

RAJASTHAN ELECTRICITY REGULATORY COMMISSION

Petition No: RERC/1587/19

In the matter of approval of true up for FY 2018-19 and Annual Revenue Requirement & Tariff for FY 2020-21 of Transmission and SLDC

Coram : **Sh. Shreemat Pandey, Chairman**
Sh. S. C. Dinkar, Member
Sh. Prithvi Raj, Member

Petitioner : Rajasthan Rajya Vidyut Prasaran Nigam Ltd.

Respondents :

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 : **21.07.2020**

Date of Order : **12.10.2020**

ORDER

- 1.1 Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (in short 'RVPN'), a Transmission Licensee under the provisions of the Electricity Act 2003, has filed a petition on 29.11.2019 for approval of true up for FY 2018-19 and Annual Revenue Requirement & Tariff for FY 2020-21 of Transmission and SLDC.
- 1.2 In exercise of the powers conferred under Sections 62, 64 and other provisions of Electricity Act 2003, read with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019 and other enabling Regulations, the Commission, after carefully considering each of the submissions of the Petitioner and suggestions/objections submitted by the Stakeholder, has

passed the following Order.

1.3 This order has been structured in following sections as given under:

- (1) Section 1: General
- (2) Section 2: Summary of true up and tariff determination process
- (3) Section 3: Summary of objections/comments/suggestions received
from Stakeholders and RVPN's response thereon
- (4) Section 4: Approval of true up for FY 2018-19
- (5) Section 5: Determination of tariff for FY 2020-21

SECTION 2

Summary of true up and tariff determination process

- 2.1 RVPN filed the petition for approval of true up for FY 2018-19 and ARR & Tariff for FY 2020-21 of Transmission and SLDC.
- 2.2 As required under Section 64(2) of the Electricity Act, 2003, public notices with salient features of the petition inviting objections/comments/suggestions were published in the following newspapers on the dates mentioned:

Table 1: Details of Newspapers

Sr. No.	Name of News Paper	Date of publishing
(i)	Times of India	10.01.2020
(ii)	Dainik Bhaskar	10.01.2020
(iii)	Rajasthan Patrika	10.01.2020

- 2.3 The petition was also placed on the websites of the Commission and the Petitioner. The objections/comments/suggestions were received from Shri Shanti Prasad, Rudraksh Energy, The Rajasthan Textile Mills Association, Mewar Chamber of Commerce and Industry, Shri G. L. Sharma and Rajasthan Urja Vikas Nigam Ltd.
- 2.4 The Commission forwarded the objections/comments/suggestions of the stakeholder to RVPN for filing its reply.
- 2.5 The Commission vide letter dated 13.01.2020, 20.05.2020, 08.07.2020 and 21.07.2020 communicated some data gaps and deficiencies in the petition. The Petitioner furnished information vide its letters dated 01.05.2020, 19.06.2020, 20.07.2020 and 31.07.2020. The Petitioner also replied to the objections/comments/ suggestions made by the stakeholders vide its letter dated 10.06.2020.
- 2.6 The public hearing in the matter was held on 21.07.2020.
- 2.7 The list of Stakeholders and representatives of the Petitioner/Respondents present during the hearings is enclosed to this order as Annexure - 1. To

facilitate reference, list of abbreviations and an index of the issues and points dealt with are placed at Annexure – 2 and Annexure - 3 respectively.

SECTION 3

Summary of objections/comments/suggestions received from stakeholders and RVPN's response thereon

A. General

Separate Petitions for Transmission and SLDC

Stakeholder's comments/suggestions

- 3.1 The Stakeholder submitted that in accordance with the Electricity Act 2003, the Petitioner is not an authorized utility for filing the Petition of SLDC and there should be a separate petition for SLDC. Further, in accordance to the Regulation 5(1) of the RERC Tariff Regulations, 2019 the application is to be filed separately for licensee and SLDC, which has not been done in the present case.

RVPN's Response

- 3.2 The Commission had issued order on Ring Fencing of Rajasthan SLDC on 07.02.2020. If Government of Rajasthan takes action, then SLDC's tariff petition will be filed separately.

Audited Accounts

Stakeholder's comments/suggestions

- 3.3 The Petitioner to submit separate accounts for RVPN and SLDC duly certified by the Statutory Auditors and copies of cost records.
- 3.4 The Stakeholder submitted that, from the reports of Chartered Accountant in respect of annual statements for FY 2018-19, it has been noted that the company gave upfront amount to various agencies. In this regard, the Petitioner to submit the following:

- i. Dates on which such upfront amount was given in each case;
- ii. Justification for which the upfront amount was given in each case;
- iii. Justification for not recovering the upfront amount so far;
- iv. Schedule and actual date of completion of the works against which upfront amount has been given;
- v. To submit, whether there has been any penal clause in the contract and if so, how much amount has been assessed for recovery of penal changes and how much amount has been recovered in each case.

3.5 The Petitioner vide the instant petition submitted CAG comments on the supplementary audit of the financial statements of the Petitioner for the year ending 31.03.2019. In this regard, the Petitioner to submit the justification for not showing the required outstanding liabilities or receivables under the specified heads, i.e., either in the balance sheet or in the profit and loss account. Further, the stakeholder sought the copy of statutory auditor's report dated 28.08.2019.

RVPN's Response

3.6 The Petitioner submitted separate accounts for SLDC, duly certified by the statutory auditor, copies of cost record, replies on the comments raised by CAG and statutory auditor's report for FY 2018-19.

Others

Stakeholder's comments/suggestions

3.7 The stakeholder submitted that one of the conditions for grant of transmission license to various Transmission Licensees, i.e., Adani Transmission (Rajasthan) Ltd., Aravali Transmission Service Company Ltd., Maru Transmission Service Company Ltd., KEC Bikaner Sikar Transmission Pvt Ltd., Shekhawati Transmission Service Company Ltd., Barmer Power Transmission Service Ltd., Hadoti Power Transmission Service Ltd., and Thar Power Transmission Service Ltd. has been that they need to pay State Load

Dispatch Centre fee as specified by the Commission. In view of the above, the stakeholder sought the following:

- i. Amount to be charged as SLDC charges from the transmission licensees;
- ii. Rates at which bills were raised to Maru Transmission Service Company Ltd. along with the quote of the Commission's order under which such charges have been given.

3.8 The Petitioner in the instant petition under head of the "Compliance report regarding directions of the Commission's order dated 03.05.2018" submitted that the tariff determination for FY 2019-20 is pending and therefore, no compliance is due. In this regard, the stakeholder submitted that compliance of the directions issued by the Commission vide order dated 03.05.2018 has no relation with tariff determination of FY 2019-20. Further, the Petitioner to submit the present status of the same.

RVPN's Response

3.9 The Petitioner has not charged any SLDC Fee for grant of transmission licensee to the transmission entities. However, as per the agreement, if these charges are charged, the same will be recovered from them.

3.10 The details, related to the SLDC bills, raised to Maru Transmission Ltd. and Aravali Transmission Ltd. as per the Commission's tariff order are as below:

- i. For FY 2013-14, RERC order dated 09.01.2014 at 2.52/kW/month;
- ii. For FY 2014-15, RERC order dated 09.10.2014 at 2.12/kW/month;
- iii. For FY 2015-16, RERC order dated 14.08.2015 at 1.13/kW/month;
- iv. For FY 2016-17, RERC order dated 27.10.2016 at 0.5966/kW/month;
- v. For FY 2017-18, RERC order dated 26.05.2017 at 2.0967/kW/month.

3.11 Further, during supplementary audit on the annual accounts of the Petitioner for the year FY 2017-18, the Sr. Audit officer (Indian Audit and Accounts department) observed that the Petitioner can recover SLDC charges with limitation to transmission capacity approved by the Commission. The

Petitioner has been raising bills of SLDC charges on Discoms as per the capacity approved by the Commission, which includes transmission capacity of M/s Maru Transmission Ltd and M/s Aravali Transmission Co Ltd. However, after finalization of new SLDC Fee and Charges Regulation, action will be taken accordingly.

- 3.12 As per the directions of the Commission vide Order dated 03.05.2018, the Petitioner deposited Rs. 96.00 Crore in superannuation trust and Rs. 4.00 Crore in gratuity trust. The Petitioner also submitted relevant documents regarding the same.

B. True-Up of Transmission Licensee for FY 2018-19

Additional Capitalization

Stakeholder's comments/suggestions

- 3.13 The stakeholder sought the following details of the assets added during FY 2018-19:
- i. Details of 400 kV, 220 kV and 132 kV transmission lines with CKt. kM;
 - ii. List of installed MVA capacity as per DPR, with their place of installation;
 - iii. List of Bay Constructed as per DPR.
- 3.14 Further, the Petitioner to submit the following information for the lines, MVA Capacity installed and Bays constructed:
- i. Hard cost and IDC as on date of commissioning;
 - ii. Schedule and actual date of commissioning;
 - iii. Whether, works are carried out departmentally or through contract.
 - iv. In case, if it is carried out departmentally, the Petitioner to submit the justification for delay from the scheduled period if any, along with the duration of delay;

- v. In case, if it is carried out through contract date of competition of works and in case of delay, without any penal charges were leviable and if so, at what rate and how much amount has been recovered and where it has been accounted.

RVPN's Response

- 3.15 The Petitioner submitted the requisite details against transmission lines, MVA capacity installed and bays constructed as below:
- i. Hard cost and Soft cost as per DPR;
 - ii. Actual Commissioning date;
 - iii. Applicable penalty charges are recovered from the contractors as per the provisions of contract.

Operations & Maintenance Expense

Stakeholder's comments/suggestions

- 3.16 The stakeholder submitted that the actual O&M expenses as claimed in the instant petition for FY 2018-19 does not reconcile with the submitted accounts. In this regard, the stakeholder sought the reconciliation statement of actual O&M expenses claimed with the annual accounts.
- 3.17 The stakeholder submitted that the normative O&M expenses could be worked out only after receipt of information on assets added during FY 2018-19.
- 3.18 The Commission may allow actual O&M expense in accordance with the order dated 31.01.2020.
- 3.19 The stakeholder requested the Commission to direct the Petitioner to deposit the amount of Rs. 258.11 Crore against actuarial valuation to the designated pension fund.

RVPN's Response

3.20 The Petitioner submitted the reconciliation of actual O&M expense with the audited accounts. Also, the O&M expense is Rs. 922.87 Crore, instead of Rs. 919.96 Crore as claimed vide the instant petition. The reason for difference is as below:

- i. Incentive expenditure from employee expenditure have been deducted by Rs. 10.58 Crore instead of Rs. 7.30 Crore;
- ii. Administrative expenditure includes Rs. 0.36 Crore of insurance, which is not to be included In the Administrative expenditure for computation of O&M expenses.

Return on Equity (RoE)

Stakeholder's comments/suggestions

3.21 The opening balance of equity for FY 2018-19 as submitted in the instant petition, i.e., Rs. 4269.65 Crore is not identical with the closing balance of FY 2017-18 as approved by the Commission vide order dated 31.01.2020, i.e., Rs. 3911.06 Crore. Further, as per the submitted balance sheet, total equity at the end of FY 2017-18 and FY 2018-19 is Rs. 3113.64 Crore and Rs. 3173.79 Crore respectively. In this regard, the Petitioner should clarify the difference with details thereof.

3.22 The Commission vide order dated 03.05.2018 approved 2% RoE, which comes out to Rs. 81.46 Crore, whereas the Petitioner has claimed Rs. 87.10 Crore, which is more than the RoE approved by the Commission. The stakeholder sought auditor's report in this regard.

RVPN's Response

3.23 The actual opening balance of equity includes the share application money, whose allotment is pending. Also, closing balance of equity of Rs. 4443.07 Crore includes Rs. 107 Crore equity of SLDC wing as per the audited accounts of FY 2018-19.

3.24 RoE has been calculated at the rate of 2% on the actual equity. The Petitioner submitted its calculation of RoE.

Interest on Working Capital (IoWC)

Stakeholder's comments/suggestions

3.25 Interest on Working Capital may be allowed by the Commission on normative basis. Further, the normative interest rate as per Regulation 27(2) of the RERC Tariff Regulations, 2014 comes out to 11.52%, instead of 11.55% as adopted by the Petitioner to calculate the normative interest on working capital. The Stakeholder requested the Commission to direct petitioner to provide the weighted average interest rate paid on the working capital loan availed during FY 2018-19 to compute actual interest amount on normative working capital.

RVPN's Response

3.26 The Petitioner submitted revised details on Interest on Working Capital.

Depreciation

Stakeholder's comments/suggestions

3.27 The Stakeholder submitted that the O&M spares cannot be part of Gross Assets for depreciation. Further, the Stakeholder sought the details of fixed assets which have completed life of 12 years, along with their accumulated depreciation on such date in accordance with Regulation 22(4) of the RERC Tariff Regulations, 2014 and details of the assets which have not completed 12 years.

RVPN's Response

3.28 O&M spares are capitalized as per the requirement of the Ind AS 16, i.e., Property, Plant and Equipment. The Petitioner submitted the bifurcation of asset details as sought by the stakeholder.

Interest on Normative Loan

Stakeholder's comments/suggestions

- 3.29 The Stakeholder submitted that in accordance with the accounts, an amount of Rs. 56.85 Crore has been advanced to M/s Banswara Thermal Power Co. Ltd. and M/s Barmer Thermal Co. The stakeholder requested the Commission to reduce the amount while allowing Interest on Normative Loan. Further, the Petitioner has claimed interest on loan and finance charges for Rs. 984.96 Crore against Rs. 906.19 Crore, as allowed by the Commission. In this regard, the stakeholder requested the Commission to direct petitioner to submit the interest on normative loan amount computed as per Regulation 21 of RERC Tariff Regulations, 2014.

RVPN's Response

- 3.30 The Petitioner submitted that the interest expense on these advances, as submitted by the stakeholder have actually been incurred. Accordingly, the Commission may allow the same. Also, Interest on Loan and Finance charges claimed are as per the actuals.

Insurance Charges

Stakeholder's comments/suggestions

- 3.31 The stakeholder sought the supporting documents and basis for claiming Rs 0.35 Crore underneath Insurance charges. Further, in accordance with the accounts of FY 2018-19, property, plant equipments are not insured except vehicles. In this regard, stakeholder submitted that insurance of vehicles is an expenditure under O&M expense.

RVPN's Response

- 3.32 The supporting documents on Insurance charges are available at circle office with various users and therefore, it is not feasible to get all the documents. Insurance expense on vehicles are mandatory. Also, insurance of vehicles is not part of O&M expenses.

Other Expenses

Stakeholder's comments/suggestions

- 3.33 The Stakeholder sought the details of Rs. 2.08 Crore against Miscellaneous losses, Bad Debts and write off and for Rs. 45.89 Crore under unitary charges. Further, the amount claimed against miscellaneous losses, bad debts and write off is not admissible in accordance with the tariff order dated 31.01.2020, whereas, unitary charges may be allowed in accordance with the executed Transmission service agreement.

RVPN's Response

- 3.34 The Petitioner submitted that the charges claimed against other expenses are part of administration and general expense.
- 3.35 For Miscellaneous losses, Bad Debts and write off, the Petitioner submitted that deferred revenue expenditure of Rs. 0.0072 Crore is on account of fees paid to LIC against the restructuring of loans, Rs. 1.5662 Crore is the difference between the realized value and net book value of the assets discarded during the year and Sundry balances of Rs. 0.3596 have been written off, as the same were irrecoverable as per the terms of contract with M/s Dedicated freight corridor of India.

