

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 328/TT/2023

Coram:

**Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V. Member
Shri Harish Dudani, Member**

Date of Order: 23.09.2024

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for the determination of the transmission tariff from COD to 31.3.2024 for Asset-I: 220/66 kV New GIS Sub-station at UT Chandigarh with 2x160 MVA ICTs along with associated bays and 220 kV D/C Line from 220/66 kV Chandigarh Sub-station to 400/220 kV Panchkula (PG) Sub-station along with associated GIS bays at Chandigarh and AIS Bays at Panchkula Sub-station and Asset-II: 8 Nos. 66 kV Line Bays at Chandigarh GIS Sub-station under "Establishment of 220/66 kV, 2x160 MVA GIS Sub-station at UT Chandigarh along with 220 kV D/C line from Chandigarh GIS to 400/220 kV Panchkula (PG) Sub-station" in the Northern Region.

And in the matter of:

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

.....**Petitioner**

Versus

- 1. Ajmer Vidyut Vitran Nigam Limited,**
Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road
Ajmer-305004
- 2. Jaipur Vidyut Vitran Nigam Limited,**
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017
- 3. Jodhpur Vidyut Vitran Nigam Limited,**
New Power House, Industrial Area,
Jodhpur-342003



4. **Himachal Pradesh State Electricity Board Limited,**
Vidyut Bhawan, Kumar House Complex, Building II,
Shimla-171004
5. **Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office,
Patiala-147001
6. **Haryana Power Purchase Centre,**
Shakti Bhawan, Sector-6,
Panchkula-134109
7. **Jammu Kashmir Power Corporation Limited,**
220/66/33 kV Gladni Sub-station, SLDC Building,
Narwal, Jammu
8. **Uttar Pradesh Power Corporation Limited,**
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001
9. **BSES Yamuna Power Limited,**
B-Block, Shakti Kiran Building,
Karkadooma, 2nd Floor,
New Delhi - 110092
10. **BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi
11. **Tata Power Delhi Distribution Limited,**
33 kV Sub-station, Building
Hudson Lane, Kingsway Camp,
North Delhi-110009
12. **Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road,
Dehradun
13. **North Central Railway,**
Allahabad, U.P.
14. **New Delhi Municipal Council,**
Palika Kendra, Sansad Marg,
New Delhi-110002
15. **Chandigarh Electricity Department,**
UT-Chandigarh, Divison-11,
Industrial Area Phase-I,
Chandigarh

.....Respondent(s)



Parties Present: Shri Vivek Kumar Singh, PGCIL
Shri V.C. Shekhar, PGCIL
Shri Nitish Kumar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited for the determination of transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) from the date of commercial operation (COD) to 31.3.2024 in respect of **Asset-I:** 220/66 kV New GIS Sub-station at UT Chandigarh with 2x160 MVA ICTs along with associated bays and 220 kV Double Circuit (“D/C”) Line from 220/66 kV Chandigarh Sub-station to 400/220 kV Panchkula (PG) Sub-station along with associated GIS bays at Chandigarh and AIS bays at Panchkula Sub-station and **Asset-II:** 8 Nos. 66 kV line bays at Chandigarh GIS Sub-station (hereinafter referred to as the “transmission assets”) under “Establishment of 220/66 kV, 2x160 MVA GIS Sub-station at UT Chandigarh along with 220 kV D/C line from Chandigarh GIS to 400/220 kV Panchkula (PG) Sub-station” (hereinafter referred to as “transmission project”) in the Northern Region.

2. The Petitioner has made the following prayers:

- “1) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.*
- 2) Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this petition, as per para – 8.3 above.*
- 3) Approve the DOCO of the asset under clause 5 (2) of Tariff Regulation’2019.*
- 4) Condone the delay and allow IDC/IEDC as claimed in the petition.*
- 5) Allow the petitioner to submit the Revised Cost estimation for the assets under instant petition.*
- 6) 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 as per para 8 above for respective block.

- 7) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.
- 8) Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.
- 9) Allow the Petitioner to claim the overall security expenses and consequential IOWC on that security expenses separately.
- 10) Allow the petitioner to claim the capital spares at the end of tariff block as per actual.
- 11) 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.
- 12) Allow interim tariff in accordance with Regulation 10 (3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.

and pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice”

Background

3. The brief facts of the case are as follows:
 - a. Investment Approval (IA) of the transmission project was accorded by the Board of Directors of the Petitioner in its 337th meeting held on 9.2.2017 and communicated vide Memorandum No. C/CP/Chandigarh GIS dated 13.2.2017 with an estimated cost of ₹32230.00 lakhs, including an IDC of ₹1923.00 lakhs based on the October 2016 price level.
 - b. The brief scope of work covered under the transmission project as per the IA broadly includes:
 - **Transmission Line:**



- i. 220 kV D/C Line from UT Chandigarh Sub-station to 400/220 kV Panchkula (PG) Sub-station.

Note: Part of the line (about 10 km) shall be through underground cable within Chandigarh, and stringing on the multi-circuit portion of the line will be carried out later by HVPNL to take the line to the 220 kV sub-station.

- **Sub-station:**

- i. 2x160 MVA, 220/66 kV GIS Sub-station at UT Chandigarh.
 - ii. Bays extension at 400/220 kV Panchkula Sub-station.
- c. The scheme was discussed and agreed upon in the 31st, 34th & 36th Standing Committee meetings of the Transmission Planning for Northern Region held on 2.1.2013, 8.8.2014, and 13.7.2015, respectively. The scheme was also discussed and agreed upon in the 28th, 33rd & 36th meetings of the Northern Regional Power Committee (NRPC) held on 26.4.2013, 11.11.2014, and 24.12.2015, respectively. During the 33rd Empowered Committee Meeting dated 30.9.2014, the Petitioner recommended the implementation of the scheme under a Regulated Tariff Mechanism (RTM) with a compressed time schedule. The Ministry of Power (MoP), vide letter dated 10.12.2014, approved the scheme for implementation to the Petitioner under a compressed schedule through RTM.
- d. The Revised Cost Estimate (RCE) of the transmission project was accorded vide Memorandum No. C/CP/PA2324-11-0AL-RCE010 dated 5.2.2024, at an estimated cost of ₹38078.00 lakhs, including IDC of ₹5437.00 lakhs based on the October 2023 price level. The commissioning of the transmission assets under the transmission project has been completed. The details of the scheduled date of commercial



operation (SCOD), COD, and time over-run of the transmission assets claimed by the Petitioner are as follows:

Asset	SCOD	COD	Time Over- run
Asset-I	13.2.2019	24.3.2023	49 months and 29 days
Asset-II	13.2.2019	Under Regulation 5(2) of the 2019 Tariff Regulations	

4. The Respondents are Railways, Distribution Licensees, and Power Departments procuring the transmission service from the Petitioner, which are mainly beneficiaries of the Northern Region.

5. The Petitioner has served a copy of the Petition on the Respondents and notice regarding the filing of this Petition has also been published in 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 notice. None of the Respondents have filed any reply to the Petition.

6. This order is issued considering the submissions of the Petitioner in the Petition dated 7.7.2023 and its subsequent affidavits dated 16.1.2024 and 12.3.2024.

7. The hearing in the matter was held on 29.4.2024, and the order was reserved. However, the order in the matter could not be issued prior to Shri Arun Goyal, Member, who formed part of the coram, demitting the office. Accordingly, the matter was listed for hearing on 28.8.2024, and the order was reserved.

8. Having heard the representatives of the Petitioner as well as the Respondent, Chandigarh Electricity Department UT-Chandigarh (EDUTC), and after perusing the material on record, we proceed to dispose of the Petition.



Determination of Annual Fixed Charges for the 2019-24 Tariff Period

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

Asset-I

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
Depreciation	35.09	1704.41
Interest on Loan	36.24	1691.49
Return on Equity	37.31	1813.41
Interest on Working Capital	1.64	78.11
O&M Expenses	5.58	263.29
Total	115.86	5550.71

Asset- II

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
Depreciation	2.03	96.21
Interest on Loan	2.26	103.63
Return on Equity	2.26	107.37
Interest on Working Capital	0.17	7.94
O&M Expenses	2.19	103.38
Total	8.91	418.53

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

Asset-I

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
O&M Expenses	21.18	21.94
Maintenance Spares	38.13	39.49
Receivables	651.64	682.46
Total Working Capital	710.95	743.89
Rate of Interest (in %)	10.50	10.50
Interest on Working Capital	1.64	78.11



Asset-II

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
O&M Expenses	8.32	8.62
Maintenance Spares	14.98	15.51
Receivables	50.10	51.46
Total Working Capital	73.40	75.59
Rate of Interest (in %)	7.71	10.50
Interest on Working Capital	0.17	7.94

Date of Commercial Operation (“COD”)

11. The Petitioner has claimed the COD of Assets-I and II as 24.3.2023 under Regulation 5(2) of the 2019 Tariff Regulations as power flow in its scope of work could not be achieved due to the non-readiness of the downstream system at Chandigarh Sub-station being implemented by the EDUTC. The Petitioner has further submitted that it completed its scope of the transmission system, but it was not able to put the same into regular service due to a delay on the part of the distribution utility (i.e., the execution of inter-connected downstream transmission systems).

12. The Petitioner has submitted that the Chandigarh Sub-station, along with the associated transmission system and bays, were planned for evacuation of power to Chandigarh. Accordingly, Assets-I and II have been idle charged on 12.1.2023/22.3.2023 and 22.1.2023, respectively. The Petitioner has prayed for the COD of Assets-I and II as 24.3.2023 as it complied with the provisions of Regulation 5(2) of the 2019 Tariff Regulations.

13. EDUTC did not file its reply despite opportunities granted to it. Accordingly, we deal with the Petitioner’s plea for approval of the COD of Assets- I and II on the



basis of the information available on record.

14. We have considered the submissions of the parties. Regulation 5 of the 2019 Tariff Regulations provides as under:

“5. Date of Commercial Operation: (1) *The date of commercial operation of a generating station or unit thereof or a transmission system or element thereof and associated communication system shall be determined in accordance with the provisions of the Grid Code.*

(2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:

Provided that the transmission licensee seeking the approval of the date of commercial operation under this clause shall give prior notice of at least one month, to the generating company or the other transmission licensee and the long term customers of its transmission system, as the case may be, regarding the date of commercial operation:

Provided further that the transmission licensee seeking the approval of the date of commercial operation of the transmission system under this clause shall be required to submit the following documents along with the petition:

- (a) Energisation certificate issued by the Regional Electrical Inspector under Central Electricity Authority;*
- (b) Trial operation certificate issued by the concerned RLDC for charging element with or without electrical load;*
- (c) Implementation Agreement, if any, executed by the parties;*
- (d) Minutes of the coordination meetings or related correspondences regarding the monitoring of the progress of the generating station and transmission systems;*
- (e) Notice issued by the transmission licensee as per the first proviso under this clause and the response;*
- (f) Certificate of the CEO or MD of the company regarding the completion of the transmission system including associated communication system in all respects.*

(3) The date of commercial operation in case of integrated mine(s), shall mean the earliest of —

- a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or*
- b) the first date of the year succeeding the year in which the value of production estimated in accordance with Regulation 7A of these regulations, exceeds total expenditure in that year; or*
- c) the date of two years from the date of commencement of production:*

Provided that on earliest occurrence of any of the events under sub-clauses (a) to (c)



of Clause (3) of this Regulation, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one week prior intimation to the beneficiaries of the end-use or associated generating station(s);

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (3) of this Regulation;

Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation.”

15. Regulation 5(2) of the 2019 Tariff Regulations is invoked in case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of another transmission licensee, as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee who is ready may file a Petition before the Commission for approval of the COD of such transmission system or element thereof subject to other provisions of Regulation 5(2) of the 2019 Tariff Regulations. The first proviso to Regulation 5(2) of the 2019 Tariff Regulations provides that the transmission licensee seeking the approval of COD shall give prior notice of at least one month to the generating company or the other transmission licensee and the long term customers of its transmission system, as the case may be, regarding the COD while the second proviso to Regulation 5(2) of the 2019 Tariff Regulations contemplates certain requirements for the transmission licensee seeking the approval of COD of its transmission system or element such as (a) Energization certificate issued by Regional Electrical Inspector under Central Electricity Authority, (b) Trial operation

certificate issued by the concerned RLDC for charging element with or without electrical load; (c) Implementation Agreement, if any, executed by the parties; (d) Minutes of the coordination meetings or related correspondences regarding the monitoring of the progress of the generating station and transmission systems; Notice issued by the transmission licensee as per the first proviso to Regulation 5(2) of the 2019 Tariff Regulations, and (f) Certificate of the CEO or MD of the Company regarding the completion of the transmission system including associated communication system in all respects.

16. We have considered the Petitioner's and EDUTC's submissions and have perused the documents available on record.

17. The Petitioner has placed on record a copy of the letter dated 4.1.2023 in compliance with Regulation 5(2) of the 2019 Tariff Regulations informing EDUTC and all the beneficiaries, transmission licensee/long-term consumers that 220/66 kV, 2x160 MVA Chandigarh Sub-station (GIS) of the Petitioner along with 220 kV D/C Chandigarh-Panchkula Transmission Line and 2 nos. 220 kV line bays (AIS) at 400/200 kV Panchkula Sub-station of the Petitioner associated with the transmission project was scheduled to be commissioned on 5.1.2023. The Petitioner has also placed on record a copy of the Central Electricity Authority (CEA) Energization Certificates dated 2.1.2023 and 24.1.2023 in terms of Regulation 43 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010, 'No-load' RLDC Charging Certificates dated 3.2.2023, 14.3.2023 and 30.3.2023, and CMD Certificate as required under the Grid Code.

