

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
New Delhi**

**Petition No. 142/TT/2025**

**Coram:**

**Shri Ramesh Babu V., Member  
Shri Harish Dudani, Member**

**Date of Order: 05.03.2025**

**In the matter of:**

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for the truing-up of transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for "Combined Asset : Asset-1: 400 kV D/C Raigarh-Raipur transmission line along with associated bays; Asset-2: 400 kV D/C Ranchi-Rourkela transmission line and extension of Ranchi Sub-station; Asset-3: Provision of 40% fixed series compensation package at Raipur Sub-station; Asset-4: 400 kV D/C Rourkela-Raigarh transmission line and associated bays at Raigarh and Rourkela under "East-West Transmission Corridor Strengthening Scheme in Western Region".

**And in the matter of:**

**Power Grid Corporation of India Limited,**  
"Saudamini", Plot No. 2,  
Sector-29, Gurgaon-122001 (Haryana).

**...Petitioner**

**Vs.**

1. Madhya Pradesh Power Management Company Limited,  
Shakti Bhawan, Rampur,  
Jabalpur-482008.
2. Maharashtra State Electricity Distribution Company Limited,  
Prakashgad, Plot No. G-9, A. K. Marg, Bandra (East),  
Mumbai-400051.
3. Gujarat Urja Vikas Nigam Limited,  
Sardar Patel Vidyut Bhawan, Race Course Road,  
Vadodara-390007.
4. Electricity Department,  
Vidyut Bhawan, Government of Goa,  
Panaji-403001, Goa.



5. DNHDD Power Distribution Corporation Limited,  
Vidyut Bhawan, 66kv Road, Near Secretariat,  
Amla-396230, Silvassa.
6. Chhattisgarh State Power Distribution Company Limited,  
P.O. Sunder Nagar, Dangania, Raipur-492013,  
Chhattisgarh.

...Respondents

**Party Present** : Shri Mohd. Mohsin, PGCIL  
Shri Vishal Sagar, PGCIL  
Shri Piyush Awasti, PGCIL  
Shri Ashish Alankar, PGCIL

### **ORDER**

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing-up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and for the determination of transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) in respect of the “Combined Asset consisting of Asset-1:400 kV D/C Raigarh-Raipur transmission line along with associated bays; Asset-2: 400 kV D/C Ranchi-Rourkela transmission line and extension of Ranchi Sub-station; Asset-3: Provision of 40% fixed series compensation package at Raipur Sub-station; Asset-4: 400 kV D/C Rourkela-Raigarh transmission line and associated bays at Raigarh and Rourkela (hereinafter jointly referred to as “the Combined Asset” because the Petitioner combined these assets during the 2009-14 tariff period in Petition No. 103/TT/2011 ) under “East-West Transmission Corridor Strengthening Scheme (hereinafter referred to as “the transmission scheme”) in the Western Region.

2. The Petitioner has made the following prayers in the instant Petition:



- "a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 12 and 13 above.*
- b) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.*
- c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.*
- d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*
- e) Allow the petitioner to bill and recover Licensee fee and RLDC fees & charges, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 19 above.*
- h) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 19 above.*
- i) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 19 above.*
- j) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 19 above.*
- k) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.*
- l) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries and pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice*
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m) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.

Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long-term customers / DIC, as and when the same materialized as per regulation 67 of 2019 and regulation 89 of 2024 tariff regulation. The petitioner may be allowed to recover the deferred tax liability materialized directly without making any application before the commission as provided in the regulations.”

### **Background**

3. The brief facts of the case are as follows:

(a) The Investment Approval (the IA) for the Combined Asset was accorded by the Government of India, Ministry of Power, vide its letter No. 23.6.2006 at an estimated cost of ₹280370 lakh, which included an IDC of ₹23695 lakh, based on 4th Quarter, 2005 price level. The transmission scheme was agreed upon by all the constituents of the Western Region during the 124th Western Regional Electricity Board meeting held on 9.7.2004 for inclusion in the existing BPTA dated 31.3.1999 of the Western Region. The scope of work covered under the transmission scheme in the Western Region is as follows:

#### **Transmission Line:**

- Rourkela-Raigarh
- Raigarh-Raipur Ckts. I, II, III and IV
- Ranchi-Rourkela
- Ranchi-Rourkela (D/C on M/C tower)
- Rourkela-Raigarh

#### **Sub-stations:**

- i. Rourkela: Ranchi I and II bay
- ii. Rourkela: Raigarh I and II bay
- iii. Ranchi: Rourkela I and II bay
- iv. Raipur: Raigarh-3 and 4 bay



- v. Raipur: 40% FSC 1 and 2
- vi. Raigarh: Raipur-3 and 4 bay
- vii. Raigarh: Rourkela I and II bay

(b) The tariff from COD to 31.3.2014 was approved for Asset-1 vide order dated 19.5.2014 in Petition No. 284/2010. The Commission, vide order dated 16.9.2011 in Petition No. 350/2010, allowed transmission tariff for Asset-I (Single Asset) for two months (1.10.2011 to 30.11.2010), and for the Combined Assets-I and II for the period from 1.12.2010 to 31.3.2014. The Commission vide order dated 9.5.2013 in Petition No. 103/TT/2011 allowed tariff for the period 1.4.2011 to 30.6.2011, and tariff for Combined Assets-I, II, III and IV for the period 1.7.2011 to 31.3.2014. The Commission, vide order dated 18.3.2016 in Petition No. 21/TT/2015, trued-up of transmission tariff for the 2009-14 tariff period and determined the transmission tariff for the 2014-19 tariff period. The Commission, vide order dated 5.6.2020 in Petition No. 87/TT/2020, trued-up the tariff for the 2014-19 tariff period and determined the tariff for the 2019-24 tariff period.

4. The Respondents include Distribution Licensees, Power Departments, and Transmission Licensees that receive transmission services from the Petitioner, primarily benefiting the Western Region.

5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the Act). No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No. 1, vide affidavit dated



18.2.2025, has filed its reply and mainly raised the issue of grossing up Return on Equity (RoE) with effective tax rates and effects of CGST. The Petitioner has filed its rejoinder to the reply of MPPMCL, vide affidavit dated 25.2.2025. The submissions made by MPPMCL and clarifications given by the Petitioner thereto have been dealt with in the relevant portions of this order.