Transmission Revenue Receipts

Stakeholder's comments/suggestions

- 3.36 The stakeholder sought justification from the Petitioner on account of low income receipt from short term open access and long term open access consumers.

RVPN's Response

- 3.37 Income from short term open access were estimated on the basis of revenue received in the preceding years. Also, due to high wheeling

charges short term open access is not being availed by most of the consumers.

System Availability Incentive

Stakeholder's comments/suggestions

- 3.38 The Stakeholder submitted that the Petitioner has claimed Rs. 44.58 Crore as incentive for achieving high system availability, i.e., above 98%. In this regard, the Petitioner should submit the actual system availability verified by SLDC for claiming Incentive.

RVPN's Response

- 3.39 In accordance with the RERC Tariff Regulations, 2019 system availability certificate will be provided after the completion of FY 2019-20.

Others

Stakeholder's comments/suggestions

- 3.40 The Petitioner to submit the justification for the discrepancy in the figures of total expenditure claimed under True up of Transmission expenditure for FY 2018-19 as Rs. 2945.46 Crore and claimed under Approved v/s Actual revenue receipts for FY 2018-19 as Rs. 3302.57 Crore.
- 3.41 The Stakeholder submitted that the net loss of Rs. 432.87 Crore as claimed by the Petitioner to carry forward in FY 2020-21 is not admissible, as it does not reconcile with the audited accounts.

RVPN's Response

- 3.42 The amount claimed for total expenditure is as per the norms. Whereas, the expenditure of Rs. 432.87 Crore is based on the actual expenditure and the Petitioner requested to carry forward it in FY 2020-21.

C. True-Up of SLDC For FY 2018-19

Operating and Capital Expenses

Stakeholder's comments/suggestions

- 3.43 O&M expenses may be considered as approved in the order dated 03.05.2018, i.e., Rs. 13.13 Crore for FY 2018-19. The Petitioner to submit justification for such high increase in the actual O&M expenses, i.e., Rs. 17.14 Crore.
- 3.44 The Petitioner to submit supporting documents of actual expenditure incurred against RLDC Charges.
- 3.45 In accordance with the order dated 31.03.2020, there has been no addition in gross assets for FY 2018-19. Therefore, the depreciation of Rs. 0.72 Crore as allowed by the Commission may be considered for true-up of FY 2018-19.
- 3.46 The actual working capital interest is lower than the approved interest on working capital. The stakeholder requested the Commission to allow the same on actual basis.
- 3.47 The stakeholder submitted that there has been no addition of loan during the year and therefore the interest charges as allowed in True-Up of FY 2017-18, i.e., Rs 0.12 Crore be allowed in True up of FY 2018-19.
- 3.48 Return on Equity may be allowed by the Commission as per the submission of the Petitioner.

RVPN's Response

- 3.49 O&M expense of Rs. 17.14 Crore for FY 2018-19 are actuals. Further, as decided by the Commission under this petition the same would be considered as the base O&M expenses.
- 3.50 The Petitioner submitted the details of actual expenditure incurred against RLDC charges.

D. ARR And Tarif of Transmission for FY 2020-21

Peak Demand and Energy Transmission on RVPN System

Stakeholder's comments/suggestions

- 3.51 The Stakeholder submitted that due to release of large number of agriculture connections and increase in demand of other category of consumers, the peak demand will increase to more than 14000 MW during FY 2020-21 for Rajasthan Discoms. Therefore, the stakeholder requested the Commission to consider higher peak demand than proposed during FY 2020-21.

RVPN's Response

- 3.52 The system peak and energy transmission during FY 2018-19 is as per the actuals, whereas expected peak and energy transmission for FY 2020-21 is as per the 19th Electric Power Survey and also endorsed in 21st Energy Assessment Committee(EAC) MOM.

Energy Assessment

Stakeholder's comments/suggestions

- 3.53 The Petitioner is to submit full copy of minutes of 21st meeting of Energy Assessment Committee (EAC) along with the copy of 19th Electric Power Survey.
- 3.54 The Petitioner submitted that the energy requirement assessed by EAC for FY 2019-20 was 109077.20 MU, whereas per the petitions of Discoms the energy requirement was only 80294 MU and availability was 81409 MU. Thus assessment of peak demand on such projections was on the higher side. In view of the above, the Petitioner to submit the justification of the projection of energy requirement in the present case.

RVPN's Response

- 3.55 The Petitioner submitted full copy of minutes of 21st Energy Assessment Committee (EAC) meeting.

- 3.56 The Projection of energy requirement considered is as per the EAC report FY 2019-20.

Transmission Loss in RVPN System

Stakeholder's comments/suggestions

- 3.57 The Stakeholder submitted that the transmission losses of Madhya Pradesh Transmission Corporation were 2.75% during FY 2017-18 and 2.71% during FY 2018-19. As on 30.09.2019, the total generation installed capacity for Madhya Pradesh was 23995 MW and for Rajasthan it was 23649 MW. The peak demand in Madhya Pradesh during FY 2018-19 was 13815 MW and in Rajasthan it was 13276 MW. This shows that there is not much difference in the power system of Rajasthan and Madhya Pradesh. In view of this, the stakeholder suggested that the Petitioner RVPN should make efforts through energy audits and proper loading of the transformers for reducing its losses to below 3%.
- 3.58 The Petitioner to submit detailed calculation sheets for monthly losses and aggregate transmission losses for the period April to December, 2019 along with the monthly energy input in RVPN system and energy output from RVPN system to the Discoms distribution system.
- 3.59 The stakeholder requested the Petitioner to upload actual monthly losses for FY 2019-20 on the website of RVPN/SLDC and based on such monthly losses, energy adjustment be done by Discoms for OA consumers to avoid uncertainty about RVPN's losses. This will be in line with the approach adopted by NRLDC.

RVPN's Response

- 3.60 Transmission loss in EHT system depends on load flow pattern and the load mix of discoms, as such comparing these loss with the state of Madhya Pradesh will not be appropriate.
- 3.61 The Petitioner submitted the statement of monthly transmission losses.

- 3.62 The Commission may take a view on uploading actual monthly losses for FY 2019-20 on the website of RVPN/SLDC and on energy adjustment to be done by Discoms for open access consumers.

Transmission Service Agreement (TSA)

Stakeholder's comments/suggestions

- 3.63 The stakeholder submitted that the Petitioner did not submit Transmission Service Agreement (TSA) with discoms for FY 2019-20 and FY 2020-21. In this regard, the Petitioner to submit justification that how it is transmitting the power and receiving the payments from the discoms.
- 3.64 Further, RVPN should sign TSA with Discoms and other LTOA Consumers for FY 2019-20 and FY 2020-21 to handle evacuation of power from the generating stations and to meet peak demand of the transmission system users.

RVPN's Response

- 3.65 Transmission Service Agreement (TSA) for FY 2019-20 and FY 2020-21 is not signed. The matter is being pursued with RUVNL. However, in the earlier TSA there is a provision that this TSA will continue to remain operative even after expiry of the agreement.

Transmission Investment & Financing Plan

Stakeholder's comments/suggestions

- 3.66 The Petitioner to submit justification for adding Transformer capacity of 4255 MVA during FY 2020-21, as no new generating project is coming up and the Discoms demand is also not increasing.
- 3.67 The Stakeholder submitted that the new project cost should be borne by either State Government or by the Petitioner itself through loan and this should not be taken into expenses/revenue estimate.
- 3.68 The stakeholder requested the Commission to direct the Petitioner to submit a comprehensive analysis of the system improvements anticipated and the cost benefit proposed through the respective investment schemes.

RVPN's Response

- 3.69 The Petitioner submitted detailed justification for addition of transformer capacity during FY 2020-21.
- 3.70 With regards to the new project cost, the Petitioner submitted that the same is not a matter for tariff determination for FY 2020-21.
- 3.71 The cost benefit analysis of the schemes has been submitted with the Investment Plan petition for FY 2020-21.

O&M Expenses

Stakeholder's comments/suggestions

- 3.72 The Petitioner to submit the list of transmission lines, GSS where new MVA capacity is to be installed and where additional capacity is to be installed, name of GSS where bay have been proposed along with the date of commencement of these works, their expected date of completion and expenditure as on COD.
- 3.73 O&M expenses may be allowed based on the exactness of existing and expected additions at normative rates.
- 3.74 The Petitioner to submit whether the O&M expenses claimed is in accordance with the CERC Tariff Regulations or RERC Tariff Regulations. In case, it is as per CERC Tariff Regulations the Petitioner to submit the revised claim in accordance with the RERC Tariff Regulations. Further, the Petitioner submitted actual O&M expenses for FY 2018-19 as Rs. 919.96 Crore under head of O&M expenses, whereas under head of Revenue Requirement for Transmission it is Rs. 1263.67 Crore. The Petitioner to submit the justification for discrepancy in figures of actual O&M expenses.
- 3.75 The Petitioner to submit justification for an increase of about 23% in the projected O&M expenses of FY 2020-21 as Rs. 1131.07 Crore from the actual O&M expense of FY 2018-19, i.e., Rs. 919.96 Crore.

RVPN's Response

- 3.76 The requisite information on transmission lines, MVA capacity installed and Bays constructed is submitted. Also, the expected completion period against the same is by March, 2021. The tentative expenditure as on COD may be near to the total value of orders of the project under the scheme, which will be evaluated after completion of work.
- 3.77 The O&M expenses may be allowed as per the norms of RERC Tariff Regulations, 2019.

Depreciation

Stakeholder's comments/suggestions

- 3.78 Depreciation may be allowed by the Commission based on the submitted information with respect to True-Up of FY 2018-19 and any additions in assets, at the rates mentioned in the RERC Tariff Regulations, 2019. Further, the stakeholder sought the details of fixed assets which have completed life of 12 years, along with their accumulated depreciation on such date in accordance with Regulation 22(4) of the RERC Tariff Regulations, 2019 and details of the assets which have not completed 12 years.

RVPN's Response

- 3.79 Depreciation claimed is as per the RERC Tariff Regulations, 2019. The bifurcation of assets as sought by the stakeholder is submitted.

Interest on Loan

Stakeholder's comments/suggestions

- 3.80 Interest on loan may be allowed by the Commission in accordance to the order dated 31.01.2020. Further, the stakeholder sought following details with respect to Interest on Loan:

- i. Closing balance of Gross Normative Loan for FY 2018-19 is not matching with the opening balance of the Gross Normative Loan for FY 2019-20. Similarly, closing balance of Gross Normative Loan for FY 2019-20 is not matching with the opening balance of the Gross Normative Loan for FY 2020-21. RVPN to submit justification for the variance.
- ii. Basis of arrival of the normative loan for FY 2020-21.
- iii. To submit the supporting documents on considered weighted average rate of interest of actual loan portfolio.
- iv. To submit Form 6.2 b as stated by the Petitioner in Form T 5 : Calculation of Interest on Normative Loan of the instant petition.

RVPN's Response

- 3.81 Interest on Loan and Finance charges claimed, are as per the actual loan portfolio. There is no difference between the gross normative loan (closing balance) of FY 2018-19 and the net normative loan (opening balance) of FY 2019-20.

Interest on Working Capital

Stakeholder's comments/suggestions

- 3.82 Interest on Working capital may be allowed by the Commission on normative basis considering RERC Tariff Regulations, 2019.

RVPN's Response

- 3.83 Issue of O&M charges has been decided by the Commission and accordingly, Interest on Working Capital be considered.

Other Expense

Stakeholder's comments/suggestions

- 3.84 The stakeholder sought the details of amount claimed by the Petitioner against miscellaneous expenses, i.e., Rs. 20 Crore for FY 2020-21, along with

the justification for increase in the same by 862% with respect to miscellaneous expense of FY 2018-19.

RVPN's Response

- 3.85 Other expenses claimed by the Petitioner includes O&M bay charges, bilateral charges, CSR activities and miscellaneous expenses, which is on the estimated basis. However, actual expenses will be considered in the true up petition for FY 2020-21.

Terminal Benefit

Stakeholder's comments/suggestions

- 3.86 Terminal benefits are part of O&M expenses. These are not the components of ARR and hence, the claim of the Petitioner is not admissible.
- 3.87 Further, terminal benefit approved vide order dated 31.01.2020 is Rs. 258.11 Crore for FY 2019-20. For FY 2020-21 the Petitioner claimed Rs. 300 Crore as per AS-19. In accordance with the employee's benefits disclosure of the Petitioner's annual report for FY 2018-19, the actuarial valuation of liability and even annual payments will be higher than Rs. 317.00 crores and thus the claim of Rs. 300 Crore as per AS-19 does not appear to be correct. The Commission may obtain actuarial valuation report giving long term projections of terminal benefit liability and review the claim of terminal benefits.

RVPN's Response

- 3.88 As per Regulation 64 of the RERC Tariff Regulations, 2019 terminal benefit liabilities based on actuarial valuation over and above the normative O&M expense shall be allowed through tariff separately. Therefore, the same may be allowed.

Return on Equity (RoE)

Stakeholder's comments/suggestions

- 3.89 RoE may be allowed by the Commission on actual equity infused. Equity submitted in the instant Petition does not reconcile with the accounts. The Petitioner is to submit justification for the same.

RVPN's Response

- 3.90 The difference in equity submitted with the instant petition and as per the accounts is due to pending share allotment.

Transmission Charges & Tariff for FY 2020-21

Stakeholder's comments/suggestions

- 3.91 The stakeholder sought justification to increase the transmission tariff for long term and medium term open access consumers from Rs. 154.45/kW/month for FY 2018-19 to Rs. 227.70/kW/month for FY 2020-21, i.e., 48%. Similarly, for inter-state short term open access consumers and power purchased through Power Exchange from 28.78 Paise/kWh for FY 2018-19 to 38.71 Paise/kWh for FY 2020-21, i.e., 35%.
- 3.92 Further, the proposed Transmission Tariff of Rs. 227.70/kW/month considering Transmission capacity of 14345 MW, which is the sum of Estimated Peak Demand of Discoms (13761 MW) and Transmission Capacity of 584 MW for LTOA consumers is not in accordance with the Regulation 65 and 66 of the RERC Tariff Regulations, 2019. The stakeholder submitted that the contracted capacity to be handled by the Petitioner as per EAC report is 25389 MW for FY 2020-21 in addition to 584 MW for LTOA, which equals to 25973 MW. The same is to be considered as the contracted capacity for determining transmission charges.
- 3.93 The stakeholder submitted that the proposed tariff for discoms by the Petitioner in Rs. Crore/month instead of Rs./kW/month is not in accordance to the Regulation 65(1) of the RERC Tariff Regulations, 2019.

RVPN's Response

- 3.94 The instant tariff petition is filed as per the RERC Tariff Regulations, 2019 except the claims on O&M charges. The Commission have given decision on O&M charges. Accordingly, the transmission charges will be considerably less than demanded in the petition.
- 3.95 With regards to the consideration of peak demand or contracted transmission capacity, the practice of considering peak demands for determination of tariff is being followed. However, the Petitioner has no objection if the same is being modified for executing TSA. The matter is being constantly pursued with the RUVNL. However, the same is not being executed.

Others

Stakeholder's comments/suggestions

- 3.96 The Petitioner to submit the following:
- i. Actual transmitted capacity to Discoms and OA consumers during FY 2014-15 to FY 2018-19.
 - ii. Details of transmission system existing outside the state and being operated by the Petitioner.
 - iii. List of Long Term Open Access consumers with their expected demand for FY 2020-21.

