

RAJASTHAN ELECTRICITY REGULATORY COMMISSION

Petition No: RERC/1979/22

In the matter of approval of true up for FY 2020-21 and Annual Revenue requirement & Tariff for FY 2022-23 of Transmission and SLDC

Coram : Dr. B.N. Sharma, Chairman
Sh. S. C. Dinkar, Member
Sh. Hemant Kumar Jain, Member

Petitioner : Rajasthan Rajya Vidyut Prasaran Nigam Ltd.

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

Date of hearing : 12.05.2022, 01.06.2022 & 05.07.2022.

Present :
1) Sh. Ankit Sharma, Authorised Rep. for RVPN
2) Ms. Parinitoo Jain, Advocate for Respondent DISCOM
3) Sh. D. S. Agarwal on behalf of Rudraksh Energy as stakeholder
4) Sh. V.K. Gupta for Rajasthan Textile Mills Association (RTMA) as stakeholder
5) Sh. G.L. Sharma, Stakeholder

Date of Order : 13/07/2022.

ORDER

Section 1: General

1.1 Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (in short "RVPN"), a Transmission Licensee under the provisions of the Electricity Act 2003, has filed a petition on 07.01.2022 for approval of true up for FY 2020-21

and Annual Revenue Requirement & Tariff for FY 2022-23 of Transmission and SLDC.

- 1.2 As required under Section 64(2) of the Electricity Act, 2003, public notices with salient features of the petition inviting objections/ comments/ suggestions were published in the following newspapers on the dates mentioned:

Table 1: Details of Newspapers

Sl. No.	Name of the News Paper	Date of Publishing
(i)	Times of India Jaipur Edition	04.02.2022
(ii)	Dainik Bhaskar	03.02.2022
(iii)	Rajasthan Patrika	03.02.2022

- 1.3 The petition was also placed on the websites of the Commission and the Petitioner. The objections/comments/suggestions were received from M/s Rudraksh Energy, The Rajasthan Textile Mills Association, Shri Shanti Prasad, Shri G. L. Sharma and M/s DCM Shriram Ltd.
- 1.4 The Commission forwarded the objections/comments/suggestions of the stakeholders to RVPN for filing its reply.
- 1.5 Respondent Rajasthan Urja Vikas Nigam Ltd. (RUVNL) submitted its reply in respect of the petition on 26.04.2022. Respondent Rajasthan Rajya Vidyut Utpadan Nigam Ltd. not filed its comments/suggestions.
- 1.6 Further, M/s Rudraksh Energy, Shri Shanti Prasad, Shri G. L. Sharma & RUVNL submitted written submission in respect of the petition.
- 1.7 RVPN submitted its reply on the written submission of RUVNL and Shri Shanti Prasad on 30.05.2022 and 31.05.2022 respectively.
- 1.8 The Commission vide letter dated 17.02.2022 and 07.06.2022 communicated some data gaps and deficiencies in the petition. The Petitioner furnished information vide its letters dated 19.04.2022 and 29.06.2022. The Petitioner also replied to the objections/comments/ suggestions made by the stakeholders vide its letter dated 11.05.2022.
- 1.9 The public hearing in the matter were held on 12.05.2022, 01.06.2022 & 05.07.2022.

1.10 In exercise of the powers conferred under Sections 62, 64 and other provisions of Electricity Act 2003, read with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019 and other enabling Regulations, the Commission, after carefully considering each of the submissions of the Petitioner and suggestions/objections submitted by the Stakeholder, has passed the following Order.

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

- (1) Section 1: General.
 - (2) Section 2: Summary of objections/comments/suggestions received from Stakeholders and RVPN's response thereon.
 - (3) Section 3: Approval of true up for FY 2020-21.
 - (4) Section 4: Determination of tariff for FY 2022-23.
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SECTION - 2:

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

Comments on True up Petition of Transmission Utility for FY 2020-21

Annual Accounts

Stakeholder's Comments/suggestions

- 2.1 The stakeholder sought the complete audited books of account along with Director's Report, Balance Sheet, Profit & Loss Statement, Cash-flow Statement, report of statutory auditor, cost records & management reply in respect of Transmission and SLDC as prescribed in the Regulations.
- 2.2 The stakeholder submitted that the details of segregated and segment wise accounts for Transmission & SLDC Is not available. The basis of segregation has also not been provided. The stakeholder has sought these details. The stakeholder further submitted that section 41 (proviso 2nd) provides that the transmission licensee shall maintain separate accounts for each business. Further, Regulation 2(1) also requires maintaining of separate records for each business regulated by the Commission. Stakeholder submitted that the petitioner is in violation of the above provisions hence, Commission may deduct 5% on this account.
- 2.3 The Stakeholder submitted that the petitioner has restated the annual accounts in compliance with IND-AS due to Prior period asset addition. Therefore, the closing GFA, Interest on Loans, and Depreciation has been changed. The Stakeholder sought the justification for higher increase in Interest on loans and depreciation as compared to the increase in GFA.
- 2.4 Further, the stakeholder submitted that the prior period assets have been capitalized in FY 2020-21, therefore no deprecation should be allowed for the FY 2019-20 & FY 2020-21. Further, calculation of interest in accounts is done based on actual repayment/outstanding loans but Regulations allows repayment of loans on normative basis equivalent

