

2.37 The petitioner submitted following reasons for percentage increase in depreciation and interest liability being much higher than asset addition

1. Addition during the year also includes the prior period addition for more than one year for which first-time depreciation was claimed during the FY 2020-21 as per the norms from the date of capitalization. Further, the depreciation is only claimed up to 90% of the Gross Value of Asset as per the RERC norms over the useful life of the asset.
2. Also, the interest portion is claimed as per the books of accounts whereas the RERC allowed interest in ARR as per the Norms. Therefore, no correlation was seen in the percentage increases for addition, depreciation, and interest.

GFA Addition

Stakeholder's Comments/suggestions

2.38 The stakeholder requested the Commission to disallow the addition of GFA in respect of minor assets addition, Civil Works, as minor assets are O&M expenses by nature.

2.39 In respect of each of the GFA Addition the stakeholder sought the details such as original cost both hard cost and IDC, actual date of completion, schedule date of completion, and if any delay occurred then the reason for the same, deduction of LD as per terms of contract etc.

2.40 The stakeholder submitted that the prior period assets sought to be included now cannot be allowed as the True-up for the previous years has already been done. The same has already achieved finality hence, cannot be reopened.

2.41 The stakeholder has sought the details of nature of assets, original cost, year of capitalization, date of COD, reasons of delay (if any), LD charges recovered etc. in respect of assets claimed as additional capitalization for the FY 2020-21. The stakeholder has submitted that the several assets are in the nature of O&M expenses and hence, should be disallowed. Further, additional capitalization has been claimed in respect of assets completed more than 2 years before, hence the same cannot be allowed. Further, there are several assets

like rest houses, store complexes, circle office buildings etc. which are not connected to any capital works/assets, hence, additional capitalization sought in respect of such assets may be disallowed.

- 2.42 The stakeholder has submitted list of assets (claimed as GFA addition) with discrepancies. The stakeholder has sought clarifications, justifications & additional details in respect of such assets.

RVPN's Response

- 2.43 The Petitioner submitted that the prior period addition of capitalization has not been accounted in earlier year in accounts, thus question of claiming in earlier year true up order does not arise.
- 2.44 The Petitioner submitted that the Commission has not disallowed the minor assets if any, the same was allowed over and above the O&M expenses claimed by RVPN.
- 2.45 The petitioner stated that works approved under the old schemes but completed in schedule period, since these works have been shown in the old schemes therefore, old period dates are reflecting.

Interest on Loans and Finance Charges

Stakeholder's Comments/suggestions

- 2.46 The Stakeholder submitted that the Interest on term loan of Rs. 1148.95 Crore is 30% higher as compared to the approved amount. The stakeholder sought justification for the same.
- 2.47 The stakeholder submitted that the RVPN repeatedly ignores the order of the Commission and claims interest based on P&L accounts. Therefore, the stakeholder requested to the Commission to direct the petitioner to workout interest as per the Regulation.
- 2.48 The stakeholder sought details of source wise & loan wise loan along with applicable interest rate and interest thereon for the FY 2020-21 onwards.
- 2.49 Further, the stakeholder requested the Commission to disallow the interest in respect of disallowed GFA addition, and Interest earned from the investment is also sought to be reduced from the interest on loans.

- 2.50 The stakeholder submitted that service connection charges recovered from the EHT consumers may also be reduced from the loan amount as done in case of DISCOMs.
- 2.51 The stakeholder submitted that RVPN has not provided any justification for abnormal increase of 30% in the interest on term loans to Rs. 1148.95 Crore against Rs.882.20 Crore approved by Commission.

RVPN's Response

- 2.52 The Petitioner submitted that the means of finance of the Assets capitalised during the year have been provided at format TTU4.1 & TTU4.2 (Loan) and Format TTU11 (Equity).
- 2.53 The Petitioner submitted that the RERC allowed loan on the basis of GFA addition, therefore advances paid to the subsidiary companies cannot be reduced from loan.
- 2.54 The petitioner stated that out of Rs. 107.6746 Crs., Rs. 102.14 Crs. Is related to PSDF grant which will be utilized only for specific project. Further, the Petitioner submitted that the gain on account of investment in mutual fund is considered in Non-Tariff income.
- 2.55 The Petitioner stated that the amount of service connection charges recovered from EHT consumers have already been reduced from claim of RVPN.

Lease Rent

Stakeholder's Comments/suggestions

- 2.56 The stakeholder sought the relevant documents along with details of the properties in respect of amount claimed as lease expenses.

RVPN's Response

- 2.57 The Petitioner submitted that the documents for lease rent are provided with data gap reply.

Terminal Liability

Stakeholder's Comments/suggestions

- 2.58 The stakeholder submitted that the terminal liability as per actuarial valuation is Rs. 379.54 Crore including OCI expenses of Rs. 96.83 Crore.

The stakeholder sought the justification for considering OCI expenses as part of the terminal liability. The stakeholder further submitted that the claimed figure of 379.54 Crore is not matching with the Annual Accounts.

- 2.59 Further, the stakeholder submitted that the actual contribution to the trust fund is much lesser than actual liability, which shall get reflected in unfunded liability in the upcoming years. Therefore, the stakeholder sought the reasons for not considering the actual contribution of Rs. 310 Crore.
- 2.60 The stakeholder submitted that contribution to terminal benefit is not adequate considering huge unfunded liability. Hence, higher contribution is required to reduce outstanding liability.
- 2.61 The stakeholder sought the certificate of designated fund authorities in respect of payment made toward terminal liabilities as regular contribution and additional contribution. Further, the stakeholder requested the Commission not to allow terminal liabilities in absence of the same.

RVPN's Response

- 2.62 The Petitioner submitted that the O&M expenses are claimed as per actuals. The terminal benefit has been claimed separately in addition to O&M expenditure. Further, the Petitioner stated that the actual (cash basis) payment made to the trust in the FY 2020-21 is Rs 47.34 Crore under regular & Rs 318.58 Crore under additional contribution.
- 2.63 The Petitioner submitted that RVPN has claimed terminal benefit as per actuarial valuation report. Actuarial valuer provided the terminal liability in two parts 1. Terminal benefit towards current and past service 2. Other comprehensive income /expenses. Other comprehensive income /expenses arise due to change in assumption taken in earlier actuarial valuation reports. These assumptions include discount rate, escalation rate, difference in estimated earning and actual earning on investment etc. Therefore, OCI is part of terminal benefit expenses. RVPN has submitted the claim accordingly.

True-up ARR

Stakeholder's Comments/suggestions

- 2.64 The Stakeholder submitted that the expenditure for True-up of the ARR for the FY 2020-21 was Rs. 3348.95 Cr. against Rs. 2860.07 Cr. approved by the Commission. The stakeholder sought proper justification such increase over the approved figure.
- 2.65 The stakeholder submitted that the RVPN has not submitted any justification for very high increase of Transmission expenditure (17%) to Rs.3348.95 Crore against Rs.2860.07 Crore approved by the Commission.

RVPN's Response

- 2.66 The Petitioner submitted that it has claimed the items of ARR as per the Annual Audited Accounts for the FY 2020-21. Thus, they are higher than the figures in the ARR order for the FY 2020-21

Transmission Loss

Stakeholder's Comments/suggestions

- 2.67 The stakeholder submitted that the transmission loss claimed by the petitioner is same as approved by the Commission. However, the stakeholder requested the Commission to confirm the same from DISCOM's end to arrive at the actual Transmission Loss of the Transmission utility.
- 2.68 The stakeholder sought following details in respect of energy transmitted & Transmission loss –
- (i) Actual energy fed to the EHV consumers.
 - (ii) Certificate in respect of actual energy transmitted.
 - (iii) Energy transmitted to the open access consumers.

RVPN's Response

- 2.69 The Petitioner submitted that the energy transmitted to DISCOMs (including their EHT consumers being fed from RVPN / DISCOMs GSS) is 83162.12 MU. No separate record maintained by RVPN. Further, energy

transmitted for Railways is included in total energy transmitted & separately provided in T-22.

System Availability

Stakeholder's Comments/suggestions

2.70 The stakeholder submitted that the Transmission system availability for the FY 2020-21 was 99% to 100% at 400 KV/220 KV/ 132 KV System. The stakeholder sought approval/confirmation letter from SLDC in this regard.

RVPN's Response

2.71 The Petitioner submitted that the transmission System availability of RVPN System for the year 2020-21 was as 99.695% as per Rajasthan Electricity Regulatory Commission (Transmission Licensee Standard of performance) Regulations 2004. Further, the petitioner submitted the Copy of RVPN system Availability.

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

Annual Accounts

Stakeholder's Comments/suggestions

2.72 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.

2.73 Further, the stakeholder sought the authorization letter for signing the Petition in respect of SLDC.

RVPN's Response

2.74 The Petitioner submitted that that the Annual Accounts of RVPN for the FY 2020-21 is already provided in the petition. The petitioner further submitted that the annual audited accounts are inclusive of director report, statutory auditor report & management reply and the Cost records are provided in data gap reply. The petitioner further submitted that CMD RVPN has authorized to representative of RVPN and SLDC is also RVPN part.

O&M expenses

Stakeholder's Comments/suggestions

2.75 The stakeholder submitted that actual O&M expenses claimed is higher than that allowed in the tariff order and the same is inclusive of the terminal benefits. Hence, the same should be disallowed from the O&M expenses.

RVPN's Response

2.76 The Petitioner submitted that all claims are as per the actuals in accordance with audited accounts. Further, The Petitioner stated that the annual accounts of RVPN for FY 2020-21 already provided in the petition as page no. A – B

Gross Fixed Assets

Stakeholder's Comments/suggestions

2.77 The stakeholder has sought the details of addition in gross assets and submitted that depreciation on the same should only be allowed after the details are provided.

RVPN's Response

2.78 The Petitioner submitted that GFA has been claimed as per Audited Accounts. Details have been provided in the audited accounts.

Return on Equity (ROE)

Stakeholder's Comments/suggestions

2.79 The stakeholder submitted that ROE may be allowed based on the approved GFA addition. The stakeholder has further, sought the government approval for claiming ROE.

RVPN's Response

2.80 The Petitioner submitted that the RoE @ 2% has been allowed by GoR for FY 2020-21 vide letter dt. 31.03.2022. Copy of the same has been provided in data gap reply.

Comments on ARR Petition of Transmission Utility for FY 2022-23

Peak Power

Stakeholder's Comments/suggestions

- 2.81 The Stakeholder submitted that the actual peak demand for the FY 2020-21 was 14,441 MW and for the FY 2021-22 was 15,687 MW. The stakeholder further submitted that the estimated peak demand for the FY 2022-23 at 15,844.61 MW, which appears to be very low, as the Govt. of Rajasthan has directed to supply round the clock power supply to the all consumers. Therefore, the stakeholder sought clarification/ justification on the basis of such lower estimation of the demand.
- 2.82 The Stakeholder submitted that from 2021-22 all the epidemic restrictions have been removed by the Govt. which may result in higher peak demand. Therefore, the stakeholder requested the Commission to consider the peak demand of 17000 MW for the FY 2022-23. Further, contracted capacity for the FY 2022-23 is 24448 MW. Hence, transmission charges should be calculated on the basis of such contracted capacity.
- 2.83 The stakeholder submitted that RVPN has revised Form T-22 where in energy transmission has been indicated as 92747 MU instead of 96411 MU. The stakeholder has sought reason for the difference.

RVPN's Response

- 2.84 The Petitioner submitted that as per 28th EAC meeting the peak energy demand and total energy assessed for FY 2022-23 is 17757 MW & 96411 MU (at RVPN periphery). Copy of MOM 28th EAC has been attached.

O&M expenses

Stakeholder's Comments/suggestions

- 2.85 Further, the stakeholder submitted that to arrive at the normative O&M Expenses total dedicated transmission lines need to be excluded.
- 2.86 The stakeholder sought the following details in respect of Normative O&M Expenses-

- a. Total number of EHT transmission lines of 220 KV and 132 KV service lines of EHT consumers with their length in CKT KM upto January, 2022.
- b. Total number of EHT transmission lines of Open access utilities which are not the consumers of DISCOM's.
- c. Total no. of EHT line constructed as deposit work along with name of the agencies & length in Ckt. Km. with their voltage level.
- d. List of Transmission line commissioned with designated voltage & commissioned with lower voltage along with reason and length in Ckt. Km. with their voltage level.
- e. Further, the stakeholder requested to the Commission to reduce the above-mentioned lines from the total Ckt. Km. of lines for allowing the normative O&M Expenses.

RVPN's Response

2.87 The Petitioner submitted that all transmission lines like service line, open access lines and dedicated lines are maintained by RVPN. Further, the Petitioner submitted that RVPN has already filed petition No 1958/2021 in RERC on 18.11.2021 against Indian Railways which also includes the issue regarding responsibility of O&M and R&M of the transmission line (Overhead / underground cable) constructed by RVPN in the past, under implementation or in future as deposit work for Railways/ DFCCIL / Other entity.

Depreciation

Stakeholder's Comments/suggestions

2.88 The stakeholder sought the details like assets completed 12 years of their life and assets having 12 years of their life, remaining depreciation for each of the assets.

2.89 Further, the stakeholder sought the details of the service lines, deposit works, as well as dedicated transmission lines and requested the Commission to disallow depreciation for the same.

2.90 The stakeholder submitted that the assets which are not allowable for O&M expenses should also not be considered for allowing depreciation.

RVPN's Response

2.91 The Petitioner stated that all details regarding assets are provided in data gap reply.

GFA Addition

Stakeholder's Comments/suggestions

2.92 The stakeholder sought the asset wise details like original cost-hard cost/IDC, completion cost- hard cost/IDC & date of commissioning of assets proposed to be added

2.93 The stakeholder submitted that in form 3.1, total GFA addition for the FY 2020-21 is Rs. 2343.97 Cr. Further, as per form no. 8.1, total amount transferred to GFA for the FY 2020-21 is Rs. 2290.27 Cr. Therefore, the stakeholder sought clarification for the same.

2.94 Further, the stakeholder sought the year wise depreciation along with head of accounts in respect of the prior period depreciation of Rs. 112.84 Cr.

RVPN's Response

2.95 The petitioner submitted that the required details have been provided in the petition & data gap reply.

Interest on Loans and Finance Charges

Stakeholder's Comments/suggestions

2.96 The stakeholder submitted that the normative loan opening for the FY 2020-21 was Rs. 16,194.04 Cr. whereas the closing balance of Loan for the FY 2019-20 was Rs. 11,333.08 Cr. Therefore, the stakeholder sought clarification for the same.

2.97 Further, the stakeholder requested to the Commission to consider the approved closing balance for the FY 2019-20 & admitted loan for FY 2020-21 & FY 2021-22 for calculating interest on loan.