Before the

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

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Case No. 57 of 2015

IN THE MATTER OF

Mid Term Review of Intra-State Transmission Tariff determined in Order dated 14 August, 2014 in Case No. 123 of 2014

CORAM

Smt. Chandra Iyengar, Chairperson

Shri Azeez M. Khan, Member

Shri Deepak Lad, Member

ORDER

Date: 26 June, 2015

The Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011 ("MYT Regulations") were notified on 4 February, 2011, followed by three Amendments. The Regulations are applicable for the MYT Second Control Period, upto FY 2015-16. Regulation 64 specifies the methodology and principles for determining the Transmission Tariff applicable for use of the Intra-State Transmission System (InSTS).

2. In its Order dated 27 June, 2006 in Case No. 58 of 2005, the Commission had set out the Transmission Pricing Framework ('the Framework') for the State of Maharashtra. Its key features are:

2.1 The InSTS shall comprise the composite Transmission network of all the existing and future Transmission Licensees in the State;

2.2 Each Transmission Licensee shall submit its Aggregate Revenue Requirement (ARR) Petition for approval to the Commission in accordance with the prevailing Tariff Regulations;

2.3 The approved ARR of all the Transmission Licensees shall form the "Pooled Cost" (or "Total Transmission System Cost – TTSC") of the InSTS, to be recovered from the Transmission System Users (TSUs);

2.4 The 'Base Transmission Capacity Rights' (TCR) for 'capacity utilisation' shall be denominated in terms of 'kW'. The TTSC shall be shared amongst the TSUs based on their respective contributions to co-incident peak demand (CPD);

2.5 The existing TSUs needed to execute Bulk Power Transmission Agreement (BPTA) with the concerned Transmission Licensees, in accordance with the prevailing Transmission Open Access (OA) Regulations;

2.6 The 'Base Transmission Tariff' for each financial year is the TTSC of InSTS divided by Base TCR, denominated in terms of "Rs/kW/month" or "Rs/MW/day" or "Rs/kWh";

2.7 The Transmission Tariff should be designed such that recovery of the revenue requirement of Transmission Licensees is achieved by way of a "composite charge" for use of InSTS;

2.8 The Transmission Tariff is designed such that recovery of revenue requirement of Transmission Licensees is achieved only through drawal of energy, i.e. all off-takers (Licensees, OA users) are to bear the Transmission Tariff;

2.9 The Generating Companies should be charged for injection of energy only if they seek OA for sale to consumers/Licensees outside the State;

2.10 The 'Postage Stamp Method' of recovery was considered for the design of the Transmission Tariff at that stage. The size of the 'postage stamp' is the same for the entire State and denominated in terms of Rs/MW/month or Rs/kW/day;

2.11 Transmission loss is to be borne by all TSUs (off-takers) pro-rata based on their energy drawal, depending on the actual Transmission loss level;

2.12 Each TSU (Distribution Licensee or Transmission OA User) is required to pay InSTS charges at the approved rate of Base Transmission Tariff corresponding to its utilization of Intra-State Transmission capacity;

2.13 Each Transmission Licensee is entitled to recover its approved ARR from the InSTS charges collected by the State Transmission Utility (STU);

2.14 Future additions to Transmission capacity (in accordance with the approved Transmission Plan) within the State can be undertaken by the STU or other Transmission Licensees. The ARR pertaining to such Transmission capacity addition shall form part of the overall TTSC of the InSTS.

3. This Transmission Pricing Framework provided the basis for the Commission's subsequent InSTS Tariff Orders.

4. The Framework underwent modifications over time, as outlined in the Commission's Orders and Regulations. Some of the principles relating to the methodology for determination of TTSC, Base TCR, etc. have also been set out in the MYT Regulations, 2011 which formed the basis for determination of Transmission Tariff for the Second Control Period of the MYT regime.

5. The Transmission Tariff for FY 2012-13 was determined by the Commission vide Order dated 21 May, 2012 in Case No. 51 of 2012. The Transmission Tariff for FY 2013-14 to FY 2015-16 of the Second MYT Control Period was approved vide Order dated 13 May, 2013 in Case No. 56 of 2013. The Transmission Tariff for FY 2014-15 and FY 2015-16 of the Second MYT Control Period was amended and notified by the Commission vide Order dated 14 August, 2014 in Case No. 123 of 2014.

A] Constituents of InSTS considered for determination of TTSC for FY 2015-16

6. As outlined in the Framework, all the Transmission Licensees in the State are included in the InSTS and their approved ARRs are to be considered for determining the TTSC.

7. In the InSTS Tariff Order dated 14 August, 2014 in Case No. 123 of 2014, the ARRs of the following 6 Transmission Licensees were considered for determination of the TTSC of FY 2014-15 and FY 2015-16 and the corresponding Transmission Tariff:

   (i). Maharashtra State Electricity Transmission Co. Ltd. (MSETCL);
   (ii). Transmission business of The Tata Power Co. Ltd. (TPC-T);
   (iii). Transmission business of Reliance Infrastructure Ltd. (RInfra-T);
   (iv). Jaigad Power Transco Limited (JPTL);
   (v). Transmission business of Adani Power Maharashtra Ltd. (APML-T);
   (vi). Maharashtra Eastern Grid Power Transmission Co. Ltd.(MEGPTCL);

8. At the time of that Order, MYT / Mid Term Performance Review (MTPR) Orders had been issued in respect of the following Transmission Licensees:

   (i). MSETCL: MYT Order dated 13 February, 2014 (Case No. 39 of 2013)
   (ii). RInfra-T: MYT Order dated 13 June, 2013 (Case No. 141 of 2012)
   (iii). JPTL: MYT Order dated 16 August, 2013 (Case No. 27 of 2013)
   (iv). APML-T: MTPR Order dated 3 July, 2014 (No. 190 of 2013)
   (v). MEGPTCL: MYT Order dated 8 August, 2014 (Case No. 66 of 2014)

9. Therefore, the Commission had considered the ARRs approved in the above MYT/MTPR Orders of these 5 Licensees for determining the Transmission Tariff for FY 2014-15 and FY 2015-16. The other Transmission Licensees, namely APTCL and the Sinnar Power Transmission Co. Ltd. (SPTCL), were yet to achieve the COD of their Transmission projects, and were thus not considered in the determination of InSTS Transmission Charge in Case No.123 of 2014.

10. After the Order in that Case, a Transmission Licence (No. 1 of 2015, dated 5 January, 2015) was granted to Vidarbha Industries Power Limited (VIPL). However, VIPL's Petition for ARR approval is yet to be decided. Thereafter, its ARR would also form part of the TTSC, to be recovered from the Transmission Tariff as determined subsequently by the Commission.

11. APTCL has also very recently achieved COD and filed a revised Petition for determination of ARR, which is under regulatory process. SPTCL is yet to achieve its COD. Accordingly, the ARRs for APTCL and SPTCL have also not been considered for determination of the InSTS Transmission Charge in the present Order.

12. After the MTPR Order for APML-T (Case No. 190 of 2013) and MYT Order for MEGPTCL (Case No. 66 of 2014), the Commission has not undertaken any revision of the approved ARR for FY 2015-16 for these two Licensees. Accordingly, these Orders have been considered by the Commission.

13. Vide Order in Case No. 189 of 2014, the Commission approved the assignment of the Transmission Licence No. 2 of 2009 of APML-T and relevant Transmission assets in favour of Adani Transmission (India) Limited (ATIL). Hence, APML-T is referred to as ATIL subsequently in this Order.

14. In order to determine the TTSC and the Transmission Tariff for FY 2015-16, the following latest approved ARRs under the MTPR/MYT Orders of the respective Transmission Licensees forming the InSTS have been considered in the present Order:

Table 1: List of relevant Orders for Transmission Licensees

Transmission Licensees	ARR Orders considered for TTSC of FY 2015-16
MSETCL	MTPR Order FY 2012-13 to FY 2015-16 (Case No. 207 of 2014)
RInfra-T	MTPR Order FY 2012-13 to FY 2015-16 (Case No. 221 of 2014)
TPC-T	MTPR Order FY 2012-13 to FY 2015-16 (Case No.5 of 2015)
JPTL	MTPR Order FY 2012-13 to FY 2015-16 (Case No. 208 of 2014)
ATIL (formerly APML-T)	MTPR Order FY 2012-13 to FY 2015-16 (Case No. 190 of 2013)
MEGPTCL	MYT Order FY 2013-14 to FY 2015-16 (Case No. 66 of 2014)

15. Any amounts arising from the approved gaps of previous years / past period recoveries on account of True up of past years upto FY 2013-14, along with carrying cost/holding

cost, and the stand-alone revenue gap/surplus for FY 2014-15 determined in the respective MTR Orders to be recovered in FY 2015-16, have also been considered while computing the TTSC for FY 2015-16.

16. Since the approved ARRs for the Transmission Licensees for FY 2014-15 are provisional in nature, the carrying cost /holding cost on account of the revenue gap/surplus for FY 2014-15 is not being considered presently. These costs will be considered in the True up Orders for FY 2014-15 of the respective Transmission Licensees, which would be the basis for the determination of TTSC and Transmission Tariff in subsequent InSTS Tariff Orders. The details of the revenue gap/ past period recovery and carrying cost considered for TTSC computation are set out subsequently in this Order.

B] Principles and Methodology for Transmission Tariff determination for FY 2015-16

17. The methodology for determination of the TTSC for the Second Control Period, as specified in the MYT Regulations, is as follows:

"64. Determination of Intra-State Transmission Tariff

64.1 Determination of Total Transmission System Cost (TTSC)

64.1.1 The aggregate of the yearly revenue requirement for all Transmission licensees; less the deductions, as approved by the Commission over the Control Period, shall form the "Total Transmission System Cost" of the Intra-State transmission system, to be recovered from the Transmission System Users (TSUs) for the respective year of the Control Period, in accordance with the following Formula:

$$TTSC_{(t)} = \sum_{i=1}^{n} (ARR_i - NT_i - O_i) - STR_{(t-1)}$$

Where,

$TTSC_{(t)}$ = Pooled Total Transmission System Cost of year (t) of the Control Period

n = Number of Transmission Licensee(s)

ARR_i = Yearly revenue requirement approved by the Commission for i^{th} Transmission Licensee for the yearly period (t) of the Control Period.

NT_i = Approved level of non-Tariff income for i^{th} Transmission Licensee for the yearly period (t) of the Control Period.

O_i = Approved level of income from other business of the i^{th} Transmission Licensee for the yearly period (t) of the Control Period.

$STR_{(t-1)}$ = Revenue from short term open access charges earned during previous yearly period (t-1).

Provided that the revenue from short term open access charges for each yearly period (t) of Control Period shall be taken same as that prevalent during the yearly period before commencement of the Control Period. However, the adjustments due to variation in actual revenue from short term open access charges shall be undertaken during mid-term review and at the end of Control Period."

18. Regulation 64.2 of the MYT Regulations specifies the formula for determination of Base TCR, based on the contribution to which TTSC is to be shared between the TSUs, as follows:

“64.2 Base Transmission Capacity Rights

64.2.1 The Commission shall approve yearly ‘Base Transmission Capacity Rights’ as average of Co-incident Peak Demand and Non-Coincident Peak Demand for TSUs as projected for 12 monthly period of each year (t) of the Control Period, representing the “Capacity Utilisation’ of Intra-State transmission system and accordingly determine yearly ‘Base Transmission Tariff’ for the same.

Base Transmission Capacity Rights (Base TCR) for the yearly period (t) $= \sum_{u=1}^{n}((\boldsymbol{CPD}(t) + \boldsymbol{NCPD}(t))/\mathbf{2})$

Where,

$CPD_{(t)}$ *= Average of projected monthly Coincident Peak Demand for the yearly period (t) of Control Period for each long term Transmission System User (u).*

$NCPD_{(t)}$ *= Average of projected monthly Non-Coincident Peak Demand for the yearly period (t) of Control Period for each long term Transmission System User (u).*

Provided that for the first year of the Control Period, the Base Transmission Capacity Rights for all long term Transmission System Users shall be determined based on average monthly CPD and NCPD of the long term TSUs prevalent during the 12 months prior to date of effectiveness of these Regulations.

Provided further that the yearly CPD and NCPD to be considered for determination of the subsequent yearly Base Transmission Capacity Rights shall be computed at the beginning of the Control Period based on the past trend and on the basis of demand projections made by various long term TSUs connected to the Intra-State transmission system as part of their Business Plans.

Provided further that on completion of the each year of the Control Period, SLDC shall submit the recorded CPD and NCPD data for past 12 monthly periods in respect of each long term Transmission System User and on the basis of the same, the Base TCR shall be suitably revised at the time of mid-term performance review and at the end of the Control Period.”

19. Regulation 18 of the Maharashtra Electricity Regulatory Commission (Transmission OA) Regulations, 2014 (‘Transmission OA Regulations’) sets out the mechanism for payment of the Intra–State Transmission Charges as follows:

“18.2. For use of Intra-State Transmission System – Transmission charges payable to State Transmission Utility / Transmission Licensee by an Open Access consumer for usage of their system shall be determined as under the Tariff Regulations issued from time to time.

Provided that transmission charges shall be payable to the Nodal agency as under:

(i) In case of Short term Open Access the charges shall be payable based on actual energy flow.

(ii) In case of Medium term and Long term Open Access the charges shall be payable on the basis of capacity for which Open Access has been granted.

Provided further the charges for Medium-term Open Access shall be at par with the Long-term Open Access charges and is to be paid on monthly basis."

20. Thus, all Long Term OA Users, including Distribution Licensees, have to pay Transmission charges on the basis of the capacity for which the OA has been granted.

21. The Transmission OA Regulations also define the TCR as follows:

""Transmission Capacity Rights" means the right of a Transmission System User to transfer electricity in MW, under normal circumstances, between such points of injection and drawal as may be set out in the Bulk Power Transmission Agreement."

22. While the Transmission OA Regulations specify that the TCR of a TSU will be as set out in the BPTAs, the Commission had discussed this issue of determination of TCR at length in its Order in Case No. 58 of 2005 which outlined the Transmission Pricing Framework for the InSTS.

23. The Commission had examined two alternatives for the Transmission Tariff design, based on denomination of TCR, depending on the modalities of capacity allocation:

- Alternative-1: Share of installed/contracted generation capacity by TSU;
- Alternative-2: Contribution to co-incident peak demand (CPD) by TSU.

24. The Commission had discussed the pros and cons of these options in its Order in Case No. 58 of 2005, and concluded that:

"2.3.16 In view of above, the Commission observes that Alternative-1 is the simplest amongst the two alternatives, for understanding and ease of implementation. It is also consistent with the pricing methodology adopted by CERC in case of regional transmission network. However, it is best suited wherein there is no significant difference between installed generation capacity and capacity of transmission network available for transmission/evacuation, similar to regional network, which was essentially developed to facilitate evacuation of power from central sector generation stations. At the intra-State level, there exists significant gap between installed generation capacity (~ 14817 MW) vis-à-vis maximum system demand handled by intra-State transmission system (approx. 11000-12000 MW).

2.3.17 Further, there exist wide disparity amongst various TSUs of Maharashtra in terms of actual transmission capacity utilization (system maximum demand met) vis-à-vis installed or contracted generating capacity. For example, system maximum demand met for Mumbai licensees during Sep-2005 was around 2298 MW while the installed generation capacity for

Mumbai licensees amounts to only 2274MW, whereas, system maximum demand met for MSEDCL during Sep-2005 was around 9214 MW while the installed and contracted generation capacity by MahaDiscom amount to around 12543 MW. Thus, transmission tariff based on "Installed and contracted generation capacity" may not fairly represent actual utilization of 'intra-State transmission system' capacity.

2.3.18 In view of above, the Commission rules that Alternative-2, which is based on sharing the pooled transmission costs (TTSC) depending on contribution to 'system maximum demand' (coincident peak demand), presents the most accurate representation of 'actual utilisation' of the transmission capacity…"

25. Considering the above and since the MYT Regulations are in force till 31 March, 2016, the Commission has continued to follow the approach of determination of the TCR for Distribution Licensees in line with its Order in Case No. 58 of 2005. Accordingly, the actual determination of TCR for the Distribution Licensees will be undertaken in accordance with Regulation 64.2 of the MYT Regulations.

26. However, the Transmission charges payable by all Long Term and Medium Term OA consumers (both existing and new), other than the Distribution Licensees, considered for the sharing of the TTSC in this Order, shall be as per the methodology specified in the Transmission OA Regulations, 2014, i.e. on the basis of the capacity for which the OA has been granted to such consumers.

27. In case any new Long Term/Medium Term OA consumers, including new / existing (e.g. deemed) Distribution Licensees (other than the Distribution Licensees considered in this Order for sharing of TTSC) become a part of the InSTS in future, the Commission may revise the proportion of sharing of the TTSC by TSUs considering the provisions of the Transmission OA Regulations, 2014, Transmission Pricing Framework Order in Case No. 58 of 2005 and the MYT Regulations. Till such time, the Long Term/Medium Term OA consumers (existing or new) referred to above will continue paying the Transmission charges as set out at para 26 of this Order.

28. For the sake of clarity, the Commission reiterates its approach to TCR determination and payment of the Intra-State Transmission charges by Long Term and Medium Term OA consumers, including the Distribution Licensees:

(i). <u>Distribution Licensees</u> (considered for sharing of the TTSC in the present Order):

- *Payment of Transmission Charges*: In proportion to the TCR determined in this Order as specified in para 25 of this Order.

(ii). <u>Long term OA Consumers & Medium Term OA Consumers,</u> including new / existing Distribution Licensees (other than the Distribution Licensees referred to at para 28 (i) above):

- *Payment of Transmission Charges*: As per the methodology in the Transmission OA Regulations, 2014, i.e. on the basis of the capacity for which the OA has been granted to such consumers as specified in para 26 of this Order.

29. Regulation 64.3 of the MYT Regulations specifies the formula for determination of the Transmission Tariff as follows:

"64.3 Base Transmission Tariff

64.3.1 Base Transmission Tariff for each financial year shall be determined as ratio of approved 'TTSC' for intra-State transmission system and approved 'Base Transmission Capacity Rights' and shall be denominated in terms of "Rs/kW/month" (for long term/medium term usage) or in terms of "Rs/kWh" (for short term bilateral open access transactions usage, short term collective transactions over power exchange and for Renewable energy transactions) in following manner:

Base Transmission Tariff$_{(t)}$ (long term/medium term) (Rs/kW/month or Rs/MW/day)	$= TTSC_{(t)} / \sum_{u=1}^{n}((\boldsymbol{CPD}(t) + \boldsymbol{NCPD}(t))/2)$

Base Transmission Tariff$_{(t)}$ (Short term) (Rs/kWh)	$= \dfrac{TTSC_{(t)}}{\sum_{i=1}^{n} (Energy\,Transmitted\,by\,Tx\,i)}$

Where,

$TTSC_{(t)}$ = Pooled cost for InSTS for yearly period (t) of the Control Period.

$CPD_{(t)}$ = Average of monthly Coincident Peak Demand of the long term Transmission System User (u) for the yearly period (t) of Control Period.

$NCPD_{(t)}$ = Average of monthly Non-Coincident Peak Demand of the long term Transmission System User (u) for the yearly period (t) of Control Period.

n = Total number of Transmission Licensee(s) in that particular year of Control Period.

Tx_i = i^{th} Transmission Licensee

Provided that the energy units transmitted by each Transmission Licensee shall be based on the projections made by each Transmission Licensee as part of its Business Plan and as approved by the Commission.

Provided further that any revisions in Base Transmission Capacity Rights and Base Transmission Tariff as determined in the Regulations 64.2 and 64.3 due to the variation in the actual and approved CPD and NCPD or due to addition of new Transmission Licensees to the system shall be made at the time of Mid-term Performance Review and at the end of the Control Period."

30. Regulations 64.2.1 and 64.3.1 of the MYT Regulations were amended vide Notification dated 21 October, 2011 as follows:

"4. Amendment to Regulation 64.2.1- In the Regulation 64.2.1 of the MYT Regulations, 2011, after the third proviso the following proviso shall be added namely:-

"Provided further that in case the determination of ARR of Transmission Licensee is exempted for a particular period from the Multi-Year Tariff framework under the first proviso to Regulation 4.1 of these Regulations, then for the period of such exemption, the Base Transmission Capacity Rights for all Long Term Transmission System Users shall be determined based on average monthly CPD and NCPD of the long term TSUs prevalent during the 12 months prior to the period of such exemption."

5. Amendment to Regulation 64.3.1- (i) In the Regulation 64.3.1 of the MYT Regulations, 2011, in the second proviso the words "or due to addition of new Transmission Licensee to the system" shall be deleted and shall be deemed to have been deleted with effect from April 1, 2011.

(ii) In the Regulation 64.3.1 of the MYT Regulations, 2011, after the above amended second proviso, the following proviso shall be added namely:-

" Provided further that in case new Transmission Licensees are added to the intra-State Transmission network during the Control Period, then the Base Transmission Capacity Rights and Base Transmission Tariff as referred under Regulations 64.2 and 64.3 shall be determined for each year of the Control Period.""

31. In accordance with the provisions of the MYT Regulations and the considerations discussed above, the Commission re-determines through this Order the TTSC for FY 2015-16 and the Transmission Tariff for FY 2015-16.

C] TTSC of InSTS for FY 2015-16

32. The ARRs for FY 2015-16 for MSETCL, TPC-T, RInfra-T, JPTL, ATIL and MEGPTCL last approved by the Commission and which are being considered for arriving at the revised TTSC are as follows:

Table 2: ARR approved in MYT/MTR Orders (Rs. Crore)

Transmission Licensee	Commission approved FY 2015-16	Reference Orders
MSETCL	3521.06	Case No. 207 of 2014
TPC-T	515.40	Case No. 5 of 2015
RInfra-T	238.52	Case No. 221 of 2014
JPTL	85.16	Case No. 208 of 2014
ATIL (Formerly APML-T)	132.57	Case No. 190 of 2013
MEGPTCL	570.71	Case No. 66 of 2014
Total of ARRs for FY 2015-16 (InSTS)	**5063.42**	

33. In case of MEGPTCL, the Commission, in its InSTS Tariff Order in Case No. 123 of 2014, had stated as follows:

"19. As regards MEGPTCL, the Commission has considered only the approved ARR pertaining to assets which are already commissioned for the purpose of this Order. The MYT Order in respect of MEGPTCL (dated 8 August, 2014 in Case No. 66 of 2014) has approved ARRs for FY 2013-14, 2014-15 and 2015-16 to the extent of Rs. 53.71crore, Rs. 571.83 crore and Rs. 1197.50 crore, respectively, based on various phases, viz. Set 1, Set 2a, Set 2b and Set 3 of its transmission assets which are commissioned and proposed to be commissioned during that period. It is observed that the 'Set 3' phase of MEGPTCL's transmission system is not yet commissioned. The proposed CoD is 31 March, 2015, for which an ARR component of Rs 626.79 crore has been allowed in FY 2015-16 under the MYT Order. However, the TTSC Order in Case No. 56 of 2013 provides that the recovery of revenue through InSTS Transmission Tariff Orders shall be allowed to Licensees once their transmission systems have achieved CoD and the ARRs towards their assets are approved...

Thus, the ARR for FY 2015-16 considered in this TTSC order in respect of MEGPTCL is only Rs. 570.71 Crore, corresponding to Set-1, Set-2a and Set-2b as approved in Case No. 66 of 2014. The Commission will consider allowing recovery of the ARR component of 'Set 3' assets during the mid-term review/final truing up of InSTS Tariff Orders for the present Control Period after achievement of COD."

34. Vide letter dated 6 April, 2015, MEGPTCL has intimated that the second circuit of the Tiroda – Aurangabad segment of its Transmission System has been successfully charged, commissioned and put to use on 31 March, 2015. The Commission sought confirmation from the STU of the actual status of commissioning and utilisation of 'Set 3' of MEGPTCL's Transmission System. In its responses dated 7 May and 9 May, 2015, the STU has furnished the following details:

Table 3: Status of commissioning of elements of Set 3 of MEGPTCL, as submitted by STU

Sr. No.	Particulars	Current Status of Implementation	Actual / expected Date of Commissioning	Whether asset is put to use, with date	Remarks
1	Tiroda – Koradi-III 765 KV S/C Line-2	Implemented	20.12.2014	Yes	-
2	Koradi-III – Akola-II 765 KV S/C Line-2	Implemented	24.02.2015	Yes	-

Sr. No.	Particulars	Current Status of Implementation	Actual / expected Date of Commissioning	Whether asset is put to use, with date	Remarks
3	Akola-II – Aurangabad 765 KV S/C Line-2	Partly Completed	29.03.2015	No	Test-Charged on 400kv from Akola-II (Adani end). Line is not taken in service since work is not completed at Taptitanda (Aurangabad) end. Line stood ok only for 28 Mins, later trip on bus fault.765/400 kV Ektuni (Aurangabad) sub-station is not complete, hence line charged on 400 kV. No MW Power flow on line.
4	765/400 KV substation - Koradi-III	Implemented	20.12.2014	Yes	-
5	Extension of 765 KV substation – Aurangabad				
	• 2 X 240 MVAR, 765 KV fixed line reactors	Work In Progress	January, 2016	No	-
	• 7 X 80 MVAR 1 ph units providing 2 X 240 MVAR banks with one spare unit for Akola –II – Aurangabad 2 X S/C 765 KV lines)	Work In Progress	January, 2016	No	-
	• 2 nos. of 765 KV line bays. (for Akola-II – Aurangabad 2XS/C 765 kV lines)	Work In Progress	January, 2016	No	-

35. The STU's submission shows that Akola-II – Aurangabad 765 KV S/C Line – 2, which is part of the Set 3, has only been test-charged on the 400 kV from Akola-II (Adani

end). However, the line has not been taken in service since work is not completed at MSETCL's Taptitanda (Aurangabad) end. Further, while the line was being test-charged the line, it stood 'OK' only for 28 minutes, and then tripped on a bus fault. Further, the 765 kV line was charged on 400 kV as the work at 765/400 kV Ektuni (Aurangabad) sub-station is not complete, and there has been no power flow on that line. Accordingly, the STU has communicated that the line has not been put to use. The same is the case with the elements pertaining to 2 X 240 MVAR, 765 KV fixed line reactors, 7 X 80 MVAR 1 ph units providing 2 X 240 MVAR banks with one spare unit for Akola –II – Aurangabad 2 X S/C 765 KV lines and 2 765 KV line bays (for Akola-II – Aurangabad 2 X S/C 765 kV lines), which have not been put to use and whose work is in progress.

36. The MYT Regulations specify that only assets which have been commissioned and put to use are eligible for consideration as part of the approved capital cost, and the cost of such capitalised expenditure is eligible for recovery through the ARR:

"27.1 Capital cost for a project shall include:

...Provided that the assets forming part of the project but not put to use or not in use, shall be taken out of the capital cost.

27.2 The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:..."

"32 Return on Equity Capital...

32.2 Transmission Licensee and Distribution Licensee...

32.2.2 The return on equity capital shall be computed in the following manner:

...(b) Return at the allowable rate as per this Regulation above, applied on 50 per cent of the equity capital portion of the allowable capital cost, for the investments put to use in transmission business or distribution business, calculated in accordance with Regulation 27, Regulation 28 and Regulation 29 above, for such financial year."

37. Thus, assets forming part of the project, but not put to use or not in use, have to be taken out of the capital cost considered for computing the ARR of the Licensee.

38. In its Judgement in Appeal No. 123 of 2011 (Punjab State Power Corporation Ltd. Vs PGCIL and others), the Appellate Tribunal for Electricity (ATE) has held as follows:

"According to Tariff Regulations, the COD of a transmission line shall be achieved when the following conditions are met.

i. The line has been charged successfully,

ii. Its trial operation has been successfully carried out, and

iii. It is in regular service.

The above conditions in the case of 400 kV Barh-Balia line were not fulfilled on 01.07.2010, the date on which COD was declared by the Respondent no.1.

> *Merely charging of the line from one end without the switchgear, protection and metering arrangements being ready at the other end, even if not in the scope of works of the transmission license, would not entitle the line for declaration of commercial operation.*
>
> *21. In view of the above, the Appeal is allowed, the impugned order is set aside and matter is remanded back to the Central Commission for redeterming the COD and tariff of 400 kV Barh-Balia double circuit line after hearing all concerned within 3 months of the date of this judgment."*

39. Thus, the asset has to be in service for considering it to be put to use. Merely test-charging the line from one end without the necessary arrangements at the other end does not amount to achievement of COD. This holds true even if the arrangements on either side of the line are not within the scope of the Transmission Licensee.

40. Considering the status of implementation of the Set 3 of MEGPTCL in the light of the foregoing, the Commission is of the view that a part of the elements under Set 3 cannot be considered as having been commissioned and put to use. Accordingly, the Commission has not considered the ARR of 'Set 3' for recovery in the InSTS Transmission Tariff for FY 2015-16. It would be considered in the subsequent InSTS Tariff Orders once it is operational and actually put to use.

41. No recovery of the ARR of MEGPTCL approved for FY 2014-15 could be made for the first five months of FY 2014-15. The InSTS Tariff Order in Case No. 123 of 2014 was applicable only from September, 2014. Since MEGPTCL became part of the InSTS for the first time through that said Order, there was no Tariff applicable to it, and hence no ARR recovery from April to August, 2014. Accordingly, in the present Order the Commission is allowing the recovery of the unrecovered cost pertaining to those 5 months. However, as the True-up of FY 2014-15 is yet to be completed, the Commission has not provided for any carrying cost for that under recovery in the present Order. That will be decided at the time of True up for FY 2014-15.

42. In its Annual Performance Review (APR) Order of ATIL for FY 2013-14 in Case No. 217 of 2014, the Commission had stated that the carrying cost pertaining to FY 2013-14, arising from 13 days' delay in issuing the InSTS Tariff Order in Case No. 56 of 2013 dated 13 May, 2013, would be determined during the Mid Term Review of that Order:

> *"(3) The Commission has noted the submissions of ATIL. Since ATIL is a part of the InSTS, the Commission shall consider the carrying cost at the time of Mid Term Review relating to the InSTS Transmission Tariff Order."*

43. However, since the True up for FY 2013-14 for ATIL is yet to be completed, the ARR approved for FY 2013-14 may undergo a change during the True-up process. Hence, the Commission has not considered carrying cost/holding cost for the years for which

the True-up has not been undertaken, i.e. FY 2013-14 in case of ATIL. These costs shall be considered in subsequent InSTS Tariff Orders once the True up for the relevant years is carried out.

44. Accordingly, the ARRs considered for recovery through the TTSC and Transmission Tariff in FY 2015-16, including the stand-alone ARRs for FY 2015-16, the past period revenue gaps/surplus and carrying cost/holding cost approved by the Commission in the respective MYT/MTR Orders, are as shown in the Table below:

Table 4: Break-up of ARR approved in MYT/MTR Orders (Rs. Crore)

Transmission Licensee	FY 2015-16		
	Net Standalone ARR approved for FY 2015-16	Past Period Gap/(Surplus) including Carrying Cost/(Holding Cost)	Total
	A	B	C = A + B
MSETCL	3521.06	(837.11)	**2683.94**
TPC-T	515.40	(165.43)	**349.97**
RInfra-T	238.52	(29.67)	**208.86**
JPTL	85.16	40.95	**126.11**
ATIL (Formerly APML-T)	132.57	0.00	**132.57**
MEGPTCL	570.71	263.12	**833.83**
Total of ARRs for FY 2015-16 (InSTS)	**5063.42**	**(728.14)**	**4335.28**

45. The revised TTSC for FY 2015-16, considering the approved ARRs and revenue gaps/ past period recovery/surplus and carrying cost/holding cost for MSETCL, TPC-T, RInfra-T and JPTL, and the approved ARRs for ATIL and MEGPTCL in the latest MTR/ MYT Orders, is set out below:

Table 5: TTSC for FY 2015-16 (Rs. Crore)

Transmission Licensee	Commission approved
	FY 2015-16
MSETCL	2683.94
TPC-T	349.97
RInfra-T	208.86
JPTL	126.11
ATIL (Formerly APML-T)	132.57
MEGPTCL	833.83
TTSC for FY 2015-16 (InSTS)	**4335.28**

46. The Commission has accordingly re-determined the Transmission Tariff for FY 2015-16, after considering the revised TTSC and the impact of the following:

- Revision in approved ARRs for FY 2015-16;
- Recovery of revenue gaps/(surplus) for past period;
- Carrying cost/holding cost, as per the latest MYT/MTR Orders;
- Impact of inclusion of recovery of unrecovered cost of 5 months in case of MEGPTCL (Case No. 123 of 2014);

47. At para 42 of its Order in Case No. 123 of 2014, the Commission had stated as follows:

> *"The monthly recovery now approved for the Control Period is subject to further amendment based on the revision in TTSC for the Control Period upon issuance of MTR Orders for the concerned Transmission Licensees. Any under-recovery or over-recovery by them owing to such amendment shall be adjusted with the applicable carrying cost."*

48. The Commission has already computed the over-recovery/under-recovery owing to True up of ARR for past years upto FY 2013-14, the related carrying cost/holding cost, and the revised ARR estimates for FY 2014-15 in the respective MTR Orders of the Transmission Licensees, for recovery in FY 2015-16. As stated earlier, the Commission is not providing carrying cost / holding cost on the provisional revenue gap / surplus determined for FY 2014-15 based on the approved revised estimates, since the True up for FY 2014-15 has not been carried out and hence the revenue gap / surplus assessment is still provisional.

49. Similarly, as elaborated at paras 41 and 43 of this Order, the carrying cost for MEGPTCL for FY 2014-15 and for ATIL for FY 2013-14 shall be computed in their respective True up Orders, and recovery considered in the subsequent InSTS Tariff Orders.

50. The Commission notes that there was a difference in the recovery of the Transmission Tariff of FY 2014-15 for the first five months since the InSTS Tariff Order in Case No. 123 of 2014 was effective from September, 2014 to 31 March, 2015, i.e. for only 7 months of that year. The Commission had computed the recovery considering 7 months but, the monthly recovery figure was derived from its apportionment over 12 months, i.e. the full year. Hence, the carrying cost computed by the Commission did not reflect the actual recovery allowed in the Order. However, the MTR Orders of the Transmission Licensees issued subsequently show that over-recovery of costs is expected in FY 2014-15, considering the TTSC approved in Case No. 123 of 2014 and the significantly lower approved revised estimated ARRs for that year.

51. Therefore, the Commission does not expect any carrying cost to arise for FY 2014-15 from the difference in the recovery of the TTSC for the first 5 months of FY 2014-15

on account of the date of applicability of the previous InSTS Tariff Order. However, the final computation of the carrying cost / holding cost for FY 2014-15 for all the Transmission Licensees will be taken up at the time of True up or through subsequent InSTS Tariff Orders. The Commission will also address this issue appropriately for ATIL and MEGPTCL in their MTR/True up Orders.

D] Coincident, Non-Coincident Peak Demand and Base TCR Utilisation

52. Regulation 64.2 of the MYT Regulations specifies that the Base TCR shall be approved as the average of co-incident peak demand (CPD) and non-coincident peak demand (NCPD) for TSUs, as projected for the 12-monthly period of each year of the Control Period.

53. As discussed earlier in this Order, the Commission intends to determine the Base TCR of the Distribution Licensees based on the methodology specified in Regulation 64.2.

54. The Maharashtra State Load Despatch Centre (MSLDC) has provided month-wise CPD and NCPD details for all TSUs for FY 2014-15. The Commission has considered the Base Transmission capacity of 18547 MW based on the 12-monthly average of CPD and NCPD of TSUs, i.e. the Distribution Licensees, from April, 2014 to March, 2015 as summarised in the following Table:

Table 6: Month-wise Average CPD/NCPD of Distribution Licensees in FY 2014-15

Months	Average of Coincident Peak Demand and Non-Coincident Peak Demand by each TSU (MW)				
	MSEDCL	TPC-D	RInfra-D	BEST	Total
Apr-2014	15783	968	1353	848	18953
May-2014	15324	1054	1420	898	18696
Jun-2014	14762	992	1440	907	18101
Jul-2014	15384	987	1353	910	18634
Aug-2014	14045	917	1379	835	17176
Sep-2014	15399	933	1520	918	18771
Oct-2014	16305	986	1427	892	19610
Nov-2014	15573	937	1391	841	18742
Dec-2014	15572	835	1260	780	18448
Jan-2015	15124	759	1058	661	17603
Feb-2015	15486	849	1290	772	18398
Mar-2015	16086	943	1497	901	19427
Average	**15404**	**930**	**1366**	**847**	**18547**
Share in the total demand	**83.05%**	**5.01%**	**7.36%**	**4.57%**	**100.00%**

55. Accordingly, the Base TCR of the Distribution Licensees has been re-determined for FY 2015-16, based on the average of the CPD and NCPD of the Distribution Licensees in FY 2014-15, as shown in the Table below:

Table 7: Base TCR – FY 2015-16

TSU - Distribution Licensees	FY 2015-16			
	Order in Case No. 123 of 2014		Approved in this Order	
	Transmission Capacity Rights (MW)	Sharing Proportion for TTSC (%)	Transmission Capacity Rights (MW)	Sharing Proportion for TTSC (%)
MSEDCL	14283	82.17%	15404	83.05%
TPC-D	1107	6.37%	930	5.01%
RInfra-D	1147	6.60%	1366	7.36%
BEST	845	4.86%	847	4.57%
TOTAL	**17382**	**100.00%**	**18547**	**100.00%**

56. For the purpose of this Order, the Commission has re-determined the TCR for MSEDCL, TPC-D, RInfra – D and the Brihanmumbai Electric Supply and Transport Undertaking (BEST), all Distribution Licensees, in line with Regulation 64.2 of the MYT Regulations, as outlined at paras 54 and 55 above.

57. As stated at para 28 (i) of this Order, the Intra-State Transmission Charges for FY 2015-16 shall be shared by the Distribution Licensees only in the proportion of their Base TCR. As set out at para 28 (ii), all the other Long Term and Medium Term OA consumers shall pay the Transmission charges on the basis of the capacity for which OA has been granted.

E] Determination of Transmission Tariff for FY 2015-16

58. In line with Regulation 64.3 of the MYT Regulations, and based on the revised TTSC and re-determined Base Transmission capacity utilisation approved in this Order, the Commission has determined the Transmission Tariff for use of the InSTS for FY 2015-16 as shown in Table 8 below:

Table 8: Transmission Tariff for FY 2015-16, considering TTSC

Item Description	Units	FY 2015-16	
		Order in Case No. 123 of 2014	Approved in this Order
TTSC (including revenue gap/surplus and consequent carrying cost on account of True up of FY 2012-13 & FY 2013-14, revenue gap/surplus for revised estimates of FY 2014-15)	Rs. Crore	7659.08	4335.28
Average Coincident Peak Demand (CPD) and Non-Coincident Peak Demand (NCPD)	MW	17382	18547
Transmission Tariff (long term / medium term)	Rs./kW/ month	367.19	194.79
Transmission Tariff (short term / short term collective / renewable energy)	Rs./kWh	0.49	0.26

59. Regulation 64.3.1 of the MYT Regulations provides that the Transmission Tariff be denominated in terms of "Rs/kW/month" for long and medium term usage, or in "Rs/kWh" for short term bilateral OA transactions, short term collective transactions over power exchanges, and for Renewable Energy transactions. No other distinction can be made in Transmission charges as between long term/medium term usage and short term usage. Regulation 66.2 reads as follows:

"66.2 No distinction in charges shall exist in terms of long term, medium term or short term access to the intra-State Transmission System;

Provided that, the transactions for long term and medium term shall be denominated in Rs/kW/month or any suitable denomination as may be stipulated by the Commission, derived from transmission Tariff for long term/medium term access as specified in Regulation 64.3."

60. The recovery from short term Transmission OA charges is to be used to reduce TTSC for the InSTS and benefit long term and medium term TSUs. Regulation 64.1.1 allows deduction of TTSC to the extent of recovery from short term Transmission OA charges as follows:

"64. Determination of Intra-State Transmission Tariff

64.1 Determination of Total Transmission System Cost (TTSC)

64.1.1 The aggregate of the yearly revenue requirement for all Transmission licensees; less the deductions, as approved by the Commission over the Control Period, shall form the "Total Transmission System Cost" of the Intra-State transmission system, to be recovered from the Transmission System Users (TSUs) for the respective year of the Control Period, in accordance with the following Formula:

$$TTSC_{(t)} = \sum_{i=1}^{n} (ARR_i - NT_i - O_i) - \mathbf{STR}_{(t-1)}$$

Where,

$TTSC_{(t)}$ *= Pooled Total Transmission System Cost of year (t) of the Control Period.*

n = Number of Transmission Licensee(s)

ARR_i *= Yearly revenue requirement approved by the Commission for* i^{th} *Transmission Licensee for the yearly period (t) of the Control Period*

NT_i *= Approved level of non-Tariff income for* i^{th} *Transmission Licensee for the yearly period (t) of the Control Period.*

O_i *= Approved level of income from other business of the* i^{th} *Transmission Licensee for the yearly period (t) of the Control Period.*

$STR_{(t-1)}$ *= Revenue from short term open access charges earned during previous yearly period (t-1).*

Provided that the revenue from short term open access charges for each yearly period (t) of Control Period shall be taken same as that prevalent during the yearly period before commencement of the Control Period. However, the adjustments due to variation in actual revenue from short term open access charges shall be undertaken during mid-term review and at the end of Control Period."

61. The approved net ARRs of the respective Transmission Licensees already take into account the revenue from short term OA charges for the previous year. Thus, it does not need to be separately deducted for computing the TTSC. The non-Tariff and other income of the Licensees have also been considered while approving their net ARRs. Hence, such charges have not been deducted while computing the TTSC for FY 2015-16.

F] Sharing of TTSC amongst TSUs

62. Under Regulation 65.1 of the MYT Regulations, the TTSC has to be shared between the long-term TSUs (comprising Distribution Licensees such as MSEDCL, TPC-D, RInfra-D and BEST) in accordance with their respective contributions to the average of CPD and NCPD. In this Order, the Commission has assumed such sharing of TTSC for FY 2015-16 to be in the same ratio as in the last one year for which data is available, i.e. April, 2014 to March, 2015. The proportionate contributions of MSEDCL, TPC-D, RInfra-D and BEST are 83.05%, 5.01%, 7.36% and 4.57%, respectively. The Commission may subsequently revise the allocation ratio considering their actual contribution during the final review at the end of the Second Control Period. For the present, the sharing of TTSC among TSUs for FY 2015-16 will be as summarised in the following Table:

Table 9: Sharing of TTSC among TSUs for FY 2015-16

TSU - Distribution Licensees	Share of avg. of CPD and NCPD (MW)	% share of avg. of CPD and NCPD (%)	% share of TTSC for FY 2015-16 (Rs. Crore)
MSEDCL	15404	83.05%	3600.62
TPC-D	930	5.01%	217.39
RInfra-D	1366	7.36%	319.27
BEST	847	4.57%	198.00
TOTAL	**18547**	**100.00%**	**4335.28**

63. This Transmission Tariff Order shall be applicable with effect from 1 June, 2015. The STU, i.e. MSETCL, shall collect the respective monthly Transmission charges from TSUs in the subsequent month as provided in the Regulations, with the first monthly period commencing from 1 June, 2015, as follows:

Table 10: Sharing of TTSC among TSUs in FY 2015-16

TSU - Distribution Licensees	FY 2015-16			
	Order in Case No. 123 of 2014		Approved in this Order	
	Annual (Rs. Crore)	Monthly (Rs. Crore / month)	Annual (Rs. Crore)	Monthly* (Rs. Crore / month)
MSEDCL	6293.67	524.47	3600.62	300.05
TPC-D	487.77	40.65	217.39	18.12
RInfra-D	505.53	42.13	319.27	26.61
BEST	372.12	31.01	198.00	16.50
TOTAL	**7659.08**	**638.26**	**4335.28**	**361.27**

* *Applicable from 1 June, 2015*

64. The above Transmission charges are payable by all long-term TSUs irrespective of their actual utilisation (peak demand) recorded during the period of operation. In case actual utilisation of Transmission capacity by any long-term TSU differs from the allocated Transmission capacity (i.e., Base TCR), it shall be governed as per Regulation 66.4 of the MYT Regulations, which reads as follows:

"66.4 The charges for intra State transmission usage shall be shared among various TSUs in the following manner:

a) Existing long term TSU with recorded demand upto Base TCR (i.e., average of CPD and NCPD) shall not be subjected to payment of short term transmission charges.

b) Long term TSU with recorded demand greater than Base TCR but lower than Contracted Capacity shall make payment of short term Transmission charges for the recorded demand in excess of Base TCR.

c) Where the recorded demand of long term TSU is greater than Contracted Capacity (termed as Transmission Capacity Right - TCR), the TSU shall bear additional transmission charges as specified in MERC (Transmission Open Access) Regulations, 2005, as amended from time to time:

Provided that short term transmission charges and additional transmission charges, if payable or paid, as applicable in accordance with the clauses (a), (b) and (c) above, by long term TSUs, shall be adjusted during subsequent billing period upon availability of information regarding actual recorded demand by such long term TSUs."

65. In addition to the TSUs presently considered for sharing of the TTSC in FY 2015-16, there are certain other consumers such as Sai Wardha Power Ltd. and Essel M.P. Ltd. who have been granted Long Term OA on the InSTS. However, presently these consumers are embedded in the MSEDCL and TPC-D network areas in the following manner:

- Sai Wardha Power Limited – OA Capacity contracted is 135.15 MW
  - 4.10 MW consumer is embedded in the TPC-D network area, 131.05 MW consumer is embedded in the MSEDCL network area;
- Essel M.P. Limited - OA Capacity contracted is 3.80 MW
  - Entire capacity of 3.80 MW consumer is embedded in the MSEDCL network area;

66. As these Long Term OA consumers are embedded in the existing Distribution Licensees' network area, their demand is already factored into the demand of these Licensees. Accordingly, such Long Term OA Consumers are not being considered for sharing of the TTSC at present. However, they shall pay the applicable Long Term OA Charges, as determined at para 58 of this Order and on the basis of the capacity for which the OA has been granted to such consumers.

67. In case any new Long Term or Medium Term OA consumer is granted TCR by MSLDC and is added to the InSTS during the year, such TSU shall be liable to pay the Transmission charges determined at para 58 above in proportion to the TCR. Further, the Commission will decide the mechanism for including such TSUs in the process of recovery/sharing of the TTSC in the subsequent year.

G] Recovery of ARR of Transmission Licensees for FY 2015-16

68. Under Regulation 64.1 of the MYT Regulations, the ARRs of the Transmission Licensees are pooled to derive the TTSC for InSTS, and each Licensee is entitled to recover its approved ARR from the Transmission charges collected by the STU from the TSUs.

69. This Transmission Tariff Order is applicable from 1 June, 2015. The STU shall collect the Transmission Tariff for each calendar month from the TSUs in the subsequent month as provided in the Regulations, with the first monthly period commencing from 1 June, 2015. Each Transmission Licensee shall be entitled to recover its ARR, as considered in these TTSC workings, from such Transmission Tariff collected by the STU, on a monthly basis. The Transmission Licensees should claim recovery of their respective ARRs by raising monthly bills on the STU covering their component of Intra-State Transmission charges as follows:

Table 11: Recovery of ARR of Transmission Licensees for FY 2015-16

Transmission Licensees	FY 2015-16			
	Order in Case No. 123 of 2014		Approved in this Order	
	Annual	Monthly	Annual	Monthly
	(Rs. Crore)	(Rs. Crore / month)	(Rs. Crore)	(Rs. Crore / month)
MSETCL	5535.95	461.33	2683.94	223.66
TPC-T	921.25	76.77	349.97	29.16
RInfra-T	399.75	33.31	208.86	17.40
JPTL	98.85	8.24	126.11	10.51
ATIL (formerly APML-T)	132.57	11.05	132.57	11.05
MEGPTCL	570.71	47.56	833.83	69.49
TOTAL	**7659.08**	**638.26**	**4335.28**	**361.27**

70. The present Order shall be applicable from 1 June, 2015. Accordingly, the billing for the months of April and May, 2015 will be done by the Transmission Licensees based on the monthly Transmission Tariff approved by the Commission for FY 2015-16 in its previous InSTS Tariff Order in Case No. 123 of 2014. The billing from 1 June, 2015 will be done as per the Transmission Tariff approved in this Order. Any under- or over-recovery in FY 2015-16 on account of such billing would be addressed appropriately by the Commission during the true-up process in respect of each Transmission Licensee.

71. TSUs are required to make timely payments to the STU in accordance with Regulation 68 of the MYT Regulations to enable it, in turn, to make timely settlement of the claims of the Transmission Licensees. Regulation 68 reads as follows:

> *"68.1 State Transmission Utility (STU) shall raise monthly bill for Intra-State Transmission Charges on every Transmission System User (TSU) on 1st working day of the Month for the Transmission Charges of preceding month.*
>
> *68.2 The monthly bill for transmission Tariff for each calendar month shall be payable on 14th day of subsequent calendar month by the TSUs.*
>
> *68.3 All TSUs shall ensure timely payment of Transmission Tariff to STU so as to enable STU to make timely settlement of claims raised by transmission licensees.*
>
> *68.4* ***Where there is delay in payment by any TSU, late payment surcharge at the rate of 1.25% per month or part thereof shall be applicable****."*

72. While the MYT Regulations specify a late payment surcharge at 1.25% per month, Regulation 27 of the Transmission OA Regulations provide for a surcharge of 1% for delay in payments of bills under those Regulations. However, this is

> *"...* ***without prejudice to any action under the Act or any other Regulations there under****."*

73. Considering the deterrent and penal nature of such surcharge and its nexus with the Transmission tariffs, and the fact that the MYT Regulations are still in force, the Commission holds that the surcharge of 1.25% per month specified in the MYT Regulations will continue to apply to such delayed payments.

74. Considering the information provided by the STU vide e-mail dated 26 March, 2015, the Commission notes that the late payment surcharge due but not received from the TSUs (Distribution Licensees) has accumulated to Rs. 650.56 Crore as on March, 2015. This is an unacceptable position and indicates gross financial indiscipline, since it reflects the extent of delays in payment affecting the Transmission Licensees, as well as disregard by the concerned TSUs for the consequences of such delays.

75. The Transmission OA Regulations, 2014 provide for payment security as follows:

> *"29. Payment Security Mechanism*
>
> *In case of Long-term Open Access and Medium-term Open Access, the applicant for Open* ***Access will open an irrevocable Letter of Credit in favour of the agency responsible for collection of various charges for the estimated amount of various charges for a period of two months****."*

76. The standard format of the BPTA to be entered into between the TSU and the Transmission Licensee contains the following payment security clause:

"8.7 Payment Security Mechanism

8.7.1 Letter of Credit:

8.7.1.1 Generating company / Distribution Licensee / Power Procurer ***(Transmission System User) shall provide an Irrevocable Revolving Letter of Credit (LC) for the full amount equivalent to one month Total Transmission System Cost (TTSC) payable by the Transmission System User (TSU), preferably an average of last three months bill paid in favour of the State Transmission Utility (STU) with a term of one year but revolving for the full term of this arrangement.*** *The terms and conditions of LC shall be as decided by the State Transmission Utility (STU) from time to time. Later the amount of LC shall be enhanced or reduced based on the average monthly billing for the Generating company / Distribution Licensee / Power Procurer (Transmission System User)...*

8.7.1.3 ***In case of non-payment of monthly Transmission charges on or before due date by Generating company / Distribution Licensee / Power Procurer (Transmission System User), the letter of credit provided by him shall be encashed after 7 (seven) clear days from due date of payment****. (i.e. if due date of payment is 14th of a month, the letter of credit shall be operated on 21st of that month in case of non-payment of bill and so on.)...*

8.7.1.5 Generating company / Distribution Licensee / Power Procurer ***(Transmission System User) shall ensure to renew/ re-establish the letter of credit (LC) before the date of its expiry****.*

8.7.1.6 ***In case of the encashment the letter of credit (LC) by the State Transmission Utility (STU)*** *in instances of default by Generating company/Distribution Licensee/Power Procurer (Transmission System User), it shall be the* ***responsibility of Generating company/Distribution Licensee/Power Procurer (Transmission System User) to replenish/reinstate the letter of credit (LC) to the original level within 15 days of such encashment****....*

8.7.1.8 The ***amount for the letter of credit (LC) shall be reviewed periodically in the monthly Grid Coordination Committee (GCC) meeting by State Transmission Utility (STU) and changed in case of revision in the charges by MERC or change in the average billing of the State Transmission Utility (STU)****.*

8.7.1.9 The above activity has to be completed by Generating Company / Distribution Licensee / Power Procurer (Transmission System User) within seven days of intimation of the need for change in the amount of LC by the State Transmission Utility (STU)."

77. Moreover, as mandated by the Commission, the STU has, in consultation with the GCC, laid down detailed procedures for settlement of intra-State Transmission Charges from time to time, including the modalities of bill collection and payment security.

78. The large arrears of late payment surcharge, which reflect recurring delays in payment of Transmission Charges over a long period, could not have accumulated had the above payment security mechanisms been implemented. The Commission can only conclude that the STU has consistently failed to do so, and has thus been a party to the defaults and consequent financial impacts on the concerned Transmission Licensees. It has also not approached the Commission for appropriate directions, if any were required, on any aspect on which it is not already sufficiently empowered by the Regulations, the BPTAs or its own procedural rules.

79. In this background, the STU is directed to approach the Commission, within 45 days of this Order, with its suggestions for dealing with past payment arrears and minimising future delays, through a Petition. MSLDC and the Distribution and Transmission Licensees may be impleaded as parties. With its Petition, the STU should submit all the relevant details, including but not limited to the following:

- TSU-wise details of existing Letter of Credit (LC):
    - Amount, period of validity, no. of months of Transmission charge payments to which it is equivalent;
- No. of occasions on which the LC amount has been revised in the last 3 years;
- No. of occasions in the last 3 years on which LCs of TSUs have been encashed for non-payment of dues in time;
- If LC was not encashed by STU against payment default, the reasons therefor;
- No. of GCC meetings in the last 3 years at which the LC amounts were reviewed; whether the revisions decided upon were implemented, with reasons for non-implementation, if any.

H] Energy Accounting and Treatment of Transmission Loss

80. The principles enunciated in the Transmission Pricing Framework Order in Case No. 58 of 2005 for State-wide accounting of energy over the InSTS shall continue to be applicable in FY 2015-16. The mechanism for accounting of Transmission loss and modalities for treatment of energy exchange (increment/decrement) amongst TSUs, including Distribution Licensees, set out in the Commission's Orders dated 29 September, 2006 (Case No. 31 of 2006), 13 February, 2007 (Case Nos. 36 and 41 of 2006), 17 May, 2006 (ABT Order, Case No. 42 of 2006) and related Orders shall continue to apply, in line with the FBSM for energy accounting and settlement on 15-minute basis under the ABT regime implemented in Maharashtra.

81. The Intra-State Transmission loss as recorded and available from April, 2014 to March, 2015 has been submitted by MSLDC. The weighted average Transmission loss for the InSTS in that period amounts to 3.89% for a total energy input of 1,35,372.48 MU and output of 1,30,107.37 MU, and is accordingly approved for FY 2015-16.

I] Recovery of ARR of new Transmission Licensees

82. By the end of the first Control Period ending 31 March, 2011, and during the Second Control Period upto 31 March, 2015, the Commission had granted Transmission Licences to the following new entrants:

Table 12: New Transmission Licensees forming part of InSTS

Sl. No.	Transmission Licensee	Licence No.
1.	Jaigad Power Transco Limited (JPTL)	Licence No 1 of 2009
2.	Adani Transmission India Limited (ATIL) (formerly Adani Power Maharashtra Limited – Transmission (APML-T)	Licence No. 2 of 2009
3.	Maharashtra Eastern Grid Power Transmission Company Ltd.(MEGPTCL)	Licence No. 1 of 2010
4.	Sinnar Power Transmission Company Limited (SPTCL)	Licence No. 2 of 2010
5.	Amravati Power Transmission Company Limited (APTCL)	Licence No. 3 of 2010
6.	Vidarbha Industries Power Limited (VIPL)	Licence No. 1 of 2015

83. As discussed at paras 10 and 11 of this Order, the ARRs of APTCL, SPTCL and VIPL have not been considered in this Order for determination of the TTSC. They will be included in the TTSC and be considered for recovery from the Transmission Tariff determined in subsequent InSTS Tariff or other Orders.

J] PoC-based Transmission Pricing Methodology

84. The existing framework of Intra-State Transmission pricing in Maharashtra is based on the ‘postage stamp’ method, which has served the needs of the System well. However, the National Electricity Policy and Tariff Policy stipulate that the national Transmission Tariff framework should be sensitive to distance and direction and be related to the quantum of power flow. The Central Electricity Regulatory Commission (CERC) has adopted the Point of Connection (PoC) methodology for sharing of Inter-State Transmission System (ISTS) costs.

85. The MYT Regulations have enabling provisions for changing the existing Transmission Pricing Framework and for introducing that now followed by CERC at an appropriate time, as follows:

> *"67.1 The Commission may, after conducting a detailed study and due regulatory process, change the existing transmission pricing framework to the one adopted at the Central level, during this Control Period, or afterwards, whenever the Commission may deem appropriate."*

86. For considering introduction of the PoC methodology at the State level, several Intra-State level Transmission System data inputs and preparatory steps are required. In this context, the Commission, in its Order in Case No. 56 of 2013, had asked directed the STU to undertake a detailed study relating to the introduction of the PoC methodology in Maharashtra. The study would cover the preparatory work required for implementation of the PoC methodology, the data requirements, time-lines, and the approach and methodology for collection and collation of the data. The STU was also asked to consult with the Transmission Licensees, MSLDC and TSUs.

87. On 28 February, 2015, the STU submitted a report of the study conducted so far in collaboration with the Indian Institute of Technology (IIT), Mumbai. The STU and IIT resource persons also made a presentation, at which several issues were discussed and flagged, including the need to assess the probable impact of the proposed mechanism on the TSUs, and for a road map outlining the pre-requisites including data requirements, formats, etc. along with timelines. STU may submit the final report to the Commission by 31 August, 2015.

K] Summary of Rulings

88. The revised TTSC for FY 2015-16, considering the approved ARRs and revenue gaps/ past period recovery/surplus and carrying cost/holding cost for MSETCL, TPC-T, RInfra-T and JPTL, and the approved ARRs for ATIL and MEGPTCL in the latest MTR/ MYT Orders, is set out below:

Table 13: TTSC for FY 2015-16 (Rs. Crore)

Transmission Licensee	Commission approved FY 2015-16
MSETCL	2683.94
TPC-T	349.97
RInfra-T	208.86
JPTL	126.11
ATIL (Formerly APML-T)	132.57
MEGPTCL	833.83
TTSC for FY 2015-16 (InSTS)	**4335.28**

89. The Base TCR of the Distribution Licensees has been re-determined for FY 2015-16, based on the average of the CPD and NCPD of the Distribution Licensees in FY 2014-15, as shown in the Table below:

Table 14: Base TCR – FY 2015-16

TSU - Distribution Licensees	FY 2015-16			
	Order in Case No. 123 of 2014		Approved in this Order	
	Transmission Capacity Rights (MW)	Sharing Proportion for TTSC (%)	Transmission Capacity Rights (MW)	Sharing Proportion for TTSC (%)
MSEDCL	14283	82.17%	15404	83.05%
TPC-D	1107	6.37%	930	5.01%
RInfra-D	1147	6.60%	1366	7.36%
BEST	845	4.86%	847	4.57%
TOTAL	**17382**	**100.00%**	**18547**	**100.00%**

90. In line with Regulation 64.3 of the MYT Regulations, and based on the revised TTSC and re-determined Base Transmission capacity utilisation approved in this Order, the Commission hereby determines the Transmission Tariff for use of InSTS for FY 2015-16 as shown in Table 15 below:

Table 15: Transmission Tariff Determination for FY 2015-16 considering TTSC

Item Description	Units	FY 2015-16	
		Order in Case No. 123 of 2014	Approved in this Order
TTSC (including revenue gap/surplus and consequent carrying cost on account of True up of FY 2012-13 & FY 2013-14, revenue gap/surplus for revised estimates of FY 2014-15)	Rs. Crore	7659.08	4335.28
Average Coincident Peak Demand (CPD) and Non-Coincident Peak Demand (NCPD)	MW	17382	18547
Transmission Tariff (long term / medium term)	Rs./kW/ month	367.19	194.79
Transmission Tariff (short term / short term collective / renewable energy)	Rs./kWh	0.49	0.26

91. Under Regulation 65.1 of the MYT Regulations, the TTSC has to be shared between the long-term TSUs (comprising Distribution Licensees such as MSEDCL, TPC-D, RInfra-D and BEST) in accordance with their respective contributions to the average of CPD and NCPD. In this Order, the Commission has assumed such sharing of TTSC for FY 2015-16 to be in the same ratio as in the last one year for which data is available, i.e. April, 2014 to March, 2015. The proportionate contributions of MSEDCL, TPC-D, RInfra-D and BEST are 83.05%, 5.01%, 7.36% and 4.57%, respectively. The Commission may subsequently revise the allocation ratio considering their actual contribution during the final review at the end of the Second Control Period. For the present, the sharing of TTSC among TSUs for FY 2015-16 will be as summarised in the following Table:

Table 16: Sharing of TTSC among TSUs for FY 2015-16

TSU - Distribution Licensees	FY 2015-16			
	Order in Case No. 123 of 2014		Approved in this Order	
	Annual	Monthly	Annual	Monthly*
	(Rs. Crore)	(Rs. Crore / month)	(Rs. Crore)	(Rs. Crore / month)
MSEDCL	6293.67	524.47	3600.62	300.05
TPC-D	487.77	40.65	217.39	18.12
RInfra-D	505.53	42.13	319.27	26.61
BEST	372.12	31.01	198.00	16.50
TOTAL	**7659.08**	**638.26**	**4335.28**	**361.27**

** Applicable from 1 June, 2015*

92. This Transmission Tariff Order is applicable from 1 June, 2015. The STU shall collect the Transmission Tariff for each calendar month from the TSUs in the subsequent month as provided in the Regulations, with the first monthly period commencing from 1 June, 2015. Each Transmission Licensee shall be entitled to recover its ARR, as considered in these TTSC workings, from such Transmission Tariff collected by the STU, on a monthly basis. The Transmission Licensees should claim recovery of their respective ARRs by raising monthly bills on the STU covering their component of Intra-State Transmission charges as follows:

Table 17: Recovery of ARR of Transmission Licensees for FY 2015-16

Transmission Licensees	FY 2015-16			
	Order in Case No. 123 of 2014		Approved in this Order	
	Annual	Monthly	Annual	Monthly
	(Rs. Crore)	(Rs. Crore / month)	(Rs. Crore)	(Rs. Crore / month)
MSETCL	5535.95	461.33	2683.94	223.66
TPC-T	921.25	76.77	349.97	29.16
RInfra-T	399.75	33.31	208.86	17.40
JPTL	98.85	8.24	126.11	10.51
ATIL (formerly APML-T)	132.57	11.05	132.57	11.05
MEGPTCL	570.71	47.56	833.83	69.49
TOTAL	**7659.08**	**638.26**	**4335.28**	**361.27**

93. The present Order shall be applicable from 1 June, 2015. Accordingly, the billing for the months of April and May, 2015 will be done by the Transmission Licensees based on the monthly Transmission Tariff approved by the Commission for FY 2015-16 in its previous InSTS Tariff Order in Case No. 123 of 2014. The billing from 1 June, 2015 will be done as per the Transmission Tariff approved in this Order. Any under- or over-recovery in FY 2015-16 on account of such billing would be addressed appropriately by the Commission during the true-up process in respect of each Transmission Licensee.

94. As mandated by the Commission, the STU has, in consultation with the GCC, laid down detailed procedures for settlement of intra-State Transmission Charges from time to time, including the modalities of bill collection and payment security.

95. The large arrears of late payment surcharge, which reflect recurring delays in payment of Transmission Charges over a long period, could not have accumulated had the above payment security mechanisms been implemented. The Commission can only conclude that the STU has consistently failed to do so, and has thus been a party to the defaults and consequent financial impacts on the concerned Transmission Licensees. It has also not approached the Commission for appropriate directions, if any were required, on any aspect on which it is not already sufficiently empowered by the Regulations, the BPTAs or its own procedural rules.

96. In this background, the STU is directed to approach the Commission, within 45 days of this Order, with its suggestions for dealing with past payment arrears and minimising future delays, through a Petition. MSLDC and the Distribution and Transmission Licensees may be impleaded as parties. With its Petition, the STU should submit all the relevant details, including but not limited to the following:

- TSU-wise details of existing Letter of Credit (LC):

    - Amount, period of validity, no. of months of Transmission charge payments to which it is equivalent;
- No. of occasions on which the LC amount has been revised in the last 3 years;
- No. of occasions in the last 3 years on which LCs of TSUs have been encashed for non-payment of dues in time;
- If LC was not encashed by STU against payment default, the reasons therefor;
- No. of GCC meetings in the last 3 years at which the LC amounts were reviewed; whether the revisions decided upon were implemented, with reasons for non-implementation, if any.

97. The Intra-State Transmission loss as recorded and available from April, 2014 to March, 2015 has been submitted by MSLDC. The weighted average Transmission loss for the InSTS in that period amounts to 3.89% for a total energy input of 1,35,372.48 MU and output of 1,30,107.37 MU, and is accordingly approved for FY 2015-16.

98. On 28 February, 2015, the STU submitted a report of the study regarding introduction of the PoC methodology at the State level conducted so far in collaboration with the Indian Institute of Technology (IIT), Mumbai. The STU and IIT resource persons also made a presentation, at which several issues were discussed and flagged, including the need to assess the probable impact of the proposed mechanism on the TSUs, and for a road map outlining the pre-requisites including data requirements, formats, etc. along with timelines. STU may submit the final report to the Commission by 31 August, 2015.

L] Applicability of Order

99. **This Order shall be applicable with effect from 1 June, 2015. The Transmission Tariff approved in this Order shall remain in effect till any subsequent revision.**

Sd/-	Sd/-	Sd/-
(Deepak Lad) **Member**	**(Azeez M. Khan)** **Member**	**(Chandra Iyengar)** **Chairperson**