6. The hearing in the matter was held on 7.2.2025, and the order was reserved.

7. This order is being issued considering the Petitioner's submissions in the Petition vide affidavit dated 4.11.2024, MPPMCL's reply filed vide affidavit dated 18.2.2025, and the Petitioner's rejoinder vide affidavit dated 25.2.2024.

8. Having heard the Petitioner's representatives and perused the material available on record, we proceed to dispose of the Petition.

#### **TRUING-UP OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD**

9. The Petitioner has claimed the following transmission charges in respect of the Combined Asset for the 2019-24 tariff period:

	(₹ in lakh)				
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Depreciation	3765.49	3765.49	3765.49	3765.49	863.61
Interest on Loan	1013.67	616.40	392.81	363.11	312.85
Return on Equity	4022.51	4022.51	4022.51	4022.51	4022.51
O&M Expenses	960.98	994.62	1029.39	1065.29	1102.34
Interest on Working Capital	174.24	158.67	146.34	147.31	125.69
<b>Total</b>	<b>9936.89</b>	<b>9557.69</b>	<b>9356.54</b>	<b>9363.71</b>	<b>6427.00</b>

10. The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the Combined Asset for the 2019-24 tariff period:

	(₹ in lakh)				
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
O&M Expenses	80.08	82.89	85.78	88.77	91.86
Maintenance Spares	144.15	149.19	154.41	159.79	165.35
Receivables	1221.75	1178.35	1153.55	1154.43	790.21
<b>Total Working Capital</b>	<b>1445.98</b>	<b>1410.43</b>	<b>1393.74</b>	<b>1402.99</b>	<b>1047.42</b>
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
<b>Interest on Working Capital</b>	<b>174.24</b>	<b>158.67</b>	<b>146.34</b>	<b>147.31</b>	<b>125.69</b>



### **Capital Cost for the 2019-24 Tariff Period**

11. The Commission, vide the order dated 5.6.2020 in Petition No. 87/TT/2020, trued-up the tariff for the 2014-19 tariff period and allowed the tariff for the 2019-24 tariff period. The capital cost of ₹71389.51 lakh has been approved by the Commission for the Combined Asset as on 31.3.2019 in Petition No. 87/TT/2020 and the same has been considered as opening capital cost as on 1.4.2019 for the purpose of truing-up of transmission tariff for the 2019-24 tariff period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

12. The Petitioner has not claimed Additional Capital Expenditure (ACE) for the 2019-24 tariff period for the Combined Asset.

13. We have considered the submissions of the Petitioner. The capital cost allowed for the transmission asset is as follows:

(₹ in lakh)		
Capital cost as on 1.4.2019	ACE during 2019-24 tariff block	Capital cost as on 31.3.2024
71389.51	No add cap	71389.51

### **Debt-Equity Ratio**

14. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of the tariff of the Combined Asset during the 2019-24 tariff period is as follows:

Funding	Capital Cost as on 1.4.2019		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	49972.66	70.00	49972.66	70.00
Equity	21416.85	30.00	21416.85	30.00
<b>Total</b>	<b>71389.51</b>	<b>100.00</b>	<b>71389.51</b>	<b>100.00</b>

### **Depreciation**

15. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and thereafter up to 31.3.2024. The Weighted Average



Rate of Depreciation (WAROD) has been worked out for the Combined Asset as per the rates of depreciation specified under Regulation 33 of the 2019 Tariff Regulations. Further, the Combined Asset is completing 12 years of its useful life as on 31.3.2023. The remaining depreciable value of ₹18999.52 lakh as on 1.4.2023 has been spread over the balance of the useful life of the Combined Asset in accordance with the 2019 Tariff Regulations. The depreciation allowed for the Combined Asset is as follows:

						(₹ in lakh)
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	71389.51	71389.51	71389.51	71389.51	71389.51
B	Addition during the year 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	71389.51	71389.51	71389.51	71389.51	71389.51
D	Average Capital Cost (A+C)/2	71389.51	71389.51	71389.51	71389.51	71389.51
E	Average Capital Cost (90% depreciable assets)	71389.51	71389.51	71389.51	71389.51	71389.51
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	64250.56	64250.56	64250.56	64250.56	64250.56
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	64250.56	64250.56	64250.56	64250.56	64250.56
J	Weighted average rate of Depreciation (WAROD) (in %)	5.2746	5.2746	5.2746	5.2746	Spread-over depreciation
K	Lapsed useful life at the beginning of the year (Year)	8	9	10	11	12
L	Balance useful life at the beginning of the year (Year)	26	25	24	23	22
M	<b>Depreciation during the year (D*J)</b>	<b>3765.48</b>	<b>3765.48</b>	<b>3765.48</b>	<b>3765.48</b>	<b>863.61</b>
N	Cumulative Depreciation at the end of the year	33954.59	37720.07	41485.55	45251.03	46114.65
O	Remaining Aggregate Depreciable Value at the end of the year	30295.97	26530.49	22765.01	18999.52	18135.91

16. The details of depreciation allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation allowed for the Combined Asset in the instant order are as follows:

						(₹ in lakh)
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020	3765.48	3765.48	3765.48	3765.48	863.61
	Claimed by the Petitioner in the instant	3765.49	3765.49	3765.49	3765.49	863.61





Petition					
Allowed after truing-up in this order	3765.48	3765.48	3765.48	3765.48	863.61

### **Interest on Loan (IoL)**

17. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and interest rate. Accordingly, the IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Asset is as follows:

		(₹ in lakh)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	49972.66	49972.66	49972.66	49972.66	49972.66
B	Cumulative Repayments up to Previous Year	30189.11	33954.59	37720.07	41485.55	45251.03
C	Net Loan-Opening (A-B)	19783.55	16018.07	12252.58	8487.10	4721.62
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	3765.48	3765.48	3765.48	3765.48	863.61
F	Net Loan-Closing (C+D-E)	16018.07	12252.58	8487.10	4721.62	3858.01
G	Average Loan (C+F)/2	17900.81	14135.33	10369.84	6604.36	4289.81
H	Weighted Average Rate of Interest on Loan (in %)	5.6627	4.3607	3.7880	5.4980	7.2929
I	<b>Interest on Loan (G*H)</b>	<b>1013.67</b>	<b>616.40</b>	<b>392.81</b>	<b>363.11</b>	<b>312.85</b>