18. On the other hand, EDUTC's representative, during the course of hearing the matter on 29.4.2024, orally submitted that actual power flow started from 29.3.2024,



and prior to 29.3.2024, it regularly complained about the high voltage to NRLDC. On 28.3.2024, NRLDC changed the track of the Petitioner, resultantly, EDUTC started evacuating the power from 29.3.2024. The EDUTC's submissions have not been substantiated by any documentary evidence, nor was any reply filed by it despite opportunities granted.

19. Taking into consideration the CEA Energization Certificates, 'No load' RLDC Charging Certificate, the Petitioner's CMD Certificate, as well as the Petitioner's and EDUTC's submissions during the hearing dated 29.4.2024, the COD of Assets- I and II is approved as 24.3.2023 in terms of Regulation 5(2) of the 2019 Tariff Regulations.

Capital Cost

20. Regulation 19 of the 2019 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 check in accordance with these regulations shall form the basis for 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, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity 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 sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 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 upto 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 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) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*
- (3) *The Capital cost of an existing project shall include the following:*
- (a) *Capital cost admitted by the Commission prior to 1.4.2019 duly tried up by excluding liability, if any, as on 1.4.2019;*
 - (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) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
 - (e) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and*
 - (f) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*
- (4) *The capital cost in case of existing or new hydro generating station shall also include:*
- (a) *cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and*
 - (b) *cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.*
- (5) *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 replacement or removal on account of obsolescence or shifting from one project to another project:
Provided that in case replacement of transmission asset is recommended*



by Regional Power Committee, such asset shall be de-capitalised only after its redeployment;
 Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.

- (c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
- (d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and
- (e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”

21. The Petitioner, vide Auditor’s Certificates dated 30.6.2023, has claimed the capital cost incurred as on the COD and the projected Additional Capital Expenditure (ACE) in respect of the transmission assets as follows:

Asset	FR Apportioned Approved Cost	RCE Apportioned Approved Cost	Expenditure up to COD	Projected ACE			Estimated Completion Cost
				2022-23	2023-24	2024-25	
Asset-I	30770.28	36015.17	30539.00	-	3615.42	1549.47	35703.89
Asset-II	1459.72	2062.83	1844.21	-	136.57	58.53	2039.31
Total	32230.00	38078.00	32383.21	0.00	3751.99	1608.00	37743.20

(₹ in lakh)

Cost Over-run

22. The Petitioner has submitted that the estimated completion cost of the transmission assets is more than the apportioned approved cost as per the FR cost. The detailed reasons for cost over-run vis-à-vis FR apportioned approved cost of the transmission assets are as follows:

Variation in IDC Cost:

The increase in Interest During Construction (IDC) is attributable to variation in the rate of interest considered in FR compared to the actuals. In the FR cost, IDC was calculated considering the rate of interest for domestic loans at 6.35%. However, in actuality, the weighted average rate of interest on loan is at around 7.82%.



Therefore, the actual IDC accrued up to the COD of the transmission assets has been considered in the claimed tariff.

Variation in Incidental Expenditure During Construction (IEDC) Cost:

IEDC was estimated and considered at 10.75% of the equipment cost. The actual amount of the IEDC has been taken at the time of claim. There is an increase in the IEDC on an actual basis for the project.

Variation in Equipment Cost:

Being a Government Enterprise, the Petitioner has an obligation to the indigenous development of the manufacturer and to adhere to the Government of India (GoI) guidelines in vogue. Accordingly, the Petitioner has been following a well-laid down procurement policy, which ensures transparency and competitiveness in the bidding process. A route of the Domestic Competitive Bidding process has been followed to award this project. Through this process, the lowest possible market prices for required product/services, as per the detailed design, is obtained, and contracts are awarded on the basis of the lowest evaluated eligible bidder. The best competitive bid prices against tenders may vary compared to the cost estimate depending upon prevailing market conditions, design, and site requirements. The estimates are prepared by the Petitioner as per well-defined procedures for cost estimate. The FR cost estimate is a broad indicative cost worked out generally on the basis of the average unit rates of recently awarded contracts. The cost estimate of the project is on the basis of the June 2021 price level.

23. There is an increase of around ₹1205 lakh on account of sub-stations auxiliaries and switchyard structures. The lump-sum quantity is considered while preparing the FR, and the quantity varies according to actual execution. The variation is due to the actual site condition and orientation of the switchyard with



respect to the FR.

Preliminary Investigation, Right of Way, PTCC, Statutory clearances and Compensation

24. There is an increase in the costs of approximately ₹2798 lakh compared to the FR cost due to the compensation payments related to the construction of transmission lines. This increase encompasses compensation for crops, trees, PTCC (Power Transmission Corridors), and NHAI (National Highways Authority of India). The variation arises from the actual assessment conducted by Government officials from the respective States and NHAI regarding crops, trees, land, households, and highway areas within the line corridor. These assessments revealed that the quantity and value of these elements are significantly lower than the initial notional estimates. Tree compensation has been calculated and disbursed based on the enumeration of trees within the corridor, utilizing rates obtained from the Horticulture Department and the District Collector (DC). Similarly, crop compensation has been estimated and paid according to the rates provided by the Agriculture Department.

25. The Petitioner has further submitted that the RCE for the transmission project was accorded vide Memorandum No. C/CP/ PA2324-11-0AL-RCE010 on 5.2.2024 with the approved cost of ₹38078 lakhs, including IDC of ₹5437 lakhs based on October 2023 price level. Since the estimated completion cost as on 31.3.2025 is ₹37743.20 lakh, which is within the RCE Cost, therefore, there is no cost over-run with respect to the transmission assets.

Reasons for Variation in FR Cost vis-à-vis RCE Cost:

26. The Petitioner has submitted the detailed reasons for the variation of ₹5849 lakhs in the FR cost of ₹32230 lakh vis-à-vis RCE cost of ₹38078 lakhs and the



same as under:

Sl. No.	Variation on account of:	Variation between FR and RCE Cost (₹5849 lakh)	
		(₹ in lakh)	(In %)
(i)	Price Variation (PV)		
a	DPR to LOA for the approved scope (on competitive bidding while awarding)	(-) 1509	(-) 4.68
b	Provision presently kept as per contract price variation clause	676	2.10
	Sub-Total (PV)	(-) 833	(-) 2.58
(ii)	Variation in the quantity of approved items	(-) 314	(-) 0.97
(iii)	Compensation	2812	8.73
	Sub-Total (i to iii)	1666	5.17
(iv)	Other Reasons (IEDC and IDC)		
a	IEDC (including contingencies)	669	2.08
b	IDC	3514	10.90
	Sub-Total (IEDC & IDC)	4183	12.98
	Grand Total	5849	18.15

Cost Variation Due to Price Variation:

27. The Petitioner has submitted that the price variation is mainly due to the price considered at the time of approval of the transmission project till the award of various contracts based on the competitive prices received as per the competitive bidding. Further, the price variation is also on account of the applicable price variation provisions of respective contracts.

28. With regard to the Price Variation from DPR to LoA, the contracts for all packages under the project were awarded only after approval of the competent authority as per DoP to the lowest evaluated and responsive bidder on the basis of the competitive bidding conducted by the Petitioner.

Cost Variation Due to Variation in Quantities of Approved Items:

29. With respect to the transmission line, the line length, type of various towers, and foundations in the DPR were estimated on the basis of a walk-over/preliminary survey. However, during the execution of the project, the line length was reduced from 27 km to 23.88 km. Additionally, the quantities of the tower steel, foundations,



and other materials were adjusted based on the actual site conditions and revised designs.

30. Regarding the sub-station, there has been a decrease in the quantities of civil works related to the excavation, RCC, PCC, reinforcement steel, etc., and an increase in quantities of civil works pertaining to the concrete road and RCC framed multi-story building, etc. in respect of the DPR envisaged quantities, which gradually resulted in a net decrease in the cost of the transmission project.

31. The transmission project has cost more because testing kits and spares for the 220/66 kV Digital GIS Chandigarh with IEC 61850 Process bus-based Substation automation have been procured.

Cost Variation Due to Payment of Compensation for Transmission Line and Sub-station

32. The Petitioner has submitted that based on the approved DPR cost, there was a provision of ₹1263 lakh under this head. However, based on the actual expenditure incurred and the balance anticipated expenditure, an amount of ₹4075 lakh is incurred/likely to be incurred under this head, resulting in an increase of ₹2812 lakh in the project cost. The Petitioner has submitted the head-wise details of the increase in cost, which are as follows:

(₹ in lakh)

Description	As per DPR	As per RCE	Remarks
i) Compensation towards Crop, Tree, PTCC, etc.	90	41	Crop and tree compensation of ₹82 lakh in DPR was approved @ 5 lakh/km on a normative basis, which now works out to ₹1.72 lakh/km in the RCE.



Description	As per DPR	As per RCE	Remarks
ii) Compensation towards Forest	66	435	Based on actual payment for forest area encountered for environmental clearances and regulatory assets, the rate for Compensatory Afforestation has substantially increased from ₹1.4 lakhs per Ha as considered in the DPR to ₹746 lakhs per Ha, amounting to ₹363 lakhs including contingencies, departmental charges, etc. Further, ₹17 lakh towards environmental clearance and ₹54 lakh towards regulatory assets was incurred.
iii) Compensation towards Tower Base and diminution of land value in the width of RoW Corridor	1107	3592	As per the actual amount towards Municipal Corporation, Railway crossing, Road Clearance, etc. (Road Clearance/License Fee to MoRTH-Punjab was envisaged as ₹3457 lakh)
iv) Expense on Land Acquisition for Sub-station and R&R Compensation	-	7	As per actual incurred towards land acquiring advertisement and architect hiring for approval of CHD Adm.
Total	1263	4075	

Variation in IDC Cost:

33. The Petitioner has submitted that the increase in the IDC is attributable to variation in the rate of interest considered in FR as against actuals. The Petitioner has further submitted that in FR, the IDC was calculated considering the interest rate for domestic loans at 6.35%. However, the weighted average rate of interest on loans is around 7.82%. The Petitioner has submitted that the actual IDC accrued up to the COD has been considered in the claimed tariff.

Variation in IEDC Cost:

34. The Petitioner submitted that 10.75% of the equipment cost has been considered as IEDC in the FR. However, the amount of IEDC has been claimed, and the increase in IEDC is on an actual basis for the transmission project.

35. We have considered the Petitioner's submissions. As compared to FR cost, the estimated capital cost of the transmission assets is higher by ₹3905.20 lakhs,



as on 31.3.2024. However, the estimated capital cost for the transmission assets is less than the RCE cost by ₹1942.80 lakhs, as on 31.3.2024.

36. We have gone through the documents submitted by the Petitioner and it is observed that as per Form-5 submitted by the Petitioner in the case of Asset-I, there is a considerable increase in the completion cost of preliminary investigation and RoW.

37. As compared with FR cost, the estimated costs of Assets-I and II are varied by about ₹4933.61 lakh and ₹579.59 lakh, respectively. The Petitioner has submitted RCE duly approved by its CMD on 31.1.2024 at an estimated cost of ₹38078 lakh. It is observed that the estimated completion cost of the transmission assets is ₹37743 lakh, which is within RCE cost, and there is no cost over-run as compared with RCE cost. However, as per Form-5 submitted by the Petitioner, the Petitioner has not submitted the details such as quantity, rate, and estimated amount as per RCE. The Petitioner is directed to submit the same at the time of truing-up. It is further observed that the following major variations of certain individual item(s) noticed in Form-5 are as follows:

Asset-I:

Particulars	As per original Estimate	Actual Capital Expenditure	(₹ in lakh)	
				Variation
Preliminary Investigation & RoW & PTCC	1270.81	3756.99		2789.93
66 kV GIS	297.54	451.50		249.82
Control, relay & Protection panel	53.74	202.10		191.27
Sub-station automation system	199.12	315.05		158.58
Bus bar materials & Erection H/W	85.73	490.57		469.52
Establishment and Contingency	166.25	309.67		209.17
IDC	1836.30	5144.60		3308.30



Asset-II:

Particulars	As per original Estimate	Actual Capital Expenditure	(₹ in lakh)	
				Variation
Control, relay & Protection panel	97.10	138.10		41.00
Power & Control cables	86.28	445.55		359.27
Establishment and Contingency	162.94	249.17		86.23
IDC	87.11	292.08		204.97

38. Therefore, the Petitioner is directed to submit detailed justifications along with supporting documents for the above-mentioned items which shall be reviewed at the time of truing-up. The capital cost claimed by the Petitioner is provisionally allowed subject to a prudence check of the above-mentioned items.

