

RAJASTHAN ELECTRICITY REGULATORY COMMISSION

Petition No: RERC/2041/2022

In the matter of Petition filed by M/s Rajasthan Rajya Vidyut Prasaran Nigam Limited for Review of the Commission's Order dated 13.07.2022 passed in Petition No. 1979/22.

Coram : Dr. B.N. Sharma, Chairman
Sh. Hemant Kumar Jain, Member
Dr. Rajesh Sharma, Member

Petitioner : Rajasthan Rajya Vidyut Prasaran Nigam Ltd.

Respondent :
1) Jaipur Vidyut Vitran Nigam Ltd.
2) Ajmer Vidyut Vitran Nigam Ltd.
3) Jodhpur Vidyut Vitran Nigam Ltd.
4) Rajasthan Rajya Vidyut Utpadan Nigam Ltd.

Date of hearing : 06.09.2022 & 18.10.2022.

Present:

- 1) Sh. Ankit Sharma, Authorised Representative of Petitioner.
- 2) Ms. Arushi Goyal, Counsel for Respondents.
- 3) Sh. D. S. Agarwal, Representative of Rudraksh Energy.
- 4) Sh. V. K. Gupta, Representative of RTMA.
- 5) Sh. G.L. Sharma, Respondent.
- 6) Sh. Karni Singh for DCM Shriram Limited.

Date of Order : 09/11/2022.

ORDER

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited (hereinafter referred as 'RVPN' or 'Petitioner'), on 16.08.2022 has filed instant Petition under Section 94 (1) (f) of the Electricity Act, 2003 for review of Commission's order dated 13.07.2022 in the matter of approval of Annual Revenue

Requirement and tariff determination for FY 2022-23 and True-Up of FY 2020-21.

2. Notices were issued to Respondents through online portal for reply. Accordingly, Rajasthan Urja Vikas Nigam Ltd. (RUVNL) on behalf of Rajasthan DISCOMs submitted its comments/suggestions on 09.09.2022. Respondent Rajasthan Rajya Vidyut Utpadan Nigam Ltd. did not file its comments/suggestions.
3. Petition was listed for hearing on 06.09.2022. Commission directed the Petitioner to serve the copy of Petition to the Stakeholders, who were party in original Petition itself.
4. M/s Rudraksh Energy, M/s Rajasthan Textile Mills Association & Shri G. L. Sharma filed their comments/ suggestions on 17.10.2022, 20.09.2022 & 19.09.2022 respectively. RVPN has submitted its rejoinder on the comments/suggestions of RUVN, Shri G. L. Sharma, M/s Rudraksh Energy, and M/s Rajasthan Textile Mills Association on 14.10.2022 & 17.10.2022 respectively.
5. The matter was finally heard on 18.10.2022. Sh. Ankit Sharma, Authorised Representative, appeared for Petitioner, Ms. Arushi Goyal, Counsel appeared for Respondents, Sh. D.S. Agarwal appeared for Rudraksh Energy, Sh. V.K. Gupta appeared for RTMA , Sh. G.L. Sharma appeared as respondent & Sh. Karni Singh appeared for DCM Shriram Limited and made their submissions.
6. Commission has observed that RVPN in its instant Petition sought review on the following heads:

True-up for FY 2020-21

- (i) Disallowance of additions to Gross Fixed Assets pertaining prior to 1.04.2019.
- (ii) Minor assets approval above normative O&M expenses.
- (iii) Approval of O&M Expenses on actual basis.
- (iv) O&M expenses of 400 KV line in place of 220 KV.
- (v) Depreciation: Wrong disallowance of depreciation of FY 2019-20.
- (vi) Double deduction of Deposit Work & Grants from depreciation.
- (vii) Non-Tariff Income.
- (viii) Section 17 of Electricity Act, 2003.