18. The details of IoL allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020, IoL claimed in the instant Petition, and trued-up IoL allowed for the Combined Asset in the instant order are as follows:

		(₹ in lakh)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020	1069.98	825.94	587.92	358.82	218.50
	Claimed by the Petitioner in the instant Petition	1013.67	616.40	392.81	363.11	312.85
	Allowed after truing-up in this order	1013.67	616.40	392.81	363.11	312.85

### **Return on Equity (RoE)**

19. The Petitioner has submitted that its Income Tax assessment has been completed, and the assessment orders have been issued by the Income Tax Department for the FY 2019-20 and FY 2020-21, and the income has been assessed under MAT [115JB of the Income Tax Act, 1961 (IT Act, 1961)]. The Petitioner has



further submitted that the Income Tax Returns (ITRs) have been filed for the FY 2021-22, FY 2022-23 and FY 2023-24 (filed in Petition No. 401/TT/2024).

20. The Petitioner has further submitted that it is liable to pay the income tax at MAT rates (17.472, i.e., 15% Income Tax + 12% Surcharge on Income Tax + 4% Health and Education Cess on Income Tax and Surcharge) and has claimed the following effective tax rates for the 2019-24 tariff period:

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782
2022-23	17.472	18.782
2023-24	17.472	18.782

21. MPPMCL has submitted that the Petitioner has grossed up the RoE on the basis of actual taxes paid during the FYs 2019-20, 2020-21, 2021-22 and 2022-23. For the FY 2023-24, it has been grossed up on the basis of the applicable MAT rate, surcharge and cess. MPPMCL has further submitted that the Petitioner has not placed on record the assessment orders and also that the Petitioner has not claimed the grossed-up the RoE on the basis of the actual taxes paid for the FY 2023-24. Further, the Petitioner has neither submitted the copy of the assessment orders nor the audited accounts in respect of the actual taxes paid for the financial years mentioned in the Petition. In the absence of these essential documents, it is not possible to scrutinize the claim of the Petitioner in a proper way.

22. In response, the Petitioner has submitted that the Income Tax assessment has been completed and the Assessment Orders have been issued by the Income Tax Department for the FY 2019-20 and FY 2020-21. The Petitioner has further submitted that the income tax assessment for the FY 2021-22, 2022-23 and 2023-24 are currently under progress with the income tax authorities. The Assessment orders for

the FY 2019-20 and 2020-21 and the ITRs for the FY 2021-22, FY 2022-23 and FY 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024.

23. The Petitioner has further submitted that the income tax return for the FY 2023-24 has now been filed and accordingly, the revised table regarding the computation of the effective tax percentage is as under:

Financial Year	Basis considered	Total Tax & Interest paid (₹)	Assessed MAT Income under Sec 115 JB (₹)	Effective Tax percentage	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2019-20	Assessment Order	24,52,62,76,991	1,40,37,47,53,855	17.472%	18.782%
2020-21	Assessment Order	26,08,93,59,008	1,49,32,09,65,036	17.472%	18.782%
2021-22	Actual Tax paid	31,81,46,40,406	1,82,08,92,88,030	17.472%	18.782%
2022-23	Actual Tax paid	30,42,88,20,993	1,74,15,76,29,306	17.472%	18.782%
2023-24	Actual Tax paid	31,32,12,38,737	1,79,26,53,31,597	17.472%	18.782%

24. The Petitioner has further requested to allow to claim the differential tariff on account of the trued up ROE based on the effective tax rate calculated on completion of the Income-tax assessment/re-assessment for the FYs 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on receipt of the respective assessment orders, directly from the beneficiaries, on a year-to-year basis as provided in the regulation.

25. We have considered the Petitioner's and MPPMCL's submissions and have also gone through the record. We observe that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the Statement of Profit and Loss prepared in accordance with the Schedule-II of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year

shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be considered for the purpose of grossing up of the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing up, shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be on year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax (in %)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2019-20	17.472	17.472	15.50	18.782
2020-21	17.472	17.472	15.50	18.782
2021-22	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782

26. Accordingly, the trued-up RoE allowed in respect of the Combined Asset for the 2019-24 tariff period is as follows:

		(₹ in lakh)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	21416.85	21416.85	21416.85	21416.85	21416.85
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	21416.85	21416.85	21416.85	21416.85	21416.85
D	Average Equity (A+C)/2	21416.85	21416.85	21416.85	21416.85	21416.85
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (Pre-tax) (D*G)</b>	<b>4022.51</b>	<b>4022.51</b>	<b>4022.51</b>	<b>4022.51</b>	<b>4022.51</b>

27. The details of the RoE allowed vide order dated 5.6.2020 in Petition No. 87/TT/2010, RoE claimed in the instant Petition, and trued-up RoE allowed for the Combined Asset in the instant order are as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020	4022.41	4022.41	4022.41	4022.41	4022.41
Claimed by the Petitioner in the instant Petition	4022.51	4022.51	4022.51	4022.51	4022.51
Allowed after trueing-up in this order	4022.51	4022.51	4022.51	4022.51	4022.51

**Operation & Maintenance Expenses (O&M Expenses)**

28. The Commission, vide order dated 5.6.2020 in Petition No. 87/TT/2020, has allowed the following O&M Expenses for the Combined Asset :

(₹ in lakh)

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	960.98	994.61	1029.39	1065.30	1102.34

29. The Petitioner, in the instant true-up Petition, has claimed the following O&M Expenses:

(₹ in lakh)

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	960.98	994.61	1029.39	1065.30	1102.34

30. We have considered the Petitioner's submissions. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant Petition. The Petitioner has made similar claims in other Petitions as well. Though PLCC is a communication system, it has been considered as part of the sub-station in the 2014 Tariff Regulations and in the 2019 Tariff Regulations, and the norms for sub-station have been specified accordingly. Accordingly, the Commission, vide order dated 24.1.2021 in Petition No. 126/TT/2020, has already concluded that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. Therefore, the Petitioner's claim for separate O&M Expenses for PLCC @2% is not allowed. The O&M Expenses are worked out as follows:



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
(i) Sub-station: 400 kV Bays (14 Nos.)					
(ii) 2 No. Ranchi I and II Bays at Rourkela Sub-station					
(iii) 2 No. Raigarh I and II Bays at Rourkela Sub-station					
(iv) 2 No. Rourkela I and II Bays at Ranchi Sub-station					
(v) 2 No. Raigarh 3 and 4 Bays at Raipur Sub-station					
(vi) 2 No. 40% FSC 1 and 2 Bays at Raipur Sub-station					
(vii) 2 No. Raipur 3 and 4 Bays at Raigarh Sub-station					
(viii) 2 No. Rourkela I and II Bays at Raigarh Sub-station					
<b>Norms as per Regulation ( ` Per Bay)</b>	32.15	33.28	34.45	35.66	36.91
<b>O&amp;M Expenses</b>	450.10	465.92	482.30	499.24	516.74
<b>Transmission Line: 400 kV D/C Twin (Total length 574.449 km)</b>					
(i) 400 kV D/C (Twin) Raigarh-Raipur Ckt III and IV transmission line: (220.884 km)					
(ii) 400 kV D/C Ranchi-Rourkela transmission line (142.884 km)					
(iii) 400 kV D/C Rourkela-Raigarh transmission line (208.630 km)					
(iv) 400 kV Ranchi-Rourkela transmission line (D/C on M/C Tower) (2.051 km)					
<b>Norms as per Regulation ( ` Per Km)</b>	0.881	0.912	0.944	0.977	1.011
<b>O&amp;M Expenses allowable</b>	506.09	523.90	542.28	561.24	580.77
<b>Transmission Line:</b>					
(i) 400 kV Rourkela-Raigarh S/C Twin (0.653 km)					
<b>Norms as per Regulation ( ` Per km)</b>	0.503	0.521	0.539	0.558	0.578
<b>O&amp;M Expenses allowable</b>	0.33	0.34	0.35	0.36	0.38
<b>Total O&amp;M Expenses allowed</b>	<b>956.52</b>	<b>990.15</b>	<b>1018.93</b>	<b>1060.84</b>	<b>1097.88</b>

31. Accordingly, the O&M Expenses allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020, O&M Expenses claimed in the instant Petition, and trued-up O&M Expenses allowed for the Combined Asset in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020	960.98	994.61	1029.39	1065.30	1102.34
As claimed by the Petitioner in the instant Petition	960.98	994.62	1029.39	1065.29	1102.34
Allowed in the instant true-up Petition	956.52	990.15	1018.93	1060.84	1097.88

### **Interest on Working Capital (IWC)**

32. IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350



basis points) for the FY 2021-22 and FY 2022-23 and 12.00% (SBI 1 year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

33. The components of the working capital and interest allowed thereon for the Combined Asset are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	79.71	82.51	84.91	88.40	91.49
Working Capital for Maintenance Spares (15% of O&M Expenses)	143.48	148.52	152.84	159.13	164.68
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	1221.18	1177.77	1152.21	1153.86	789.63
<b>Total Working Capital</b>	<b>1444.36</b>	<b>1408.81</b>	<b>1389.96</b>	<b>1401.39</b>	<b>1045.81</b>
Rate of Interest for Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
<b>Interest of working capital</b>	<b>174.05</b>	<b>158.49</b>	<b>145.95</b>	<b>147.15</b>	<b>125.50</b>

34. The details of IWC allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020, IWC claimed in the instant Petition, and trued-up IWC allowed for the Combined Asset in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020	175.09	173.28	171.21	169.32	124.80
Claimed by the Petitioner in the instant Petition	174.24	158.67	146.34	147.31	125.69
Allowed after truing-up in this order	174.05	158.49	145.95	147.15	125.50

#### **Trued-up Annual Fixed Charges for the 2019-24 Tariff Period**

35. Accordingly, the Annual Fixed Charges (AFC) allowed after truing-up for the 2019-24 tariff period in respect of the Combined Asset are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	3765.48	3765.48	3765.48	3765.48	863.61
Interest on Loan	1013.67	616.40	392.81	363.11	312.85
Return on Equity	4022.51	4022.51	4022.51	4022.51	4022.51
O&M Expenses	956.52	990.15	1018.93	1060.84	1097.88
Interest on Working Capital	174.05	158.49	145.95	147.15	125.50
<b>Total</b>	<b>9932.23</b>	<b>9553.03</b>	<b>9345.68</b>	<b>9359.09</b>	<b>6422.36</b>



36. The details of annual transmission charges allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020, annual transmission charges claimed in the instant Petition, and trued-up annual transmission charges allowed in the instant order in respect of the Combined Asset are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.6.2020 in Petition No. 87/TT/2020	9993.92	9781.73	9576.41	9381.33	6331.66
Claimed by the Petitioner in the instant Petition	9936.89	9557.69	9356.54	9363.71	6427.00
Allowed after truing-up in this order	9932.23	9553.03	9345.68	9359.09	6422.36

### **DETERMINATION OF ANNUAL FIXED CHARGES FOR THE 2024-29 TARIFF PERIOD**

37. The Petitioner has claimed the following transmission charges for the Combined Asset for the 2024-29 tariff period:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	863.61	863.61	863.61	863.61	863.61
Interest on Loan	254.82	189.90	125.66	61.88	15.00
Return on Equity	4022.51	4022.51	4022.51	4022.51	4022.51
O&M Expenses	939.00	987.97	1039.20	1093.53	1150.89
Interest on Working Capital	116.99	118.13	119.38	120.52	122.55
<b>Total</b>	<b>6196.93</b>	<b>6182.12</b>	<b>6170.36</b>	<b>6162.05</b>	<b>6174.56</b>

38. The Petitioner has claimed the following IWC for the Combined Asset for the 2024-29 tariff period:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	78.25	82.33	86.60	91.13	95.91
Maintenance Spares	140.85	148.20	155.88	164.03	172.63
Receivables	764.01	762.18	760.73	757.63	761.25
<b>Total Working Capital</b>	<b>983.11</b>	<b>992.71</b>	<b>1003.21</b>	<b>1012.79</b>	<b>1029.79</b>
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>116.99</b>	<b>118.13</b>	<b>119.38</b>	<b>120.52</b>	<b>122.55</b>

### **Capital Cost**

39. Regulation 19 of the 2024 Tariff Regulations provides as follows:

**“19. Capital Cost:** (1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence checks in accordance with these regulations shall form the basis for the determination of tariff for existing and new projects.





