RAJASTHAN ELECTRICITY REGULATORY COMMISSION JAIPUR

Petition No.RERC 437/14 and 463/14

In the matter of approval of;

(i) Investment Plan of Rajasthan Rajya Vidyut Prasaran Nigam Limited for FY 2014-15;

(ii) ARR and determination of tariff for FY 2014-15 for recovery of Transmission and SLDC Charges and True up of ARR for FY 2011-12 and FY 2012-13 of Rajasthan Rajya Vidyut Prasaran Nigam Limited.

Coram : **Shri Vishvanath Hiremath, Chairman**
Shri Vinod Pandya, Member

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

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

Date of hearing : 3.09.2014

Date of Order : **09.10.2014**

ORDER

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RVPN) has filed this Petition No. RERC/437/14 dated 31.01.2014 under Regulation no. 4 of RERC (Investment Approval) Regulations, 2006 for approval of Investment Plan for FY 2014-15 on 31.01.2014.

2. RVPN also filed Petition No. RERC/463/14 on 23.6.2014 under Section 62 read with Section 64 of Electricity Act, 2003 and Regulation 8 & 11 of

RERC Tariff Regulations 2014 and Regulations, 8 of RERC Tariff Regulations, 2009 with the following prayers:

(1) Determine cumulative surplus/deficit on Truing-up of Annual Revenue Requirement for FY 2011-12 based on Audited Accounts of RVPN for FY 2011-12 for carry forward of the same to ARR for FY 2014-15 under Regulation 8(12) of RERC Tariff Regulations, 2009.

(2) Determine cumulative surplus/deficit on Truing-up of Annual Revenue Requirement for FY 2012-13 based on Audited Accounts of RVPN for FY 2012-13 and to carry forward the same to ARR for FY 2014-15 under Regulation 8(12) of RERC Tariff Regulations, 2009;

(3) To impart directions to Discoms for payment of incentive for FY 2011-12 and FY 2012-13.

(4) Approve revenue requirements for FY 2014-15 based on the information furnished in the petition and attached formats;

(5) Allow for creation of Regulatory Asset for accumulated carry forward losses as on 31st March 2013 to be liquidated in ten instalments;

(6) Approve the connectivity charges requested for O&M of 33/11 kV bays as per table 40 of the petition.

(7) Approve firm recovery of fixed monthly transmission charges from Discoms on the basis of % allocation and for Open Access Consumers on the basis of actual capacity in Rs/kW/ Month and Paisa/kWh as the case may be;

(8) Approve the tariff for recovery of transmission charges for collective Power Exchange Transactions and charges for inter-State short-term open access customer on per kWh basis for FY 2014-15;

(9) Approve the revenue requirement for SLDC function by RVPN for FY 2014-15;

(10) Approve SLDC Charges for FY 2014-15 and recovery of same from Discoms and other long-term users and Open Access Customers on monthly basis;

3. RVPN vide letter dt. 27.03.2014 had requested the Commission to extend the transmission tariff applicable for FY 2013-14 by further three months i.e. from 1st April, 2014 to 30th June, 2014 subject to adjustments as per

the tariff order for FY 2014-15 to be passed as per regulation 11 (1) of RERC tariff Regulations, 2014. The Commission, vide its Order dated 31.03.2014, ordered and extended the applicability of existing tariff of RVPN from 1st April, 2014 to 30th June, 2014 for FY 2014-15 as per Tariff Regulations for MYT Control Period FY 2014-15 to FY 2018-19 notified on 27.03.2014.

4. RVPN vide letter dated 20.06.2014 further requested to extend the tariff extended on 31.03.2014 till final tariff is determined by the Commission. After hearing RVPN on 24.06.2014, the Commission passed an extension order further extending the interim tariff allowed vide Order dated 31.03.2014 till the final tariff is determined for FY 2014-15, subject to adjustments if any as and when the tariff For FY 2014-15 is finally determined by the Commission.

5. As the approval of investment plan will have a direct impact on ARR and Tariff of RVPN, the Commission has decided to take up the Petition for approval of investment plan alongwith ARR and tariff Petitions.

6. Commission conveyed the data gaps found in the petitions to RVPN on 04.04.2014,10.07.2014, 24.07.2014 and 19.08.2014. RVPN in response has filed the replies vide its letter dated 08.05.2014, 30.07.2014, 11.08.2014 & 21.08.2014.

7. As required under Section 64 (2) of the Electricity Act, 2003, Commission directed RVPN to publish notices with salient features of the Petitions inviting comments/ suggestions from any desirous person in the news papers. RVPN accordingly had published the abridged petitions in the following newspapers on the dates shown as under:

Table 1: Publication of Public Notices

Name of Newspaper	**Date of Publication**
Petition No. 437/14	
Dainik Bhaskar	08.02.2014
Rashtradoot	08.02.2014
Times of India	09.02.2014

Petition No. 463/14	
Dainik Navjyoti	05.07.2014
Rajasthan Patrika	05.07.2014
Rashtradoot	05.07.2014
Dainik Bhaskar	05.07.2014
Times of India	06.07.2014

8. Petitions were also placed on the Commission's website.

9. The comments/suggestions have been received on the Petitions from the following stakeholders:

Table 2: Comments/Suggestions received on the Petitions

Petition No. 437/14
(1) Rudraksh Energy
(2) Sh. G.L. Sharma
(3) Discoms
Petition No. 463/14
(1) Rudraksh Energy
(2) Sh. Bal Mukund Sanadhya, Samta Power, Jaipur
(3) Sh. Shanti Prasad
(4) Sh. G.L. Sharma
(5) Rajasthan Discoms (JVVNL, AVVNL, JdVVNL)
(6) Sh. Ashok Khurana, Association of Power Producers, New Delhi

10. Commission has held the public hearing on 03.09.2014 in the court hall of the Commission.

11. During the public hearing, officer representing the petitioner appeared and reiterated the submissions made in the petitions and prayers made therein. The stakeholders also presented their views on the petitions. The list of stakeholders present and made oral submissions during the hearings is enclosed to this order as Annexure-I.

12. In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, RERC

(Investment Approval) Regulations, 2006 and other enabling Regulations, the Commission has carefully considered the submissions of the Petitioner and the suggestions/objections submitted by the various stakeholders. The Commission has passed the following Order

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

(1)	Section 1:	Summary of Objections/Comments/Suggestions and RVPN's Response on Investment Plan for FY 2014-15, Truing-up for FY 2011-12 and FY 2012-13, ARR for Transmission and SLDC Function for FY 2014-15
(2)	Section 2:	Analysis of Investment Plan for FY 2014-15
(3)	Section 3:	Analysis of Truing-up of ARR for FY 2011-12
(4)	Section 4:	Analysis of Truing-up of ARR for FY 2012-13
(5)	Section 5:	Analysis of ARR for Transmission Function for FY 2014-15
(6)	Section 6:	Analysis of ARR for SLDC Function for FY 2014-15

Section – 1: Summary of Objections/Comments/Suggestions and RVPN's Response on Investment Plan for FY 2014-15, Truing-up for FY 2011-12 and FY 2012-13 and ARR for Transmission and SLDC Function for FY 2014-15

A. General Issues

(1) Formats

Stakeholders' Suggestions/Comments

14. Stakeholders requested the Commission to direct the Petitioner to provide the updated Formats along with the requisite information for FY 2011-12.

RVPN's Response

15. RVPN submitted that the updated Formats along with the requisite information for FY 2011-12 have been provided to the Commission.

(2) Segregated Audited Accounts

Stakeholders' Suggestions/Comments

16. The Petitioner should provide the segregated Audited Accounts for Transmission function, SLDC and Partnership Generation for FY 2011-12 and FY 2012-13, duly certified by the Statutory Auditor or Chartered Accountant, which has not been provided in spite of specific provision in the Regulations and repeated directions by the Commission.

RVPN's Response

17. RVPN has submitted the segregated Audited Accounts for Transmission function, SLDC and Partnership Generation for FY 2011-12 and FY 2012-13. Further, RVPN has also submitted separate accounts for SLDC for FY 2011-12 and 2012-13 duly signed by the statutory Auditor and has submitted the copy of the same.

B. Investment Plan

(3) Investment in FY 2013-14

Stakeholders' Comments/suggestions

18. The capital expenditure of Rs. 1133.60 Crore incurred up to December, 2013 and Rs. 1231 Crore incurred up to January, 2014 in FY 2013-14 as against the capital outlay of Rs. 2150 Crore for FY 2013-14 is quite low and RVPN should submit the expected capital expenditure up to March 31, 2014. Against the physical targets of 8 no. of 220 kV substations, 20 no. of 132 kV substations and 2 no. of 400 kV substations in FY 2013-14, only have been completed and there appears to be significant slippage in achievement of physical targets. RVPN should submit the scheme-wise expenditure incurred in FY 2013-14 vis-à-vis approved expenditure along with achievements in physical targets.

RVPN's Response

19. RVPN submitted that an expenditure of Rs. 1626.82 Crore has been incurred during FY 2013-14 against the revised outlay of Rs. 2150 Crore for transmission works. Details of the same, as submitted by RVPN, are shown in the Table below:

Table 3: The physical achievement up to 31.03.2014 as submitted

Sl. No.	Works	Unit	Achievement during 2013-14
1	**Transmission :**		
	(i) 765kV Lines	ckm	425.498
	(ii) 400 kV Lines	ckm	259.350
	(iv) 400 kV Substations	MVA/Nos	-
	(v) 220 kV Lines	ckm	430.369
	(vi) 220 kV Substations	MVA/Nos	1200/7
	(vii) 132 kV Lines	ckm	373.244
	(viii) 132 kV Substations	MVA/Nos	587.5/18
2	**Augmentation :**	MVA	2949
3	**Capacitors**	MVAR	81.45

(4) Proposed capital outlay for FY 2014-15

Stakeholders' Comments/suggestions

20. RVPN should furnish the details of targets to be achieved during FY 2014-15, the transformation capacity proposed at 765 kV substations, and the location of proposed 400 kV substations and 220 kV substations.

21. The proposed investment for capacitor installation for FY 2014-15 does not appear to be commensurate with the maintaining the quality of supply like voltage and power factor.

22. RVPN should furnish the supporting documents for the approval obtained from Transmission System Planning & Coordination Committee (TSPCC) for the schemes submitted in its Petition.

23. In respect of creation of new substations, RVPN should submit the details of load that is being transferred from any existing GSS and the remaining load on such GSS, additional load expected on the newly created GSS and the basis for such expected additional load, and the expected load on newly created GSS. RVPN should also submit the details of current load and estimated load on account of each scheme and the basis of estimated load in justification of the proposed schemes.

24. In accordance with RERC (Investment Approval) Regulations, 2006, any works related to augmentation and creation of new substations near the load centre of 33 kV network should be initiated at the request of the concerned Discom but RVPN has not submitted any supporting documents in this regard. RVPN should submit the supporting documents in this regard.

25. In accordance with the Manual on Transmission Planning Criteria notified by CEA in January, 2013, the augmentation of transmission network and new transmission works shall be undertaken by the State Transmission Utility on the request of the beneficiaries of the transmission network. Further, the Commission, in its Order dated December 11, 2013, on

approval of Investment Plan for RVPN for FY 2013-14, directed RVPN to ensure that the transmission system should be planned optimally keeping in view the Manual on Transmission Planning Criteria notified by CEA in January, 2013 and concerns expressed by the stakeholders. The Petition filed by RVPN indicates that the proposed Investment Plan for FY 2014-15 is not on these lines as no supporting documents in this regard have been submitted.

26. In the capital cost ascertained/determined by the Commission, certain amount for connectivity has also been prescribed on per MW basis. RVPN has not submitted this amount and therefore this amount needs to be reduced from the investment made for the purpose.

27. RVPN has proposed investment of Rs. 10 Crore towards new schemes at 132 kV levels, which are yet to be identified. RVPN should not be allowed to make this investment.

28. RVPN has proposed capital investment towards carried over liabilities in the Investment Plan for FY 2014-15. In this regard, RVPN should submit the details of GSS-wise and Line-wise amount of carried over liabilities along with the year for which such liabilities pertain to.

29. For the scheme "Upgradation of existing 132 kV S/C Sikar-Laxmangarh-Fatepur-Ratangarh Line" RVPN has referred to the justification provided for "220/132 kV, 1x100 MVA GSS at Laxmangarh (upgradation)", and it is not clear as to how the first scheme becomes justified with second scheme. RVPN should submit more details in this regard.

30. RVPN has submitted that the Detailed Project Reports (DPRs) of EHV Schemes have been submitted to the Commission in accordance with RERC (Investment Approval) Regulations, 2006. In this regard, RVPN should submit the list of schemes for which the DPRs have been submitted to the Commission and the list of schemes approved by the Commission, along with the reference number of the correspondence. RVPN should also submit the observations made by the Commission on the DPRs submitted and compliance with the same.

31. The Commission, in its Order dated August 30, 2011 on approval of Investment Plan for FY 2011-12, directed RVPN to submit the justification for each scheme indicating the load flow study, cost benefit analysis, loss reduction and priority in execution of schemes along with the Investment Plan Petition in future. RVPN has not complied with this directive in its Petition for approval of Investment Plan for FY 2014-15.

32. The Commission, in its Order dated August 30, 2011 on approval of Investment Plan for FY 2011-12, directed the Petitioner to implement the Investment Plan in a manner that the incidence on retail tariff gets contained to feasible extent. RVPN should prioritize the schemes based on cost benefit analysis and system requirement and accordingly defer or reschedule the low priority schemes so as to achieve reasonable balance in the system reliability and transmission tariff.

33. On comparison of the investment plan approved by the Commission in the MYT Order for the Control Period FY 2009-10 to FY 2013-14 for RVPN, it is observed that RVPN's investments are more than that was approved in the MYT Order. This excess investment is creating unavoidable burden on the Discoms which, in turn, is partly passed on to the consumers and the balance is reflected as loss in their accounts. The maximum loads recorded on January 3, 2014 as against the installed capacity at various Grid Substations indicate underutilization of the same. RVPN should carry out detailed analysis and take corrective action regarding the planning of the transmission system and should use the unutilized capacity of the transformers to meet the proposed demand without further capacity addition.

RVPN's Response

34. RVPN submitted the physical target proposed during FY 2014-15 which are as under:

Sl. No.	Works	Unit	Target (Proposed in petition No. 437/14) for FY 2014-15
i.	Transmission:		
	-765 kV Lines	ckm	0.00
	-765 kV Substations	MVA	3000
	-765 kV Substations	Nos.	2
	- 400 kV Lines	ckm	980
	- 400 kV Substations	MVA	1260
	- 400 kV Substations	Nos.	1
	- 220 kV Lines	ckm	750
	- 220 kV Substations	MVA	920
	- 220kV Substations	Nos.	8
	- 132 kV Lines	ckm	425
	- 132 kV Substations	MVA	575
	- 132 kV Substations	Nos.	20
Ii	Augmentation	MVA	1500
Iii	Capacitor Banks	MVAR	150

35. RVPN submitted that it has prepared a programme for installing 358.38 MVAR capacitors, for which procurement process has been started. The targets for FY 2014-15 would be reviewed based on commencement of the supply of capacitors and actual field requirement.

36. The minutes of various TSPCC meetings have been submitted, wherein TSPCC has approved the various EHV schemes included in RVPN investment plan.

37. Details of Load, which are transferred from any existing GSS to newly proposed 132 kV GSS, along with the project report of all the new 132 kV schemes approved by BoD of RVPN are invariably sent to the Commission. Since, detailed project reports of EHV schemes are bulky, therefore, it is not possible to append copy of these project reports with investment plan petition. If any stakeholders desires to have a look at any specific project report, the same may be arranged by RVPN.

38. RVPN submitted that creation of new 132 kV GSS initiated are at the

request of concerned Discom. If any stakeholder desires to have copy of the request letter from Discom, the same can be provided by RVPN.

39. The planning of transmission system always commences on receipt of a proposal from the users, who can be a Generator, Distribution Company, Open Access consumer or a Bulk consumer. All such proposals are included and discussed in the respective project reports.

40. For power evacuation schemes relating to generating stations, connectivity charges @ Rs. 2 Lakh/MW are being recovered from developers of Solar and Wind Power. This is as per RERC Tariff Regulations, 2009.

41. As regards provision of Rs. 10 Crore for new 132 kV schemes, RVPN submitted that since investment plan petition was filed before the beginning of FY 2014-15, the new 132 kV schemes which are likely to be identified and approved thereafter cannot be included in the investment plan petition. Accordingly, a suitable provision for such new 132 kV schemes is made in the investment plan.

42. As regards carried over liabilities, RVPN submitted that the EHV GSS and lines, which are declared commissioned, are not included in the investment plan petition. However, always there are some Civil/Electrical/ Other development and petty works, which are to be completed after the declaration of commissioning. The provision made under the head "Carried over liabilities" is made to carry out such works as mentioned above.

43. In the Form-2 of the Investment plan petition, all the EHV works, viz., 765 kV, 400 kV, 220 kV, and 132 kV are indicated separately. The referred 132 kV S/C Sikar-Laxmangarh-Fatepur-Ratangarh Line included under "132kV scheme" is part of the 132 kV interconnection works associated with the scheme of 220 kV GSS at Laxmangarh, which has been indicated under the heading of "220kV Scheme".

44. As regards list of DPRs of EHV schemes submitted to the Commission, RVPN has submitted the list of Schemes along with reference letter by

which RVPN has submitted the DPRs. RVPN further submitted that no observations have been received from the Commission in respect of DPRs sent. As regards scheme-wise approval, the Commission has already made it clear in the Investment Plan Order for FY 2012-13 dated 25.10.2012, that "*the Commission would be exercising only prudent check on the investment of the licensee and allow/dis-allow expenditure based on such prudent check instead of according project/scheme-wise approvals*."

45. As regards load flow studies, RVPN submitted that load flow studies along with its analysis note for System Strengthening schemes and Power Evacuation schemes is included in respective project report submitted to the Commission. The loss reduction and cost benefit analysis of a scheme is also included in the project report, except for Power Evacuation schemes which is not required as per Regulation 51 of RERC (Investment Approval) Regulations. Further, the priority of a scheme being executed under System Strengthening scheme is decided as per the requirement of field conditions, whereas the works associated with Evacuation system is matched in such a way that the associated transmission system is available six months prior to the commissioning of the generator.

46. RVPN submitted that the stakeholder might have compared two sets of data, based on peaks being recorded on different dates and time. In other words, it is not necessary that all the GSS in Rajasthan would be recording their respective peaks at the time of occurrence of System Peak. Since, the time and date of occurrence of these peaks are different, hence, they cannot be compared, To understand whether the transformers installed at a GSS are properly utilized or not, the transformer loading on the day on which the GSS recorded its peak during the year is to be considered.

(5) Transmission Loss

Stakeholders' Comments/suggestions

47. Reduction in losses can be achieved by commissioning more number of 220 kV and 400 kV substations and hence, the 8 no. 220 kV substations

envisaged in FY 2013-14 should be completed on priority. The ratio of 132 kV substations to 220 kV substations in Andhra Pradesh is 2.66 (312/117) where the losses are less than 4% and in Rajasthan also, this ratio should be reduced from 4.04 (348/86) so as to bring down the losses below 4%.

48. RVPN should clarify that whether the schemes based on Cost Benefit Analysis relate to loss reduction. RVPN should also submit the expected loss level for FY 2013-14 as against the approved loss level of 4.2% and the target reduction in loss level with the proposed investment of Rs. 750 Crore in FY 2014-15.

RVPN's Response

49. As regards ratio of 132 kV stations to 220 kV stations in Rajasthan, RVPN submitted that in order to feed widely scattered and low density load especially in rural and semi urban areas, more 132 kV lines and 132 kV GSS are required vis-a-vis 220 kV network.

50. RVPN submitted that annual energy saving in MU per annum in respect of EHV schemes (wherever applicable) has been indicated in the Form-2 of the Investment Plan Petition. RVPN further submitted that the transmission losses would be reduced as per the limit prescribed by the Commission for FY 2014-15.

(6) Expenditure on Evacuation Schemes

Stakeholders' Comments/suggestions

51. In view of the proposed evacuation schemes for the upcoming generation projects in FY 2014-15, RVPN should submit the details of agreements with the Generating Companies along with the expected date of commissioning of the projects. RVPN should also submit if the agreements with such generating companies provide for Bank Guarantee (BG) similar to agreements of RVPN with solar and wind power generators.

52. RVPN should submit the status of Banswara Super Critical TPS. RVPN should also submit the status of agreement with RVUN/Generator for the proposed power evacuation scheme from the Banswara Super Critical TPS. In case the agreement is not executed, the TPS may lag behind the evacuation system and the system may not be put to use.

53. The Commission in its Order dated December 11, 2013 for approval of Investment Plan of RVPN for FY 2013-14, directed RVPN to review the position in respect of transformers and other items, which would remain unutilized because of 765 kV Lines being charged on 400 kV, to see whether their installation could be deferred/postponed. The Commission made such observations considering the fact that the super critical Units of Chhabra, Banswara and Suratgarh TPS were not coming in the near future. RVPN has not submitted any information in this regard. Although, the Commission has not given any approval for the works relating to 765 kV transformer's installation in its earlier Orders, but, RVPN, in its Petition has proposed investment towards 765 kV substations in FY 2014-15. The transformer has already been procured at Phagi for 765 kV GSS, which is not required currently since the system is being charged on 400 kV and capable of handling the evacuated power. This is a clear violation of Commission's directives and the Petitioner is unduly loading the IDC on the consumers.