ARR and Tariff Petition for FY 2022-23

(i) Return on Equity-approval

7. The Commission has considered the submissions, reply, rejoinder and oral arguments made on behalf of the Petitioner and Respondents on each issue which are summarized as below:

General

Respondents Comments/Suggestion

8. The stakeholder has submitted that the Hon'ble APTEL in the order dated 17.04.2013 in the matter of Ajmer Vidyut Vitran Nigam Ltd v/s Rajasthan State Mines and Minerals had summed up the ground on which the review petition is maintainable. The APTEL has specified that the review petitions are to be strictly confined to the scope & ambit of Order 47 Rule 1 of CPC. The review is not applicable on the ground that the decision was erroneous on merits. The error should be apparent & striking from mere looking and application of mind or arguments should not be required to establish the same. There should be no possibility of two opinions on the matter taken up for review.
9. The Stakeholder further, submitted that RVPN has not pointed out any error apparent from the record and was only rearguing the matters. Hence, the petition filed by RVPN does not merit review. Accordingly, the Stakeholder has requested the Commission to dismiss the petition filed by RVPN.
10. Stakeholder has prayed that Peak Demand may considered as 17757 MW as subsequently submitted by the Petitioner instead of 15844.61 MW approved by the Commission.

True-Up for the FY 2020-21

Issue No. (i): Disallowance of additions to Gross Fixed Assets pertaining prior to 1.04.2019

RVPN's Submission

11. The petitioner submitted that it has claimed the actual GFA addition of Rs. 2343.97 Crores which includes Rs. 1020.70 Crore for the FY 2020-21, Rs. 342.70 Cr. for FY 2019-20 and Rs. 980.56 Cr. for the period prior to 01.04.2019 as per the audited accounts for FY 2020-21. The petitioner has provided

the details of the additional capitalization claimed and that allowed by the Commission as detailed below.

Sr. No.	Particular	Amount (Crore)
A	Capitalization during FY 2020-21 claimed	1020.7
B	Capitalization during FY 2019-20 claimed	342.7
C	Capitalization Prior to FY 2019-20 (1.04.2019) claimed	980.56
	Total Claimed	2343.96
	Disallowance:	
1	Reduction on Account Claim Prior to 1.04.2019	980.56
2	Minor Assets being Transferred to O&M	5.6
3	Deposit Work	97.57
4	Grants for capital assets	26.52
5	Land/Lease Land, Commission has granted liberty to claim after completion of the scheme	
	For FY 2020-21	0.79
	For FY 2019-20	0.91
6	Very small amount is being capitalized against DPR, Commission has granted liberty to claim after completion of the works	
	For FY 2020-21	16.64
	For FY 2019-20	0.47
7	For Schemes above 5 Crore 5% for no justification/2.5% for COVID-19 restrictions, forest clearance & court cases	
	For FY 2020-21	27.8
	For FY 2019-20	5.24
	For Schemes below 5 Crore, 5% for no justification	
	For FY 2020-21	4.04
	For FY 2019-20	1.47
	For cost overrun above 125%	
	10% of Rs 14.20 during FY 2020-21	1.42
	10% of Rs. 6.77 during FY 2019-20	0.67
	Total Disallowed	1169.7
	Total Approved	1174.26
	For FY 2020-21	840.31
	For FY 2019-20	333.94

12. The Petitioner submitted that SAP was implemented in FY 17-18 and it was observed that some of the assets have not been capitalized. Therefore, a three years campaign was initiated from FY 2019-20 to capitalize the

projects which were physically added in transmission network but not capitalized in the books of accounts in previous years. Due to this, assets commissioned/created in previous year have been capitalized in current year in the books of accounts and claim was submitted in true up petition. The petitioner further submitted that it has also created zonal and circle level committee for monitoring timely capitalization of project.

13. The Petitioner submitted that the details regarding assets addition prior to 01.04.2019 has been submitted in the same prescribed format as that for the FY 2020-21 & FY 2019-20. The petitioner further submitted that Commission has examined the matter of similar format and similar information for FY 2020-21 and FY 2019-20 but for assets addition prior to FY 2019-20, Commission has not done the same stating the inaccuracy & lack of complete data.
14. The petitioner has submitted that it has indicated dates of investment plans approval under which these works were already approved by the Commission. Further, the expenditure claimed by it was only against works approved by the Commission. The petitioner further submitted that these assets were utilized by the state utility and open access consumers and the same has been recognized by the Statutory Auditor as well as by the C&AG. Therefore, lack of availability of complete data / data mismatching or prudence of the expenses could not be questioned. Further, out of 179 projects only 10 projects comprise of Rs. 923 Cr. Therefore, the petitioner requested to the Commission to examine only 10 projects which covers 90% value of total additions prior to 01.04.2019.
15. The petitioner has submitted that due to non-capitalization of assets in same year of start of Commercial operation, it has already incurred the losses on account of depreciation and interest cost in tariff which would have been allowed from the actual completion year.
16. Further, the petitioner submitted that the IDC in respect of these projects for the period of actual commercial operation date till FY 2019-20 has been reversed and charged to P&L account. However, as these assets are recognized by the Petitioner in the FY 2020-21 therefore, normative interest on term loan and depreciation in the respective year could not be received by the Petitioner, which is a permanent loss.
17. In the view of the above, the Petitioner requested the Commission to carry out prudence check of assets additions prior to 01.04.2019 and approve the asset additions along with corresponding interest and depreciation for the same.