- (2) *The Capital Cost of a new project shall include the following:*
- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
  - (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
  - (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
  - (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
  - (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
  - (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
  - (g) *Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*
  - (h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
  - (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
  - (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
  - (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
  - (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
  - (m) *Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;*
  - (n) *Expenditure on account of change in law and force majeure events; and*
  - (o) & (p) .....

- (3) *The Capital cost of an existing project shall include the following:*
- (a) *Capital cost admitted by the Commission prior to 1.4.2024 duly tried up by excluding liability, if any, as on 1.4.2024;*
  - (b) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
  - (c) *Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*
  - (d) to (h) .....
  - (i) *Expenditure on account of change in law and force majeure events;*

(4) & (5) .....

- (6) *The following shall be excluded from the capital cost of the existing and new projects:*
- (a) *The assets forming part of the project but not in use, as declared in the tariff petition;*
  - (b) *De-capitalised Assets after the date of commercial operation on account of obsolescence;*



*(c) De-capitalised Assets on account of upgradation or shifting from one project to another project:*

*Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;*

*Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.*

*(d) .....*

*(e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and*

*(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”*

40. MPPMCL has requested to allow the tariff for the 2024-29 period only after admitting the cost as on 31.3.2024 after a prudence check.

41. We have considered the submissions of the Petitioner and MPPMCL and have perused the record. Perusal of record shows that the capital cost of ₹71389.51 lakh has been considered by the Commission for the Combined Asset as on 31.3.2024. Therefore, the capital cost of ₹71389.51 lakh as considered on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024 for the purpose of determination of transmission tariff for the 2024-29 tariff period in accordance with Regulation 19 of the 2024 Tariff Regulations.

#### **Additional Capital Expenditure**

42. The Petitioner has not claimed ACE in respect of the Combined Asset for the 2024-29 tariff period.

43. We have considered the Petitioner's and MPPMCL's submissions. The capital cost of ₹71389.51 lakh has been claimed as on 31.3.2024 and has been considered for determination of transmission tariff the for 2024-29 tariff period. The details of the capital cost allowed as on 31.3.2024 and as on 31.3.2029 are as follows:

(₹ in lakh)		
Expenditure as on 31.3.2024	Expenditure during 2024-29 Tariff Block	Actual Capital Cost as on 31.3.2029
71389.51	0.00	71389.51

### **Debt Equity Ratio**

44. Regulation 18 of the 2024 Tariff Regulations provides as follows:

**“18. Debt-Equity Ratio:** (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

*Provided that:*

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:
- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

*Explanation-* The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilized for meeting the capital expenditure of the generating station or the transmission system.

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or the approval of the competent authority in other cases regarding the infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

(3) In the case of the generating station and the transmission system, including the communication system declared under commercial operation prior to 1.4.2024, the debt-equity ratio allowed by the Commission for the determination of tariff for the period ending 31.3.2024 shall be considered:

*Provided that in the case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or is completing its useful life during the 2024-29 tariff period, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;*

*Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 96 of these regulations.*

(4) In the case of the generating station and the transmission system, including communication system declared under commercial operation prior to 1.4.2024, but where debt: equity ratio has not been determined by the Commission for

determination of tariff for the period ending 31.3.2024, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2024 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation.”

45. The debt-equity ratio for the 2024-29 tariff period is dealt with in line with Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity ratio considered for the purpose of computation of tariff of the 2024-29 period for the Combined Asset is as follows:

Funding	Capital Cost as on 1.4.2024		Capital Cost as on 31.3.2029	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	49972.66	70.00	49972.66	70.00
Equity	21416.85	30.00	21416.85	30.00
Total	71389.51	100.00	71389.51	100.00

### **Depreciation**

46. Regulation 33 of the 2024 Tariff Regulations provides as follows:

**"33. Depreciation:** (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In the case of the tariff of all the units of a generating station or all elements of a transmission system including the communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

Provided that the effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which a single tariff needs to be determined.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, the weighted average life for the generating station or the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In the case of commercial operation of the asset for a part of the year, depreciation shall be charged on a pro rata basis.

(3) *The salvage value of the asset shall be considered as 10%, and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset:*

*Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;*

.....

*Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.*

(4) .....

(5) *Depreciation for Existing Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets.*

.....

(6) *Depreciation for New Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system:*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 15 years from the effective date of commercial operation of the generating station or the transmission system, as the case may be, shall be spread over the balance useful life of the assets.*

.....

(7) *In the case of the existing projects, the balance depreciable value as on 1.4.2024 shall be worked out by deducting the cumulative depreciation as admitted to by the Commission up to 31.3.2024 from the gross depreciable value of the assets.*

(8) *The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the depreciable value over the balance useful life of the Asset or 10 years whichever is higher.*

(9) *In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful service.....”*

47. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and, thereafter, up to 31.3.2029. Since the Combined Asset has already completed 12 years of the useful life before 1.4.2024, the remaining

depreciable value of ₹18135.91 lakh as on 1.4.2024 has been spread over the balance of the useful life of the Combined Asset in accordance with the 2024 Tariff Regulations.

48. The depreciation allowed for the Combined Asset under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	71389.51	71389.51	71389.51	71389.51	71389.51
B	Addition during the year 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	71389.51	71389.51	71389.51	71389.51	71389.51
D	Average Capital Cost (A+C)/2	71389.51	71389.51	71389.51	71389.51	71389.51
E	Average Capital Cost (90% depreciable assets)	71389.51	71389.51	71389.51	71389.51	71389.51
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	64250.56	64250.56	64250.56	64250.56	64250.56
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	64250.56	64250.56	64250.56	64250.56	64250.56
J	Weighted average rate of Depreciation (WAROD) (in %)	Spread-over depreciation				
K	Lapsed useful life at the beginning of the year (Year)	13	14	15	16	17
L	Balance useful life at the beginning of the year (Year)	21	20	19	18	17
M	<b>Depreciation during the year (D*J)</b>	<b>863.61</b>	<b>863.61</b>	<b>863.61</b>	<b>863.61</b>	<b>863.61</b>
N	Cumulative Depreciation at the end of the year	46978.26	47841.88	48705.49	49569.11	50432.72
O	Remaining Aggregate Depreciable Value at the end of the year	17272.30	16408.68	15545.07	14681.45	13817.84

### **Interest on Loan (IoL)**

49. Regulation 32 of the 2024 Tariff Regulations provides as follows:

**“32. Interest on loan capital:** (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered gross normative loans for the calculation of interest on loans.

