CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 122/TT/2025

Coram:
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member

Date of Order: 25.03.2025

In the matter of:

Approval under Section 62 read with Section 79 (1) (d) of Electricity Act, 2003 and under the Regulation 15 (1) (a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2024 for truing up of transmission tariff for the 2019-24 and for determination of transmission tariff for 2024-29 tariff block for the Combined Asset under Installation of Reactors (Part-II) in the Western Region

And in the matter of:

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

Vs.

1. **Madhya Pradesh Power Management Company Limited,**
   Shakti Bhawan, Rampur,
   Jabalpur – 482008.

2. **Madhya Pradesh Power Transmission Company Limited,**
   Shakti Bhawan, Rampur,
   Jabalpur - 482008.

3. **Madhya Pradesh Industrial Development Corporation,**
   ATULYA IT PARK, 1st Floor, Near Crystal IT Park,
   Khandwa Road, Opp. University,
   Indore (MP)-452010.

4. **Maharashtra State Electricity Distribution Co. Limited,**
   Hongkong Bank Building, 3rd Floor,
   M.G. Road, Fort, Mumbai – 400001.

5. **Maharashtra State Electricity Transmission Co. Limited,**

Prakashganga, 6th Floor, Plot No. C-19, E-Block, Bandra Kurla Complex, Bandra (East),
Mumbai-400051

6. **Gujarat Urja Vikas Nigam Limited,**
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara – 390007.

7. **Electricity Department,**
Govt. of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa – 403001.

8. **DNH and DD Power Corporation Limited,**
1st & 2nd Floor, Vidyut Bhavan,
Silvassa – 396230, DNH, India.

9. **Chhattisgarh State Power Distribution Company Limited,**
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh – 492013.

10. **Chhattisgarh State Power Distribution Co. Limited,**
P.O. Sunder Nagar, Dangania,
Raipur-492 013.

11. **Gujarat Energy Transmission Corporation Limited,**
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara – 390 007 **…Respondents**

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri Vivek Kumar Singh, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited for the truing up of the transmission tariff for 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as the 2019 Tariff Regulations) and for determination of transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as the 2024 Tariff

Regulations) for the Combined Asset under "Installation of Reactors (Part-II)" in the Western Region.

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

a) *"Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 12 and 13 above.*

b) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.*

c) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.*

d) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*

e) *Allow the petitioner to bill and recover Licensee fee and RLDC fees & charges, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*

f) *Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*

g) *Allow the Initial spares claimed as project as a whole.*

h) *Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 19 above.*

i) *Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 19 above.*

j) *Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 19 above.*

k) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.*

l) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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

Background:

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

a) The Investment Approval (I.A.) for the Transmission System was accorded by the Board of Directors of the Petitioner's company vide memorandum dated 05.04.2013 at an estimated Cost of ₹9283 lakhs including IDC of ₹502 lakh based on February, 2013 price level. The Revised Cost Estimate (R.C.E) was accorded by the Board of Directors (BOD) of the Petitioner's company vide memorandum dated 12.10.2015 at an estimated cost of ₹10211 lakhs, including IDC of ₹182 lakh at April,2015 price level.

b) The scope of the transmission project as per Investment Approval is as under:

Sub-station:

- *400 KV, 125 MVAR Bus Reactor at Raipur Sub-station.*
- *400 KV, 125 MVAR Bus Reactor at Seoni Sub-station.*
- *400 KV, 63 MVAR Line Reactor at Raipur Sub-station.*
- *1x125 MVAR Bus Reactor at 400 KV Damoh Sub-station.*
- *1x125 MVAR Bus Reactor at 400 KV Bachau Sub-station.*
- *1x125 MVAR Bus Reactor at 400 KV Pirana Sub-station.*
- *1X125 MVR Bus Reactor-1 at 400 KV Itarsi Sub-station.*
- *1X125 MVAR Bus Reactor-2 at 400 KV Itarsi Sub-station.*
- *1X125 MVAR Bus Reactor at 400 KV Gwalior Sub-station.*
- *400 KV, 1x125 MVAR Bus Reactor at Parli Sub-station.*
- *Conversion of 4 No 50 MVAR Line Reactor into Switchable Line Reactor at 400 KV Pune Sub-station.*

c) The Petitioner has filed the present Petition for truing up of transmission tariff for 2019-24 and determination of transmission tariff for 2024-29 tariff period in respect of the following transmission assets:

Asset No.	Name of the Asset	COD
Asset-A1	420 KV 1*125 MVAR Bus Reactor at Raipur S/s.	2.10.2014
Asset-A2	400 KV 125 MVAR Bus Reactor along with associated bays at Seoni S/s	13.12.2014
Asset-A3	420 KV 1*63 MVAR Line Reactor at Raipur S/s (1Ckt of 400 KV Raipur Bhadrawati D/C)	30.8.2014
Asset-B1	1*125 MVAR Bus Reactor at 400 KV Damoh S/s	2.10.2014
Asset-B2	1x125MVAR Bus Reactor along with associated bay at 400 KV Bachau S/s	3.12.2014
Asset-B3	1*125 MVAR Bus Reactor at 400 KV Pirana S/s	4.10.2014
Asset-B4	400 KV 1X125 MVR Bus Reactor-I at Itarsi S/s	7.8.2014
Asset-B5	1X125 MVAR Bus Reactor-II at 400 KV Itarsi S/s	15.10.2014
Asset-B6	400 KV 1X125 MVAR Bus Reactor at Gwalior S/s	2.7.2014
Asset-C1	420 KV 125 MVAR Bus Reactor along with associated bays at Parli S/s	10.01.2015
Asset-C2	Conversion of 4 No 50 MVAR Line Reactor for Parli-I & II and Aurangabad I & II into Switchable Line Reactor at 400 KV Pune S/S	13.12.2014

d) The transmission tariff in respect of Assets-A1, A2 and A3 was approved by the Commission from their respective COD to 31.3.2019 vide order dated 26.5.2016 in Petition No. 117/TT/2014. The transmission tariff of Assets-B1 to B6 from their respective COD to 31.3.2019 was approved vide order dated 28.4.2016 in Petition No. 242/TT/2014. The transmission tariff in respect of Assets-C1 and C2 from their respective COD to 31.3.2019 was approved vide order dated 26.4.2016 in Petition No. 399/TT/2014.

