters is to be shared with the consumers. Accordingly, the Commission has considered the sharing of the amount of Rs. 1.73 Crore in accordance with the UERC Tariff Regulations, 2015.

## 3.8 Sharing of gains and losses

Regulation 12 of the UERC Tariff Regulations, 2015 specifies as follows:

*"**12. Annual Performance Review***

*…*

*(5) The "uncontrollable factors" shall include the following factors which were beyond the control of, and could not be mitigated by, the applicant, as determined by the Commission. Some examples of uncontrollable factors are as follows:-*

*…*

*c) Economy wide influences such as unforeseen changes in inflation rate, market interest rates, taxes and statutory levies;*

*...*

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

*…*

*d) Variations in working capital requirements;*

*…*

*h) Variation in operation & maintenance expenses*

*...*

*(10) Upon completion of the Annual Performance Review, the Commission shall pass on an order recording-*

*a) The approved aggregate gain or loss to the Applicant on account of uncontrollable factors and the mechanism by which the Applicant shall pass through such gains or losses in accordance with Regulation 13;*

*b) The approved aggregate gain or loss to the Applicant on account of controllable factors and the amount of such gains or such losses that may be shared in accordance with Regulation 14;*

*c) The approved modifications to the forecast of the Applicant for the ensuing year, if any;*

*The surplus/deficit determined by the Commission in accordance with these Regulations on account of truing up of the ARR of the Applicant shall be carried forward to the ensuing financial year."*

Regulation 13 of the UERC Tariff Regulations, 2015 specifies as under:

*"**13. Sharing of Gains and Losses on account of Uncontrollable factors***

*(1) The approved aggregate gain or loss to the Applicant on account of uncontrollable factors shall be passed through as an adjustment in the tariff/charges of the Applicant over such period as may be specified in the Order of the Commission;*

*…"*

Regulation 14 of the UERC Tariff Regulations, 2015 specifies as follows:

*"**14. Sharing of Gains and Losses on account of Controllable factors***

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

*a) 1/3rd of such gain or loss shall be passed on as a rebate or allowed to be recovered in tariffs over such period as may be specified in the Order of the Commission;*

*b) The balance amount of such gain or loss may be utilized or absorbed by the Applicant."*

Hence, in accordance with UERC Tariff Regulations, 2015, the O&M expenses, interest on working capital and gain on efficiency in performance parameters (i.e., Availability) are controllable factors and any gain or loss on account of the controllable factors is to be dealt in accordance with the provisions of Regulation 14.

The sharing of gains and losses on account of controllable factors approved by the Commission for FY 2018-19 is as shown in the Table given below:

**Table 3.25: Sharing of gains and losses on account of controllable factors approved by the Commission for FY 2018-19 (Rs. Crore)**

| Particulars | Actual | Trued up (Normative) | Aggregate gain/(loss) | Rebate in Tariff/(recovery through tariff) | Entitlement of the Petitioner |
|---|---|---|---|---|---|
| | A | B | C=B-A | D=1/3 x C | E=B-D |
| O&M expenses | 131.15 | 129.01 | -2.14 | -0.71 | 129.72 |
| Interest on Working Capital | 0.00 | 7.26 | 7.26 | 2.42 | 4.84 |
| Gain on Efficiency in Performance Parameter (Availability) | 0.00 | 1.73 | 1.73 | 0.58 | 1.15 |

## 3.9 Aggregate Revenue Requirement

Based on the above, the Aggregate Revenue Requirement approved by the Commission for FY 2018-19 is as shown in the Table given below:

**Table 3.26: Aggregate Revenue Requirement approved for FY 2018-19 (Rs. Crore)**

| Particulars | FY 2018-19 (True up) | | |
|---|---|---|---|
| | Approved in Tariff Order | Claimed for true up | Approved |
| O&M expenses | 146.14 | 134.82 | 129.72 |
| Interest on loan | 53.48 | 53.64 | 42.31 |
| Return on Equity | 20.15 | 44.58 | 25.32 |
| Income tax | 0.00 | 14.95 | 10.25 |
| Depreciation | 71.15 | 69.44 | 66.46 |
| Interest on working capital | 9.07 | 5.79 | 4.82 |
| **Aggregate Revenue Requirement** | **299.99** | **323.22** | **278.90** |
| *Add:* | | | |
| True up of previous years | -83.43 | -83.43 | -83.43 |
| *Minus:* | | | |
| Non-Tariff Income | 4.41 | 10.28 | 20.88 |
| Revenue from STOA charges | 2.84 | 2.73 | 2.73 |
| Revenue from Natural ISTS Lines | 0.00 | 34.89 | 34.89 |
| Sharing of Availability incentive | 0.00 | 0.58 | 0.58 |
| **Net ARR** | **209.30** | **191.31** | **136.39** |

## 3.10 Revenue gap/(surplus) for FY 2018-19

The revenue gap/(surplus) for FY 2018-19 after sharing of gains and losses is shown in the Table given below:

**Table 3.27: Revenue gap/(surplus) for FY 2018-19 (Rs. Crore)**

| Particulars | Claimed by PTCUL | Approved |
|---|---|---|
| Trued up ATC after sharing of gains and losses (including SLDC Charges) | 191.31 | 136.39 |
| ATC approved in the Tariff Order (including SLDC Charges) | 209.30 | 209.30 |
| **Revenue Gap/(Surplus)** | **-17.99** | **-72.91** |

Hence, the Commission has approved the revenue surplus of Rs. 72.91 Crore as against the revenue surplus of Rs. 17.99 Crore claimed by PTCUL.

## 3.11 Total revenue gap to be carried forward to FY 2020-21

The revenue surplus to be adjusted in the ATC of FY 2020-21 including carrying cost is as shown in the Table below:

**Table 3.28: Total revenue surplus to be adjusted in FY 2020-21 approved by the Commission (Rs. Crore)**

| Particulars | FY 2018-19 | FY 2019-20 |
|---|---|---|
| Opening Gap/(Surplus) | 0.00 | -77.91 |
| Addition | -72.91 | 0.00 |
| Closing Gap/(Surplus) | -72.91 | -77.91 |
| Interest rate | 13.70% | 13.70% |
| Carrying cost/(holding cost) | -4.99 | -10.67 |
| **Cumulative Gap/(Surplus)** | **-77.91** | **-88.58** |

# 4 Petitioner's Submissions, Commission's Analysis, Scrutiny & Conclusion on APR for FY 2019-20 and ARR for FY 2020-21

## 4.1 Annual Performance Review

Regulation 12(1) of the UERC Tariff Regulations, 2018 specifies that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review.

Regulation 12(3) of the UERC Tariff Regulations, 2018 specifies as under:

*"The scope of Annual Performance Review shall be a comparison of the performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:-*

*a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;*

*b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors);*

*c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;*

*d) Computation of sharing of gains and losses on account of controllable factors for the previous year."*

The Commission vide its MYT Order dated February 27, 2019 approved the MYT Petition of the Petitioner for the third Control Period from FY 2019-20 to FY 2021-22 based on the Audited Accounts available till FY 2017-18. The Commission vide its MYT Order dated February 27, 2019 approved the APR for FY 2018-19 and carried out the final Truing up for FY 2017-18 based on the Audited Accounts. The Petitioner, in this Petition has submitted the truing up for FY 2018-19 based on the audited accounts and proposed the revision of estimates for FY 2019-20 and FY 2020-21. The Petitioner, based on the final Truing up for FY 2018-19, also proposed the revenue surplus for FY 2018-19 to be adjusted in FY 2020-21.

The Commission in this Tariff Order has carried out the final Truing up for FY 2018-19 in accordance with UERC Tariff Regulations, 2015 as elaborated in the preceding Section. Further, in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018, the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. Hence, the Commission under the provisions of Regulation 12(3) of the UERC Tariff Regulations, 2018 has revised the ARR for FY 2020-21 based on the approved capitalisation for FY 2018-19 and revised estimated capitalisation for FY 2019-20. The Commission has computed certain expenses for FY 2019-20 based on the revised GFA for FY 2018-19 and FY 2019-20 only to facilitate the computations for FY 2020-21. The approach adopted by the Commission in the approval of each element of ARR for FY 2020-21 is elaborated in the subsequent paragraphs.

## 4.2 Capitalisation for FY 2019-20

The Commission vide its MYT Order dated February 27, 2019 on approval of MYT for the third Control Period from FY 2019-20 to FY 2021-22 had approved capitalisation of Rs. 381.52 Crore for FY 2019-20. As against the same, the Petitioner has proposed the revised capitalisation of Rs. 279.04 Crore for FY 2019-20. The Petitioner in the Petition submitted that the actual capitalisation during the period from April to September 2019 is Rs. 5.69 Crore which includes an additional capitalisation of Rs. 2.16 Crore and the details of the same are shown in the Table below:

**Table 4.1: Actual capitalisation during April to September, 2019 as submitted by PTCUL**

| S.No. | Name of the Scheme | Scheme | Amount capitalized till Sep'19 (Rs. Crore) | Date of Completion |
|---|---|---|---|---|
| **Projects other than deposit work/Grant** | | | | |
| 1 | Construction of 132/33 kV S/s, Patanjali Padartha, Haridwar. (GM (P) Expenditure A/C) | PFC-3039 | 0.06 | - |
| 2 | Construction of Ladies Toilet at 132 kV S/s Sitarganj | Internal Resources | 0.03 | 15.04.2019 |
| 3 | Construction of Security Hut at 132 kV S/s ELDECO Sitarganj | Internal Resources | 0.05 | 22.01.2019 |
| 4 | Extension work of office Bulding of CE(O&M) Kumaon Zone at 220 kV S/s Kamalwaganja, Haldwani | Others | 0.45 | 15.04.2018 |
| 5 | Supply & Erection of 110 volt, 300 AH Battery set at 132 kV Substation Bhagwanpur | Others | 0.07 | 25.06.2019 |
| 6 | Other O&M Work not under any scheme (O&M Division, Roorkee) | Others | 1.19 | 01.07.2019 |
| 7 | Office Equipment (Corporate Office, Dehradun) | Others | 0.11 | 24.07.2019 |
| 8 | Tools & Plants (O&M Division, Mahuakherganj) | Others | 0.00 | 30.05.2019 |
| 9 | Furniture & Fixtures (O&M Division Office, Dehradun) | Others | 0.00 | 31.08.2019 |
| 10 | EE O&M work PTCUL Yamuna Colony Dehradhun | Others | (0.00) | 03.10.2017 |
| 11 | Diversion of 220 kV Rishikesh-Dharasu & Chamba-Dharasu Transmission Line THDC | PFC | (0.09) | 31.03.2015 |
| 12 | Other work for provisional Entry | Others | (0.00) | 29.05.2018 |
| 13 | Misc. Work | Others | (0.04) | 01.04.2018 |
| **Sub-Total** | | | **1.83** | |
| **Projects through deposit work/Grant** | | | | |
| 1 | Construction of 1 No. 33 kV Bay for M/s Riddhi-Siddhi Pvt. Ltd. at 220 kV S/s Pantnagar | Deposit Work | 0.50 | 20.03.2017 |
| 2 | Supply, Erection, Testing and Commissioning of work for upgradation of control and protection system and replacement of different s/s equipments at various location of Garhwal and Kumaon zone under package-F (supply, erection, testing and commissioning of firefighting system. | PSDF | 1.20 | 31.08.2019 |
| **Sub-Total** | | | **1.70** | |
| **Projects other than deposit work/grant** | | | | |
| 1 | 220 kV S/s, Harrawala | PFC 90303011 | 1.12 | |
| 2 | 220 kV S/s, Pirankaliyar | REC-118-18-13431-A1 | 1.04 | |
| **Sub-Total** | | | **2.16** | |
| **Grand Total** | | | **5.69** | |

The Petitioner in its Petition proposed the capitalisation of the following projects during the period from October, 2019 to March, 2020 which are shown in the Table below:

**Table 4.2: Works proposed to be capitalized during October, 2019 to March, 2020 as submitted by PTCUL**

| S.No. | Name of the Scheme | Scheme | Proposed capitalization (Rs. Crore) | Expected Date of Completion |
|---|---|---|---|---|
| **Projects other than deposit work/Grant** | | | | |
| 1 | Augmentation of 220 kV Sub-statin SIDCUL Haridwar from 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV) to 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV)+1x25 MVA (220/33 kV) and Construction of 01 No.of 220 kV T/F Bay, 01 N0. 33 kV T/F Bay & 02 N0. of 33 kV feeder Bay. | PFC9303047 | 2.96 | 30.12.2019 |
| 2 | Balance Work of Diversion of 220 kV Rishikesh-Dharasu and Chamba-Dharasu line in THDC Submerged area | PFC-09303026 | 1.79 | 30.09.2019 |
| 3 | Construction of 132 kV GIS S/s Bageshwar with 6x7 MVA 132/33 kV Transformer Capacity (Revised DPR under REC-II Scheme). | PFC-IV | 61.24 | 20.11.2019 |
| 4 | 132 kV Single Circuit Line on D/c tower from 132 kV S/s Ranikhet to 132 kV GIS S/s Bagheshwar | REC-XIV | 45.21 | 20.11.2019 |
| 5 | A) Construction of 220 kV Piran Kaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL S/c Line on D/c Towers.<br>B) (B) Stringing of 2nd Circuit of 220 kV Piran Kaliyar-Puhana (PGCIL) D/c line on D/c towers.<br>C) (C) Laying of 220 kV Cable at Puhana (PGCIL) S/s end. | REC-118-18-13431-A1 | 18.37 | 31.03.2020 |
| 6 | Shifting of 132 kV lines in Dev Sanskriti Vishvavidyalaya Campus for Shri Ved Mata Gayatri Trust Shantikunj Haridwar. | REC-09303048 | 3.25 | 31.12.2019 |
| 7 | Stringing of Second Circuit of 132 kV D/c Satpuli-Kotdwar Transmission Line. | UA-TD-TRM-118-2016-10952 | 5.50 | 30.11.2019 |
| 8 | Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL. | UA-TD-TRM-118-2015-10148 | 19.47 | 30.11.2019 |
| 9 | 132 kV S/C link line between 132 kV S/s Purkul and Bindal | REC IV(C-10009) | 12.74 | 28.02.2020 |
| 10 | "Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur and construction of 132 kV bays at both ends.<br>(B) Construction of 132 kV Bays at both ends." | REC-9025 | 2.10 | 31.03.2020 |
| 11 | Augmentation of 220 kV S/s Jhajra from 2x40 MVA to 2x80 MVA | REC-9665 | 5.66 | 31.03.2020 |
| 12 | 220/33 kV (2X50 MVA) S/s Jaffarpur | PFC-II | 37.14 | 31.03.2020 |
| 13 | LILO of 220 kV Kashipur-Pantanagar line at Jaffarpur | PFC-II | 6.38 | 31.03.2020 |
| 14 | Construction of 01 No 220 kV Bay(Phase-1) for 220 KV D/C Pirankaliyar (Imlikheda)-Puhana (PGCIL) line at 220 kV substation Piran Kaliyar | PFC | 8.80 | 30.12.2019 |
| 15 | Work of plinth of 400 kV Circuit Breaker stacking across chainling at 400 kV S/s Kashipur. | Others | 0.05 | 24.09.2019 |
| 16 | Work of construction of guard room at main gate at 132 kV S/s Bazpur | Others | 0.05 | 31.03.2020 |
| 17 | Supplying and laying of Optical Power Ground Wire (OPGW) over existing lines of PTCUL along installation of Fiber Optical | Others | 31.27 | 31.12.2019 |

| | | | | |
|---|---|---|---|---|
| | Terminal Equipment (FOTE) [SLDC Asset] | | | |
| **Sub-Total** | | | **261.98** | |
| **Projects through deposit work/Grant** | | | | |
| 1 | Supply, Erection and Testing & Commissioning of Shifting/ Diversion of 400 kV Rishikesh-Nehtour Line for broadening of Haridwar-Nagina Section in NH-74 at Chidiyapur Range(UP) against Tender Specification no. PTCUL/E-tender/C&P-II/TL-21/2018-19 | Deposit Work | 2.25 | 31/03/2020 |
| 2 | Supply and erection for "Diversion of 220 kV Rishikesh-Dharashu line Ckt.-I, 220 kV Rishikesh-Chamba line, 220 kV Rishikesh-Dharashu line Ckt.-II and diversion work of 132 kV Rishikesh-Srinagar line". | Deposit work for Rail Vikas Nigam Limited. | 9.12 | 31/03/2020 |
| **Sub- Total** | | | **11.38** | |
| **Total** | | | **273.35** | |

The Commission observed that the Petitioner has claimed an actual capitalisation amount of Rs. 5.69 Crore only between April 2019 to September 2019 and a proposed amount of Rs. 273.35 Crore between October 2019 to March 2020. As per the submission of the Petitioner, the Commission observed that the amount claimed by the Petitioner for second half of FY 2019-20 is much higher than the actual capitalisation claimed in the first half of the financial year.

In view of the above, the Commission directed the Petitioner to submit the updated status of Completed/Anticipated capital works for second half of FY 2019-20. The Petitioner in its reply submitted the actual physical and financial progress upto March 12, 2020 for the projects proposed to be capitalised during second half of FY 2019-20 as shown in the Table below:

**Table 4.3: Actual physical and financial progress as on March 12, 2020 as submitted by PTCUL**

| S. No. | Name of the Scheme | Amount (Rs Crore) | Physical Progress in % as on 07.03.2020 | Financial Progress in % as on 07.03.2020 | Actual/Revised Anticipated Commissioning Date |
|---|---|---|---|---|---|
| 1 | Augmentation of 220 kV Substation SIDCUL Haridwar from 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV) to 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV)+1x25 MVA (220/33 kV) and Construction of 01 No. of 220 kV T/F Bay, 01 N0. 33 kV T/F Bay & 02 N0. of 33 kV feeder Bay. | 2.96 | 100% | 45.60% | Work completion on 31.12.2019 |
| 2 | Balance Work of Diversion of 220 kV Rishikesh-Dharasu and Chamba-Dharasu line in THDC Submerged area | 1.79 | 80% | 66.54% | Actual 30.09.2019 |
| 3 | Construction of 132 kV GIS S/s Bageshwar with 6x7 MVA 132/33 kV Transformer Capacity (Revised DPR under REC-II Scheme). | 63.06 | 100% | 76.89 against DPR | Actual 08.01.2020 |
| 4 | 132 kV Single Circuit Line on D/c tower from 132 kV S/s Ranikhet to 132 kV GIS S/s Bagheshwar | 49.03 | 100% | 73.66 against DPR | Actual 08.01.2020 |
| 5 | (A) Construction of 220 kV Piran Kaliyar (220 kV S/s) to Puhana (400 kV | 18.37 | 99% | 96% | 31.03.2020 |

**Table 4.3: Actual physical and financial progress as on March 12, 2020 as submitted by PTCUL**

| S. No. | Name of the Scheme | Amount (Rs Crore) | Physical Progress in % as on 07.03.2020 | Financial Progress in % as on 07.03.2020 | Actual/Revised Anticipated Commissioning Date |
|---|---|---|---|---|---|
| | S/s) PGCIL S/c Line on D/c Towers. | | | | |
| | (B) Stringing of 2nd Circuit of 220 kV Piran Kaliyar-Puhana (PGCIL) D/c line on D/c towers. | | | | |
| | (C) Laying of 220 kV Cable at Puhana (PGCIL) S/s end. | | 99% | 69% | |
| 6 | Shifting of 132 kV lines in Dev Sanskriti Vishvavidyalaya Campus for Shri Ved Mata Gayatri Trust Shantikunj Haridwar. | 3.25 | 100% | 96.89% | Work completion on 23.01.2020 |
| 7 | Stringing of Second Circuit of 132 kV D/c Satpuli-Kotdwar Transmission Line. | 5.5 | 100% | 96.89% | Actual 22.12.2019 |
| 8 | Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL. | 19.47 | 90% | 15% | 30.04.2020 |
| 9 | 132 kV S/C link line between 132 kV S/s Purkul and Bindal | 12.74 | 94% | 99.28% | 31.05.2020 |
| 10 | (A) "Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur and construction of 132 kV bays at both ends. | 0.76 | 30% | 10.40% | 30.06.2020 |
| | (B) Construction of 132 kV Bays at both ends." | 2.1 | 100% | 90% | Work completed on 05.11.2019 |
| 11 | Augmentation of 220 kV S/s Jhajra from 2x40 MVA to 2x80 MVA | 5.66 | 50% | 80% | 30.04.2020 |
| 12 | 220/33 kV (2X50 MVA) S/s Jaffarpur | 37.14 | 99% | 52.82 against DPR | 25.03.2020 |
| 13 | LILO of 220 kV Kashipur-Pantnagar line at Jaffarpur | 6.38 | 75% | | 25.03.2020 |
| 14 | Construction of 01 No 220 kV Bay (Phase-1) for 220 kV D/C Piran Kaliyar (Imlikheda)–Puhana (PGCIL) line at 220 kV substation Piran Kaliyar | 8.8 | 95% | 15.56% | 25.03.2020 |
| 15 | Work of plinth of 400 kV Circuit Breaker stacking across chain ling at 400 kV S/s Kashipur. | 0.05 | 100% | 100% | 25.09.2019 |
| 16 | Work of construction of guard room at main gate at 132 kV S/s Bazpur | 0.05 | 100% | 0% | 31.10.2018 |
| 17 | OPGW Connectivity in PTCUL under Phase-II of ULDC Projects (SLDC Asset)* | 31.27 | More than 90% | 75% (As compare to award cost) | Training is pending otherwise project is completed. |
| **Projects through deposit work/Grant** | | | | | |
| 1 | Supply, Erection and Testing & Commissioning of Shifting/Diversion of 400 kV Rishikesh-Nehtour Line for broadening of Haridwar-Nagina Section in NH-74 at Chidiyapur Range (UP) against Tender Specification no. PTCUL/E-tender/C&P-II/TL-21/2018-19 | 2.25 | 40% | Nil | 30.04.2020 |
| 2 | Supply and erection for "Diversion of 220 kV Rishikesh-Dharashu line | 9.12 | 100% | 76% | 31.03.2020 |

**Table 4.3: Actual physical and financial progress as on March 12, 2020 as submitted by PTCUL**

| S. No. | Name of the Scheme | Amount (Rs Crore) | Physical Progress in % as on 07.03.2020 | Financial Progress in % as on 07.03.2020 | Actual/Revised Anticipated Commissioning Date |
|---|---|---|---|---|---|
| | Ckt.-I, 220 kV Rishikesh-Chamba line, 220 kV Rishikesh-Dharashu line Ckt.-II and diversion work of 132 kV Rishikesh-Srinagar line". | | complete | (As compare to award cost) | |
| **Total** | | **279.75** | | | |

After analyzing the revised data as submitted by the Petitioner, the Commission observed that for some of the projects, though PTCUL has submitted that the project will get completed in FY 2019-20 but its anticipated commissioning date is beyond FY 2019-20. Further, for some other projects for which the Petitioner has submitted the anticipated commissioning date within FY 2019-20, Financial/Physical progress of such projects is very less and there is very bleak chance to complete those projects by March, 2020. Accordingly, the Commission has considered capitalization of only those works in FY 2019-20, which have either been commissioned/completed by March, 2020 or have attained substantial physical progress. The total amount of capitalization for such schemes works out to Rs. 153.18 Crore. The balance projects for which the date of commissioning is either beyond March 31, 2020 or physical progress is on a lower side amounts to Rs. 126.57 Crore and have been carried forward and the capitalization of such works has been considered in FY 2020-21. Details of such works are mentioned below:

**Table 4.4 List of spill over projects/ Carry Forward Projects to FY 2020-21**

| S. No. | Name of the Scheme | Amount proposed to be capitalized (Rs. Crore) | Physical Progress in % as on 07.03.2020 | Financial Progress in % as on 07.03.2020 | Actual/Revised Anticipated Commissioning Date |
|---|---|---|---|---|---|
| 1 | Installation of Intra-State ABT Metering Scheme for On-Lining of ABT Meters to be installed at Interface Points for Energy Accounting & Transmission Level Energy Auditing at PTCUL. | 19.47 | 90% | 15% | 30.04.2020 |
| 2 | 132 kV S/C link line between 132 kV S/s Purkul and Bindal | 12.74 | 94% | 99.28% | 31.05.2020 |
| 3 | (A) "Construction of 132 kV overhead line from 220 kV S/s SIDCUL, Haridwar to 132 kV S/s Jwalapur and construction of 132 kV bays at both ends. | 0.76 | 30% | 10.40% | 30.06.2020 |
| | (B) Construction of 132 kV Bays at both ends." | 2.10 | 100% | 90% | Work completed on 05.11.2019 |
| 4 | Augmentation of 220 kV S/s Jhajhra from 2x40 MVA to 2x80 MVA | 5.66 | 50% | 80% | 30.04.2020 |
| 5 | 220/33 kV (2X50 MVA) S/s Jaffarpur | 37.14 | 99% | 52.82 against DPR | 25.03.2020 |
| 6 | LILO of 220 kV Kashipur-Pantnagar line at Jaffarpur | 6.38 | 75% | | 25.03.2020 |
| 7 | Construction of 01 No 220 kV Bay (Phase-1) for 220 kV D/C Piran Kaliyar (Imlikheda)–Puhana (PGCIL) line at 220 kV Sub-station Piran Kaliyar | 8.80 | 95% | 15.56% | 25.03.2020 |
| 8 | OPGW Connectivity in PTCUL under Phase-II of ULDC Projects (SLDC Asset) | 31.27 | More than 90% | 75% (As compare to award cost) | Training is pending otherwise project is completed. |
| 9 | Supply, Erection and Testing & Commissioning of Shifting/Diversion of 400 kV Rishikesh-Nehtour Line for broadening of Haridwar-Nagina Section in NH-74 at Chidiyapur Range (UP) against Tender Specification no. PTCUL/E-tender/C&P-II/TL-21/2018-19 | 2.25 | 40% | Nil | 30.04.2020 |
| | **Total** | **126.57*** | | | |

** Proposed Additional Capitalisation carry forwarded to FY 2020-21 from FY 2019-20*

In view of the above, the Commission has considered the capitalisation of Rs. 5.69 Crore for the projects actually commissioned during April to September, 2019. Further, based on the physical and financial progress of the projects amounting to Rs. 153.18 Crore proposed to be capitalised during October, 2019 to March, 2020 submitted by PTCUL, the Commission has also considered the capitalisation of the projects as mentioned below:

a) Augmentation of 220 kV Sub-station SIDCUL Haridwar from 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV) to 2x80 MVA (132/33 kV)+1x50 MVA (220/33 kV)+1x25 MVA (220/33 kV) and Construction of 01 No. of 220 kV T/F Bay, 01 N0. 33 kV T/F Bay & 02 N0. of 33 kV feeder Bay.,

b) Balance Work of Diversion of 220 kV Rishikesh-Dharasu and Chamba-Dharasu line in THDC Submerged area,

c) Construction of 132 kV GIS S/s Bageshwar with 6x7 MVA 132/33 kV Transformer Capacity (Revised DPR under REC-II Scheme),

d) 132 kV Single Circuit Line on D/c tower from 132 kV S/s Ranikhet to 132 kV GIS S/s Bagheshwar,

e) Construction of 220 kV Piran Kaliyar (220 kV S/s) to Puhana (400 kV S/s) PGCIL S/c Line on D/c Towers & Stringing of 2nd Circuit of 220 kV Piran Kaliyar-Puhana (PGCIL) D/c line on D/c towers & Laying of 220 kV Cable at Puhana (PGCIL) S/s end,

f) Shifting of 132 kV lines in Dev Sanskriti Vishvavidyalaya Campus for Shri Ved Mata Gayatri Trust Shantikunj Haridwar,

g) Stringing of Second Circuit of 132 kV D/c Satpuli-Kotdwar Transmission Line,

h) Work of plinth of 400 kV Circuit Breaker stacking across chain link at 400 kV S/s Kashipur,

i) Work of construction of guard room at main gate at 132 kV S/s Bazpur,

j) Supply and erection for "Diversion of 220 kV Rishikesh-Dharashu line Ckt.-I, 220 kV Rishikesh-Chamba line, 220 kV Rishikesh-Dharashu line Ckt.-II and diversion work of 132 kV Rishikesh-Srinagar line.

Therefore, the amount to be capitalised in FY 2019-20 as considered by the Commission is Rs. 158.87 Crore (including actual capitalisation of Rs. 5.69 Crore in first half & proposed capitalisation of Rs. 153.18 Crore in second half of FY 2019-20). The balance capitalisation of Rs. 126.57 Crore which is proposed to be capitalised in FY 2019-20 by the Petitioner has been carried forward to FY 2020-21. Based on the above discussion, GFA claimed by the Petitioner and GFA approved by the Commission for FY 2019-20 is as follows:

**Table 4.5: GFA base approved for FY 2019-20 (Rs. Crore)**

| S. No. | Particulars | Approved in MYT Order | Claimed by PTCUL | Approved in APR |
|---|---|---|---|---|
| 1 | Opening GFA | 1454.11 | 1537.50 | 1467.02 |
| 2 | Capitalisation during the year | 381.52 | 279.06 | 158.87 |
| 3 | Closing GFA | 1835.63 | 1816.56 | 1625.89 |

In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018 the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. The Commission shall carry out the truing up of FY 2019-20 based on the audited accounts for FY 2019-20 and give effect on this account in the revised ARR of FY 2021-22 in accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018. The Commission has computed certain expenses for FY 2019-20 based on the revised GFA for FY 2019-20 only to facilitate the computations for the ensuing FY 2020-21. The Commission at this stage has not carried out the detailed prudence check of capitalised works considered during FY 2019-20 including time over-run and cost over-run as the objective at this stage for carrying out Annual Performance Review for FY 2019-20 is to revise the estimates for current year, i.e. FY 2019-20, and give its effect while approving the ARR for FY 2020-21. The Commission will carry out the detailed prudence check of actual works capitalised during FY 2019-20 while carrying out the truing up for FY 2019-20 based on the audited accounts.

## 4.3 Capitalisation during FY 2020-21

The Commission, in the approval of Business Plan for the third Control Period from FY 2019-20 to FY 2021-22 had approved the capitalisation of Rs. 148.06 Crore for FY 2020-21. As against the same, the Petitioner has proposed the revised capitalisation of Rs. 456.25 Crore for FY 2020-21.

The Commission observed that the Petitioner is adopting the practice of projecting capitalisation on a higher side in its Tariff Petitions while on the other side, the actual capitalisation is not even matching the approved capitalisation as observed in truing up for FY 2018-19. This results in over-projection of ARR and Tariff at the time of approval of ARR for ensuing years and creates a situation of over-recovery by the Petitioner with surplus to be returned by the Petitioner along with the carrying cost.

In view of the above, for FY 2020-21, the Commission has decided to consider same amount of capitalisation as approved in Business Plan along with the amount of spilled over schemes to FY 2020-21 from FY 2019-20 amounting to Rs. 126.57 Crore which has already been discussed in the previous paragraphs. Accordingly, a total amount of Rs. 274.63 Crore is considered by the Commission towards asset capitalisation for FY 2020-21. The GFA base claimed by the Petitioner and approved by the Commission for FY 2020-21 is as shown in the Table below:

**Table 4.6: GFA base approved for FY 2020-21 (Rs. Crore)**

| S. No. | Particulars | Approved in MYT Order | Claimed by PTCUL | Approved in ARR |
|---|---|---|---|---|
| 1 | Opening GFA | 1835.63 | 1816.56 | 1625.89 |
| 2 | Capitalisation during the year | 148.06 | 456.25 | 274.63 |
| 3 | Closing GFA | 1983.68 | 2272.81 | 1900.52 |

## 4.4 Means of Finance

The Commission in its MYT Order dated February 27, 2019 while approving the Business Plan for the third Control Period from FY 2019-20 to FY 2021-22 had considered the debt equity ratio of 70:30 as means of finance for capitalization during the Control Period. Accordingly, the Commission at this stage has considered the debt equity ratio of 70:30 for capitalisation in FY 2019-20 and FY 2020-21. The Commission shall consider the actual means of finance for each scheme capitalised during the truing up for the respective year.

Based on the above and considering the closing balances for FY 2018-19, the Commission has determined the debt and equity components for FY 2019-20 and FY 2020-21 which works out as given below:

**Table 4.7: Details of financing for capitalisation for FY 2019-20 (Rs. Crore)**

| S. No. | Particulars | Cap. Res. | Grant | Loan | Equity | Total |
|---|---|---|---|---|---|---|
| 1 | Opening GFA | 78.99 | 119.29 | 972.49 | 296.25 | 1467.02 |
| 2 | Total addition during the year | 0.00 | 0.00 | 111.21 | 47.66 | 158.87 |
| 3 | Less Deletions during the year | 0.09 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | **Closing GFA** | **78.90** | **119.29** | **1083.70** | **343.91** | **1625.89** |

**Table 4.8: Details of financing for capitalisation for FY 2020-21 (Rs. Crore)**

| S. No. | Particulars | Cap. Res. | Grant | Loan | Equity | Total |
|---|---|---|---|---|---|---|
| 1 | Opening GFA | 78.90 | 119.29 | 1083.70 | 343.91 | 1625.80 |
| 2 | Total addition during the year | 0.00 | 0.00 | 192.24 | 82.39 | 274.63 |
| 3 | Less Deletions during the year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | **Closing GFA** | **78.90** | **119.29** | **1275.94** | **426.30** | **1900.43** |

## 4.5 Annual Transmission Charges

Regarding the Annual Transmission Charges, Regulation 57 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**57. Annual Transmission Charges for each financial year of the Control Period***

*The Annual Transmission Charges for each financial year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of non-tariff income, income from Other Businesses and short-term open access charges, as approved by the Commission and shall be computed in the following manner*

*Aggregate Revenue Requirement, is the sum of:*

*(a) Operation and maintenance expenses;*

*(b) Lease Charges;*

*(c) Interest and Finance charges on loan capital;*

*(d) Return on equity capital;*

*(e) Income-tax;*

*(f) Depreciation;*

*(g) Interest on working capital and deposits from Transmission System Users; and Annual Transmission Charges of Transmission Licensee = Aggregate Revenue Requirement, as above,*

***Minus:***

*(h) Non-Tariff Income*

*(i) Short-Term Open Access Charges and*

*(j) Income from Other Business to the extent specified in these Regulations.*

*..."*

The Commission in this Order has approved the Annual Transmission Charges for FY 2020-21 based on the approved GFA base.

### 4.5.1 *Operation and Maintenance expenses*

Regarding the Operation and Maintenance expenses, Regulation 62 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**62. Operation and Maintenance Expenses***

*(1) The O&M expenses for the first year of the Control Period will be approved by the Commission taking into account actual O&M expenses for last five years till Base Year subject to prudence check and any other factors considered appropriate by the Commission.*

*(2) The O&M expenses for the nth year and also for the year immediately preceding the Control Period i.e., FY 2018-19 shall be approved based on the formula given below:-*

$O\&M_n = R\&M_n + EMP_n + A\&G_n$

*Where–*

- *O&Mn – Operation and Maintenance expense for the nth year;*
- *EMPn – Employee Costs for the nth year;*
- *R&Mn – Repair and Maintenance Costs for the nth year;*
- *A&Gn – Administrative and General Costs for the nth year;*

*(3) The above components shall be computed in the manner specified below:*

$EMP_n = (EMP_{n-1}) \times (1+G_n) \times (CPIinflation)$

$R\&Mn = K \times (GFA_{n-1}) \times (WPIinflation)$ *and*

$A\&Gn = (A\&G_{n-1}) \times (WPIinflation) + Provision$

*Where –*

- $EMP_{n-1}$ *– Employee Costs for the (n-1)th year;*
- *A&Gn-1 – Administrative and General Costs for the (n-1)th year;*
- *Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and approved by the Commission after prudence check.*
- *"K" is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Transmission Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*
- *CPIinflation– is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years;*
- *GFAn-1 - Gross Fixed Asset of the Transmission Licensee for the n-1th year;*
- *Gn is a growth factor for the nth year and it can be greater than or less than zero based on the actual performance. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Transmission Licensee's filings, benchmarking and any other factor that the Commission feels appropriate:*

*Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."*

The O&M expenses includes Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 62 of the UERC Tariff Regulations, 2018, the O&M expenses for FY 2020-21 shall be determined by the Commission taking into account actual O&M expenses of the previous years and any other factors considered appropriate by the Commission. The submissions of the Petitioner and the Commission's analysis on the O&M expenses for FY 2020-21 are detailed below.