Respondents Comments/Suggestion

18. In respect of disallowance in GFA, the stakeholder has submitted that the Commission has given specific reasons for disallowing the capitalisation claimed by RVPN and the petitioner has not brought out any error in their review petition. The Stakeholder has further submitted that the Hon'ble Supreme Court has given guidelines for exercise of power of review wherein it is stated that review jurisdiction cannot be exercised on the ground that decision was erroneous and rehearing of the same matter cannot be done. Accordingly, the stakeholder requested that the review in the matter is not maintainable
19. The stakeholder has stated that the Commission has analysed the submission of the petitioner pertaining to prior period GFA addition and has clearly stated the reasons of disallowance of GFA. The petitioner has not submitted any error in the order and hence, it cannot be a matter of review.

Commission's Analysis

20. The Commission in the order Dt. 13.07.2022 has disallowed the assets prior to 01.04.2019 after due consideration of the details & submission made by petitioner in the original petition as well in additional submissions in data gap replies.
21. In the above order, the Commission observed that it had already considered prior period items for Rs. 876.42 Cr. during True-up of FY 2019-2020 on account of error/omission for the period prior to 01.04.2019. Again, in the petition for the True-up of FY 2020-21, the petitioner claimed an amount of Rs. 980.56 Crore pertaining to period prior to 01.04.2019 on account of error/omission during previous years. The order Dt. 13.07.2022, further mentioned that while considering the earlier amount for prior period, it was presumed that due diligence was made by RVPN and after making all out efforts the petitioner has claimed GFA addition of Rs. 876.42 Crore for period prior to 01.04.2019. However, for the same prior period the petitioner has again claimed GFA addition of Rs. 980.56 Crore.
22. The order Dt. 13.07.2022 further mentioned that it was the responsibility of RVPN to capitalize the assets in the respective years and in-spite of it, such huge error/omission having huge cost implication upon RVPN have been committed. It was not possible to do the prudence check for such huge amount of prior period items claimed by RVPN due to inaccuracy of data,

lack of availability of complete data / data mismatching. It was also observed that allowing GFA addition in FY 2020-21 for the assets pertaining to period as old as 10 years, has its own implications on Tariff, as these periods have already been tried up.

23. In view of the above observations, the Commission decided not to allow the assets prior to 01.04.2019. The petitioner has not submitted any details of error apparent from record and is only rearguing the matter. Hence, the submission of RVPN on this issue are not maintainable and accordingly, the review sought is not admissible in this regard. The petitioner is further directed to fix the accountability in this regard and report back compliance to the Commission in 3 months.

Issue No. (ii): Transfer of Minor assets to O&M Expenses

RVPN's Submission

24. The Petitioner submitted that while deciding on the MYT (Tariff) Regulations, the Commission computed the norms for O&M expenses based on the actual expenses incurred by the petitioner over the past 3 years which did not include capital nature of assets. Therefore, the Norms of O&M expenses computed by the Commission was on lower side. Further, the Petitioner has claimed these assets as GFA addition in accordance to the IND-AS. Since the Commission was considering expenses towards these assets under O&M expenses, therefore, the Petitioner requested to allow such expenses over and above the Normative O&M expenses set by the Commission.
25. The Petitioner submitted that the normative O&M expenses for FY 2020-21 was Rs 727.05 Cr. which was lower than the actual O&M expenses of Rs. 769.19 Cr. Further, the Petitioner stated that the Commission should take care of the fact that normative O&M expenses decided by the Commission (Regulation 64) based on past data of O&M expenses does not include such expenditure of capital nature (minor assets). In view of that, the Petitioner requested the Commission to allow of Rs. 5.60 Cr. of minor assets addition over and above the normative O&M expenses as detailed below.

