

Table 107: Depreciation approved by the Commission for FY 2020-21 and FY 2021-22 for PSTCL

(Rs. Crore)

Particulars		FY 2020-21	FY 2021-22
(I)	Transmission		
1.	Opening GFA (excluding land and land rights)	7087.89	7157.98
2.	Add: Additions to GFA during the year	70.09	166.14
3.	Less: Addition of GFA towards PSDF schemes	0.00	0.00
4.	Closing GFA	7157.98	7324.12
5.	Average GFA	7122.94	7241.05
6.	Depreciation @4.17% of average GFA	296.92	301.84
(II)	SLDC		
7.	Opening GFA (excluding land and land rights)	19.10	23.04
8.	Add: Additions to GFA during the year	3.94	1.93
9.	Closing GFA	23.04	24.97
10.	Average GFA	21.07	24.00
11.	Depreciation @7.83% of average GFA	1.65	1.88
12.	Total Depreciation	298.57	303.72

4.7.8 The Commission approves depreciation of Rs. 298.57 Crore and Rs. 303.72 Crore for FY 2020-21 and FY 2021-22 respectively.

4.8 Interest and Finance Charges

4.8.1 In the ARR Petition of FY 2020-21, PSTCL had claimed Interest and Finance charges of Rs. 363.01 Crore (net of capitalization of Rs. 33.89 Crore of interest charges) for its Transmission Business and Rs.1.69 Crore for SLDC Business for FY 2020-21. The Commission approved interest charges of Rs. 332.58 Crore for Transmission Business (including Spillover and new schemes) and Rs. 1.53 Crore for SLDC Business for FY 2020-21.

4.8.2 In the ARR Petition of FY 2021-22, PSTCL had claimed Interest and Finance charges of Rs. 335.50 Crore (net of capitalization of Rs. 69.64 Crore of interest charges) for its Transmission Business and Rs.2.94 Crore for SLDC Business for FY 2020-21. The Commission approved interest charges of Rs. 308.95 Crore for Transmission Business (including Spillover and new schemes) and Rs. 1.68 Crore for SLDC Business for FY 2020-21.

PSTCL's Submission:

4.8.3 PSTCL has considered the closing balance of loans for FY 2019-20 as submitted in the True-up Chapter, as the opening loan as on 1.4.2020.

- 4.8.4 The outstanding existing loans include loans from REC, Commercial Banks, Loan from PSPCL and GPF Liability. The loan addition considered during FY 2020-21 and FY 2021-22 is as per the addition of loan computed in the section on Funding of Capital Investment. PSTCL has considered the loan repayment in line with the actual/expected repayments payable on corresponding loans during FY 2020-21 and FY 2021-22. PSTCL has proposed new loans for the proposed investments for FY 2020-21 and FY 2021-22 mainly from Banks/Financial Institutions. PSTCL has claimed interest capitalised for FY 2020-21 and FY 2021-22 computed on the basis of opening and closing CWIP and applicable interest rate during the respective years.
- 4.8.5 PSTCL has considered the actual interest rate applicable on loans of FY 2019-20 taken from respective Banks/Financial Institutions for computation of interest for FY 2020-21 and FY 2021-22. PSTCL has considered Guarantee Charges for FY 2020-21 and FY 2021-22 in line with the amount approved in the MYT Order dated June 01, 2020.
- 4.8.6 Accordingly, interest on loan capital for FY 2020-21 and FY 2021-22 for PSTCL has been submitted as under:

Table 108: Interest on Loan capital for FY 2020-21 as submitted by PSTCL

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21		
		Transmission	SLDC	PSTCL
1a	Opening Balance excluding GPF	3511.11	12.28	3523.39
1b	GPF	73.18	-	73.18
1.	Opening Balance including GPF	3584.29	12.28	3596.57
2.	Loan addition during year	260.14	2.19	262.33
3.	Loan Repayment during year	298.49	1.80	300.29
4.	Closing Balance	3545.94	12.67	3558.62
5.	Interest Rate	10.05%	10.16%	10.05%
6.	Interest Charges	358.14	1.27	359.41
7.	Add: Guarantee Charges	5.51	-	5.51
8.	Less: Interest Capitalised	34.32	-	34.32
9.	Interest & Finance Charges	329.33	1.27	330.60

Table 109: Interest on Loan capital for FY 2021-22 as submitted by PSTCL**(Rs. Crore)**