Time over-run

39. The Petitioner has submitted that as per the IA dated 13.2.2017, the transmission project was scheduled to be put into commercial operation within 24 months. Accordingly, the SCOD of the transmission assets is 13.2.2019, against which they were put into commercial operation as follows:

Asset	SCOD	COD	Time over-run
Asset-I	13.2.2019	24.3.2023	1499 days
Asset-II			(49 months and 09 days)

40. The Petitioner has submitted that the 220/66 kV GIS Chandigarh Sub-station was ready in February 2019. However, due to the unavailability of upstream and downstream, it was not possible to charge the sub-station. The Petitioner has submitted that the main reasons for the time over-run in the case of the transmission assets are RoW issues, viz. law and order problems during construction of transmission lines, litigations, delay in approval from NHAI, outbreak of the Covid-19 pandemic and the subsequent lock-downs and restrictions imposed



in the wake of the outbreak of Covid-19 pandemic.

41. To substantiate its claim regarding time over-run in respect of the transmission assets, the Petitioner has submitted the detailed justifications, which are as follows:

Delay Due to RoW Issues and Court Cases:

- a) Upon investment approval, preliminary actions were initiated immediately to take up survey works on this transmission line. The transmission line traverses through the districts of Haryana, Punjab, and the Union Territory of Chandigarh. Of late, due to increased industrialisation and infra projects, severe RoW issues were encountered right from the beginning of transmission line execution works, including during the stage of preliminary survey, line plotting, and land scheduling. The RoW issues involved a demand for exorbitant amounts of crop compensation, land compensation, manhandling of gang workers, etc. Further, wherever possible, persuasive measures were adopted to pacify the landowners/ villagers who were agitating against the construction of the line. However, at certain locations, verbal persuasions did not suffice, and eventually, assistance from the State Administration, District Administration, and police department was sought to mitigate the RoW issues. Many landowners had also taken the course of courts to oppose the construction of the line through their premises. In this regard, the intervention was also sought from State/ district/local authorities under the respective State Government to resolve the issues without further delay.
- b) Out of the total 56 transmission towers planned for erection, 51 had already been successfully installed. However, severe RoW issues at five tower



locations stalled the project. Specifically, in the Punjab region, 26 out of 31 towers falling in the villages of Gazipur, Sanauli, Mumbarakpur, Pandwala, and Sundra were erected. The remaining five tower locations in the villages of Mumbarakpur, Pandwala, and Sanauli—specifically at sites 7/2, 7/1, 7/0, and 6A/1—could not be taken up for construction on account of continuous obstruction and resistance from the brick kiln owner, who objected to the transmission line being laid over his land. As a result of this continuous obstruction, construction work on the transmission line in these areas was halted, prompting the Petitioner to seek assistance from the District Administration.

- c) Even after continuous persuasion, the Petitioner, along with the local administration/ Magistrate, failed to convince the brick kiln owner/ landowners as they demanded that the transmission line be diverted from their lands, which was not legitimate and not acceptable. Due to ongoing obstructions caused by the land-owners and to prevent further delays in the project's completion, the Petitioner filed a Writ Petition being CWP No. 32701/2018, titled 'Powergrid Corporation of India Limited v. State of Punjab and Ors.', in December 2018 before the Hon'ble High Court of Punjab and Haryana in Chandigarh which was subsequently dismissed as withdrawn.
- d) Upon the direction of the Hon'ble High Court of Punjab and Haryana, the issue was taken up with District Administration to resolve the RoW issue, and on 22.10.2020, DC Mohali issued the order in favour of the Petitioner to start the work. Further, on 9.11.2020, DC Mohali issued the order to allow the work to be resumed at RoW locations.
- e) However, the brick kiln owner filed a Writ Petition No. 19391 of 2020 in the



Hon'ble High Court of Punjab and Haryana, challenging the Deputy Commissioner's orders dated 22.10.2020 and 9.11.2020. The Hon'ble High Court, vide its order dated 25.10.2021, upheld the orders dated 22.10.2020 and 9.11.2020 passed by the Deputy Commissioner (DC), SAS Nagar, Mohali, and directed that transmission lines shall not be laid down before the re-location of the temporary huts of the labourers/workers on the spot, and same are to be facilitated by the Petitioner.

- f) Accordingly, on 28.10.2021, a letter was submitted with a request to appoint Duty Magistrate along with police help to facilitate the execution of the balance works of 220 kV D/C Overhead Transmission Line as permitted by the then Deputy Commissioner, vide orders dated 22.10.2020 and 9.11.2020. Further, DC, Mohali issued a letter to SSP Mohali to provide Police Protection for the execution of work and to appoint the Duty Magistrate. A Meeting was held on 10.11.2021, in the office of the District Magistrate, SAS Nagar, in which a Committee was formed to visit the site and make a survey report containing the details/ particulars of labour huts along with required maps and assess the cost for the re-location of labour huts within one month and compensation required for the same with an intimation to the office of District Magistrate, SAS Nagar.
- g) Subsequently, the landowners filed Letters Patent Appeals (LPAs) bearing Nos. 1115, 1116, and 1121 of 2021 before the Division Bench of the Hon'ble High Court of Punjab and Haryana, which were dismissed by the Court on 16.12.2022. Additionally, the landowners filed Caveat Petitions in the Hon'ble Supreme Court against the Hon'ble High Court's judgment in CWP Nos. 32701-2018, 5181-2021, and CWP No. 19391-2021, as well as LPA Nos. 1115, 1116, and 1121 of 2021. The said Petitions are presently sub-judice before the Hon'ble Supreme



Court, and the construction work was completed on a priority basis with the assistance of the District Administration, following the payment of compensation for the re-location of huts and houses associated with the brick kiln. The chronology of the RoW issues faced and the details of the Court cases hearing are as under:

ROW Chronology

Sl. No	Date	Description of Delay Reason
1	10.10.2017	Excavation work for the foundation at Location No. 7/0 started. During the excavation, tower labour from the brick kiln stopped the work and threatened POWERGRID and KEC staff.
2	26.10.2017	An e-mail was received from the owner of a brick kiln named M/s Sadashiv Brick Kiln, who mentioned stopping the work from this location and re-routing the line.
3	20.11.2017	POWERGRID informed SDM Derabassi/DSP Mubarakpur, Distt SAS Nagar, Mohali, to resolve the ROW issue.
4	22.11.2017	POWERGRID approached the Deputy Commissioner, Mohali, vide letter No.NR2/MM/220 kV-TL/F-731-1579 dt 22.11.2017. The Deputy Commissioner, Mohali, ordered police assistance in the letter dated 22.11.2017 and marked the same to the SDM, Dera Bassi, on 24.11.2017.
5	11.1.2018	Letter received from Distt. Magistrate SAS Nagar Mohali informed POWERGRID to change the route. This letter was based on the report submitted by SDM Dera Bassi after the site visit report of DSP Dera Bassi under the influence of the brick kiln owner.
6	22.1.2018	POWERGRID vide letter no NR2/MM/220 KV-TL/F-731/1763 dated 22.01.2018 submitted a detailed reply to the points raised in the letter dated 11.1.2018. POWERGRID submitted that it was not possible to re-route the transmission line because tower foundations on both sides had been completed. The route being followed was the only techno-economical route for the Transmission Line.
7	19.2.2018	The matter was followed up by the POWERGRID with District Administration SAS Nagar, again clarifying its stand that no rerouting of the line was possible and requesting that the issue be resolved by passing appropriate orders.
8	1.3.2018	The matter was followed up by the POWERGRID with District Administration SAS Nagar, again clarifying that no rerouting of the line was possible and requesting that the issue be resolved by passing appropriate orders.



9	7.5.2018	The matter was followed up by the POWERGRID with District Administration SAS Nagar, again clarifying that no rerouting of the line was possible and requesting that the issue be resolved by passing appropriate orders.
10	24.5.2018	The POWERGRID followed up with District Administration SAS Nagar, again clarifying that no line rerouting was possible and requested that the issue be resolved by passing appropriate orders.
11	25.5.2018	The POWERGRID followed up with District Administration SAS Nagar, again clarifying that no rerouting of the line is possible and requesting that the issue be resolved by passing appropriate orders.
12	29.5.2018	POWERGRID again met with DC SAS Nagar Mohali, and the DC issued a letter to SDM Dera Bassi to provide police protection for casting the foundation in the ROW location.
13	4.6.2018	The brick kiln owner approached Divisional Commissioner Ropar, who issued a letter to DC Mohali to look into the matter.
14	7.6.2018	SDM Dera Bassi wrote a letter to POWERGRID to submit an undertaking that POWERGRID did not violate any rule during route alignment, as asked by the Divn. Commissioner vide letter dated 4.6.2018.
15	8.6.2018	Accordingly, POWERGRID submitted a reply to SDM Mohali.
16	14/06/18	POWERGRID met with DC SAS Nagar Mohali and DC Mohali called joint meetings of POWERGRID with PSTCL representative and brick kiln owner.
17	19.6.2018	Joint meeting was held in the chamber of DC, Mohali attended by SDM Dera Bassi, POWERGRID, Chief Engineer from PSTCL and brick kiln owner.
18	26.6.2018	SDM Dera Bassi, Ex-engineer of PSTCL Mohali, and senior POWERGRID officials visited the ROW site. POWERGRID officials made it clear to SDM Dera Bassi that the route diversion was not feasible, and that was a final route.
19	2.7.2018	Reply of joint visit dated 26.6.2018 submitted to SDM Dera Bassi.
20	12.7.2018	Met with DC Mohali regarding ROW issue. DC Mohali told that she was submitting the report to CM Punjab office and would convey to POWERGRID also in two or three days.
21	17.7.2018	Met with DC Mohali regarding ROW issue. DC Mohali said that she could not submit the reply to the CM Punjab office due to the other urgent assignments but would send the communication soon.
22	20.7.2018	Visited the DC office due to the non-availability of DC in the office and submitted the letter in the office.
23	1.8.2018	Letter from Addl DC SAS Nagar to Addl. Chief Secretary Punjab regarding the inappropriate selection of route by POWERGRID and instructed POWERGRID to withhold work till the resolution of the issue by Punjab Govt.



24	28.8.2018	On receipt of the letter dated 1.8.2018, the then General Manager, POWERGRID, Jammu, addressed a letter to the Additional Chief Secretary, Government of Punjab, explaining all the facts regarding the construction of the transmission line being undertaken in accordance with the provisions of the Electricity Act, 2003 and relevant regulation wherein it is mentioned that appropriate distance of the transmission line (conductors) has to be kept for safer flow of electricity through the transmission line.
25	7.3.2019	Repeatedly requested the Deputy Commissioner, Mohali, to cooperate and resolve the ROW issue.
26	22.3.2019	Repeatedly requested the Deputy Commissioner, Mohali, for cooperation in resolving the ROW issue.
27	3.5.2019	Repeatedly requested the Deputy Commissioner, Mohali, for cooperation and to resolve the ROW issue.
28	8.5.2019	A letter from the Office of Additional District Magistrate was received wherein the police protection was denied for the execution of work at location no. 6/1 on the ground that the name of village Mubarakpur was not mentioned in the notification, and the case about the same line was pending before the Hon'ble High Court. In that reply, it was mentioned that police protection would not be provided till the decision of Hon'ble High Court in Kewal Garg case.
29	21.5.2019	Repeatedly requested the Deputy Commissioner, Mohali, to cooperate and resolve the ROW issue.
30	17.6.2019	Repeatedly requested the Deputy Commissioner, Mohali, to cooperate and resolve the ROW issue.
31	9.8.2019	Requested the Deputy Commissioner to resolve the issue and relook into the matter so that the prestigious national project can be completed in the interest of the nation.
32	19.9.2019	Letter from the office of District Magistrate, S.A.S Nagar, regarding meeting scheduled.
33	22.10.2019	POWERGRID submitted the reply against the Minutes of Meeting dated 20.9.2019.
34	27.8.2020	Letter to the Sub-Divisional Magistrate (SDM) of Dera Bassi, Mohali, regarding the right-of-way (ROW) case, which had caused a delay in the construction of 5 towers. A request was made for necessary protection to complete the remaining 5 towers.
35	31.8.2020	Discussed in PRAGATI and PMG Projects Meeting (VC) chaired by Chief Secretary Punjab along with CMD, POWERGRID.
36	18.9.2020	The meeting was attended by officials of POWERGRID and PSTCL, wherein at the beginning of the meeting, POWERGRID informed that the Writ Petition had been withdrawn. Thereafter, an alternate route initially suggested by PSTCL was countered by POWERGRID, keeping in mind the technical and legal constraints. Further, the Additional Chief Secretary directed POWERGRID to explore the opportunity of underground cables in the area and provide the technical feasibility with respect to the same.