RVPN's Response

- 3.97 The Petitioner submitted the following:

- i. Information as desired against actual transmitted capacity to Discoms and OA consumers during FY 2014-15 to FY 2018-19 is not maintained by the Petitioner.
- ii. The Petitioner maintains transmission system outside the territory and accordingly, through CERC petition receives ISTS charges, which gets credited to discoms.
- iii. List of Long Term Open Access consumers with their expected demand for FY 2020-21.

E. ARR and Tariff of SLDC for FY 2020-21

Investment & Financing Plan

Stakeholder's comments/suggestions

- 3.98 The stakeholder requested the Commission to direct the Petitioner to submit a comprehensive analysis of the system improvements anticipated and the cost benefit proposed through the respective investment schemes.

RVPN's Response

- 3.99 The cost benefit analysis of the schemes has been submitted with the Investment Plan petition for FY 2020-21.

Operating and Capital Expenses

Stakeholder's comments/suggestions

- 3.100 The Commission vide order dated 31.01.2020 approved O&M expenses as Rs 13.13 Crore for FY 2019-20. The O&M expense allowed for FY 2019-20 as per Regulation 70(4) of RERC Tariff Regulations, 2019 are to be escalated at 3.51%, which works out as Rs. 13.59 Crore for FY 2020-21. The same may be allowed by the Commission.
- 3.101 Depreciation, Interest on Working Capital, RoE, SLDC Fee and Charges may be allowed by the Commission in accordance with the order dated 31.01.2020.

3.102 The operational expenses of RLDC & NRLDC fee should be as per the actuals paid in FY 2019-20.

RVPN's Response

3.103 The Petitioner submitted that in accordance with the RERC Tariff Regulations, 2019, O&M expenses for FY 2018-19 is to be considered with annual escalation of 3.51%, plus additional O&M expenses for new assets created.

SECTION 4

Approval of true up for FY 2018-19

- 4.1 Vide its tariff order dated 03.05.2018 (Petition No. 1309/17), the Commission had approved the Transmission Tariff and SLDC Charges for FY 2018-19. In the instant petition, the Petitioner has claimed the true up for FY 2018-19 of Transmission and SLDC based on the audited annual accounts for FY 2018-19.
- 4.2 The Commission has carried out the true up for FY 2018-19 in accordance with the RERC Tariff Regulations, 2014.

True up of Transmission function

Transmission Network

RVPN's Submission

- 4.3 The details of transmission network approved by the Commission in the tariff order and actual claimed by the Petitioner is as shown in the table below:

Table 2: Details of Transmission Network claimed for FY 2018-19

Particulars	FY 2018-19							
	Approved in Tariff Order				Actual claimed			
	Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
Lines (ckt km)								
765 kV	425.50	0.00	0.00	425.50	425.50	0.00	0.00	425.50
400 kV	5117.33	740.00	0.00	5857.33	4941.73	1336.17	0.00	6277.90
220 kV	14749.42	310.00	0.00	15059.42	14960.80	217.74	0.00	15178.54
132 kV	17117.05	317.00	0.00	17434.05	17189.30	428.35	0.00	17617.64
Total	37409.30	1367.00	0.00	38776.30	37517.33	1982.25	0.00	39499.58
Transformation Capacity (MVA)	78477.50	4145.00	0.00	82622.50	78610.50	4220.00	750.00	82080.50
Bays (No.)								
765 kV	28	0	0	28	28	0	0	28
400 kV	136	20	0	156	158	21	0	179
220 kV	782	39	0	821	784.0	28	0	812
132 kV	2638	80	0	2718	2690	86	1	2775
Total	3584	139	0	3723	3660	135	1	3794

Commission's Analysis

- 4.4 In reply to the Commission's query, RVPN submitted the list of schemes

commissioned during FY 2018-19 along with commissioning dates. The Commission also directed RVPN to submit the Electrical Inspector Certificates for the schemes commissioned in FY 2018-19. RVPN submitted the copies of Electrical Inspector Certificates for some of the works. RVPN further submitted the relevant proof against the payment done for electrical inspection where certificate has not been issued. Further, it is observed that the name of the scheme could not be traced from the Electrical Inspector Certificates submitted by RVPN for some of the schemes.

- 4.5 The Commission has considered the closing transmission network approved in true up for FY 2017-18 as the opening transmission network for FY 2018-19. The Commission has considered the network addition and deletion during FY 2018-19 as claimed by RVPN. Accordingly, the transmission network approved for FY 2018-19 is as shown in table below:

Table 3: Details of Transmission Network approved for FY 2018-19

Particulars	FY 2018-19							
	Actual claimed				Actual approved			
	Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
Lines (ckt km)								
765 kV	425.50	0.00	0.00	425.50	425.50	0.00	0.00	425.50
400 kV	4941.73	1336.17	0.00	6277.90	4941.73	1336.17	0.00	6277.89
220 kV	14960.80	217.74	0.00	15178.54	14960.80	217.74	0.00	15178.54
132 kV	17189.30	428.35	0.00	17617.64	17189.30	428.35	0.00	17617.64
Total	37517.33	1982.25	0.00	39499.58	37517.33	1982.25	0.00	39499.57
Transformation Capacity (MVA)	78610.50	4220.00	750.00	82080.50	78610.50	4220.00	750.00	82080.50
Bays (No.)								
765 kV	28	0	0	28	28	0	0	28
400 kV	158	21	0	179	158	21	0	179
220 kV	784	28	0	812	784	28	0	812
132 kV	2690	86	1	2775	2690	86	1	2775
Total	3660	135	1	3794	3660	135	1	3794

Gross Fixed Assets (GFA) addition during FY 2018-19

RVPN's Submission

- 4.6 Vide the tariff order dated 03.05.2018, the Commission had approved the GFA addition of Rs. 1191.50 Crore for FY 2018-19. As against the same, RVPN has claimed the actual GFA addition of Rs. 815.92 Crore as per the audited

accounts for FY 2018-19.

Commission's Analysis

- 4.7 The Commission directed RVPN to submit the details of works capitalized in FY 2018-19 in the specified format along with the reasons for cost and time overrun. Vide its replies dated 01.05.2020, RVPN submitted the details of works capitalized in FY 2018-19 but did not submit the supporting documents with respect to cost and time overrun. Also, it is observed that for many schemes RVPN has have mentioned full capitalization, but very small amount is being capitalized year on year basis against the asset which is supposed to be capitalized with full or at least considerable portion of DPR cost. The Commission sought justification for the same. Vide the replies dated 20.07.2020, RVPN submitted that SAP has been started in FY 2016-17 & regrouping is being done from FY 2016-17. With these activities the areas of T&C circle, division and subdivision and account authorities were reorganized, because of which project wise proper reconciliation is being done and further submitted that they will be in a position to submit the information with effect from FY 2020-21.
- 4.8 The actual capitalization as per the audited accounts is Rs. 815.92 Crore which has been claimed by RVPN in its petition. In the additional information submitted by RVPN vide its replies dated 01.05.2020, the capitalization claimed by RVPN is amounting to Rs. 798.78 Crore. The Commission directed the RVPN to submit the justification for the variance in GFA addition claimed. RVPN, yet again vide its reply dated 20.07.2020 revised its claim on capitalization amounting to Rs. 815.87 Crore stating that the difference amount of Rs. 17.09 Crore pertains to Vehicle purchase, Furniture, IT Hardware and software, spares etc. The Commission observed that, even after directing numerous times to submit the capitalization details in specified format, RVPN has not submitted the complete details and kept on altering the capitalization figures.
- 4.9 The Commission has gone through the submissions of RVPN regarding the actual capitalization claimed for FY 2018-19. The Commission also observed

that the actual capitalization includes Rs. 36.78 Crore pertains to minor assets and other expenditures like lease rent, which are not allowable under capitalization. The Commission deems it fit to not consider the amount of Rs. 36.78 Crore under the capitalization for FY 2018-19 as the same are nature of O&M Expenses and hence the Commission has considered the same as part of O&M expenses.

- 4.10 The balance capitalization after deducting the capitalization towards minor assets as discussed above works out to Rs. 779.09 Crore. In the absence of complete details regarding cost overrun, time over-run and the part capitalization as well as considering the fact that the electrical inspector certificate has not been received for some of the schemes which is mandatory requirement for all the transmission schemes, the Commission is not in a position to take a prudent view on the allowable cost of such schemes and also does not find it prudent to allow the actual capitalization claimed by RVPN. Therefore, the Commission disallows the capitalization amount of Rs. 50.00 Crore and accordingly allows the capitalization of Rs. 729.09 Crore. The Commission directs RVPN to submit the complete scheme wise details along with cost and time over-run with justification and electrical inspector certificate while claiming actual capitalization from FY 2019-20 onwards in true-up petition for respective years.

GFA deduction during FY 2018-19

RVPN's Submission

- 4.11 RVPN has claimed the GFA deduction of Rs. 32.71 Crore for FY 2018-19.

Commission's Analysis

- 4.12 In reply to the Commission's query, RVPN submitted the reconciliation of GFA deduction claimed with the GFA deduction as per the audited accounts. RVPN also submitted the list of assets decapitalized.
- 4.13 The Commission has approved the GFA deduction of Rs. 32.71 Crore, as claimed by RVPN.

4.14 Accordingly, the details of approved GFA for FY 2018-19 is as shown in the table below:

Table 4: GFA Approved for FY 2018-19 (Rs. Crore)

Particulars	Approved
Opening GFA as on 1 st April, 2018	18143.00
Add : Addition During FY 2018-19	729.09
Less : Deduction during FY 2018-19	32.71
Closing GFA for FY 2018-19	18839.39

Means of finance of GFA addition for FY 2018-19

RVPN's Submission

4.15 The means of finance of GFA addition for FY 2018-19 submitted by RVPN is as shown in the table below:

Table 5: Means of finance of GFA addition for FY 2018-19 claimed by RVPN

Particulars	Units	Claimed
GFA addition	Rs. Crore	815.92
Less: Consumer Contribution/ Deposit Works	Rs. Crore	16.77
Net GFA addition	Rs. Crore	799.15
Loan addition during the year	Rs. Crore	628.84
Equity addition during the year	Rs. Crore	170.31
Total Loan and Equity addition	Rs. Crore	815.92

Commission's Analysis

4.16 Regulation 19 of the RERC Tariff Regulations, 2014 specify the normative debt equity ratio of 70:30 and the actual equity is to be considered in case of actual equity more than 30%.

4.17 The Commission finds that the total loan and equity addition claimed by RVPN does not match with the GFA addition (excluding deposit works). Therefore, in line with the approach adopted by the Commission in the true up for FY 2017-18, the Commission has considered the means of finance of approved GFA addition for FY 2018-19 as under:

- The actual deposit works has been considered as claimed by RVPN
- The actual equity addition has been considered as equity claimed

by RVPN as the same is less than 30% of the approved GFA addition.

- The balance amount has been considered to be funded from loan.

4.18 Based on the above, the means of finance of GFA addition for FY 2018-19 approved by the Commission is as shown in the table below:

Table 6: Means of finance of GFA addition for FY 2018-19 approved by the Commission

Particulars	Units	Claimed	Approved
GFA addition	Rs. Crore	815.92	729.09
Less: Consumer Contribution/ Deposit	Rs. Crore	16.77	16.77
Net GFA addition	Rs. Crore	799.15	712.31
Debt	Rs. Crore	628.84	542.00
Debt	%	78.69%	76.09%
Equity	Rs. Crore	170.31	170.31
Equity	%	21.31%	23.91%

Availability of the Transmission System

RVPN's Submission

4.19 The Petitioner submitted that the system availability certificate will be provided after the completion of FY 2019-20.

Commission's Analysis

4.20 Regulation 63(2) of the RERC Tariff Regulations, 2014 specifies the normative availability of 98% for recovery of full Annual Transmission Charges. The Commission observed that the actual availability for FY 2018-19 is 99.90%. As the actual availability is higher than the normative availability, full Annual Transmission Charges are allowable for FY 2018-19.

Annual Transmission Charges

4.21 In accordance with RERC Tariff Regulations, 2014, the Aggregate Revenue Requirement of the Transmission Licensee shall comprise of the following:

- a) Operation and Maintenance (O&M) expenses
- b) Interest and finance charges on long-term loans
- c) Depreciation

- d) Interest on working capital
- e) Return on Equity
- Minus
- f) Non-Tariff income
- g) Income from other business

4.22 Transmission Licensee is allowed to recover its ARR through Transmission Charges. Each of the ARR elements has been dealt with in the following paragraphs.

O&M expenses

RVPN's Submission

4.23 The actual O&M expenses incurred by RVPN is Rs. 919.96 Crore as per the audited accounts for FY 2018-19, which is as shown in the table below.

Table 7: Actual O&M Expenses for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Claimed
1	R&M expenses	104.34
2	Employee Cost	
A	Employee Cost of the current year	587.47
B	Provision due to actuarial valuation liability	258.11
	Total Employee Cost	845.58
3	A&G expenses	98.96
4	General Office equipment, furniture & fixture	3.90
5	Less : Capitalization of O&M Expenses	132.82
6	Total	919.96

4.24 Vide the tariff order dated 03.05.2018, the Commission had approved the normative O&M expenses of Rs. 1241.81 Crore for FY 2018-19. As against the same, RVPN has claimed the normative O&M expenses of Rs. 1263.67 Crore as shown in the table below:

Table 8: Normative O&M expenses claimed for FY 2018-19

S. No.	Particulars	Claimed for true-up			
		Network		Norm	O&M expenses
		Units	Average Value	Rs. lakh/unit	Rs. Crore
A	Lines				
1	765 kV	ckt km	425.50	1.97	8.38
2	400 kV	ckt km	5609.81	1.24	69.56
3	220 kV	ckt km	15069.67	0.49	73.69
4	132 kV	ckt km	17403.47	0.29	50.12
	Sub-total	ckt km	38508.45		201.76
B	Transformation Capacity	MVA	80345.50	0.77	615.45
C	Bays				
1	765 kV	No.	28	115.42	32.32
2	400 kV	No.	169	76.94	129.64
3	220 kV	No.	798	10.72	85.55
4	132 kV	No.	2733	7.28	198.95
	Sub-total	No.	3727		446.47
	Total				1263.67

Commission's Analysis

4.25 In reply to the Commission's query, RVPN submitted the reconciliation of actual O&M expenses submitted in the Petition with the actual O&M expenses as per the audited accounts. RVPN further submitted that the O&M expenditure is Rs. 922.87 instead of Rs. 919.96 Crore. The reason for differences submitted by RVPN are as below:

- The incentive expenditure from employee cost have been deducted by Rs. 10.58 Crore instead of Rs. 7.30 Crore;
- Administrative expense includes Rs. 0.36 Crore of insurance, which should not be included.