Sr. No.	Particulars	FY 2021-22		
		Transmission	SLDC	PSTCL
1a	Opening Balance excluding GPF	3502.04	12.67	3514.72
1b	GPF	43.90	-	43.90
1.	Opening Balance including GPF	3545.94	12.67	3558.62
2.	Loan addition during year	190.69	2.14	192.83
3.	Loan Repayment during year	306.92	2.18	309.10
4.	Closing Balance	3429.71	12.63	3442.35
5.	Interest Rate	10.05%	10.13%	10.05%
6.	Interest Charges	350.57	1.28	351.85
7.	Add: Guarantee Charges	4.04	-	4.04
8.	Less: Interest Capitalised	41.14	-	41.14
9.	Interest & Finance Charges	313.47	1.28	314.75

Commission's Analysis:

4.8.7 The Commission determines the Interest on loan capital for the 2nd MYT Control Period as per Regulation 24 of the PSERC MYT Regulations, 2019. It is reproduced as under:

“24.1. For existing loan capital, interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the actual rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall be the actual rate of interest paid/payable (other than working capital loans) on loans by the Licensee.

24.2. Interest and finance charges on the future loan capital for new investments shall be computed on the loans, based on one (1) year State Bank of India (SBI) MCLR/ any replacement there of as notified by RBI as may be applicable as on 1st April of the relevant year, plus a margin determined on the basis of current actual rate of interest of the capital expenditure loan taken by the Generating Company, Licensee or SLDC and prevailing SBIMCLR.

24.3. The repayment for each year of the tariff period shall be deemed to be equal to the depreciation allowed for the corresponding year. In case of de-capitalisation of assets, the repayment shall be adjusted by taking into account cumulative depreciation made to the extent of de-capitalisation.

24.4. The Commission shall allow obligatory taxes on interest, finance

charges (including guarantee fee payable to the Government) and any exchange rate difference arising from foreign currency borrowings, as finance cost.

24.5. The interest on excess equity treated as loan shall be serviced at the weighted average interest rate of actual loan taken from the lenders.

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered.”

- 4.8.8 The Opening of loan for the Spillover schemes is considered as per the Closing approved by the Commission in the true up of FY 2019-20 in this Order while the opening of loan for new schemes is considered as zero.
- 4.8.9 The Commission has considered the approved addition of loan as explained in para 4.5.4.
- 4.8.10 As per regulation 24.3 of PSERC MYT Regulation 2019, the repayment of loan is considered equal to depreciation allowed for the corresponding year.
- 4.8.11 For the Spillover schemes i.e. for existing loans, the rate of interest on loan capital is as per Regulation 24.1 and is considered as 10.15% for Transmission and 10.25% for SLDC as approved during the True-up of FY 2019-20 in this Order
- 4.8.12 The rate of interest on loan capital for new investments is as per Regulation 24.2 and is calculated as under:

Table 110: Calculation for rate of interest on loan for new investments for FY 2020-21

Sr. No.	Particulars	Transmission	SLDC
1.	SBI 1 yr MCLR (as on 1st April 2020)	7.75%	7.75%
2.	Actual Interest rate (True Up of FY 2019-20)	10.15%	10.25%
3.	SBI 1 yr MCLR (as on 1st April 2019)	8.55%	8.55%
4.	Margin (4=2-3)	1.60%	1.70%
5.	Interest on loan Capital	9.35%	9.45%

Table 111: Calculation for rate of interest on loan for new investments for FY 2021-22

Sr. No.	Particulars	Transmission	SLDC
1.	SBI 1 yr MCLR (as on 1 st April 2021)	7.00%	7.00%
2.	Actual Interest rate (True Up of FY 2019-20)	10.15%	10.25%
3.	SBI 1 yr MCLR (as on 1st April 2019)	8.55%	8.55%
4.	Margin (4=2-3)	1.60%	1.70%
5.	Interest on loan Capital	8.60%	8.70%

4.8.13 The Commission determines Interest on long term loans for Transmission Business and SLDC Business by considering the closing of FY 2019-20 as the opening and funding as approved in para 4.5.4 as under:

Table 112: Interest on loan for Spill over schemes of Transmission Business

(Rs. Crore)			
Sr. No.	Particulars	FY 2020-21	FY 2021-22
1.	Opening balance of loan	3488.64	3314.87
2.	Add: Receipt of loan during the year	123.00	132.51
3.	Less: Repayment of loan during the year	296.77	300.33
4.	Closing balance of loan	3314.87	3147.05
5.	Average Loan	3401.75	3230.96
6.	Interest Charges @ 10.15%	345.28	327.94