37	6.10.2020	Letter to Addl Chief Secretary (Power) Punjab regarding feasibility of laying of underground cable at the concerned disputed site.
38	15.10.2020	A meeting was attended by officials of POWERGRID wherein DC, Mohali enquired about the ownership details of land where the remaining five towers were to be constructed. In response to it, it was explained that no revenue records were lying with POWERGRID. Thereafter, DC, Mohali sought the ownership record of the said land from the SDM, Dera Bassi and directed the official of POWERGRID to visit the office of SDM for that purpose. Accordingly, POWERGRID official visited the office of SDM, Dera Bassi and collected the details of landowners, which was, thereafter, submitted to the office of DC, Mohali.
39	22.10.2020	DC Mohali issued the order to start the work. At 10.00 hrs., the order was received from the DC office. But at 11.30, orders issued by DC were withdrawn.
40	30.10.2020	The meeting was called by Deputy Commissioner Mohali. The meeting was attended by officials of POWERGRID and representatives of Mr. Kewal Garg, owner of the brick kiln under the chairmanship of Additional Deputy Commissioner Mohali.
41	4.11.2020	Meeting with DC Mohali, after considering the submissions, Deputy Commissioner, Mohali suggested finding an alternate route and resolving the matter amicably,
42	9.11.2020	DC Mohali handed over the new office order and allowed the work at ROW locations.
43	10.11.2020	POWERGRID immediately filed the CAVEAT in the Hon'ble High Court and mobilized the executing agency, and started the detailed survey alignment between Location Nos. 6A/1, 7/0, &1 and 7/2.
44	11.11.2020	Excavation for tower foundations started at locations Nos. 6A/1 and 7/0. The owner of Sadashiv brick kiln, along with his supporters, reached the site and stopped the work. POWERGRID informed DC Mohali, and immediately, the administration provided a police force. Thus, the work started again and continued until the morning of 16.11.2020 due to an interim stay order in favour of the brick kiln owner by the Hon'ble High Court of Punjab and Haryana.
45	25.10.2021	The court pronounced the judgment and dismissed the Writ Petitions. The judgment was received wherein the Hon'ble High Court of Punjab & Haryana upheld the orders dated 22.10.2020 and 9.11.2020 passed by the Deputy Commissioner, SAS Nagar, Mohali.
46	28.10.2021	A letter was submitted with a request to appoint a Duty Magistrate along with police help to facilitate the execution of the balance work of 220KV D/C Overhead Transmission Line.
47	8.11.2021	For assessment of cost estimate for removal of temporary huts as directed by Hon'ble High Court along with the latest progress of work done after stay vacation.
48	10.11.2021	A Committee was constituted by ADC (S.A.S. Nagar) for finalizing the value of compensation. PWD, Mohali, was to inform the value.



49	12.1.2022	The Committee was constituted by ADC (S.A.S. Nagar) to assess and relocate the temporary huts that visited the site on various dates. Report on assessment of compensation for removal and relocation of temporary huts was finalized by the Committee.
50	23.2.2022	Letter to Deputy Commissioner, Mohali, regarding payment for depositing of labour huts.
51	4.3.2022	A letter to the brick kiln owner, Mr. Kewal Garg, requested to intimate the place/site within the brick kiln premises so that the labour huts can be relocated to that place before laying the overhead transmission line.
52	1.4.2022	A letter was sent to the Addl. Deputy Commissioner requesting that the relocation of labour huts be facilitated.
53	29.4.2022	A meeting was held in which a Committee was formed to inspect the site for a feasible location for huts. The Committee submitted its report on 5.5.2022
54	5.5.2022	The Committee submitted its report on the shifting of labour huts.
55	13.5.2022	Based on the Committee report, a letter dtd. 13.5.2022 was received from the Addl. District Magistrate, SAS Nagar, to relocate the temporary huts at Spot 3 (recommended by the Committee in its report)
56	17/05/22	Incident Report regarding stoppage of work for construction of temporary huts due to an issue created by Mr Sunny Garg regarding ownership of a piece of land identified for the construction of huts.
57	19.5.2022	Proposal for change in the earlier identified location for relocation of huts.
58	26.5.2022	A letter was received from the Additional District Magistrate SAS Nagar based on the revised proposal for relocating temporary huts.
59	19.12.2022	A letter was sent to the Deputy Commissioner, Mohali, requesting support to complete the work.

Chronology of Writ Petition CWP No. 32701 of 2018

Sl. No.	Submission / Hearing Date	Description
1	22.11.2018	In view of Sh. Kewal Garg's continuous obstruction and to avoid unnecessary delay in completing the national project, POWERGRID filed a Writ Petition (CWP No. 32701/2018) titled POWER Grid Corporation of India Limited Vs. State of Punjab and others.
2	26.11.2018	A Civil Writ Petition was filed before the Hon'ble High Court Punjab and Haryana at Chandigarh, and it was fixed for hearing on 15.12.2018.
3	15.12.2018	A copy of the Petition was handed over to the State counsel to enable him to assist. The Court to examine whether the relief sought was against Respondent No.5, a private person and as such was maintainable.



4	7.1.2019	Learned State counsel sought adjournment.
5	16.1.2019	Learned State counsel sought adjournment.
6	22.2.2019	On request, the matter was adjourned to 26.2.2019.
7	26.2.2019	At the request of the State counsel, the hearing in the matter was deferred to 1.3.2019.
8	1.3.2019	Learned State counsel sought an adjournment to seek instructions in pursuance of the order dated 15.12.2018.
9	18.3.2019	Pursuant to the order dated 15.12.2018, separate replies on behalf of Respondent No.1 and Respondent Nos. 2 to 4 were filed in Court.
10	3.4.2019	Learned counsel for Respondent No.5 sought time to file a reply.
11	31.5.2019	Learned counsel for Respondent No.5 sought time to file a reply.
12	24.7.2019	A reply was filed by Respondent No.5, and its copy was supplied to the opposite counsel.
13	26.8.2019	Not heard due to a shortage of time.
14	19.9.2019	Notice of the application to the opposite counsel be issued for 14.10.2019.
15	5.10.2019	The application was again submitted to the Hon'ble High Court for an early hearing.
16	29.10.2019	At the request of learned counsel for Respondent No.5, adjourned to 19.11.2019 for final arguments.
17	17.12.2019	In an affidavit dated 18.3.2019, filed by the Deputy Commissioner, SAS Nagar (Mohali), the matter was under active consideration with the administration, and more time was sought to complete the process.
18	19.3.2020	Court proceedings were not conducted due to COVID-19, and only urgent cases were taken up by the Judge online being till 22.6.2020
19	31.8.2020	A meeting (VC) was chaired by the Chief Secretary of Punjab regarding PRAGATI and PMG Projects along with the CMD of POWERGRID. Issues were discussed in detail, including the underground laying of cable in alternate. POWERGRID informed that the laying of the cable was not feasible. CMD POWERGRID was told to withdraw CWP No. 32701 from Court as agreed with the Chief Secretary of Punjab in the PMG meeting.
20	3.9.2020	ACS asked POWERGRID officials to contact the Deputy Commissioner, Mohali, to proceed further in the matter. POWERGRID informed the Additional Chief Secretary (Power) that the Writ Petition filed by POWERGRID should be withdrawn.
21	8.9.2020	The meeting was attended by officials of POWERGRID under the aforesaid direction of the Additional Chief Secretary, Power. The issues were discussed in detail, and the application filed for the withdrawal of the Writ Petition was handed over to Deputy Commissioner Mohali. CM No.9132 of 2020 filed in CWP No. 32701 of 2018.



22	16.9.2020	It was submitted in the application that various rounds of meetings were held with the Respondents, and they now intend to complete the pending work of laying a 220 kV electricity transmission line on a priority basis.
23	16/09/20	CWP No. 32701 of 2018 was dismissed as withdrawn.

Chronology of Writ Petitions (CWP No. 19391 of 2020 and CWP No. 5181 of 2021)

Sl. No.	Submission / Hearing Date	Description
1	12.11.2020	The brick kiln owner filed CWP against the Union of India, Govt. of Punjab, and 'POWERGRID' before the Hon'ble High Court of Punjab and Haryana.
2	16.11.2020	In the meantime, the Respondents were restrained from erecting any transmission lines till the next hearing date.
3	8.12.2020	The matter was posted for completion of pleadings by Respondents Nos.1 to 3 for 13.1.2021.
4	13.1.2021	Adjourned to 23.2.2021
5	23.2.2021	Adjourned at the request of Respondent No. 1 (UOI), seeking more time to file a reply.
6	4.3.2021	Brick kiln labourers filed a new CWP No. 5181 of 2021, which was tagged to the existing case.
7	26.3.2021	Counsel for the State and UOI sought time to file a reply in CWP No. 5181 of 2021.
8	3.5.2021	The matter was adjourned to 20.8.2021 due to Covid-19 pandemic.
9	20.8.2021	The matter was postponed for argument on 25.8.2021.
10	25.8.2021	The matter was fixed for the final argument on 26.8.2021.
11	26.8.2021	Arguments concluded, and order reserved.
12	25.10.2021	Judgment delivered.

Chronology of LPA Nos: 1115, 1116 and 1121 of 2021

Sl. No.	Submission / Hearing Date	Description
1	20.11.2021	3 LPA Nos. 1115, 1116 and 1121 of 2021 filed against the judgment dated 25.10.2021.
2	25.11.2021	ASG for the Union of India sought adjournment.
3	1.12.2021	The Assistant Solicitor General of India prayed for an adjournment.
4	20.12.2022	Additional Solicitor General of India prayed for some



		more time to comply with the order passed by this Court on 1.12.2021.
5	17.1.2022	More time was granted to file the affidavit. However, the Court directed that a copy of the affidavit to be filed by the Respondents be served upon the counsel for the parties in advance.
6	27.1.2022	Non-effective hearing. The matter was adjourned to 23.2.2022.
7	23.2.2022	Non-effective hearing.
8	2.5.2022	The matter was listed on 20.7.2022
9	20.7.2022	The matter adjourned due to ASG being unwell.
10	26.7.2022	Urgent application for granting a stay.
11	27.7.2022	Urgent application for granting a stay.
12	28.7.2022	Arguments concluded and judgement reserved.
13	16.12.2022	The Court affirmed the order dated 25.10.2021, passed by the learned Single Judge.
14	17.12.2022	Petition filed in Hon'ble Supreme Court (Caveat No: 12479-2022 & 12486-2022) against the Hon'ble High Court judgment in CWP-32701-2018, CWP-5181-2021, CWP-19391-2021, LPAs- 1115, 1116, 1121 of 2021 by Ravinder Singh and Kewal Garg. Petition is sub-judice before the Hon'ble Supreme Court.

Delay due to Approval for Laying of Cable from NHAI

- h) The cable implementation involved execution work along the Chandigarh-Ambala Highway. Accordingly, a proposal was submitted on 10.1.2018 to the Regional Officer (North), Ministry of Road Transport & Highways (MoRTH), Chandigarh, and Highway Administrator cum Regional Officer wherein MoRTH approved the proposal and copy along with NOC was received from the Project Director, NHAI, Chandigarh on 31.12.2018. On 12.1.2019, the Petitioner started the execution work along with Chandigarh-Ambala National Highway. However, on the same day, the work was stopped by NHAI, and after a lot of effort and persuasion, NHAI was again allowed to start work on 21.2.2019.



Sl. No	Date	Description of Delay Reason
1	10.1.2018	The cable's implementation involves execution work along the Chandigarh-Ambala Highway. Accordingly, the NHAI proposal was submitted to the Regional Officer (North), Ministry of Road Transport & Highways (MoRTH), Chandigarh.
2	7.2.2018	NHAI returned a proposal to rectify MoRTH's observation. It was also directed to submit the proposal as per MoRTH guidelines.
3	9.2.2018	Revised proposal as per MoRTH guidelines, submitted to the Project Director, NHAI, Panchkula. In reply to the revised proposal, NHAI asked POWERGRID to adopt any other alternate route because of future expansion and the creation of additional features required for road users.
4	14.3.2018	After NHAI denied the proposal, POWERGRID officials surveyed the whole Zirakpur area. They found that the route already finalized was the only feasible route to lay the power cable. POWERGRID once again requested that NHAI reconsider the proposal.
5	2.4.2018	NHAI intimated that since important works under Zirakpur flyover were under consideration, the proposal could not be considered for approval.
6	12.7.2018	In response to the re-consideration of the revised proposal, PD, NHAI, Mohali considered the proposal and forwarded it to the concerned Independent Consultancy to review it as per MoRTH guidelines and calculate the "License Fee" of the proposal.
7	24.7.2018	After reviewing the report from the Independent Consultancy, NHAI PD in Mohali notified POWERGRID that the annual License Fee was Rs. 74,31,900 and a Performance Bank Guarantee at the rate of Rs. 100 per running meter for the initial one-year period was required in favour of NHAI.
8		POWERGRID paid the License Fee amounting to Rs. 3,59,20,860 /- for five years, and the BG amounting to Rs. 8,70,000/-. The Regional Officer of MoRTH in Chandigarh granted Provisional Permission for one year in response to the above.
9	October, 2018	Project Director, NHAI, submitted the proposal to Highway Administrator cum Regional Officer, MoRTH Chandigarh.
10	31.12.2018	Highway Administrator cum Regional Officer, MoRTH, approved the proposal and copy along with NOC received from Project Director, NHAI, Chandigarh.
11	12.1.2019	POWERGRID started the execution work along the Chandigarh—Ambala National Highway. However, on the same day, the M/S GMR team stopped working.
12	21.2.2019	After a lot of effort and persuasion, NHAI allowed the work.