4.26 The revised submission vide the replies of data gaps on O&M expenditure as per the audited accounts of FY 2018-19 is as shown in the table below:

Table 9: Actual O&M expenses submitted by RVPN for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Claimed
1	R&M expenses	104.34

S. No.	Particulars	Claimed
2	Employee Cost	
A	Employee Cost of the current year	598.04
B	Provision due to actuarial valuation liability	258.11
C	Less : Incentive not allowed	7.30
	Total Employee Cost	848.85
3	A&G expenses	98.60
4	General Office equipment, furniture & fixture	3.90
5	Less : Capitalization of O&M Expenses	132.82
6	Total	922.87

- 4.27 From the audited accounts for FY 2018-19, the Commission observed that the capitalization rate of employee expense and A&G expenses is 11.41% and 14.37% respectively.
- 4.28 Regulation 65 read with Regulation 24 of the RERC Tariff Regulations, 2014 specifies the norms for O&M expenses on the basis of circuit kilometer of transmission lines, transformation capacity in MVA and number of feeder bays in the substation. The normative O&M expenses computed by the Commission based on the transmission network approved for FY 2018-19 is Rs. 1263.85 Crore.
- 4.29 The Commission finds that the claimed actual O&M expenses for FY 2018-19 are only to the tune of around 73% of the approved normative O&M expenses. The Commission is of the view that despite the fact the RERC Tariff Regulations, 2014 provides for allowing O&M Expenses as per norms, irrespective of the actual expenditure, the huge difference between the approved normative amount of Rs. 1263.85 Crore and claimed expenditure of Rs. 922.87 Crore cannot be ignored. There is no reason why such huge normative O&M expenses needs to be approved, when the claimed actual O&M expenses are only 73% of the normative figure. The purpose of allowing normative O&M expenses, without any sharing of gain/loss on account of variation against the actuals, is to encourage bringing in efficiency in the performance of the Petitioner. However, the Commission cannot allow the Petitioner to derive significant benefits from O&M expenses by availing

normative O&M expenses and not actual O&M expenses.

- 4.30 Regulation 94 of the Tariff Regulations, 2014 provides for dealing with circumstances wherein the Commission may deviate from the provisions of these Regulations by providing reasons for such deviation. The relevant clause is reproduced as under:

"94. Deviation from provisions of these regulations

The Commission may deviate from any of the provisions contained in these Regulations on a suo-motu basis having regard to the circumstances of the case:

Provided that the reasons for such deviation shall be recorded in writing."

- 4.31 In the light of the above, the Commission has decided to deviate from the RERC Tariff Regulations, 2014 while approving O&M expenses and consider the actual O&M Expenses in true up for FY 2018-19.
- 4.32 Also, the Commission vide Petition No. 1579/19 on approval of additional capital expenditure for FY 2018-19 has ruled as under:

"17. Accordingly, the Commission considers Rs. 13.52 Crore as R&M expenditure under the head of replacement of plant and machinery equipments as against Rs. 14.44 Crore claimed by the petitioner.

18. Also, for the additional capitalization claimed against construction of administrative building and purchase of vehicles, the Petitioner submitted scheme wise details along with the supporting documents. The Commission is of the view that in accordance with the Regulation 17(1) and 17(2) of the RERC Tariff Regulations, 2014 these works cannot be considered as capital works. Also, they are not linked to any of the transmission schemes. Hence, the cost claimed under these works, i.e., Rs. 11.64 Crore is not admissible as an additional capital expenditure and it needs to be considered under O&M Expenses.

19. Therefore, the Commission continuing with its earlier stand does not approve the additional capital expenditure claimed by the Petitioner and the same needs to be considered as part of O&M Expenses.
20. However, the Commission shall consider approved expenditure, i.e., Rs. 25.16 Crore as against Rs. 26.08 Crore under O&M expenses in the petition filed by RVPN for truing up of transmission function for FY 2018-19."

4.33 The Commission does not find it prudent to consider the cost claimed against General Office equipment, furniture and fixture. Accordingly, the actual O&M expenditure considered by the Commission, considering the Commission's ruling on capitalization of minor assets too is as shown in the table below:

Table 10: Approved O&M expenses for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Actual	Approved
1	R&M expenses	104.34	104.34
2	Employee Cost		
A	Employee Cost of the current year	598.04	598.04
B	Provision due to actuarial valuation liability	258.11	258.11
C	Less : Incentive not allowed	7.30	7.30
	Total Employee Cost	848.85	848.85
3	A&G expenses	98.60	98.60
4	General Office equipment, furniture & fixture	3.90	0.00
5	Less : Capitalization of O&M Expenses	132.82	132.82
6	Total	922.87	918.97
7	Transfer from GFA to O&M	0.00	36.78
8	O&M expenses approved vide Petition No. 1579/19	0.00	25.16
	Grand Total	922.87	980.91

4.34 Accordingly, the Commission has approved the O&M expenses of Rs. 980.91 Crore for FY 2018-19, in line with the approach adopted in previous year true-up orders.

Table 11: O&M expenses approved for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
O&M expenses	1241.81	1263.87	980.91

Interest on loan and finance charges

RVPN's Submission

- 4.35 Vide the tariff order dated 03.05.2018, the Commission had approved the interest and finance charges of Rs. 906.19 Crore for FY 2018-19. As against the same, RVPN has claimed the interest and finance charges of Rs. 984.96 Crore as per the audited accounts for FY 2018-19.

Commission's Analysis

- 4.36 Vide the tariff order dated 03.05.2018, the Commission had approved the interest charges of Rs. 844.18 Crore for FY 2018-19. As against the same, RVPN has claimed the interest charges of Rs. 914.75 Crore as per the audited accounts for FY 2018-19. The Commission finds that the Petitioner has claimed the interest charges as per the audited accounts for FY 2018-19.
- 4.37 The Petitioner has submitted the actual interest rate of 9.59% for the year as per the audited accounts for FY 2018-19.
- 4.38 Regulation 21 (5) of the RERC Tariff Regulations, 2014 specifies that the rate of interest on loan shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of the year. The Commission directed the Petitioner to submit the computation of weighted average rate of interest for FY 2018-19 in accordance with the same. The Petitioner replied that the weighted average rate of interest has been calculated in accordance with the RERC Tariff Regulations, 2014. The Commission has computed the weighted average rate of interest of 9.25% in accordance with Regulation 21 (5) of the RERC Tariff Regulations, 2014.
- 4.39 The closing loan balance approved in true up for FY 2017-18 has been considered as the opening loan balance for FY 2018-19. The loan addition

during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The interest rate of 9.25% has been considered. The interest on loan approved by the Commission is as shown in the table below:

Table 12: Interest on long term loans for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true-up	Approved on true-up
Opening balance	8711.80	10298.81	8274.11
Net Addition	578.34	1567.58	542.00
Repayment	733.80	755.71	840.44
Closing balance	8556.34	11110.68	7975.67
Average loan	8634.07	10704.75	8124.89
Rate of Interest	9.78%	9.59%	9.25%
Gross Interest expenses	844.18	1026.07	751.24
Less: Capitalisation	0.00	111.32	0.00
Net Interest expenses	844.18	914.75	751.24

4.40 Vide the tariff order dated 03.05.2018, the Commission had approved the finance charges of Rs. 69.75 Crore for FY 2018-19. As against the same, RVPN has claimed the finance charges of Rs. 70.21 Crore as per the audited accounts for FY 2018-19.

4.41 In reply to the Commission's query, RVPN submitted the reconciliation of finance charges claimed with the actual as per the audited accounts as shown in the table below:

Table 13: Reconciliation of finance charges submitted by RVPN (Rs. Crore)

S. No.	Particulars	Claimed
1	Stamp duty / Registration Fees	0.00
2	Service Fees	0.52
3	Commitment charges	0.80
4	Other bank charges	1.11
5	Guarantee charges	65.37
6	Penal interest	0.00
7	Prepayment charges	0.00
8	Other processing charges	0.00
9	Interest on finance lease	2.40
10	Interest on SD and RMD	0.01
11	Total	70.21

4.42 RVPN has submitted the Interest on SD and RMD of Rs. 0.01 Crore in its petition, whereas the same is Rs. 0.0019 Crore as per the audited accounts of FY 2018-19.

4.43 Out of the finance charges of Rs. 70.21 Crore claimed by RVPN, the amount of Rs. 2.40 Crore pertains to Interest on finance lease. The Commission does not find it prudent to allow the same. Accordingly, the finance charges approved by the Commission is as shown in the table below:

Table 14: Finance charges for FY 2017-18 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
1	Stamp duty / Registration Fees	0.00	0.00
2	Service Fees	0.52	0.52
3	Commitment charges	0.80	0.80
4	Other bank charges	1.11	1.11
5	Guarantee charges	65.37	65.37
6	Penal interest	0.00	0.00
7	Prepayment charges	0.00	0.00
8	Other processing charges	0.00	0.00
9	Interest on finance lease	2.40	0.00
10	Interest on SD and RMD	0.01	0.00
11	Total	70.21	67.80

4.44 Based on the above, the interest and finance charges approved for FY 2018-19 is as shown in the table below:

Table 15: Interest and finance charges for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true-up	Approved on true-up
Net Interest expenses	844.18	914.75	751.24
Add: Finance charges	69.75	70.21	67.80
Interest and finance charges	913.93	984.96	819.03
Less: Partnership project interest and finance charges	7.74	-	-
Net Interest and finance charges	906.19	984.96	819.03

Depreciation

RVPN's Submission

4.45 Vide the tariff order dated 03.05.2018, the Commission had approved the

depreciation of Rs. 733.80 Crore for FY 2018-19. As against the same, RVPN has claimed the depreciation of Rs. 856.66 Crore as per the audited accounts for FY 2018-19.

Commission's Analysis

- 4.46 The Commission directed RVPN to submit the details of fixed assets segregating them into assets that have completed 12 years and assets that have completed less than 12 years. In reply, RVPN submitted the amounts under each asset class segregating the same into (i) assets that have completed 12 years along with the depreciation charged on the assets for the year (ii) assets that have completed less than 12 years along with the depreciation charged on the assets for the year and (iii) assets that have been depreciated up to 90% on which no depreciation has been claimed.
- 4.47 The Commission has approved the depreciation in accordance with RERC Tariff Regulations, 2014 considering the approved GFA for the year. Further, the depreciation on the GFA pertaining to deposit works has been deducted from the total depreciation. The depreciation approved by the Commission for FY 2018-19 is as shown in the table below:

Table 16: Depreciation for FY 2018-19 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed for true up	Approved on true up
Depreciation	733.80	856.66	840.44

Interest on Working Capital (IoWC)

RVPN's Submission

- 4.48 Vide the tariff order dated 03.05.2018, the Commission had approved the normative IoWC of Rs. 56.40 Crore for FY 2018-19. As against the same, RVPN has claimed the normative IoWC of Rs. 75.27 Crore and net entitlement of Rs. 61.87 Crore.
- 4.49 RVPN vide the reply of data gaps deducted the amount of security deposit as Rs. 97.24 Crore while computing the normative working capital

requirement. Accordingly, RVPN revised its claim for normative IoWC as Rs. 64.18 Crore and net entitlement of Rs. 56.32 Crore.

Commission's Analysis

- 4.50 In accordance with Regulation 27(1)(2) of the RERC Tariff Regulations, 2014, the normative working capital requirement shall comprise of (i) O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses, (iii) receivables equivalent to one and a half month of transmission charges calculated on target availability, less amount held as security deposit from users except security deposits held in the form of Bank Guarantees. Regulation 27(2) of the RERC Tariff Regulations, 2014 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 250 basis points higher from SBI Base Rate prevalent during first six months of the year previous to the relevant year.
- 4.51 The Commission has considered the amount of security deposit as Rs. 92.75 Crore as per the audited accounts, as against the claim of Rs. 97.24 Crore.
- 4.52 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2014. The normative rate of interest on working capital has been considered as 11.55% in accordance with RERC Tariff Regulations, 2014.
- 4.53 Regulation 27(2) of the RERC Tariff Regulations, 2014 provides for sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital. Whereas, RVPN has considered sharing of variation in actual and normative IoWC. The Commission directed RVPN to revise its claim of sharing of IoWC in accordance with Regulation 27(2). In reply, RVPN submitted the revised computations against the same.
- 4.54 The Commission has computed the actual rate of interest on working capital loans as 11.52% as per the audited accounts. In accordance with Regulation 27(2), the Commission has considered the sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative

working capital. The IoWC approved by the Commission is as shown in the table below:

Table 17: IoWC for FY 2018-19 (Rs. Crore)

Particulars	Norm	FY 2018-19		
		Approved in Tariff Order	Claimed for true up	Approved on true up
O&M expenses	1	103.48	105.31	81.74
Maintenance spares	15%	186.27	189.55	147.14
Receivables	1.5	309.27	356.84	296.07
Less: Amount held as security deposits from Users		110.72	97.24	92.75
Total working capital		488.30	554.45	432.20
Normative Rate of interest on working capital		11.55%	11.58%	11.55%
Actual Rate of interest on working capital		-	-	11.52%
Net entitlement of Rate of Interest on working capital		11.55%	11.58%	11.53%
Interest on working capital		56.40	64.18	49.85

- 4.55 The significant variation in normative working capital requirement claimed by RVPN and that approved by the Commission is mainly on account of variation in O&M expenses claimed by RVPN and that approved by the Commission.

Return on Equity (RoE)

RVPN's Submission

- 4.56 Vide the tariff order dated 03.05.2018, the Commission had approved RoE of Rs. 81.46 Crore for FY 2018-19. As against the same, RVPN has claimed RoE of Rs. 87.10 Crore.

Commission's Analysis

- 4.57 The closing equity balance approved in true up for FY 2017-18 has been considered as the opening equity balance for FY 2018-19. The equity addition during the year has been considered based on the approved means of finance of GFA addition. The RoE approved by the Commission is

as shown in the table below:

Table 18: RoE for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true-up	Approved on true-up
Opening Equity	3949.05	4269.65	3911.06
Net addition during the year	247.86	170.31	170.31
Closing Equity	4196.91	4439.96	4081.37
Average Equity	4072.98	4354.81	3996.22
Rate of Return on Equity	2.00%	2.00%	2.00%
Return on Equity	81.46	87.10	79.92

Insurance charges

RVPN's Submission

4.58 Vide the tariff order dated 03.05.2018, the Commission had approved insurance charges of Rs. 0.55 Crore for FY 2018-19. As against the same, RVPN has claimed actual insurance charges of Rs. 0.35 Crore as per the audited accounts.

Commission's Analysis

4.59 Regulation 25 of the RERC Tariff Regulations, 2014 provide for insurance expenses subject to ceiling limit of 0.2% of average Net Fixed Assets for the year. Accordingly, the Commission has approved the insurance charges of Rs. 0.35 Crore as claimed by RVPN.

Table 19: Insurance charges for FY 2018-19 (Rs. Crore)

Particulars	FY 2017-18		
	Approved in Tariff Order	Claimed for true up	Approved on true up
Insurance charges	0.55	0.35	0.35

Unitary charges

RVPN's Submission

4.60 RVPN has claimed the unitary charges of Rs. 45.89 Crore for FY 2018-19 as per the audited accounts.

Commission's Analysis

- 4.61 Vide the order dated 09.10.2015 (Petition No. 555/15), the Commission had approved the recovery of base unitary charges paid by RVPN from the DISCOMs and other long-term Open Access customers. Therefore, the Commission has approved the actual unitary charges of Rs. 45.89 Crore claimed for FY 2018-19.

Table 20: Unitary charges for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
Unitary charges	53.00	45.89	45.89

Other charges

RVPN's Submission

- 4.62 Vide the tariff order dated 03.05.2018, the Commission had approved other charges of Rs. 20.00 Crore for FY 2018-19. As against the same, RVPN has claimed actual other charges of Rs. 2.08 Crore as per the audited accounts.

Commission's Analysis

- 4.63 The Commission observed that the amount of Rs. 2.08 Crore claimed by RVPN pertain to miscellaneous losses and write-off. The Commission does not find it prudent to allow the same when the legitimate expenses for each year has been allowed by the Commission.

Table 21: Other charges for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
Other charges	20.00	2.08	0.00

Non-Tariff Income (NTI)

RVPN's Submission

- 4.64 Vide the tariff order dated 03.05.2018, the Commission had approved NTI of

Rs. 150.00 Crore for FY 2018-19. As against the same, RVPN has claimed actual NTI of Rs. 158.06 Crore as per the audited accounts.