Table 113: Interest on loan for New schemes of Transmission Business

(Rs. Crore)			
Sr. No.	Particulars	FY 2020-21	FY 2021-22
1.	Opening balance of loan	0.00	6.92
2.	Add: Receipt of loan during the year	7.07	58.18
3.	Less: Repayment of loan during the year	0.15	1.51
4.	Closing balance of loan	6.92	63.59
5.	Average Loan	3.46	35.26
6.	Interest Charges @ 9.35% for FY 2020-21 and @ 8.60% for FY 2021-22	0.32	3.03

Table 114: Interest on loan for Spillover schemes of SLDC Business

(Rs. Crore)			
Sr. No.	Particulars	FY 2020-21	FY 2021-22
1.	Opening balance of loan	12.28	11.73
2.	Add: Receipt of loan during the year	1.10	0.21
3.	Less: Repayment of loan during the year	1.65	1.80
4.	Closing balance of loan	11.73	10.14
5.	Average Loan	12.01	10.94
6.	Interest Charges @ 10.25%	1.23	1.12

Table 115: Interest on loan for New schemes of SLDC Business

(Rs. Crore)			
Sr. No.	Particulars	FY 2020-21	FY 2021-22
1.	Opening balance of loan	-	-
2.	Add: Receipt of loan during the year	-	1.93
3.	Less: Repayment of loan during the year	-	0.08
4.	Closing balance of loan	-	1.85
5.	Average Loan	-	0.93
6.	Interest Charges @ 9.45% for FY 2020-21 and @ 8.70% for FY 2021-22	-	0.08

4.8.14 **The Commission approves Interest on long term loans of Rs. 345.60Crore for Transmission Business and Rs. 1.23 Crore for SLDC Business for FY 2020-21. Similarly, the Commission approved Interest on long term loans of Rs. 330.97Crore for Transmission Business and Rs. 1.20 Crore for SLDC Business for FY 2021-22.**

Interest on GPF Fund:

4.8.15 The Commission has observed that PSTCL has claimed GPF liability along with the long-term loans.

4.8.16 The Interest on GPF being a statutory payment is allowed as submitted by PSTCL provisionally for the FY 2020-21 and FY 2021-22 as under:

Table 116: GPF considered by the Commission for FY 2020-21 and FY 2021-22

Particulars	Interest Due
GPF for FY 2020-21	6.00
GPF for FY 2021-22	3.37

Finance and Guarantee charges:

4.8.17 PSTCL has claimed finance charges and guarantee fee of Rs.5.51 Crore for FY 2020-21 and Rs. 4.04 Crore for FY 2021-22 on loan requirement of Rs.260.14 Crore and Rs. 190.68 Crore respectively for transmission business. The Commission has worked out the loan requirement of Rs.130.07 Crore and approved proportionate Finance charges and guarantee fees of Rs. 2.76 (5.51 x 130.07 / 260.14) Crore for FY 2020-21. **Accordingly, the Commission approves finance charges and guarantee fees as Rs. 2.76 Crore for the loan requirement of Rs. 130.07 Crore for FY 2020-21 and Rs. 4.04 Crore for the loan requirement of Rs. 190.69 Crore for FY 2021-22.**

Capitalization of Interest Charges

4.8.18 Capitalization of interest and finance charges of Rs. 34.32 Crore for FY 2020-21 and Rs. 41.14 Crore for FY 2021-22 is claimed by PSTCL. The Commission has considered the same.

4.8.19 Accordingly, The Commission determines Interest and Finance Charges for Transmission Business and SLDC Business as under:

Table 117: Interest and Finance charges approved by the Commission for Transmission Business

(Rs. Crore)

Sr. No	Particulars	FY 2020-21	FY 2021-22
1.	Interest charges for Spillover schemes of Transmission Business	345.28	327.94
2.	Interest charges for New schemes of Transmission Business	0.32	3.03
3.	Interest on GP Fund	6.00	3.37
4.	Add Finance/Guarantee charges	2.76	4.04
5.	Less: Interest capitalized	34.32	41.14
6.	Net Interest charges	320.04	297.24

Table 118: Interest and Finance charges approved by the Commission for SLDC Business

(Rs. Crore)

Sr. No	Particulars	FY 2020-21	FY 2021-22
1.	Interest charges	1.23	1.20

4.8.20 Thus, the Commission approves Interest and Finance Charges of Rs. 321.27 Crore for FY 2020-21 and Rs. 298.44 Crore FY 2021-22.

4.9 Interest on Working Capital

4.9.1 In the ARR Petition for FY 2020-21, PSTCL had claimed interest on working capital for Transmission Business of Rs. 41.67 Crore for FY 2020-21, on a total working capital of Rs. 387.29 Crore against which The Commission approved interest on working Capital of Rs.35.44 Crore for FY 2020-21 on total working capital of Rs. 355.91 Crore.