#### ***4.5.2 Employee expenses***

The Commission has approved the employee expenses of Rs. 102.74 Crore for FY 2019-20 in its MYT Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22. The Petitioner submitted that the actual employee expenses for the first six months of FY 2019-20 was Rs. 42.34 Crore. The Petitioner, in its Petition, has proposed the employee expenses for FY 2019-20 as Rs. 93.47 Crore including the impact of Seventh Pay Commission of Rs. 0.67 Crore.

The Petitioner submitted that the employee expenses for FY 2019-20 and FY 2020-21 has been proposed as per the UERC Tariff Regulations, 2018 considering the actual employee expenses for FY 2016-17 to FY 2018-19. The Petitioner has escalated EMPn-1 for FY 2019-20 with average CPI inflation for last three years (FY 2016-17 to FY 2018-19) and multiplied the same by Growth Factor proposed for FY 2019-20 to arrive at the revised estimates of employee expenses. The Capitalisation rate has been considered as 24.24% as per the actual figures of FY 2018-19. Further, the impact of Seventh Pay Commission for prior Control Period has been added to compute the revised estimate for FY 2019-20. For the calculation of employee expenses of FY 2020-21, the Petitioner has escalated the employee expenses approved for FY 2019-20 with average CPI inflation for last 3 years (FY 2016-17 to FY 2018-19) and multiplied the same by Growth Factor proposed for FY 2020-21 to arrive at the revised estimates of employee expenses. Accordingly, the Petitioner has proposed the employee expenses of Rs. 93.47 Crore and Rs. 122.48 Crore for FY 2019-20 and FY 2020-21 respectively.

The Commission has computed the employee expenses in accordance with the UERC Tariff Regulations, 2018. In accordance with the UERC Tariff Regulations, 2018, the Gn (growth factor) is to be considered in the computation of employee expenses. The Commission, in the approval of the Business Plan for the third Control Period from FY 2019-20 to FY 2021-22, based on the approved

HR Plan computed the Gn factors of 21.68% and 16.89% for FY 2019-20 and FY 2020-21 respectively. As against the same, the Petitioner has proposed the Gn factors of 8.10% and 27.10% for FY 2019-20 and FY 2020-21 respectively. The Commission has considered the closing no. of employees for FY 2018-19 as the opening no. of employees for FY 2019-20. In the MYT Order dated February 27, 2019, the Commission had approved the recruitment of 187 number of employees in FY 2019-20. As against the same, the Petitioner has proposed recruitment of 80 number of employees in FY 2019-20. In reply, the Petitioner submitted that UKSSSC had informed that 49 number of candidates have been shortlisted and provided the list of 21 number of shortlisted candidates out of which 19 candidates have already joined PTCUL and balance 2 candidates are expected to join by end of December, 2019. In the matter, the Commission once again directed the Petitioner to submit updated recruitment status. The Petitioner vide its reply dated March 12, 2020 submitted that the latest status of recruitment was enclosed as Annexure-I. However, no annexure was attached in the reply. The Commission expresses extreme displeasure in the lackadaisical manner of submissions made by the Petitioner. Subsequently, the Petitioner vide its letter dated March 19, 2020 stated that only 20 number of selected candidates have joined till date.

Accordingly, based on the submission of the Petitioner and past performance of the Petitioner in meeting the recruitment targets, the Commission has considered the recruitment of 20 employees in FY 2019-20 as actual recruitment submitted by the Petitioner vide submission dated March 19, 2020. Further, the Petitioner has proposed the recruitment of 244 number of employees in FY 2020-21. The Commission at this stage has considered the recruitment of only 196 number of employees calculated based on the number of employees projected in Business Plan, i.e. 168 employees, and spillover of balance employees, i.e. 29 employees (49 less 20), expected to be recruited during FY 2019-20. The Commission has considered the retirement of employees in FY 2019-20 and FY 2020-21 as submitted by the Petitioner. Accordingly, the Commission has approved the Gn factors of 0.62% for FY 2019-20 and 23.17% for FY 2020-21. However, if the actual addition to number of employees is lower or higher, as the case may be, than the number of employee addition considered in this Order, the impact of the same shall be adjusted while carrying out the truing up and will not be considered as reduction or increase in Employee expenses on account of controllable factors.

In accordance with UERC Tariff Regulations, 2018, CPI inflation which is the average increase in the Consumer Price Index (CPI) for the preceding three years is to be considered. The

Commission has calculated the annual growth in values of CPI (overall) based on average of preceding three full years upto FY 2018-19 as 4.22%.

The Commission has considered the employee expenses approved in the true up for FY 2018-19 for projecting the employee expense for FY 2019-20 and FY 2020-21 in accordance with the UERC Tariff Regulations, 2018. Further, the Commission has considered the capitalisation rate of employee expenses as 26% which is the actual capitalisation rate for FY 2018-19. The Commission has considered the normative gross employee expenses approved in the true up of FY 2018-19 as the opening gross employee expenses for FY 2019-20. This normative opening gross employee expenses have been adjusted for the Gn factor approved for FY 2019-20 and escalated with CPI Inflation of 4.22% to arrive at the normative employee expenses for FY 2019-20. The gross employee expenses so arrived have been considered as the gross employee expenses (EMPn-1) for FY 2020-21. The Commission has computed the normative employee expenses for FY 2020-21 in accordance with the Regulation 62(3) of UERC Tariff Regulations, 2018 considering the Gn factor approved for the corresponding year and the CPI inflation of 4.22%. Further, the Commission has considered the actual capitalisation rate of employee expenses for FY 2018-19 to be the capitalisation rate for FY 2020-21.

The Commission shall consider the actual impact of Seventh Pay Commission, if any, during the true up of FY 2019-20 and no sharing of gains and losses on this amount would be allowed.

Accordingly, the normative employee expenses approved by the Commission for FY 2020-21 are as shown in the Table below:

**Table 4.9: Employee expenses approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT Order | Claimed by PTCUL | Approved |
|---|---|---|---|
| Net Employee expenses | 125.29 | 122.48 | 95.30 |

### *4.5.3 R&M expenses*

The Commission has approved the R&M expenses of Rs. 23.05 Crore for FY 2019-20 in its MYT Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22. The Petitioner submitted that the actual R&M expenses for the first six months of FY 2019-20 was Rs. 12.33 Crore. The Petitioner has proposed the R&M expenses for FY 2019-20 as Rs. 37.84 Crore. The Petitioner submitted that R&M expenses have been computed as per UERC Tariff Regulations, 2018.

The Petitioner submitted that the R&M expenses for FY 2019-20 and FY 2020-21 has been proposed as per the UERC Tariff Regulations, 2018. The Petitioner has considered the K factor of 2.39%. Further, the Petitioner has considered the WPI inflation of 2.98% considering the average increase in the Wholesale Price Index (WPI) for FY 2016-17 to FY 2018-19. Accordingly, the Petitioner has proposed the R&M expenses of Rs. 37.84 Crore and Rs. 44.71 Crore for FY 2019-20 and FY 2020-21 respectively.

The Commission has determined the R&M expenses for FY 2019-20 and FY 2020-21 in accordance with UERC Tariff Regulations, 2018. The Commission has considered the K factor of 2.39% as approved in the MYT Order dated February 27, 2019. The Commission has considered the closing GFA of Rs. 1625.89 Crore for FY 2019-20 as opening GFA for FY 2020-21. The Commission has considered the WPI Inflation of 2.98% which is the average increase in the Wholesale Price Index (WPI) for FY 2016-17 to FY 2018-19.

The R&M expenses approved by the Commission for FY 2020-21 are shown in the Table below:

**Table 4.10: R&M expenses approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT Order | Claimed by PTCUL | Approved |
|---|---|---|---|
| R&Mn | 44.07 | 44.71 | 40.02 |

### 4.5.4 *A&G expenses*

The Commission had approved the A&G expenses of Rs. 23.02 Crore for FY 2019-20 in its Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22. The Petitioner submitted that the actual A&G expenses for the first six months of FY 2019-20 as Rs. 13.40 Crore. The Petitioner, in its Petition, has proposed the A&G expenses for FY 2019-20 as Rs. 26.33 Crore. The estimated A&G expenses of Rs. 26.33 Crore includes license fee of Rs. 8.20 Crore paid to the Commission, security expenditure of Rs. 10.34 Crore and Rs. 7.79 Crore on other heads.

The Petitioner submitted that the A&G expenses for FY 2019-20 and FY 2020-21 has been proposed as per the UERC Tariff Regulations, 2018. Accordingly, the estimated A&G expenses for FY 2019-20, net of license fee has been considered as 'A&Gn-1'. The 'A&Gn-1' has been escalated by WPI inflation of 2.98% to arrive at the expenses for FY 2020-21. Further, the license fee has been added to arrive at total A&G expenses for FY 2020-21. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 26.33 Crore and Rs. 29.01 Crore for FY 2019-20 and FY 2020-21 respectively.

The Commission has considered the normative gross A&G expenses (excluding the license fee and security expenses) approved in the true up of FY 2018-19 as the gross base A&G expenses for FY 2019-20. This normative opening gross A&G expenses have been escalated by the WPI inflation of 2.98% to arrive at gross A&G expenses for FY 2019-20. The gross A&G expenses so arrived at have been considered as the gross A&G expenses (A&Gn-1) for FY 2020-21. The Commission has computed the normative A&G expenses for FY 2020-21 in accordance with the Regulation 62(3) of UERC Tariff Regulations, 2018 considering the WPI inflation of 2.98%. Further, the Commission has considered the actual capitalisation rate of A&G expenses for FY 2018-19 to be the capitalisation rate for FY 2019-20 and FY 2020-21. In addition, the Commission has calculated the License Fee, i.e. 11.05 Crore for FY 2020-21.

The Commission in its MYT Order dated February 27, 2019 on approval of MYT for FY 2019-20 to FY 2021-22 had approved the security expenses as 0.63% of the approved opening GFA based on average security expenses corresponding to non-UITP projects for FY 2015-16 to FY 2017-18 and by applying the WPI escalation. The Commission has, accordingly, determined the security expenses, i.e. Rs. 10 Crore, for FY 2020-21 based on the approved opening GFA for each year and the WPI inflation of 2.98%.

The normative A&G expenses approved by the Commission for FY 2020-21 are shown in the Table below:

**Table 4.11: A&G expenses approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT Order | Claimed by PTCUL | Approved |
|---|---|---|---|
| Total A&G expenses | 26.45 | 29.01 | 27.48 |

### 4.5.5 *O&M expenses*

The O&M expenses approved by the Commission for FY 2020-21 are as shown in the Table below:

**Table 4.12: O&M expenses approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT Order | Claimed by PTCUL | Approved |
|---|---|---|---|
| Employee expenses | 125.29 | 122.48 | 95.30 |
| R&M expenses | 44.07 | 44.71 | 40.02 |
| A&G expenses | 26.45 | 29.01 | 27.48 |
| **Total O&M expenses** | **195.81** | **196.20** | **162.80** |

The main reasons for reduction in O&M Expenses for FY 2020-21 as compared to that approved vide MYT Order February 27, 2019 for FY 2020-21, is due to reduction in actual capitalisation during FY 2018-19, estimated capitalisation in FY 2019-20 as compared to that approved in MYT Order and substantial lesser number of employees recruited during FY 2019-20 as compared to the recruitment figures approved in MYT Order.

#### *4.5.6 Interest on Loans*

The Petitioner has considered the loan addition during FY 2019-20 and FY 2020-21 equivalent to 70% of the proposed capitalisation for the respective year. The Petitioner has considered the normative repayment for each year equal to the depreciation for the respective year. The Petitioner has proposed the interest on loan by applying the interest rate of 11.08% on the average loan for the year. Accordingly, the Petitioner has proposed the interest on loan of Rs. 62.25 Crore and Rs. 79.60 Crore for FY 2019-20 and FY 2020-21 respectively.