Commission's Analysis

- 4.65 The Commission has considered the actual NTI of Rs. 158.06 Crore as claimed by RVPN.

Table 22: NTI for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
Non-Tariff Income	150.00	158.06	158.06

Revenue from short-term open access

RVPN's Submission

- 4.66 Vide the tariff order dated 03.05.2018, the Commission had approved the revenue from short-term open access of Rs. 300.00 Crore for FY 2018-19. As against the same, RVPN has claimed actual revenue from short-term open access of Rs. 84.09 Crore as per the audited accounts.

Commission's Analysis

- 4.67 The Commission directed RVPN to submit the justification for the actual revenue from short-term open access significantly lower than that approved by the Commission. In reply, RVPN submitted that the revenue of Rs. 300.00 Crore was estimated while the revenue of Rs. 84.09 Crore is actual.
- 4.68 The Commission has approved the actual revenue of Rs. 84.09 Crore.

Table 23: Revenue from short-term open access for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
Revenue from Short Term Open Access	300.00	84.09	84.09

Revenue from Inter State Transmission (ISTS) Lines

RVPN's Submission

- 4.69 Vide the tariff order dated 03.05.2018, the Commission had approved the revenue from ISTS lines of Rs. 50.00 Crore for FY 2018-19. As against the same, RVPN has claimed actual revenue from ISTS lines of Rs. 36.64 Crore as per the audited accounts.

Commission's Analysis

- 4.70 The Commission has approved the actual revenue from ISTS lines of Rs. 36.64 Crore.

Table 24: Revenue from ISTS lines for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
Revenue from ISTS lines	50.00	36.64	36.64

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

Table 25: Annual Transmission Charges for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
O&M expenses	1241.81	1263.67	980.91
Interest and finance charges on long-term loans	906.19	984.96	819.03
Depreciation	733.80	856.66	840.44
Interest on working capital	56.40	56.32	49.85
Return on Equity	81.46	87.10	79.92
Insurance charges	0.55	0.35	0.35
Unitary charges	53.00	45.89	45.89
Other charges	20.00	2.08	0.00
Less: Non-Tariff Income	150.00	158.06	158.06
Aggregate Revenue Requirement	2943.21	3138.96	2658.34
Less: Revenue from Short Term Open Access	300.00	84.09	84.09

Particulars	FY 2018-19		
	Approved in Tariff Order	Claimed for true up	Approved on true up
Less: Revenue from Inter State Transmission Lines	50.00	36.64	36.64
Less: Truing Up for FY 2016-17 Surplus/(Gap)	169.08	169.08	169.08
Annual Transmission Charges	2424.13	2849.15	2368.53

4.72 The variation in ATC claimed by RVPN and that approved by the Commission is mainly on account of the variation in O&M expenses and interest and finance charges as discussed in preceding paras.

Incentive

RVPN's Submission

4.73 RVPN has claimed the incentive of Rs. 44.58 Crore for achieving higher availability than the normative availability. RVPN has claimed the separate recovery of the same.

Commission's Analysis

4.74 Regulation 69 of the RERC Tariff Regulations, 2014 provide for incentive on achieving annual availability above the normative availability. The Commission has approved the incentive for FY 2018-19 in accordance with the same as shown in the table below:

Table 26: Incentive approved for FY 2018-19 (Rs. Crore)

Particulars	Units	Value
Annual Transmission Charges	Rs. Crore	2368.53
Target Availability for incentive	%	98.00%
Max. Availability for incentive	%	99.75%
Actual Availability	%	99.90%
Incentive	Rs. Crore	42.30

Revenue side true up

RVPN's Submission

4.75 RVPN has claimed the revenue of 2421.84 Crore for FY 2018-19.

Commission's Analysis

4.76 The actual revenue as per the audited accounts is Rs. 2587.15 Crore as shown in the table below:

Table 27: Actual revenue as per the audited accounts for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Approved on true up
A	Revenue from Transmission Wheeling Charges	
1	JVVN	936.94
2	AVVN	604.89
3	JDVVN	780.12
4	Others	
a	Revenue from Short Term Open Access	84.09
b	Revenue from Long Term Open Access	97.54
c	Interstate Line User Charges	36.64
	Sub-total	2540.21
B	Incentive	
1	JVVN	17.23
2	AVVN	11.62
3	JDVVN	13.94
4	Others	1.79
	Sub-total	44.58
C	Subsidies & Grants on capital account (Non-Regulatory)	2.36
	Total	2587.15

4.77 Out of the above total revenue as per the audited accounts, the revenue considered for true up is as shown in the table below:

Table 28: Revenue for true up for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Claimed for true up	Approved on true up
A	Revenue from Transmission Wheeling Charges		
1	JVVN	936.94	936.94
2	AVVN	604.89	604.89
3	JDVVN	780.12	780.12
4	Others	-	-
a	Revenue from Short Term Open Access	-	-

S. No.	Particulars	Claimed for true up	Approved on true up
b	Revenue from Long Term Open Access	97.54	97.54
c	Interstate Line User Charges	-	-
	Sub-total	2419.48	2419.48
B	Incentive		
1	JVVN	-	17.23
2	AVVN	-	11.62
3	JDVVN	-	13.94
4	Others	-	1.79
	Sub-total	-	44.58
C	Subsidies & Grants on capital account (Non-Regulatory)	2.36	2.36
	Total	2421.84	2466.42

Summary of true up

Commission's Analysis

4.78 Based on the above, the summary of true up for FY 2018-19 is as shown in table below:

Table 29: Summary of true up for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
A	Expenditure side summary		
1	Annual Transmission Charges	2849.15	2368.53
2	Incentive	0.00	42.30
3	Total	2849.15	2410.82
B	Revenue side summary		
C	Revenue for true up	2421.84	2466.42
D	Revenue (Gap)/Surplus	(427.32)	55.59

4.79 As against the revenue gap of Rs. 427.32 Crore claimed by RVPN, the Commission has approved the revenue surplus of Rs. 55.59 Crore. The Commission directs RVPN to refund the approved surplus of Rs. 55.59 Crore in the ratio of contracted capacity of DISCOMs and long-term open access customers for FY 2018-19 in three equal monthly instalments from the date of this order.

True up of SLDC function

Gross Fixed Assets (GFA) during FY 2018-19

RVPN's Submission

- 4.80 Vide the tariff order dated 03.05.2018, the Commission had approved the GFA addition of Rs. 15.00 Crore for FY 2018-19. As against the same, RVPN has claimed the actual GFA addition of Rs. 0.17 Crore as per the audited accounts for FY 2018-19.

Commission's Analysis

- 4.81 The Commission has considered closing GFA approved in true-Up order of FY 2017-18 as the opening GFA for FY 2018-19. The GFA addition claimed by RVPN for FY 2018-19 is towards office equipment and other equipment (hardware). This amount pertains to minor assets is not allowable under GFA. The Commission has considered the amount of Rs. 0.17 Crore claimed by RVPN towards office equipment and other equipment (hardware) as part of O&M expenses. The details of approved GFA is as shown in the table below:

Table 30: GFA Approved for FY 2018-19 (Rs. Crore)

Particulars	Approved
Opening GFA as on 1 st April, 2018	29.60
Add : Addition During FY 2018-19	0.00
Less : Deduction during FY 2018-19	0.00
Closing GFA for FY 2018-19	29.60

SLDC Charges

- 4.82 In accordance with RERC Tariff Regulations, 2014, the SLDC charges shall comprise of the following:
- a) Operation and Maintenance (O&M) expenses
 - b) Interest and finance charges on long-term loans
 - c) Depreciation
 - d) Interest on working capital
 - e) Return on Equity

f) RLDC fee and charges

4.83 The segregated accounts, duly certified by the Statutory Auditor or Chartered Accountant, pertaining to SLDC function shall form the basis for approval of SLDC expenses. RVPN has submitted the segregated accounts duly certified by Chartered Accountant pertaining to SLDC function for FY 2018-19.

O&M expenses

RVPN's Submission

4.84 Vide the tariff order dated 03.05.2018, the Commission had approved the O&M expenses of Rs. 13.13 Crore for FY 2018-19. As against the same, RVPN has claimed the actual O&M expenses of Rs. 17.14 Crore as per the audited accounts for FY 2018-19.

Commission's Analysis

4.85 In reply to the Commission's query, RVPN submitted the reconciliation of O&M expenses claimed with the actual O&M expenses as per the audited accounts as shown in the table below:

Table 31: Actual O&M expenses claimed for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed for true up
1	Employee expenses	11.44	15.93
2	R&M expenses	1.54	1.18
3	A&G expenses	0.15	0.03
4	Total	13.13	17.14

4.86 Further, RVPN submitted that the actual O&M expenses are higher than approved O&M expenses on account of increase in employee expenses.

4.87 The Commission has approved the actual O&M expenses of Rs. 17.14 Crore as claimed by RVPN, in line with the approach adopted for the transmission function of considering the actual O&M expenses. In addition, the Commission has considered the amount of Rs. 0.17 Crore pertaining to office

equipment and other equipment (hardware) disallowed from GFA addition. Accordingly, the O&M expenses approved by the Commission for FY 2018-19 is as shown in the table below:

Table 32: O&M expenses approved for FY 2018-19 (Rs. Crore)

Particulars	FY 2017-18		
	Approved in Tariff Order	Claimed for true up	Approved on true up
O&M expenses	13.13	17.14	17.31

Interest on loan and finance charges

RVPN's Submission

- 4.88 Vide the tariff order dated 03.05.2018, the Commission had approved the interest and finance charges of Rs. 2.37 Crore for FY 2018-19. As against the same, RVPN has claimed the interest and finance charges of Rs. 0.21 Crore. RVPN has not claimed any finance charges.

Commission's Analysis

- 4.89 The closing loan balance approved in true up for FY 2017-18 has been considered as the opening loan balance for FY 2018-19. The allowable depreciation for the year has been considered as the normative repayment. The actual interest rate of 10% has been considered. The interest on loan approved by the Commission is as shown in the table below:

Table 33: Interest and finance charges for FY 2018-19 (Rs. Crore)

Particulars	Claimed	Approved
Opening Balance	2.28	0.86
Loan Addition	0.00	0.00
Repayment (allowable Depreciation)	0.29	0.72
Closing Balance	2.00	0.14
Average Balance	2.14	0.50
Rate of interest	10.00%	10.00%
Interest on Loan	0.21	0.05
Other Financial Charge	0.00	0.00

Particulars	Claimed	Approved
Total Interest on Loan and other financial charges	0.21	0.05

Depreciation

RVPN's Submission

- 4.90 Vide the tariff order dated 03.05.2018, the Commission had approved the depreciation of Rs. 2.17 Crore for FY 2018-19. As against the same, RVPN has claimed the depreciation of Rs. 0.72 Crore as per the audited accounts for FY 2018-19.

Commission's Analysis

- 4.91 The Commission has approved the depreciation in accordance with RERC Tariff Regulations, 2014 considering the approved GFA for the year. The depreciation approved by the Commission for FY 2018-19 is as shown in the table below:

Table 34: Depreciation for FY 2018-19 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed for true up	Approved on true up
Depreciation	2.17	0.72	0.72

Interest on Working Capital (IoWC)

RVPN's Submission

- 4.92 Vide the tariff order dated 03.05.2018, the Commission had approved the normative IoWC of Rs. 0.52 Crore for FY 2018-19. As against the same, RVPN has claimed the normative IoWC of Rs. 0.41 Crore.

Commission's Analysis

- 4.93 The normative working capital requirement shall comprise of (i) O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses, (iii) receivables equivalent to one and a half month of SLDC charges less

amount held as security deposits. Regulation 27(2) of the RERC Tariff Regulations, 2014 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 250 basis points higher from SBI Base Rate prevalent during first six months of the year previous to the relevant year.

- 4.94 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2014. The normative rate of interest on working capital has been considered as 11.55% in accordance with RERC Tariff Regulations, 2014.
- 4.95 Regulation 27(2) of the RERC Tariff Regulations, 2014 provides for sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital. Whereas, RVPN has considered 50% of loWC.
- 4.96 The Commission has computed the actual rate of interest on working capital loans as 11.52% as per the audited accounts. In accordance with Regulation 27(2), the Commission has considered the sharing of variation in interest amount on account of actual vis-à-vis normative interest rate on normative working capital. The loWC approved by the Commission is as shown in the table below:

Table 35: loWC for FY 2018-19 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
O&M Expenses (1 month)	1.09	1.43	1.44
Maintenance Spares (15% of O&M Expenses)	1.97	2.57	2.60
Receivables (One and a half months of SLDC Charges)	1.84	3.22	3.28
Less: Amount held as security deposits	0.40	0.13	0.13
Total Working Capital	4.50	7.09	7.18
Normative Rate of interest on working capital	11.55%	11.55%	11.55%
Actual Rate of interest on working capital			11.52%

Particulars	Approved in Tariff Order	Claimed	Approved
Net entitlement of Rate of Interest on working capital	11.55%	11.55%	11.53%
Interest on Working Capital	0.52	0.41	0.83

Return on Equity (RoE)

RVPN's Submission

- 4.97 Vide the tariff order dated 03.05.2018, the Commission had approved RoE of Rs. 0.08 Crore for FY 2018-19. As against the same, RVPN has claimed RoE of Rs. 0.02 Crore.

Commission's Analysis

- 4.98 The closing equity balance approved in true up for FY 2017-18 has been considered as the opening equity balance for FY 2018-19. The RoE approved by the Commission is as shown in the table below:

Table 36: RoE for FY 2018-19 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
Equity at the beginning of the year	3.07	1.07	1.07
Equity Portion of the Capitalization	2.00	0.17	0.00
Equity at the end of the year	5.07	1.24	1.07
Average Equity	4.07	1.16	1.07
RoE Considered	2.00%	2.00%	2.00%
Total Return on Equity	0.08	0.02	0.02

RLDC fee and charges

RVPN's Submission

- 4.99 Vide the tariff order dated 03.05.2018, the Commission had approved RLDC fee and charges of Rs. 20.00 Crore for FY 2018-19. As against the same, RVPN has claimed actual RLDC fee and charges of Rs. 9.26 Crore as per the audited accounts.

Commission's Analysis

4.100 The Commission has approved the actual RLDC fee and charges of Rs. 9.26 Crore as claimed by RVPN.

Table 37: RLDC fee and charges for FY 2018-19 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
RLDC Fee and Charges	20.00	9.26	9.26

Non-Tariff Income (NTI)

RVPN's Submission

4.101 Vide the tariff order dated 03.05.2018, the Commission had approved NTI of Rs. 1.89 Crore for FY 2018-19. As against the same, RVPN has claimed actual NTI of Rs. 1.99 Crore as per the audited accounts.

Commission's Analysis

4.102 The Commission has considered the actual NTI of Rs. 1.99 Crore as claimed by RVPN.

Table 38: NTI for FY 2018-19 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
Non-Tariff Income	1.89	1.99	1.99

Income from other business

RVPN's Submission

4.103 Vide the tariff order dated 03.05.2018, the Commission had approved the income from other business of Rs. 0.21 Crore for FY 2018-19. As against the same, RVPN has not claimed any income from other business.