(2) The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.

(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.



*(4) Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.*

*(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio;*

*Provided that if there is no actual loan outstanding for a particular year but the normative loan is still outstanding, the last available weighted average rate of interest of the loan portfolio for the project shall be considered;*

*Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of interest of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered.*

*Provided that the rate of interest on the loan for the installation of the emission control system commissioned subsequent to date of commercial operation of the generating station or unit thereof, shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered, subject to a ceiling of 14%;*

*Provided further that if the generating company or the transmission licensee, as the case may be, does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.*

*(6) The interest on the loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

*(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.”*

50. The Petitioner has submitted that IoL has been calculated based on the interest rates prevailing as on 1.4.2024 for respective loans. Accordingly, the weighted average rate of IoL has been considered as claimed by the Petitioner. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2024-29 tariff period will be adjusted. Accordingly, the floating interest rate, if any, shall be considered at the time of truing-up.

51. We have considered the submissions of the Petitioner and the IoL has been worked out in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed for the Combined Asset for the 2024-29 tariff period is as follows:

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(₹ in lakh)

	Particular	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	49972.66	49972.66	49972.66	49972.66	49972.66
B	Cumulative Repayments up to Previous Year	46114.65	46978.26	47841.88	48705.49	49569.11
C	Net Loan-Opening (A-B)	3858.01	2994.39	2130.78	1267.16	403.55
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	863.61	863.61	863.61	863.61	403.55
F	Net Loan-Closing (C+D-E)	2994.39	2130.78	1267.16	403.55	0.00
G	Average Loan (C+F)/2	3426.20	2562.59	1698.97	835.36	201.77
H	Weighted Average Rate of Interest on Loan (in %)	7.4373	7.4104	7.3962	7.4075	7.4335
I	<b>Interest on Loan (G*H)</b>	<b>254.82</b>	<b>189.90</b>	<b>125.66</b>	<b>61.88</b>	<b>15.00</b>

### **Return on Equity (RoE)**

52. Regulations 30 and 31 of the 2024 Tariff Regulations provide as follows:

**“30. Return on Equity:** (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.

(2) Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

(3) Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal generating station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as on 1st April of the year, subject to a ceiling of 14%;

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

**“31. Tax on Return on Equity.** (1) The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act





applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.

Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess;

Provided further that in case a generating company or transmission licensee has opted for Section 115BAA, the effective tax rate shall be tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961.

(2) The rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

(3) The generating company or the transmission licensee, as the case may be, shall true up the effective tax rate for every financial year based on actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2024-29 on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered while computing the actual tax paid for the generating company or the transmission licensee, as the case may be.

Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB, the generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year with the applicable MAT rate including surcharge and cess.

Provided that in case a generating company or transmission licensee is paying tax under Section 115BAA, the generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year with the tax rate including surcharge and cess as specified under Section 115BAA.

Provided that any under-recovery or over recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on a year to year basis.”

53. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner’s submissions and have gone through the record. The applicable MAT rate has been considered for the purpose of RoE, which shall be trued-up in accordance with the 2024 Tariff Regulations. RoE allowed the Combined Asset for the 2024-29 period is as under:

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	21416.85	21416.85	21416.85	21416.85	21416.85
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00



C	Closing Equity (A+B)	21416.85	21416.85	21416.85	21416.85	21416.85
D	Average Equity (A+C)/2	21416.85	21416.85	21416.85	21416.85	21416.85
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (Pre-tax) (D*G)</b>	<b>4022.51</b>	<b>4022.51</b>	<b>4022.51</b>	<b>4022.51</b>	<b>4022.51</b>

### **Operation and Maintenance Expenses (O&M Expenses)**

54. The O&M Expenses claimed by the Petitioner for the 2024-29 tariff period in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	939.00	987.97	1039.20	1093.53	1150.89

55. Regulation 36(3) of the 2024 Tariff Regulations provides as follows:

**“36. Operation and Maintenance Expenses:**

.....

**(3) Transmission system:** (a) The following normative operation and maintenance expenses shall be admissible for the transmission system:

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Norms for sub-station Bays (Rs Lakh per bay)</b>					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
<b>Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)</b>					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
<b>Norms for AC and HVDC lines (Rs Lakh per km)</b>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
<b>Norms for HVDC stations</b>					



<i>HVDC Back-to-Back stations (Rs Lakh per MW)</i>	2.07	2.18	2.30	2.42	2.55
<i>Gazuwaka BTB (Rs Lakh/MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (Rs Lakh/MW)</i>	1.04	1.10	1.16	1.22	1.28

*Provided that the O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 of the O&M expenses of the normative O&M expenses for bays;*

*Provided that the O&M expense norms of Double Circuit quad AC line shall be applicable to for HVDC bi-pole line;*

*Provided that the O&M expenses of  $\pm 500$  kV Mundra-Mohindergarh HVDC bipole scheme (2500 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for HVDC bipole scheme;*

*Provided further that the O&M expenses for Transmission Licensees whose transmission assets are located solely in NE Region (including Sikkim), States of Uttarakhand, Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh, district of Darjeeling of West Bengal shall be worked out by multiplying 1.50 to the normative O&M expenses prescribed above.*

*(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of substation bays, transformer capacity of the transformer/reactor/Static Var Compensator/Static Synchronous Compensator (in MVA/MVAr) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA/MVAr and per km respectively.*

.....”