54. The Commission, in its Order dated December 29, 2010 on approval of Investment Plan for FY 2010-11 for RVPN, observed that the RFQ for 2x660 MW Banswara Super Critical TPS are to be revised and only thereafter, the project activities would be initiated. RVPN should submit the present status of RFQ and coal linkage for Banswara Super Critical TPS. RVPN should also indicate reasons to advance the construction of 400 kV GSS Jodhpur and Chittorgarh which are part of Banswara SCTPS evacuation system along with load flow studies of these schemes.

55. In view of the facts stated below, the existing 400 kV system may cater the existing as well as the proposed power evacuation and hence, there is no need for developing 765 kV system during FY 2014-15.

56. RVPN has proposed the investment of Rs. 195 Crore for 765 kV schemes for evacuation system of Chhabra Super Critical TPS (2x660 MW) and Kalisindh Super Critical TPS (2x660 MW). As per the details furnished by RVPN, Kalisindh Unit 1 has already been synchronized on September 17, 2013 and the power is being evacuated on existing 400 kV transmission

system. Chhabra Super Critical TPS is not likely to be completed before FY 2017-18 and hence, the proposed expenditure should not be allowed for FY 2014-15.

57. Kawai TPS (2x660 MW) has been commissioned and power is being evacuated by 400 kV Kawai Anta Line commissioned on January 1, 2014 and hence, capital expenditure towards 765 kV substation at Anta for FY 2014-15 for power evacuation from Kawai TPS should not be approved.

58. RVPN has proposed the investment of Rs. 127 Crore for power evacuation scheme for Banswara Super Critical TPS (2x660 MW). The Order for Banswara STPS has not yet been placed by RVUN and hence, the capital expenditure towards this scheme should not be approved in FY 2014-15.

59. RVPN has proposed the investment of Rs. 138 Crore for power evacuation scheme for Suratgarh Super Critical TPS (660 MW). Suratgarh Super Critical TPS is not likely to be completed before FY 2017-18 and hence, the capital expenditure proposed in FY 2014-15 towards the same should not be allowed.

RVPN's Response

60. Transmission Service Agreement (TSA) is being executed with IPPs including (conventional and RE generation). Bank Guarantee is also taken from the generator, which is utilized as penalty for non-utilization of the transmission system. As on date, no TSA has been executed with State-owned generators.

61. As regards Banswara Super Critical TPS, RVPN submitted that there is a delay in commissioning of Banswara SCTPS, hence, the works of 400 kV lines from Banswara SCTPS to 400 kV Chittorgarh GSS and 400 kV Debari GSS have also not started. Further, 400 kV Jodhpur (New) GSS and 400 kV Chittorgarh GSS have been delinked from evacuation system as they are essential for meeting the load requirement of the area.

62. The completion of 765 GSS is presently far behind the commissioning schedules of the units at Kawai TPS and Kalisindh TPS and therefore, in

order to evacuate the generation, RVPN has made temporary arrangements at both 765 kV Phagi GSS and 765 kV Anta GSS. 400 kV link from Kawai to Bassi (PGCIL) has been temporarily connected by utilizing already constructed 400 kV and 765 kV circuit (Circuit-II) for evacuation of power from Kawai SCTPS (2*660 MW). Similarly 400 kV link from Kalisindh TPS to Bassi (PGCIL) has been temporarily connected by utilising already constructed 400 kV and 765 kV circuit (Circuit –I) for evacuation power from Kalisindh TPS. Further, on account of delay in commissioning of 765 kV GSS at Anta and Phagi, the available transmission system is not sufficient to meet a contingency and is rendering the system of Northern Region unstable as per the letters of POSOCO, NRLDC, PGCIL, etc.

63. RVPN submitted a technical justification note along with load flow studies for advancement of proposed 400 kV GSS at Jodhpur (New) and Chittorgarh. In respect of Banswara Thermal Power Project, RVPN submitted that RFQ shall be issued after the allotment of Coal Linkage/block.

64. As regards Chhabra TPS and Kalisindh TPS, RVPN submitted that the scheduled commissioning of 1*250 MW (Unit 3) at Chhabra TPS is in FY 2014-15, while the 2*600 MW at Kalisindh TPS are expected to be commissioned in April 2014 and June 2014, and 1*250 MW (Unit-4) at Chhabra is also expected to be commissioned in June 2014.

65. As regards Kawai TPS, RVPN submitted that presently, a temporary evacuation arrangement through 400 kV Kawai-Anta-Phagi-Bassi (PGCIL) line and 400 kV S/C Kawai-Chhabra TPS line has been made for evacuation of power from 2*600 MW Kawai TPS. The injection from Kawai TPS has been allowed subject to the condition that the IPP would back down the generation in case of outage of either of 400 kV S/C Chhabra TPS-Hindaun line or 400 kV S/C Chhabra TPS- Bhilwara line. This condition clearly indicates the inadequacy of the temporary arrangement on 400 kV voltage level under emergent conditions. As per direction of POSOCO/NLDC, due to constraint in transmission system, SPS has been installed at Kawai SCTPS and Chhabra TPS. Further, with 3020 MW at bar in FY 2014-15, the commissioning of 765 kV transmission system has

become inevitable.

66. As regards Banswara Super Critical TPS, RVPN submitted that power evacuation scheme included transmission lines directly emanating from generating project and onward transmission system to feed the anticipated load growth in the adjoining areas. Therefore, on account of delay in commissioning of units at Banswara SCTPS, the execution of works related to dedicated transmission system were deferred by RVPN subject to commissioning of Units at Banswara SCTPS. However, the onward transmission system, viz., 400 kV D/C Ajmer-Bhilwara-Chittorgarh with 400 kV GSS at Chittorgarh and 400 kV GSS at Jodhpur (New) with LILO of 400 kV S/C Jodhpur-Merta line, which were essentially required as per the load growth in the areas and system requirements, have been considered in the Investment Plan.

67. As regards investment proposed for Suratgarh Super Critical TPS, RVPN submitted that the execution of works related to dedicated transmission line, i.e., 400 kV D/C STPS-Bikaner line, was deferred by RVPN subject to commissioning of units at Suratgarh SCTPS. However, 400 kV GSS at Babai along with 400 kV D/C STPS-Babai line and 400kV S/C Bikaner-Merta line, which were essentially required as per the load growth in the areas and system requirements, have been considered in the Investment plan. Furthermore, 400 kV GSS at Babai along with 400 kV D/C STPS-Babai line would also improve system stability at Suratgarh TPS, reduce system losses and help to feed load of Jhunjhunu and Khetri areas and load growth in the adjoining areas. Furthermore, in the Suratgarh area, there is a possibility of simultaneous outage of number of transmission lines in foggy season and existing transmission system is not sufficient to meet "'N-1-1" contingency. Under this condition 400 kV D/C STPS-Babai line would be helpful for power transmission system.

(7) Evacuation/Transmission system for Renewable Energy Power Plants

Stakeholders' Comments/suggestions

68. RVPN should submit the proposed physical targets to be achieved in FY 2014-15. RVPN should claim depreciation only if the system is put to use. RVPN should submit the proposed physical targets in respect of

proposed investment of Rs. 150 Crore at Bhadla in respect of 220/132 kV and 132/33 kV transformers and associated equipment. RVPN should also submit the total line length of 400 kV Bhadla-Bikaner Line for which the total cost has been submitted as Rs. 426 Crore and physical target has been submitted as 360 km in FY 2014-15.

69. The Commission, in its Order dated October 25, 2012 on approval of Investment Plan for FY 2012-13, observed that the execution of evacuation schemes on the basis of assessment made by RREC might lead to idling of transmission capacity due to non completion of RE projects with resultant undue burden on the consumers and this needs to be avoided. RVPN proposed the investment of Rs. 55 Crore for construction of 20 No. 132/33 kV, 1 x 20/25 MVA capacity grid substation and 500 km of 132 kV D/C Line. RVPN has further submitted that the location of GSS has to be identified later in consultation with the field offices of RVPN/RREC. RVPN should submit how the load has been ascertained without identifying the location of GSS. The proposed investment of Rs. 55 Crore for evacuation from solar and wind power projects is not based on valid reasoning and should not be considered until the developer executes PPA with the Discoms, as going ahead based on the project approval by RREC is not justified.

70. The transmission lines constructed on the request of RREC or investor for the power evacuation from the new solar and wind projects may not be required for fulfilment of RPO by the distribution licensees. RVPN should undertake the projects only on specific request from the State distribution licensees.

71. The Discoms in Rajasthan have already met their RPO for FY 2013-14 with the existing transmission system and new transmission system is not required for FY 2014-15 for evacuation of RE power to the Discoms. The proposed schemes for power evacuation from RE projects for FY 2014-15 shall be utilized for exporting to other States and hence, either the capital expenditure of these projects should not be approved or should not be allowed in the ARR of RVPN. The Tariff may be decided separately for Rajasthan Discoms, if required.

RVPN's Response

72. As regards Transmission system for new Solar and Wind power plants in Jaisalmer, Barmer and Jodhpur Districts, RVPN submitted that it is expected that 220/132 kV, 1*160 MVA transformer and 132/33 kV, 1*40/50 MVA transformer shall be commissioned by RVPN at Bhadla during FY 2014-15. Further, 400 kV Bhadla-Bikaner line is also scheduled to be commissioned during FY 2014-15.

73. As regards Evacuation System for New Solar and Wind Power Projects, RVPN submitted that as on 31.3.2014, 692.5 MW Solar Power Projects are connected with the grid against the sanctioned capacity of 1374.12 MW. Remaining 681.62 MW Solar Power Projects are in the process of finalizing their agreements with either Discoms or NVVNL/SECI as per their categories. Further, 2746 MW of wind power project have been commissioned. There are evacuation constraints at 400/220 kV Akal GSS, 220/132 kV Amarsagar GSS, 132 kV PS-2 GSS, 132 kV PS-3 GSS, 132 kV Kolayat GSS, 220 kV Gajner GSS and 220 kV Pratapgarh GSS, either on account of inadequate transformer capacity at the GSS or on account of constraint in transmission lines. Due to over loading of 2*315 MVA, 400/220 kV transformers, third 1*315 MVA transformer was diverted from Chittorgarh to Akal kV GSS. Fourth 1*500 MVA 400/220 kV transformer is to be installed at 400 kV GSS Akal for evacuation of wind power projects to be commissioned during FY 2014-15. At new 220 kV Ramgarh GSS, since the approved transmission system is not yet commissioned, therefore, the connected Solar Power Projects are utilizing the evacuation system of Ramgarh GTPS and at 220 kV Bhadla GSS. The connected Solar PP are being evacuated by temporarily charging 220 kV D/C Bhadla-Bap line on 33 kV voltage level. Hence, the observation of stakeholders that additional transmission lines for evacuation of RE power is not required is without considering the ground reality.

74. Although, Rajasthan Discoms are of the view that the RPO for FY 2013-14 has already been met and no new- transmission system for 2014-15 is required but RE power injected into Rajasthan system would be totally utilized in Rajasthan only and then by displacement, Rajasthan Discom

would surrender their share in generating projects located outside the State. So, the transmission system is definitely required to evacuate the generation from Solar/wind power projects to the load centres of Rajasthan. Since, Rajasthan Discoms are actually using the solar/wind power and these transmission lines are used to feed their load centres, Rajasthan Discoms are required to pay transmission charges as decided by the Commission.

(8) Augmentation works

Stakeholders' Comments/suggestions

75. RVPN should submit the list of augmentation works indicating the present capacity of various transformers and the load thereon, additional capacity proposed to be installed and the expected additional load thereon in respect of augmentation of capacity of existing GSS and Lines.

RVPN's Response

76. RVPN has submitted the details of Augmentation Programme for FY 2013-14 along with the peak load details.

(9) Investment on shared generation projects

Stakeholders' Comments/suggestions

77. RVPN, in its Petition, has submitted that the investment towards shared generation projects would be made as per the Commission's directions. The Commission, in its Order dated December 11, 2013 on approval of Investment Plan of RVPN for FY 2013-14, had clearly given the reasons for not examining the Investment plan of shared generation projects and had clearly stated that such matter falls under the jurisdiction of CERC. It is not clear as to what directions RVPN seeks from the Commission in this regard. The interpretation of RVPN's submission is that the investment towards the shared generation projects would be made in spite of the fact that the Commission is not examining such investments.

RVPN's Response

78. As regards investment towards the shared generation projects, RVPN submitted that as per BBMB an amount of Rs. 26.25 Crore has been

worked-out as RVPN's share for capital works, based on the amount approved by Budget Sub-committee for FY 2014-15 in the meeting held on 03.01.2014 of partner States, keeping in view the past expenditure on capital works. RVPN has envisaged capital expenditure of Rs. 20 Crore for partnership projects. However, appropriate action in the matter as per the Commission's direction will be taken-up in due course of time.

(10) System Load

Stakeholders' Comments/suggestions

79. RVPN, in its reply to stakeholder's comments during the proceedings of approval of Investment Plan for FY 2013-14, submitted that the planning of evacuation system associated with a generating station is based on the total installed capacity of the generating station and hence, the capacity of 13000 MW was considered essential to cater to the expected installed capacity of 13724 MW in FY 2013-14. This contention of RVPN is not maintainable as the total load on the transmission network is based on the Plant Load Factor (PLF) and not on the total installed capacity. The PLF for coal based thermal generating stations is 80%, PLF for lignite fired thermal generating stations is 70% - 80%, and PLF for gas based thermal generating stations is 70%. The CUF of solar projects is 20% - 22%. The PLF of Giral TPS is less than 40% and Ramgarh Gas Power Station has been facing fuel problems. Hence, planning the transmission system on connected load/installed capacity is not justified.

80. RVPN has submitted the peak demand recorded up to January, 2014 as 9936 MW while the Discoms have submitted the same as 9500 MW. The projections made by the Petitioner are on the higher side. With the escalation rate of 9.75% as considered by the Commission, the estimated peak demand at the end of FY 2016-17 would be 12558 MW as against the estimated peak demand of 13886 MW by RVPN. Chhabra STPS and Suratgarh STPS would be operational only after FY 2017-18 and in such circumstances, the proposed Investment Plan is on a much higher side and has to be disallowed to a great extent.

81. In respect of peak demand of 9936 MW, RVPN should submit the date and time on which this peak demand has been recorded, peak

demand at each delivery point of each Discom at that time, the peak demand of four block hours prior to and one block hour after the stated peak demand and the same details regarding the second highest peak demand recorded.

82. RVPN, during the proceedings of approval of Investment Plan for FY 2012-13, submitted the anticipated demand for FY 2016-17 as 16000 MW considering the supply to agricultural consumers in 2 blocks. RVPN, in its Petition for approval of Investment Plan for FY 2014-15, has submitted the anticipated demand for FY 2016-17 as 13886 MW, which means that the works undertaken with the anticipated demand of 16000 MW for FY 2016-17 are in excess. RVPN should submit the justification for the same.

83. The Commission, in its Order dated October 25, 2012 on approval of Investment Plan for FY 2012-13, held that the works to be included in the Investment Plan need to be based on realistic peak demand. The Investment Plan was proposed for 13000 MW by RVPN for FY 2013-14 while the actual peak demand recorded during FY 2013-14 was only 10038 MW. The expected generation capacity addition during FY 2014-15 is 1200 MW from Kalisindh Super Critical TPS and hence, there is no requirement of transmission capacity addition which has already been designed for 13000 MW. RVPN has not submitted the expected demand in FY 2014-15 and the actual demand registered for FY 2013-14 in the absence of which, the proposed works for FY 2014-15 could not be justified. The proposed Investment Plan does not indicate the current transmission capacity, generation capacity addition in FY 2014-15 and proposed addition in transmission system capacity. RVPN should not be allowed investment for new works/system improvement schemes.

RVPN's Response

84. As regards planning of the Transmission system, RPVN submitted that the planning transmission system is not based on Energy (IC*PLF*Hours) available from the generators but on the installed capacity of the generators. As generator can operate on 100%, 70% or 20% PLF, the total installed capacity of generator is considered to optimally plan the evacuation system.

85. As regards details asked by the stakeholder, RVPN submitted the date and time on which peak demand has been recorded, peak demand at each delivery point of each Discom at that time, the peak demand of four block hours prior to and one block hour after the stated peak demand and the same details regarding the second highest peak demand recorded.

86. The transmission system proposed for Composite Power Evacuation System of Chhabra Super Critical TPS (2*660MW) and Kalisindh TPS (2*600 MW) was based on conditions corresponding to FY 2013-14 for total system load of 13000 MW. Further, for 16000 MW load, the additional proposed system was 765 kV S/C Dahra (pooling S/S)- Alwar line along with augmentation at Dahra, which has not been approved so far. The load flow studies for composite evacuation system was carried out for FY 2013-14 for a total system load of 13000 MW and accordingly transmission system was included in the investment Plan approval.

87. RVPN submitted that in FY 2013-14, the installed capacity of generation was 13724 MW, therefore, the load of 13000 MW was essential to maintain the required load-generation balance as per the load flow studies. This load of 13000 MW was not as per CEA's 18th EPS but through load flow studies.

(11) Means of finance for the proposed investment for FY 2014-15

Stakeholders' Comments/suggestions

88. In the resources for proposed investment for FY 2014-15, the State Government Equity is shown as Rs. 490 Crore, which is 20% of the proposed investment, while the Equity should have been 30% of the total investment, which works out to Rs. 735 Crore. RVPN should take up this issue with the State Government so as to reduce the interest burden on loans.

89. RVPN should submit the supporting documents for the equity contribution of Rs. 430 Crore out of the proposed investment of Rs. 2150 Crore for FY 2014-15.

RVPN's Response

90. As regards enhancement of equity from 20% to 30%, RVPN submitted that the matter has already been taken up with the State Government and also discussed at the level of Secretary (Finance). The State Government however has not agreed to allow 30% equity.

(12) Competitive Bidding

Stakeholders' Comments/suggestions

91. The Commission, in its Order dated December 11, 2013 on approval of Investment Plan for FY 2013-14, has dealt with the issue of competitive bidding for transmission projects. RVPN, in its reply, has submitted that the Commission has to issue guidelines to adopt the competitive bidding process. However, the above stated Commission's Order has elaborated on the implementation of transmission projects in the other States under competitive bidding route. Also, the State Government of Rajasthan has constituted a State Level Empowered Committee to identify the projects to be developed through private sector participation. The State Government has also constituted Bid Process Coordinator (BPC) for this purpose. It is also envisaged that projects costing less than Rs 200 Crore may be implemented through Regulated Tariff Mechanism. RVPN should take up such schemes to the Commission for implementation through competitive bidding route.

RVPN's Response

92. RVPN has submitted the relevant information on PPP based Transmission Projects.

(13) Energy Assessment

Stakeholders' Comments/suggestions

93. The Energy Department, Government of Rajasthan, vide its Order dated October 19, 2010 constituted an Energy Assessment Committee in pursuance to Clause 3.3 of RERC (Power Purchase & Procurement Process of Distribution Licensee) Regulations, 2004 for annual assessment of availability and demand, and finalization of unrestricted maximum demand and energy requirement for each Discom for the following 12

months and for following 5 years. It has also been mentioned in the above said Order that this Committee shall recommend the additional generation and power purchase or their curtailment. RVPN should submit the supporting documents for the latest assessment of the said Committee.

RVPN's Response

94. RVPN has submitted the minutes of Energy Assessment Committee meeting dated 29.01.2014.

(14) Transmission Tariff

Stakeholders' Comments/suggestions

95. Among the States of Andhra Pradesh, Madhya Pradesh and Rajasthan, which are comparable in reference to transmission network and installed generation capacity, the transmission tariff of Rajasthan is higher, which is considerably affecting the Discoms of the State. RVPN should consider this aspect.

RVPN's Response

96. Rajasthan is the largest State with very low load density (2.49 MW/100 Sq. Km) and the low load is highly scattered, which requires laying of long 132 kV transmission network instead of 33 kV network. Secondly, the industrial load pockets in the Rajasthan are also scattered and far away from generating stations. Thirdly, central sector allocation to MP and AP are comparatively more from the plants located in those States, while for Rajasthan, allocation from central sector projects are more from projects located outside the State, thus, leading to additional transmission burden. Following are some of the other reasons for higher transmission charges in Rajasthan:

    i). The liability of Pensionery benefit of all companies vests with RVPN
    ii). Higher interest burden
    iii). Lesser Govt. support

(15) Other Issues

97. RVPN should submit the list of all EHV Lines and GSS with details of maximum and minimum load occurred thereon during FY 2013-14.

98. RVPN should submit the power map showing the existing EHV Lines and GSS, proposed Lines and GSS in the Investment Plan for FY 2014-15 and the Lines and GSS under execution under the previously approved Investment Plans.

99. RVPN should submit the latest Pragati Prativedan for FY 2013-14.

RVPN's Response

100. RVPN submitted the GSS wise peak load, Power map and Pragati Prativedan of FY 2013-14.

C. <u>Truing-up FY 2011-12 and FY 2012-13</u>

(16) O&M expenses

<u>Stakeholders' Suggestions/Comments</u>

101. There is an increase of 62% and 98% in O&M expenses provided by the Petitioner over and above the amount approved in Tariff Order for FY 2011-12 and FY 2012-13, respectively. They requested the Commission to verify the submission of the Petitioner regarding O&M expenses as it will impact the ARR of Distribution utilities of Rajasthan and subsequently, the consumers of the State.