to depreciation allowed. Thus, opening balance of loan as claimed is higher than the deemed loan. Hence, interest on loan is not calculated correctly. Further, no interest is allowable for assets capitalized in the FY 2020-21 since, IDC is being allowed till capitalization. The stakeholder sought the details/justification in respect of the inclusion of such assets in the restated accounts.

RVPN's Response

- 2.5 The Petitioner submitted that the Annual accounts including director report, statutory auditor report and management reply of RVPN for the FY 2020-21 has already been provided in the petition. Further, RVPN has submitted that the cost records are provided vide data gap reply.
- 2.6 The Petitioner stated that RVPN is maintaining the SLDC accounts under separate operating segment as per Companies act, accordingly annual audited accounts of RVPN including Director report, statutory auditor report and management reply is already provided in the petition. Further, the Petitioner submitted that the CMD RVPN has authorized to represent SLDC as SLDC is also RVPN's part.
- 2.7 The Petitioner submitted that the same is factual statement.

Segregation of SLDC from Transmission entity

- 2.8 The stakeholder submitted that the Commission in the order dt. 07.02.2020 observed that the Electricity Act,2003 mandates the SLDC to be independent, non-discriminatory and transparent while discharging their statutory functions. Therefore, petition for ARR/True-up shall be a separate for SLDC and Transmission. The stakeholder requested the Commission to direct RVPN in this regard.
- 2.9 The stakeholder submitted that in the tariff order of FY 2013-14, Commission had observed that RVPN should take necessary steps to ensure that SLDC is adequately supported with staff & technical support and has also directed RVPN to submit the status of the action taken in this regard.

Employee Expenses

Stakeholder's Comments/suggestions

2.10 The Stakeholder submitted that the employee cost as per the petition is Rs. 640.97 Crores, however, the figures as per the Audited Accounts is Rs. 839.73 Crores. The stakeholder sought the reconciliation with details like DA, Overtime, leave encashment, terminal benefits, medical reimbursement etc. for the same.

2.11 The stakeholder submitted that the petitioner recovers supervision charges in respect of deposit works of Wonder cement. The stakeholder sought the details of charges recovered along with clarification whether the same has been reduced from the employee cost.

RVPN's Response

2.12 The Petitioner submitted that the total employee cost of Transmission segment is Rs. 839.73 Cr. as per Note No. 39.7. Further, the Petitioner stated that the employee cost was taken as Rs. 640.97 Cr. However, the same has been revised to Rs. 690.00 Crore considering the fact that the provision for leave encashment which was earlier taken as part of terminal benefit has been reclassified as O&M expenditure. The reconciliation of employee expenditure is submitted as under:

Particular	Transmission (as per main petition)	Transmission (Now claimed)
Employee cost as per the Segment report (page 140 of financial statement)	839.73	839.73
Add: OCI (included in terminal benefit)	96.83	96.83
Add: Employee Cost capitalized	83.64	83.64
Employee Cost	1020.20	1020.20
Less: Terminal Benefit (as per Actuarial Valuation of superannuation and leave encashment) (inclusive of OCI of 96.83 Crore)	379.24	330.20
Gross Employee Cost	640.97	690.00

2.13 The Petitioner submitted that the Supervision charges recorded from Wonder cement is included in Non-Tariff income.

A&G Expenses

Stakeholder's Comments/suggestions

2.14 The Stakeholder submitted that the A&G expenses as per the petition is Rs. 98.70 Crores, however, the figures as per the Audited Accounts is Rs. 133.50 Crores. The stakeholder sought the reconciliation with audited accounts for the same.

RVPN's Response

2.15 The reconciliation of A&G expenses with audited accounts is submitted as under:

Particular	Transmission
Administrative & General Expenses	133.50
Less	
Insurance	0.35
Unitary Charges	49.82
Lease rent	-0.95
Net Administrative & General Expenses	84.29
Add: Capitalization	14.41
Gross Administrative & General Expenses	98.70

Transmission Network

Stakeholder's Comments/suggestions

2.16 The stakeholder sought following details in regards of transmission network addition for the FY 20-21.

- (i) List of 400 kV, 220 kV & 132 kV lines with their CKT KM.
- (ii) Date of commissioning and schedule date for the same in respect of each project. In case of delay, reason for the same.
- (iii) Cost of each line as per project report and Completion report segregated as Hard cost and IDC.
- (iv) Name of the GSS along with the capacity installation for every new capacity installation.
- (v) For augmentation by installation of additional capacity, the present load and MVA capacity of the station.