4.9.2 In the ARR Petition for FY 2020-21, PSTCL had claimed interest on working capital of Rs. 0.59 Crore on the total working capital of Rs. 5.51 Crore for SLDC Business. The Commission approved the working capital of Rs. 0.49 Crore and interest on working capital Rs. 4.76 Crore for FY 2020-21.

4.9.3 In the ARR Petition for FY 2021-22, PSTCL had claimed interest on working capital for Transmission Business of Rs. 42.95 Crore for FY 2021-22, on a total working capital of Rs. 399.23 Crore against which The Commission approved interest on working Capital of Rs. 35.92 Crore for FY 2021-22 on total working capital of Rs. 360.71 Crore.

4.9.4 In the ARR Petition for FY 2021-22, PSTCL had claimed interest on working capital of Rs. 0.64 Crore on the total working capital of Rs. 5.95 Crore for SLDC Business. The Commission approved the working capital of Rs. 0.52 Crore and interest on

working capital Rs. 5.03 Crore for FY 2020-21

PSTCL's Submission:

4.9.5 PSTCL has computed Interest on Working Capital (IoWC) for FY 2020-21 and FY 2021-22 in line with the provisions of Regulation 51.1 and Regulation 25.1 of the PSERC MYT Regulations, 2019. The rate of interest to be considered is either the weighted average rate of interest paid/payable on loans by the Licensee/SLDC or the State Bank of India MCLR plus 350 basis points as on April 1 of the relevant year, whichever is less.

4.9.6 PSTCL has submitted that since the actual weighted average rate of interest on working capital loans for FY 2019-20 is lower than SBI MCLR plus 350 basis points, PSTCL has considered the actual weighted average rate of interest on working capital loans of FY 2019-20, for computation of interest for FY 2020-21 and FY 2021-22. The computation of interest for FY 2020-21 and FY 2021-22 is as shown in the following Table:

Table 119: Interest on Working Capital for FY 2020-21 as submitted by PSTCL

(Rs. Crore)				
Sr. No.	Particulars	FY 2020-21		
		Transmission	SLDC	PSTCL
1.	Receivables equivalent to two months of fixed cost	220.30	3.50	223.80
2.	Maintenance spares @ 15% of O&M expenses	88.06	1.29	89.35
3.	Operation and Maintenance expenses for one month	48.92	0.72	49.64
4.	Total Working Capital Requirement	357.28	5.50	362.78
5.	Rate of Interest	10.19%	10.19%	10.19%
6.	Interest on Working Capital	36.39	0.56	36.95

Table 120: Interest on Working Capital for FY 2021-22 as submitted by PSTCL

(Rs. Crore)				
Sr. No.	Particulars	FY 2021-22		
		Transmission	SLDC	PSTCL
1.	Receivables equivalent to two months of fixed cost	221.98	3.62	225.60
2.	Maintenance spares @ 15% of O&M expenses	89.89	1.33	91.23
3.	Operation and Maintenance expenses for one month	49.94	0.74	50.68
4.	Total Working Capital Requirement	361.81	5.69	367.50
5.	Rate of Interest	10.19%	10.19%	10.19%
6.	Interest on Working Capital	36.85	0.58	37.43

Commission's Analysis:

4.9.7 The Commission has computed the interest on working capital as per Regulation 51 of the PSERC MYT Regulations, 2019 specifies as under:

“51.1. Components of Working Capital

The Working Capital shall cover the following:

(a) O&M Expenses for 1month;

(b) Maintenance spares @ 15% of the O&M expenses;

(c) Receivables equivalent to two (2) months of fixed cost calculated on normative target availability.

51.2. Rate of Interest

The rate of interest on working capital shall be as per Regulation 25.1.”

4.9.8 Considering the rate of interest as approved in the True-Up of FY 2019-20 i.e. 10.09% for Transmission Business and 10.25% for SLDC Business, the Commission observes that the actual rate of interest are lower than State Bank of India MCLR plus 350 basis points as on April 1 (11.25% and 10.50%) of the relevant year and therefore determines and approves the Interest on working capital as under:

Table 121: Interest on Working Capital as approved by the Commission for FY 2020-21 and FY 2021-22