Particular	Rs in Crore
Normative O&M	727.05
Add: transfer from minor assets	5.60
Total O&M	732.65

Respondents Comments/Suggestion

26. The stakeholder has submitted that the minor assets have been considered as expenses under actual O&M expenses and not over and above the normal O&M expenses. The Stakeholder further submitted that the regulations does not provide for O&M expenses over & above normative expenses. The stakeholder has further stated that Commission's order dated 31.01.2019 in the petition number 1534/19 as referred by the petitioner does not allow such additional expenses instead the order at para 18 provides that that no amendment is warranted in the RERC Tariff, Regulations 2019. The stakeholder has further submitted that the Petitioner has not pointed out any error in the matter and as such it cannot be considered in review.
27. The Stakeholder has submitted that the Commission has taken a considered decision on disallowance of minor assets mentioning that it deems fit not to allow such asset under capitalization for the year. The Commission has further allowed it as part of the O&M expenses. The order of the Commission is in line with the approach adopted by the Commission in the tariff orders of previous years. Hence, there is no matter of review.

Commission's Analysis

28. The Commission in the order Dt. 13.07.2022 has taken a considered view that the assets amounting to Rs. 5.60 Crore were in the nature of minor assets and the same should be part of O&M expenses. Accordingly, the Commission decided to disallow the minor assets from GFA addition and allow the same as actual O&M expenses.
29. The above decision is in line with the orders issued in previous years on the matter. Further, the petitioner has not pointed out any error apparent from record. Hence, the submission of RVPN on this issue are not maintainable and accordingly, the review sought is not admissible in this regard.

Issue No. (iii): Approval of O&M Expenses on actual basis

RVPN's Submission

30. The Petitioner submitted that the Commission has approved the O&M expenses of Rs. 726.72 Cr. on normative basis in spite of Rs. 769.19 Crore actually incurred in the FY 2020-21 as per audited accounts. Further, the Petitioner stated that this is in contradiction to the fact that when the actual O&M expenses are lower than norms, the Commission allows actual O&M expenses and when the actual expenses are higher, the Commission is restricting the O&M expenses as per Norms. Therefore, the Petitioner requested the Commission to take an appropriate view and approve the O&M expenses on actual basis.

Respondents Comments/Suggestion

31. The Stakeholder has submitted that the Commission has taken a considered decision on allowance of O&M expenses. The stakeholder has further submitted that the petitioner has not pointed out any error in the matter and as such it cannot be considered in review.

Commission's Analysis

32. The Commission in the order Dt. 13.07.2022 has analysed the actual O&M expenditure & normative O&M expenditure and after considering the submissions made by the petitioner & the stakeholders taken a considered view of allowing the O&M expenses of Rs. 726.72 Crore for FY 2020-21 on normative basis.
33. The petitioner has not brought out any error apparent from record in the matter. Hence, the review sought is not admissible in this regard.

Issue No. (iv): O&M: Charging 400 kV S/C line from DCCPP to Hindaun at 220 kV

RVPN's Submission

34. The Petitioner submitted that the S/C line from DCCPP to Hindaun has been developed as 400 KV line and the petitioner has incurred the capital expenditure as per the same. Further, the maintenance of the above lines and all other O&M expenses incurred on such line are accordingly for 400 KV lines. Further, the Petitioner stated that as per regulation 64 of RERC Tariff Regulations 2019, the O&M is allowed for the lines for the voltage it is developed not at the voltage it's been charged.

35. The Petitioner submitted that the instant line was proposed to be connected to 400 KV switchyard at DCCPP-Dholpur which could not be developed by RVUNL due to further planned expansion of generating units could not be taken by RVUNL. The Petitioner has executed the aforesaid 400 KV line as evacuation system for generating plant as per plan.
36. Further, the Petitioner also stated that with growing demand these assets are gainfully utilized which is evident from the fact that line section between Heerapura to Hindaun is being already utilized and remaining section shall be utilized for newly sanctioned 400 KV Dholpur to resolve acute voltage variation problem of eastern Rajasthan.
37. Therefore, the Petitioner requested to the Commission to allow the normative O&M expenses of the aforesaid line on the basis of 400 KV in place of 220 KV level.

Respondents Comments/Suggestion

38. The stakeholder has submitted that in matter of charging of 400kV S/C line from DCCPP to Hindaun at 220kV, the Commission has taken decision after careful consideration and there is no matter of review.