Commission's Analysis

4.104 The Commission has not considered any income from other business.

Table 39: Income from other business for FY 2018-19 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved
Income from other business	0.21	0.00	0.00

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

Table 40: SLDC Charges for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed	Approved
Expenses				
1	Operating Expenses			
A	Employee expenses	11.44	15.93	15.93
B	Administrative and General Expenses	1.54	1.18	1.18
C	Repair and Maintenance Expenses	0.15	0.03	0.20 (Out of Rs. 0.20 Crore, Rs. 0.17 Crore pertains to minor assets)
D	Interest on Working Capital	0.52	0.41	0.83
E	RLDC / NRLDC Fee and Charges	20.00	9.26	9.26
2	Capital expense components			
A	Depreciation	2.17	0.72	0.72
B	Interest and finance charges on term loan	2.37	0.21	0.05
C	Return on equity	0.08	0.02	0.02
3	Total Revenue Expenditure	38.27	27.77	28.20
4	Less: Non Tariff income	1.89	1.99	1.99
5	Less: Income from other business	0.21	0.00	0.00
6	Aggregate Revenue Requirement	36.17	25.78	26.21
7	Surplus Truing up for FY 2016-17	21.44	21.44	21.44
8	Net Revenue Requirement	14.73	4.34	4.77
9	Actual Revenue Receipt from DISCOM		18.01	18.01
10	Revenue (Gap)/Surplus		13.68	13.24

Revenue side true up

RVPN's Submission

4.106 RVPN has claimed the revenue of 18.01 Crore for FY 2018-19.

Commission's Analysis

4.107 The actual revenue as per the audited accounts is Rs. 18.01 Crore as shown in the table below:

Table 41: Actual revenue as per the audited accounts for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Actual Revenue for FY 2018-19
1	SLDC charges	14.12
2	Income from LTOA	2.87
3	Income from STOA	0.14
4	Income from Energy Exchange	0.89
5	Total	18.01

4.108 The Commission has considered the actual revenue of Rs. 18.01 Crore.

Summary of true up

Commission's Analysis

4.109 Based on the above, the summary of true up for FY 2018-19 is as shown in table below:

Table 42: Summary of true up for FY 2018-19 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
1	ARR	4.34	4.77
2	Actual Revenue	18.01	18.01
3	Revenue (Gap)/Surplus	13.68	13.24

4.110 As against the revenue surplus of Rs. 13.68 Crore claimed by RVPN, the Commission has approved the revenue surplus of Rs. 13.24 Crore. The Commission directs RVPN to refund the approved surplus of Rs. 13.24 Crore in the ratio of contracted capacity of discoms and long-term open access customers for FY 2018-19 in three equal monthly instalments from the date of this order.

SECTION 5

Determination of ARR and Tariff for FY 2020-21

ARR for Transmission function

- 5.1 The Commission has approved the Transmission Charges for FY 2020-21 in accordance with the RERC Tariff Regulations, 2019.

Availability of the Transmission System

Commission's Analysis

- 5.2 Regulation 62(2) of the RERC Tariff Regulations, 2019 specifies the normative availability of 98% for recovery of full Annual Transmission Charges for AC system. The Commission approves the normative availability of 98% in accordance with the RERC Tariff Regulations, 2019.

Transmission Network

RVPN's Submission

- 5.3 The details of transmission network claimed by the Petitioner for FY 2019-20 and FY 2020-21 is as shown in the table below:

Table 43: Details of Transmission Network claimed for FY 2019-20 and FY 2020-21

S. No.	Particulars	FY 2019-20				FY 2020-21			
		Claimed				Claimed			
		Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
A	Lines (ckt km)								
1	765 kV	425.498	0	0	425.498	425.498	0	0	425.498
2	400 kV	6277.897	820	0	7097.897	7097.897	505	0	7602.897
3	220 kV	15262.77	292	0	15554.77	15554.77	237	0	15791.77
4	132 kV	17601.26	419	0	18020.26	18020.26	249	0	18269.26
	Total	39567.42	1531	0	41098.42	41098.42	991	0	42089.42
B	Transformation Capacity (MVA)	82080.5	3440	0	85520.5	85520.5	4255	0	89775.5
C	Bays (No.)								
1	765 kV	28	0	0	28	28	0	0	28

S. No.	Particulars	FY 2019-20				FY 2020-21			
		Claimed				Claimed			
		Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
2	400 kV	179	0	0	179	179	0	0	179
3	220 kV	812	12	0	824	824	16	0	840
4	132 kV	2775	76	0	2851	2851	59	0	2910
	Total	3794	88	0	3882	3882	75	0	3957

Commission's Analysis

- 5.4 The closing values of transmission network approved for FY 2018-19 has been considered as the opening values for FY 2019-20.
- 5.5 The transmission network approved by the Commission vide its tariff order for FY 2019-20 dated 31.01.2020 is as shown in the table below:

Table 44: Transmission network approved in the Tariff Order for FY 2019-20

S. No.	Particulars	FY 2019-20			
		Approved in Tariff Order			
		Opening	Addition	Deletion	Closing
A	Lines (ckt km)				
1	765 kV	425.50	0.00	0.00	425.50
2	400 kV	6277.89	820.00	0.00	7097.89
3	220 kV	15178.54	292.00	0.00	15470.54
4	132 kV	17617.64	419.00	0.00	18036.64
	Total	39499.57	1531.00	0.00	41030.57
B	Transformation Capacity (MVA)	82080.50	3440.00	0.00	85520.50
C	Bays (No.)				
1	765 kV	28	0	0	28
2	400 kV	179	0	0	179
3	220 kV	812	12	0	824
4	132 kV	2776	76	0	2852
	Total	3795	88	0	3883

- 5.6 RVPN has submitted the proposed network addition for FY 2019-20 same as approved in the tariff order dated 31.01.2020 for FY 2019-20. The Commission observed that RVPN has claimed the GFA addition of Rs. 1824.02 Crore for FY 2019-20 in its Petition, whereas the sum of deposits, loan addition and equity addition claimed during FY 2019-20 works out to Rs. 1742.83 Crore. The Commission for the purpose of this order has considered the GFA addition of Rs. 1576.45 Crore, same as approved in the tariff order dated 31.01.2020 for

FY 2019-20. The GFA addition for FY 2019-20 approved by the Commission for the purpose of this order is 90% of the sum of deposits, loan addition and equity addition claimed by RVPN. Therefore, the Commission has provisionally considered 90% of the network addition for the purpose of this order. The Commission shall carry out the prudence check of the same in the true up of FY 2019-20 based on the submissions of RVPN.

5.7 The closing values of transmission network approved for FY 2019-20 has been considered as the opening values for FY 2020-21. The Commission has provisionally considered the network addition for FY 2020-21 as proposed by RVPN for the purpose of this order. The Commission shall carry out the prudence check of the same in the true up of FY 2020-21 based on the submissions of RVPN.

5.8 Accordingly, the transmission network approved for FY 2019-20 and FY 2020-21 is as shown in table below:

Table 45: Details of Transmission Network approved for FY 2019-20 and FY 2020-21

S. No.	Particulars	FY 2019-20				FY 2020-21			
		Opening	Addition	Deletion	Closing	Opening	Addition	Deletion	Closing
A	Lines (ckt km)								
1	765 kV	425.50	0.00	0.00	425.50	425.50	0.00	0.00	425.50
2	400 kV	6277.89	741.72	0.00	7019.61	7019.61	505.00	0.00	7524.61
3	220 kV	15178.54	264.12	0.00	15442.66	15442.66	237.00	0.00	15679.66
4	132 kV	17617.64	379.00	0.00	17996.64	17996.64	249.00	0.00	18245.64
	Total	39499.57	1384.85	0.00	40884.42	40884.42	991.00	0.00	41875.42
B	Transformation Capacity (MVA)	82080.50	3111.61	0.00	85192.11	85192.11	4255.00	0.00	89447.11
C	Bays (No.)								
1	765 kV	28	0	0.00	28	28	0	0	28
2	400 kV	179	0	0.00	179	179	0	0	179
3	220 kV	812	11	0.00	822	823	16	0	839
4	132 kV	2775	69	0.00	2843	2844	59	0	2903
	Total	3794	80	0.00	3873	3874	75	0	3949

Gross Fixed Assets (GFA) addition during FY 2019-20 and FY 2020-21

RVPN's Submission

5.9 RVPN has claimed the GFA addition of Rs. 1824.02 Crore and Rs. 1875.01 Crore for FY 2019-20 and FY 2020-21 respectively in its Petition.

Commission's Analysis

- 5.10 RVPN has claimed the GFA addition of Rs. 1824.02 Crore for FY 2019-20 in its Petition, whereas the sum of deposits, loan addition and equity addition claimed during FY 2019-20 works out to Rs. 1742.83 Crore.
- 5.11 Vide the tariff order dated 31.01.2020, the Commission had approved the GFA addition of Rs. 1576.45 Crore for FY 2019-20. The Commission has provisionally considered the GFA addition as per the tariff order dated 31.01.2020 for FY 2019-20. The Commission shall carry out the prudence check of the same in the true up for FY 2019-20 based on the submission of RVPN.
- 5.12 RVPN has claimed the GFA addition of Rs. 1875.01 Crore for FY 2020-21 in its Petition. Further, the sum of deposits, loan addition and equity addition claimed during FY 2020-21 works out to Rs. 1970.00 Crore.
- 5.13 The Commission has analyzed the capitalization trend of RVPN during the preceding 3 years from FY 2016-17 to FY 2018-19 based on the CWIP during those years. The Commission finds that the capitalization % of sum of opening CWIP and capital expenditure during the year is in the range of 18% to 46% which averages out to 29%.

Table 46: Capitalization as % of sum of opening CWIP and capital expenditure (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Opening CWIP	3931.89	3101.56	3174.06
Capital expenditure during the year	1763.03	1133.47	1419.22
Transferred to PPE + CWIP Adjustment	2593.36	1060.98	811.44
Closing CWIP	3101.56	3174.06	3781.83
Capitalization as % of opening CWIP + Capital investment during the year	46%	25%	18%
Average	29%		

- 5.14 Accordingly, the Commission approves the capitalization of Rs. 1576.45 Crore and 1567.79 for FY 2019-20 and FY 2020-21 respectively, considering the average capitalization from FY 2016-17 to FY 2018-19, opening balance of capital work in progress and capital expenditure during the year as per

the investment plan approved for FY 2020-21 against Petition No. 1582/19.

Table 47: Capitalization approved (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21
Opening CWIP	3781.83	3782.20
Capital expenditure during the year	1576.83	1546.99
Transferred to PPE	1576.45	1567.79
Closing CWIP	3782.20	3761.41
Capitalization as % of opening CWIP + Capital investment during the year	29%	29%

Means of finance of GFA addition for FY 2019-20 and FY 2020-21

RVPN's Submission

5.15 The means of finance of GFA addition for FY 2019-20 and FY 2020-21 submitted by RVPN is as show in the table below:

Table 48: Means of finance of GFA addition for FY 2019-20 and FY 2020-21 claimed by RVPN

Particulars	Units	FY 2019-20	FY 2020-21
GFA addition	Rs. Crore	1742.83	1970.00
Less: Consumer Contribution/ Deposit	Rs. Crore	347.50	273.00
Net GFA addition	Rs. Crore	1395.33	1697.00
Debt	Rs. Crore	985.14	1300.00
Debt	%	70.60%	76.61%
Equity	Rs. Crore	410.19	397.00
Equity	%	29.40%	23.39%

Commission's Analysis

5.16 Regulation 19 of the RERC Tariff Regulations, 2019 specify the normative debt equity ratio of 70:30 and the actual equity is to be considered in case of actual equity more than 30%.

5.17 The Commission has considered the means of finance of approved GFA addition for FY 2019-20 and FY 2020-21 as under:

- The deposit works has been considered as per the audited

accounts for FY 2018-19.

- The balance GFA addition is considered to be funded in the normative debt equity ratio of 70:30.

5.18 Vide the tariff order for FY 2017-18, the Commission has approved the funding of GFA addition to the tune of Rs. 149.35 Crore from grants and consumer contribution. As against the same, the actual GFA addition from consumer contribution/grants is to the tune of Rs. 15.52 Crore. Further, vide the tariff order for FY 2018-19, the Commission has approved the funding of GFA addition to the tune of 365.30 Crore from grants. As against the same, the actual GFA addition from grants is to the tune of Rs. 16.77 Crore. RVPN has proposed the GFA addition of Rs. 347.50 Crore and 273.00 Crore from consumer contribution/grants in FY 2019-20 and FY 2020-21 respectively. The Commission does not find it prudent to consider significant addition from consumer contribution/grants when the actual additions in FY 2017-18 and FY 2018-19 are in the range of Rs 15.52 Crore to Rs 16.77 Crore respectively. Therefore, the Commission deems it fit to consider the GFA addition from grants in FY 2019-20 and FY 2020-21 at the same level of actuals for FY 2018-19 subject to true up based on actuals for FY 2019-20 and FY 2020-21.

5.19 Based on the above, the means of finance of GFA addition for FY 2019-20 and FY 2020-21 approved by the Commission is as shown in the tables below:

Table 49: Means of finance of GFA addition for FY 2019-20 approved by the Commission

Particulars	Units	Approved in Tariff Order	Revised claim	Revised approval
GFA addition	Rs. Crore	1576.45	1742.83	1576.45
Less: Consumer Contribution/Deposit	Rs. Crore	16.59	347.50	16.77
Net GFA addition	Rs. Crore	1559.86	1395.33	1559.68
Debt	Rs. Crore	1091.90	985.14	1091.78
Debt	%	70.00%	70.60%	70.00%
Equity	Rs. Crore	467.96	410.19	467.90
Equity	%	30.00%	29.40%	30.00%

Table 50: Means of finance of GFA addition for FY 2020-21 approved by the Commission

Particulars	Units	Claimed	Approved
GFA addition	Rs. Crore	1970.00	1567.79
Less: Consumer Contribution/ Deposit	Rs. Crore	273.00	16.77
Net GFA addition	Rs. Crore	1697.00	1551.01
Debt	Rs. Crore	1300.00	1085.71
Debt	%	76.61%	70.00%
Equity	Rs. Crore	397.00	465.30
Equity	%	23.39%	30.00%

Annual Transmission Charges

5.20 In accordance with RERC Tariff Regulations, 2019, the Aggregate Revenue Requirement of the Transmission Licensee shall comprise of the following:

- a) Operation and Maintenance (O&M) expenses
- b) Interest and finance charges on long-term loans
- c) Depreciation
- d) Interest on working capital
- e) Return on Equity
- Minus
- f) Non-Tariff income
- g) Income from other business

5.21 Transmission Licensee is allowed to recover its ARR through Transmission Charges. Each of the ARR elements has been dealt with in the following paragraphs.

O&M expenses

RVPN's Submission

5.22 Vide instant Petition, RVPN submitted that the O&M expenses as per the norms specified in the RERC Tariff Regulations, 2019 are not enough to meet the expenses of RVPN. Therefore, a separate petition (Petition No. 1534/19) has been filed for allowing the normative O&M expenses as per the CERC Tariff Regulations, 2019. Accordingly, the normative O&M expenses for FY

2020-21 were claimed.