102. As O&M expenses are controllable, so treatment for FY 2011-12 and FY 2012-13 should be done as per Clause 10(2) of MYT Regulations, 2009.

103. The Petitioner should submit the computation for normative O&M expenses and a comparison with actual O&M expenses for FY 2011-12.

104. Figures of employee expenses for FY 2011-12 in Table-1 of Page 16 of ARR Petition, are not matching with the Audited Accounts, so the petitioner should submit the basis of same.

105. True-up should be based on actual cost not on provisions. Provision for terminal benefit of Rs. 358.52 Crore and Rs. 473.62 Crore under Employee Benefit Schedule-28 of Audited Accounts for FY 2011-12 and FY 2012-13, respectively, is on higher side.

<u>RVPN's Response</u>

106. RVPN submitted that the norms for O&M expenses specified under RERC Tariff Regulations, 2009 cover expenses towards (i) Repair & Maintenance; (ii) Employee expenses; and (iii) Administrative & General Expenses. The norms prescribed for O&M expenses under RERC Tariff Regulations, 2009 are based on assets like ckt-km length of Transmission lines, Sub-Station's MVA, and number of feeder bays. The actual O&M expenses were higher than the norms prescribed under RERC Tariff Regulations, 2009 mainly because the norms do not fully cover the terminal benefit provisioning for AS-15 under employee cost. The increase in employee expenses was due to mandatory provision to be made for terminal benefits under AS-15 after FY 2007-08, which is beyond the control of licensee, therefore, the Commission is requested to allow the actual expenses as per Audited Annual Accounts for FY 2011-12. Further it is submitted that a review petition for review of O&M charges, viz., *"Petition seeking revision of norms for O&M expenses specified under Regulation 98 read with Regulation 25 of RERC Tariff Regulations 2009 under Regulation 133 of the Rajasthan Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations 2009" has been filed*. The Commission on June 25, 2013 decided that it would give due consideration to these while finalizing the next MYT Regulations to be effective from FY 2014-15. The Commission has revised the O&M charges per ckt-km, MVA capacity and Bays in the recent RERC Tariff Regulations, 2014 for the MYT Control Period from FY 2014-15 to FY 2018-19 notified on 24.02.2014. However, it is felt that the same are still inadequate.

107. As regards the computation of normative O&M expenses and a comparison with actual O&M expenses for FY 2011-12, the Petitioner in Form 2.1 has submitted calculation of O&M Expenses as per norm laid

down by the Commission in Tariff Regulations, 2009 and also actual expenses.

108. RVPN further submitted that the employee expenses shown in Table-1 Page 16 of the Petition as Rs.1000.46 Crore includes Rs. 380 Crore towards additional contribution towards Pension & Gratuity as well as Rs. 313.03 Crore towards provisioning for AS-15, therefore, the actual amount for O&M expenses is Rs. 307.429 Crore, only.

(17) Depreciation

Stakeholders' Suggestions/Comments

109. As per Schedule-12 of Audited Accounts for FY 2011-12, the total depreciation charged is Rs 256.91 Crore whereas as per the Petition for three businesses, i.e., Transmission function, SLDC and Partnership Generation, it works out to Rs 258.70 (252.644+0.40+5.665). In FY 2012-13, depreciation claimed in the Petition and that appearing in the Audited Accounts of FY 2012-13 is also different. The Petitioner should clarify the variances.

110. The Petitioner should clarify whether the Gross Fixed Assets as shown in the Schedule 12 of Audited Accounts for FY 2011-12 and FY 2012-13 are inclusive of Gross Fixed Assets of Shared Generation Projects or not.

111. The Petitioner should also clarify whether the cost of burnt/damaged transformers has been reduced from Gross Fixed Assets of FY 2011-12 and FY 2012-13.

RVPN's Response

112. RVPN submitted that:

a. The amount of Rs. 258.70 Crore includes prior period expenditure of Rs. 1.80 Crore and net depreciation is Rs. 256.91 Crore
b. The gross assets shown in schedule -12 of Audited Accounts for FY 2011-12 are inclusive of assets of shared projects.
c. Generally, the failed transformers are repaired after

examination & Testing and put to use at other GSS as and when required.

113. RVPN submitted that the calculation of depreciation for FY 2011-12 has been done on straight line method at the rates/useful life notified by the Forum of Regulators on 23.06.2006 in pursuance to Para 5.3(c) of the Tariff Policy issued by the Ministry of Power, GOI on 06.01.2006 except in case of Partnership projects. This is lower than the rate specified in the present RERC Regulations. Thus, RVPN has charged lower amount of depreciation resulting in lower transmission charges. RVPN is not claiming depreciation on assets whose 90% cost has been recovered from the depreciation. From FY 2014-15, it will compute the depreciation as per RERC Tariff Regulations, 2014 and will charge higher depreciation for first 12 years.

(18) Additional contribution towards Gratuity and Pension

Stakeholders' Suggestions/Comments

114. The Petitioner should provide the details of actual contribution to Pension and Gratuity fund trust other than Rs 380 Crore and Rs. 425 Crore approved by the Commission for FY 2011-12 and FY 2012-13 with documentary proof.

RVPN's Response

115. RVPN submitted that the amount has been paid to the trust in full and it is making regular payments as per rules.

(19) Interest and Finance Charges

Stakeholders' Suggestions/Comments

116. The increase in interest and finance charges for FY 2011-12 and FY 2012-13 is because of old outstanding recoverable from Ajmer Discom and GOR subsidy amount. Therefore, the interest on any outstanding should be recovered along with outstanding amount from the concerned agencies. This burden cannot be allowed to be passed on to the Discoms and in turn to the consumers. Therefore, the Petitioner needs to indicate the efforts made to recover the dues from Ajmer Discom and the State Govt.

117. For FY 2011-12 and FY 2012-13:

a. No interest on any short-term loan other than working capital should be allowed.
b. No interest on account of outstanding with Ajmer Discom and GoR would be admissible.
c. No interest on advances to SPV companies should be allowed.

RVPN's Response

118. The increases in interest and finance charges are on account of additional borrowings for meeting debt-service obligations because of old outstanding receivables of Ajmer Discoms and GoR subsidy amount and increase in investment plan. The matter is regularly being taken up with AVVNL authorities. The matter has also been taken up with the State Government to release deferred subvention receivables. The Finance Department, Govt. of Rajasthan has principally agreed to release the amount in four equal instalments per year commencing from FY 2014-15 in the shape of equity but RVPNL has requested to release the amount in the shape of subvention/ subsidy due to accounting complication. Thus, the matter has already been taken up with AVVNL authorities and State Govt. Pursuance is being made regularly to settle the outstanding dues. The copies of correspondence have already been submitted.

119. RVPN submitted that:

a. Interest on short-term loan has been shown in working capital interest.
b. RVPN has not charged any interest on account of outstanding of Ajmer Discom and GoR.
c. It has not charged any interest on advances to SPV.

(20) Interest on Working Capital

Stakeholders' Suggestions/Comments

120. Interest on working capital claimed is more than double than that approved by the Commission in its Tariff Order for FY 2011-12.

121. The Petitioner is capitalising the inventory/spares required for O&M purposes. Thus, capital cost of the works is increased to that extent and this cost is considered for loan requirement. This increases the interest and depreciation. Further, in working capital, 15% of O&M expenses towards Maintenance Spares is also taken. The Commission is requested to disallow the component of Maintenance Spares, which is 15% of O&M while determining working capital requirement.

RVPN's Response

122. Actual interest on working capital requirement is Rs. 74.357 Crore against Rs. 34.780 Crores as per norms allowed in RERC Tariff Order dated 23.12.2011. The increase in working capital interest was also due to increased O&M expenses and non-timely payment by Discoms. In order to meet out the expenditure, due to non-payment the Petitioner has to resort to short-term borrowings, which further increases the interest cost. Further, the increase in working capital requirement is also due to increase in O&M expenses, provisioning due to AS-15.

(21) Recovery of Transmission Charges

Stakeholders' Suggestions/Comments

123. The Petitioner has recovered additional net transmission charges of Rs 259 Crore from Discoms against the net transmission charges of Rs 1661 Crore approved in the Tariff Order for FY 2012-13, without prior approval of the Commission. The Petitioner may explain the same.

124. Income from Open access has been shown as Rs. 102.30 Cr against Rs 1.14 Cr approved in the Tariff Order for FY 2012-13. Probably, the income was not correctly assessed while filing the Petition for Long-Term Open Access consumers.

RVPN's Response

125. RVPN submitted that it has raised the bills as per the Para no. 305 of the Tariff Order for FY 2013-14 dated 10.01.2013.

126. RVPN submitted that income from Open Access of Rs 102.30 Crore for FY 2012-13 is as per books of accounts. These charges were based on estimate only, but billed on actual.

(22) Incentive

Stakeholders' Suggestions/Comments

127. The Petitioner should submit the Standards of Performance for FY 2011-12 to claim amount of incentive from the Discoms. However, from the Standards of Performance given for FY 2012-13, it is observed that the performance had been sub-standard, though the availability has been higher than target.

RVPN's Response

128. The standards of performance was attached at Annexure-H to the Petition. As regards Voltage Variation Index, RVPN submitted that the voltage variation in the 400 kV / 220 kV systems cannot be controlled as these levels are connected to the Regional Grid. As a result, the voltage variation in the 132 kV System cannot be controlled, which causes further variation at 33 kV / 11 kV level also. As regards Current imbalance, this is due to the loading pattern particularly when single phasing is resorted to.

129. As per RERC Tariff Regulations, 2009 incentive is based on system availability only. The amount has already been billed.

(23) Transmission Losses

Stakeholders' Suggestions/Comments

130. The Petitioner should submit the actual transmission losses for FY 2012-13.

RVPN's Response

131. The transmission losses for FY 12-13 have been shown on provisional basis because the verified energy data from Discoms has not been received.

(24) Burnt Transformers

Stakeholders' Suggestions/Comments

132. The Petitioner should provide the details of number of transformers burnt and damaged with MVA capacity of each transformer and their voltage ratio as well, depreciation cost of such transformers, details of new transformer replaced with burnt one, name of GSS at which such transformer exists and whether the claim of such incident has been filed and recovered from the concerned insurance company, for FY 2011-12 and FY 2012-13.

RVPN's Response

133. RVPN submitted the details of burnt transformers for FY 2011-12 and FY 2012-13. However, the other details can be finalized only after the transformer is either repaired or auctioned. No Insurance cover has been taken for transformers and therefore, no claim has been filed.

(25) SLDC Charges

Stakeholders' Suggestions/Comments

134. The Petitioner should provide the details of charges paid to NLDC and other agencies with copies of relevant documents. Further, CERC must have done True-up of RLDC/NLDC for FY 2011-12 and FY 2012-13. The Petitioner may provide the reference of such True-ups and also inform if any debit/credit has been received on such account and if so, whether the same has been adjusted in the present True-ups Petition.

RVPN's Response

135. The Charges to NLDC are paid monthly against bills received and the annual charges are shown at Schedule- 26 of the Audited Accounts for FY 2011-12 and FY 2012-13. Truing up is done by CERC and necessary adjustments are made by NLDC.

(26) Partnership Generation Projects

Stakeholders' Suggestions/Comments

136. The Petitioner has not submitted any information about actual expenditure of the agency operating partnership projects, which should be provided for FY 2011-12 and FY 2012-13.

RVPN's Response

137. RVPN submitted the copies of the annual summary of Receipt and Expenditure for FY 2011-12 and FY 2012-13.

D. ARR for FY 2014-15

(27) Regulatory Asset

Stakeholders' Suggestions/Comments

138. The Petitioner in its Tariff Petition for FY 2014-15 has requested for the creation of regulatory assets to carry forward the losses of around Rs.1629.21 Crore of the transmission utility as on 31 March, 2013 and has requested to liquidate the above mentioned amount in ten instalments. The Commission should not to allow the creation of Regulatory assets and its liquidation as it will burden the State Discoms in terms of transmission tariff and subsequently impact the consumers of the State.

139. No carry forward of accumulated losses should be allowed for amounts that have been previously disallowed by the Commission.

140. Terminal benefit liability up to 20.7.2000 has already been provided fully. Pending liability as reflected in actuarial valuation of 03.01.2011 was Rs. 3150.71 Crore – Rs. 1270.49 Crore = Rs. 1880.22 Crore (vide order dated 23.12. 2011), out of which, Rs. 1578 Crore have already been provided and balance is Rs. 302 Crore. Thus, loss of Rs.1634 Crore cannot be on this account. Further, it cannot be due to total losses since as per truing up already carried out up to FY 2010-11 (vide orders dated 23. 12.2011 and 10.1. 2013) and truing up particulars as per FY 2010-11 petition, there was no loss to the Petitioner. Thus, creation of regulatory assets does not appear to be appropriate.

RVPN's Response

141. RVPN submitted that the Annual Audited Accounts of RVPN had been prepared on no loss no profit basis upto FY 2007-08. The additional contribution as allowed by the Commission has been paid to the Pension and Gratuity Trust every year. After considering the Trust Assets, the provisions (as per AS-15) have been created for the net obligations towards pension, gratuity and leave encashment liability on the basis of actuarial valuation reports of RVPN as well as towards the liability of RVPN for active employees of other successor Companies as on 19.7.2000 as notified in the Transfer Scheme. The creation of provisions for terminal benefits (as per AS-15) during the period FY 2008-09 to FY 2012-13 mainly caused accumulation of losses amounting to Rs. 1629.21 Crore upto 31.3.2013. To bridge this gap, it has requested in ARR for creation of regulatory assets for carry forward loss of Rs. 1629.21 Crore and liquidating the same in ten equal yearly instalments in ARR commencing from FY 2014-15.

(28) O&M expenses

Stakeholders' Suggestions/Comments

142. In Form 2, details of length of lines, MVA capacities and number of bays for FY 2013-14 has been submitted on estimation basis. The Petitioner should provide the actual figures for FY 2013-14.

143. There is an increase of 32% in O&M expenses projected by the Petitioner over revised estimates for FY 2013-14. They requested the Commission to verify the submission of the Petitioner regarding O&M expenses as it will impact the ARR of Distribution utilities of Rajasthan and subsequently the consumers of the State.

144. As regards the Petitioner's claim that normative O&M charges as per Regulations do not include the O&M for 33 kV and 11 kV bays, stakeholders submitted that the Petitioner should justify the difficulties in running the system with normative O&M charges as per Regulations and put forth the extra demand.

RVPN's Response

145. RVPN submitted that the information given in Form 2, viz., details of length of lines, MVA capacities and number of bays for FY 2013-14 is on actual basis only. The information for FY 2014-15 is based on anticipated addition only.

(29) Depreciation

Stakeholders' Suggestions/Comments

146. The Petitioner has been avoiding segregation of assets into those which have completed 12 years and those which have not completed 12 year life as on 31st March of the year. Therefore, it is requested to the Commission that deduction of 20% be made till such details are provided.

RVPN's Response

147. RVPN submitted that from FY 2014-15, it will calculate the depreciation as per the RERC Tariff Regulations, 2014, based on higher depreciation during first 12 years and lower depreciation for remaining useful life. For assets added before FY 2014-15 the depreciation is being calculated at a lower rate than that notified in Regulations 2014. Further, depreciation is claimed up to 90% value of the assets.

(30) Additional contribution towards Gratuity and Pension

Stakeholders' Suggestions/Comments

148. The petitioner should clarify whether there is no requirement for Pension and Gratuity as amount for Pension and Gratuity during FY 2014-15 has been shown as zero in the ARR Petition.

RVPN's Response

149. RVPN submitted that presently it does not anticipate any claim towards additional contribution to Pension and Gratuity and therefore, has considered the same as Nil in the Petition for FY 2014-15.

(31) Interest and Finance Charges

Stakeholders' Suggestions/Comments

150. Stakeholders submitted that:-
    a. The Petitioner should provide the details of long-term and short-term loans (other than working capital).
    b. No interest on any short-term loans should be allowed to the Petitioner.
    c. No interest on advances to SPV companies should be allowed.
    d. No interest on additional borrowings because of old outstanding recoverable from Ajmer Discom and GOR subsidy amount should be allowed.
    e. No interest on loan obtained for meeting the Revenue gap should be allowed.

RVPN's Response

151. RVPN submitted that:
    a. Details of long-term and short-term loans are submitted to the Commission.
    b. Interest on short-term loan has been shown in working capital
    c. It has not charged any interest on advances to SPV.
    d. It has not charged any interest due to old outstanding of GOR
    e. It has not charged any interest on the outstanding amount.

(32) Interest on Working Capital

Stakeholders' Suggestions/Comments

152. Interest on working capital should be allowed on normative basis only. While calculating working capital, the component of 15% of O&M expenses for Maintenance Spares may not be considered.

RVPN's Response

153. RVPN submitted that the inventory in stores is kept as capitalized and as and when transferred for use as spare, the booking is changed in proper head. Further, the spares inventory lying at various GSS are not capitalized. Hence, the Petitioner should be allowed to include in working capital

requirement, 15% of O&M expenses for maintenance spares as per norms.

(33) Return on Equity

Stakeholders' Suggestions/Comments

154. As per the Financial Restructuring Plan, 2005 approved by GoR (reviewed during November/December 2012), the Discoms are expected to achieve financial break even after FY 2016-17. Hence, the Commission should disallow any RoE claimed by the Petitioner until the entire sector achieves break even, i.e., post FY2016-17.

155. Earlier, the Petitioner has been stating that it is not claiming RoE as per direction of GoR. The Petitioner may clarify if it has any direction from GoR in this regard.

RVPN's Response

156. It has not claimed Return on Equity (RoE) for earlier financial years. As per RERC Tariff Regulations, 2014, the Petitioner can claim RoE @ 15.5%, however, in the ARR Petition, it has claimed Return on Equity @ 5% only for FY 2014-15.

(34) Other Expenses

Stakeholders' Suggestions/Comments

157. Details of other expenses may be provided. The Commission may allow 50% of other expenses as allowed in the previous ARR Order.

RVPN's Response

158. RVPN submitted that the other expenses are based on assumptions only and detailed break up is not possible at this stage. The same will be reflected in truing up.

(35) Recovery of Transmission Charges

Stakeholders' Suggestions/Comments

159. In order to encourage development of solar power projects in Rajasthan,

the Commission may consider the following request:

a. Full exemption of Transmission Charges and losses for the solar projects commissioned up to 30.6.2017 as per CERC Regulations
b. Rationalization of transmission charges based on total energy transmitted in the system (Conventional + Non-Conventional) instead on per MW basis for the solar projects commissioned after 30.06.2017.

160. To fulfil the dream of our government for 25000 MW in next five years and for energy independence the only way is to set up solar projects under open access scheme and Rajasthan is most suitable location in India for establishment of solar plants. Rajasthan would be benefited greatly if huge investment is injected in the State. The Commission may therefore consider to wave the transmission charges completely on solar projects.

<u>RVPN's Response</u>

161. RVPN submitted that it is in the purview of the Commission only to specify type of charges to be levied on renewable energy generators. However, in case any benefit is allowed, as prayed for, it will result in additional financial burden on the end consumers.

(36) Connectivity Charges

<u>Stakeholders' Suggestions/Comments</u>

162. The Commission may disallow the proposal of the Petitioner for connectivity charges of Rs. 76.75 Crore, which is in addition to Rs.713.34 Crore of O&M expenses projected for FY 2014-15, as it impacts the ARR of Discoms and subsequently burdens the already financially weak distribution companies of the State.

<u>RVPN's Response</u>

163. RVPN submitted that Regulation 65(c) of RERC Tariff Regulation, 2014 dealing with O&M expenses does not specify any O&M expenses for the feeder bays of 33 kV and 11 kV being maintained by RVPN for Discoms. The number of bays at these voltage levels are constantly increasing

based on the demand of customers / energy producers. Thus, the full O&M charges are not being accounted for in the ARR and Tariff Petition, whereas considerable expenditure is being incurred for O&M of 33 KV and 11 kV bays at various Grid Sub stations. For the operation and maintenance of these feeder bays along with switchgear & other components, it has to incur additional expenses.

(37) Transmission Losses

Stakeholders' Suggestions/Comments

164. The Petitioner should submit the transmission loss reduction target and measures proposed to strengthen transmission system for the MYT Control Period starting from FY 2014-15 to FY 2018-19.

165. The losses submitted in the ARR petition in Table 30 from FY 2009-10 to FY 2013-14 are reduced in a year and increase in subsequent year. Increase in losses shows poor cost benefit ratio in respect of Investment made for augmentation of transformers capacity and strengthening of transmission system. The petitioner may provide justification in this respect.

RVPN's Response

166. RVPN submitted that in order to strengthen the transmission system as per the emerging load, new lines/GSS are planned, which further helps in keeping the loss within limits.

167. The factors attributed for increase in actual transmission loss in RVPN InSTS are summarized below:-

a) The load pattern indicates that consumption pattern of energy in Rajasthan has changed and more energy during peak hours is being consumed due to higher urbanization.
b) The loading on transmission lines created for Wind and Solar Generating Units is not constant and generally lightly loaded except during full generation periods.
c) The share of power from wind and renewable sources in Rajasthan in the total power has increased resulting into higher losses.