Delay due to Covid-19 related lockdown and restrictions:

- i) Another reason for the time over-run was the outbreak of the Covid-19



pandemic and the subsequent lockdowns and restrictions imposed in the wake of the outbreak of Covid-19.

j) The specific Covid-19 related challenges, which included supplier-delivery issues, worker absenteeism due to illness, delayed issuance of permits, travel restrictions, and loss of time or inefficiencies due to the need to practice social distancing on the job site, affected the implementation of the transmission assets. The contractors could not carry out the work in view of the restrictions imposed by the Governments to prevent the spread of the outbreak Covid-19 pandemic. The major factors impacting the project schedule and implementations were the lack of engineering, technical support, and supply chain disruptions. The following are the details of the nationwide lockdowns in India in various phases owing to the Covid-19 pandemic:

- Phase 1: 25th March, 2020 – 14th April, 2020 (21 days)
- Phase 2: 15th April 2020 – 3rd May, 2020 (19 days)
- Phase 3: 4th May, 2020 – 17th May, 2020 (14 days)
- Phase 4: 18th May, 2020 – 31st May, 2020 (14 days)

Unlock:

- Unlock 1.0: 1st June, 2020 – 30th June, 2020 (30 days)
- Unlock 2.0: 1st July, 2020 – 31st July, 2020 (31 days)
- Unlock 2.0: 1st August, 2020 – 31st August, 2020 (31 days)

k) Therefore, the commissioning of the transmission project also faced delays due to the squeezing of supply lines and construction activities.

l) When construction resumed, some additional delays and inefficiencies pushed back completion dates. The construction could not be started immediately due to the biggest hurdle, the supply chain not being fully



restored. There was also the consideration that the area would be sealed if anybody got infected on the construction site after work had started. All related people would be quarantined for 14-28 days. As a result, the construction pace came to a grinding halt. Additionally, administrative action/FIR would be lodged against the sub-contractors, adding to the pace of lethargic progress. With the halting of various line construction activities, the work was at a standstill position and gradually gathered speed in line with government directives.

- m) Hearings of the Petitions related to RoW issues before the Hon'ble High Court of Punjab and Haryana were suspended or delayed due to the COVID-19 pandemic. This disruption contributed to the postponement of the judgment in the case, and it further delayed the construction of the transmission line.
- n) The Ministry of Power (MoP) also acknowledged the Covid-19 pandemic as a Force Majeure event and, vide its letter dated 27.7.2020, allowed the extension of the SCOD by 5 months in case of all the inter-State transmission projects, which were under construction as on 25.3.2020, to mitigate the issues of disruption in supply chains and manpower, caused due to outbreak of the Covid-19 pandemic. MoP vide its letter dated 12.6.2021, allowed further extension in SCOD by 3 months to all inter-State projects with the SCOD after 1.4.2021.
- o) In response to the Commission's Record of Proceedings (RoP) dated 27.2.2024, the Petitioner filed an affidavit on 12.3.2024 detailing the impact of the Covid-19 pandemic on the transmission project. The Petitioner additionally explained that when the construction activities resumed, additional delays and inefficiencies further pushed back the completion dates. Immediate



commencement of construction was not feasible. The primary obstacle was the incomplete restoration of the supply chain. If any worker was contracted with COVID-19 on-site, the area used to be sealed, and all individuals present would be required to quarantine for 14 to 28 days. Consequently, the construction pace significantly came to a standstill due to the Covid-19 pandemic. Furthermore, concerns about potential administrative actions or FIRs against sub-contractors contributed to a sluggish pace of progress. As various construction activities were halted, work remained at a standstill until it gradually picked-up speed in accordance with Government directives.

p) The Petitioner has submitted the following summary of reasons for the delay:

Sl. No.	Reasons for Delay	Start	End	Delay (Days)	Net delay (Days)
1	Delay due to RoW issues	10.10.2017	19.12.2022	1896	1896
2	CWP No. 32701 of 2018 before the Hon'ble High Court	22.11.2018	16.9.2020	664	(Common with Sl. No. 1)
3	CWP Nos. 19391 of 2020 and CWP No. 5181 of 2021 before the Hon'ble High Court	12.11.2020	25.10.2021	347	(Common with Sl. No. 1)
4	LPA Nos. 1115, 1116 and 1121 of 2021 before the Hon'ble High Court	20.11.2021	16.12.2022	391	(Common with Sl. No. 1)
5	Delay due to NHAI	10.1.2018	21.2.2019	407	407 (Subsumed in Sl. No. 1)
6	Covid-19 Pandemic (First Wave)	25.3.2020	24.8.2020	153	(Common with Sl. Nos. 1, 2, 3 & 4)
7	Covid-19 Pandemic (Second Wave)	1.4.2021	30.6.2021	91	(Common with Sl. No. 3)
Total Net Delay (60 months and 9 days)					1896

q) There were persistent RoW issues, along with stay orders issued by the



Punjab State administration and the Courts, from 22.11.2017 to 16.12.2022, resulting in a total duration of 60 months and 9 days. Further, there was a delay on account of approval from NHAI for the laying of cable from 10.1.2018 to 21.2.2019 (around 13 months). Although various problems occurring concurrently could have delayed the project enormously, the Petitioner's experience and expertise in project planning and execution curtailed the aforesaid cumulative delays to 49 months and 9 days. Thereafter, the Petitioner immediately completed the work on a war footing, and the transmission assets were ready to be declared under commercial operation from 24.3.2023.

Analysis and Decision

42. We have considered the Petitioner's submissions and perused the record.

43. On perusing the record, we note that, as per the IA dated 13.2.2017, the transmission project was accorded by the Board of Directors of the Petitioner on 9.2.2017 and was scheduled to be completed within 24 months, i.e., by 9.2.2019. The transmission assets were declared under commercial operation on 24.3.2023, with a delay of 49 months and 14 days (i.e., 9.2.2019 to 24.3.2023 = 1504 days).

44. The Petitioner has contended that the commissioning of the transmission assets was delayed due to Right of Way (RoW) issues, court cases, delay in getting approval from NHAI, and the outbreak of the COVID-19 pandemic. For the delay on account of RoW issues, the Petitioner has contended that the commissioning work of the transmission assets was hampered and obstructed for the period from 10.10.2017 to 19.12.2022 (i.e., 1896 days). The item-wise time over-run is analysed, and the same is as follows:



(a) **Delay Due to RoW Issues**

45. According to the Petitioner, its 220/66 kV GIS Sub-station was ready for charging in February 2019, but the sub-station could not be charged due to the unavailability of upstream and downstream infrastructure. The transmission line traverses the districts of Haryana, Punjab, and the Union Territory of Chandigarh. However, during the implementation of the transmission line, the Petitioner faced severe RoW issues, including excessive crop compensation, land compensation, man-handling of gang workers, etc. To alleviate the RoW issues, the Petitioner received assistance from the State Administration, District Administration, and the Police Department.

46. The Petitioner has contended that, out of 56 transmission towers, 51 were completed, while there were several RoW issues concerning 5 towers. Further, 26 out of 31 towers in Punjab were erected, while 5 towers located in villages Mumbarakpur, Pandwala, and Sanauli faced construction-related challenges and obstructions caused by a local brick kiln owner. The RoW issues persisted between 10.10.2017 and 19.12.2022. During this period, the Petitioner approached the concerned Governmental Authorities and Courts to redress the grievances.

47. On perusal of the Petition, we find that the Petitioner started excavation work for the foundation at location no.7/0. The same was stopped by the labour deployed by a brick kiln owner who threatened the Petitioner and its staff. We further note that the Petitioner, vide its letter dated 22.11.2017, approached the Deputy Commissioner, Mohali, who in turn informed SDM Dera Bassi and asked him to provide police assistance. We further note that on 11.1.2018, the Petitioner received a letter from the District Magistrate, SAS Nagar, Mohali, to change the line



route, which was based on the report of SDM Dera Bassi and DSP Dera Bassi. On 22.1.2018, the Petitioner wrote a letter to the Deputy Commissioner, SAS Nagar, Mohali, informing him that the tower foundations on both ends had been completed and the route that followed was the only possible techno-economical route for the transmission line. The Petitioner, through its letters dated 19.2.2018, 1.3.2018, 7.5.2018, 24.5.2018, and 25.5.2018, informed the District Administration, SAS Nagar, that re-routing was not possible and urged them to pass appropriate orders. Letters from 29.5.2018 to 20.7.2018, written by the Petitioner, show that they were exchanged with the different Governmental authorities in connection with the line route.

48. The Petitioner has placed on record a letter dated 1.8.2018 written by ADM, SAS Nagar, addressed to Addl. Chief Secretary, Department of Power, Government of Punjab, informing him that the Petitioner had selected an inappropriate route and instructed him to withhold the work till resolution of the issue by the Punjab Government. Referring to a letter dated 1.8.2018, the Petitioner wrote a letter to the Chief Secretary, Government of Punjab, on 28.8.2018 explaining that the appropriate distance of the transmission line (conductors) has been maintained for the safe flow of electricity through the transmission line. The contents of the letters written by the Petitioner from 7.3.2019 to 16.6.2019, show that it followed up the matter with the Government Authorities for RoW issues. On 18.9.2020, the Additional Chief Secretary directed the Petitioner to explore the possibility of an underground cable to be laid in the area and provide the technical feasibility report with respect to the same.

49. On perusal of the orders dated 22.10.2020 and 9.11.2020, it is revealed that District Magistrate, SAS Nagar, granted permission under Section 10 of the Indian



Telegraph Act, 1885, for the construction of towers of 220 kV D/C Chandigarh-Panchkula Transmission Line at Location Nos. 61/1, 6A/1,7/0, 7/1 and 7/2 in the concerned villages. The District Magistrate, SAS Nagar, in its said orders, further directed that temporary huts of the labourers in the brick kiln which were falling within the transmission line corridor be removed and shifted to any other place within/near the brick kiln premises and the costs of such removal and shifting would be borne by the Petitioner.

50. Against the aforesaid orders of the District Magistrate, the brick kiln owners filed CWP Nos. 19391 of 2020 and 5181 of 2021 before the Hon'ble High Court of Punjab and Haryana. Upon hearing the parties, the Court, vide its order dated 25.10.2021, upheld the orders of the District Magistrate.

51. The record shows that pursuant to the orders of the Hon'ble High Court dated 25.10.2021, ADC formed a Committee vide its letter dated 12.1.2022 to assess compensation and re-location of the temporary huts. The minutes of the meeting dated 29.4.2022 issued by the District Magistrate, SAS Nagar, show that instructions were issued to inspect the site and submit a feasibility report regarding the re-location of huts. Thereafter, on 19.12.2022, the Petitioner wrote a letter to the Deputy Commissioner, SAS Nagar, Mohali, regarding the erection and stringing of the remaining tower at location no. 6A/1 of 220 kV DC Panchluka-Chandigarh line.

52. In view of the above discussions and on perusal of the documents on record, we are of the view that the Petitioner earnestly took up the matter to resolve the severe RoW issues/ obstructions created by the brick kiln owner/ landowners of Mubarakpur with the District Administration through various



correspondences/meetings. The Petitioner also requested for the appointment of a Duty Magistrate and adequate police protection to facilitate the completion of the remaining work on the transmission line peacefully and categorically expressed its inability to re-route the transmission line/underground cable at the disputed site and the same is apparent various letters from the letters dated 22.11.2017, 22.1.2018, 19.2.2018, 1.3.2018, 7.5.2018, 24.5.2018, 25.5.2018, 29.5.2018, 8.6.2018, 28.8.2018, 7.3.2019, 22.3.2019, 3.5.2019, 21.5.2019, 17.6.2019, 9.8.2019, 22.10.2019 and 6.10.2020. We further note the letter dated 1.8.2018 issued by ADM, SAS Nagar to Addl. Chief Secretary, Department of Power, Government of Punjab, stated the Petitioner had selected an inappropriate route and instructed him to withhold the work till resolution of the issue by the Punjab Government, and as such, the Petitioner could not proceed with the project work till 22.10.2020 and 9.11.2020, when the District Magistrate, SAS Nagar, granted permission to exercise the powers under Section 10 of the Telegraph Act, 1885 regarding the construction of towers for the 220 kV D/C Chandigarh-Panchkula Transmission Line at location Nos. 6/1, 6A/1, 7/0, 7/1, and 7/2 in the respective villages. In these circumstances, we are of the view that the delay that occurred from 10.10.2017 to 9.11.2020 was uncontrollable and beyond the Petitioner's control, and the same has been condoned.

53. The orders passed by the District Magistrate dated 22.10.2020 and 9.11.2020 were challenged by the brick kiln owner before the Hon'ble High Court of Punjab and Haryana in CWP No. 19391 of 2020 on 12.11.2020 and in CWP No. 5181 of 2021 on 4.3.2021. The aforesaid orders of the District Magistrate were affirmed by the Hon'ble Court vide its common judgment dated 25.10.2021 in CWP Nos. 19391 of 2020 and 5181 of 2021, with the observations that the transmission



line shall not be laid before the re-location of the temporary huts of the labours. Accordingly, a Committee was constituted by the ADC, SAS Nagar, Mohali, to assess costs relating to the re-location of huts, which submitted its report to the District Administration vide letter dated 26.5.2022 in order that the re-location of huts may take place and commissioning of the balance work of the transmission line may be done. Thereafter, the Petitioner wrote a letter to DC Mohali to provide support in completing the work. Thus, the delay, in our opinion, subsequent to the orders of the District Magistrate dated 20.10.2020 and 9.11.2020, i.e., from 10.11.2020 to 24.10.2021, was uncontrollable due to the Court cases being pending before the Hon'ble High Court of Punjab and Haryana. The time period from the date of pronouncement of judgment in CWP Nos. 19391 of 2020 and 5181 of 2021, dated 25.10.2021 to 26.5.2022 i.e., owing to the re-location of huts, was uncontrollable and beyond the Petitioner's control. Accordingly, we condone the delay from 10.11.2020 to 26.5.2022. The Petitioner has not submitted any proper justification for the intervening period of 26.5.2022 to 19.12.2022 (i.e., 6 months and 23 days). In the absence of any documentary evidence, we do not find any reason to condone the delay that occurred between 26.5.2022 and 19.12.2022 (207 days) as uncontrollable, and the same has not been condoned.