(Rs. Crore)			
Sr. No.	Particulars	FY 2020-21	FY 2021-22
	Transmission Business		
1.	Receivables for two months	218.75	218.14
2.	Maintenance spares @ 15% of O&M	86.47	88.56
3.	O&M Expenses for one month	48.04	49.20
4.	Total Working Capital	353.25	355.90
5.	Rate of Interest (%)	10.09%	10.09%
6.	Interest on Working Capital	35.66	35.93
	SLDC		
7.	Receivables for two months	3.59	3.69
8.	Maintenance spares @ 15% of O&M	1.37	1.42
9.	O&M Expenses for one month	0.77	0.79
10.	Total Working Capital	5.73	5.90
11.	Rate of Interest (%)	10.25%	10.25%
12	Interest on Working Capital	0.59	0.60

4.9.9 **The Commission approves working capital requirements of Rs. 358.98 Crore and interest thereon of Rs. 36.25 Crore for FY 2020-21 for PSTCL and working capital requirements of Rs. 361.80 Crore and interest thereon of Rs. 36.53 Crore for FY 2021-22 for PSTCL.**

4.10 Return on Equity

4.10.1 In the ARR Petition for FY 2020-21, PSTCL had claimed Return on equity of Rs. 154.40 Crore on opening equity of Rs. 887.35 Crore and on addition of Rs. 218.85 Crore during FY 2020-21. The Commission had approved Return on equity of Rs. 108.93 Crore on opening equity of Rs. 702.80 Crore and no addition of equity was allowed during the year.

4.10.2 In the ARR Petition for FY 2021-22, PSTCL had claimed Return on equity of Rs. 188.85 Crore on opening equity of Rs. 1106.19 Crore and on addition of Rs. 224.35 Crore during FY 2021-22. The Commission had approved Return on equity of Rs. 108.93 Crore on opening equity of Rs. 702.80 Crore and no addition of equity was allowed during the year.

PSTCL's Submission:

4.10.3 PSTCL has submitted that it has considered the funding of capital expenditure through 100% Loan in line with the approach adopted by the Commission in the Tariff Order dated June 01,2020. Accordingly, PSTCL has not considered any Equity additions during FY 2020-21 and FY 2021-22. The approach adopted by PSTCL for consideration of opening equity and addition of equity in FY 2020-21 and FY 2021-22 is without prejudice to the appeal pending before Hon'ble APTEL. PSTCL has requested the Commission to pass on the effect in the opening balance of Return on Equity of FY 2020-21 and for additions during the year in case the matter is ruled in favour of PSTCL. Accordingly, PSTCL has considered the closing equity of FY 2019-20 as submitted in the Truing-up Chapter, as opening equity for FY 2020-21.

4.10.4 PSTCL has considered rate of Return on Equity @15.50% for FY 2020-21 and FY 2021-22 in accordance with Regulation 20 of the PSERC MYT Regulations, 2019. The Return on Equity computed for FY 2020-21 and FY 2021-22 is as under:

Table 122: Return on Equity for FY 2020-21 and FY 2021-22 as claimed by PSTCL

(Rs. Crore)			
Sr. No.	Particulars	FY 2020-21	FY 2021-22
1.	Opening Balance-Equity Capital	704.97	704.97
2.	Equity addition during the year	-	-
3.	Closing balance-Equity Capital	704.97	704.97
4.	Rate of Return (%) RoE	15.50%	15.50%
	Return on Equity	109.27	109.27

PSTCL has claimed Return on Equity of Rs.109.27 Crore for FY 2020-21 and FY 2021-22.

Commission's Analysis:

4.10.5 The Commission determines the Return on Equity for the Control Period in accordance with Regulation 20 of PSERC MYT Regulations, 2019 which is reproduced as under:

“20. Return on equity

Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations with pondage and 16% for Distribution Licensee on the paid up equity capital determined in accordance with Regulation 19:

Provided that Equity invested in foreign currency shall be converted to rupee currency based on the exchange rate prevailing on the date(s) it is subscribed:

Provided further that assets funded by consumer contributions, capital subsidies/Government. grants shall not form part of the capital base for the purpose of calculation of Return on Equity.”

4.10.6 The Commission has considered the opening of equity for FY 2020-21 from the closing of equity approved in the True-Up of FY 2019-20. As explained in para 4.5.2, no addition of equity is considered. The Commission determines Return on Equity @15.50% on the average equity for the year and is calculated as under:

Table 123: Return on Equity for FY 2020-21 and FY 2021-22 for Transmission as allowed by The Commission

(Rs. Crore)			
Sr. No.	Particulars	FY 2020-21	FY 2021-22
1.	Opening Equity	705.70	705.70
2.	Addition of equity during the year	-	-
3.	Closing Equity	705.70	705.70
4.	Average Equity	705.70	705.70
5.	Rate of Return on Equity (%)	15.50%	15.50%
6.	Return on Equity (15.50% of 702.80)	109.38	109.38

4.10.7 Thus, the Commission approves Return on Equity of Rs. 109.38 Crore to PSTCL for APR of FY 2020-21 and for FY 2021-22.