(38) Projection of Peak Demand and Energy Requirement

Stakeholders' Suggestions/Comments

168. The actual peak recorded has always been lower than proposed by the Petitioner for determination of tariff. It is in the range of 83% to 93% of the proposal. Thus if actual peak is taken the tariff admissible to the petitioner would be higher, whereas, it is lower on the basis of projections. Due to this, recovery from Long Term Open Access Consumer remains lower. Therefore, this should be taken care of, while deciding tariff for FY 2014-15 in Rs/ KW/Month. It is further submitted that the energy requirement of Discoms is different than the Petitioner's projected energy requirement, therefore, it is requested to the Commission to consider the difference in requirement of the Petitioner and Discoms projections, while working out energy charges in paisa/unit for Short Term Open Access Consumers.

169. The petitioner should submit the Transmission Service Agreement (TSA) signed with Discoms and also the details of TSA's signed with Long-term Open Access consumers as the expected total power shown to be transmitted as 11442.42 MW appears on higher side.

170. The Petitioner should clarify the method of assessment of contract demand if TSA has not been executed with the Discoms.

171. The Petitioner should submit break-up of energy flow due to Long-term Open Access consumers and Short-term Open Access consumers.

RVPN's Response

172. The peak demand and energy requirement has been taken from the data supplied by the Discoms.

173. RVPN has submitted the necessary details.

(39) Proposal for recovery of Open Access Charges

Stakeholders' Suggestions/Comments

174. The Petitioner should submit actual revenue from Short Term open access consumers and Long Term Open Access Consumers separately for FY 2012-13 and FY 2013-14 and revenue projected for FY 2014-15.

RVPN's Response

175. RVPN submitted the bifurcation of revenue from LTOA and STOA consumers for FY 2012-13 and FY 2013-14.

(40) Compliance to directives

Stakeholders' Suggestions/Comments

176. Petitioner should submit a copy of latest communications regarding settlement of outstanding dues with AVVNL and GoR,

177. Petitioner should submit a copy of draft Agreement regarding TSA between the Petitioner and Discoms.

178. Petitioner should submit a clarification regarding claiming of incentive only from the Discoms and not from Long-term Open Access consumers.

179. The details of Long-term Open Access consumers should be provided along with the sample copy of TSA signed.

RVPN's Response

180. RVPN submitted that:
    a. The compliance to the directives has been submitted to the Commission in reply to data gaps.
    b. The TSA between RVPN and Discoms is under the process of finalization.
    c. Incentive from LTOA is being claimed. The incentive is based on system availability.

d. RVPN submitted the details of Long-term Open Access consumers along with the capacities contracted.

(41) Burnt/Damaged Transformers

Stakeholders' Suggestions/Comments

181. The Petitioner should provide the loss incurred due to transformer failure of 400kV in Jodhpur. The Petitioner should also submit the technical report of failure and measures taken to stop such incidents in future.

RVPN's Response

182. RVPN submitted that:

a. The protection system of RVPN has been upgraded by providing numerical relays to minimize the failure of equipments.
b. Operation and maintenance manual is made available with all the In-charge of GSS for the purpose of maintaining the equipments installed at their Grid Sub Stations.
c. A Safety Manual has been made available at the Grid Sub Stations for follow up by the engineers and technical staff to minimize the probability of accidents and hazards. The field officers have regularly been advised for following the guidelines given in the Safety Manual.
d. A scheduled maintenance programme in respect of transformers, circuit breakers and other equipments is being done to restrict failure of equipment.
e. The regular training to the engineers is given in house as well as at other training centres.

(42) Protection Wing

Stakeholders' Suggestions/Comments

183. The Petitioner should provide details of work done to empower protection wing.

RVPN's Response

184. RVPN submitted that vide Order No. P.4 (7)Urja/2011 dated 25.08.2011, Govt. of Rajasthan had specified norms for creation of new Sub-divisions, Divisions and Circles in protection wing as under:

> One new Sub-division shall be created after addition of 15 Nos. new Grid Sub Stations and one Division after addition of 45 Nos. new Grid Sub Stations, which will restrict the extra burden of Protection on Sub – division / Division.

185. Training is also given to engineers in-house and outside to update their knowhow with the latest development in technology.

(43) ISO 9000

Stakeholders' Suggestions/Comments

186. The Petitioner should provide the details of cost incurred in getting ISO 9000 certification and benefits realised due to it.

RVPN's Response

187. RVPN submitted that it has incurred an expenditure of Rs. 10 Lakh during 2005 to 2014 on consultant's fees and certifying body etc. It has mainly benefitted in terms of proper documentation, Standardization and quality management as per ISO 9001.

(44) Network Access charge

Stakeholders' Suggestions/Comments

188. The Petitioner has proposed to recover Network Access charges from Discoms based on fixed monthly charges as provided in Regulation 66(1)(a) on the basis of % allocation of capacity to Discoms. Network Access Charge under Regulation 66(1) (a) is the fixed charge corresponding to cost recovery for Connection Assets and will not cover the transmission charges for entire assets.

RVPN's Response

189. RVPN submitted that the Commission in Tariff Regulations, 2014 has defined Network Access Charge as "Fixed charge corresponding to cost recovery for connection Assets".

190. RVPN further submitted that the Commission in Tariff Orders is specifying transmission charges for Discoms in terms of Rs./kW/Month based on MW contracted capacity. The annual transmission charges (ATC) is fixed in nature and requires to be levied from users of InSTS like Discoms and LTOA in proportion to their allocation in contracted capacity. In absence of any Firm TSAs with Discoms, the annual transmission charges for Discoms as determined by the Commission are recovered on monthly basis in the ratio of allocation of power by the Government of Rajasthan vide notification dated 29.9.2011. The allocation to each Discom and monthly transmission charges recoverable in FY 2014-15 are detailed at Para 3.32 and Para 3.33 of the Petition. The recovery of transmission charges from Open Access consumers are however, proposed on the basis of actual capacity in Rs./kW/Month or Paisa/kWh (as the case may be), which is subject to Truing-up based on Audited Accounts. The transmission capacity of 11017 MW for Discoms has been taken from their projections for FY 2014-15. RVPN submitted that the TSA between RVPN and Discoms is under the process of finalization.

(45) Others

Stakeholders Suggestions/Comments

191. The petitioner should provide the copy of "Pragati Prativedan" of FY 2011-12 and FY 2012-13.

RVPN's Response

192. RVPN submitted the copy of "Pragati Prativedan" of FY 2011-12 and FY 2012-13.

Section – 2: Analysis of Investment Plan for FY 2014-15

Proposed plan and Commission's approval:

193. RVPN had initially submitted the investment plan for FY 2014-15 for approval of the Commission as under:

Table 4: Details of the investment plan submitted (Rs Crore)

Sl. No.	Head	Outlay (Tentative)
1	Generation (Shared Generating Projects)	20
2	Transmission Works including SLDC function	2430
	Total	**2450**

194. However later on, petitioner has submitted the revised Investment Plan, based on the review and re-assessment of physical progress of the various EHV works and requirement of evacuation schemes. The Petitioner further submitted that although the number of schemes and their technical details remain the same as mentioned in the earlier Investment Plan petition, the phasing of expenditure on the schemes has been changed resulting in reduced investment. Accordingly, the revised investment plan submitted for the FY 2014-15 for approval of the Commission is as under:

Table 5: Details of the Revised Investment Plan submitted (Rs Crore)

Sl. No.	Head	Outlay (Tentative)
1	Transmission Works including SLDC function	1810
	Total	**1810**

195. The Commission has analyzed the actual investments made by the Petitioner vis-à-vis plan approved for last 3 years and Capitalisation booked in the Audited Accounts as under:

Table 6: Approved and Actual investment for last 3 years (Rs. Crore)

S. No.	Description	FY 2011-12	FY 2012-13	FY 2013-14 (As per Tariff Order)	Average of Last 3 Year
1	Approved in investment Plan Order	2,450	2,224	2,150	2,275
2	Actual investment done	1,869	2,241	1,627	1,912
3	Capitalisation as per Audited Accounts	1,193.66	1,124.84	2,164.00*	1,494.16

****As per Commission's Tariff Order dated 09.01.2014 for FY 2013-14***

196. Thus, the actual average investment over the last three years has been Rs. 1912 Crore, as against Rs. 1810 crore projected by RVPN for FY 2014-15. Considering the position discussed in the preceding paras and the actual average investments vis-a-vis amount approved by the Commission in past three years, actual Capitalisation booked in Audited Accounts, and the concerns expressed by the stakeholders, the Commission considers it appropriate to allow only 85% of the envisaged investment plan of Rs.1810 Crore, i.e, around Rs. 1539 Crore, for the present (which is slightly lower than the actual investment made in FY 2013-14). Accordingly, the approved investment plan for the present would be as under:

Table 7: Approved investment plan for FY 2014-15 (Rs. Crore)

Sl. No.	Particulars	Proposed	Approved
1	Transmission Works including SLDC function	1810	1539

197. However, if RVPN incurs actual expenditure more than what is approved in this order RVPN may seek a revision with reasons and the Commission may consider the same subject to verification of actuals and prudence check.

Section – 3: Analysis of True-up of ARR for FY 2011-12

198. RVPN has submitted the Petition for Truing-up of ARR for FY 2011-12 for Transmission, SLDC and Partnership Projects on the basis of Audited Accounts of FY 2011-12.

199. The Commission has observed that despite repeated directions, RVPN has not segregated the accounts for all the three functions for the purpose of Truing up. RVPN has submitted the segregated Audited Accounts for SLDC Function but the Audited Accounts for Transmission and Partnership function are still not segregated. The issue has also been deliberated at length by some of the stakeholders. RVPN is therefore once again directed to segregate the accounts for the Transmission function, SLDC function and Partnership function, while submitting true up petition for FY 13-14 and ARR petition for FY 15-16 without fail.

200. The Commission has relied on the information provided under the various schedules of the Audited Annual Accounts of RVPN for FY 2011-12 and information furnished in the various replies for the purpose of Truing-up of the ARR for Transmission function, SLDC and Partnership Projects.

201. The Commission observes that RVPN in its true up petition and in the forms for deviation analysis submitted with the Petition, has quantified the deviation by way of surplus/deficit. RVPN has indicated all the heads of expenditure as uncontrollable. The Commission observes that a major deviation has taken place in O&M expenses which includes provisioning of terminal benefit as per AS-15.

202. The Commission also observes that as per Regulation 8(3)(a) of RERC Tariff Regulations 2009, the Annual Performance Review would comprise of a comparison of audited performance with the approved forecast, and the truing up expenses and revenue is subject to prudent check, which has been kept in view while finalizing this Order.

Transmission Function

Operations and Maintenance (O&M) Expenses:

203. The O&M expenses approved by the Commission for FY 2011-12 were Rs 366.59 Crore and RVPN has claimed Rs 593.31 Crore as O&M expenses. Petitioner has also submitted the breakup of O&M expenses considering terminal benefits as under:

Table 8: Break-up of actual O&M expenses for FY 2011-12 submitted (Rs. Crore)

S. No.	Particulars	As per petition
1	Repairs & Maintenance	38.12
2	Employee Costs	1000.46
3	Administration & Other Expenses	54.75
4	Less: Additional Contribution towards Pension & Gratuity	380.00
5	Less: Capitalisation of O&M	120.03
6	**Net O&M Expenses (1+2+3-4-5)**	**593.31**

204. O&M expenses comprise of employee expenses, repair and maintenance and administrative and general expenses. As per RVPN's Audited Accounts, employee costs is a major component of expenditure. The Petitioner submitted that the norms prescribed for O&M expenses under RERC Tariff Regulations, 2009, are based on assets like ckt-km length of transmission lines, Sub-station's MVA, and number of feeder bays. The actual O&M expenses were higher than admissible as per norms prescribed under RERC Tariff Regulations, 2009, mainly because the norms do not fully cover the terminal benefit provisioning for AS-15 under employee costs. The Petitioner added that increase in employee costs is on account of adoption of AS-15, which is beyond its control. As per Schedule-28 of the Audited Accounts, the terminal benefits alone amounts to Rs 358.52 Crore, which is 60% of total O&M expenses.

205. The Commission in this True-up Order for FY 2011-12, has approved O&M expenses as per Regulation 8(7) and Regulation 10 of the Tariff

Regulations, 2009, which specifies that:

*"**(8) Annual Review of Performance***

....

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

....

(g) Variation in operation & maintenance expenses;

............."

206. *Hence, O&M expenses are controllable in accordance with RERC Tariff Regulations, 2009.*

207. *Further, Regulation 10 of the RERC Tariff Regulations, 2009 specifies that:*

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

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

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

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

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

(a) 50% of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be specified in the Order of the Commission under; and

(b) The balance amount of loss shall be absorbed by the Applicant."

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

"Normative O&M expenses allowed at the commencement of the Control Period (i.e. FY 2009-10) under these Regulations shall be escalated at the rate of 5.72% per annum. Further, the same shall

be subject to revision on account of annual escalation linked to WPI in the subsequent years for the purpose of true-up."

209. The Commission has approved the O&M expenses for FY 2011-12 considering the normative O&M expenses for FY 2009-10 as specified in RERC Tariff Regulations, 2009 and escalating the same with the escalation rate of 19.35% based on the increase in WPI for FY 2011-12 over FY 2009-10.

210. The O&M expenses computed by the Commission based on norms for True up are as shown in the Table below:

Table 9: The O&M expenses based on norms for True up of FY 2011-12

Particulars	**Circuit Basis (ckt km)**				**MVA Basis**	**Feeder bay basis (Nos.)**			
	765 KV	400 KV	220 KV	132 KV		765 KV	400 KV	220 KV	132 KV
Opening	0.00	2659.94	10661.84	13851.70	38284.50	0.00	29.00	486.00	1910.00
Addition	0.00	244.81	481.17	465.06	6163.00	0.00	0.00	27.00	123.00
Deletion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing	0.00	2904.75	11143.01	14316.76	44447.50	0.00	29.00	513.00	2033.00
Average	0.00	2782.35	10902.42	14084.23	41366.00	0.00	29.00	499.50	1971.50
Rates escalated as per WPI escalation (Rs. Lakh/ckt-km)	1.29	0.81	0.32	0.19	0.50	75.26	50.18	6.99	4.75
Normative O&M for FY 2011-12 (Rs. Crore)	0.00	22.58	35.13	26.90	207.36	0.00	14.55	34.94	93.65
Total Normative O&M (Rs. Crore)	**435.11**								

211. The actual O&M expenses indicated by RVPN are Rs. 593.31 Crore which includes Rs. 358.52 Crore towards terminal benefits (pension and gratuity) and according to reply furnished by RVPN, out of Rs. 358.52 Crore, Rs. 313.03 Crore are towards provisioning as per AS-15. Thus according to RVPN O&M expenses excluding pension and gratuity are Rs. 593.31 Crore (-) Rs. 358.52 Crore=Rs. 234.79 Crore. As emerges from above table

normative O&M works out Rs. 435.11 Crore. Therefore an amount of Rs. 200.32 Crore is available for appropriation towards pension and gratuity.

212. As O&M expenses are controllable in accordance with RERC Tariff Regulations, 2009, the Commission has computed the sharing of gain/loss in accordance with Regulation 10 of the RERC Tariff Regulations, 2009. The O&M expenses approved by the Commission for True up are as under:

Table 10: The O&M expenses approved by the Commission for True up of FY 2011-12

Particulars	Actual	Normative	(Gain) / Loss	50% Sharing	Net entitlement
Total Normative O&M (Rs. Crore)	593.31	435.11	158.20	79.10	514.21

213. Thus total payment being allowed under terminal benefit is Rs. 279.42 Crore (Rs. 200.32 Crore + Rs. 79.10 Crore). Therefore the Commission has allowed more than 78% of provision made in pension and gratuity by RVPN for FY 2011-12. RVPN is directed to remit this amount to the pension and gratuity trusts after adjusting the amount already remitted for FY 2011-12 within a period of 3 months and report to the Commission. RVPN is further directed that while submitting true up petition in future a certificate indicating the amount remitted to pension and gratuity trusts be attached with the petition.

Depreciation:

214. RVPN has claimed Rs 252.64 Crore as depreciation charges for the purpose of True up for FY 2011-12. RVPN has also submitted CD indicating details of the asset register and the rates of depreciation adopted for the same. The Commission observes that although the rates of depreciation shown in Form T 3, submitted by RVPN with reply dated 11.08.2014, are as per RERC Tariff Regulations, 2009, but for the purpose of calculation of depreciation, different rates have been applied in Audited Accounts. The Commission observes that average rate of depreciation as claimed is

worked out as 2.90%. The Commission finds no objection in accepting the depreciation claimed by RVPN, since the same is lower than that was approved in Tariff Order for FY 2011-12. Accordingly, Depreciation charges approved by the Commission as per Audited Accounts for Truing up of FY 2011-12 are as under:

Table 11: Depreciation charges approved by the Commission for Truing up of FY 2011-12 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	Approved for True Up
Depreciation	305.85	252.64	252.64

<u>Interest and Finance Charges</u>

215. RVPN has claimed Rs 436.95 Crore as interest and finance charges excluding interest on working capital requirement against the interest and finance charges of Rs 422.66 Crore approved in the Tariff Order for FY 2011-12. The petitioner submitted that increase in interest and finance charges is on account of additional borrowing made for meeting debt-service obligations because of old outstanding receivables of Ajmer Discom and GoR subsidy amount. The petitioner in reply dated 11.08.2014 also submitted the details of interest paid on short term loans as Rs. 102.53 Crore for FY 2011-12.

216. The Commission has worked out the normative interest and finance charges as per Regulation 22 of RERC Tariff Regulation, 2009. The Commission has worked out the opening balance of long-term loan pertaining to GFA for FY 2011-12 considering opening balance of long-term loan from Audited Accounts and reducing the debt corresponding to 80% of the Capital Works in Progress (CWIP) i.e. 80% of CWIP, as the opening balance of long term loan includes the loan towards the Fixed Assets as well as Capital Works in Progress.

217. The Commission has considered a debt:equity ratio of 80:20. Thus 80% of

the capitalisation done during the year has been considered to be financed through loan and balance 20% has been considered to be financed through equity contributions. The portion of capitalisation financed through consumer contributions has been separated as the depreciation and interest thereon would not be charged to the consumers. As per Audited Accounts consumer contribution is Rs 21.39 Crore.

218. The allowable depreciation for the year has been considered as normative loan repayment. The average interest rate of 10.52% has been considered as submitted by the Petitioner for computing the interest. The Commission has considered other finance charge for FY 2011-12 as per Audited Accounts.

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

Table 12: Consolidated Interest and finance charges on Long Term Loans for FY 2011-12 (Rs. Crore)

Particulars	**Reference**	**Approved**
Opening Loan balance	A	3463.90
Capitalisation during the year	B	1193.66
Consumer contribution	C	21.39
Net Capitalisation during the year	D=B-C	1172.27
Loan Addition (80% of Capitalisation)	E=D*80%	937.81
Less: Repayments (Depreciation allowable for the year)	F	258.71
Closing Loan balance	G=A+E-F	4143.00
Average Loan	**H=Average(A,G)**	**3803.45**
Weighted average rate of interest	I	10.52%
Interest on Long Term Loans	**J=I*H**	**399.96**
Other Finance Charges	**K**	**12.52**
Total Interest on Long Term Loans	**L=J+K**	**412.48**

220. As the net interest and finance charges computed are based on consolidated Audited Accounts, the Commission has reduced the amount of interest and finance charges of SLDC and Partnership functions. The net interest and finance charges approved for the Transmission Function is shown in the table below:

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

Particulars	Derivation	Amount
Net Interest and Finance charges	A	412.48
SLDC Interest charges	B	0.35
Partnership interest charges	C	5.34
Net Transmission Interest and Finance charges	**D=A-B-C**	**406.80**

Interest on Working Capital

221. As per audited accounts RVPN has claimed actual interest on working capital as Rs. 74.36 Crore as against Rs. 34.78 Crore approved in Tariff Order for FY 11-12 stating that norms prescribed do not cover actual requirement for short term borrowing. In the Form T 2.5, RVPN submitted the normative interest on working capital as Rs. 44.77 Crore. RVPN in deviation analysis Form T-12 submitted the reason for this deviation as higher borrowing for short-term working capital. In reply dated 21.08.2014, RVPN submitted that it is not possible to provide the impact of interest on account of dues from Ajmer Discom and GoR in quantitative terms, however, whatever amount is received in a particular year short-term loan to that extent will reduce and interest burden on the same shall reduce as well. As Interest on working capital is controllable as per Regulation 8(7) of the Tariff Regulations, 2009, the Commission has to compute the sharing of interest on working capital in accordance with Regulation 10 of the RERC Tariff Regulations, 2009. However, the RVPN's increase in short-term borrowing is on account of old outstanding receivables of Ajmer Discoms and GoR subsidy amount, the Commission does not find the higher interest

on working capital as legitimate. Therefore, the Commission has not considered the sharing of the same and only normative interest on working capital has been approved.

222. The Commission has computed the normative interest on working capital in accordance with Regulation 28 of the RERC Tariff Regulations, 2009, which specifies that the interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on April 1 of the relevant year i.e. 1st April 2011, which is 13.00% per annum.