Commission's Analysis

39. The Commission has allowed the O&M of the 400 kV S/C line from DCCPP to Hindaun at the 220kV level after taking into consideration the concerns of all the stakeholders as well as submissions made by the petitioner in the additional submissions & also during the public hearing. The Commission observed that the O&M should be allowed for the voltage level on which it is charged.
40. The petitioner has not brought out any error apparent from record and is resubmitting the same arguments as submitted in response to the stakeholder comments & during the proceedings of the original petition. Hence, the review sought is not admissible in this regard.

Issue No. (v): Depreciation: wrong disallowance of deprecation of FY 2019-20

RVPN's Submission

41. The Petitioner submitted that the Commission at para 3.12 of the Order dated 13.07.2022 for the FY 2019-20 has considered prior period GFA addition of Rs. 342.70 Cr. However, while calculating depreciation the

Commission has not considered depreciation in respect of prior period assets addition. Therefore, the Petitioner requested the Commission to approve the prior period depreciation of Rs. 63.85 Cr. in respect of assets approved as prior period assets addition.

Respondent Comments/Suggestion

42. The stakeholder has submitted that the Commission has disallowed the depreciation on prior period assets after due consideration and it is mentioned in the order that same has been allowed to the extent deemed allowable after prudence check. The stakeholder further submitted that the Commission at para 3.66 has very clearly mentioned that the Commission deems it fit to disallow the claim of Rs. 112.88 Crores towards prior period depreciation. In view of the above, there is no error and hence, the matter cannot be allowed in review.

Commission's Analysis

43. The Commission in the order Dt. 13.07.2022 has allowed the additions to GFA in respect of the assets for the period of FY 2019-20, however, all tariff parameters like depreciation, RoE, Interest on loan has been allowed w.e.f FY 2020-21. Hence, no tariff component in respect of these assets for prior period has been allowed. The disallowance of depreciation in respect of prior period assets addition is consistent with the above decision.
44. Therefore, there is no error apparent from record and accordingly, the review sought is not admissible in this regard.

Issue No. (vi): Double deduction of deposit work & grants from depreciation

RVPN's Submission

45. The Petitioner submitted that the Commission has disallowed the prior period GFA addition (prior to 01.04.2019) along with corresponding depreciation. Further, the Commission also deducted the deposit work and Grants pertaining to assets additions prior to 01.04.2019, which was double deduction in respect of deposit work and grants. Therefore, the Petitioner requested to reduce the amount of deposit works and grants for FY 2020-21 (by Rs 10.56 Crore pertain to assets addition prior period 1.04.2019).

Respondents Comments/Suggestion

46. In the matter of deduction of deposit works & grants from depreciation, the stakeholder has submitted that when the amount of deposit work has been reduced from GFA, its depreciation also has to be disallowed. Thus, there is no error in the matter and no review is required in the same.

Commission's Analysis

47. The Commission in the Tariff Order Dt.13.07.2022 allowed Depreciation for the FY 2020-21 considering the depreciation claimed (as per audited accounts) by RVPN for the year as base. Thereafter, depreciation on account of grants & deposit works were deducted. The depreciation on account of deposit work and grant was already included in the depreciation of Rs. 989.66 Crores claimed for the FY 2020-21. The observation of the Commission in this regard is mentioned at para 3.67 and calculation of the same is provided in the order. Therefore, there is no double deduction as claimed by the petitioner.
48. Hence, there is no error in allowance of depreciation and therefore, the review sought is not admissible in this regard.

Issue No. (vii): Non-Tariff Income

RVPN's Submission

49. **Interest Income of Orissa Integrated Power Limited:** The Petitioner submitted that the OIPL interest of Rs. 11.12 Cr. is actually a reimbursement of interest by Discoms on the loan amount taken on their behalf. Since, the Commission doesn't allow interest on the Loan taken by RVPN on behalf of Discoms, then the corresponding income also doesn't deserve to be included in Non-tariff income. Therefore, the petitioner requested to the Commission to reduce the burden to that extent.
50. **Interest on Income Tax refund:** The Petitioner submitted that during past three years, actual working capital has been higher than the normative working capital. Further, Commission has framed the regulation to provide the regulatory certainty to the petitioner, therefore the Commission should be consistent in their approach. In light of the above, the Petitioner requested the Commission not to consider interest on refund of income tax as part of non-tariff Income.
51. **Write-off of old un-reconciled balance of erstwhile RSEB period:** The Petitioner submitted that write-off of un-reconciled balance related to the