4.11 Unified Load Dispatch & Communication (ULDC) Charges

4.11.1 In the ARR Petition for 2nd MYT Period, PSTCL claimed ULDC Charges of Rs. 9.67 Crore each for FY 2020-21 and FY 2021-22 for its SLDC Business and the

Commission approved Rs. 7.68 Crore for each year based on the Audited Annual Accounts of FY 2018-19.

4.11.2 In the APR for FY 2020-21 and Revised Estimated for FY 2021-22, PSTCL has claimed ULDC Charges of Rs.9.53 Crore as per the Audited Annual Accounts of FY 2019-20 for its SLDC Business.

4.11.3 **Accordingly, the Commission approves ULDC charges of Rs. 9.53 Crore to PSTCL for its SLDC Business for FY 2020-21 and FY 2021-22 provisionally.**

4.12 Non-Tariff Income

4.12.1 In the ARR Petition of 2nd MYT Period, PSTCL had projected Rs. 17.75 Crore of Non-Tariff Income for its Transmission Business and Rs. 0.76 Crore for SLDC Business against which The Commission approved the Non-Tariff Income of Rs. 23.59 Crore for Transmission Business and Rs. 1.67 Crore for its SLDC Business for each year based on Audited Annual Accounts of FY 2018-19.

PSTCL's Submission:

4.12.2 PSTCL has submitted submit that it expects additional income from Contribution works to be carried out during FY 2020-21 compared to the income received during FY 2019-20. Accordingly, PSTCL has considered Non-Tariff Income of Rs. 39.81 Crore for Transmission Business of FY 2020-21. PSTCL has retained the Non-Tariff Income of Rs. 0.78 Crore for SLDC Business same as claimed in the True up of FY 2019-20.

4.12.3 PSTCL has estimated the Non-Tariff Income for FY 2021-22 for Transmission Business as Rs. 32.90 Crore and Rs. 0.78 Crore for SLDC Business.

Commission's Analysis:

4.12.4 Non-Tariff Income is to be determined as per Regulation 28 of PSERC MYT Regulations 2019.

4.12.5 **The Commission considers the Non-tariff Income for FY 2020-21 and FY 2021-22 as Rs.25.94 Crore for Transmission Business and Non-Tariff Income of Rs. 0.58 Crore for SLDC Business based on Audited Annual Accounts of FY 2019-20. However, it will be revisited during the True-up of the respective years based on the Audited Annual Accounts.**

Table 124: Non-Tariff Income FY 2020-21 and FY 2021-22 as approved by the Commission

(Rs. Crore)

Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Non-Tariff Income	25.94	0.58	26.52

4.13 Carrying Cost of Previous Years

4.13.1 The Commission allowed carrying cost of Rs 1.01 Crore in para 4.14 of Tariff Order for FY 2020-21. The same amount is being considered in the ARR of FY 2020-21.

4.14 Annual Revenue Requirement

4.14.1 The summary of the Annual Revenue Requirement for Transmission Business, SLDC Business and overall business of PSTCL for FY 2020-21 is shown in the following tables:

Table 125: Annual Revenue Requirement for Transmission Business for FY 2020-21

(Rs. Crore)

Sr. No.	Particulars	Approved by the Commission in the Tariff Order of FY 2020-21	Claimed by PSTCL in the APR of FY 2020-21	Approved by The Commission
1a	Employee costs	510.04	525.40	519.01
1b	R&M expenses	38.33	34.97	31.11
1c	A&G expenses	27.37	26.68	26.32
1.	Total O&M Expenses	575.74	587.05	576.44
2.	Depreciation	300.29	299.57	296.92
3.	Interest charges	332.58	329.34	320.04
4.	Interest on Working Capital	35.44	36.39	35.66
5.	Return on Equity	108.93	109.27	109.38
6.	Total Revenue Requirement	1,352.98	1,361.62	1,338.44
7.	Less: Non tariff Income	23.59	39.81	25.94
8.	Total Revenue Requirement	1,329.39	1,321.81	1,312.50
9.	Less: Past Revenue Gap/ (Surplus)	1.01	1.01	1.01
	Net ARR	1,328.38	1,320.80	1,311.49