54. As discussed above, the time period from 10.10.2017 to 9.11.2020 due to ROW problems is beyond the control of the Petitioner, and the same has been condoned. The time over run from 25.10.2021 to 26.5.2022, owing to the re-location of huts, was beyond the control of the Petitioner, and the same has been condoned. Therefore, the net impact on account of RoW issues in the commissioning of the transmission line from the SCOD of the transmission asset is from 09.2.2019 to 9.11.2020 (640 days) & from 25.10.2021 to 26.5.2022 (214 days), i.e., a total of



854 days is beyond the control of the Petitioner, and the same has been condoned.
the

Condonation of Delay Due to filing of CWP No. 32701 of 2018

55. The Petitioner has prayed for condonation of a delay from 22.11.2018 to 16.9.2020, i.e., 664 days on account of filing CWP No. 32701 of 2018 before the Hon'ble High Court of Punjab and Haryana. We have considered the Petitioner's submissions on this count. The Petitioner, being aggrieved by the obstructions caused by the brick kiln owner, filed a CWP No. 32701 of 2018 before the Hon'ble High Court of Punjab and Haryana, which was later withdrawn by it on 16.9.2020. We refrain from making any observations with regard to the delay for this duration. However, the period of delay from 9.2.2019 to 16.9.2020 is subsumed in the delay that we have already condoned above in this order with reference to the observation on the condonation of delay for RoW issues. Accordingly, the time over-run on account of CWP No. 32701 of 2018 is subsumed in RoW problems faced by the Petitioner.

Condonation of Delay Due to the filing of CWP Nos. 19391 of 2020 and 5181 of 2021

56. The Petitioner has contended that two CWP Nos. 19391 of 2020 and 5181 of 2021 were filed before the Hon'ble High Court of Punjab and Haryana on 12.11.2020 and 4.3.2021 by the brick kiln owner and by brick kiln labourers respectively, against the orders passed by the District Magistrate on 22.10.2020 and 9.11.2020. The Hon'ble High Court, vide its order dated 16.11.2020, restrained the Petitioner from laying the transmission line, and the Hon'ble Court, vide its order dated 25.10.2021, eventually disposed of the said CWPs.

57. We have considered the contentions of the Petitioner and have perused the



record. In our opinion, the petitioner was not able to continue the work at the site from 16.11.2020 to 24.10.2021 due to a restrain order passed by the Hon'ble High Court dated 16.11.2020. Therefore, the net impact on account of the restrain order passed by the Hon'ble High Court for the period from 16.11.2020 to 24.10.2021, i.e., 343 days in commissioning of the transmission line, is beyond the control of the Petitioner. Accordingly, the time over-run of 343 days on account of CWP No. 32701 of 2018 has been condoned.

Condonation of Delay Due to the filing of LPA Nos. 1115, 1116, and 1121 of 2021

58. The Petitioner has contended that landowners filed the LPA Nos. 1115, 1116, and 1121 of 2021 before the Hon'ble High Court of Punjab and Haryana on 20.11.2021 against the order dated 25.10.2021 in CWP No. 19391 of 2020 and 5181 of 2021 of the Hon'ble High Court. The Hon'ble High Court, vide its order dated 16.12.2022, dismissed the said LPAs and upheld the order dated 25.10.2021. Accordingly, the Petitioner has prayed for condonation of a delay from 20.11.2021 to 16.12.2022 (391 days).

59. We have considered the above contentions of the Petitioner and have perused the record. On perusal of the record, we note that the said LPAs were posted for hearing before the Hon'ble Court from 25.11.2021 to 28.7.2022, but no stay was there during this period on the commissioning of the transmission line by the Petitioner against the order dated 25.10.2021 in CWP Nos. 19391 of 2020 and 5181 of 2021. The said LPAs were dismissed by the Hon'ble Court on 16.12.2022. Thus, we are not inclined to consider the delay that occurred from 20.11.2021 to 16.12.2022, as there was no stay on the order dated 25.10.2021 in CWP Nos. 19391 of 2020 and 5181 of 2021.



Delay Due to Approval for Laying of Cable From NHAI

60. The Petitioner has contended that the implementation work of cable involved commissioning work along the Chandigarh-Ambala Highway. Accordingly, the NHAI proposal was submitted by the Petitioner on 10.1.2018 to the Regional Officer (North), Ministry of Road Transport. A copy of the approval of the proposal along with NOC was received from the Project Director, NHAI, Chandigarh, on 31.12.2018. On 12.1.2019, the commissioning work was started along with the Chandigarh– Ambala National Highway. However, on the same day, M/s. GMR team stopped the work and, after a lot of efforts and persuasions, NHAI again allowed to start work on 21.2.2019.

61. We have considered the Petitioner's contentions and have gone through the documents on record. It is observed that the delay of 407 days, i.e., from 10.1.2018 to 21.2.2019, as claimed by the Petitioner, is due to a delay in NOC to start the work from NHAI. We are of the view that we already condoned the time over-run on account of net impact due to RoW problems, and the Petitioner had resolved the NHAI permission-related issues prior to SCOD of the transmission assets, i.e., 9.2.2019. Therefore, only the time period from 9.2.2019 to 21.2.2019 is impacted due to NHAI's permission to carry cable laying work. The net impact of the delay in NHAI permission is subsumed in RoW problems.

Delay Due to Covid-19 Pandemic

62. The Petitioner has contended that COVID-19 was declared a global pandemic by the World Health Organization (WHO) and constituted a force majeure event affecting all global business and industry sectors. The pandemic led to critical delays in project commissioning due to various factors, such as movement restrictions that severely impacted supply chains, transportation, and labour



availability, including absenteeism caused by illness, quarantine, and migration. The Petitioner has contended that MoP vide circulars dated 27.7.2020 and 12.6.2021 accorded the extension of 5 months and 3 months, respectively, in respect of SCOD due to the nationwide lockdown restrictions for containment of the spread of the Covid-19 pandemic.

63. We have considered the Petitioner's contentions and have gone through the record. It is observed that the delay claimed by the Petitioner due to the COVID-19 pandemic is subsumed in the delay condoned in respect of RoW issues from 9.2.2019 to 25.5.2022. Therefore, no finding is called for on this count.

64. The Petitioner has contended that as per the Gantt/CPM Chart submitted, the Petitioner kept only 12 days for testing and commissioning while the Petitioner took 93 days, i.e., from 19.12.2022 to 23.3.2023 for testing and commissioning of the 220 kV D/C Chandigarh to Panchkula transmission line. The Petitioner has prayed to condone the delay from 19.12.2022 to 23.3.2023.

65. We have considered the above contentions of the Petitioner and have perused the record. On examination of the record, we note that the Petitioner has failed to furnish any reasons why it took 93 days to test and commission the transmission assets. In the absence of any justification for testing and commissioning of the 220 kV D/C Chandigarh to Panchkula transmission line, the minimum time of 12 days planned by the Petitioner is hereby condoned, and the balance period of 81 days is not condoned.

66. The summary of the delay claimed by the Petitioner and the period of delay condoned/not condoned is as follows:



Asset	Original SCOD	COD	Time over-run	Time over-run condoned	Time over-run not condoned
Asset I	9.2.2019	24.3.2023	1504 Days	1214 Days	290 days
Asset II		24.3.2023	1504 Days	1214 Days	290 days

Interest During Construction (IDC) and Incidental Expenditure During Construction (IEDC)

67. The Petitioner has claimed IDC for the transmission assets and has submitted the statement showing IDC claim, discharge of IDC liability as on COD and thereafter, and the same is as follows:

(₹ in lakh)

Asset	IDC as per Auditor's Certificate	IDC discharged up to COD	IDC discharged during the FY 2022-23	IDC discharged during the FY 2023-24
Asset I	5144.60	4818.03	0.00	326.57
Asset II	292.08	275.21	3.02	13.85

68. We have considered the submissions of the Petitioner. The allowable IDC has been worked out considering the information submitted by the Petitioner in respect of the transmission assets on a cash basis. The loan details submitted in Form-9C for the 2019-24 tariff period and IDC computation sheet have been considered for IDC calculation on a cash and accrued basis. The undischarged IDC has been considered as ACE during the year in which it has been discharged. The IDC claimed and considered as on COD and summary of discharge of IDC liability up to the COD and thereafter, for tariff determination subject to its revision at the time of truing-up is as follows:



(₹ in lakh)

Asset	IDC as per Auditor's Certificate	IDC disallowed due to time over-run not condoned	IDC allowed	IDC discharged upto COD	IDC discharged during the FY 2022-23	IDC discharged during the FY 2023-24
Asset I	5144.60	695.12	4449.48	4075.13	374.36	0.00
Asset II	292.08	38.53	253.55	236.67	3.02	13.86

69. The Petitioner has claimed IEDC of ₹4018.32 lakh for Asset-I and ₹292.08 lakh for Asset-II and has also submitted the Auditor's Certificate in support of the same. The Petitioner has further submitted that the entire IEDC has been discharged as on COD. The time over-run for 294 days has not been condoned, therefore, the IEDC for the transmission assets has been proportionately disallowed. The IEDC claimed as per the Auditor's Certificate, IEDC considered and discharged up to the COD for the transmission assets is as follows:

(₹ in lakh)

Assets	IEDC claimed as per Auditor's certificate (A)	IEDC disallowed due to time over-run not condoned (B)	IEDC allowed (C)=(A-B)
Asset I	4018.32	521.63	3496.69
Asset II	249.17	32.35	216.82

Initial Spares

70. The Petitioner has claimed the following Initial Spares for the transmission assets:

(₹ in lakh)

Asset	Particulars	Plant and Machinery Cost (a)	Spares claimed (b)	Limit (c) in %	Allowable (d=c*(a-b)/(100-c))	Excess Spares (e=b-d)
Asset-I	Transmission Line	17453.17	184.40	1.0	174.43	(-)9.97
Asset-I	AIS-Brown Field Sub-station	547.29	28.91	6.0	33.09	4.18
Asset-I	GIS-Green Field Sub-station	6422.44	134.53	5.0	330.94	196.41
Asset- II	GIS-Green Field Sub-station	1214.75	33.26	5.0	62.18	28.92

71. Further, the Petitioner has submitted the year-wise break-up of the Initial



Spares being discharged and claimed as ACE as follows:

(₹ in lakh)				
Asset	Particulars	Total spares claimed	Initial Spares claimed up to COD	Initial spares claimed as ACE during FY 2023-24
Asset-I	Transmission Line	184.40	184.40	0.00
Asset-I	AIS-Brown Field Sub-station	28.91	26.52	2.39
Asset-I	GIS-Green Field Sub-station	134.53	120.58	13.95
Asset-II	GIS-Green Field Sub-station	33.26	30.53	2.73

72. Regulation 23(d) of the 2019 Tariff Regulations provides that Initial Spares shall be capitalized as a percentage of the plant and machinery cost up to the cut-off date, subject to the following ceiling norms:

“23. Initial Spares: Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to following ceiling norms:

....