56. We have considered the submissions of the Petitioner. The Petitioner has claimed O&M Expenses separately for the PLCC under Regulation 37(3)(c) of the 2024 Tariff Regulations @2% of its original project cost in the instant Petition. Though PLCC is a communication system, it has been considered as part of the Sub-station in the 2014 Tariff Regulations and in the 2019 Tariff Regulations, and the norms for Sub-station have been specified accordingly. Accordingly, the Commission vide order dated 24.1.2021 in Petition No. 126/TT/2020 has already concluded that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. Therefore, the Petitioner’s claim for separate O&M Expenses for PLCC @2% is not allowed in the 2024 Tariff Regulations.

57. The O&M Expenses for the 2024-29 tariff period have been worked out as per norms specified in the 2024 tariff Regulations. The O&M Expenses approved for the

transmission for the 2024-29 tariff period as per Regulation 36 of the 2024 Tariff Regulations are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Sub-station: 400 kV Bays (14 Nos)</b>					
(i) 2 No. Ranchi I and II Bays at Rourkela Sub-station					
(ii) 2 No. Raigarh I and II Bays at Rourkela Sub-station					
(iii) 2 No. Rourkela I and II Bays at Ranchi Sub-station					
(iv) 2 No. Raigarh 3 and 4 Bays at Raipur Sub-station					
(v) 2 No. 40% FSC 1 and 2 Bays at Raipur Sub-station					
(vi) 2 No. Raipur 3 and 4 Bays at Raigarh Sub-station					
(vii) 2 No. Rourkela I and II Bays at Raigarh Sub-station					
<b>Norms as per Regulation (Per Bay)</b>	29.53	31.08	32.71	34.43	36.23
<b>O&amp;M Expenses allowable</b>	413.42	435.12	457.94	482.02	507.22
<b>Sub-station: Reactor</b>					
2 No. 50 MVAr Bus Reactor at Abdullapur Sub-station					
<b>Norms: Sub-station: Reactor</b>	0.262	0.276	0.29	0.305	0.322
<b>O&amp;M Expenses allowable</b>	26.2	27.6	29	30.5	32.2
<b>Transmission Line: 400 kV D/C Twin (Total length: 574.449 km)</b>					
(i) 400 kV D/C (Twin) Raigarh-Raipur Ckst III and IV transmission line: (220.884 km)					
(ii) 400 kV D/C Ranchi-Rourkela transmission line: (142.884 km)					
(iii) 400 kV D/C Rourkela-Raigarh 400 kV D/C: (208.630 km)					
(iv) 400 kV Ranchi-Rourkela (D/C on M/C Tower): (2.051 km)					
<b>Norms as per Regulation (Per Km)</b>	0.861	0.906	0.953	1.003	1.056
<b>O&amp;M Expenses</b>	494.60	520.45	547.45	576.17	606.62
<b>Transmission Line:</b>					
• 400 kV Rourkela-Raigarh S/C Twin (0.653 km)					
<b>Norms as per Regulation (Per Km)</b>	0.492	0.518	0.545	0.573	0.603
<b>O&amp;M Expenses</b>	0.32	0.34	0.36	0.37	0.39
<b>Total O&amp;M Expenses allowed</b>	<b>934.54</b>	<b>983.51</b>	<b>1034.75</b>	<b>1089.07</b>	<b>1146.43</b>

### **Interest on Working Capital (IWC)**

58. Regulation 34 of the 2024 Tariff Regulations provides as follows:

“34. Interest on Working Capital: (1) The working capital shall cover:

(a) For Coal-based/lignite-fired thermal generating stations:

(i) Cost of coal or lignite, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity, whichever is lower;

(ii) Limestone towards stock for 15 days corresponding to the normative annual plant availability



- (iii) Advance payment for 30 days towards the cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;*
- (iv) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;*
- (v) Maintenance spares @ 20% of operation and maintenance expenses, including water charges and security expenses;*
- (vi) Receivables equivalent to 45 days of capacity charge and energy charge for the sale of electricity calculated on the normative annual plant availability factor; and*
- (vii) Operation and maintenance expenses, including water charges and security expenses, for one month.*
- (b) For emission control system of coal or lignite based thermal generating stations:*
  - (i) Cost of limestone or reagent towards stock for 20 days corresponding to the normative annual plant availability factor;*
  - (ii) Advance payment for 30 days towards the cost of reagent for generation corresponding to the normative annual plant availability factor;*
  - (iii) Receivables equivalent to 45 days of supplementary capacity charge and supplementary energy charge for the sale of electricity calculated on the normative annual plant availability factor;*
  - (iv) Operation and maintenance expenses in respect of the emission control system for one month;*
  - (v) Maintenance spares @20% of operation and maintenance expenses in respect of emission control system.*
- (c) For Open-cycle Gas Turbine/Combined Cycle thermal generating stations:*
  - (i) Fuel cost for 15 days corresponding to the normative annual plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;*
  - (ii) Liquid fuel stock for 15 days corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel, cost of main liquid fuel duly taking into account mode of operation of the generating stations of gas fuel and liquid fuel;*

*Provided that the above shall only be allowed to generating stations that have facilities to store liquid fuel.*

- (iii) Maintenance spares @ 30% of operation and maintenance expenses, including water charges and security expenses;*
- (iv) Receivables equivalent to 45 days of capacity charge and energy charge for the sale of electricity calculated on the normative plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;*
- (v) Operation and maintenance expenses, including water charges and security expenses, for one month.*
- (d) For Hydro generating station (including Pumped Storage Hydro generating station) and Transmission System:*
  - (i) Receivables equivalent to 45 days of annual fixed cost;*
  - (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
  - (iii) Operation and maintenance expenses, including security expenses for one month.*

*(2) The cost of fuel in cases covered under sub-clauses (a) and (c) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative*



transit and handling losses in terms of Regulation 59 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the preceding financial year in case of each financial year for which tariff is to be determined:

*Provided that in the case of a new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 59 of these regulations) and gross calorific value of the fuel as per actual weighted average for three months, as used for infirm power, preceding date of commercial operation for which tariff is to be determined.*

*(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024- 29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later: Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.*

*(4) Interest on working capital shall be payable on a normative basis, notwithstanding that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency.”*

59. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. IWC has been worked out in accordance with Regulation 34 of the 2024 Tariff Regulations. The Rate of Interest (RoI) considered is 11.90% (SBI 1-year MCLR applicable as on 1.4.2024 of 8.65% plus 325 basis points) for the FY 2024-25 to FY 2028-29.