- (vi) For augmentation by replacement of existing capacity, reasons to be provided.
- (vii) Cost of each augmentation, date of commissioning and schedule date.

RVPN's Response

2.17 The petitioner has submitted the details as sought by the stakeholder.

O&M Expenses

Stakeholder's Comments/suggestions

- 2.18 The stakeholder submitted that the claim of petitioner to allow O&M expenses as per CERC Regulations was disallowed by the Commission in the order dated 31.01.2020. Accordingly, request for allowing higher O&M expenses as per CERC Regulations again cannot be allowed.
- 2.19 The Stakeholder submitted that the 400 KV DCCPP-Hindaun line of 111 Kt-Km is charged at 220 KV in March 2008. However, the petitioner claimed O&M expenses for above line at the rate applicable for 400 KV line. Therefore, the stakeholder requested the Commission to reduce the O&M Expenses to this extent. Further, the stakeholder also requested to the Commission to recover excess O&M expenses already allowed on this account. The stakeholder further submitted that the Giral Lignite Station is lying closed for about six years & DCCPP is also not operational for last three years. Hence, O&M expenses in respect of the same is not admissible.
- 2.20 The stakeholder submitted that the petitioner has claimed O&M expenses in respect of service lines of 132kV and 220kV. Further, DISCOMs also recover O&M expenses in respect of sales of EHT consumers. Hence, there is double recovery of O&M expenses.
- 2.21 The stakeholder submitted that to arrive the normative O&M Expenses total dedicated transmission line need to be excluded as responsibility of maintaining these lines is of generating company. Therefore, the stakeholder sought the details of all such dedicated lines included in the total line length of the petitioner.

2.22 The stakeholder submitted that no O&M expenses may be allowed in respect of transmission lines constructed as deposit works and for open access purposes.

RVPN's Response

2.23 In regard to the stakeholder's comments for disallowance of O&M expenses claimed as per CERC Regulations, the petitioner submitted that the Commission may take an appropriate view on the same.

2.24 The Petitioner submitted that all transmission lines including service line, open access line and dedicated line are maintained by the petitioner.

2.25 The Petitioner submitted that section 39 & 40 of electricity act 2003 provides that "STU shall ensure development of an efficient, coordinated and economical system of intra state transmission line for smooth flow of electricity from a generating station to the load center." Further, DCCPP generating station is owned by RVUNL which has PPA with DISCOMs of Rajasthan. Therefore, 400 KV DCCPP - Hindaun transmission line is constructed by RVPN for power evacuation of DCCPP and as per provision of plan 400 KV GSS DCCPP has to be constructed by RVUNL but the same was not constructed till date, therefore RVPN is claiming O&M charges as per actual investment and borne extra transmission losses due to line charged on 220 KV level instead of 400 KV.

2.26 Further, the petitioner submitted that the Giral & DCCPP generating station are owned by RVUNL which has PPA with DISCOMs of Rajasthan and as per section 39 & 40 of electricity act 2003, transmission line emanating from generating station is constructed by STU (RVPN) for power evacuation. Therefore, RVPN is claiming O&M charges as per actual investment

Depreciation

Stakeholder's Comments/suggestions

2.27 The stakeholder sought the details like assets having life upto 12 years & those already completed 12 years of their life, depreciation already charged & remaining depreciation in respect of each of the assets.

- 2.28 The stakeholder submitted that the GFA includes assets which have already been depreciated 90%. Hence, depreciation claimed on account of such assets should be disallowed. The stakeholder further submitted that the GFA includes assets on which depreciation is not admissible.
- 2.29 The stakeholder submitted that the assets added in the FY 2020-21 includes items which are very old and there is no justification of claiming addition and depreciation of such assets.
- 2.30 The stakeholder submitted that prior period assets include items relating to replacement and items relating to non-project which are not admissible for additional capitalization & depreciation.
- 2.31 Further, the stakeholder sought the details of the service lines, deposit works, as well as dedicated transmission lines included in the gross assets and requested the Commission to disallow depreciation in respect of such assets.
- 2.32 The stakeholder submitted that RVPN has included 132 kV line from RPS power station to RAPP. Such line between two generating stations cannot be claimed as transmission line, hence the same may be disallowed.
- 2.33 The stakeholder sought the details of additional capitalization of various assets disallowed by the Commission but included in the Gross Fixed Assets of the petitioner.
- 2.34 The stakeholder submitted that the percentage change in depreciation is much higher than the change in GFA. The stakeholder sought clarification on the same.

RVPN's Response

- 2.35 The Petitioner submitted that all transmission lines including service line, open access line and dedicated line are maintained by the petitioner.
- 2.36 The Petitioner submitted that the Commission has not provided the specific assets wise details which were disallowed in previous true-up order. Therefore, it is not possible to reduce from Gross Assets.