(d) Transmission System

- (i) Transmission line- 1.00%
- (ii) Transmission sub-station
 - Green Field- 4.00%
 - Brown Field- 6.00%
- (iii) Series Compensation devices and HVDC Station- 4.00%
- (iv) Gas Insulated Sub-station (GIS)
 - Green Field- 5.00%
 - Brown Field- 7.00%
- (v) Communication System- 3.50%
- (vi) Static Synchronous Compensator- 6.00%”

73. We have considered the Petitioner’s submissions. Based on the information available on record, the Initial Spares for the transmission assets are allowed as per Regulation 23(d) of the 2019 Tariff Regulations. The Initial Spares allowed for the transmission assets are as follows:



(₹ in lakh)

Assets	Components of the assets	Plant and Machinery cost for calculation of Initial Spares	Initial Spares claimed	Ceiling as per Regulations (in %)	Initial Spares allowable	Excess Initial Spares	Initial Spares allowed
		A	B	C	$D=(A-B)*C/(100\%-C)$	E=B-D	
Asset-I	Transmission Line	17453.17	184.40	1.00	174.43	9.97	174.43
Asset-I	GIS-Green Field Sub-station	6422.44	134.53	5.00	330.94	0.00	134.53
Asset-I	AIS-Brown Field Sub-station	547.29	28.91	6.00	33.09	0.00	28.91
Asset-II	GIS-Green Field Sub-station	1214.75	33.26	5.00	62.18	0.00	33.26

74. Further, out of the total allowable Initial Spares, Initial Spares of ₹16.34 lakh and ₹2.73 lakh for Assets-I and II, respectively, have been allowed as ACE during the FY 2023-24 as follows:

(₹ in lakh)

Asset	Particulars	Initial Spares allowed as ACE during FY 2023-24
Asset-I	Transmission Line	0.00
Asset-I	GIS-Green Field Sub-station	13.95
Asset-I	AIS-Brown Field Sub-station	2.39
Asset-II	GIS-Green Field Sub-station	2.73

75. The capital cost of the transmission assets (as on COD) is allowed as follows:

(₹ in lakh)

Asset	Capital Cost claimed as on COD (Auditor's Certificate) (A)	IDC disallowed due to time over-run not condoned (B)	Undischarged IDC as on COD (C)	IEDC disallowed (D)	Excess Initial Spares (E)	Capital Cost as on COD (F) = (A-B- C-D-E)
Asset-I	30539.00	695.12	374.36	521.63	9.97	28937.93
Asset- II	1844.21	38.53	16.88	32.35	0.00	1756.45



Additional Capital Expenditure (“ACE”)

76. Regulations 24 and 25 of the 2019 Tariff Regulations provide as follows:

“24. Additional Capitalisation within the original scope and upto the cut-off date

(1) *The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

- (a) *Undischarged liabilities recognized to be payable at a future date;*
- (b) *Works deferred for execution;*
- (c) *Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) *Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) *Change in law or compliance of any existing law; and*
- (f) *Force Majeure events:*

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) *The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.*

25. Additional Capitalisation within the original scope and after the cut-off date

(1) *The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:*

- (a) *Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;*
- (b) *Change in law or compliance of any existing law;*
- (c) *Deferred works relating to ash pond or ash handling system in the original scope of work;*
- (d) *Liability for works executed prior to the cut-off date;*
- (e) *Force Majeure events;*
- (f) *Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; Raising of ash dyke as a part of ash disposal system.*

(2) *In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and*



the cumulative depreciation, subject to prudence check on the following grounds:

(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”

77. The Petitioner has submitted that the ACE incurred/ projected to be incurred is mainly on account of balance/ retention payments and, therefore, the same is claimed under Regulation 24(1)(a) and Regulation 24(1)(b) of the 2019 Tariff Regulations. The ACE claimed by the Petitioner for the transmission assets is as follows:

(₹ in lakh)

Asset	FR AppORTIONED Approved Cost	RCE AppORTIONED Approved Cost	Expenditure up to COD	Projected ACE			Estimated Completion Cost
				2022-23	2023-24	2024-25	
Asset I	30770.28	36015.17	30539.00	0.00	3615.42	1549.47	35703.89
Asset II	1459.72	2062.83	1844.21	0.00	136.57	58.53	2039.31
Total	32230.00	38078.00	32383.21	0.00	3751.99	1608.00	37743.20

78. The Petitioner, vide affidavit dated 16.1.2024, has submitted the liability flow statement in respect of Asset-I and Asset-II that is as follows:

(₹ in lakh)

Asset	Party	Particulars	Outstanding Liability as on COD	Discharge			Additional Liability (Unexecuted work)			Outstanding Liability as on 31.03.2024
				2022-23	2023-24	Total (2019-24)	2022-23	2023-24	Total (2019-24)	
Asset- I	Sterling & Wilson and Misc. Contractors	Civil & Building works	23.86	0.00	3.82	3.82	0.00	42.94	42.94	20.04
	KEC	Transmission line work	1645.59	0.00	419.35	419.35	0.00	2441.86	2441.86	1226.23

Asset	Party	Particulars	Outstanding Liability as on COD	Discharge			Additional Liability (Unexecuted work)			Outstanding Liability as on 31.03.2024
				2022-23	2023-24	Total (2019-24)	2022-23	2023-24	Total (2019-24)	
	Sterling & Wilson	Substation works	396.65	0.00	93.46	93.46	0.00	613.99	613.99	303.19
Total			2066.10	0.00	516.63	516.63	0.00	3098.78	3098.78	1549.47

Asset	Party	Particulars	Outstanding Liability as on COD	Discharge			Additional Liability (Unexecuted work)			Outstanding Liability as on 31.3.2024
				2022-23	2023-24	Total (2019-24)	2022-23	2023-24	Total (2019-24)	
Asset II	Sterling & Wilson and Misc. Contractors	Civil & Building works	8.94	0.00	6.26	6.26	0.00	0.00	0.00	2.68
	Sterling & Wilson	Substation works	186.16	0.00	130.31	130.31	0.00	0.00	0.00	55.85
Total			195.09	0.00	136.57	136.57	0.00	0.00	0.00	58.53

79. We have considered the submissions of the Petitioner. The projected ACE allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of balance/ retention payments and unexecuted work is as follows:

Asset-I:

(₹ in lakh)

Particulars	2022-23	2023-24
ACE approved for the Year	0.00	3599.08
Additional IDC Discharged	374.36	0.00
Additional Initial Spares Discharged	0.00	16.34
ACE allowed in the instant order	374.36	3615.42

Asset-II:

(₹ in lakh)

Particulars	2022-23	2023-24
ACE approved for the Year	0.00	133.84
Additional IDC Discharged	3.02	13.86
Additional Initial Spares Discharged	0.00	2.73
ACE allowed in the instant order	3.02	150.43

80. The capital cost considered for transmission assets for the 2019-24 tariff period is as follows:



(₹ in lakh)

Asset	Capital Cost as on COD	Projected ACE		Capital Cost as on 31.3.2024
		2022-23	2023-24	
Asset-I	28937.93	374.36	3615.42	32927.71
Asset-II	1756.45	3.02	150.43	1909.90

Debt-Equity ratio

81. Regulation 18 of the 2019 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 utilised 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 approval of the competent authority in other cases regarding 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 case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the

equity actually deployed as on 1.4.2019 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 72 of these regulations.



(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, 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 1.4.2019 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.”

82. The debt-equity ratio considered for the computation of tariff for the transmission assets for the 2019-24 tariff period is as follows:

Asset I:

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	20256.56	70.00	2792.85	70.00	23049.40	70.00
Equity	8681.37	30.00	1196.93	30.00	9878.31	30.00
Total	28937.93	100.00	3989.78	100.00	32927.71	100.00

Asset II:

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	1229.52	70.00	107.42	70.00	1336.93	70.00
Equity	526.93	30.00	46.04	30.00	572.97	30.00
Total	1756.45	100.00	153.45	100.00	1909.90	100.00

Depreciation

83. Regulation 33 of the 2019 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 case of the tariff of all the units of a generating station or all elements of a transmission system including 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 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 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, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.*

(3) *The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to 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 further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

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) *Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.*

(5) *Depreciation shall be calculated annually based on 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 station shall be spread over the balance useful life of the assets.

(6) *In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets.*

(7) *The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life*



extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.

(8) 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 services.

(9) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (8) of this Regulation.

(10) Depreciation of the emission control system of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method, with salvage value of 10%, over a period of-

- a) twenty five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or*
- b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or*
- c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life.”*

84. We have considered the Petitioner's submissions. Considering the admitted capital cost as on COD and ACE allowed during the 2019-24 tariff period, the depreciation has been worked out. The Weighted Average Rate of Depreciation (WAROD) has been worked out and placed as an Annexure for Assets I and II as per the rates of depreciation specified in the 2019 Tariff Regulations. Depreciation allowed in respect of the transmission assets for the 2019- 24 tariff period is as follows:

Asset-I:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Opening Gross Block	28937.93	29312.29
B	Addition during the year 2019-24 due to projected ACE	374.36	3615.42
C	Closing Gross Block (A+B)	29312.29	32927.71
D	Average Gross Block (A+C)/2	29125.11	31120.00
E	Average Gross Block (90% depreciable assets)	28536.38	30527.49
F	Average Gross Block (100% depreciable assets)	588.73	592.51
G	Depreciable value (excluding IT equipment and software) (E*90%)	25682.74	27474.74
H	Depreciable value of IT equipment and software (F*100%)	588.73	592.51
I	Total Depreciable Value (G+H)	26271.47	28067.25
J	Weighted average rate of Depreciation (WAROD) (in %)	5.30	5.30
K	Lapsed useful life at the beginning of the year	0	0
L	Balance useful life at the beginning of the year	31	31
M	Depreciation during the year (D*J)	33.82	1648.06
N	Cumulative Depreciation at the end of the year (M+N)	33.82	1681.88
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	26237.65	26385.37

Asset-II:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Opening Gross Block	1756.45	1759.47
B	Addition during the year 2019-24 due to projected ACE	3.02	150.43
C	Closing Gross Block (A+B)	1759.47	1909.90
D	Average Gross Block (A+C)/2	1757.96	1834.69
E	Average Gross Block (90% depreciable assets)	1730.08	1806.67
F	Average Gross Block (100% depreciable assets)	27.88	28.02
G	Depreciable value (excluding IT equipment and software) (E*90%)	1557.07	1626.01
H	Depreciable value of IT equipment and software (F*100%)	27.88	28.02
I	Total Depreciable Value (G+H)	1584.95	1654.02
J	Weighted average rate of Depreciation (WAROD) (in %)	5.04	5.05
K	Lapsed useful life at the beginning of the year	0	0
L	Balance useful life at the beginning of the year	25	25
M	Depreciation during the year (D*J)	1.94	92.63
N	Cumulative Depreciation at the end of the year (M+N)	1.94	94.57
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	1583.01	1559.45

Interest on Loan ("IoL")

85. Regulation 32 of the 2019 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 as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/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 upto the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of 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 after providing appropriate accounting adjustment for interest capitalized:

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

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

(5a) The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.

(6) The interest on 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.”

86. The Weighted Average Rate of Interest on Loan (WAROI) has been considered based on the prevailing rate on COD. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating interest rate, if any, will be considered at the time of truing-up. Therefore, the IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations for the



transmission assets, and the same is as follows:

Asset I:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Gross Normative Loan	20256.56	20518.61
B	Cumulative Repayments upto Previous Year	0.00	33.82
C	Net Loan-Opening (A-B)	20256.56	20484.79
D	Additions due to ACE	262.05	2530.79
E	Repayment during the year	33.82	1648.06
F	Net Loan-Closing (C+D-E)	20484.79	21367.52
G	Average Loan (C+F)/2	20370.67	20926.15
H	Weighted Average Rate of Interest on Loan (in %)	7.824	7.816
I	Interest on Loan (G * H)	34.94	1635.60

Asset-II:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Gross Normative Loan	1229.52	1231.63
B	Cumulative Repayments upto Previous Year	0.00	1.94
C	Net Loan-Opening (A-B)	1229.52	1229.69
D	Additions due to ACE	2.12	105.30
E	Repayment during the year	1.94	92.63
F	Net Loan-Closing (C+D-E)	1229.69	1242.36
G	Average Loan (C+F)/2	1229.60	1236.03
H	Weighted Average Rate of Interest on Loan (in %)	8.075	8.072
I	Interest on Loan (G * H)	2.18	99.78

Return on Equity (“RoE”)

87. Regulation 30 and Regulation 31 of the 2019 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 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 the storage type hydro generating stations including pumped storage hydro generating stations and run- of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cutoff date beyond the original scope, excluding additional capitalization on 7 account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or



the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to 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 Restricted Governor Mode Operation (RGMO) or 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;
- ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;
- iii. in case of a thermal generating station, with effect from 1.4.2020:
 - a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;
 - b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.”

(3) The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of

operation (Ode) occurs plus 350 basis point, subject to ceiling of 14%.”

“31. Tax on Return on Equity. (1) The base 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. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating

company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

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

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

Where “t” is the effective tax rate in accordance with clause (1) of this Regulation and 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 company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess.

Illustration-

(i) In case of a generating company or a transmission licensee paying Minimum Alternate Tax (MAT) @ 21.55% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1 - 0.2155) = 19.758\%$$

(ii) In case of a generating company or a transmission licensee paying normal corporate tax including surcharge and cess:

- (a) Estimated Gross Income from generation or transmission business for FY 2019-20 is ₹ 1,000 crore;
- (b) Estimated Advance Tax for the year on above is ₹ 240 crore;
- (c) Effective Tax Rate for the year 2019-20 = ₹ 240 Crore / ₹ 1000 Crore = 24%;
- (d) Rate of return on equity = $15.50 / (1 - 0.24) = 20.395\%$.

(3) 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 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 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. 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 year to year basis."