Security Deposit and other deposit of contractors of erstwhile RSEB period amounting to Rs. 41.15 Crore should not be considered as non-tariff income. Since these deposits were recognized as liabilities in the balance sheet of RSEB, thus have not been recovered through tariff of that period. Further, the Petitioner submitted that it is a notional/book entry which has no effect on bank balance of RVPN. Therefore, the Petitioner requested to the Commission not to consider the old balance written off as Non tariff income. The petitioner further submitted that similarly write off amount of Rs. 6.09 Crore related to the power trading and pertain to RSEB period should not be taken in Non-Tariff income.

Respondents Comments/Suggestion

52. The stakeholder has submitted that the order of Commission in the matter of Non-tariff Income is very clear and no review is required in the same.

Commission's Analysis

53. The Commission in the order Dt.13.07.2022 has taken a considered view on the above NTI issues after considering the submissions made by RVPN vide additional data gaps and during public hearing and also the submissions of the stakeholders.
54. The Commission has given a reasoned order in respect of consideration of the OIPL interest of Rs. 11.12 Cr, interest on refund of income tax amounting to Rs. 28.70 Crore & write-off of un-reconciled balance related to the Security Deposit and other deposit of contractors of erstwhile RSEB period amounting to Rs. 41.15 Crore and Rs. 6.09 Crore respectively as NTI in the tariff order.
55. There is no additional details or information submitted by the petitioner in the review petition to suggest that there is an error apparent on record. The petitioner is only rearguing the matter with the same facts as submitted during the proceedings of the original petition. Therefore, the review sought is not admissible in this regard.

Issue No. (viii): Section 17 of Electricity Act, 2003

RVPN's Submission

56. The Petitioner stated that section 17 of Electricity Act 2003, is asking for prior approval of Commission only in case where petitioner assigns its

licence or transfers its utility by different modes such as sale, lease, exchange or otherwise, where assets are given for use.

57. Further, the Petitioner submitted that RVPN has neither assigned its license or transferred its utility during FY 2020-21 nor is assigning its license or transferring its utility during FY 2022-23. Therefore, prior approval of the Commission for the same is not required.
58. Further, the Petitioner also submitted that section 17 of Electricity Act 2003, talks about assigning of license or transfer of utility both of which involve use of assets by the transferee, whereas the mortgaging/pledging of assets are for the purpose of obtaining the loan from financial institute/banks, where financial institute/banks do not use such assets. Moreover, mortgaging/pledging of assets for the purpose of obtaining the loan is the routine business, any prior approval for such purpose would not only delay the process of obtaining loan from financial institute/banks but also lead to increase the financing cost. In view of the same, the Petitioner requested to the Commission to review its decision and not to force for prior approval of the Commission for such cases.

Respondents Comments/Suggestion

59. In regard to the review preferred by the petitioner in respect of direction of the Commission u/s 17 of the Electricity Act, the stakeholder has submitted that the direction is in accordance with the provisions of the Electricity Act,2003. The stakeholder has further stated that the whole incidence of the capital expenditure in respect of assets created by RVPN has been transferred to the DISCOM through transmission charges and the same is ultimately borne by the consumers through tariff of DISCOMs. Thus, the assets created by the transmission licensee are not from its own capital expenditure. The Stakeholder has further stated that the word 'otherwise' as mentioned in section 17 is very important keeping in view the interest of the consumers. The Stakeholder has further submitted that while giving prior approval for mortgaging etc. to the applicant, the Commission has to see whether such arrangement has been in the interest of the consumers.

Commission's Analysis

60. The Commission in the Tariff Order Dt. 13.07.2022 has taken a considered view on the issue of seeking prior approval of Commission in respect of transmission assets given on lease/Mortgage/Pledged after considering

the submissions made by RVPN vide additional data gaps and also during public hearing.

61. There is no additional details or information submitted in the review petition to suggest that there is an error apparent on record. Therefore, the review sought is not admissible in this regard.

ARR and Tariff Petition for the FY 2022-23

Issue No. (i): Return on Equity

RVPN's Submission

62. The Petitioner submitted that the Commission has disallowed the RoE on ground of not complying with the conditions of "formation of InvIT & Requirement of equity for SPV, if need" as mentioned in the Government Letter dt. 12.04.2021. Further, the Petitioner has approached the Government of Rajasthan to clarify the same. The GOR vide letter dated 26.07.2022 has clarified this issue as follows:

"In continuation to this office letter dated 31.03.2022, wherein it has been mentioned that "RoE@14% to RVPN for FY 2022-23 may be allowed subject to the formation of InvIT & Requirement of equity for SPV, if need", it is to clarify that RoE @14% to RVPN for FY 2022-23 is allowed to RVPN, so that RVPN is able to form InvIT and attract investors."

63. In view of the above, the Petitioner requested the Commission to allow the ROE @ 14% for the FY 2022-23.
64. The Petitioner submitted that detail information of InvIT shall be submitted to the Commission before transfer of assets and liability in the SPV created for this purpose. The formation of InvIT and its proceedings shall be made in compliance to SEBI (InvIT) Regulations, 2014.
65. Further, the Petitioner submitted that in place of approving the aforesaid RoE in the true up for the FY 2022-23, the Commission may approve the same in the ARR for FY 2022-23, so that RVPN is able to realize the RoE also from the Short Term Open Access consumers and there is no undue advantage to the Short Term Open Access consumers. Due to this constraint, the Petitioner requested the Commission to approve the RoE in the Current Review of ARR for FY 2022-23

Respondent's Comments/Suggestion

66. The Stakeholder submitted that the Commission has stated in the Tariff Order that if RVPN complies with the conditions of approval of Govt. of Rajasthan, they may claim the RoE in the True-up of the year. The stakeholder submitted that RVPN has submitted a letter of Govt. of Rajasthan Dt. 26.07.2022 clarifying that ROE @14% is allowed to RVPN so that RVPN is able to form InVIT and attract investors. However, the said letter is dated 26.07.2022 i.e. after the date of order of the Commission and thus there is no error apparent from records in the order of the Commission. The order of the Commission was on the basis of record available upto the time of order. In view of the above, the stakeholder submitted that the review on the matter may be dismissed.

Commission's Analysis

67. The Commission in the order dt. 13.07.2022 observed that the approval for RoE from the Government was given subject to the formation of InVIT and requirement of Equity for SPV if needed.
68. We observe that in the review petition, the petitioner has submitted a clarification from the GOR vide letter dated 26.07.2022 stating that the RoE @14% to RVPN for FY 2022-23 is allowed to RVPN, so that RVPN is able to form InVIT and attract investors. This clarification was not on record at the time of the issue of order.
69. Further, as per RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019, Transmission licensee is entitled for RoE at 14%.
70. In view of above facts & circumstances, Commission deems it appropriate to review the RoE approved for FY 2022-23 for RVPN and SLDC and allow the same considering the approved equity base of Rs. 4496.90 Crore and Rs. 1.10 Crore respectively and rate of RoE of 14% in accordance with the RERC Tariff Regulations, 2019.

Table 1: Return on Equity for FY 2022-23 (Rs. Crore)-RVPN

Particulars	FY 2022-23		
	Claimed	Approved in Order dt. 13.07.22	Revised Approved
Return on Equity	698.88	0.00	648.73

71. Accordingly, the revised Annual Transmission Charges and Summary of Tariff for FY 2022-23 is as shown in the table below:

Table 2: Annual Transmission Charges for FY 2022-23 (Rs. Crore) -RVPN

Particulars	FY 2022-23		
	Claimed	Approved	Revised Approved
O&M expenses	889.99	821.69	821.69
Additional contribution to pension and gratuity fund	379.24	379.24	379.24
Interest and finance charges on long-term loans	1,037.99	841.51	841.51
Depreciation	1,076.21	981.49	981.49
Interest on working capital	75.35	54.57	62.78
Return on Equity	698.88	-	648.73
Insurance charges	0.39	0.39	0.39
Unitary charges	54.93	54.93	54.93
Other charges	0.74	-	-
Lease Charges	12.52	12.52	12.52
Less: Non-Tariff Income	208.77	208.77	208.77
Aggregate Revenue Requirement	4,017.45	2,937.56	3,594.50
Less: Revenue from Short Term Open Access	50.22	15.00	15.00
Less: Revenue from Inter State Transmission Lines	37.46	-	-
Add: Revenue (Gap)/Surplus for FY 2020-21	(441.48)	-	-
Annual Transmission Charges	4,371.25	2,922.56	3,579.50

Table 3: Final Transmission Tariff approved for FY 2022-23-RVPN

Sl. No.	Particulars	Units	Approved in Order dt. 13.07.22	Revised Approved
1	Annual Transmission Charges	Rs. Crore	2,922.56	3579.50
2	Transmission Capacity for DISCOMs	MW	15,176.00	15,176.00
3	Transmission Capacity for Long Term Open Access	MW	668.61	668.61
4	Total Transmission Capacity	MW	15,844.61	15,844.61
5	Transmission Tariff for DISCOMs and Long Term Open Access	Rs./kW/month	153.71	188.26
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	153.71	188.26
7	Transmission Tariff for Short Term Open Access	Rs./kW/day	5.05	6.19

Sl. No.	Particulars	Units	Approved in Order dt. 13.07.22	Revised Approved
8	Transmission Charges to be recovered from DISCOMs	Rs. Crore	2,799.23	3428.46
9	Transmission Charges to be recovered from Long Term Open Access	Rs. Crore	123.33	151.05
10	Energy requirement of DISCOMs	MU	92,263.78	92,263.78
11	Energy requirement of Long Term, Medium Term and Short Term Open Access	MU	1,704.58	1,704.58
12	Total Energy requirement	MU	93,968.36	93,968.36
13	Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	31.10	38.09

Table 4: SLDC Return on Equity for FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23		
	Claimed	Approved in Order dt. 13.07.22	Revised Approved
Return on Equity	0.37	0.00	0.16

Table 5: SLDC ARR for FY 2022-23 (Rs. Crore)

S. No.	Particulars	Claimed	Approved	Revised Approved
Expenses				
1	Operating Expenses			
A	Employee expenses	18.59	17.67	17.67
B	Administrative and General Expenses	0.89	1.31	1.31
C	Repair and Maintenance Expenses	0.09	0.22	0.22
D	Interest on Working Capital	0.90	0.74	0.74
E	RLDC / NRLDC Fee and Charges	4.88	4.88	4.88
2	Capital expense components			

S. No.	Particulars	Claimed	Approved	Revised Approved
A	Depreciation	1.67	0.55	0.55
B	Interest and finance charges on term loan	1.45	0.00	0.00
C	Return on equity	0.37	-	0.16
3	Total Revenue Expenditure	28.84	25.37	25.53
4	Less: Non Tariff income	0.80	0.80	0.80
5	Less: Income from Open Access	-	-	-
6	Less: Truing up for FY 2020-21 Surplus/(Gap)	(1.48)	-	-
7	Aggregate Revenue Requirement	29.52	24.57	24.73

Table 6: Final SLDC charges for FY 2022-23

S. No	Particulars	Unit	Approved in Order dt. 13.07.22	Revised Approved
1	Net Revenue Requirement for SLDC Operation to be recovered from DISCOMs and Long term open access Customers	Rs. Crore	24.57	24.73
2	Transmission Capacity for DISCOMs	MW	15,176.00	15,176.00
3	Transmission Capacity for Long Term Open access Customers	MW	668.61	668.61
4	Total Transmission Capacity	MW	15,844.61	15,844.61
5	SLDC Charges for DISCOMs and Long Term Open Access Transactions	Paise/kW/ Month	129.25	130.08
6	SLDC Charges for Medium Term Open Access Transactions	Paise/kW/ Month	129.25	130.08
7	SLDC Charges for Short Term Open Access Transactions	Paise/kW/ Day	4.25	4.28
8	SLDC Charges to be recovered from DISCOMs	Rs. Crore	23.54	23.69
9	SLDC Charges to be recovered from Long Term Open Access	Rs. Crore	1.03	1.04

72. The Tariff determined vide this Order shall be effective from 01.04.2022 to 31.03.2023, thereafter it shall remain applicable provisionally till next order of the Commission. However, in case of short-term open access transactions, the tariff shall be applicable w.e.f. 15.11.2022 till next order

of the Commission and there shall be no retrospective adjustment of transmission tariff and SLDC charges.

73. The Review Petition filed by RVPN stands disposed of in the above terms.

(Dr. Rajesh Sharma)
Member

(Hemant Kumar Jain)
Member

(Dr. B.N. Sharma)
Chairman