Table 126: Annual Revenue Requirement for SLDC for FY 2020-21**(Rs. Crore)**

Sr. No.	Particulars	Approved by The Commission in the Tariff Order of FY 2020-21	Claimed by PSTCL in the APR of FY 2020-21	Approved by The Commission
1a	Employee costs	6.73	7.16	7.71
1b	R&M expenses	0.56	0.64	0.63
1c	A&G expenses	1.02	0.80	0.80
1.	Total O&M Expenses	8.31	8.60	9.14
2.	Depreciation	0.56	1.80	1.65
3.	Interest charges	1.53	1.27	1.23
4.	Interest on Working Capital	0.49	0.56	0.59
5.	ULDC Charges	7.68	9.53	9.53
6.	Total Revenue Requirement	18.57	21.76	22.14
7.	Less: Non tariff Income	1.67	0.78	0.58
8.	Total Revenue Requirement	16.90	20.98	21.56

4.14.2 The summary of the Annual Revenue Requirement of PSTCL as a whole for FY 2020-21 is as under:

Table 127: Annual Revenue Requirement for PSTCL for FY 2020-21**(Rs. Crore)**

Sr. No.	Particulars	Approved by The Commission in the Tariff Order of FY 2020-21	Claimed by PSTCL in the APR of FY 2020-21	Approved by The Commission
1a	Employee costs	516.77	532.56	526.72
1b	R&M expenses	38.89	35.62	31.74
1c	A&G expenses	28.39	27.47	27.12
1.	Total O&M Expenses	584.05	595.65	585.58
2.	Depreciation	300.85	301.38	298.57
3.	Interest charges	334.11	330.60	321.27
4.	Interest on Working Capital	35.93	36.95	36.25
5.	ULDC Charges	7.68	9.53	9.53
6.	Return on Equity	108.93	109.27	109.38
7.	Total Revenue Requirement	1,371.55	1,383.38	1,360.58
8.	Less: Non tariff Income	25.26	40.59	26.52
9.	Total Revenue Requirement	1,346.29	1,342.78	1,334.06
10.	Less: Past Revenue Gap/ (Surplus)	1.01	1.01	1.01
11.	Net ARR	1,345.28	1,341.77	1,333.05

4.14.3 The summary of the Annual Revenue Requirement for Transmission Business, SLDC Business and overall business of PSTCL for FY 2021-22 is shown in the following tables:

Table 128: Annual Revenue Requirement for Transmission Business for FY 2021-22**(Rs. Crore)**

Sr. No.	Particulars	Approved by The Commission in the Tariff Order of FY 2020-21	Claimed by PSTCL in the Revised Estimates of FY 2021-22	Approved by The Commission
1a	Employee costs	525.47	536.37	531.43
1b	R&M expenses	40.61	35.50	31.85
1c	A&G expenses	28.67	27.40	27.12
1.	Total O&M Expenses	594.75	599.27	590.40
2.	Depreciation	306.66	305.92	301.84
3.	Interest charges	308.95	313.47	297.24
4.	Interest on Working Capital	35.92	36.85	35.93
5.	Return on Equity	108.93	109.27	109.38
6.	Total Revenue Requirement	1,355.21	1,364.78	1,334.79
7.	Less: Non tariff Income	23.59	32.90	25.94
8.	Total Revenue Requirement	1,331.62	1,331.88	1,308.85

Table 129: Annual Revenue Requirement for SLDC for FY 2021-22**(Rs. Crore)**

Sr. No.	Particulars	Approved by The Commission in the Tariff Order of FY 2020-21	Claimed by PSTCL in the Revised Estimates of FY 2021-22	Approved by the Commission
1a	Employee costs	7.06	7.32	7.95
1b	R&M expenses	0.72	0.76	0.70
1c	A&G expenses	1.07	0.81	0.83
1.	Total O&M Expenses	8.85	8.89	9.48
2.	Depreciation	0.72	2.18	1.88
3.	Interest charges	1.68	1.28	1.20
4.	Interest on Working Capital	0.52	0.58	0.60
5.	ULDC Charges	7.68	9.53	9.53
6.	Total Revenue Requirement	19.45	22.46	22.69
7.	Less: Non tariff Income	1.67	0.78	0.58
8.	Total Revenue Requirement	17.78	21.68	22.11