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

Table 14: Interest on Working Capital approved by the Commission for Truing up of FY 2011-12 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	True Up
1	O&M Expenses (1 Month)			36.26
2	Maintenance Spares (15% of O&M)			65.27
3	Receivables based on target availability (1.5 Month)			174.81
4	**Total Working Capital**			276.33
5	Interest Rate			13.00%
6	**Interest on Working Capital**	**34.78**	**74.36**	**35.92**

<u>Additional Contribution to Pension and Gratuity and Staff Terminal Benefits</u>

224. RVPN has claimed Rs 380 Crore as additional contribution towards pension and gratuity, which is the same as that approved by the Commission in the Tariff Order for FY 2011-12. The Commission observes that as per Audited Accounts of FY 2011-12, these expenses are Rs 380 Crore. Therefore, the Commission allows Rs 380 Crore towards additional contribution for pension and gratuity, as claimed by RVPN for Truing up of FY 2011-12 as under:

Table 15: Approved additional Contribution to Pension and Gratuity in truing up of FY 2011-12 (Rs. Crore)

Particulars	Approved in Tariff Order dated Dec 23, 2011	As per Petition	As per Audited Accounts	Approved for True up
Contribution to Pension and Gratuity (as per AS-15 provisions)	380	380	380	380

Other Income and Expenses:

225. The Commission has considered Other Income (including revenue from subsidy and grants and non-tariff income) and other expenses (including prior period expenses, extraordinary items & fringe benefit tax), etc., on the basis of actual as per the Audited Accounts of FY 2011-12 and accordingly approves as under :

Table 16: Approved Other Expenses and Other Income in Truing up of FY 2011-12 (Rs. Crore)

Particulars	Approved in Tariff Order dated Dec 23, 2011	As per Petition	As per Audited Accounts	Approved for True up
Other Expenses	65.78	20.83	20.83	20.83
Other Income	39.00	133.34	132.86	132.86

Incentive for System Availability

226. RVPN has claimed incentive amounting to Rs. 26.44 Crore for FY 2011-12 from Discoms on achieving annual transmission system availability above the target availability of 98%, as per provision of Regulation 105 of RERC Tariff Regulations, 2009. RVPN has separately claimed the same as incentive is admissible over and above the ARR and hence, the Commission has not included the same in ARR. The Commission approves incentive for achieving system availability above the target Availability for FY 2011-12 as under:

Table 17: Approved Incentive for achieving Availability above the target Availability for FY 2011-12 (Rs. Crore)

Particulars	Actual	Ceiling Limit as per Regulations (%)	Normative Target (%)	Approved ARR of RVPN after Truing Up	Incentive
Average System Availability	99.86%	99.75%	98%	1477.55	26.38

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

True-up of Transmission function for FY 2011-12

228. Based on above discussions and data provided by RVPN, Truing up of Transmission Function for FY 2011-12 is summarized as under:

Table 18: True-up of Transmission function for FY 2011-12 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order dt. Dec 23, 2011	As per Petition	Allowed after truing Up
		1	**2**	**3**
Expenditure				
1	Operation & Maintenance Expenses	366.59	593.31	514.21
2	Depreciation	305.85	252.64	252.64
3	Interest and Finance Charges (Less Capitalisation)	422.66	436.95	406.80
4	Interest on Working Capital	34.78	74.36	35.92
5	Additional Contribution to Pension and Gratuity	380.00	380.00	380.00
6	Other Expenses	65.78	20.83	20.83
7	Truing-up FY 2008-09 (surplus)/Gap	(39.73)*	0.00	(39.73)
8	**Total expenditure**	**1535.93**	**1758.08**	**1570.67**

S. No.	Particulars	Approved in Tariff Order dt. Dec 23, 2011	As per Petition	Allowed after truing Up
		1	2	3
Revenue				
9	Revenue from Transmission tariff	1496.93	1562.74	1562.74**
10	Other Income	39.00	133.34	132.86
11	**Total revenue**	**1535.93**	**1696.08**	**1695.60**
12	**Total revenue-Total expenditure**	**0**	**(62.00)**	**124.93**

* As per corrigendum dt. 06.08.2012 to tariff order dt. 23.12.2011

** Excluding Incentive

229. The treatment of the Surplus, amounting to Rs. 124.93 Crore on account of Truing-up of Transmission function for FY 2011-12 is dealt later in this order.

SLDC Function

230. The Commission has approved normative Interest on Working capital, while other components have been approved as per Audited Accounts.

Interest on Working Capital

231. The Commission has observed that RVPN has not claimed any interest on working capital for FY 2011-12. Therefore, the Commission has approved the normative interest on working capital in accordance with Regulation 28 of the RERC Tariff Regulations, 2009, which specify that the interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on April 1 of the relevant year i.e. 1st April 2011 which is 13.00% per annum.

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

Table 19: Interest on Working Capital approved by the Commission for Truing up of FY 2011-12 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	True Up
1	O&M Expenses (1 Month)			0.77
2	Maintenance Spare (15% of O&M)			1.38
3	Receivables on target availability (1.5 Month)			3.05
4	Total Working Capital			**5.20**
5	Interest Rate			13.00%
6	**Interest on Working Capital**	**1.06**	**0.00**	**0.68**

233. Based on the above, Audited Accounts and data provided by RVPN, Truing up of SLDC Function approved by the Commission for FY 2011-12 is summarized as under:

Table 20: Approved True-up of SLDC function for FY 2011-12 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order dated Dec 23, 2011	As per Petition	Net entitlement
		1	**2**	**3**
1	Operation & Maintenance Expenses	11.48	9.20	9.20
2	Depreciation	3.15	0.40	0.40
3	Interest and Finance Charges (less capitalization)	2.89	0.34	0.35
4	Interest on Working Capital	1.06	0.00	0.68
5	SLDC Operational Expenses	18.62	14.93	14.93
6	Return on Equity	0.00	0.00	0.00
7	Prior Period Credits/ Debits	0.00	0.00	(0.31)
8	Income Tax	0.00	0.00	0.00

S. No.	Particulars	Approved in Tariff Order dated Dec 23, 2011	As per Petition	Net entitlement
		1	2	3
9	Truing-up FY 2008-09 (surplus)/Gap	8.95	0.00	8.95
10	**Total Expenditure**	**46.14**	**24.87**	**34.19**
11	Revenue from SLDC charges	45.38	49.81	49.80
12	Other Income (Non-Tariff income +Income from Open Access +Grants and subsidies +Income from Turnkey projects)	0.76	1.15	0.84
13	**Total Revenue**	**46.14**	**50.96**	**50.64**
14	**Total Revenue-Total Expenditure**	**0.00**	**26.09**	**16.45**

234. The treatment of the Surplus, amounting to Rs. 16.45 Crore on account of Truing-up of SLDC function for FY 2011-12 is dealt later in this order.

<u>Partnership Projects:</u>

235. The Commission has carried out Truing up of Partnership Projects based on the Audited Annual Accounts of FY 2011-12 and the Petition filed by RVPN. The expenses of partnership projects are shared by the beneficiaries and RVPN has no control over these expenses. Therefore the loss or surplus on this account would be uncontrollable and would be passed on to the Discoms. The Truing up of FY 2011-12 has been summarized as under:

Table 21: True-up of Partnership projects for FY 2011-12 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order dt. Dec 23, 2011	As per Petition	Net Entitlement
Expenses		**1**	**2**	**3**
1	Operation & Maintenance Expenses	105.96	143.65	143.65
2	Depreciation	20.51	5.67	5.67
3	Interest and Finance Charges (less capitalization)	0.00	5.34	5.34
4	Interest on Working Capital	0.00	0.00	0.00
5	Generation fuel Cost	147.59	188.63	188.63
6	Other Expenses (including prior period expenses, extraordinary items & fringe benefit tax) etc	0.00	24.21	24.21
7	True-up for FY 2008-09	0.00	0.00	0.00
8	**Total Expenditure**	**274.06**	**367.49**	**367.49**
Revenue				
9	Sale to Other states and Common Pool	169.75	198.49	362.95
10	Revenue from Discoms	104.31	164.45	
11	Other Income (Non-Tariff income +Income from Open Access +Grants and subsidies +Income from Turnkey projects)	0.00	4.54	4.54
12	Total Revenue	274.06	367.49	367.49
13	**Total Revenue-Total Expenditure**	**0.00**	**0.00**	**0.00**

236. After Truing up of Partnership Projects function for FY 2011-12, there is no gain or loss.

Section – 4: Analysis of True-up for Transmission Function for FY 2012-13

237. RVPN has submitted the Petition for Truing-up of ARR for FY 2012-13 for Transmission, SLDC and Partnership Projects on the basis of Audited Accounts of FY 2012-13.

238. The Commission has observed that despite repeated directions, RVPN has not segregated the accounts for all the three functions for the purpose of Truing up. RVPN has submitted the Segregated Audited Accounts for SLDC Function but the Audited Accounts of Transmission function and Partnership function are still not segregated. The issue has been deliberated at length by some of the stakeholders. RVPN is, once again directed to segregate the accounts for the Transmission function, SLDC function and Partnership function, while submitting true up petition for FY 13-14 and ARR petition for FY 15-16 without fail.

239. The Commission is of the view that Audited Annual Accounts form an important basis for the purpose of verification of the expenses / income for the past year. Therefore, the Commission has relied on the information provided under the various schedules of the Audited Annual Accounts of RVPN of FY 2012-13 and information furnished in the various replies for the purpose of Truing-up of the ARR for Transmission function, SLDC and Partnership Projects.

240. The Commission observes that RVPN in its true up petition and in the forms for deviation analysis submitted with the Petition has quantified the deviation by way of surplus/deficit. RVPN has indicated all the heads of expenditure as uncontrollable. The Commission observes that a major deviation has taken place in O&M expenses, which includes provisioning for terminal benefit as per AS 15.

241. The True up for FY 2012-13 has been carried out on the same principles that have been followed for Truing-up of FY 2011-12.

Transmission Function

Operations and Maintenance (O&M) Expenses:

242. The O&M expenses approved by the Commission for FY 2012-13 were Rs 397.12 Crore and RVPN has claimed Rs 785.10 Crore as O&M expenses. The Petitioner has also submitted the breakup of O&M expenses considering terminal benefits as under:

Table 22: Break-up of actual O&M expenses for FY 2012-13 submitted (Rs. Crore)

S. No.	Particulars	As per Petition
1	Repairs & Maintenance	32.69
2	Employee Costs	1244.04
3	Administration & Other Expenses	73.61
4	Less Additional Contribution towards Pension & Gratuity	425.00
5	Less Capitalization of O&M	140.24
6	**Net O&M Expense (1+2+3-4-5)**	**785.10**

243. O&M expenses comprise of employee expenses, repair and maintenance and administrative and general expenses. As per RVPN's Audited Accounts, employee expenses are a major component of expenditure. The Petitioner has submitted that the norms prescribed for O&M expenses under RERC Tariff Regulations, 2009 are based on assets like ckt-km length of Transmission lines, Sub-Station's MVA, and number of feeder bays and the actual O&M expenses were higher than admissible as per the norms prescribed under RERC Tariff Regulations, 2009 mainly because the norms do not fully cover the terminal benefit provisioning as per AS-15 under employee costs. The Petitioner has added that increase in employee expenses is on account of adoption of AS-15, which is beyond their control and as per Schedule-28 of the Audited Accounts, the terminal benefits alone amount to Rs 473.61 Crore, which is approx. 60% of total O&M expenses. In this True-up Order for FY 2012-13, the Commission has approved O&M expenses as per Regulation 8(7) and Regulation 10 of the Tariff Regulations, 2009, as detailed in earlier paras.

244. The Commission has approved the O&M expenses for FY 2012-13 considering the normative O&M expenses for FY 2009-10 as specified in RERC Tariff Regulations, 2009 and escalating the same with the escalation rate of 28.13% based on the increase in WPI for FY 2012-13 over FY 2009-10.

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

Table 23: O&M expenses approved based on norms for True up of FY 2012-13

Particulars	**Circuit Basis (ckt km)**				**MVA Basis**	**Feeder bay basis (Nos.)**			
	765 KV	400 KV	220 KV	132 KV		765 KV	400 KV	220 KV	132 KV
Opening	0.00	2904.75	11143.01	14316.76	44447.50	0.00	29.00	513.00	2033.00
Addition	0.00	114.21	662.38	464.09	3900.00	0.00	7.00	58.00	104.00
Deletion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing	0.00	3018.96	11805.39	14780.85	48347.50	0.00	36.00	571.00	2137.00
Average	0.00	2961.86	11474.20	14548.80	46397.50	0.00	32.50	542.00	2085.00
Rates escalated as per WPI escalation (Rs. Lakh/ckt-km)	1.38	0.87	0.35	0.21	0.54	80.80	53.87	7.51	5.10
Normative O&M for FY 2012-13 (Rs. Crore)	0.00	25.81	39.70	29.83	249.69	0.00	17.51	40.70	106.33
Total Normative O&M (Rs. Crore)	**509.55**								

246. The actual O&M expenses indicated by RVPN are Rs. 785.10 Crore which includes Rs. 473.61 Crore towards terminal benefits (pension and gratuity). Thus according to RVPN O&M expenses excluding pension and gratuity are Rs. 311.49 Crore (Rs. 785.10 Crore (-) Rs. 473.61 Crore). As emerges from above table normative O&M works out Rs. 509.55 Crore. Therefore an amount of Rs. 198.06 Crore is available for appropriation towards pension and gratuity.

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

Table 24: The O&M expenses approved by the Commission for True up of FY 2012-13 (Rs. Crore)

Particulars	Actual	Normative	(Gain) / Loss	50% Sharing	Net entitlement
Total Normative O&M	785.10	509.55	275.55	137.78	647.32

248. Thus total payment being allowed under terminal benefit is Rs. 335.84 Crore (Rs. 198.06 Crore (+) Rs. 137.78 Crore). Therefore the Commission has allowed approx. 71% of provision made in pension and gratuity by RVPN for FY 2012-13. RVPN is directed to remit this amount to the pension and gratuity trusts after adjusting the amount already remitted for FY 2012-13 within a period of 3 months and report to the Commission. RVPN is further directed that while submitting true up petition in future a certificate indicating the amount remitted to pension and gratuity trusts be attached with the petition.

Depreciation:

249. RVPN has claimed Rs 296.59 Crore as depreciation charges for the purpose of True up. RVPN has also submitted CD indicating details of the asset register and the rates of depreciation adopted for the same. The Commission observes that although the rates of depreciation shown in Form T 3.1 submitted with the Tariff Petition are as per RERC Tariff Regulations, 2009, however, for the purpose of calculation of depreciation, different rates have been applied in the Audited Accounts. The Commission observes that the average rate of depreciation worked out is 2.97%. The Commission finds no objection in accepting the depreciation claimed as the same is lower than approved in Tariff Order

for FY 2012-13. Accordingly, Depreciation charges approved by the Commission as per Audited Accounts for Truing up of FY 2012-13 are as under:

Table 25: Depreciation charges approved by the Commission for Truing up of FY 2012-13 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	Approved for True Up
Depreciation	356.21	296.59	296.59

<u>Interest and Finance Charges</u>

250. RVPN has claimed Rs 610.67 Crore as interest and finance charges excluding interest on working capital requirement against the interest and finance charges of Rs 548.62 Crore approved in the Tariff Order for FY 2012-13. The petitioner submitted that increase in interest and finance charges is on account of additional borrowing taken for meeting debt-service obligations because of old outstanding receivables of Ajmer Discom and GoR subsidy amount. The petitioner in reply dated 11.08.2014 also submitted the details of interest paid on short term loans as Rs. 51.10 Crore for FY 2012-13.

251. The Commission has worked out the normative interest and finance charges as per Regulation 22 of RERC Tariff Regulation, 2009. As regards Opening loan pertaining to GFA for FY 2012-13, the Commission has considered the closing loan balance of long-term loan pertains to GFA as approved in the section of Truing-up for FY 2011-12.

252. The Commission has considered debt:equity ratio of 80:20. Thus 80% of the assets capitalised in the year has been considered to be financed through loan and balance 20% has been considered to be financed through equity contribution. The portion of capitalisation financed through consumer contributions has been separated as the depreciation and interest thereon would not be charged to the consumer. As per Audited Accounts consumer contribution is Rs 16.01 Crore.

253. The allowable depreciation for the year has been considered as normative loan repayment. The average interest rate of 11.36% has been considered as submitted by the Petitioner for computing the interest. The Commission has considered other finance charge for FY 2012-13 as per Audited Accounts. The opening balance of long term loan has been considered from closing loan for FY 2011-12 worked out in section of True-up for FY 2011-12.

254. Considering the above, the net interest and finance charge on long term loan is as under:

Table 26: Consolidated Interest on Long Term Loans for FY 2012-13 (Rs. Crore)

Particulars	Reference	Approved
Opening Loan balance	**A**	**4143.00**
Capitalisation during the year	B	1124.84
Consumer contribution	C	16.01
Net Capitalisation during the year	D=B-C	1108.83
Loan Addition (80% of capitalisation)	E=D*80%	887.07
Less: Repayments (Depreciation allowable for the year)	F	302.24
Closing Loan balance	**G=A+E-F**	**4727.82**
Average Loan	H=Average(A,G)	4435.41
Weighted average rate of interest	I	11.36%
Interest on Long Term Loans	J=I*H	503.82
Other Finance Charges	K	39.39
Total Interest on Long Term Loans	**L=J+K**	**543.21**

255. As the net interest and finance charges computed are based on 1consolidated for RVPN, the Commission has reduced the amount of interest and finance charges of SLDC and Partnership functions. Therefore, the net interest and finance charges is shown in the table below:

Table 27: Net Interest and Finance charges Allocated to the Transmission function (Rs. Crore)

Particulars	Derivation	Amount
Net Interest and Finance charges	A	543.21
SLDC Interest charges	B	0.41
Partnership interest charges	C	4.91
Net Transmission Interest and Finance charges	**D=A-B-C**	**537.89**

<u>Interest on Working Capital</u>

256. As per audited accounts RVPN has claimed actual interest on working capital as Rs. 48.03 Crore as against Rs. 39.85 crore approved in Tariff Order for FY 12-13. RVPN in deviation analysis Form T-12 submitted the reason for this deviation as higher borrowing for short-term working capital. In the Form T 5, RVPN has worked out the normative interest on working capital as Rs. 52.96 Crore. Further, in reply dated 21.08.2014, RVPN submitted that it is not possible to provide the impact of interest on account of dues from Ajmer Discom and GoR in quantitative terms. However, whatever amount is received in a particular year short-term loan to that extent will reduce and interest burden on the same shall reduce as well. As Interest on working capital is controllable as per Regulation 8(7) of the Tariff Regulations, 2009, the Commission has to compute the sharing of interest on working capital in accordance with Regulation 10 of the RERC Tariff Regulations, 2009. However, the RVPN's increase in short-term borrowing is on account of old outstanding receivables of Ajmer Discoms and GoR subsidy amount, the Commission does not find the higher interest on working capital as legitimate. Therefore, the Commission has not considered the sharing of the same and only normative interest on working capital has been approved.

257. The Commission has computed the normative interest on working capital in accordance with Regulation 28 of the RERC Tariff Regulations, 2009, which specify that the interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on April 1 of the relevant year. RERC (Terms and

Conditions for determination of Tariff) (Fifth Amendment) Regulations, 2012, notified in gazette on 26.09.2012, specify that interest on working capital shall be 250 basis points higher than the average Base Rate of State Bank of India prevalent during first six months of the previous year. As the Amendment Regulations have been notified during the period under consideration, i.e., FY 2012-13, accordingly, for the purpose of calculating interest on working capital, the Commission has considered PLR of 14.75% upto 25 September, 2012 i.e. date of gazetted notification of Fifth Amendment of RERC Tariff regulations, 2009 and SBI base rate of 9.30% existing during first six months of FY 2011-12 plus 250 basis points as per the amendment to the Regulations. The weighted average rate of interest thus works out to 13.23% and has been adopted for FY 2012-13.

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

Table 28: Interest on Working Capital approved by the Commission for Truing up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	True Up
1	O&M Expenses (1 Month)			42.46
2	Maintenance Spares (15% of O&M)			76.43
3	Receivables on target availability (1.5 Month)			203.50
4	Total Working Capital			322.40
5	Interest Rate			13.23%
6	**Interest on Working Capital**	**39.85**	**48.03**	**42.65**

Additional Contribution to Pension and Gratuity and Staff Terminal Benefits

259. RVPN has claimed Rs 425 Crore as additional contribution towards pension and gratuity, which is the same as that approved by Commission in the Tariff Order for FY 2012-13. The Commission observes that as per Audited Accounts of FY 2012-13, these expenses are Rs 425 Crore. Therefore,

Commission allows Rs 425 Crore towards additional contribution for pension and gratuity, as claimed by RVPN for Truing up of FY 2012-13 as under:

Table 29: Approved additional contribution to Pension and Gratuity in truing up of FY 2012-13 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	As per Audited Account	Approved for True up
Contribution to Pension and Gratuity (as per AS-15 provisions)	425.00	425.00	425.00	425.00

<u>Other Income and Expenses</u>:

260. The Commission has considered Other Income (including revenue from subsidy and grants and non-tariff income) etc. and other expenses (including prior period expenses, extraordinary items and fringe benefit tax), etc., on the basis of actual as per the Audited Accounts of FY 2012-13 and accordingly approves as under :

Table 30: Approved Other Expenses and Other Income in Truing up of FY 2012-13 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	As per Audited Account	Approved for True up
Other Expenses	21.14	3.76	3.78	3.78
Other Income	94.62	114.36	187.43	187.43

<u>Incentive for System Availability</u>

261. RVPN has claimed incentive amounting to Rs. 37.29 Crore for FY 2012-13 from Discoms on achieving annual availability above the target availability of 98% as per provision in Regulation 105 of RERC Tariff Regulations, 2009. However, in reply dated 30.07.2014, it has revised the incentive for system availability to Rs. 34.28 crore. RVPN has separately

claimed the same as incentive is admissible over and above the ARR and hence, the Commission has not included the same in this ARR. The Commission approves the incentive for achieving system availability above the target availability for FY 2012-13 as under:

Table 31: Approved Incentive on achieving Availability above the target Availability for FY 2012-13 (Rs. Crore)

Particulars	Actual	Ceiling Limit as per Regulation	Normative Target	Approved ARR of RVPN after Truing Up	Incentive
Average System Availability	99.75%	99.75%	98%	1,765.80	31.53

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

True-up of Transmission function for FY 2012-13

263. Based on the above analysis and data provided by RVPN, Truing up of Transmission Business for FY 2012-13 is summarized as under:

Table 32: True-up of Transmission function for FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Allowed after truing up
Expenditure		**1**	**2**	**3**
1	Operation & Maintenance Expenses	397.12	785.10	647.32
2	Depreciation	356.21	296.59	296.59
3	Interest and Finance Charges (Less Capitalisation)	548.62	610.67	537.89
4	Interest on Working Capital	39.85	48.03	42.65
5	Additional Contribution to Pension and Gratuity	425.00	425.00	425.00
6	Other Expenses	21.14	3.76	3.78

7	Truing-up FY 2009-10 (surplus)/Gap	6.37	0.00	6.37
8	Truing-up FY 2010-11 (surplus)/Gap	(37.97)	0.00	(37.97)
9	**Total Expenditure**	**1756.33**	**2169.15**	**1921.63**
Revenue				
10	Revenue from Transmission tariff	1661.71	2057.77	2021.98*
11	Other Income	94.62	114.36	187.43
12	**Total revenue**	**1756.33**	**2172.13**	**2209.41**
13	**Total Revenue (-) Total Expenditure**	**0.00**	**2.98**	**287.79**

** Revenue Excluding Incentive*

264. The treatment of the Surplus, amounting to Rs. 287.79 Crore on account of Truing-up of Transmission function for FY 2012-13 is dealt later in this order.

SLDC Function

265. The Commission has approved normative Interest on Working capital, while other components have been approved as per Audited Accounts.

Interest on Working Capital

266. RVPN has claimed Rs. 0.02 Crore as interest on working capital for FY 2012-13. The Commission has computed the normative interest on working capital at the weighted average rate of interest of 13.23% per annum in accordance with Regulation 28 of the RERC Tariff Regulations, 2009, as detailed at para 256.

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

Table 33: Interest on Working Capital approved by the Commission for Truing up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	True Up
1	O&M Expenses (1 Month)			0.83
2	Maintenance Spare (15% of O&M)			1.49
3	Receivables on target availability (1.5 Month)			3.39
4	Total Working Capital			**5.71**
5	Interest Rate			13.23%
6	**Interest on Working Capital**	**1.06**	**0.02**	**0.75**

268. Based on the above analysis, Audited Accounts and data provided by RVPN, Truing up of SLDC Function for FY 2012-13 is summarized as under:

Table 34: True-up of SLDC function for FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Net Entitlement
		1	**2**	**3**
	Expenditure			
1	Operation & Maintenance Expenses	9.68	9.92	9.92
2	Depreciation	1.53	0.48	0.48
3	Interest and Finance Charges (less capitalization)	3.26	0.39	0.41
4	Interest on Working Capital	0.77	0.02	0.75
5	SLDC Operational Expenses	15.76	16.55	16.55
6	Return on Equity	0.00	0.00	0.00
7	Prior Period Credits/ Debits	0.00	0.00	(0.02)
8	Income Tax	0.00	0.00	0.00
9	Truing-up FY 2009-10 (surplus)/Gap	(2.42)	0.00	(2.42)
10	Truing-up FY 2010-11 (surplus)/Gap	(8.97)	0.00	(8.97)
11	**Total Expenditure**	**19.60**	**27.35**	**16.69**

S. No.	Particulars	Approved in Tariff Order	As per Petition	Net Entitlement
		1	2	3
	Revenue			
12	Revenue from SLDC charges	19.06	27.42	27.42
13	Other Income (Non-Tariff income +Income from Open Access +Grants and subsidies +Income from Turnkey projects)	0.54	0.95	0.95
14	**Total Revenue**	**19.60**	**28.37**	**28.37**
15	**Total Revenue-Total Expenditure**	**0.00**	**1.02**	**11.67**

269. The treatment of the Surplus, amounting to Rs. 11.67 Crore on account of Truing-up of SLDC function for FY 2012-13 is dealt later in this order.

Partnership Projects:

270. The Commission has carried out Truing up of Partnership Projects based on the Audited Annual Accounts of FY 2012-13 and the Petition filed by RVPN. The expenses of partnership projects are shared by the beneficiaries and RVPN has no control over these expenses. Therefore the loss or surplus on this account would be uncontrollable and would be passed on to the Discoms. The Truing up of FY 2012-13 has been summarized as under:

Table 35: True-up of Partnership Projects for FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	As per Petition	Net Entitlement
		1	2	3
Expenses				
1	Operation & Maintenance Expenses	187.40	159.91	159.91
2	Depreciation	24.03	5.17	5.17
3	Interest and Finance Charges (less capitalization)	0.82	4.91	4.91

S. No.	Particulars	Approved in Tariff Order	As per Petition	Net Entitlement
		1	**2**	**3**
4	Interest on Working Capital	0.00	0.00	0.00
5	Generation fuel Cost	164.78	188.69	188.69
6	Other Expenses (including prior period expenses, extraordinary items & fringe benefit tax) etc	0.00	0.02	0.02
7	Truing-up FY 2009-10 (surplus)/Gap	0.00	0.00	0.00
8	Truing-up FY 2010-11 (surplus)/Gap	0.00	0.00	0.00
9	**Total Expenditure**	**377.03**	**358.70**	**358.70**
Revenue				
10	Sale to Other states and Common Pool	254.17	178.03	178.03
11	Revenue from Discoms	120.79	175.46	175.46
12	Other Income (Non-Tariff income +Income from Open Access +Grants and subsidies +Income from Turnkey projects)	2.07	5.22	5.22
13	Total Revenue	377.03	358.70	358.70
14	**Total Revenue-Total Expenditure**	**0.00**	**0.00**	**0.00**

271. After Truing up of Partnership Projects function for FY 2012-13, there is no gain or loss.

Section – 5: Analysis of ARR for Transmission Function for FY 2014-15

Transmission System Capacity

RVPN's Projections:

272. RVPN has projected a total capacity of 11442.42 MW to be handled by its transmission system during FY 2014-15. Out of this, 11017 MW has been allocated for the three Discoms and 425.42 MW for long term open access customers.

273. RVPN, in the Petition, submitted energy requirement of Discoms as 66895 MU including 2485 MU for open access customers. However, in reply to stakeholders' comments, RVPN submitted that 2485 MU for Open Access customers is not included in the Discoms' requirement. Thus, RVPN has projected total energy transmission of 69380 MU to be handled by its transmission system during FY 2014-15. RVPN has also submitted the status of year-wise energy flow approved in Tariff Orders and actual energy flow during FY 2010-11 to FY 2013-14 in the RVPN system as under:

Table 36: Energy flow on InSTS submitted by RVPN (in MU)

Particulars	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Energy transmission on system as per Tariff Order	44800	50672	52477	54615
Actual Energy in RVPN InSTS	47210	51126	54982	60475

Commission's Analysis:

274. The Commission considers it appropriate to approve the transmission capacity to be handled as proposed by RVPN during FY 2014-15 as under:

Table 37: Approved Transmission Capacity for FY 2014-15 (in MW)

Particulars	As per Petition	Approved by Commission
Transmission Capacity (Discoms)	11017	11017
Transmission Capacity (Long Term Open Access)	425.42	425.42
Total Transmission Capacity (Discoms + Long Term Open Access)	**11442.42**	**11442.42**

275. The Commission also approves RVPN's projection of energy flow to be handled by its transmission system as under:

Table 38: Approved Energy flow on transmission system for FY 2014-15 (in MU)

Particulars	As per Petition	Approved by Commission
Energy Flow (Discoms)	66895	66895
Energy Flow (Long Term Open Access)	2485	2485
Total Transmission Capacity (Discoms + Long Term Open Access)	**69380**	**69380**

Transmission Losses

RVPN's Projections:

276. RVPN has projected transmission losses at 4.20% for FY 2014-15. RVPN has also submitted the transmission loss for preceding five years i.e. from FY 2009-10 to FY 2013-14 as under:

Table 39: Transmission Losses as submitted by RVPN

Year	InSTS Transmission Loss specified in ARR Order (%)	Actual InSTS Transmission Loss (%)
FY 2009-10	4.40%	4.37%
FY 2010-11	4.40%	4.31%
FY 2011-12	4.20%	4.33%
FY 2012-13	4.20%	4.16% (Prov.)
FY 2013-14	4.20%	4.21% (Prov.)

277. In reply dated 30.07.2014, RVPN has submitted the loss reduction trajectory for the MYT Control Period from FY 2014-15 to FY 2018-19 as under:

Table 40: Transmission Losses as submitted by RVPN

Year	InSTS Transmission Loss Trajectory (%)
FY 2014-15	4.20%
FY 2015-16	4.15%
FY 2016-17	4.10%
FY 2017-18	4.05%
FY 2018-19	4.00%

278. RVPN further submitted that transmission loss reduction for MYT Control period from FY 2014-15 to FY 2018-19 will be achieved by way of creation of EHV sub-stations and lines, which will reduce the system losses and

strengthen the system to improve system availability.

Commission's Analysis:

279. The Commission has considered it appropriate to approve the transmission losses of 4.20% as projected by Petitioner for FY 2014-15, which is the same as that approved by the Commission from FY 2011-12 onwards, and also approves the loss reduction trajectory submitted by RVPN, as under:

Table 41: Approved Transmission Loss reduction trajectory for the MYT Control Period from FY 2014-15 to FY 2018-19

Year	InSTS Transmission Loss Trajectory (%)
FY 2014-15	4.20%
FY 2005-16	4.15%
FY 2016-17	4.10%
FY 2017-18	4.05%
FY 2018-19	4.00%

Capitalization

280. The investment plan furnished by RVPN indicates works of Rs. 1790 Crore, which would get completed in FY 2014-15. It is obvious that commissioning of the works for which a significant provision has been kept in the year 2014-15 would spill over to the year 2015-16 and accordingly, their cost can be reduced from the capitalization for the year 2014-15.

281. The progress of asset addition by RVPN in FY 2011-12 and FY 2012-13 as per audited accounts reveals that the Gross Fixed Assets (GFA) addition for Transmission function has been as follows:

Table 42 : Asset capitalization during FY 2011-12 to FY 2012-13 (Rs. Crore)

Particulars	FY 2011-12	FY 2012-13
Actual Capitalization	1193.66	1124.82
Capitalization Approved in Tariff Order	1800	1450

282. It can be seen from the above table that during FY 2011-12 and FY 2012-13, the actual asset capitalization has been significantly lower than that

approved by the Commission in the respective Tariff Order. Therefore, the Commission has considered average of capitalization during FY 2011-12, FY 2012-13 and FY 2013-14 to project capitalization for FY 2014-15. As regards capitalization for FY 2013-14, the Commission has considered the approved capitalization of Rs. 2164 Crore as per Tariff Order. The Commission has approved asset capitalization for FY 2014-15 as under:

Table 43: Asset capitalization approved for FY 2014-15 (Rs. Crore)

Particulars	FY 2014-15
Capitalization	1494.16

283. Investment plan approved for FY 2014-15 for transmission works including SLDC function is Rs. 1539 Crore, therefore capitalization approved as above is approximately 97% of the approved investment plan.

Transmission Network expansion for FY 2014-15

RVPN's Projections:

284. The following table summarises the physical transmission network addition during FY 2014-15 as projected by RVPN.

Table 44: Physical transmission network addition during FY 2014-15 as projected by RVPN

S. No.	Particulars	Unit	FY2014-15 (Projected)
1	**Addition of new Transmission Lines**		
A	765kV Lines	c-km	0.00
B	400kV Lines	c-km	300.00
C	220kV Lines	c-km	1000.00
D	132kV Lines	c-km	600.00
2	**Sub-Stations**		
A	765kV Sub-Station (Nos/MVA)	Nos.	2/3000
B	400kV Sub-Station (Nos/MVA)	Nos.	1/315
C	220kV Sub-Station (Nos/MVA)	Nos.	8/920

S. No.	Particulars	Unit	FY2014-15 (Projected)
D	132kV Sub-Station (Nos/MVA)	Nos.	20/600
3	**Augmentation of Transformer Capacity***	MVA	2125
4	**No. of Feeder Bays added****		
A	765kV	Nos.	21
B	400kV	Nos.	39
C	220kV	Nos.	46
D	132kV	Nos.	112

* *For FY 2014-15- Includes 2125 MVA for augmenting transformation capacity at existing sub-stations and balance 4835 MVA for new stations.*

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

Commission's Analysis:

285. The Commission observed that projected augmentation of Transformer Capacity is 2125 MVA in the ARR Petition, while in the revised investment plan it is 2150 MVA for the same investment of Rs. 1810 Crore. The Commission has considered augmentation of Transformer Capacity as per the revised investment plan. The Commission observes that RVPN has projected the details about physical asset addition in terms of transmission line (ckt-km), MVA capacity, and number of bays for FY 2014-15 on the higher side considering higher capitalization during the year. The Commission has therefore, worked out pro-rata addition to physical assets on the basis of approved capitalization vis-à-vis that projected by RVPN.

Operation and Maintenance Expenses

RVPN's projection

286. In the Tariff Regulations, 2014, norms for operation and maintenance expense have been specified on the basis of ckt-km, MVA capacity, and feeder bay for different voltage levels. RVPN, in its Tariff Petition, has submitted the following asset addition on the basis of ckt-km, MVA capacity, and feeder bays during FY 2014-15 and accordingly, operation and maintenance expense has been projected.

Table 45: Physical transmission network to be put to use during FY 2014-15 as projected by RVPN

Sr. No.	Particulars	FY 2014-15 Projected
1	**Circuit-Kilometer Basis**	
A	Opening Balance of ckt-km	
	765 KV	425.50
	400 KV	3278.31
	220 KV	12235.76
	132 KV	15154.09
B	Addition of ckt-km during year	
	765 KV	0.00
	400 KV	300.00
	220 KV	1000.00
	132 KV	600.00
2	**MVA Basis**	
A	Opening Balance of MVA Capacity	53109.00
B	Addition of MVA Capacity during year	6960.00
3	**Feeder bay basis**	
A	Opening Balance of Feeder bay	
	765 KV	0.00
	400 KV	50.00
	220 KV	614.00
	132 KV	2283.00
B	Addition of Feeder bay during the year	
	765 KV	21
	400 KV	39
	220 KV	46
	132 KV	112

287. On the basis of above physical network capacity addition, RVPN has projected following operation and maintenance expense for FY 2014-15:

Table 46: Projected Operation and Maintenance Expenses by RVPN (Rs Crore)

Particulars	FY 2014-15
	Projected
O&M cost for transmission lines (ckt km)	125.84
O&M cost for substation (MVA)	345.19
O&M cost for feeder bays (no)	242.31
Total O&M Expenses	**713.34**

Commission's Analysis

288. As the Commission has reduced the capitalization for FY 2014-15, there shall be proportionate reduction in physical asset addition. Accordingly, considering the actual physical asset addition approved in previous section of Truing-up for FY 2012-13, as base, and approved physical asset addition in FY 2013-14 as per Tariff Order and estimated addition in FY 14-15, the Commission has approved the O&M costs as under:

Table 47: Projected Operation and Maintenance Expenses approved by the Commission (Rs Crore)

Particular	FY 2014-15
	Approved
O&M cost for transmission lines (ckt km)	131.21
O&M cost for substation (MVA)	338.15
O&M cost for feeder bays (no)	237.84
Total O&M Expenses	**707.20**

289. The Commission is of the view that the approved operation and maintenance expenses shall be sufficient to meet the expenses required for operation and maintenance including the requirement towards current contribution for pension and gratuity fund.

Depreciation

RVPN's Projections:

290. RVPN has projected Rs. 433.38 Crore as depreciation charges for FY 2014-15. RVPN submitted that depreciation has been charged on straight line

method for 90% of value of asset considering 10% salvage value after useful life. No depreciation has been applied for assets, which have been depreciated up to 90% of value. RVPN further submitted that depreciation charge has been computed based on the depreciation rates specified in RERC Tariff Regulations, 2014. Projection of RVPN for FY 2014-15 are presented in the table below:

Table 48: Depreciation charges submitted by RVPN for FY 2014-15 (Rs Crore)

Particulars	**FY 2012-13 Actual**	**FY 2013-14 Estimated**	**FY 2014-15 Projected**
Depreciation	296.59	343.41	433.38

291. RVPN submitted that the principal reason for increase in depreciation during FY 2013-14 and FY 2014-15 is estimated addition of GFA in accordance with the investment plan undertaken.

292. RVPN submitted that Fixed Asset Register has been completed up to FY 2012-13.

<u>Commission's Analysis:</u>

293. The Commission has approved the capitalization for FY 2014-15 as Rs. 1494.16 Crore taking the average of capitalization for previous three years as detailed in the approval of Investment Plan. Therefore for computing the depreciation, the Commission has considered the closing GFA of True-up Order for FY 2012-13 as opening GFA for FY 2013-14 and closing GFA of FY 2013-14 as opening GFA for FY 2014-15. Depreciation for FY 2014-15 has been computed on the basis of opening GFA of FY 2014-15 plus half of average addition during FY 2014-15 to arrive at GFA at the midpoint of the year. The Commission has considered the average depreciation rates of 3.32% submitted by RVPN for FY 2014-15. Accordingly depreciation worked out for FY 2014-15 is as under:

Table 49: Depreciation charges for FY 2014-15 (Rs Crore)

Particulars	**Amount**
Opening GFA as on 1st April, 2013 (closing GFA from the Audited Accounts for FY 2012-13)	**10,541.12**

Particulars	Amount
Add: Addition during FY 2013-14 as per Tariff Order	2,164.00
Opening GFA as on 1st April, 2014	**12,705.12**
Add: Addition during FY 2014-15	1494.16
Closing Balance of GFA	**14199.28**
Average GFA for Depreciation for FY 2014-15	**13,452.20**
Depreciation Rate (%)	3.32%
Depreciation	**446.19**

294. The Commission observes that the depreciation claimed by petitioner for FY 2014-15 is Rs. 433.38 Crore. However the Commission considers it appropriate to approve the depreciation charges arrived on the basis of capitalization approved as under:

Table 50: Approved Depreciation charges for FY 2014-15 (Rs Crore)

Particulars	As per petition	Approved by Commission
Depreciation	**433.38**	**446.19**

Additional Contribution towards Pension and Gratuity

RVPN's Projections:

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

Commission's Analysis:

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

Interest and Finance Charges

RVPN's Projections:

297. RVPN has projected the interest and finance charges of Rs 883.34 Crore for FY 2014-15.

Commission's Analysis:

298. The Commission has considered a normative approach as per Regulation 19 of RERC Tariff Regulations, 2014. In this approach, 80% of the capitalisation undertaken in any year has been considered to be financed through loan and balance 20% has been considered to be

funded through equity contributions. The portion of capital expenditure financed through consumer contributions and grants has been separated as the depreciation thereon would not be charged to the consumers.

299. As regards Opening loan for long-term loan pertaining to GFA for FY 2014-15, the Commission has considered closing long-term loan pertaining to GFA of FY 2012-13 as opening for FY 2013-14 and further, closing long-term loan pertaining to GFA of FY 2013-14 as opening loan for FY 2014-15.

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

301. The interest rate of 11.86% has been considered as per the Petition. As regards other finance charges for FY 2014-15, the Commission has considered it on the same level of FY 2012-13.

302. The interest on long term loans approved by the Commission for FY 2014-15 is as under:

Table 51: Approved consolidated Interest and Finance charges for FY 2014-15 (Rs. Crore)

Particulars	Reference	FY 2013-14	FY 2014-15
Capitalisation approved (SLDC +Transmission Function)	1	2164.00	1494.36
Consumer's Contribution	2	0.00	16.01
Net Capitalisation during the year	3=1-2	2164.00	1478.35
Equity addition	4=3*20%	432.80	295.67
Long term loan additions	5=3*80%	1731.20	1182.68
Weighted Average Interest Rate (as per Petition)	6		11.86%
Opening Balance of Loan	**7**	**4727.82**	**6089.69**
Loan Repayment (equal to depreciation allowed)	8	369.33	446.68
Closing Balance of Loan	9=7+5-8	6089.69	6825.70
Average Loan Amount	10=Average(7,9)		6457.70

Particulars	Reference	FY 2013-14	FY 2014-15
Interest Amount	**11=10*6**		**766.04**
Other Finance Charges	12		39.39
Total Interest & Finance Charges	**13=11+12**		**805.43**

303. As the net interest and finance charges computed are consolidated, the Commission has allocated the net interest and finance charges between Transmission and SLDC Functions as per the ratio in Truing up FY 2012-13 as shown in the table below:

Table 52: Approved Interest and Finance charges for FY 2014-15 (Rs. Crore)

Particulars	**FY 2012-13**	**FY 2014-15**
Net Interest & Finance charged		805.43
Trans	**99.92%**	**804.82**
SLDC	0.08%	0.61

304. Therefore, the Commission approves the interest and finance charges for FY 2014-15 as follows:

Table 53: Approved interest and finance charges for FY 2014-15 (Rs Crore)

Particulars	**As per Petition**	**Approved by the Commission**
Interest Amount	829.19	765.43
Other Finance Charges	54.15	39.39
Total Interest & Finance Charges	883.34	**804.82**

<u>Working Capital and Interest on Working Capital</u>

<u>RVPN's Projections:</u>

305. RVPN has projected the interest on working capital as Rs. 47.53 Crore for FY 2014-15. RVPN has further submitted that working capital has been calculated as per norms and interest rate has been considered as 12.21% for FY 2014-15 as per RERC Tariff Regulations, 2014. RVPN submitted that increase in interest in working capital is due to increase in O&M expenses and Receivables for FY 2014-15.

Commission's Analysis:

306. The Commission has computed the interest on working capital in accordance with the provisions of RERC Tariff Regulations, 2014. As regards interest rate, the Commission has considered SBI base rate of 9.71% existing during first six months of FY 2013-14 plus 250 basis points as per regulations, 2014. The average rate of interest thus works out to 12.21% and has been adopted for FY 2014-15. Therefore, working capital requirement and interest on working capital for FY 2014-15 is approved as follows: as under:

Table 54: Approved Interest on Working Capital for FY 2014-15 (Rs. Crore)

S. No.	Particulars	Petitioner's Submission	Approved by Commission
1	O&M Expenses (1 Month)	59.44	58.93
2	Maintenance Spare (as per norms)	107.00	106.08
3	Receivables on target availability (as per norms)	290.89	255.58
4	Less: Security Deposit	67.94	67.94
5	**Total Working Capital**	**389.40**	**352.65**
6	Interest Rate	12.21%	12.21%
7	**Interest on Working Capital**	**47.53**	**43.05**

Other Expenses

RVPN's Projections:

307. RVPN submitted that the other expenses of Rs 50.00 Crore are on account of the premium on restructuring/refinancing of long-term loans during the financial year, extra-ordinary items and FBT and deductions on account of capitalization of O&M expenses.

Commission's Analysis:

308. The Commission observes that other expenses of RVPN increased in FY 2011-12 and then suddenly decreased in FY 2012-13. RVPN's claim of Rs. 50.00 Crore seems to be on higher side. Therefore, the Commission approves other expenses as 50% of the projected expenses as under:

Table 55: Approved Other Expenses for FY 2014-15 (Rs. Crore)

Particulars	As per Petition	Approved by Commission
Other Expenses (includes Prior Period Exp., Extraordinary items and FBT)	50.00	25.00

Return on Equity

RVPN's Projections:

309. RVPN submitted that although RERC (Terms & Conditions for determination of Tariff), Regulations, 2009 allowed the licensees to claim Return on Equity in computation of ARR and determination of tariff, RVPN, in view of Financial Restructuring Plan, 2005 approved by GoR (reviewed during November/December 2012) has not claimed any RoE till financial break-even of entire sector. Accordingly, RVPN has not charged any return on equity for FY 2011-12 and FY 2012-13. However, for FY 2014-15 RVPN has claimed RoE @ 5% instead of 15.5% as per RERC Tariff Regulations, 2014.

Commission's Analysis:

310. As the Petitioner has claimed return on equity @ 5% instead of 15.5% as per RERC Tariff Regulations, 2014, the Commission has approved return on equity as under:

Table 56: Approved Return on equity for FY 2014-15 (Rs. Crore)

S. No.	Particulars	Ref.	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
			(Audited)	(Audited)	Estimated	Approved
1	Equity at the beginning of the year	A	1742.93	1977.38	2199.15	2631.95
2	Capitalisation during the Year	B	1193.66	1124.83	2164.00	1494.16
3	Less: Consumer Contribution	C	21.39	16.01	0.00	16.01

S. No.	Particulars	Ref.	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
4	Net Capitalization	D=B-C	1172.27	1108.82	2164.00	1478.15
5	Equity portion of capitalization	E=D*20%	234.45	221.76	432.80	295.63
6	Equity at the end of the year	F=A+E	1977.38	2199.15	2631.95	2927.58
7	Average Equity	G=Average (A,F)				2779.76
8	**Total Return on Equity**	**H=G*5%**				**138.99**

Non-Tariff Income

RVPN's Projections:

311. RVPN has projected the non-tariff income of Rs. 120.00 Crore for FY 2014-15. Non -tariff income comprises the revenue from non-tariff sources on account of miscellaneous receipts, prior period income, incentive against securitization of bonds, interest subsidy against government loan, differential interest subsidy in World Bank Loan, etc.

Commission's Analysis:

312. The Commission has considered the the non-tariff income projected by RVPN and approved the same for FY 2014-15.

Table 57: Approved Non-Tariff Income for FY 2014-15 (Rs Crore)

Particulars	As per Petition	Approved by Commission
Non Tariff Income	**120.00**	**120.00**

Revenue from Open Access

RVPN's Projections:

313. RVPN has projected Rs. 93.77 Crore as revenue from open access consumers for FY 2014-15. RVPN submitted that the revenue has been assessed assuming allocated open access capacity for FY 2014-15. The recovery of transmission charges from collective power exchange

transactions and Inter-State Short Term Open Access based on kWh energy is difficult to estimate accurately, therefore, the same has been included in total revenue from open access consumers. The details of Long Term Open Access customers are as under:

Table 58: Details of Long Term Open Access Customers

S. No.	Particular	Capacity (MW)
1	M/s V S Lignite Power Pvt. Ltd., Gurha	82.42
2	M/s Dahanu Solar Power Pvt. Ltd.	33.00
3	M/s NTPC Vidyut Vyapar Nigam	310.00
	Total	425.42

Commission's Analysis:

314. The Commission observes that RVPN has projected open access transmission capacity for FY 2014-15 as 425.42 MW and revenue from open access consumers as Rs. 93.77 Crore. It is observed that the Petitioner has projected total open access charges that include short-term as well as long-term open access charges. However, as per the methodology adopted by the Commission for calculation of transmission tariff, revenue from short-term open access consumers only has to be deducted from ARR. Since, the Petitioner has not separately shown revenue from short-term open access consumers for FY 2014-15, the Commission has considered the revenue from short-term open access consumers as Rs. 1 Crore as approved in the ARR for FY 2013-14.

Connectivity Charges

RVPN's Projections:

315. RVPN submitted that the norms specified for O&M expenses under Regulation 65(c) of RERC Tariff Regulations, 2014, do not specify any O&M expenses for the feeder bays of 33 kV and 11 kV being maintained by it.

316. Thus, the full O&M charges are not being accounted for in the ARR approved by the Commission, whereas considerable expenditure is being incurred for O&M of 33/11 kV bays at various Grid Sub stations. However, under Regulation 66 (d) of RERC Tariff Regulations, 2014, there is a

provision for charging connectivity charges, which can be claimed by Transmission utility towards payment of transmission charges.

317. RVPN proposed Connectivity Charges @ Rs. 2.50 Lakh per bay per annum for FY 2014-15 as against the rate of Rs. 3.36 Lakh per bay per annum allowed by Maharashtra Electricity Regulatory Commission (MERC) in its Tariff Regulations, 2011.

318. Considering O&M charges per bay/annum @ Rs .2.50 Lakh, an amount of Rs. 76.75 Crore has been considered as expenses in this ARR as per details given below:

Table 59: Revenue from Connectivity charges submitted for FY 2014-15 (Rs Crore)

Voltage	No. of bays as on 3.03. 2014	Addition during FY 2014-15	No. of bays expected as on 31.03 2015	Average No. of bays during FY 2014-15	Total Amount
33 kV	2517	96	2613	2565	64.125
11 kV	478	54	532	505	12.625
Total	**2995**	**150**	**3145**	**3070**	**76.75**

Commission's Analysis:

319. The Commission would like to clarify that while working out norms specified under Regulation 65(c) of RERC Tariff Regulations, 2014, it has considered overall cost of O&M of RVPN as such the impact of 33 kV and 11 kV feeder bays is included in the specified O&M expenses. Therefore, The Commission considers that proposal of RVPN for separate Connectivity Charges is not acceptable.

Creation of Regulatory Asset for carry forward losses on 31st March 2012

RVPN's Projections:

320. RVPN submitted that the accumulated loss in its Balance Sheet as on 31st March 2013 is Rs. 1629.21 Crore. The year-wise balance of Profit & Loss Account as carried forward to Balance Sheet submitted by RVPN is given as under:

Table 60: Year-wise balance of RVPN Profit & Loss Account carried forward to Balance Sheet (Rs Crore)

S. No.	Year	Opening balance	Profit(-) / Loss(+) of current year	Closing Balance
1	FY 2008-09	0.00	(860.77)	(860.77)
2	FY 2009-10	(860.77)	(815.94)	(1676.71)
3	FY 2010-11	(1676.71)	42.15	(1634.57)
4	FY 2011-12	(1634.57)	(35.93)	(1670.49)
5	FY2012-13	(1670.49)	41.28	(1629.21)

321. RVPN submitted that the carry forward accumulated losses in its Balance Sheet are mainly attributed to disallowing provisioning of terminal benefits included in employee expenses in Annual Revenue Requirement, and consequently the tariff determined by the Commission to meet revenue requirement for break-even was not adequate.

322. RVPN further submitted that the employee expenses, which include provision for terminal benefits as per statutory requirement are beyond its control. Depriving recovery of non-controllable employee expenses in tariff has resulted in lower revenue recovery from transmission charges as compared to its actual revenue requirement, which is appearing in the balance sheet as carry forward losses.

323. RVPN requested the Commission to approve creation of regulatory asset to carry forward loss of Rs. 1629.21 Crore appearing in its Balance Sheet as on 31st March 2013 and liquidating in ten installments in ARR commencing from FY 2014-15 as under:

Table 61: Liquidating of Regulatory Asset (Rs. Crore)

S. No.	Year	Regulatory Asset Opening Balance	Regulatory Asset Liquidation in ARR during year	Closing Balance of Regulatory Asset
1	FY 2014-15	1629.21	163.00	1466.21
2	FY 2015-16	1466.21	163.00	1303.21

S. No.	Year	Regulatory Asset Opening Balance	Regulatory Asset Liquidation in ARR during year	Closing Balance of Regulatory Asset
3	FY 2016-17	1303.21	163.00	1140.21
4	FY 2017-18	1140.21	163.00	977.21
5	FY 2018-19	977.21	163.00	814.21
6	FY 2019-20	814.21	163.00	651.21
7	FY 2020-21	651.21	163.00	488.21
8	FY 2021-22	488.21	163.00	325.21
9	FY 2022-23	325.21	163.00	162.21
10	FY 2023-24	162.21	162.21	0.00
	Total		**1629.21**	

324. RVPN submitted that allowing liquidation in 10 years will avoid abnormal increase in Discoms' retail tariff in a single year as intended by the Commission and will enable RVPN to wipe out accumulated loss in next ten years.

Commission's Analysis:

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

"3.4.1 As per Regulation 31 of RERC (Tariff) Regulations, the amount of unfunded liability of pension and gratuity in respect of employees of erstwhile RSEB shall be specified by the Commission to meet actual liability as on 20.7.2000 towards pension and gratuity of such employees. Such amount shall be treated an expense for the licensee to whom the liability has been assigned by the State Govt. Presently, such liability has been assigned to RVPN and accordingly they have been claiming

additional contribution for pension and gratuity in their ARR each year against Rs.1769 crores of such liability determined by the State Government. So far, the Commission has allowed Rs.1011 crores beginning from the year 2004-05. The balance Rs.758 crores therefore remains to be allowed. Besides, RVPN have also furnished the final report of Actuary for valuation of pension and gratuity liability and has accordingly informed about actuarial liability of Rs.845.90 crores as on 31.3.2008 towards pension and gratuity since 19.7.2000 after unbundling and liability for leave encashment as Rs.60 crores. Regarding leave encashment the Commission has already taken a view in its MYT order that the existing liberal norms for O&M expenses should suffice to cover this expenditure. The liability of Rs.758 crores and Rs.845.90 crores is allowed by the Commission as under in the remaining years of the control period.

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

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

"

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

Aggregate Revenue Requirement

RVPN's Projections:

327. RVPN has projected the ARR of Rs. 2522.08 Crore for transmission function for FY 2014-15.

Commission's Analysis:

328. Based upon the detailed analysis of various components, the Commission approves the ARR for FY 2014-15 as under:

Table 62: Approved summary of ARR for Transmission function for FY 2014-15

(Rs Crore)

S. No.	Particulars	FY2014-15	
		Petitioners Submission	Approved
1	Operation & Maintenance Expenses	713.34	707.20
2	Depreciation	433.38	446.19
3	Interest and Finance Charges on Long-term Loans	883.34	804.82
4	Interest on Working Capital & Financial Charges	47.53	43.05
5	Additional contribution towards pension and gratuity trust	0.00	0.00
6	Insurance charges	0.42	0.42
7	Other expenses	50.00	25.00
8	**Total Revenue Expenditure**	**2128.01**	**2026.67**
9	Return on Equity	242.38	138.99
10	Income tax provision	0.00	0.00
11	Connectivity Charges	76.75	0.00
12	Regulatory Assets Liquidation	163.00	0.00
13	**Gross Aggregate Revenue Requirement (8+9+10+11+12)**	**2610.14**	**2165.66**

S. No.	Particulars	FY2014-15	
		Petitioners Submission	Approved
14	Less: Non Tariff Income	120.00	120.00
15	Less: Income from Open Access(Short-term)	0.00	1.00
16	**Net Aggregate Revenue Requirement (ARR)**	**2490.14**	**2044.66**
17	Truing up of FY 2011-12 surplus/(gap)	(35.93)	124.93*
18	Truing up of FY 2012-13 surplus/(gap)	3.99	287.79*
19	**ARR to be recovered through transmission tariff**	**2522.08**	

The Commission has considered the surplus of FY 2011-12 and FY 2012-13 separately and not included in the ARR for FY 2014-15.

Incentive for System Availability

329. RVPN in reply dated 30.07.2014 has proposed to claim the incentive for FY 13-14 as under:

(i) To be received from distribution licensee's – Rs. 47.78 Crore

(ii) To be received from long term open access customers – Rs. 0.39 Crore

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

Transmission Tariff for FY 2014-15

RVPN's Projections:

331. RVPN has projected the transmission tariff for FY 2014-15 as follows:

Table 63: Projected Transmission Charges for FY 2014-15

S. No.	Particulars	Petitioner
1	Transmission Capacity for Discoms (MW)	11,017.00
2	Transmission Capacity for Open Access (MW)	425.42
3	Transmission Tariff for Discoms and long term open access consumers (Rs./kW/Month)	183.68
4	Energy Requirement for Discoms in FY 2014-15 (MU)	66,894.90
5	Energy Requirement of Long Term Open Access Customers in FY 2013-14 (MU)	0.00*
6	Transmission tariff for collective power exchange transactions (paisa/kWh)	37.70

The Petitioner in its reply to objection has submitted energy flow due to Open Access as 2485MU

<u>Commission's Analysis</u>:

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

333. As regards the suggestion received for specifying the transmission tariff in term of energy transmitted basis in respect of solar generation, the Commission has earlier deliberated on this issue at length as brought out in the Memo on Statement of Objects & Reasons dated 24.02.2014, while notifying RERC(Terms and Conditions for Determination of Tariff for Renewable Energy Sources- Wind and Solar Energy) Regulations, 2014 wherein the Commission has come to the conclusion that it would be

appropriate to specify the transmission charges in term of capacity. Therefore, the Commission is specifying the transmission charges for long term open access customers including generation from renewable energy sources in term of capacity i.e. Rs./kW/month.

334. The Commission has therefore specified transmission tariff in terms of network usage based upon contracted/allotted capacity of 11017 MW and 425.23 MW for Discoms and long term open access consumers, respectively, aggregating to 11442.42 MW, as per the provisions of Regulation 66(1)(b) of the RERC Tariff Regulations, 2014. The transmission tariff for Discoms and long term open access transactions works out as Rs 148.91 /kW/month. For intra-State short-term open access bilateral transactions, the transmission tariff has been worked out as Rs. 4.90 /kW/day.

335. In respect of inter-State open access transactions, the Commission had earlier decided in its Order dated 9.01.2014, while specifying transmission tariff for FY 2013-14 that transmission charges for use of State transmission system in inter-State bilateral short-term transactions and collective power exchange transactions be levied on Rs/kWh basis. The same principle has been followed in this Order.

336. The gross energy requirement of Discoms for FY 2014-15 has been shown as 66894.90 MU and 2485 MU for long-term open access consumers by the Petitioner. Considering the aggregate energy requirement of 69379.90 MU and total transmission charges of Rs. 2044.66 Crore, the transmission charges for use of State transmission system in inter-State short-term open access bilateral transactions and collective power exchange transactions are approved as Rs. 29.47 paisa/kWh.

337. Accordingly, the approved transmission tariff for the FY 2014-15 is as under:

Table 64: Approved Transmission Tariff for FY 2014-15

S. No.	Particulars	Approved by Commission
1	Net Transmission charges to be recovered from Discoms and Long Term Open Access Consumers (Rs Crore)	2044.66
2	Approved transmission capacity for Discoms (MW)	11017.00
3	Long Term Open Access Customers (MW)	425.42
4	Total Transmission Capacity (MW)	11442.42
5	Transmission Tariff for Discoms and long term open access customers (Rs./kW/Month)	148.91
6	Transmission Tariff for intra-State short term open access bilateral transactions (Rs./kW/day).	4.90
7	Energy Requirement for Discoms in FY 2013-14 (MU)	66894.90
8	Energy Requirement of Long Term Open Access Customers in FY 2013-14 (MU)	2485
9	Transmission tariff for use of State transmission system in inter-State short term open access bilateral transactions and collective power exchange transactions (paisa/kWh).	29.47

Section – 6: Analysis of ARR for SLDC Function for FY 2014-15

338. In order to ensure smooth real time system operations, the Electricity Act, 2003, provides for SLDC to be a separate entity, operated by a competent agency notified by the State Government. The State Transmission Utility will operate the SLDC, till the time a separate entity is notified for this purpose. The GoR has entrusted RVPN with this responsibility in Rajasthan. The Commission has directed RVPN to file a separate ARR for SLDC function. However, RVPN has filed a single Petition, which contains a separate section for SLDC function.

SLDC Capitalisation

RVPN proposed 30:70 ratio of equity and loan for Rs. 20 Crore investment in the petition, while in revised investment plan for FY 2014-15, it has proposed 20:80 of equity and loan for investment funding. The Commission has considered the ratio of equity and loan as per revised investment plan. Further, the Commission has considered capitalisation of Rs 0.2 Crore as proposed by the Petitioner in its Petition in Form S5.3.

O&M Expenses

RVPN's Projections:

339. RVPN has projected the O&M expenses of Rs.11.52 Crore for FY 2014-15.

Commission's Analysis:

340. The Commission approves the O&M expenses as projected by RVPN for FY 2014-15 as under:

Table 65: Approved O&M Expenses for FY 2014-15 (Rs. Crore)

Particulars	As per Petition	Approved by Commission
O&M Expenses	11.52	11.52

Depreciation

RVPN's Projections:

341. RVPN has projected the depreciation charges of Rs. 0.49 Crore for FY 2014-

15. RVPN further submitted that the depreciation charges have been computed as per the provisions of RERC Tariff Regulations, 2014.

Commission's Analysis:

342. The Commission observes that the depreciation charge projected by RVPN is as per the provisions of RERC Tariff Regulations, 2014 and considering capitalisation during FY 2014-15. Therefore, the Commission approves same depreciation claimed by RVPN as given in the Table:

Table 66: Approved Depreciation for FY 2014-15 (Rs. Crore)

Particulars	As per Petition	Approved by Commission
Depreciation	0.49	0.49

Interest and Finance Charges

RVPN's Projections:

343. RVPN has projected the interest and finance charges for FY 2014-15 as Rs 1.30 Crore.

Commission's Analysis:

344. The Commission has considered interest and finance charges as allocated in the section of Transmission function ARR for FY 2014-15 as under:

Table 67: Approved interest and finance charges for FY 2014-15 (Rs Crore)

Particulars	As per Petition	Approved by the Commission
Total Interest & Finance Charges	**1.30**	**0.61**

Working Capital and Interest on Working Capital

RVPN's Projections:

345. RVPN has projected the interest on working capital as Rs. 0.81 Crore for FY 2014-15. RVPN has further submitted that working capital has been calculated as per norms and interest rate has been considered as 12.21% for FY 2014-15 as per RERC Tariff Regulations, 2014. RVPN submitted that increase in interest in working capital is due to increase in O&M expenses

and Receivables of SLDC for FY 2014-15.

Commission's Analysis:

346. The Commission has computed interest on working capital on the basis of revised parameters in accordance with the provisions of RERC Tariff Regulations, 2014. As regards interest rate, the Commission has considered SBI base rate of 9.71% existing during first six months of FY 2013-14 plus 250 basis points as per regulations, 2014. The average rate of interest thus works out as 12.21% and has been adopted for FY 2014-15. Therefore, working capital requirement and interest on working capital for FY 2014-15 is as under:

Table 68: Approved Interest on Working Capital for FY 2014-15 (Rs. Crore)

S. No.	Particulars	As per Petition	Approved by Commission
1	O&M Expenses (1 Month)	0.96	0.96
2	Maintenance Spares (as per norms)	1.73	1.73
3	Receivables on target availability (as per norms)	3.95	3.65
4	Less: Security Deposit	0.00	0.00
5	**Total Working Capital**	**6.63**	**6.34**
6	Interest Rate	12.21%	12.21%
7	**Interest on Working Capital**	**0.81**	**0.77**

SLDC Operation Charges

RVPN's Projections:

347. RVPN has projected the SLDC operation expenses of Rs. 17.28 Crore for FY 2014-15. RVPN also stated that it is paying NRLDC on account of operation and recovery of annualized fixed charges for the Unified Load Dispatch Centre (ULDC) scheme.

Commission's Analysis:

348. The Commission observes that the payment is made to NRLDC on account of operation and recovery of annualized fixed charges for the Unified Load Dispatch Centre (ULDC) scheme on which licensee has no control. Considering the marginal increase from amount approved in the FY 2013-14 Tariff Order, the Commission approves the expense as projected by RVPN.

Table 69: Approved SLDC Operation Charges for FY 2014-15 (Rs. Crore)

Particulars	As per Petition	Approved by Commission
SLDC Expenses	**17.28**	**17.28**

Return on Equity

RVPN's Projections:

349. RVPN submitted that although RERC (Terms & Conditions for determination of Tariff), Regulations, 2014 allows the licensees for Return on Equity in computation of ARR and determination of tariff, RVPN, in view of Financial Restructuring Plan, 2005 approved by GoR (reviewed during November/December 2012) has not claimed any RoE till financial break-even of entire sector. Accordingly, RVPN has not charged any return on equity for FY 2011-12 and FY 2012-13. However, for FY 2014-15, RVPN has claimed RoE @ 5% instead of 15.5% as per RERC Tariff Regulations, 2014.

Commission's Analysis:

350. The Petitioner has claimed return on equity @ 5% instead of 15.5% as per RERC Tariff Regulations, 2014. Accordingly, the Commission has approved return on equity as under:

Table 70: Approved return on equity for FY 2014-15 (Rs. Crore)

S. No.	Particulars	Ref.	FY 2012-13 (Audited)	FY 2013-14 Estimated	FY 2014-15 Projected
1	Equity at the beginning of the year	A	1.07	1.07	1.07
2	Capitalisation during	B	0.02	0.00	0.20

S.	Particulars	Ref.	FY 2012-13	FY 2013-14	FY 2014-15
	the Year				
3	Less: Consumer Contribution	C	0.00	0.00	0.00
4	Net Capitalization	D=B-C	0.02	0.00	0.20
5	Equity portion of capitalization	E=D*20%	0.00	0.00	0.04
6	Equity at the end of the year	F=A+E	1.07	1.07	1.11
7	Average Equity	G=Average(A,F)			1.08
8	**Total Return on Equity**	**H=G*5%**			**0.05**

Aggregate Revenue Requirement (ARR) for SLDC

RVPN's Projections:

351. RVPN has projected the ARR of SLDC function for FY 2014-15 as under:

Table 71: Projected ARR of SLDC Business for FY 2014-15 (Rs. Crore)

S. No.	Particulars	As per Petition
1	**Expenses**	
	Operating Expenses	
i)	Employee expenses	9.77
ii)	Administrative and General Expenses	1.60
iii)	Repair and Maintenance Expenses	0.15
iv)	Depreciation	0.49
v)	Interest and Financial Charges	1.30
vi)	Interest on Working Capital	0.81
vii)	SLDC Operational expenses	17.28
viii)	Return on Equity	0.15
2	**Total Revenue Expenditure**	**31.56**
3	Less: Non-Tariff income	1.35
4	Less: Income from Open Access	0.00
5	**Aggregate Revenue Requirement**	**30.21**

Commission's Analysis:

352. The Commission has considered the non-tariff income of Rs. 1.35 Crore as projected by the petitioner. Further, the Petitioner has not furnished details of revenue from short-term open access consumers for FY 2014-15. Therefore, the Commission has considered the income from short-term open access consumers of Rs. 0.21 Crore as approved by the Commission in Tariff Order for FY 2013-14 dated 9.01.2014. Based on the detailed analysis of various components, the Commission approves the ARR for SLDC function for FY 2014-15 as follows:

Table 72: Approved Summary of ARR for SLDC Function for FY 2014-15

(Rs. Crore)

S. No.	Particulars	As per Petition	Approved
1	**Expenses**		
	Operating Expenses		
i)	Employee expenses	9.77	11.52
ii)	Administrative and General Expenses	1.60	
iii)	Repair and Maintenance Expenses	0.15	
iv)	Depreciation	0.49	0.49
v)	Interest and Financial Charges	1.30	0.61
vi)	Interest on Working Capital	0.81	0.77
vii)	SLDC Operational expenses	17.28	17.28
viii)	Return on Equity	0.15	0.05
2	**Total Revenue Expenditure**	**31.56**	**30.74**
3	Less: Non-Tariff income	1.35	1.35
4	Less: Income from Short term Open Access	0.00	0.21
5	**Aggregate Revenue Requirement**	**30.21**	**29.18**
6	Truing-up FY 2011-12 surplus/(Gap)	0.00	16.45*

S. No.	Particulars	As per	Approved
7	Truing-up FY 2012-13 surplus/(Gap)	1.01	11.67*
8	**Total Revenue Requirement**	**29.21**	

****The Commission has considered the surplus of FY 2011-12 and FY 2012-13 separately and not included in the ARR for FY 2014-15.**

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

354. The recovery of SLDC expenses for FY 2014-15 shall be as under:

Table 73: Approved SLDC Expenses for FY 2014-15

S. No.	Particulars	Approved by Commission
1	Net Revenue Requirement for SLDC Operations to be recovered from Discoms (Rs. Crore)	29.18
2	Contracted capacity for Discoms and long term open access consumers (MW)	11442.42
3	SLDC Charges for long term (including Discoms) OA transactions (Rs./kW/month)	2.12
4	SLDC Charges for short term OA transactions (Rs./kW/month)	2.12

Recovery of Generation expenses from Partnership Projects:

RVPN's Submission:

355. As regards recovery of expenses incurred on partnership projects, RVPN submitted that it has filed a Review Petition with the Commission to allow such recovery, in view of the fact that RVPN is making payment to the partnership projects in cash and is not able to recover the same from Discoms. Moreover, in the cost of power purchase allowed to Discoms by the Commission, the cost of power from these generation projects has been considered. Till the decision regarding tariff of these partnership projects is taken by competent authority, the Commission may allow the recovery of partnership projects expenses, incurred by RVPN, from Discoms.

356. RVPN further submitted that as per direction of the Commission in Tariff Order dated 09.01.2014, the Petition for recovery of generation expenses relating to partnership projects from Discoms based on their share in capacity allocations in these Partnership Projects is not being submitted. However, the expenses incurred for these partnership projects shall be recovered at actual.

Commission's Analysis

357. The Commission has already clarified in the Tariff Order for FY 2013-14 dated 09.01.2014 that CERC is the competent authority to regulate and determine the tariff of the generating stations of Partnership Projects. However, the charges being incurred by RVPN on the partnership projects shall continue to be reimbursed from the Discoms at actuals. However, RVPN is directed to submit the status of filing tariff petition in CERC by the competent authority for partnership projects in their petition for FY 2015-16.

General:

358. The transmission and SLDC charges as determined under this Order for Discoms would be shared amongst them in proportion to their contracted/ allotted capacity for the year FY 2014-15. In case of any variation in the allotted/ contracted capacity, these charges would be levied on the allotted/ contracted capacity actually put to use for

concerned Discom at the approved transmission tariff and SLDC Charges.

359. Regarding issue of accounting for de-capitalization/ capitalization of burnt transformers Commission considers that the reply/information furnished by RVPN in the petition is inadequate. The Commission therefore directs RVPN that with the next true up petition, RVPN should clearly indicate the status of final disposal of burnt transformers i.e. whether it is declared obsolete or put to use after repair and its final accounting in the books.

360. Regarding comments recorded by Charted Accountant in the Audited Accounts for FY 2011-12 and comments recorded in supplementary audit by AG in the Audited Accounts for FY 2013-14 that the accounts are not reflecting true and fair view, the Commission share the concerns of the stakeholders. The Commission considers the reply furnished by RVPN on this issue as unsatisfactory and directs RVPN to take timely and suitable measures to ensure that such remarks do not appear in the audited accounts while submitting True up petition for FY 2013-14 and onwards.

361. Status of Compliance to Directions Issued by the Commission in Previous Orders and Summary of New Directions have been enclosed as Annexure-II.

362. The tariff determined vide this office order shall be effective from 1st April,2014.Commission vide order dated 31.03.2014 had specified transmission tariff and SLDC Charges for FY 2014-15 on interim basis subject to adjustment when the transmission tariff and SLDC charges are determined. For long term open access customers and Discoms, the net revenue surplus/shortfall sustained by RVPN shall be adjusted in next three months from the date of this Order. However, in case of short term open access transactions there shall be no retrospective adjustment of transmission charges.

Summary :

363. The summary of the Investment Plan for 2014-15, True Up of ARR of FY 2011-12 & FY 2012-13, ARR for Transmission and SLDC function for FY 2014-15 approved by the Commission is as under:

A Investment Plan FY 2014-15 (Rs. Crore) (Table No. 7)

Sl. No.	Particulars	Proposed	Approved
1	Transmission Works including SLDC function	1810	1539

B True Up petition for FY 2011-12 (Rs. Crore)

Particulars	Approved in Tariff Order dt. Dec 23, 2011	As per Petition	Allowed after truing Up
	1	2	3
Transmission Function (Table No. 18)			
Total expenditure	1535.93	1758.08	1570.67
Total revenue	1535.93	1696.08	1695.60
Total revenue(-)Total expenditure	0	(62.00)	124.93
SLDC function (Table No. 20)			
Total Expenditure	46.14	24.87	34.19
Total Revenue	46.14	50.96	50.64
Total Revenue(-)Total Expenditure	0.00	26.09	16.45
Partnership Projects (Table No. 21)			
Total Expenditure	274.06	367.49	367.49
Total Revenue	274.06	367.49	367.49

Note: The surplus on account of true up shall be refunded to Discoms in the manner specified at Para 332 and 353.

C True Up petition for FY 2012-13 (Rs. Crore)

Particulars	Approved in Tariff Order	As per Petition	Allowed after truing Up
	1	2	3
Transmission Function (Table No. 32)			
Total expenditure	1756.33	2169.15	1921.63
Total revenue	1756.33	2172.13	2209.41
Total revenue (-) Total expenditure	0.00	2.98	287.79
SLDC function (Table No. 34)			
Total Expenditure	19.60	27.35	16.69
Total Revenue	19.60	28.37	28.37
Total Revenue (-) Total Expenditure	0.00	1.02	11.67
Partnership Projects (Table No. 35)			
Total Expenditure	377.03	358.70	358.70
Total Revenue	377.03	358.70	358.70

Note: The surplus on account of true up shall be refunded to Discoms in the manner specified at Para 332 and 353.

D ARR for FY 2014-15

Particulars	Petitioners submission	Approved
Transmission Function (Table No. 62)		
Total Revenue Expenditure	2128.01	2026.67
Net Aggregate Revenue Requirement (ARR)	2490.14	2044.66
SLDC function (Table No. 72)		
Total Revenue Expenditure	31.56	30.74
Aggregate Revenue Requirement	30.21	29.18

Approved Transmission Tariff for FY 2014-15 (Rs. Crore) (Table No. 64)

S. No.	Particulars	Approved by Commission
1	Net Transmission charges to be recovered from Discoms and Long Term Open Access Consumers (Rs Crore)	2044.66
2	Approved transmission capacity for Discoms (MW)	11017.00
3	Long Term Open Access Customers (MW)	425.42
4	Total Transmission Capacity (MW)	11442.42
5	Transmission Tariff for Discoms and long term open access customers (Rs./kW/Month)	148.91
6	Transmission Tariff for intra-State short term open access bilateral transactions (Rs./kW/day).	4.90
7	Energy Requirement for Discoms in FY 2013-14 (MU)	66894.90
8	Energy Requirement of Long Term Open Access Customers in FY 2013-14 (MU)	2485
9	Transmission tariff for use of State transmission system in inter-State short term open access bilateral transactions and collective power exchange transactions (paisa/kWh).	29.47

Approved SLDC expenses for FY 2014-15 (Rs. Crore) (Table No. 73)

S. No.	Particulars	Approved by Commission
1	Net Revenue Requirement for SLDC Operations to be recovered from Discoms (Rs. Crore)	29.18
2	Contracted capacity for Discoms and long term open access consumers (MW)	11442.42
3	SLDC Charges for long term (including Discoms) OA transactions (Rs./kW/month)	2.12
4	SLDC Charges for short term OA transactions (Rs./kW/month)	2.12

364. Copy of this Order may be sent to the petitioner, respondents, objectors, CEA and Government of Rajasthan.

(Vinod Pandya)
Member

(Vishvanath Hiremath)
Chairman

Annexure-I

The list of stakeholders present during the hearings

1.	A.K Gupta	Director (Finance)-RVPN
2.	N.K Mathur	Chief COA-RVPN
3.	M.L Gupta	SE(NPP&R)-RVPN
4.	Madhu Pandey	Sr. AO- RVPN
5.	Rajesh Mathur	SE(RA)-JVVNL
6.	G.D Pamnani	XEN (Project)-RVPN
7.	K.K Meena	XEN-RVPN
8.	S.T Hussain	XEN (RA)-JVVNL
9.	Deepak Tahiliani	AEN-RVPN
10.	Rajendra Sharma	AEN-RVPN
11.	P.P Sharma	AEN-RVPN
12.	G. L. Sharma	Individual Objector
13.	Atul Kulshrestha	APP(Association of Power Producers)
14.	Sameer Mathur	APP(Association of Power Producers)
15.	B.M Sanadhya	Director-Samta Power
16.	Atul Trivedi	The Rajasthan Solar Association

Annexure-II:

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

Sl. No.	Tariff Order FY 2013-14 Para No.	Directives	Action Taken	Commission's Observations/ Directions
1	18	The Commission directs the Petitioner to file the Petition for truing-up of FY 2011-12 and truing-up of FY 2012-13 along-with the Petition for approval of Aggregate Revenue Requirement for FY 2014-15. Commission also directs that, Petitioner should not repeat such mistake in future and must submit the true-up Petition along with the Audited Annual Accounts of the relevant year.	Petition for Truing-up of FY 2011-12 and truing-up of FY 2012-13 is being filed along-with the Petition for approval of Aggregate Revenue Requirement for FY 2014-15.	The Commission directs the Petitioner to ensure that in future the true up petition is filed with audited accounts only.
2		**Depreciation**		
	49	The Commission in its previous Tariff Order has directed RVPN to speed up the completion of Asset Register so that the depreciation can be computed in accordance with the provisions of RERC Tariff Regulations, 2009. The Commission directs RVPN that they must expedite the finalization of asset register up to FY 2012-13.	The accounting unit-wise Fixed Assets Register of RVPN has been prepared up to FY 2012-13. However, A separate Fixed Assets Register in respect of all the assets that have been taken in the Annual Accounts of 2012-13 as deemed purchased from M/s. ICICI bank Ltd. w.e.f. 15.09.2003, is under preparation.	The Commission has taken note of the Petitioner's submission and directs the Petitioner to expedite submission of the complete Fixed Asset Register in physical form.

Sl. No.	Tariff Order FY 2013-14 Para No.	Directives	Action Taken	Commission's Observations/ Directions
			Depreciation has been charged on straight line method for 90% of value of asset considering 10% salvage value after useful life and no depreciation has been applied for assets, which have been fully depreciated to 90% of value.	The Commission has taken note of the Petitioner's submission
			Depreciation charges have been computed based on the depreciation rates specified in RERC Tariff Regulations, 2014 for the current assets.	The Commission has taken note of the Petitioner's submission
3	62	**Interest and Finance Charges:** – The Commission, earlier also in Order dated 10.01.2013, had advised AVVNL to settle the outstanding amount at the earliest and now would like to re-iterate that RVPN should settle outstanding amount of Rs 531.24 Crore with Ajmer Discom at the earliest. As regards Rs. 689.59 Crore receivables from the State Govt., Petitioner needs to pursue the matter with the State Government, more so as the said un-bridged gap and the interest on such receivables	The matter has already been taken up with AVVNL authorities and state Govt. Pursuance is being made regularly to settle the outstanding dues. The Finance Department, Govt. of Rajasthan has principally agreed to release the amount in four equal instalments per year commencing from FY 2014-15 in the shape of	The Commission again directs the Petitioner to expedite the outstanding recovery and submit the status to the Commission.

Sl. No.	Tariff Order FY 2013-14 Para No.	Directives	Action Taken	Commission's Observations/ Directions
		cannot be allowed in the ARR.	equity but the RVPN has requested to release the amount in the shape of subvention/subsidy to avoid accounting complication.	
4	73	**Recovery of Transmission Charges: –** In this Order, in absence of TSA, Commission has approved the transmission charges following principle followed in the previous tariff Order in terms of Rs/kW/Month on the basis of the peak demand. However, Commission directs the Petitioner to execute Transmission Service Agreements with the Discoms and Long Term Open Access consumers.	TSA between RVPN and Discoms is under the process of finalization.	The Commission again directs the Petitioner to expedite the finalization of TSA with the Discoms and Long Term Open Access.
5	100	Discrepancy in quantum of power purchase in the petitions of RVPN and Discoms, it is directed that RVPN and Discoms may coordinate and ensure that such discrepancies do not occur in future filings.	Discrepancy in quantum of power purchase in the petitions of RVPN and Discoms is noted for future to be ruled out. However, the commission may direct the Discoms to reconcile the figures with RVPN before filling the ARR petition.	The Commission again directs the Petitioner that RVPN and Discoms may coordinate and ensure that such discrepancies do not occur in future filings as the same is observed in Tariff Petition for

Sl. No.	Tariff Order FY 2013-14 Para No.	Directives	Action Taken	Commission's Observations/ Directions
				FY 2014-15 also.
6	128	**<u>Details of Long term users</u> –** Commission has taken a note of the stakeholders' comments and it is observed that the stakeholder has asked information of Long term open access consumers, in addition to Discoms, for which they have projected a capacity of 281 MW. Petitioner is directed to provide the information of long term users in their Petition for approval of ARR and transmission tariff for FY 2014-15.	List of Long Term open access users enclosed at Annexure "V".	The Commission has taken note of the Petitioner's submission
7	147	**<u>SLDC Charges</u>** – As regards the analysis of staff posted to manage the SLDC functions, the Commission is of the view that RVPN should take necessary steps to ensure that SLDC is adequately supported with staff and technical support.	Proposal for creation of posts in view of Pradhan Committee report has already been submitted and approval of Govt. is still awaited.	The Commission again directs the Petitioner to expedite the matter and submit the status of the same to the Commission.
8	151 and 152	**<u>Allocation of UI charges</u>** – The Commission agrees with the suggestion of the stakeholder. Petitioner was directed in the past also for settlement of UI charges for open access consumers. The Commission has taken an adverse view for not submitting appropriate reply by RVPN. The	CBS System and Infrastructure for allocation of UI charges for open access consumers shall be ready after procurement, installation & commissioning of ABT & TOD meters, tender for	The Commission again directs the Petitioner to expedite the entire exercise of allocation of UI charges to the open access

Sl. No.	Tariff Order FY 2013-14 Para No.	Directives	Action Taken	Commission's Observations/ Directions
		Commission further directs SLDC to complete the entire exercise of allocation of UI charges to the open access consumers within three months from the date of issue of this Order.	which is under process. Action taken report in this regard as per 16th Meeting of State Advisory Committee has been sent by this office vide letter No 213 dated 29-5-2014. However, Discoms have been requested for submission of provisional UI account in respect of Open Access consumers for implementation of Intra State ABT as per decision of CMD, Discoms in para 3 of Order dated 08.02.13	consumers.

Fresh Directives issued in this Order

Sr. No.	Reference	Commission's Directive
1	Para 199 and Para 238	RVPN is once again directed to segregate the accounts for the Transmission function, SLDC and Partnership function while submitting true up petition for FY 13-14 & ARR for FY 14-15 without fail.
2	Para 213	RVPN is directed to remit this amount to the pension and gratuity trusts after adjusting the amount already remitted for FY 2011-12 within a period of 3 months and report to the Commission. RVPN is further directed that while submitting true up petition in future a certificate indicating the amount remitted to pension and gratuity trusts be attached with the petition.

Sr. No.	Reference	Commission's Directive
3	Para 248	RVPN is directed to remit this amount to the pension and gratuity trusts after adjusting the amount already remitted for FY 2012-13 within a period of 3 months and report to the Commission. RVPN is further directed that while submitting true up petition in future a certificate indicating the amount remitted to pension and gratuity trusts be attached with the petition.
4	Para 357	RVPN is directed to submit the status of filing tariff petition in CERC by the competent authority for partnership projects in their petition for FY 2015-16
5	Para 359	The Commission therefore directs RVPN that with the next true up petition, RVPN should clearly indicate the status of final disposal of burnt transformers i.e. whether it is declared obsolete or put to use after repair and its final accounting in the books.
6	Para 360	The Commission directs RVPN to take timely and suitable measures to ensure that such remarks do not appear in the Audited Accounts while submitting true up petition for FY 2013-14 and onwards.