88. The Petitioner has submitted that the MAT rate applies to it. Accordingly, the MAT rate applicable during the 2019-24 period for respective financial years has been considered for the purpose of RoE, which will be trued up in accordance with Regulation 31(3) of the 2019 Tariff Regulations. The RoE allowed with respect to the transmission assets for the 2019-24 tariff period is as follows:

Asset-I:

		(₹ in lakh)	
	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Opening Equity (A)	8681.37	8793.68
B	Additions (B)	112.31	1084.63



C	Closing Equity (C) = (A+B)	8793.68	9878.31
D	Average Equity (D) = (A+C)/2	8737.53	9336.00
E	Return on Equity (Base Rate) (in %)	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472
G	Rate of Return on Equity (in %) (E/(1-F))	18.782	18.782
H	Return on Equity (D * G)	35.97	1753.44

Asset II:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Opening Equity (A)	526.93	527.84
B	Additions (B)	0.91	45.13
C	Closing Equity (C) = (A+B)	527.84	572.97
D	Average Equity (D) = (A+C)/2	527.39	550.40
E	Return on Equity (Base Rate) (in %)	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472
G	Rate of Return on Equity (in %) (E/(1-F))	18.782	18.782
H	Return on Equity (D * G)	2.17	103.37

Operation & Maintenance Expenses (“O&M Expenses”)

89. The O&M Expenses claimed by the Petitioner for the transmission assets for the 2019-24 tariff period are as follows:

Asset I:

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
Transmission Line – 220 kV D/C Chandigarh Panchkula		
Line Length	14.237	14.237
Norms	0.419	0.433
Total O&M Expenses	0.13	6.16
Transmission Line – 220 kV D/C Chandigarh Panchkula Cable Portion (M/C)		
Line Length	9.594	9.594
Norms	1.713	1.773
Total O&M Expenses	0.36	17.01
Sub-station - Panchkula:220 kV Chandigarh (Hallomajra) Line (AIS) 220 kV		
Number of Line Bays	2	2
Norms	24.96	25.84
Total O&M Expenses	1.09	51.68
Sub-station – Hallomajra Chandigarh: ICT- I & ICT-II at Chandigarh (Hallomajra)		
Number of ICT's	2	2
MVA Capacity	160	160
Norms	0.272	0.282
Total O&M Expenses	1.91	90.24



Sub-station: (GIS) 220 kV		
i. Hallomajra Chandigarh: Panchkula Line Bays		
ii. Hallomajra Chandigarh: ICT-I & ICT-II Bays		
Number of Line Bays	4	4
Norms	17.472	18.088
Total O&M Expenses	1.54	72.36
Sub-station: (GIS) 132 kV Hallomajra Chandigarh: ICT-I & ICT-II Bay		
Number of Line Bays	2	2
Norms	12.481	12.922*
Total O&M Expenses	0.55	25.84
Total O&M Expenses	5.58	263.29

Asset II:

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
Sub-station: (GIS) 132 kV Hallomajra Chandigarh: Bays for Downstream Line EDUTC		
Number of line bays	8	8
Norms	12.481	12.922*
Total O&M Expenses	2.19	103.38

90. Regulation 35(3)(a) of the 2019 Tariff Regulations provides as follows:

“35. Operation and Maintenance Expenses:

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867



Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1666	1725	1785	1848	1913
500 kV Rihand-Dadri HVDC bipole scheme (₹ Lakh) (1500 MW)	2252	2331	2413	2498	2586
±500 kV Talcher- Kolar HVDC bipole scheme (₹ Lakh) (2000 MW)	2468	2555	2645	2738	2834
±500 kV Bhiwadi-Balia HVDC bipole scheme (₹ Lakh) (2500 MW)	1696	1756	1817	1881	1947
±800 kV, Bishwanath-Agra HVDC bipole scheme (₹ Lakh)(3000 MW)	2563	2653	2746	2842	2942

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 further that:

- (i) the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;
- (ii) the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;
- (iii) the O&M expenses of ±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 ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);
- (iv) the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;



(v) the O&M expenses of ± 800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000

MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ± 800 kV, Bishwanath-Agra HVDC bi-pole scheme; and

(vi) the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of sub-station bays, transformer capacity of the transformer (in MVA) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA and per km respectively.

(c) The Security Expenses and Capital Spares for transmission system shall be allowed separately after prudence check:

Provided that the transmission licensee shall submit the assessment of the security requirement and estimated security expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification.”

91. We have considered the submissions of the Petitioner. The O&M Expenses have been worked out as per the norms in the 2019 Tariff Regulations, and the same will be subject to truing up, which are as follows:

Asset-I:

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
Transmission Line – 220 kV D/C Chandigarh Panchkula		
Line Length	14.237	14.237
Norms	0.419	0.433
Total O&M Expenses	0.13	6.16
Transmission Line – 220 kV D/C Chandigarh Panchkula Cable Portion (M/C)		
Line Length	9.594	9.594
Norms	#1.713	1.773
Total O&M Expenses	0.36	17.01
Sub-station - Panchkula:220 kV Chandigarh (Hallomajra) Line (AIS) 220 kV		
Number of Line Bays	2	2
Norms	24.96	25.84
Total O&M Expenses	1.09	51.68
Sub-station – Hallomajra Chandigarh: ICT- I & ICT-II at Chandigarh (Hallomajra)		
Number of ICT's	2	2



MVA Capacity	160	160
Norms	0.272	0.282
Total O&M Expenses	1.91	90.24
Sub-station: (GIS) 220 kV		
iii. Hallomajra Chandigarh: Panchkula Line Bays		
iv. Hallomajra Chandigarh: ICT-I & ICT-II Bays		
Number of Line Bays	4	4
Norms	17.472*	18.088
Total O&M Expenses	1.54	72.36
Sub-station: (GIS) 66 kV Hallomajra Chandigarh: ICT-I & ICT-II Bay		
Number of Line Bays	2	2
Norms	12.481*	12.922
Total O&M Expenses	0.55	25.84
Total O&M Expenses	5.57	263.29

Asset-II:

(₹ in lakh)

Particulars	2022-23 (pro-rata 8 days)	2023-24
Sub-station: (GIS) 66 kV Hallomajra Chandigarh: Bays for Downstream Line EDUTC		
Number of line bays	8	8
Norms	12.481*	12.922
Total O&M Expenses	2.19	103.38

* 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

Norms for cable is not defined in the Tariff Regulation, 2019. O&M norms of Multi circuit (Twin & Triple) Conductor AC line has been considered for cable.

Interest on Working Capital (“IWC”)

92. Regulations 34(1)(c), 34(3), 34(4) and 3(7) of the 2019 Tariff Regulations specify as follows:

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

.....

(c) **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 (b) 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 39 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted



average for the third quarter of preceding financial year in case of each financial year for which tariff is to be determined:

Provided that in case of 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 39 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 normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 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 bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

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

“3. Definitions. - *In these regulations, unless the context otherwise requires:-*

‘Bank Rate’ *means the one year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;”*

93. The Petitioner has submitted that it has computed IWC for the 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the IWC to be 10.50%.

94. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 10.50% (SBI 1-year MCLR applicable as on 1.4.2022 of 7.00% plus 350 basis points) for the FY 2022-23 and 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for the FY 2023-24.

95. The components of the working capital and interest allowed thereon are as follows:



Asset-I:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	21.18	21.94
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	38.13	39.49
C	Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	629.34	662.37
D	Total Working Capital (A+B+C)	688.66	723.80
E	Rate of Interest (in %)	10.50	12.00
F	Interest on Working Capital (D * E)	1.58	86.86

Asset-II:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	8.32	8.61
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	14.98	15.51
C	Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	48.63	50.17
D	Total Working Capital (A+B+C)	71.92	74.29
E	Rate of Interest (in %)	10.50	12.00
F	Interest on Working Capital (D * E)	0.17	8.92

Annual Fixed Charges for the 2019-24 Tariff Period

96. The transmission charges allowed with respect to the transmission assets for the 2019-24 tariff period are as follows:

Asset-I:

(₹ in lakh)

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Depreciation	33.82	1648.06
B	Interest on Loan	34.94	1635.60
C	Return on Equity	35.97	1753.44
D	Interest on Working Capital	1.58	86.86
E	O&M Expenses	5.57	263.29
F	Total	111.88	5387.25



Asset-II:**(₹ in lakh)**

	Particulars	2022-23 (pro-rata 8 days)	2023-24
A	Depreciation	1.94	92.63
B	Interest on Loan	2.18	99.78
C	Return on Equity	2.17	103.37
D	Interest on Working Capital	0.17	8.92
E	O&M Expenses	2.19	103.38
F	Total	8.65	408.08

Filing Fee and the Publication Expenses

97. The Petitioner has sought reimbursement of the fee paid for filing the Petition and publication expenses. The Petitioner shall be entitled to reimbursement of the filing fees and publication expenses in connection with the present Petition directly from the beneficiaries on a pro-rata basis in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

License Fee, RLDC Fees and Charges

98. The Petitioner has sought reimbursement of the licensee fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner shall be entitled to reimbursement of the licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner shall also be entitled to the recovery of RLDC fees and charges in accordance with Regulations 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

99. The Petitioner has submitted that if GST is levied at any rate and at any point of time in the future on charges of transmission of electricity, the same has to be borne and additionally paid by the Respondent(s) to the Petitioner and the same will be charged and billed separately by the Petitioner. Further additional taxes, if any, are to be paid by the Petitioner on account of demand from Government/



Statutory authorities, and the same may be allowed to be recovered from the beneficiaries.

100. We have considered the Petitioner's submissions. Since GST is not levied on transmission service at present, we consider the Petitioner's prayer premature.

Security Expenses

101. The Petitioner has submitted that security expenses related to transmission assets are not claimed in the instant Petition and that it would claim them separately.

102. We have considered the Petitioner's submissions. The Petitioner has claimed consolidated security expenses on a projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in the FY 2018-19 in Petition No. 260/MP/2020. The Commission, vide its order dated 3.8.2021 in Petition No. 260/MP/2020, has approved security expenses from 1.4.2019 to 31.3.2024. Therefore, the Petitioner's prayer in the instant Petition for allowing it to file a separate Petition for claiming the overall security expenses has become infructuous.

Capital Spares

103. The Petitioner has sought reimbursement of capital spares at the end of the tariff period. The Petitioner's claim, if any, shall be dealt with in accordance with the provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

104. The Petitioner has submitted that the tariff of the transmission assets will be recovered monthly in accordance with Regulation 57 of the 2019 Tariff Regulations and shared by the beneficiaries as per the Central Electricity Regulatory

Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (“the 2020 Sharing Regulations”).

105. We have considered the Petitioner’s submission.

106. Regulation 13(12) of the 2020 Sharing Regulations provides as follows:

“13. Treatment of transmission charges and losses in specific cases

(12) In case of a transmission system where COD has been approved in terms of proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges for the transmission system shall be:

(a) paid by the inter-State transmission licensee whose transmission system is delayed till its transmission system achieves COD, or

(b) paid by the generating company whose generating station or unit(s) thereof is delayed, till the generating station or unit thereof, achieves COD, or

(c) shared in the manner as decided by the Commission on case to case basis, where more than one inter-State transmission licensee is involved or both transmission system and generating station are delayed.”

107. As discussed above in this order, the COD of Assets- I and II has been approved as 24.3.2023 under Regulation 5(2) of the 2019 Tariff Regulations. This decision is based on the fact that the associated downstream asset to be developed by EDUTC was not ready, with actual power flow commencing on 29.3.2024. Consequently, EDUTC is responsible for paying transmission charges from 24.3.2023 to 28.3.2024. With effect from 29.3.2024, the transmission charges associated with Assets-I and II shall be included in the PoC Pool.

108. Accordingly, the billing, collection, and disbursement of the transmission charges shall be recovered in terms of Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers in the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission



Charges and Losses) Regulations, 2010 as amended from to time.

Interim Tariff

109. The Petitioner has prayed to allow the interim tariff in accordance with Regulation 10(3) of the 2019 Tariff Regulations for inclusion in the point of connection charges.

110. We have considered the petitioner's submissions. Since we have determined the transmission tariff in respect of the transmission assets in this order, the prayer for the interim tariff becomes redundant. Therefore, we have not considered it in this order.

111. To summarize:

a. AFC allowed in respect of the transmission assets for the 2019-24 tariff period are as follows:

Asset	(₹ in lakh)	
	2022-23 (pro-rata 8 days)	2023-24
Asset-I	111.88	5387.25
Asset-II	8.65	408.08

112. The Annexures to this order form a part of the order.

113. This order disposes of Petition No. 328/TT/2023 in terms of the above findings and discussions.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson



ANNEXURE

Asset I:

Capital Expenditure	Admitted capital cost as on COD	Projected ACE					Admitted capital cost as on 31.3.2024	Rate of depreciation (in %)	Annual Depreciation				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Building	2685.64	-	-	-	34.73	46.76	2767.13	3.34	-	-	-	90.28	91.64
Transmission Line	17860.04	-	-	-	231.10	2861.21	20952.35	5.28	-	-	-	949.11	1030.75
Substation	7754.67	-	-	-	100.28	707.45	8562.40	5.28	-	-	-	412.09	433.42
PLCC	52.64	-	-	-	0.68	0.00	53.32	6.33	-	-	-	3.35	3.38
IT Equipment	584.95	-	-	-	7.56	0.00	592.51	15.00	-	-	-	88.31	88.88
Total	28937.93	-	-	-	374.36	3615.42	32927.70		-	-	-	1543.15	1648.06
								Average Gross Block	-	-	-	29125.11	31120.00
								WAROD (in %)	0.00	0.00	0.00	5.30	5.30



Asset II:

Capital Expenditure	Admitted capital cost as on COD	Projected ACE					Admitted capital cost as on 31.3.2024	Rate of depreciation (in %)	Annual Depreciation				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Building	353.84	-	-	-	0.61	9.05	363.50	3.34	-	-	-	11.83	11.99
Transmission Line	0.00	-	-	-	0.00	0.00	0.00	5.28	-	-	-	0.00	0.00
Substation	1374.75	-	-	-	2.37	141.16	1518.28	5.28	-	-	-	72.65	76.44
PLCC	0.00	-	-	-	0.00	0.00	0.00	6.33	-	-	-	0.00	0.00
IT Equipment	27.86	-	-	-	0.05	0.22	28.13	15.00	-	-	-	4.18	4.20
Total	1756.45	-	-	-	3.02	150.43	1909.90		-	-	-	88.66	92.63
								Average Gross Block	-	-	-	1757.96	1834.69
								WAROD (in %)	0.00	0.00	0.00	5.04	5.05