4.14.4 The summary of the Annual Revenue Requirement of PSTCL as a whole for FY 2021-22 is as under:

Table 130: Annual Revenue Requirement for PSTCL for FY 2021-22**(Rs. Crore)**

Sr. No.	Particulars	Approved by The Commission in the Tariff Order of FY 2020-21	Claimed by PSTCL in the Revised Estimates of FY 2021-22	Approved by The Commission
1a	Employee costs	532.53	543.69	539.38
1b	R&M expenses	41.33	36.26	32.55
1c	A&G expenses	29.74	28.21	27.95
1.	Total O&M Expenses	603.60	608.16	599.88
2.	Depreciation	307.38	308.11	303.72
3.	Interest charges	310.63	314.75	298.44
4.	Interest on Working Capital	36.44	37.43	36.53
5.	ULDC Charges	7.68	9.53	9.53
6.	Return on Equity	108.93	109.27	109.38
7.	Total Revenue Requirement	1,374.66	1,387.25	1,357.48
8.	Less: Non tariff Income	25.26	33.68	26.52
9.	Net ARR	1,349.40	1,353.57	1,330.96

4.15 Carrying Cost on Revenue Gap**4.15.1 True up of FY 2019-20**

The Commission vide Order dated 27th May 2019 had approved the Net Revenue Requirement (NRR) of Rs. 1329.60 Crore for FY 2019-20. During Annual Performance Review for FY 2019-20, the Commission had approved Net Revenue Requirement of Rs.1335.60 Crore. Now after truing up exercise for FY 2019-20, the Net ARR has been re-determined as Rs.1336.67 Crore which was payable by PSPCL as Transmission Charges of FY 2019-20. The Commission in its Tariff Order for FY 2020-21 has already allowed a Revenue Gap of Rs.6.00 Crore and carrying cost of Rs.0.60 Crore on the revenue gap. The Commission determines a Surplus of Rs. 1.05 (1336.67 – 1335.60) Crore in True up of FY 2019-20 between Net Revenue Requirement determined during Annual Performance Review and True-up. Accordingly, the Commission calculates carrying cost as under:

Table 131: Carrying Cost on Revenue Gap for True up of FY 2019-20

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1	ARR approved for FY 2019-20 during APR (A)	1319.03	16.57	1335.60
2	Net ARR Trued-up for FY 2019-20 (B)	1316.43	20.24	1336.67
3	Revenue Gap / (Surplus) (C= B-A)	(2.60)	3.67	1.07
4	Carrying Cost (@10.09% for Transmission and @10.25% for SLDC for 6months) for FY 2019-20 (D)	-0.13	0.19	0.06
5	Carrying Cost (@10.09% for Transmission and @10.25% for SLDC for 6 months) for FY 2020-21 (E)	-0.13	0.19	0.06
6	Total Carrying Cost (F = D+E)	-0.26	0.38	0.12

Thus, the total carrying cost for FY 2019-20 works out to Rs.0.12 Crore.

4.15.2 Annual Performance Review of FY 2020-21

The Commission vide its Order dated 1st June 2020 had approved the Net Revenue Requirement (NRR) of Rs.1345.28 Crore for FY 2020-21. The Commission after the review re-determined a Net Revenue Requirement of Rs. 1333.05 Crore for FY 2020-21. Thus, the Commission determines a Revenue Surplus of Rs.12.23 (1333.05 - 1345.28) Crore. Accordingly, the Commission allows carrying cost of (-) Rs. 1.22 Crore on the Revenue Surplus of Rs. 12.23 Crore as under:

Table 132: Carrying Cost on Revenue Gap for APR of FY 2020-21

(Rs. Crore)				
Sr.No.	Particulars	Transmission	SLDC	PSTCL
1	ARR approved for FY 2020-21 vide Order dated 1st June 2020 (A)	1328.38	16.90	1345.28
2	Net ARR approved for APR of FY 2020-21 (B)	1311.49	21.56	1333.05
3	Revenue Gap / (Surplus) (C= A-B)	(16.89)	4.66	(12.23)
4	Carrying Cost (@10.09% for Transmission and @10.25% for SLDC for 6months) for FY 2019-20 (D)	(0.85)	0.24	(0.61)
5	Carrying Cost (@10.09% for Transmission and @10.25% for SLDC for 6 months) for FY 2020-21 (E)	(0.85)	0.24	(0.61)
6	Total recoverable Carrying Cost (F = D+E)	(1.70)	0.48	(1.22)

Thus, the total recoverable carrying cost works out to be(-) Rs. 1.22 Crore.

4.16 Net Annual Revenue Requirement

4.16.1 Considering the impact of True-up of Capital Expenditure as approved by the Commission in para 2.4.2 and para 2.4.3, the carrying cost of Non-Tariff Income of FY 2018-19 as approved in para 3.21.1, True-up of FY 2019-20 and APR of FY 2020-21, the summary of the ARR for Transmission Business, SLDC Business and PSTCL for the FY 2021-22 is as under: