

Reply to 2nd Information Requirement/ Discrepancies/ Data Gaps in Petition No. 1804 of 2021

- i. It is observed that O&M Expenses comprised of two part (expenses related to transmission line and bays). PGCIL charges related to maintenance of bays are made as per MOU dated 18.08.2017. The O&M expenses approved by the Commission for FY 2016-17 (True-up) is as Rs. 0.50 Crore vide Order dated 29.06.2016 and O&M expenses for FY 2017-18 as Rs. 1.17 Crore vide Order dated 29.01.2018. It is observed that the Petitioner has claimed the O&M Expenses as Rs. 1.68 Crore for FY 2017-18. The Petitioner is required to provide detailed justification for such drastic increase i.e. 234% when compared between FY 2016-17 (approved) and FY 2017-18 (approved) and 143% when compared between FY 2017-18 (approved) and FY 2017-18 (claimed).

Reply: RPSCL has 4 no. of Bays at PGCIL's substation at Shahjahanpur, i.e., two no. of 400 kV Rosa Main Bays and two no. of 400 kV Rosa Tie Bays. The Petitioner and PGCIL had executed a MoU on 18.08.2017 for maintenance of these 4 no. of Bays. As per terms of MoU, PGCIL was charging at the rate of Rs. 24.46 Lakh/year/ bay with yearly escalation @ 3.32% of O&M charges for the operation & maintenance of bays.

The Petitioner, in its Petition no. 1197 of 2017, had projected O&M expenses of Rs. 1.67 Crore, Rs. 1.73 Crore and Rs. 1.79 Crore for FY 2017-18, FY 2018-19 and FY 2019-20, respectively, based on PGCIL bay maintenance charges for 4 no. of bays and 2% of Capital cost of Transmission Line. The Hon'ble Commission vide Order in Petition no. 1197 of 2017 provisionally allowed around 70% of O&M expenses claimed by the Petitioner (i.e., Rs. 1.17 Crore, Rs. 1.19 Crore and Rs. 1.21 Crore for FY 2017-18, FY 2018-19 and FY 2019-20, respectively) based on PGCIL charges for only 2 no. of bays instead of 4 no. of bays and 2% of Capital cost of Transmission Line. The relevant paras of Order are reproduced below:

*"3.1 Taken into consideration the facts that **two numbers dedicated bays** at PGCIL's sub-station at Shahjahanpur were commissioned by PGCIL on 31.3.2017 the Commission has taken into consideration the additional capital cost incurred on installation of these independent bays for RPSCL w.e.f 1.4.2017 and accordingly tariff is being approved for FY 2017-18, FY 2018-19 and FY 2019-20 only. ..."*

From the above, it is noted that though the Hon'ble Commission approved Rs. 11.49 Crore of additional capital cost claimed for installation of 4 no. of Bays, O&M expenses were provisionally allowed only for 2 bays. In the instant Petition, the Petitioner has claimed O&M expenses of Rs. 1.68 Crore for FY 2017-18, Rs. 1.71 Crore for FY 2018-19 and Rs. 1.95 Crore for FY 2019-20 which are as per MoU with PGCIL and there is no variation against O&M expenses claimed in Petition no. 1197 of 2017. Therefore, comparison of O&M expenses of Rs. 1.67 Crore claimed for FY 2017-18 with provisionally approved amount of Rs. 1.17 Crore is not appropriate.

Further, O&M expenses of Rs. 0.50 Crore vide Order dated 29.06.2016 were approved for FY 2016-17 towards O&M of transmission lines only and post commissioning of bays, the Hon'ble Commission allowed O&M charges for bays from FY 2017-18 onwards. Therefore, there is increase in O&M expenses in FY 2017-18 compared to that of FY 2016-17.

- ii. **The Petitioner is required to provide the Single Line Diagram (SLD) of switchyard.**

Reply: RPSCL has already submitted the SLD of Rosa switchyard as Annexure P/10 in instant petition. SLD is again submitted as **Annexure A-1** in this submission for ready reference.

- iii. **As Rosa power plant is connected with intra State transmission system of UPPTCL and PGCIL therefore, Petitioner to submit which transmission network (Inter State or Intra State) is used for wheeling of power from Rosa power plant. Also submit the details of line loading.**

Reply: Rosa TPP is a 1200 MW (4X300 MW) commissioned in two Stages. Two Units of Stage-I are connected to 220 KV switchyard (UPPTCL network) and balance two units of Stage-II are connected to 400 KV Switchyard (National Grid/PGCIL). Therefore, both Inter State and Intra State networks are used for wheeling of power from Rosa TPP.

RPSCL has already submitted details of line loading (i.e. energy wheeled in MUs) for 400 kV Transmission Line for the period from FY 2014-15 to FY 2021-22 vide reply to Data Gap No. 6 in data gaps dated 02.07.2022.

- iv. **In the instant Petition, for truing up for FY 2017-18 to FY 2019-20, the Petitioner has claimed the combined O&M Expenses. The Petitioner is required to bifurcate the same into different components (Employee Expenses, A&G Expenses and R&M Expenses) as per MYT 2014 Regulations.**

Reply: RPSCL submits that the Petitioner in the present case is not a transmission licensee. The cost of 400 kV Transmission line originally included in Additional Capital Expenditure Petition # 786 of 2012 was removed as per the directions of the Hon'ble Commission vide Order dated 16.05.2012/ 25.06.2012 and separate Petition was filed for approval of Transmission Tariff.

As submitted in the petition, RPSCL is maintaining combined account for O&M expenses of Generating Station and Transmission Line together and O&M expenses were not bifurcated for the Generation and Transmission business in Rosa. Considering the same fact, Hon'ble Commission has allowed normative O&M expenses of 2% of capital cost of transmission asset in addition to bay maintenance charges. Based on similar approach, the Petitioner has claimed O&M expenses considering O&M charges at 2% of capital cost of transmission asset and actual bay maintenance charges incurred for FY 2017-18 to FY 2019-20.

In view of the above, the Petitioner respectfully submits that bifurcation of the claimed O&M expenses into Employee Expenses, A&G Expenses and R&M Expenses is not possible. However, for the purpose of the instant petition, O&M charges are shown under R&M Expenses and Employee Expenses and A&G Expenses are shown as nil.

- v. **The Petitioner shall file an affidavit that no employee and A&G expense is claimed in transmission tariff.**

Reply: Kindly refer our reply above. The Petitioner has recovered transmission tariff for FY 2017-18 to FY 2019-20 as approved by Hon'ble Commission vide Order dated 19.01.2018 which includes normative O&M expenses of 2% of capital cost of transmission asset and bay maintenance charges. An affidavit in this regard is enclosed as **Annexure A-2**

- vi. **The Petitioner is required to provide the documentary evidence of additional capitalization of Rs. 11.49 Crore towards cost of construction of bays duly certified by auditor. Further, the Petitioner is required to provide self-**

declaration on affidavit, the same is not claimed in the Rosa Generating business or any other regulated business.

Reply: The auditor certificate for additional capitalization towards cost of construction of bays has been enclosed as **Annexure A-3**. It is to be noted that the amount of Rs. 11.49 Crore was capitalized in FY 2016-17 on provisional basis and there was reversal of Rs.0.23 Crore in FY 2017-18. Hence, the Petitioner requests the Hon'ble Commission to consider the net additional capitalization of Rs. 11.26 Crore.

Further, the affidavit for self-declaration that the above additional capitalization is not claimed in Rosa Generating business or any other regulated business is submitted as **Annexure A-4**.

vii. The Petitioner is required to provide the details of actual payment made to PGCIL for FY 2020-21 duly certified by auditor as the same is required for True-up.

Reply: The auditor certificate for actual payment of Rs. 1.57 Crore to PGCIL for FY 2020-21 has been enclosed as **Annexure A-5**.

viii. The Petitioner is required to confirm that PGCIL charges are on account of O&M expenses of bays are not recovered by PGCIL under POC charges from any other beneficiaries from FY 2017-18 to FY 2020-21.

Reply: The Petitioner respectfully submits that as per the terms of MoU dated 18.08.2017 and 19.08.2019, PGCIL maintains all internal and outdoor terminal equipment installed in bays at PGCIL's Shajahanpur Substation and the Petitioner pays the bay maintenance charges to PGCIL. However, the Petitioner is not in position to confirm on behalf of PGCIL if PGCIL charges on account of maintenance of bays are not recovered by PGCIL under POC charges from any other beneficiaries from FY 2017-18 to FY 2020-21 and the same is not in purview of agreement signed with PGCIL.

ix. It is observed that the methodology adopted by Petitioner for calculation of depreciation for FY 2020-21 to FY 2024-25 is not inline to the MYT Regulations, 2019. The Petitioner is directed to re-compute the same as per Regulations.

Reply: The calculations for depreciation have been revised for FY 2017-18 to FY 2019-20 and for FY 2020-21 to FY 2024-25 as per the MYT Regulations, 2014 and the MYT Regulations, 2019 which have been submitted as **Annexure A-6**. The Petitioner requests the Hon'ble Commission to consider the same.

x. The Petitioner is required to provide the detail calculation of escalation factor used for computing the O&M Expenses for FY 2020-21 to FY 2024-25 and also provide the source for the index used.

Reply: The detail calculations of escalation factor used for computing the O&M Expenses for FY 2020-21 to FY 2024-25 have been enclosed as **Annexure A-7**. The sources for CPI and WPI data are the Ministry of Labour Bureau, GOI and the Office of Economic Advisor of GOI, respectively.

Place-Lucknow
Date-29.09.2022

(SUMEET NOTANI)
Authorised Signatory