- 5.23 During the proceedings of the instant Petition, the Commission gave the ruling on Petition No. 1534/19 and accordingly, RVPN revised its claim on normative O&M expenses for FY 2020-21 in accordance with the RERC Tariff Regulations, 2019 as shown in the table below:

Table 51: Normative O&M expenses claimed for FY 2020-21

S. No.	Particulars	Claimed			
		Network		Norm	O&M expenses
		Units	Average Value	Rs. lakh/unit	Rs. Crore
A	Lines				
1	765 kV	ckt km	425.50	1.07	4.54
2	400 kV	ckt km	7350.40	0.67	49.45
3	220 kV	ckt km	15673.27	0.27	42.18
4	132 kV	ckt km	18144.76	0.16	28.17
	Sub-total	ckt km	41593.92		124.34
B	Transformation Capacity	MVA	87648.00	0.41	362.90
C	Bays				
1	765 kV	No.	28	62.27	17.44
2	400 kV	No.	179	41.51	74.30
3	220 kV	No.	832	5.79	48.14
4	132 kV	No.	2881	3.93	113.30
	Sub-total	No.	3920		253.18
	Total				740.42

Commission's Analysis

- 5.24 Regulation 64 of the RERC Tariff Regulations, 2019 specifies the norms of O&M expenses for FY 2020-21 on the basis of circuit kilometer of transmission lines, transformation capacity in MVA and number of feeder bays in the substation.
- 5.25 The Commission has approved the O&M expenses considering the norms specified in the RERC Tariff Regulations, 2019 as given in the table below:

Table 52: Normative O&M expenses approved for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Claimed				Approved			
		Network		Norm	O&M expenses	Network		Norm	O&M expenses
		Units	Average Value	Rs. lakh/unit	Rs. Crore	Units	Average Value	Rs. lakh/unit	Rs. Crore
A	Lines								
1	765 kV	ckt km	425.50	1.07	4.54	ckt km	425.50	1.07	4.54
2	400 kV	ckt km	7350.40	0.67	49.45	ckt km	7272.11	0.67	48.93
3	220 kV	ckt km	15673.27	0.27	42.18	ckt km	15561.16	0.27	41.88
4	132 kV	ckt km	18144.76	0.16	28.17	ckt km	18121.14	0.16	28.14
	Sub-total	ckt km	41593.92		124.34	ckt km	41379.92		123.48
B	Transformation Capacity	MVA	87648.00	0.41	362.90	MVA	87319.61	0.41	361.54
C	Bays								
1	765 kV	No.	28	62.27	17.44	No.	28	62.27	17.44
2	400 kV	No.	179	41.51	74.30	No.	179	41.51	74.30
3	220 kV	No.	832	5.79	48.14	No.	831	5.79	48.07
4	132 kV	No.	2881	3.93	113.30	No.	2873	3.93	113.02
	Sub-total	No.	3920		253.18	No.	3911		252.83
	Total				740.42				737.84

Terminal liabilities

RVPN's Submission

5.26 RVPN has claimed the amount of Rs. 300.00 Crore towards terminal liabilities.

Commission's Analysis

5.27 Regulation 64 of the RERC Tariff Regulations, 2019 specifies as under:

"..... Provided that terminal liabilities based on actuarial valuation, over and above the normative O&M expenses, subject to prudence check shall be allowed through tariff separately."

5.28 The Commission directed RVPN to submit the supporting documents to substantiate the claimed amount of Rs. 300.00 Crore towards terminal liabilities. In reply, RVPN submitted that a provision of Rs. 300.00 Crore has been made on estimated basis and the actuarial valuation report for FY 2020-21 shall be submitted in true up. The Commission has provisionally

considered the amount of Rs. 300.00 Crore as claimed by RVPN. Any variation shall be adjusted during the truing up exercise for FY 2020-21.

Table 53: Terminal liabilities for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
Terminal liabilities	300.00	300.00

Interest on loan and finance charges

RVPN's Submission

- 5.29 RVPN has claimed the interest and finance charges of Rs. 1075.67 Crore for FY 2020-21 considering the interest rate of 9.81%.

Commission's Analysis

- 5.30 The closing loan balance approved in true up for FY 2018-19 has been considered as the opening loan balance for FY 2019-20. The loan addition during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The closing loan balance approved for FY 2019-20 has been considered as the opening loan balance for FY 2020-21. The loan addition during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The interest rate of 9.81% as claimed by RVPN has been considered. The interest on loan approved by the Commission for FY 2020-21 is as shown in the table below:

Table 54: Interest on long term loans for FY 2020-21

Particulars	FY 2020-21	
	Claimed	Approved
Opening balance	11174.94	8146.79
Net Addition	1300.00	1085.71
Repayment	918.63	1032.25
Closing balance	11556.31	8200.24
Average loan	11365.63	8173.51

Rate of Interest	9.81%	9.81%
Gross Interest expenses	1115.50	802.20
Less: Capitalisation	119.83	0.00
Net Interest expenses	995.67	802.20

5.31 RVPN has claimed the finance charges of Rs. 80.00 Crore for FY 2020-21. The Commission at this stage has considered the finance charges of Rs. 80.00 Crore as claimed by RVPN, which shall be subject to true up based on actuals.

5.32 Based on the above, the interest and finance charges approved for FY 2020-21 is as shown in the table below:

Table 55: Interest and finance charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed for true-up	Approved on true-up
Net Interest expenses	995.67	802.20
Add: Finance charges	80.00	80.00
Interest and finance charges	1075.67	882.20

Depreciation

RVPN's Submission

5.33 RVPN has claimed the depreciation of Rs. 1032.25 Crore for FY 2020-21.

Commission's Analysis

5.34 The Commission has approved the depreciation in accordance with RERC Tariff Regulations, 2019 considering the approved GFA for the year. Further, the depreciation has not been considered on the GFA pertaining to deposit works. The depreciation in accordance with this approach works out to be higher than that claimed by RVPN and hence the Commission at this stage has allowed the depreciation claimed, which shall be subject to true-up based on actual capitalization. Accordingly, the depreciation approved by the Commission for FY 2020-21 is as shown in the table below:

Table 56: Depreciation for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
Depreciation	1032.25	1032.25

Interest on Working Capital (IoWC)

RVPN's Submission

- 5.35 Vide instant Petition, RVPN has claimed the normative IoWC of Rs. 84.81 Crore for FY 2020-21.

Commission's Analysis

- 5.36 In accordance with Regulation 27(1)(2) of the RERC Tariff Regulations, 2019, the normative working capital requirement shall comprise of (i) O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses, (iii) receivables equivalent to one and a half month of transmission charges calculated on target availability, less amount held as security deposit from users except security deposits held in the form of Bank Guarantees. Regulation 27(2) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 300 basis points higher from SBI Base Rate prevalent during first six months of the year previous to the relevant year.
- 5.37 The Commission observed that RVPN vide the data gaps revised its claim on O&M expense for FY 2020-21 in accordance with the RERC Tariff Regulations, 2019. Accordingly, claimed values for FY 2020-21 for IoWC has been altered.
- 5.38 Also, it is observed that RVPN has not deducted the amount of security deposit while computing the normative working capital requirement. The Commission has considered the amount of security deposit as Rs. 92.75 Crore as per the audited accounts for FY 2018-19.
- 5.39 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2019. The normative rate of interest on working capital has been considered as per the admissible rates

during the previous year. The same works out to be 11.39% p.a. which has been used for calculating interest on working capital, as against 11.25% p.a. claimed by the Petitioner. The computation of the bank rate is as shown in the table below:

Table 57: Computations of Bank rate as considered by the Commission for FY 2020-21

Year	From Date	To Date	No. of Days	SBI Base Rate	300 Basis Point	Approved Interest Rate
FY 2019-20	01-04-2019	09-04-2019	9	8.55%	3.00%	11.39%
	10-04-2019	09-05-2019	30	8.50%		
	10-05-2019	09-06-2019	31	8.45%		
	10-06-2019	09-07-2019	30	8.45%		
	10-07-2019	09-08-2019	31	8.40%		
	10-08-2019	09-09-2019	31	8.25%		
	10-09-2019	30-09-2019	21	8.15%		

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

Table 58: IoWC for FY 2020-21 (Rs. Crore)

Particulars	Norm	FY 2020-21	
		Claimed	Approved
O&M expenses	1	61.70	61.49
Maintenance spares	15%	111.06	110.68
Receivables	1.5	438.43	357.51
Less: Amount held as security deposits from Users		0.00	92.75
Total working capital		611.19	436.92
Rate of interest on working capital		11.25%	11.39%
Interest on working capital		68.76	49.75

5.41 The significant variation in normative working capital requirement claimed by RVPN and that approved by the Commission is mainly on account of variation in interest rate on working capital claimed by RVPN in its petition and that approved by the Commission.

Return on Equity (RoE)

RVPN's Submission

5.42 RVPN has claimed the RoE of Rs. 100.64 Crore for FY 2020-21.

Commission's Analysis

5.43 The closing equity balance approved in true up for FY 2018-19 has been considered as the opening equity balance for FY 2019-20. The equity addition during the year has been considered based on the approved means of finance of GFA addition. The closing equity balance approved in for FY 2019-20 has been considered as the opening equity balance for FY 2020-21. The equity addition during the year has been considered based on the approved means of finance of GFA addition. The rate of RoE of 2% as claimed by RVPN has been considered. The RoE approved by the Commission for FY 2020-21 is as shown in the table below:

Table 59: RoE for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Opening Equity	4833.38	4549.27
Net addition during the year	397.00	465.30
Closing Equity	5230.38	5014.58
Average Equity	5031.88	4781.93
Rate of Return on Equity	2.00%	2.00%
Return on Equity	100.64	95.64

Insurance charges

RVPN's Submission

5.44 RVPN has claimed the insurance charges of Rs. 0.55 Crore for FY 2020-21.

Commission's Analysis

5.45 Regulation 25 of the RERC Tariff Regulations, 2019 provide for insurance expenses subject to ceiling limit of 0.2% of average NFA for the year. Accordingly, the Commission has approved the insurance charges of Rs.

0.55 Crore as claimed by RVPN.

Table 60: Insurance charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Insurance charges	0.55	0.55

Unitary charges

RVPN's Submission

5.46 RVPN has claimed the unitary charges of Rs. 58.50 Crore for FY 2020-21.

Commission's Analysis

5.47 The Commission has considered the unitary charges of Rs. 58.50 Crore as claimed by RVPN.

Table 61: Unitary charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Unitary charges	58.50	58.50

Other charges

RVPN's Submission

5.48 RVPN has claimed the other charges of Rs. 20.00 Crore for FY 2020-21.

Commission's Analysis

5.49 The Commission at this stage has considered the other charges of Rs. 20.00 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 62: Other charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Other charges	20.00	20.00

Non-Tariff Income (NTI)

RVPN's Submission

5.50 RVPN has claimed NTI of Rs. 174.26 Crore for FY 2020-21.

Commission's Analysis

5.51 The Commission at this stage has considered the NTI of Rs. 174.26 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 63: NTI for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Non-Tariff Income	174.26	174.26

Revenue from short-term open access

RVPN's Submission

5.52 RVPN has claimed the revenue from short-term open access of Rs. 101.75 Crore for FY 2020-21.

Commission's Analysis

5.53 The Commission at this stage has considered the revenue from short-term open access of Rs. 101.75 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 64: Revenue from short-term open access for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Revenue from short-term open access	101.75	101.75

Revenue from Inter State Transmission (ISTS) Lines

RVPN's Submission

5.54 RVPN has claimed the revenue from ISTS lines of Rs. 40.66 Crore.

Commission's Analysis

- 5.55 The Commission at this stage has considered the revenue from ISTS lines of Rs. 40.66 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 65: Revenue from ISTS lines for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Revenue from ISTS lines	40.66	40.66

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

Table 66: Annual Transmission Charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
O&M expenses	740.42	737.84
Additional contribution to pension and gratuity fund	300.00	300.00
Interest and finance charges on long-term loans	1075.67	882.20
Depreciation	1032.25	1032.25
Interest on working capital	68.76	49.75
Return on Equity	100.64	95.64
Insurance charges	0.55	0.55
Unitary charges	58.50	58.50
Other charges	20.00	20.00
Less: Non-Tariff Income	174.26	174.26
Aggregate Revenue Requirement	3222.53	3002.48
Less: Revenue from Short Term Open Access	101.75	101.75
Less: Revenue from Inter State Transmission Lines	40.66	40.66
Add: Revenue (Gap)/Surplus for FY 2018-19	(427.32)	-
Annual Transmission Charges	3507.43	2860.07

- 5.57 The variation in ATC claimed by RVPN and that approved by the Commission is mainly on account of the variation in interest and finance charges, Interest on Working Capital and the revenue gap for FY 2018-19 claimed by RVPN, as discussed in preceding paras.

Transmission Tariff

RVPN's Submission

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

Table 67: Transmission Tariff claimed for FY 2020-21

S. No.	Particulars	Units	FY 2020-21
			Claimed
1	Annual Transmission Charges	Rs. Crore	3507.43
2	Transmission Capacity for DISCOMs	MW	13761.00
3	Transmission Capacity for Long Term Open Access	MW	584.00
4	Total Transmission Capacity	MW	14345.00
5	Transmission Tariff for DISCOMs and Long Term Open Access	Rs./kW/month	203.75
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	203.75
7	Transmission Charges to be recovered from DISCOMs	Rs. Crore	3364.64
8	Transmission Charges to be recovered from Long Term Open Access	Rs. Crore	142.79
9	Energy requirement of DISCOMs	MU	97130.00
10	Energy requirement of Long Term Open Access	MU	4117.00
11	Total Energy requirement	MU	101247.00
12	Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	34.64

5.59 The Government of Rajasthan vide notification dated 29.10.2018 has made allocation of power from different generators of State/Central/Private Sectors along with any allocation from the un-allocated quota as determined by the Government of India for Rajasthan shares in interstate projects, and purchase of power from bilateral/energy exchange, wind generators and biomass etc. in the ratio of 40.27:27.14:32.59 for JVVNL: AVVNL: JdVVNL.

5.60 The Commission has been specifying transmission charges for DISCOMs in terms of Rs./kW/Month based on contracted capacity. Further as per Commission's orders for any variation in the contracted capacity, the transmission charges were to be levied on the actual contracted capacity

put to use by concerned DISCOM. Such stipulation in ARR Orders by the Commission results into under recovery or over recovery due to variation in capacity contracted of Approved ARR for such year by the Commission. Regulation 65 of the RERC Tariff Regulation, 2019 provides recovery of Transmission Charges based on Network Usage Charges – fixed charges based on capacity contracted or allotted. Stipulation of provision for recovery of transmission charges based on the contracted capacity actually put to use by concerned DISCOM for such year is resulting into under/over recovery from ARR approved in the tariff order. The Petitioner has proposed the Transmission Charges from DISCOMs based on fixed monthly charges as provided in Regulation 66(1) worked out on the basis of % allocation for each DISCOM. The Petitioner has proposed the recovery of transmission charges from open access consumers based on the actual capacity in Rs./kW/month or Paisa/kWh as the case may be subject to truing-up based on audited accounts.