60. The components of the working capital and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period in respect of the Combined Asset are as under:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Working Capital for O&M Expenses (O&M Expenses for one month)	77.88	81.96	86.23	90.76	95.54
Working Capital for Maintenance Spares (15% of O&M Expenses)	140.18	147.53	155.21	163.36	171.96
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	763.43	761.61	760.16	757.06	760.67
<b>Total Working Capital</b>	<b>981.49</b>	<b>991.09</b>	<b>1001.60</b>	<b>1011.17</b>	<b>1028.17</b>
Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>116.80</b>	<b>117.94</b>	<b>119.19</b>	<b>120.33</b>	<b>122.35</b>

### **Annual Fixed Charges for the 2024-29 Tariff Period**

61. The transmission charges allowed in respect of the Combined Asset for the 2024-29 tariff period are as follows:

	(₹ in lakh)				
<b>Particulars</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
Depreciation	863.61	863.61	863.61	863.61	863.61
Interest on Loan	254.82	189.90	125.66	61.88	15.00
Return on Equity	4022.51	4022.51	4022.51	4022.51	4022.51
O&M Expenses	934.54	983.51	1034.75	1089.07	1146.43
Interest on Working Capital	116.80	117.94	119.19	120.33	122.35
<b>Total</b>	<b>6192.28</b>	<b>6177.48</b>	<b>6165.73</b>	<b>6157.41</b>	<b>6169.91</b>

### **Filing Fee and Publication Expenses**

62. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it is entitled to the reimbursement of the filing fee and the expenses incurred on the publication of notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as the case may be in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

63. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fees paid for filing the Petition and publication expenses incurred on this count directly from the beneficiaries or long-term customers, as the case may be.

### **Fees and Charges of Central Transmission Utility of India Limited (CTUIL)**

64. The Petitioner has submitted that as per Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the CTUIL may be allowed separately through a separate regulation. The Petitioner has further submitted that in the absence of such a regulation, the expenses of CTUIL will be borne by the Petitioner, which will be recovered by the Petitioner as additional O&M Expenses through a separate Petition at the end of the tariff period.



65. It is apt here to refer to Regulation 99 of the 2024 Tariff Regulations, which provides as under:

**“99. Special Provisions relating to Central Transmission Utility of India Ltd. (CTUIL):** The fee and charges of CTUIL shall be allowed separately by the Commission through a separate regulation:

*Provided that until such regulation is issued by the Commission, the expenses of CTUIL shall be borne by Power Grid Corporation of India Ltd. (PGCIL) which shall be recovered by PGCIL as additional O&M expenses through a separate petition.”*

66. We have considered the Petitioner’s submissions and perused Regulation 99 of the 2024 Tariff Regulations. In view of the explicit provision made under Regulation 99 of the 2024 Tariff Regulations, we permit the Petitioner, i.e., PGCIL, to bear the fees and charges expenses of CTUIL and recover the same as additional O&M Expenses through a separate Petition until such regulation is notified and issued by the Commission.

#### **Licence Fee and RLDC Fees and Charges**

67. The Petitioner has claimed reimbursement of the license fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

#### **Goods and Services Tax**

68. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.



69. MPPMCL has submitted that the demand of the Petitioner is premature and need not to be considered at this juncture.

70. In response, the Petitioner has reiterated its submissions as narrated in the Petition.

71. We have considered the submissions of the Petitioner and MPPMCL. Since GST is not levied on the transmission service at present, we are of the view that the Petitioner's prayer on this count is premature.

### **Security Expenses, Insurance, and Capital Spares**

72. The Petitioner has submitted that as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the security expenses and capital spares of more than ₹10 lakh, and insurance expenses arrived through the competitive bidding for the transmission system and associated communication system shall be allowed separately after a prudence check.

73. As regards the security expenses of the Combined Asset, the Petitioner has submitted that it will file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36(3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the security expenses regarding the Combined Asset are not claimed in the instant Petition.

74. The Petitioner has also submitted that it has not claimed insurance expenses in the instant Petition and has submitted that it will file a separate Petition for claiming the overall insurance expenses and consequential IWC on the same, considering the actual insurance expenses incurred by it for the FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated insurance expense for the FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.



75. The Petitioner has not claimed capital spares for the Combined Asset in the instant Petition for the 2024-29 tariff period. According to the Petitioner, it will file a separate Petition for the capital spares consumed and consequential IWC thereon on an actual basis for the 2024-29 tariff period as per the 2024 Tariff Regulations. The Petitioner has also submitted that it has filed Petition No. 45/MP/2024, claiming therein capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

76. We have considered the Petitioner's submissions and have perused the record. We deem it proper here to refer to Regulation 36(3)(d) of the 2024 Tariff Regulations which provides as follows:

*“36(3)*

*(d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:*

*Provided that in case of self insurance, the premium shall not exceed 0.09% of the GFA of the assets insured;*

*Provided that the transmission licensee shall submit the along with estimated security expenses based on assessment of the security requirement, capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals along with appropriate justification for incurring the same and along with confirmation that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.”*

77. On perusal of Regulation 36(3)(d) of the 2024 Tariff Regulations and considering the Petitioner's submissions, the Petitioner is allowed to file a single consolidated Petition comprising of security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on an estimated basis in terms of the 2024 Tariff Regulations for the 2024-29 tariff period.

### **Sharing of Transmission Charges**

78. The billing, collection, and disbursement of the transmission charges for the Combined Asset shall be recovered in terms of provisions of the 2020 Sharing



Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

79. To summarize:

- a) The trued-up AFC allowed in respect of the Combined Asset for the 2019-24 tariff period are as follows:

	(₹ in lakh)				
<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
AFC Allowed	9932.23	9553.03	9345.68	9359.09	6422.36

- b) The AFC allowed in respect of the Combined Asset for the 2024-29 tariff period are as follows:

	(₹ in lakh)				
<b>Particulars</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
AFC Allowed	6192.28	6177.48	6165.73	6157.41	6169.91

80. This order disposes of Petition No. 142/TT/2025 in terms of the above discussions and findings.

**sd/-**  
**(Harish Dudani)**  
**Member**

**sd/-**  
**(Ramesh Babu V.)**  
**Member**