Regulation 27 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**27. Interest and finance charges on loan capital and on Security Deposit***

*(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.*

*(2) The normative loan outstanding as on 01.04.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2019 from the gross normative loan.*

*(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year…*

*(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year after providing appropriate accounting adjustment for interest capitalised:*

*…*

*(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

*…"*

The Commission has considered the closing loan balance of FY 2018-19 as approved after truing up as opening loan balance for FY 2019-20. The loan addition during FY 2019-20 has been considered as per the approved means of finance for FY 2019-20. The allowable depreciation for FY 2019-20 has been considered as the normative repayment for the year. The Commission has considered the closing loan balance for FY 2019-20 as the opening loan balance for FY 2020-21. The loan addition during the year has been considered as per the approved Financing Plan in preceding Paragraphs. The Commission has considered the normative repayment equivalent to the approved depreciation. The Commission has considered the interest rate of 9.94% which is the weighted average rate of interest for FY 2018-19 based on the interest expenses and long-term borrowing details as per Annual Accounts for FY 2018-19. The interest on loan has been determined by applying the interest rate of 9.94% on the average loan balance for the year. The interest on loan approved by the Commission for FY 2020-21 is as shown in the Table given below:

**Table 4.13: Interest on Loan approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT Order | Claimed | Allowable |
|---|---|---|---|
| Opening Loan balance | 649.16 | 614.37 | 500.44 |
| Drawl during the year | 103.64 | 307.57 | 192.24 |
| Repayment during the year | 92.86 | 99.47 | 85.11 |
| Closing Loan balance | 659.94 | 822.47 | 607.57 |
| Interest Rate | 11.41% | 11.08% | 9.94% |
| **Interest** | **74.65** | **79.60** | **55.07** |

### *4.5.7 Return on Equity*

The Petitioner has considered the opening Equity for FY 2020-21 as Rs. 257.85 Crore. The Petitioner has considered the equity addition for FY 2019-20 and FY 2020-21 equivalent to 30% of the proposed capitalisation for the respective year. The Petitioner has proposed the Return on Equity at the rate of 15.50% on the average equity for the year. Accordingly, the Petitioner has proposed the Return on Equity of Rs. 55.39 Crore and Rs. 71.79 Crore for FY 2019-20 and FY 2020-21 respectively. Further, the Petitioner has claimed RoE on PDF amounting to Rs. 313.14 Crore including carrying cost.

The Commission as deliberated in earlier Orders has not approved the RoE from PDF. On this issue of allowing RoE from PDF, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the RoE from PDF. As the matter is sub-judice, the Commission in line with the approach adopted in earlier Orders as deliberated in such Orders has not allowed any RoE from PDF.

PTCUL has further claimed an amount of Rs. 166.3 Crore as RoE on the initial Equity considering the same to be 30% of the approved opening GFA for PTCUL as on date of its creation, from FY 2005-06 to FY 2019-20. On this issue of RoE on Opening Equity, the Petitioner has filed an Appeal before Hon'ble APTEL vide Appeal No. 187 of 2019 dated April 15, 2019, which is sub-judice. Though the matter is sub-judice, PTCUL has again claimed the differential RoE on Opening Equity.

As discussed in Chapter 3, the Commission has approved the RoE on opening Equity portion as approved in this Order in the true up of FY 2018-19 in line with the approach adopted while carrying out the true up of FY 2017-18 in Commission's previous MYT Order dated February 27, 2019 as the matter is sub-judice.

Further, the Commission while computing the RoE for FY 2020-21 has included initial equity in the opening Equity for FY 2020-21. Therefore, the Commission has not separately approved any amount in this regard in FY 2020-21.

Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2018 specifies as follows:

"***26. Return on Equity***

*(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.*

*Provided that, Return on Equity shall be allowed on account of allowed equity capital for the assets put to use at the commencement of each financial year.*

*(2) Return on equity shall be computed on at the base rate of 15.50% for thermal generating stations, transmission licensee, SLDC...."*

In accordance with the Regulations, Return on Equity is allowable on the opening equity for the year. Hence, the Commission has determined the Return on Equity for FY 2020-21 considering the eligible opening equity for return purposes for the respective year.

The Return on Equity approved by the Commission for FY 2020-21 is as shown in the Table below:

**Table 4.14: Return on Equity approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT | Claimed by PTCUL | Approved |
|---|---|---|---|
| Opening Equity | 433.19 | 397.23 | 367.61 |
| Addition during the year | 44.42 | 131.82 | 82.39 |
| Closing Equity | 477.61 | 529.05 | 450.00 |
| Eligible Equity for return | 314.98 | 463.14 | 249.37 |
| Rate of Return | 15.50% | 15.50% | 15.50% |
| **Return on Equity** | **48.82** | **71.79** | **38.65** |

### 4.5.8 *Income Tax*

The Petitioner has not claimed any Income Tax in its ARR proposals for FY 2020-21.

Regarding Income Tax, Regulation 34 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**34. Tax on Income***

*Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to prudence check."*

As stated above, Income Tax is admissible at the time of truing up and, hence, the Commission has not considered any Income Tax in the approval of ARR for FY 2020-21.

### 4.5.9 *Depreciation*

The Petitioner submitted that the asset class wise depreciation has been computed considering the proposed GFA for FY 2019-20 and FY 2020-21 and the rates of depreciation specified in the UERC Tariff Regulations, 2018. Accordingly, the Petitioner has proposed the depreciation of Rs. 81.39 Crore and Rs. 99.47 Crore for FY 2019-20 and FY 2020-21 respectively.

Regulation 28 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**28. Depreciation***

*(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.*

*Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.*

*(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.*

*...*

*(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.*

*..."*

The Commission has determined the depreciation for FY 2020-21 considering the approved GFA based on the additional capitalisation for FY 2019-20 and FY 2020-21 and actual weighted average rate of depreciation of FY 2018-19. Further, the Commission has computed the depreciation on assets created out of grants by applying the weighted average rate of depreciation for FY 2018-19 and deducted the same from the gross depreciation. The depreciation approved by the Commission for FY 2020-21 is as shown in the Table given below:

**Table 4.15: Depreciation approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT Order | Claimed by PTCUL | Approved |
|---|---|---|---|
| Depreciation | 92.86 | 99.47 | 85.11 |

### 4.5.10 *Interest on Working Capital*

The Petitioner has submitted that the interest on working capital for FY 2019-20 and FY 2020-21 has been proposed in accordance with UERC Tariff Regulations, 2018. Accordingly, the Petitioner has proposed the IWC of Rs. 11.25 Crore and Rs. 15.45 Crore for FY 2019-20 and FY 2020-21 respectively.

The Commission has determined the interest on working capital for FY 2020-21 in accordance with the UERC Tariff Regulations, 2018.

### 4.5.11 *One Month O&M Expenses*

The annual O&M expenses approved by the Commission is Rs. 162.80 Crore for FY 2020-21. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 13.57 Crore for FY 2020-21.

### 4.5.12 *Maintenance Spares*

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2018, which work out to Rs. 24.42 Crore for FY 2020-21.

#### *4.5.13 Receivables*

The Commission has approved the receivables for two months based on the approved ATC of Rs. 235.74 Crore for FY 2020-21, which works out to Rs. 39.29 Crore for FY 2020-21.

Based on the above, the total working capital requirement of the Petitioner for FY 2020-21 works out to Rs. 77.28 Crore. The Commission has considered the rate of interest on working capital as 13.70% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the MYT Petition and, accordingly, the interest on working capital works out to Rs. 10.59 Crore for FY 2020-21. The interest on working capital approved by the Commission for FY 2020-21 is as shown in the Table below:

**Table 4.16: Interest on working capital approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT | Claimed by PTCUL | Approved |
|---|---|---|---|
| O&M expenses for 1 month | 16.32 | 16.35 | 13.57 |
| Maintenance Spares | 29.37 | 29.43 | 24.42 |
| Receivables equivalent to 2 months | 66.74 | 67.00 | 39.29 |
| **Working Capital** | **112.43** | **112.78** | **77.28** |
| Rate of Interest on Working Capital | 13.75% | 13.70% | 13.70% |
| **Interest on Working Capital** | **15.46** | **15.45** | **10.59** |

#### *4.5.14 Non-Tariff Income*

The Petitioner has considered the non-tariff income of Rs. 10.00 Crore same as approved in the MYT Order dated February 27, 2019 for FY 2020-21. The Commission has provisionally considered the non-tariff income of Rs. 10.00 Crore, same as claimed by the Petitioner and approved in MYT Order dated February 27, 2019. The same shall, however, be trued up based on the actual audited accounts for FY 2020-21.

#### *4.5.15 Revenue from STOA charges*

The Petitioner has proposed Revenue from Short Term Open Access Charges of Rs. 4.07 Crore for FY 2020-21.

In the absence of any yardstick for estimating the revenue from STOA of the Petitioner, the Commission provisionally accepts the same as proposed by the Petitioner. The same shall, however, be trued up based on the actual audited accounts for the year.

### 4.5.16 *Annual Transmission Charges*

Based on the above, the Annual Transmission Charges approved by the Commission for the FY 2020-21 is as shown in the Table below:

**Table 4.17: Annual Transmission Charges approved by the Commission for FY 2020-21 (Rs. Crore)**

| Particulars | Approved in MYT | Claimed by PTCUL | Approved |
|---|---|---|---|
| O&M expenses | 195.81 | 196.20 | 162.80 |
| Interest on loan | 74.65 | 79.59 | 55.07 |
| Return on Equity | 48.82 | 71.79 | 38.65 |
| Depreciation | 92.86 | 99.47 | 85.11 |
| Interest on working capital | 15.46 | 15.45 | 10.59 |
| **Aggregate Revenue Requirement** | **427.61** | **462.50** | **352.22** |
| Add: | | | |
| True up of previous years | 0.00 | -21.84 | -88.58 |
| Minus: | | | |
| Non-Tariff Income | 10.00 | 10.00 | 10.00 |
| Revenue from STOA charges | 1.73 | 4.07 | 4.07 |
| Revenue from Natural ISTS Lines | - | 0.00 | 0.00 |
| SLDC Charges | 15.44 | 24.57 | 13.83 |
| **Annual Transmission Charges** | **400.43** | **402.02** | **235.74** |
| **Provision for RoE on initial Equity** | | **166.29** | **-** |
| **Provision for RoE on GoU contribution from PDF** | | **313.14** | **-** |

## 4.6 ATC of Bhilangana III–Ghansali Line for FY 2020-21

The Petitioner has proposed the ARR for Bhilangana III–Ghansali Line for FY 2020-21 giving the computations of the components of ARR. The Petitioner has proposed the ARR of Rs. 1.69 Crore for FY 2020-21.

Before going into the components of ARR for Bhilangana III–Ghansali Line, the Commission has discussed the admissibility of the same as detailed below.

The Hon'ble Supreme Court vide its Judgment dated May 10, 2018 in Civil Appeal No. 2368-2370 of 2015 ruled as under:

*"We do not find any merit in these appeals. The same are, accordingly, dismissed.*

*This order will be subject to the liberty to the appellant to move the central commission to establish that for any particular period the transmission was inter state and on this being established, the*

*Central Commission will be at liberty to modify the charges which will be provisional till then.*

*If no application is filed within three months, the impugned order will be treated as final.*

*It will be open to the respondents to show that the charges have already been recovered from the buyers or that transmission was not inter state and no modification was required."*

The Commission notes that pursuant to the Hon'ble Supreme Court's Judgment reproduced above, the generating company namely M/s Bhilangana Hydro Power Limited has filed a Petition before the Central Electricity Regulatory Commission. Therefore, the Commission does not deem it fit to determine the ATC of Bhilangana III–Ghansali Line in light of the pending proceedings before Central Electricity Regulatory Commission in the matter of jurisdiction.

## 4.7 Recovery of Annual Transmission Charges

Having considered the submissions made by PTCUL, the responses of the stakeholders in the context of Petitioner's proposals for ARR and the relevant provisions of the Electricity Act, 2003 and Regulations of the Commission, the Commission hereby approves that:

- Power Transmission Corporation of Uttarakhand Ltd., the transmission licensee in the State will be entitled to recover Annual Transmission Charges for FY 2020-21 from its beneficiaries in accordance with the provisions of the Regulations.
- The payments, however, shall be subject to adjustment, in case any new beneficiary(including long/medium term open access customer) is using the Petitioner's system, by an amount equal to the charges payable by that beneficiary in accordance with the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015. In that case, the charges recoverable from the new beneficiary(ies), including long/medium term open access customers, shall be refunded to UPCL in accordance with the said Regulations.

## 4.8 Transmission Charges payable by Open Access Customers

Uttarakhand Electricity Regulatory Commission (Terms and Conditions of Intra-State Open Access) Regulations, 2015 inter-alia specify transmission charges applicable on the customers seeking open access to intra-state transmission system. In this regard, Regulation 20(1)(b) specifies as under:

*"(b) For use of intra-State transmission system–Transmission charges payable by an open access customer to STU for usage of its system shall be determined as under:*

*Transmission Charges = ATC/(PLS T X365) (Rs./MW/day)*

*Where,*

*ATC = Annual Transmission Charges determined by the Commission for the State transmission system for the relevant year;*

*PLST = Peak load served by the State transmission system in the previous year"*

The ATC approved by the Commission for FY 2020-21 is Rs. 235.74 Crore and the PLST during FY 2019-20 is 2,233 MW. Hence, in accordance with the methodology provided in the aforesaid Regulations, the rate of transmission charges payable by the customers seeking open access to intra-State transmission system for FY 2020-21 shall be:

**Table 4.18: Rate of Transmission Charges for open access approved for FY 2020-21**

| Description | Rs./MW/day |
|---|---|
| Transmission Charges | 2,892.34 |

However, in case, augmentation of transmission system including construction of dedicated transmission system is required for giving long-term open access then such long-term customer shall, in addition to transmission charges as per the Rate of Charge provided above, also bear the transmission charges for such augmentation works including dedicated system. These charges shall be determined by the Commission on Rs./MW/day basis after scrutiny of the annual revenue requirements for the said works including dedicated system based on the proposal of the STU/transmission licensee, on case to case basis. With regard to sharing of these transmission charges for the augmentation works including dedicated system, the Commission shall take a decision, taking into account the beneficiaries of the said works and its usage, at the time of scrutiny of PTCUL's ARR for the ensuing year for intra-State system. However, till such time the Commission issues tariff order for the ensuing year, the long-term access customer for whom these augmentation works including dedicated system were carried shall be liable to pay these additional transmission charges.

The Annual Transmission Charges approved for FY 2020-21 will be applicable with effect from April 01, 2020 and shall continue to apply till further Orders of the Commission.

# 5 Commission's Directives

The Commission in its previous Orders had issued a number of specific directions to PTCUL with an objective of attaining operational efficiency and streamlining the flow of information, which would be beneficial for the Sector and the Petitioner both in short and long term. This Chapter deals with the compliance status and Commission's views thereon as well as the summary of new directions for compliance and implementation by PTCUL.

## 5.1 Compliance of Directives Issued in MYT Order dated February 27, 2019

### *5.1.1 Electrical Inspector Certificate*

The Petitioner was directed to submit the Electrical Inspector Certificates for all the assets claimed for capitalisation during the respective years with proper cross referencing as part of the Petition.

***Petitioner's Submissions***

The electrical inspector certificates for all completed projects claimed for capitalization have been submitted. The certificates have been cross referenced as required by the Commission.

***Fresh Directive***

The Commission has noted the compliance by the Petitioner. **The Petitioner is directed to submit the Electrical Inspector Certificates for all the assets claimed for capitalisation during the respective years with proper cross referencing as part of the Petition**.

### *5.1.2 Capital cost of transferred assets*

The Commission directed the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2019-20.

***Petitioner's Submissions***

The Petitioner submitted that various meetings and correspondence have been done between UPCL and PTCUL regarding Transfer Scheme. A Draft policy has also been submitted to UPCL for finalization. UPCL has informed that the Transfer scheme between UPCL and PTCUL shall be finalized only after the finalization of Transfer Scheme between UPPCL and UPCL.

*Fresh Directive*

**The Commission directs the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2020-21.**

### *5.1.3 SLDC Charges*

The Commission directed PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2019-20.

*Petitioner's Submissions*

In the 65th Board meeting held on 28.11.2020, a proposal was placed regarding sanctioning of manpower structure for SLDC and sanctioning of 51 posts:

The Board was further informed about the following steps to be taken by the Corporation:

- A separate dedicated portion of the PTCUL building has been allocated to SLDC.
- Centralised data centre is being established at SLDC.
- Dedicated staff would be provided to the SLDC.
- Separate accounting shall be done for SLDC as per the existing agreement.

The Board considered the proposal under the agenda item and after deliberation considering the urgency and direction of Hon'ble Commission approved the manpower structure of total 51 number for SLDC.

*Fresh Directive*

**The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2020-21.**

### *5.1.4 Capitalisation of partially completed schemes*

The Commission cautioned the Petitioner to mend its affairs and ensure that all the information required to be submitted in accordance with the Tariff Regulations is furnished along with its Tariff Petitions for the ensuing years.

*Petitioner's Submissions*

The details as required by the Commission have been submitted in the requisite formats.

***Fresh Directive***

The Commission, in its previous Orders, had repetitively emphasized the significance of the submission of information in the prescribed formats and in accordance with the Tariff Regulations. The Commission opines that the interdepartmental co-operation is not proper within its organization because of which substantial amount of time is being expended on reconciling the figures alone.

**The Commission cautions the Petitioner to mend its affairs and ensure that all the information required to be submitted in accordance with the Tariff Regulations is furnished along with its Tariff Petitions for the ensuing years.**

### *5.1.5 Additional Capitalisation beyond the cut-off date*

The Petitioner is directed to be vigilant in furnishing information to the Commission taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings.

The Petitioner is directed to submit the justification of claiming additional capitalisation in accordance with the Regulations, along with documentary evidences for the same in the Petition itself.

***Petitioner's Submissions***

The detailed justification for additional capitalization has been submitted in Form 9.8.

***Fresh Directive***

**The Petitioner is directed to be vigilant in furnishing information to the Commission taking cognizance of the earlier Tariff Orders of the Commission and its own submissions during various proceedings.**

**The Petitioner is directed to submit the justification of claiming additional capitalisation in accordance with the Regulations, along with documentary evidences for the same in the Petition itself.**

### *5.1.6 Frequent Grid Failures*

The Commission directed PTCUL to submit report on the major incident, if any, occurring in future in accordance with Clause 10 of the License no. 1 of 2003.

***Petitioner's Submissions***

The details of any major incident are shared with the Hon'ble Commission on a regular basis. However, there were no major grid failures in FY 2018-19.

***Fresh Directive***

**The Commission directs PTCUL to submit report on the major incident, if any, occurring in future in accordance with Clause 10 of the License no. 1 of 2003.**

### *5.1.7 Transmission System Availability*

The Commission directed the Petitioner to submit the Availability of its AC System along with the SLDC Certification for the same, during the truing up exercise.

***Petitioner's Submissions***

The Petitioner submitted that SLDC certificate for Transmission System Availability for FY 2018-19 has been submitted in the Petition.

***Fresh Directive***

**The Commission directs the Petitioner to submit the Availability of its AC System along with the SLDC Certification for the same, during every truing up exercise.**

### *5.1.8 Submission of Completed Cost*

The Commission directs the Petitioner to ensure timely submission of the completed cost of the project along with the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works failing which the Commission would be constrained to restrict the executed cost of the project equal to the approved cost and no true up of any cost/time overrun would be allowed. Further, with regard to capitalization during FY 2018-19, the Petitioner is directed to submit project wise above mentioned details along with duly filled Form 9.5 prescribed in the UERC Tariff Regulations, 2015 having instances of time over run and/or cost over-run within 30 days from the date of issue of Order.

***Petitioner's Submissions***

The said information has been submitted vide letter No. 577/Dir.(Projects)/PTCUL dt. March 16, 2019. The Petitioner requested the Commission for time period of 90 days for submission of Form 9.5 in respect of completed projects.

*Fresh Directive*

The Petitioner has not submitted any justification for the time period of 90 days sought for submission of Form 9.5 in respect of completed projects. **The Commission once again directs the Petitioner to ensure timely submission of the completed cost of the project along with the scheduled CoD, actual date of commissioning and actual IDC incurred within 30 days of CoD of the projects/works failing which the Commission would be constrained to restrict the executed cost of the project equal to the approved cost and no true up of any cost/time overrun would be allowed. Further, with regard to capitalization during FY 2019-20, the Petitioner is directed to submit project wise above mentioned details along with duly filled Form 9.5 prescribed in the UERC Tariff Regulations, 2018 having instances of time over run and/or cost over-run within 30 days from the date of issue of Order.**

### *5.1.9 Submission of consistent information in proper format*

The Commission directs the Petitioner to be consistent in the information to be submitted before the Commission.

*Petitioner's Submissions*

The details as required by the Commission have been submitted in the requisite formats.

*Fresh Directive*

**The Commission directs the Petitioner to be consistent in the information to be submitted before the Commission otherwise the Commission shall take it as a deliberate attempt by the Petitioner to mislead the Commission and take action, accordingly, in accordance with the provisions of the Act.**

### *5.1.10 ATC of Natural ISTS lines of PTCUL*

The Commission directs the Petitioner to submit quarterly progress report before the Commission regarding ATC of Natural ISTS lines of PTCUL and also book it separately in its accounts as and when, it receives the amount.

*Petitioner's Submissions*

The information pertaining to amount received from PGCIL in respect of three Natural ISTS lines from October 11, 2017 to March 31, 2018 was submitted to the Commission vide letter No. 252/CE(C&R)/PTCUL/ dt. April 23, 2018. PTCUL has separately booked the ISTS charges for the fund received from PGCIL in its books of accounts. The books of accounts are being submitted along with the Petition for perusal of the Commission. However, the Petitioner has not received any revenue on account of Natural ISTS in FY 2018-19 and first half of FY 2019-20 due to ongoing reconciliation of the same being under process with PGCIL.

*Fresh Directive*

**The Commission once again directs the Petitioner to submit quarterly progress report before the Commission regarding ATC of Natural ISTS lines of PTCUL and book it separately in its accounts as and when, it receives the amount. The Commission also directs the Petitioner to expedite the reconciliation of revenue on account of Natural ISTS lines for FY 2018-19 and FY 2019-20 and submit the progress to the Commission within 3 months from the date of issuance of this Order.**

### *5.1.11 Revenue from Natural ISTS lines and UITP Projects*

The Commission directs the Petitioner to maintain the details of revenue from Natural ISTS lines separately from revenue earned from UITP Projects and submit the same along with the true up of respective year.

*Petitioner's Submissions*

The details of revenue from Natural ISTS lines are maintained separately from revenue earned from UITP Projects and can be read in Note 21 of annual audited accounts.

*Fresh Directive*

**The Petitioner is directed to maintain separate details of revenue from Natural ISTS lines separately from revenue earned from UITP Projects and submit the same along with the true up of respective year.**

### *5.1.12 Penalty for delay (Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Laksar Line & Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Manglore Line)*

The Commission has approved the actual Hard Cost as claimed by the Petitioner, as the same being lower than the ordering cost. However, there has been a delay in completion of the work and the submission of PTCUL that it was carrying such work for the first time is unacceptable. PTCUL should have been aware of the scope of work and time it would take to execute the work. Also, this fact may be considered by PTCUL authorities while deciding the release of penalty imposed. The Commission at present is not making any adjustment to this effect. However, the Petitioner is directed to bring proper and complete facts before the Commission, in this regard, in the next proceedings. The Commission based on the above will take appropriate view.

***Petitioner's Submissions***

The Petitioner resubmitted the detailed analysis and justification for delay in the project "Procurement & Erection of HTLS Conductor for 132 kV Roorkee-Laksar line and 132 kV Roorkee-Mangalore line" in the current petition. Petitioner submitted that they levied no penalty on the contractor as there were ROW issues and UPCL had not provided required shutdowns to operationalize the team. The matter was presented before the CPC, which allowed the time extension to PTCUL for the completion of project. Accordingly, suitable time extension has been allowed to the contractor the penalty levied was forfeited.

#### ***5.1.13 Submission of duly filled in stipulated Formats***

The Petitioner is directed to submit duly filled in Form 9.5 (Element wise breakup of Project/Asset/Element Cost for Transmission System or Communicating System), Form 9.6 (break up of Construction/Supply/Service packages) and Form 9.7 (Details of element wise cost of the Project while claiming the capitalisation of new projects in the true up for the respective year. The Petitioner is further directed to maintain uniformity in complying and furnishing the information regarding the actual capital expenditure of new projects in the stipulated formats.

***Petitioner's Submissions***

The Petitioner submitted duly filled Form 9.5, Form 9.6 and Form 9.7 as part of the Petition.

***Fresh Directive***

**The Petitioner is further directed to submit duly filled in Form 9.5 (Element wise breakup of Project/Asset/Element Cost for Transmission System or Communicating System), Form 9.6 (break up of Construction/Supply/Service packages) and Form 9.7 (Details of element wise cost of the Project while claiming the capitalisation of new projects in the true up for the respective year. The Petitioner is further directed to maintain uniformity in complying and furnishing the**

**information regarding the actual capital expenditure of new projects in the stipulated formats.**

## 5.2 Fresh Directives

### *5.2.1 Legible Copies of Petition on the website*

*Fresh Directive (Para 2.6.3)*

**The Commission directs PTCUL to upload the legible copies of entire Petition including supporting documents in the form of Annexures for information of the stakeholders from the next Tariff proceedings on its website.**

### *5.2.2 Reply on the Stakeholder's comments*

*Fresh Directive (Para 2.7.2)*

On the issues raised by the stakeholder, no comments have been received by the Commission till the date of issue of this Order. **In the matter, the Commission directs the Petitioner to submit its comments on the issues raised by Shri Sunil Gupta of Teesri Ankh ka Tehalka within one month of date of issue of this Order.**

### *5.2.3 Firm values of the capitalisation claimed*

*Fresh Directive (Para 3.3.6.1)*

During the analysis of the capitalisation claimed for FY 2018-19, the Commission observed that in many schemes, the Petitioner has provided different capitalisation amount in different tariff forms for the same project. **In this regard, the Commission directs the Petitioner to refrain from such practice and provide firm capitalisation amount in the subsequent true-up tariff proceedings. Further, if any ambiguity remains in subsequent true-up Petitions, the Commission shall consider the amount capitalised based on its own discretion after prudence analysis based on the available information.**

### *5.2.4 Firm values of the capitalisation claimed*

*Fresh Directive (Para 3.6.4)*

The Commission expresses extreme displeasure in the lackadaisical approach of the concerned Officers of the PTCUL for submissions of audited accounts information for computing the actual capitalisation rate of A&G expenses. **The Commission directs the Petitioner to submit**

**the financial information w.r.t. O&M expenses segregating the same between UITP and Non-UITP Schemes duly reconciled with audited books of accounts for the respective years while claiming true-up for subsequent years.**

The Annual Transmission Charges approved for FY 2020-21 will be applicable with effect from April 01, 2020 and shall continue to apply till further Orders of the Commission.

| | |
|---|---|
| **Shri M.K. Jain**<br>**Member (Technical)** | **Shri D.P. Gairola**<br>**Member (Law)** |

# 6 Annexures

## 6.1 Annexure-1 : Public Notice on PTCUL's Proposal

**POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.**
**(A Govt. of Uttarakhand Undertaking) Corporate ID No. U40101UR2004GOI028675**
**"Vidyut Bhawan", Near-ISBT Crossing, Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand, Phone No. 0135-2642006, Fax No. 0135-264360, Website www.ptcul.org**

PTCUL

Letter No 1024(HQPU)/PTCUL — Dated 21.12.2019

**PUBLIC NOTICE**

**Inviting Comments on the Petition filed by PTCUL for approval of the proposed Transmission Charges for FY 2020-21**

**Salient Points of the ARR/Tariff Petition**

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission licensee in the State of Uttarakhand has filed a Petition before the Commission for approval of truing up of FY 2018-19 based on audited Accounts & Annual Performance Review for FY 2019-20 and the Revised ARR for FY 2020-21. The summary of proposals of the intra-State network for the aforesaid is given in the following Table:

**Summary of APR & ARR of PTCUL for intra-State transmission network (Rs. in Cr.)**

| Sl. No. | Particulars | UERC Tariff Regulations, 2015 | | UERC Tariff Regulations, 2018 | | | |
|---|---|---|---|---|---|---|---|
| | | FY 2018-19 (True-up) | | FY 2019-20 (APR) | | FY 2020-21 (ARR) | |
| | | Approved in Tariff Order for FY 2018-19 | Claimed for true up | Approved in MYT Order for FY 2019-20 | Revised Estimates | Approved in MYT Order for FY 2020-21 | Proposed |
| 1. | Depreciation | 71.15 | 69.44 | 78.90 | 81.39 | 92.86 | 99.47 |
| 2. | Interest on Loan Term Loans | 53.48 | 53.64 | 63.31 | 62.25 | 74.65 | 79.59 |
| 3. | Return on Equity | 20.15 | 44.58 | 31.08 | 55.39 | 48.82 | 71.79 |
| 4. | O&M expenses | 146.14 | 134.82 | 160.66 | 157.64 | 195.81 | 196.20 |
| 5. | Interest on Working Capital | 9.07 | 5.79 | 11.00 | 11.25 | 15.46 | 15.45 |
| 6. | Income Tax | 0.00 | 14.95 | 0.00 | 0.00 | 0.00 | 0.00 |
| **7.** | **Gross Expenditure** | **299.99** | **323.22** | **344.95** | **367.93** | **427.61** | **462.50** |
| 8. | Less: Non-tariff Income | 4.41 | 10.28 | 10.00 | 10.00 | 10.00 | 10.00 |
| **9.** | **Net Expenditure** | **295.58** | **312.94** | **334.95** | **357.93** | **417.61** | **452.50** |
| 10. | **Add:** True up of previous years including carrying cost | (83.43) | (83.43) | (32.04) | (32.04) | 0.00 | (21.84) |
| 11. | **Less:** Sharing of Incentive due to higher availability | 0.00 | 0.58 | 0.00 | 0.00 | 0.00 | 0.00 |
| 12. | **Less:** Revenue from short term open access | 2.84 | 2.73 | 1.65 | 3.71 | 1.73 | 4.07 |
| 13. | **Less:** Revenue from Natural ISTS | 0.00 | 34.89 | 34.89 | 34.89 | 0.00 | 0.00 |
| 14. | **Less:** ARR for SLDC | 16.84 | 0.00 | 11.35 | 15.09 | 15.44 | 24.57 |
| **15.** | **Net ARR** | **192.46** | **191.32** | **255.01** | **272.20** | **400.43** | **402.01** |
| **16.** | **Revenue (Surplus)/ Gap** | **-** | **(17.98)** | **-** | **-** | **-** | |
| 17. | Provision for RoE on initial equity | - | - | - | - | - | 166.29 |
| 18. | Provision for RoE on equity contribution by GOU through PDF | - | - | - | - | - | 313.14 |

2. PTCUL has proposed a total hike of 57.65% for FY 2020-21 (which includes the truing up impact of FY 2018-19 along with carrying cost on the same) over the approved transmission charges for FY 2019-20. In addition, PTCUL has also claimed Rs. 479.43 Crore on account of Return on Equity on the initial equity and the equity contributed by Government of Uttarakhand through PDF and considering this claim, the total hike works out to 246%. In case, the entire claim of PTCUL including that of RoE on initial equity and the equity contributed thorough PDF is also accepted by the Commission, additional hike of 6.8% in consumer tariff shall be required over and above the hike proposed by UPCL.
3. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, "Vidyut Bhawn", Saharanpur Road, Majra, Near ISBT, Dehradun-248002, Uttarakhand. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.
4. The proposals are also available at the website of the Commission **(www.uerc.gov.in)** and at PTCUL's website **(www.ptcul.org).**
5. Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at Vidyut Niyamak Bhawan, Near I.S.B.T., P.O.-Majra, Dehradun – 248171 or through e-mail to **secy.uerc@gov.in** as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by **31.01.2020**.

**Managing Director**

**"Save Electricity in the Interest of Nation"**

## 6.2 Annexure-2 : List of Respondents

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| 1. | Sh. T.A.N. Reddy | Secretary | Electric Power Transmission Association (EPTA) | Office : F-1, The Mira Corporate Suites, 1&2 Ishwar Nagar, Mathura Road, Okhla Crossing, New Delhi-110065 |
| 2. | Sh. Pankaj Gupta | President | M/s Industries Association of Uttarakhand | Mohabewala Industrial Area, Dehradun-248110 |
| 3. | Sh. Vijay Singh Verma | - | - | Village-Delna, P.O.-Jhabrera-247665, Distt. Haridwar |
| 4. | Sh. Sunil Kumar Gupta | Editor | Teesri Aankh ka Tehalka | 16, Chakrata Road (Tiptop Gali), Dehradun-248001 |

## 6.3 Annexure-3 : List of Participants in Public Hearings

### List of Participants in Hearing at Champawat on 26.02.2020

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| 1. | Sh. Vijay Verma | President | Nagarpalika Parishad (Champwat) | Talli Haat, Distt. Champawat |
| 2. | Sh. Rohit Bisht | Member | Nagarpalika Parishad (Champwat) | Talli Haat, Distt. Champawat |
| 3. | Sh. Rajendra Gahtori | - | LIC of India | Pithoragarh Road, Distt. Champawat |
| 4. | Sh. Kailash Adhikari, S/o Sh. Bhairav Singh | City President | Bhartiya Janta Party (BJP) | Selakhola, Distt. Champawat |
| 5. | Sh. Nirmal Singh Tadagi | - | - | Baleshwar Ward, Distt. Champawat |
| 6. | Sh. Lalit Mohan Bhatt | - | - | Ward No. 3, Maadli, Distt. Champawat |
| 7. | Sh. Shankar Datt Pandey | Advocate | - | Hotel Shiva Residency, GIC Chowk, Distt. Champawat |
| 8. | Sh. Mohan Singh Adhikari | - | - | Gyali Seran, Distt. Champawat |
| 9. | Sh. Amarnath Sakta | - | - | Bus Stand, Distt. Champawat |

## List of Participants in Hearing at Rudrapur on 28.02.2020

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| 1. | Sh. Shakeel A. Siddiqui | Sr. General Manager (Finance) | M/s Kashi Vishwanath Textile Mill (P) Ltd. | 5th KM, Stone, Ramnagar Road, Kashipur-244713, Distt. Udham Singh Nagar |
| 2. | Sh. Mahip Kumar | - | M/s Reckitt Benckiser India Pvt. Ltd. | B-96, Eldeco Sidcul Industrial Park, Sitarganj-262405, Distt. Udhamsingh Nagar. |
| 3. | Sh. Ashok Bansal | President | M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand | Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar. |
| 4. | Sh. Suresh Kumar | President | M/s La Opala RG Ltd. | B-108, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udhamsingh Nagar |
| 5. | Sh. Sanjay Adlakha | Director | M/s Ambashakti Glass India Pvt. Ltd. | Plot No. 41, Sector 3, Sidcul, IIE, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar |
| 6. | Sh. Udayan Gaur | Manager (Maintenance) | M/s Alpla India Pvt. Ltd. | D-113, Sidcul Industrial Area, Sitarganj-262405, Distt. Udhamsingh Nagar |
| 7. | Sh. Jagdish Pimoli | - | M/s Bhramari Steels Pvt. Ltd. | Works-Kisanpur, Tehsil Kichha, Distt. Udhamsingh Nagar. |
| 8. | Sh. Syed Raffi | | M/s HP India Sales Pvt. Ltd. | Plot No. 9-11A & 35-37A, Sector–5, IIE, Sidcul, Pantnagar, Distt. Udhamsingh Nagar. |
| 9. | Sh. Rajeev Gupta | - | M/s Kashi Vishwanath Steels Pvt. Ltd. | Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar |
| 10. | Sh. Girish Chandra | - | M/s Kashi Vishwanath Steels Pvt. Ltd. | Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar |
| 11. | Sh. Teeka Singh Saini | President | Bhartiya Kisan Union | 33, Katoratal, Kashipur, Distt. Udhamsingh Nagar |
| 12. | Sh. Prem Singh Sahota | District President | Bhartiya Kisan Union | Kaliyawala, Jaspur, Distt. Udhamsingh Nagar |
| 13. | Sh. Kuldeep Singh Cheema | - | Bhartiya Kisan Union | Village-Dhakiya Kalan, Post Off.-Dakiya No.-I, Tehsil-Kashipur, Distt. Udhamsingh Nagar-244713 |
| 14. | Sh. Balkar Singh Fozi | - | - | Village-Raipur Khurd, P.O.-Kashipur, Distt. Udhamsingh Nagar |
| 15. | Sh. Kalyan Singh | - | - | Village-Gardhai, P.O.–Mahuakhera Ganj, Distt. Udhamsingh Nagar |
| 16. | Sh. Sanjeev Tomar | - | M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand | Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar. |
| 17. | Sh. Jagdish Singh | - | - | Dharmpur, Chatarpur, Distt. Udhamsingh Nagar. |
| 18. | Sh. Tijendra Singh | - | - | Lok Vihar Colony, Rampur Road, Rudrapur, Distt. Udhamsingh Nagar. |
| 19. | Sh. D.S. Chaudhary | - | M/s Balaji Action Buildwell | Plot No. C-34 & C-34(a) to (d), C-6(a), C-6(b) & C-3, Eldeco Sidcul Industrial |

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| | | | | Park, Sitarganj-262405, Distt. Udhamsingh Nagar. |
| 20. | Sh. Hari Om | - | - | Plot No. 23, Sector-3, IIE, Sidcul, Pantnagar, Distt. Udhamsingh Nagar. |
| 21. | Sh. Lokesh Ginodia | - | M/s Umashakti Steels (P) Ltd. | Village-Vikrampur, Bannakheda Road, P.O.-Bazpur, Distt. Udham Singh Nagar |
| 22. | Sh. Krishna Avtar Sharma | - | - | Awas Vikas Colony, near Holi Chowk, Rudrapur, Distt. Udham Singh Nagar |

## List of Participants in Hearing at Uttarkashi on 04.03.2020

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| 1. | Sh. Shailendra Matura | President | Hotel Association | Distt. Uttarkashi |
| 2. | Sh. Rajendra Panwar | - | Hotel Vijayraj | Gangori, Distt. Uttarkashi |
| 3. | Sh. Deepak Kothiyal | - | - | Lane No.-4, Shanti Nagar, Rishikesh |
| 4. | Sh. Prakash Bhandari | - | Hotel K.N.B. Heritage | Bhatwari Road, Distt. Uttarkashi-249193 |
| 5. | Sh. Bindesh Kuriyal | - | Hotel Mankameshwer | Netala, Distt. Uttarkashi-249193 |
| 6. | Sh. Dhirender Semwal | - | Hotel Bhagirathi Residency | Netala, Distt. Uttarkashi |
| 7. | Sh. Dhanpal Panwar | - | Hotel Ganga Putra | Netala, Distt. Uttarkashi |
| 8. | Sh. Ashish Kuriyal | - | Mahima Resort | Netala, Distt. Uttarkashi |
| 9. | Sh. Rajesh Joshi | - | Holiday Residency | Netala, Distt. Uttarkashi |
| 10. | Sh. Sobendra Singh | - | Megha Guest House | Netala, Distt. Uttarkashi |
| 11. | Sh. Vishal Gumber | - | Hotel Radhika Palace | NH-34, Distt. Uttarkashi- 249193 |
| 12. | Sh. Dinesh Kumar Semwal | - | - | Semwal Bhawan, Bhairav Chowk, Barahat, near Parhuram Temple, Distt. Uttarkashi |
| 13. | Sh. Narayan Hari Srivastav | - | - | Biplagali, Distt. Uttarkashi |
| 14. | Sh. Deependra Negi | - | - | Negi T-Stall, Vishwanath Chowk, Distt. Uttarkashi |
| 15. | Sh. Dharambeer Singh | - | - | Lakeshwar, Kot Banglow Road, Distt. Uttarkashi |
| 16. | Sh. Kuldeep Singh Gusain | - | - | "Gusain Bhawan", near Sub Tehsil Office, Joshiyara, Distt. Uttarkashi |
| 17. | Sh. Krishna Kumar | - | - | Ward No. 03, Gyansu, Distt. Uttarkashi |
| 18. | Sh. Deepak Bijalwan | Chairman | Zila Panchayat | Distt. Uttarkashi |
| 19. | Sh. Anand Singh Panwar | Chaiman | Bar Association | Distt. Uttarkashi |
| 20. | Sh. B.S. Matura | Ex. Vice Chairman | Bar Council | Chamber No. 4, District Court, Distt. Uttarkashi |
| 21. | Sh. Praveen Chandra Semwal | General Secretary | Bar Association | Distt. Uttarkashi |
| 22. | Sh. Subhash Singh Kumain | - | Hotel Holy View | Gangotri Road, Distt. Uttarkashi-249193 |
| 23. | Sh. Mahabeer Singh | - | Hotel Devansh | Netala, Distt. Uttarkashi |
| 24. | Sh. Praveen Kumar Nautiyal | - | Hotel Omkar | Netala, Distt. Uttarkashi |
| 25. | Sh. Manmohan | Mahamantri | Vayapar Mandal | Distt. Uttarkashi |

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| | Thalwal | | | |
| 26. | Sh. Ankit Kukreti | - | - | Village & Post Ganeshpur, Distt. Uttarkashi |
| 27. | Sh. Arvind Kukreti | - | - | Village & Post Ganeshpur, Distt. Uttarkashi |
| 28. | Sh. Dinesh Kumar Uppal | - | Hotel Dev Lok | Joshiyara, near LIC office, Distt. Uttarkashi |
| 29. | Sh. Anand Singh Rana | Advocate | - | Near Old Bridge, Joshiyara, Distt. Uttarkashi |
| 30. | Sh. Pratap Singh Rana | - | - | Village-Barethi, Post-Matli, Utsav Palace, Distt. Uttarkashi |
| 31. | Sh. Mayank Semwal | - | - | Village & Post-Gangotri, Distt. Uttarkashi |
| 32. | Sh. Vinod Chamoli | - | - | Vill & Post-Joshiyara, Distt. Uttarkashi |
| 33. | Sh. Raghavarnan | - | - | Pujaar Gaon, Dhanari, Dehradun |
| 34. | Sh. Yashpal Singh Panwar | - | Hotel Ganga Darshan | Maneri, Distt. Uttarkashi-249194 |
| 35. | Sh. Gaur Singh Mahar | - | - | Village Heena, P.O.-Netala, Distt. Uttarkashi |
| 36. | Sh. Hardev Rawat | - | - | Village-Saturi, P.O.-Jathol, Block-Mori, Distt. Uttarkashi |

## List of Participants in Hearing at Dehradun on 06.03.2020

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| 1 | Sh. Vijay Singh Verma | Secretary | Kisan Club | Village-Delna, P.O. Jhabrera, Haridwar-247665, Uttarakhand |
| 2 | Sh. Katar Singh | - | Kisan Club | Village-Sultanpur Sabatwali, P.O. Jhabrera, Haridwar-247667 |
| 3 | Sh. Pankaj Gupta | President | M/s Industries Association of Uttarakhand | C/o Satya Industries, Mohabbewala Industrial Area, Dehradun |
| 4 | Sh. Rajiv Agarwal | Sr. Vice-President | M/s Industries Association of Uttarakhand | C/o Satya Industries, Mohabbewala Industrial Area, Dehradun-248 110 |
| 5 | Sh. Sanjeev Kumar Sharma | Office Executive | M/s Industries Association of Uttarakhand | C/o Satya Industries, Mohabbewala Industrial Area, Dehradun |
| 6 | Sh. Jagdish Bhandari | - | - | 94/2, Lane No. 4, Teg Bahadur Road, Dehradun |
| 7 | Sh. Arvind Jain | Member | Tarun Kranti Manch (Regd.) | 6-Ramleela Bazaar, Dehradun |
| 8 | Sh. Subodh Kumar | President | M/s Progressive dairy Farmers Association | Village-Harbanswala, P.O.-Mehuwala Maafi, near Seemadwar, Dehradun |
| 9 | Sh. Veer Singh | - | - | Village-Mandawali, P.O.-Gurukul Narsan, Thana-Mangalore, Distt. Haridwar-247670 |
| 10 | Sh. Shiv Kumar Thapa | - | - | 27-A, Sher Bhag Road, Garhi Cantt, Dehradun |
| 11 | Sh. A.G. Barbora | - | - | 5/1, Canal Road, Jakhan, Dehradun |
| 12 | Sh. Shanti Prasad Bhatt | - | RTI Club | 124-Mitra Lok Colony, Ballupur, Dehradun |
| 13 | Sh. Amar S. Dhunta | General Secretary | RTI Club-Uttarakhand | Off.–827/1, Sirmaur Marg, Kaulagarh Road, Dehradun |
| 14 | Sh. B.D. Joshi | - | RTI Club-Uttarakhand | House No. 165, Lane No. 3, Street-4, Vivekanand Gram, Phase-II, Dehradun-248005 |
| 15 | Sh. Yagya Bhushan Sharma | Secretary | RTI Club-Uttarakhand | Off.–827/1, Sirmaur Marg, Kaulagarh Road, Dehradun |
| 16 | Sh. Dheeraj Devradi | - | - | House No.-1, Ganga Vihar, Pithuwala Khurd, Chandrabani, P.O.- Mohabbewala, Dehradun |
| 17 | Sh. Akhilesh Sharma | - | - | 85-Gandhi Nagar, Ballupur Road, Dehradun |
| 18 | Sh. Manish Nawani | - | - | L-24, MDDA Colony, Kedarpuram, Dehradun |
| 19 | Sh. Vijay Singh Rawat | - | - | BPO-Banjarawala, Dehradun |
| 20 | Sh. B.K. Aggarwal | President | M/s Tirupati LPG Industries Pvt. Ltd. | Selaqui Industrial Area, Opp. BPCL Petrol Pump, Chakrata Road, Selaqui, Dehradun-248001 |

| Sl. No. | Name | Designation | Organization | Address |
|---|---|---|---|---|
| 21 | Sh. Tushar Madhukar | - | M/s Hindustan National Glass & Industries Ltd. | Virbhadra, Rishikesh, Dehradun |
| 22 | Sh. Viru Bisht | - | - | Mohanpur, Post Off.-Premnagar, Dehradun-248007 |
| 23 | Sh. Arvind Malik | - | - | Lane No. 4, Tapowan Road, Near Raipur Block Office, Ladpur, Dehradun-248007 |
| 24 | Sh. Naval Kishore Duseja | DGM (Finance & Accounts) | M/s Flex Foods Ltd. | Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun-248140 |
| 25 | Sh. Kamaldeep Kamboj | - | - | 21-Teachers Colony, Govind Garh, Dehradun |
| 26 | Sh. Sunil Gupta | Editor | Teesri Aankh ka Tehalka | 16, Chakrata Road (Tiptop Gali), Dehradun-248001 |
| 27 | Sh. K.L. Sundriyal | General Secretary | M/s Prantiya Electrical Contractors Association, Uttarakhand | 4(4/3), New Road, Near Hotel Relax, (Amrit Kaur Road), Dehradun |
| 28 | Sh. Man Singh | General Manager (Engg.) | M/s Alps Industries Ltd. | Haridwar Unit-II, Plot No. 1 B, Sector-10, Integrated Industrial Estate, SIDCUL, Roshanabad Road, Distt. Haridwar |
| 29 | Sh. Surya Prakash | - | - | 153, Dharampur, Dehradun |
| 30 | Sh. Sanjay Chaudhary | - | - | Village-Nagla Salaru, P.O.-Gurukul Narsan, Tehsil-Roorkee, Distt. Haridwar |
| 31 | Sh. Rajendra Chaudhary | Former Vice President | District Congress Committee (Haridwar) | 423/35, Civil Lines, Roorkee, Distt. Haridwar |
| 32 | Sh. Adarsh Jaiswal | Manager (F&I) | M/s Ambuja Cement Ltd. | Village Lakeshwari, P.O. Sikandarpur Bhainswal, Tehsil Roorkee, Distt. Haridwar-247661, Uttarakhand |