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

Table 68: Monthly Transmission Charges Proposed for FY 2020-21

Recovery of Transmission Charges	% allocation	MW allocation	Monthly transmission charges* (Rs. Crore)
JVVNL	40.27%	5541.55	112.91
AVVNL	27.14%	3734.74	76.10
JdVVNL	32.59%	4484.71	91.38
Total Transmission Charges for DISCOMs	100%	13761.00	280.39
Recovery from open access consumers		584.00	11.90
Annual Transmission Charges		14345.00	292.29

**Revised Claim as per RERC Tariff Regulations, 2019*

Commission's Analysis

- 5.62 Regulation 65 and Regulation 66 of the RERC Tariff Regulations, 2019

specifies the transmission pricing mechanism. In accordance with the same and the approach adopted by the Commission in the earlier tariff orders, the Transmission Tariff approved by the Commission for FY 2020-21 is as shown in the table below:

Table 69: Transmission Tariff approved for FY 2020-21

S. No.	Particulars	Units	FY 2020-21	
			Claimed	Approved
1	Annual Transmission Charges	Rs. Crore	3507.43	2860.07
2	Transmission Capacity for DISCOMs	MW	13761.00	13761.00
3	Transmission Capacity for Long Term Open Access	MW	584.00	584.00
4	Total Transmission Capacity	MW	14345.00	14345.00
5	Transmission Tariff for DISCOMs and Long Term Open Access	Rs./kW/month	203.75	166.15
6	Transmission Tariff for Medium Term Open Access	Rs./kW/month	203.75	166.15
7	Transmission Tariff for Short Term Open Access	Rs./kW/day	6.70	5.46
8	Transmission Charges to be recovered from DISCOMs	Rs. Crore	3364.64	2743.63
9	Transmission Charges to be recovered from Long Term Open Access	Rs. Crore	142.79	116.44
10	Energy requirement of DISCOMs	MU	97130.00	97130.00
11	Energy requirement of Long Term Open Access	MU	4117.00	4117.00
12	Total Energy requirement	MU	101247.00	101247.00
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	34.64	28.25

ARR for SLDC function

Gross Fixed Assets (GFA) during FY 2019-20 and FY 2020-21

RVPN's Submission

- 5.63 Vide the tariff order for FY 2019-20 dated 31.01.2020, the Commission had approved the GFA addition of Rs. 15.00 Crore for FY 2019-20. As against the same, RVPN has claimed Rs. 10.00 Crore for FY 2019-20.

5.64 RVPN has claimed the GFA addition of Rs. 10.00 Crore for FY 2020-21.

Commission's Analysis

5.65 The closing GFA approved vide true-Up of FY 2018-19 is considered as opening GFA for FY 2019-20. The Commission at this stage has considered GFA addition of Rs. 10.00 Crore for FY 2019-20 and Rs. 10.00 Crore for FY 2020-21 as claimed by RVPN, which shall be subject to true-up based on actuals. The details of approved GFA for FY 2020-21 is as shown in the table below:

Table 70: GFA Approved for FY 2020-21 (Rs. Crore)

Particulars	Approved
Opening GFA as on 1 st April, 2020	39.60
Add : Addition During FY 2020-21	10.00
Less : Deduction during FY 2020-21	0.00
Closing GFA for FY 2020-21	49.60

SLDC Charges

5.66 In accordance with the RERC Tariff Regulations, 2019, the SLDC charges shall comprise of the following:

- a) Operation and Maintenance (O&M) expenses
- b) Interest and finance charges on long-term loans
- c) Depreciation
- d) Interest on working capital
- e) Return on Equity
- f) RLDC fee and charges

O&M expenses

RVPN's Submission

5.67 RVPN has claimed the O&M expenses of Rs. 17.74 Crore for FY 2020-21.

Commission's Analysis

5.68 The Commission directed RVPN to submit the justification for the claimed

O&M expenses in light of Regulation 70(3) of the RERC Tariff Regulations, 2019. In reply, RVPN submitted that it has proposed the O&M expenses of Rs. 17.74 Crore for FY 2020-21, considering the actual O&M expense of FY 2018-19, i.e., Rs, 17.14 Crore.

- 5.69 Regulation 70(4) of the RERC Tariff Regulations, 2019 specify that the O&M expenses for each subsequent year shall be calculated by escalating base O&M expense at the rate of 3.51%. The Commission vide tariff order dated 31.01.2020 for FY 2019-20 approved O&M expense as Rs. 13.13 Crore. Accordingly, the O&M expenses approved for FY 2020-21 is Rs. 13.59 Crore, which is as shown in the table below:

Table 71: O&M expenses for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
O&M Expenses	17.74	13.59

Interest on loan and finance charges

RVPN's Submission

- 5.70 RVPN has claimed the interest and finance charges of Rs. 1.52 Crore for FY 2020-21.

Commission's Analysis

- 5.71 The closing loan balance approved in true up for FY 2018-19 has been considered as the opening loan balance for FY 2019-20. The allowable depreciation for the year has been considered as the normative repayment. The closing loan balance approved for FY 2019-20 has been considered as the opening loan balance for FY 2020-21. The loan addition during the year has been considered based on the approved means of finance of GFA addition. The allowable depreciation for the year has been considered as the normative repayment. The interest rate of 10.00% as claimed by RVPN has been considered. The Petitioner has not claimed any finance charges. Accordingly, the same are not being considered. The interest on loan and finance charges approved by the Commission for FY 2020-21 is as shown in the table below:

Table 72: Interest and finance charges for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
Opening Balance	10.71	7.31
Loan Addition	9.00	9.00
Repayment (allowable Depreciation)	0.29	2.35
Closing Balance	19.43	13.96
Average Balance	15.07	10.64
Rate of interest	10.00%	10.00%
Interest on Loan	1.52	1.06
Other Financial Charge	0.00	0.00
Total Interest on Loan and other Financial charges	1.52	1.06

Depreciation**RVPN's Submission**

5.72 RVPN has claimed the depreciation of Rs. 2.35 Crore for FY 2020-21.

Commission's Analysis

5.73 The Commission has approved the depreciation in accordance with RERC Tariff Regulations, 2019 considering the approved GFA for the year. The depreciation approved by the Commission for FY 2020-21 is as shown in the table below:

Table 73: Depreciation for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
Depreciation	2.35	2.35

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

5.74 RVPN has claimed the normative IoWC of Rs. 0.47 Crore for FY 2020-21.

Commission's Analysis

5.75 The normative working capital requirement shall comprise of (i) O&M expenses for one month, (ii) maintenance spares @ 15% of O&M expenses,

(iii) receivables equivalent to one and a half month of SLDC charges less amount held as security deposits. Regulation 27(2) of the RERC Tariff Regulations, 2019 specifies that the rate of interest on working capital to be computed shall be on normative basis and shall be 300 basis points higher from SBI Base Rate prevalent during first six months of the year previous to the relevant year.

5.76 The normative working capital requirement has been computed in accordance with the RERC Tariff Regulations, 2019. The normative rate of interest on working capital has been considered as per the admissible rates during the previous year. The same works out to be 11.39% p.a. which has been used for calculating interest on working capital, as against 11.55% p.a. claimed by the Petitioner. The computation of the bank rate is as shown in the table below:

Table 74: Computations of Bank rate as considered by the Commission for FY 2020-21

Year	From Date	To Date	No. of Days	SBI Base Rate	300 Basis Point	Approved Interest Rate
FY 2019-20	01-04-2019	09-04-2019	9	8.55%	3.00%	11.39%
	10-04-2019	09-05-2019	30	8.50%		
	10-05-2019	09-06-2019	31	8.45%		
	10-06-2019	09-07-2019	30	8.45%		
	10-07-2019	09-08-2019	31	8.40%		
	10-08-2019	09-09-2019	31	8.25%		
	10-09-2019	30-09-2019	21	8.15%		

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

Table 75: IoWC for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
O&M Expenses (1 month)	1.48	1.13
Maintenance Spares (15% of O&M Expenses)	2.66	2.04
Receivables (One and a half months of SLDC Charges)	4.17	2.99
Less: Amount held as security deposits	0.15	0.15
Total Working Capital	8.16	6.01
Interest Rate	11.55%	11.39%
Interest on Working Capital	0.47	0.68

5.78 The variation in Interest on Working capital claimed by the Petitioner and approved by the Commission is because of the variation in the interest rate

considered by the Petitioner and approved by the Commission. Also, the Petitioner claimed 50% of the IoWC.

Return on Equity (RoE)

RVPN's Submission

5.79 RVPN has claimed RoE of Rs. 0.05 Crore for FY 2020-21.

Commission's Analysis

5.80 The closing equity balance approved in true up for FY 2018-19 has been considered as the opening equity balance for FY 2019-20. The closing equity balance approved in for FY 2019-20 has been considered as the opening equity balance for FY 2020-21. The equity addition during the year has been considered based on the approved means of finance of GFA addition. The rate of RoE of 2% as claimed by RVPN has been considered. The RoE approved by the Commission for FY 2020-21 is as shown in the table below:

Table 76: RoE for FY 2020-21 (Rs. Crore)

Particulars	Claimed	Approved
Equity at the beginning of the year	2.24	2.07
Equity Portion of the Capitalization	1.00	1.00
Equity at the end of the year	3.24	3.07
Average Equity	2.74	2.57
RoE Considered	2.00%	2.00%
Total Return on Equity	0.05	0.05

RLDC fee and charges

RVPN's Submission

5.81 RVPN has claimed the RLDC fee and charges of Rs. 11.21 Crore for FY 2020-21.

Commission's Analysis

5.82 The Commission at this stage has approved the RLDC fee and charges of Rs.

11.21 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 77: RLDC fee and charges for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
RLDC fee and charges	11.21	11.21

Non-Tariff Income (NTI)

RVPN's Submission

5.83 RVPN has claimed NTI of Rs. 2.04 Crore for FY 2020-21.

Commission's Analysis

5.84 The Commission at this stage has considered the NTI of Rs. 2.04 Crore as claimed by RVPN, which shall be subject to true-up based on actuals.

Table 78: NTI for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	Claimed	Approved
Non-Tariff Income	2.04	2.04

5.85 Based on the above analysis, the ARR claimed by RVPN and approved by the Commission is as shown in table below:

Table 79: SLDC ARR for FY 2020-21 (Rs. Crore)

S. No.	Particulars	Claimed	Approved
Expenses			
1	Operating Expenses		
A	Employee expenses	16.49	11.84
B	Administrative and General Expenses	1.22	1.59
C	Repair and Maintenance Expenses	0.03	0.16
D	Interest on Working Capital	0.47	0.68
E	RLDC / NRLDC Fee and Charges	11.21	11.21
2	Capital expense components		
A	Depreciation	2.35	2.35
B	Interest and finance charges on term loan	1.52	1.06

S. No.	Particulars	Claimed	Approved
C	Return on equity	0.05	0.05
3	Total Revenue Expenditure	33.35	28.95
4	Less: Non Tariff income	2.04	2.04
5	Less: Income from open access	3.00	3.00
6	Less: Truing up for FY 2018-19 Surplus/(Gap)	13.68	-
7	Aggregate Revenue Requirement	14.63	23.91

SLDC Charges

Commission's Analysis

5.86 The SLDC Charges claimed by RVPN and approved by the Commission are as shown in the table below:

Table 80: SLDC charges for FY 2020-21

Particulars	Claimed	Approved
Net Revenue Requirement for SLDC Operation to be recovered from discoms and Long term open access Customers (Rs. Crore)	14.63	23.91
Contracted Capacity for Discoms and Long Term Open access Customers (MW)	14345.00	14345.00
SLDC Charges for Discoms and Long Term Open Access Transactions (Paise/kW/Month)	85.01	138.90
SLDC Charges for Medium Term Open Access Transactions (Paise/kW/Month)	85.01	138.90
SLDC Charges for Short Term Open Access Transactions (Paise/kW/Day)	2.83	4.63

5.87 The summary of tariff claimed by RVPN and approved by the Commission is as shown in the table below:

Table 81: Summary of tariff for FY 2020-21

Particulars	Units	Claimed	Approved
A. Transmission Tariff			
Transmission Tariff for DISCOMs, Long Term Open Access transactions	Rs./kW/month	203.75	166.15
Transmission Tariff for Medium Term Open Access transactions	Rs./kW/month	203.75	166.15
Transmission Tariff for Short Term Open Access	Rs./kW/day	6.70	5.46
Transmission tariff for use of State transmission system in inter-State Short Term Open Access bilateral transactions and collective power exchange transactions	Paise/kWh	34.64	28.25
B. SLDC Charges			

SLDC Charges for DISCOMs and Long Term Open Access transactions	Paise/kW/month	85.01	138.90
SLDC Charges for Medium Term Open Access transactions	Paise/kW/month	85.01	138.90
SLDC Charges for Short Term Open Access transactions	Paise/kW/day	2.83	4.63

5.88 The Tariff determined vide this Order shall be effective from 01.04.2020 and shall remain in force till next order of the Commission.

5.89 The transmission and SLDC charges as determined under this order for Discoms would be shared amongst them in proportion to their contracted/allotted capacity for the FY 2020-21. Further, in case of short-term open access transactions, there shall be no retrospective adjustment of transmission tariff and SLDC charges.

Transmission Loss

RVPN's Submission

5.90 RVPN has claimed the transmission loss of 3.03% for FY 2020-21 in its Petition. Further, RVPN revised its claim to 3.33% for FY 2020-21.

Commission's Analysis

5.91 The Commission has considered it appropriate to approve the transmission losses of 3.33% as per loss reduction trajectory approved for FY 2020-21 in Tariff Order for FY 2019-20 and as projected by Petitioner for FY 2020-21.

5.92 The transmission loss of 3.33% approved for FY 2020-21 may be borne in kind by the transmission system users.

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

(Prithvi Raj)
Member

(S.C.Dinkar)
Member

(Shreemat Pandey)
Chairman

Annexure - 1

The list of Stakeholders and Representatives of the Petitioner/Respondents present during the hearing

1.	Shri Sushil Mathur	ACE (NPP&RA), RVPN
2.	Ms. Madhu Pandey	CAO, RVPN
3.	Shri Sudhir Jain	SE (P&P), RVPN
4.	Shri D. S. Agarwal	Consultant, Rudraksh Energy
5.	Shri G. L. Sharma	Stakeholder

LIST OF ABBREVIATIONS

A&G	Administrative and General
AC	Alternating Current
ARR	Aggregate Revenue Requirement
ATC	Annual Transmission Charges
AVVN	Ajmer Vidyut Vitran Nigam Ltd
CERC	Central Electricity Regulatory Commission
Ckt. km	Circuit Kilometre
COD	Commercial Date of Operation
CSR	Corporate Social Responsibility
CWIP	Capital Work in Progress
DPR	Detailed Project Report
EAC	Energy Assessment Committee
EHT	Extra High Tension
FY	Financial Year
GFA	Gross Fixed Assets
GSS	Grid Sub-station
IDC	Interest During Construction
Ind AS	Indian Accounting Standards
IoWC	Interest on Working Capita

ISTS	Inter state Transmission System
JdVVN	Jodhpur Vidyut Vitran Nigam Ltd
JVVN	Jaipur Vidyut Vitran Nigam Ltd
kV	Kilo Volt
kW	Kilo Watt
LTOA	Long Term Open Access
MVA	Mega Volt Ampere
MW	Mega Watt
NFA	Net Fixed Assets
NRLDC	Northern Regional Load Dispatch Centre
NTI	Non Tariff Income
O&M	Operation and Maintenance
OA	Open Access
p.a.	Per Annum
PPE	Property, Plant and Equipment
R&M	Repair and Maintenance
RERC	Rajasthan Electricity Regulatory Commission
RMD	Required Minimum Distribution
RoE	Return on Equity
RUVNL	Rajasthan Urja Vikas Nigam Limited
RVPN	Rajasthan Rajya Vidyut Prasaran Nigam Limited
SAP	Systems, Application and Products
SBI	State Bank of India

SD	Security Deposit
SLDC	State Load Despatch Centre
STOA	Short Term Open Access
TSA	Transmission Service Agreement

Annexure - 3**Index**

Section/ Annexure	Particulars	Page No.
Section 1	General	1
Section 2	Summary of true up and tariff determination process	3
Section 3	Summary of objections/comments/suggestions received from Stakeholders and RVPN's response thereon	5
Section 4	Approval of true up for FY 2018-19	26
Section 5	Determination of tariff for FY 2020-21	59
Annexure 1	List of Stakeholders and Representatives of the Petitioner/Respondents present during the hearing	87
Annexure 2	List of Abbreviations	88
Annexure 3	Index	91