e) The Petitioner has replaced the 2x50 MVAR existing bus reactor at Itarsi Sub-station and has submitted that the said 2x50 MVAR reactors were installed during 1998 under Vindhyachal Stage-1 Additional Transmission System in the Western Region and are covered in Petition No. 397/TT/2014. The Commission had trued-up the tariff

for 2009-14 and tariff for 2014-19 for the same vide order dated 11.1.2016. Further, the replacement of 2x50 MVAR reactors with 2x125 MVAR reactors was approved in the Investment Approval dated 5.4.2013. The use of replaced 2x50 MVAR bus reactors as spare reactors was agreed by the members in the 34th Standing Committee Meeting (SCM) held on 9.5.2012 and 20th WRPC meeting held on 18.5.2012. The Petitioner has replaced 1x50 MVAR existing bus reactor at Gwalior Sub-station with 1X125 MVAR Bus Reactor and the replaced 50 MVAR Reactor at Gwalior is kept as spare. The Commission vide order dated 10.05.2021 in Petition No. 350/TT/2020 had trued-up the tariff for the 2014-19 period and determined the AFC for the Combined Asset for the 2019-24 tariff period.

f) In compliance of the RoP for the hearing dated 12.2.2025, the Petitioner vide affidavit dated 13.3.2025 has submitted that all the assets covered under the instant Petition are presently in use and there is no decapitalization in the assets covered under the instant Petition. The Petitioner has submitted the details of the other Petitions where the additional assets have been implemented at 400 kV Damoh, 400 kV Bachau, 400 kV Pirana, 400 kV Itarsi, 400 kV Seoni, 400 kV Parli, 400 kV Raipur, 400 kV Gwalior and 400 kV Pune Sub-stations as under:

S. No.	Name of the Sub-station	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)	Order No. (for tariff details)
1	Pirana	400 kV D/C Pirana-Dehgam Transmission Line along with associated bays at Pirana and Dehgam Sub-station and 400 /220 kV Pirana Sub-station (New)	01.03.2011	WRSS VI	26/TT/2025	297/TT/2022
		ICT-I (1X315MVA) 400/220 kV at Pirana Sub-station along with associated bays	01.03.2011	WRSS VI	26/TT/2025	297/TT/2022
		ICT-II (1X315MVA) 400/220 kV at Pirana Sub-station along with associated Bays	01.04.2011	WRSS VI	26/TT/2025	297/TT/2022
		2 nos. 220 kV line bays at 400/220 kV Pirana Substation	21.03.2015	Augmentation of Transformer and Bays in Western Region	108/TT/2025	327/TT/2020

		Vadodara-Pirana 400 kV D/C (Quad) T/L alongwith bays at Pirana S/S (for direct interconnection with 400 kV Vadodara-Asoj T/L)	01.04.2021 4	Transmission System for IPP Generation projects in Madhya Pradesh & Chattisgarh	D. No. 957 of 2024	349/TT/2020
		1*125 MVAR Bus Reactor at 400 KV Pirana S/s	04.10.2014	Installation of Reactors (Part - II) in Western Region	122/TT/2024	350/TT/2020

S. No.	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)	Order No. (for tariff details)
8	**Parli**	400 kV Parli Switching Station (New) with Bus Reactor and Bhadrawati-Parli 400 kV Transmission Line. Parli (POWERGRID)-Parli (MSETCL) Ckt.-I	01.06.2011	Western Regional System Strengthening Scheme-II in Western Region	1263/2024	356/TT/2020
		400 kV Parli (POWERGRID)-Parli (MSETCL) Ckt.-II	01.06.2011	Western Regional System Strengthening Scheme-II in Western Region	1263/2024	356/TT/2020
		400 kV D/C Wardha-Parli line along with associated bays	01.08.2011	Western Regional System Strengthening Scheme-II in Western Region	1263/2024	356/TT/2020
		400 kV Bays for Solapur-Parli D/C line at Solapur Sub-station and Parli Sub-station	01.09.2011	Western Regional System Strengthening Scheme-II in Western Region	1263/2024	356/TT/2020
		400 kV Bays for Pune-Parli D/C line at Pune Sub-station and Parli Sub-station	01.09.2011	Western Regional System Strengthening Scheme-II in Western Region	1263/2024	356/TT/2020
		420 KV 125 MVAR Bus Reactor along with	10-01-2015	Installation of Reactors (Part	122/TT/2025	350/TT/2020

		associated bays at Parli S/s		- II) in Western Region		
		2 Number 500 MVA, 400/220 kV ICTs along with associated bays and 2 Number 220 kV line bays (for LILO of Parli – Harangul at Parli (Powergrid) Switching Station	12-08-2018	Western Region System Strengthening-XVI (WRSS XVI)" scheme in the Western Region	1047/2024	28/TT/2021
		2 Number 220 kV line bays for Parli Osmanabad 220 kV S/C line at Parli Sub-station	12-08-2018	Western Region System Strengthening-XVI (WRSS XVI)" scheme in the Western Region	1047/2024	28/TT/2021
		2 Numbers 400 kV line Bays at Parli (POWERGRID) Switching Station (for Parli New (TBCB)-Parli (POWERGRID) 400 kV D/C (Quad) line under TBCB) and 2 Nos. 765 kV line Bays at Solapur (POWERGRID) Substation (for Parli New (TBCB)-Solapur (POWERGRID) 765 kV D/C line under TBCB route)	27-04-2018	POWERGRID works associated with Western Region Strengthening Scheme XV" in Western Region	01/TT/2025	417/TT/2019
		•Bypassing of Parli(PG) - Parli(M) 400kV Line Ckt 1 and Parli(PG)-Parli(New) 400kV (quad) Line Ckt 1 at the outskirts of Parli(PG) S/s so as to form Parli(M)-Parli(New) 400kV Ckt 1 direct Line. •Reconductoring of Parli(PG)-Parli(M) 400kV line Ckt 1 section with twin HTLS conductor with a minimum capacity of 1940 MVA per circuit at a nominal voltage. •400kV bay upgradation work for above line bays at Parli(M) S/s (The current rating of existing bays upgraded from 2000A to 3150A to suit the reconductoring with Twin HTLS conductor.	10.12.2023	Western Region Expansion Scheme-XXX (WRES-XXX)	191/TT/2025	-

		•Bypassing of Parli(PG) - Parli(M) 400kV Line Ckt 2 and Parli(PG)-Parli(New) 400kV (quad) Line Ckt 2 at the outskirts of Parli(PG) S/s so as to form Parli(M)-Parli(New) 400kV Ckt 2 direct Line. •Reconductoring of Parli(PG)-Parli(M) 400kV line Ckt 2 section with twin HTLS conductor with a minimum capacity of 1940 MVA per circuit at a nominal voltage •400kV bay upgradation work for above line bays at Parli(M) S/s (The current rating of existing bays upgraded from 2000A to 3150A to suit the reconductoring with Twin HTLS conductor)	18.02.2024	Western Region Expansion Scheme-XXX (WRES-XXX)	191/TT/2025	-

S. No.	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)	Order No. (for tariff details)
7	**Seoni**	765/400 Bilaspur SS(new) alongwith LILO of Sipat-Seoni Ckt-1 with 3x80 MVAR Line Reactor ,3x80 MVAR Bus Reactor and 765/400 kV	01-04-2012	WRSS X	1268/2024	27/TT/2020
		Upgradation of existing Seoni-Bina TL at 765 kV level along with associated bays at Seoni Sub-station & Bina Sub-station - 3	01.07.2012	Transmission System associated with Sasan Ultra Mega Power Project (UMPP)	207/TT/2025	406/TT/2020
		765 kV Sipat-Seoni Ckt-I & 765/400 kV ICT-I at Seoni and LILO of 400 kV Bhilai-Satpura line along with bay equipment at Seoni	01.11.2007	Sipat-I Transmission System	1269/2024	12/TT/2022
		400/220 kV ICT-I along with two 220 kV line bays at Seoni	01.12.2007	Sipat-I Transmission System	1269/2024	12/TT/2022

		400 kV D/C Seoni-Khandwa T/L alongwith associated bays, 80 MVAR Bus Reactor, 765/400 kV ICT-II at Seoni S/S, LILO of SardarSarovar-Nagda Line & 315MVA, 400/220kV ICT-I at Rajgarh	01.04.2008	Sipat-I Transmission System	1269/2024	12/TT/2022
		765 kV Sipat-Seoni Ckt-II	01.05.2008	Sipat-I Transmission System	1269/2024	12/TT/2022
		315 MVA, 400/220 kV ICT-II at Seoni S/S, ICT-I at Rajgarh	01.04.2008	Sipat-I Transmission System	1269/2024	12/TT/2022
		400 kV Khandwa Rajgarh Circuit-II along with associated bays and 765/400 kV ICT-III at Seoni Sub-station	01.04.2008	Sipat-II Transmission System in the Western Region	224/TT/2025	691/TT/2020
		765 kV S/C Seoni-Wardha Transmission Line with associated bays	01.04.2009	Sipat-II Supplementary Transmission System in Western Region.	1289/2024	418/TT/2019
		765 kV S/C Seoni-Bina Transmission Line	01-04-2010	Transmission System associated with BARH Generation Project(3x660MW)	758/2024	84/TT/2020
		765 kV S/C Seoni-Wardha Transmission Line	01.03.2012	Western Regional System Strengthening Scheme-II in Western Region	1263/2024	356/TT/2020
		Establishment of 765/400 kV Wardha Sub-station with 1500 MVA ICT1, 240 MVAR Bus Reactor and Switchable 240 MVAR Line Reactor at Seoni, bays for Seoni-Wardha Circuit-2 at Wardha Sub-station and Seoni Sub-station	01.03.2012	Transmission System associated with Mundra Ultra Mega Power Project	403/TT/2020	403/TT/2020

		Bay Extension at 765 kV Seoni Sub-station and Wardha Substation for 765 Seoni-Wardha Circuit-1 alongwith switchable Line Reactor at Seoni	01.06.2012	Transmission System associated with Mundra Ultra Mega Power Project	403/TT/2020	403/TT/2020
		240 MVAr Switchable Line Reactor for 765 kV Seoni-Wardha Circuit#1 at Seoni Sub-station	02.05.2014	Transmission System associated with Mundra Ultra Mega Power Project	403/TT/2020	403/TT/2020
		240 MVAr Switchable Line Reactor for 765 kV Seoni-Wardha Circuit#2 at Seoni Sub-station	01.04.2014	Transmission System associated with Mundra Ultra Mega Power Project	403/TT/2020	403/TT/2020
		Extension of 765/400 kV Bilaspur Pooling Station (near Sipat) along with LILO of Sipat-Seoni Ckt 2 with 240 MVAR Line Reactor	01.04.2012	WRSS XI Scheme in Western Region	231/TT/2025	650/TT/2020
		400 KV 125 MVAR Bus Reactor along with associated bays at Seoni S/s	13-12-2014	Installation of Reactors (Part - II) in Western Region	122/TT/2025	350/TT/2020
		Augmentation of 500 MVA 400/220 kV ICT at Seoni Sub-station	07-03-2022	Western Region System Strengthening Scheme-WRSS XXIII	1079/2024	332/TT/2022

S. No.	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)
6	**Bhachau**	400 kV D/C Mundra-Bachchau Transmission Line along with associated bays	01.10.2011	Transmission System associated with Mundra Ultra Mega Power Project (UMPP)	403/TT/2020
		400 kV D/C Bachchau-Ranchoddpura Transmission Line	01.10.2011	Transmission System associated with Mundra Ultra Mega Power Project (UMPP)	403/TT/2020
		New 400/220 kV Bachchau Sub-station (Gujarat) and 1x63 MVAR Bus Reactor at Bachchau Sub-station (New) along with associated bays	01.10.2011	Transmission System associated with Mundra Ultra Mega Power Project (UMPP)	403/TT/2020

		400/220 kV ICT-I and II along with associated bays at Bachchau Sub-station	01.10.2011	Transmission System associated with Mundra Ultra Mega Power Project (UMPP)	403/TT/2020
		1x125MVAR Bus Reactor along with associated bay at 400 KV Bachau S/s	03-12-2014	Installation of Reactors (Part - II) in Western Region	122/TT/2025
		400 KV D/C Bachau (PG) - Versana (GETCO) alongwith associated bay	08-01-2015	WRSS-XIII	370/TT/2024
		Essar Gujrat TPS-Bachau 400 KV D/C (Triple) line & Extension of Bachau S/s	09.08.2021	Transmission System for Connectivity of Essar Power Gujarat Limited	191/TT/2023
		Essar Gujarat TPS-Bachau 400 kV D/C (triple) line	12.04.2022	Transmission System for Connectivity of Essar Power Gujarat Limited	191/TT/2023
		LILO of both Ckts of Mundra UMPP-Limbdi 400 KV D/C (triple sNOwbird) TL along with 4 NOs 400 KV line bays at Bachau S/s	30-10-2017	Transmission system Strenghthening associated with Mundra UMPP (Part-A)	977/2024

S. No.	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)	Order No. (for tariff details)
5	**Damoh**	400/220 kV Damoh Sub-station along with associated bays;	01.09.2008	WRSS-IV	1254/2024	389/TT/2019
		ICT-I at Damoh Sub-station along with associated bays	01.09.2008	WRSS-IV	1254/2024	389/TT/2019
		400/220 kV 315 MVA ICT-II along with associated 400 kV and 220 kV bays at Damoh Sub-station	01.12.2008	WRSS-IV	1254/2024	389/TT/2019
		400 kV 63 MVAR factor along with associated 400 kV bay at Damoh Sub-station.	01.01.2009	WRSS-IV	1254/2024	389/TT/2019
		400 kV D/C Damoh-Bhopal along with associated bays Ckt.-I	01.06.2010	WRSS-II	1263/2024	356/TT/2020
		400 kV D/C Damoh-Bhopal along with associated bays Ckt.-II	01.07.2010	WRSS-II	1263/2024	356/TT/2020
		00 kV D/C Damoh-Birsinghpur Transmission Line along with associated bays	01.03.2011	WRSS-II	1263/2024	356/TT/2020

		500 MVA, 400/220 kV ICT3 at Damoh Sub-station with associated bays	02-10-2014	Installation of Reactors (Part - II) in Western Region	122/TT/2025	350/TT/2020
		02 Numbers Line bays at Damoh Sub-station	18-11-2016	Installation of Bus Reactor and ICT in Western Region	1131/2024	273/TT/2022
		2 Nos. 220 kV Line bays at Damoh S/s (for 220 KV Damoh (PGCIL) - Sagar (MPPTCL) Ckt-2 TL and 220 KV Damoh (PGCIL)-Damoh (MPPTCL)	18-11-2016	Installation of Bus Reactor and ICT in Western Region	1131/2024	273/TT/2022

S. No.	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)
4	**Pune**	ICT III at Pune Sub-station along with bay extension	01.11.2011	Western Region Strengthening Scheme VI	26/TT/2025
		Conversion of 50 MVAR Line Reactor (4 nos.) into switchable Line Reactors at 400/200 kV Pune Sub-station	13.12.2014	"Installation of Reactors (Part-II) in Western Region"	122/TT/2025
		400/220 kV ICT-I at Pune Substation (New) and bays	01.05.2011	Western Regional System Strengthening Scheme-II	1263/2024
		400/220 kV ICT-II at Pune Substation (New) & bays	01.09.2011	Western Regional System Strengthening Scheme-II	1263/2024
		400/220 kV Pune (New) Substation with Bus Reactor & bays for LILO of Ckt.-I of Lonikhand-Kalwa D/C at Pune and Kolhapur bays	01.05.2011	Western Regional System Strengthening Scheme-II	1263/2024
		400/220 kV Pune (New) Substation with Bus Reactor and bays for LILO of Ckt.-II of LorikhandKalwa D/C at Pune	01.09.2011	Western Regional System Strengthening Scheme-II	1263/2024
		400 kV Bays for Pune-Parli D/C line at Pune Sub-station	01.09.2011	Western Regional System	1263/2024

				Strengthening Scheme-II	
		400 kV Bays for Pune-Aurangabad D/C line at Pune Sub-station	01.09.2011	Western Regional System Strengthening Scheme-II	1263/2024

S. No.	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)	Order No. (for tariff details)
3	**765/400/220kV Gwalior Substation**	400 kV Agra-Gwalior 765 kV S/C Transmission Line including respective bays at Agra and Gwalior Sub-station	01-04-2007	Kahalgaon Stage-II, Phase-I Transmission system in Eastern, Northern Region & Inter - regional link between Northern & Western Region	Diary No: 962/2024	86/TT/2020
		765 kV S/C Bina-Gwalior Transmission Line with bays	01-04-2007	Transmission System associated with Sipat-II	224/TT/2025	691/TT/2020
		315 MVA, 400/220/33 kV ICT-I along with associated bays at Gwalior Substation	01-05-2007			
		400 kV 315 ICT-II at Gwalior Sub-station	01-04-2008			
		04 feeder bays downstream at Gwalior	01-04-2008			
		765 kV S/C AgraGwalior Transmission Line Circuit-II along with 400 kV bays at Agra and Gwalior Substations	01-04-2009	North-West Transmission Corridor Strengthening Scheme in both Western and Northern Regions	213/TT/2025	380/TT/2020
		765 kV S/C Bina-Gwalior Line-II along with associated bays	01-03-2010	Western Regional System Strengthening Scheme-II	Diary No: 1263/2024	356/TT/2020
		400 kV 50 MVAR Bus Reactor at Gwalior Sub-station	01-09-2010			

		400/220 kV Gwalior (Extension) Sub-station with 1x315MVA ICT along with associated 400/220 kV Bays	01-04-2011	Western Region Strengthening Scheme VI	26/TT/2025	297/TT/2022
		765 kV, 3X500MVA ICT-II along with associated bays of 765 kV & 400 kV at Gwalior Sub-station, Up-gradation of existing Gwalior-Agra Ckt II T/L at 765 kV level along with associated bays at Agra Sub-station & Gwalior Sub-station, 765 kV, 4 X 500MVA ICT-I at along with associated bays of 765 kV & 400 kV at Gwalior Sub-station, Upgradation of existing Bina - Gwalior Ckt 1 Transmission Line at 765 kV level along with associated bays at Bina Sub-station & Gwalior Sub-station, Upgradation of existing Gwalior-Agra Ckt 1 Transmission Line at 765 kV level along with associated bays at Agra Sub-station & Gwalior Sub-station, Up - gradation of existing Bina -Gwalior Ckt 2 TL at 765 kV level along with associated bays at Bina Sub -station & Gwalior Sub -station	01-04-2013	Transmission System associated with Sasan Ultra Mega Power Project (UMPP)	207/TT/2025	406/TT/2020
		765 kV 240MVAR (3 X 80 MVAR) Bus Reactor at Gwalior along with associated bays of 765 kV	01-02-2014			
		400 KV 1X125 MVAR Bus Ractor at Gwalior S/s	02-07-2014	Installation of Reactors (Part-II) in Western Region	122/TT/2025	350/TT/2020
		765 kV S/C Satna-Gwalior Line-1 with	01-03-2014	Transmission System of	Diary No: 1082/2024	7/TT/2021

		associated bays at Satna Sub-station and line reactor		Vindhyachal - IV & RIHAND - III {1000MW} Generation Project		
		3X80 MVAR 765 kV line reactor along with associated bays at Gwalior Sub-station for Satna-Gwalior Line-I	01-01-2014			
		3X80 MVAR 765 kV Line reactor along with associated bays at Gwalior Sub-station (for 765 kV S/C Gwalior-Jaipur Ckt-I)	01-03-2014			
		65 kV S/C Gwalior-Jaipur (RVPN) Ckt#1 Transmission Line and Bay Extension at 765/400 kV Phagi (RVPN-Jaipur) Substation {765 kV Gwalior Bay along with Line Reactor charged as Bus Reactor under Interim Contingency on 1.3.2014 to be used as Line Reactor at Gwalior along with Bays}	14-08-2015			
		765 kV S/C Satna-Gwalior ckt. 2 Transmission Line along with associated bays at both ends and 765 kV, 240 MVAR Switchable Line Reactor at Satna end	06-08-2014			
		765 kV, 240 MVAr Reactor at Gwalior end for 765 kV S/S Satna - Gwalior ckt.-II T/L (765 kV S/S, Satna Gwalior ckt II T/L	30-09-2014			
		765 kV 3x80 MVAR Line Reactor along with associated bays at Gwalior Sub-station (to be used as Bus Reactor under Interim contingency scheme	24-11-2014	Transmission System for Phase-I Generation projects in Orissa Part-C	Diary No: 1084/2024	73/TT/2021

		till readiness of 765 kV S/C Gwalior-Jaipur - 2 and Circuit Transmission Line)				
		765 KV S/C Gwalior-Jaipur ckt.#2 TL along with 240 MVAR switchable LR & associated bays at Jaipur s/s (240 MVAR LR at Gwalior s	13-08-2015			
		765 kV S/C Bina-Gwalior (3rd Circuit Transmission Line)	07-05-2014			
		3x80 MVAR line reactor with associated bays at Gwalior Sub-station used as bus reactor till commissioning of 765 kV Bina Gwalior Ckt-3	01-02-2014			
		400 kV 125 MVAR Bus Reactor-I and Bus Reactor-II at 765 kV Gwalior Substation	01-10-2013			
		Conversion of existing line reactor at Gwalior end of Satna-Gwalior Ckt-1 Transmission Line (to be LILO at Orai) in to switchable line reactor	01.04.2017	Inter-Regional System Strengthening Scheme in WR & NR (Part-B)	Diary No: 1125/2024	352/TT2020
		2 Nos 400 KV GIS line bays at 400 KV Gwalior S/s (for Gwalior S/s-Morena (POWERGRID) 400 KV D/C Quad line)	11-05-2018	POWERGRID works associated with System Strengthening for IPPs in Chhattisgarh and other generation projects in Western Region	Diary No: 1057/2024	113/TT2022
		±200 MVAR STATCOM at 400 kV Gwalior Sub-station	26-12-2018	Installation of STATCOMs in Western Region	Diary No: 1264/2024	481/TT/2020

	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)
2	**Itarsi**	1. 400 kV Itarsi-Khandwa-Dhule Ckt. I and II	01.02.1998	Vindhyachal Stage-I Additional	1311/2024

		2. 400 kV Jabalpur-Itarsi Ckt. III and IV	01.02.1998	Vindhyachal Stage-I Additional	1311/2024
		1x125 MVAR Bus Reactor-1 at 400 kV Itarsi Sub-station,	07.08.2014	Installation of Reactors (Part II) in Western Region	122/TT/2025
		1x125 MVAR Bus Reactor-2 at 400 kV Itarsi Sub-station	15.10.2014	Installation of Reactors (Part II) in Western Region	122/TT/2025
		1x500 MVA, 400/220 kV ICT along with associated transformer bays and 220 kV line bays at Itarsi Sub-station	14.08.2017	WRSS-XIV	1025/2024
		315 MVA, 400/220 kV ICT with associated 220 kV bays associated with Itarsi (PG)-Itarsi (MPPTCL) Ckt-II and 220 kV bays associated with Itarsi (PG)-Bhopal (MPPTCL) Ckt-II DOCO 01.05.2008	01.05.2008	WR System strengthing Scheme 1	27/TT/2025
		400 kV Itarsi-Indore S/C Transmission Line-1	03.12.1989	Vindhyachal Super Thermal Power Station Stage-I Transmission System	1317/2024
		400 kV Jabalpur-Itarsi D/C Transmission Line-1;	08.08.1990	Vindhyachal Super Thermal Power Station Stage-I Transmission System	1317/2024
		400 kV, 125 MVAR 3- Phase Spare Reactor at Itarsi.	01.01.2013	Spare Transformer and Shunt Reactors in WR	227/TT/2025
		1 No., 400/220 kV 500 MVA ICT - 3 along with associated bays at 400/220 kV ITARSI S/S	18.11.2021	Western Region System Strengthening -XX (WRSS-XX)	1080/2024
		400 kV S/C (twin) Satpura- Itarsi T/Line with bays	13.05.1987	Korba transmission system in Western Region	1332/2024
		400 kV S/C (twin) Itarsi- Indore-II T/Line with bays	03.02.1989	Korba transmission system in Western Region	1332/2024
		400 kV S/C (twin) Itarsi- Asoj-I T/Line	15.04.1987	Korba transmission system in Western Region	1332/2024

S. No.	Name of the Substation	Asset name	DOCO	Associated Project Name	Covered in Petition No. (Latest)	Order No. (for tariff details)
1	**Raipur (Existing) & 765/400 kV Raipur PS**	400 kV D/C Raipur (existing) -Raipur Pooling Station (Durg) Transmission Line along with associated bays,	04-01-2013	IPP Generation Projects in Chhattisgarh (Set A/ DPR -1) in Western Region	D. No. 1253 of 2024	11/TT/2020

		765 kV D/C Raigarh Pooling Station (Near Kotra) - Raipur Pooling Station (Durg) Transmission Line along with associated bays	02-01-2014	IPP Generation Projects in Chhattisgarh (Set A/ DPR -1) in Western Region	D. No. 1253 of 2024	11/TT/2020
		765/400 kV, 1500 MVA, ICT with Spare unit and 765 kV, 240 MVAr Bus Reactor with Spare unit at Raipur Pooling Station (Durg) along with associated bays,	06-01-2013	IPP Generation Projects in Chhattisgarh (Set A/ DPR -1) in Western Region	D. No. 1253 of 2024	11/TT/2020
		Conversion of 240 MVAr Non-switchable Line reactor at Raipur PS (associated with Raipur PS-Champa PS 765 kV Ckt1) into Switchable Line reactor along with NGR bypass arrangement	16/10/2023	Western Region Expansion Scheme- XXIV (WRES-XXIV)	150/TT/2024	150/TT/2024
		Conversion of 240 MVAr Non-switchable Line reactor at Raipur PS (associated with Raipur PS-Champa PS 765 kV Ckt- 2) into Switchable Line reactor along with NGR bypass arrangement	11-12-2023	Western Region Expansion Scheme- XXIV (WRES-XXIV)	150/TT/2024	150/TT/2024
		400 KV D/C Raipur - Rourkela Transmission Line along with Raipur & Rourkela Extension	04-01-2003	Eastern-Western inter-regional link.	D. No. 1298 of 2024	215/TT/2020
		400 KV D/C KORBA RAIPUR T/L	07-01-2011	Korba III	223/TT/2025	244/TT/2019
		System Strengthening in Raipur - Wardha Corridor for IPP Projects in Chhattisgarh (IPP-F)	31/03/2017	Raipur Pooling Station-Wardha 765 KV D/C second line along with bay Extension at 765 KV Raipur PS and Wardha S/s	D. No. 1085 of 2024	27/TT/2021
		765 kV 240 MVAR Switchable Line Reactor of Wardha I bay at Raipur Pooling Station (Charged as a Bus Reactor)	04-01-2014	Integration of Pooling Stations in Chhattisgarh with central part of WR for IPP generation projects in Chhattisgarh" in Western Region (IPP-C)	D. No. 1086 of 2024	270/TT/2020
		765 kV 240 MVAR Switchable Line Reactor of Wardha II bay at Raipur Pooling Station (Charged as a Bus Reactor	03-01-2014	Integration of Pooling Stations in Chhattisgarh with central part of WR for IPP generation projects in Chhattisgarh" in Western Region (IPP-C)	D. No. 1086 of 2024	270/TT/2020

		ICT III at Raipur Sub-station along with bay extension 400/220kV 315 MVA ICT	07-01-2011	Western Region Strengthening Scheme VI	26/TT/2025	297/TT/2022
		2 Nos. 765kV line bays at 765/400kV Raipur Pooling Station(POWERGRID) for Raipur PS (POWERGRID)-Rajnandgaon (TBCB) 765kV D/c line	30/11/2018	POWERGRID works associated with additional System Strengthening Scheme for Chhattisgarh IPPs (Part-B)	D. No. 1046 of 2024	30/TT/2021
		Combined Assets under 400 KV KORBA (I & II) Transmission System in Western Region	04-01-1992	KORBA (I & II) Transmission System in Western Region	D. No. 1332 of 2024	317/TT/2020
		400 kV, 125 MVAR Bus Reactor at Raipur Sub-station	10-02-2014	Installation of Reactors (Part-II) in Western Region	122/TT/2025	350/TT/2020
		400 kV, 63 MVAR Line Reactor at Raipur Sub-station	30/08/2014	Installation of Reactors (Part-II) in Western Region	122/TT/2025	350/TT/2020
		400 KV Korba-Raipur Transmission line, LILO of Korba Bhilai Circuit III new sub-station at Raipur with 315 MVA Interconnecting Transformer I and bus reactor & associated bays	01-01-2000	Vindhyachal Stage-II Transmission System in Western Region	D. No. 1314 of 2024	354/TT/2020
		315 MVA Interconnecting Transformer II at Raipur	04-01-2000	Vindhyachal Stage-II Transmission System in Western Region	D. No. 1314 of 2024	354/TT/2020
		LILO of Circuit II of 400 kV D/C Bhillai-Chandrapur line at Raipur	01/04/200	Vindhyachal Stage-II Transmission System in Western Region	D. No. 1314 of 2024	354/TT/2020
		: 765 kV D/C Champa Pooling Station-Raipur Pooling Station Transmission Line alongwith associated bays at Raipur PS	24/05/2014	IPP Generation projects in Chattisgarh (IPP-B)	D. No. 1266 of 2024	370/TT/2020
		Bay Extension, at 765 kV Raipur Pooling Station with Line shunt reactor for 765 kV Champa1 Line Bay-Charged as Bus Reactor	26/05/2014	IPP Generation projects in Chattisgarh (IPP-B)	D. No. 1266 of 2024	370/TT/2020
		Fixed and Thyrister Controlled Series Compensation for 400 KV D/C Raipur-Rourkela Line	11-01-2004	Fixed and Thyristor Controlled Series Compensation for 400 kV D/C Raipur-Rourkela Transmission Line at Raipur in the Western Region	209/TT/2025	386/TT/2019
		40% FSC compensation package for 400kV D/C Khandwa-Seoni transmission line at Khandwa station &	20/07/2008	WRSS-I	209/TT/2025 & 121/TT/2025	414/TT/2019

		400kV D/C Sipat-Raipur transmission line along with Sub-station bays at Raipur and Sipat				
		400 KV D/C RAIPUR CHANDRAPUR	06-01-2005	400kV D/C Raipur-Chandrapur(Bhadrawathi) Transmission Line including bay extension at Raipur and Bhadrwati Substations in Western Region	02/TT/2025	415/TT/2019
		2 no. 765 KV Line Bays along with 2X240 MVAR Switchable Line Reactors at 765/400 KV Raipur Pooling Station of POWERGRID (for 765KV D/C Jharsuguda (Sundaragarh)- Raipur Pool (Line under TBCB)	04-07-2019	TBCB lines under common transmission system for Phase-II generation projects in Odisha	17/TT/2025	665/TT/2020
		315 MVA, 400/220/33 kV 3-phase Spare ICT at Raipur sub-station	07-01-2012	Provision of Spare ICTs and Reactors in Western Region	227/TT/2025	140/TT/2020
		Combined Assets of 400 kV D/C Raigarh-Raipur TL , 400 kV D/C Ranchi-Rourkela TL , 40% FSC at Raipur and 400 KV Rourkela-Rajarh	07-01-2011	East-West Transmission Corridor Strengthening Scheme in Western Region	142/TT/2025	87/TT/2020
		400 kV D/C Raigarh-Raipur Transmission Line along with associated bays;	10-01-2010	East-West Transmission Corridor Strengthening Scheme in Western Region	142/TT/2025	87/TT/2020
		Provision of 40% fixed series compensation package at Raipur Sub-station	04-01-2011	East-West Transmission Corridor Strengthening Scheme in Western Region	142/TT/2025	87/TT/2020
		1500 MVA 765/400 kV ICT-2 at Raipur PS	04-01-2017	Installation of Bus Reactor and ICT in Western Region	D. No. 1131 of 2024	273/TT/2022
		Splitting of 400 kV Raipur Bus through Bus Sectionaliser into two sections at a point between existing Line bays of Chandrapur-I	26/06/2014	Split Bus Arrangement and Reconfiguration/Shifting of Terminating Lines at Raipur 400 kV Sub-station" in Western Region	121/TT/2025	9/TT/2020
		400 kV D/C Raipur-Wardha Transmission Line along with FSC at Wardha	31/08/2012	WRSS-II	D. No. 1263 of 2024	356/TT/2020

g) The Petitioner has further submitted that inadvertently it claimed the O&M Expenses of 400 kV Reactor bay at Damoh Sub-Station as per norms for 765 kV Bay.

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

5. The Petitioner has served a copy of the Petition on the Respondents and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the Act). No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. MPPMCL vide affidavit dated 4.3.2025 has filed its reply has raised the issue of grossing up of Return on Equity (RoE), allowing the tariff for the 2024-29 period after prudence check, effects of CGST and sharing of the transmission charges. The Petitioner vide affidavit dated 8.3.2025 has filed the rejoinder to the reply of MPPMCL. The issues raised by MPPMCL and the clarifications thereto given by the Petitioner have been considered in this order.

6. The hearing in the matter was held on 12.2.2025 and the order was reserved. This order is being issued considering the Petitioner's submissions in the Petition vide affidavit dated 30.7.2024 and subsequent affidavit dated 13.3.2025. MPPMCL's reply, vide affidavit dated 4.3.2025 and the Petitioner's rejoinder to the reply of MPPMCL vide affidavit dated 8.3.2025.

7. Further, we note that MPPMCL has raised the issues of allowing tariff after prudence check, grossing up of RoE, CGST and sharing of transmission charges in its reply repeatedly despite clear findings of the Commission in various orders including in Petition Nos. 401/TT/2024, 25/TT/2025. Since the issues raised by MPPMCL and the clarifications filed by the Petitioner have already been dealt with by us in the aforementioned Petitions, the same are not discussed in the instant order.

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

REVISION OF ANNUAL FIXED CHARGES FOR THE 2014-19 TARIFF PERIOD

9. The Commission vide order dated 10.05.2021 in Petition No. 350/TT/2020 had trued-up the tariff for 2014-19 period and determined the tariff for 2019-24 tariff period.

10. It is noted that in case of Asset-B1, the Petitioner had inadvertently claimed O&M Expenses for 765 kV bay instead of 400 kV bay at Damoh Substation. We have considered the submissions of the Petitioner. The O&M Expenses allowed for Asset-B1 is rectified by considering 400 kV bay at Damoh Substation instead of 765 kV Bay. The allowable O&M Expenses are as follows:

Asset-B1:

(₹ in lakh)

Particulars	**2014-15 (Pro-rata for 181 days)**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
1 No. of 400 kV Bay (AIS) at Damoh Sub-station					
Norm (₹lakh/bay)	60.30	62.30	64.37	66.51	68.71
Total O&M Expenses	**29.90**	**62.30**	**64.37**	**66.51**	**68.71**

11. Accordingly, the O&M Expenses allowed vide order dated 10.05.2021 in Petition No. 350/TT/2020 and allowed after true-up as per specified norms in respect of the transmission asset are as under:

(₹ in lakh)

Particulars	**2014-15 (Pro-rata for 181 days)**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Approved vide order dated 10.05.2021 in Petition No. 350/TT/2020.	41.86	87.22	90.12	93.11	96.20
Allowed in the instant true-up Petition	**29.90**	**62.30**	**64.37**	**66.51**	**68.71**

12. The Commission vide order dated 10.5.2021 in Petition No. 350/TT/2020 had trued-up the Interest on Working Capital for the 2014-19 tariff period for Asset B1 as under:

(₹ in lakh)

Particulars	2014-15 (Pro-rata for 181 days)	2015-16	2016-17	2017-18	2018-19
O&M Expenses	7.04	7.27	7.51	7.76	8.02
Maintenance Spares	12.66	13.08	13.52	13.97	14.43
Receivables	32.28	37.85	40.65	41.35	42.26
Total Working Capital	51.97	58.20	61.68	63.08	64.70
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on Working Capital	**3.48**	**7.86**	**8.33**	**8.52**	**8.73**

13. The Commission vide order dated 10.5.2021 in Petition No. 350/TT/2020 had trued-up the tariff for the 2014-19 tariff period for Asset B1 as under:

(₹ in lakh)

Particulars	2014-15 (Pro-rata for 181 days)	2015-16	2016-17	2017-18	2018-19
Depreciation	14.83	39.72	45.52	48.35	50.61
Interest on Loan	19.34	47.82	48.97	43.99	41.19
Return on Equity	16.52	44.47	50.96	54.13	56.81
Interest on Working Capital	3.48	7.86	8.33	8.52	8.73
O&M Expenses	41.86	87.22	90.12	93.11	96.20
Total	**96.03**	**227.09**	**243.90**	**248.10**	**253.54**

14. In view of above revision in the O&M Expenses, the revised trued-up Interest on Working Capital for the 2014-19 tariff period for Asset B1 is as under:

(₹ in lakh)

Particulars	2014-15 (Pro-rata for 181 days)	2015-16	2016-17	2017-18	2018-19
O&M Expenses	2.49	5.19	5.36	5.54	5.73
Maintenance Spares	4.49	9.35	9.66	9.98	10.31
Receivables	13.90	33.47	36.12	36.67	37.42
Total Working Capital	20.88	48.00	51.14	52.19	53.46
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest on working capital	**2.82**	**6.48**	**6.90**	**7.05**	**7.22**

15. Further in view of the revision in O&M Expenses, the revised trued-up the tariff for the 2014-19 period for Asset B1 is as under:

(₹ in lakh)

Particulars	2014-15 (Pro-rata for 181 days)	2015-16	2016-17	2017-18	2018-19
Depreciation	14.83	39.72	45.52	48.35	50.61
Interest on Loan	19.34	47.82	48.97	43.99	41.19
Return on Equity	16.52	44.47	50.96	54.13	56.81
Interest on Working Capital	2.82	6.48	6.90	7.05	7.22
O&M Expenses	29.90	62.30	64.37	66.51	68.71
Total	**83.41**	**200.79**	**216.72**	**220.03**	**224.54**

16. Except for the above revision in respect of Asset-B1, there is no change in the tariff approved for Asset-A1, Asset-A2, Asset-B2, Asset-B3, Asset-C1, Asset-C2.

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

17. The Commission vide order dated 10.05.2021 in Petition No. 350/TT/2020 had allowed the following transmission charges for the instant transmission assets for the 2019-24 Tariff period is as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	490.43	490.43	490.43	490.43	490.43
Interest on Loan	367.98	324.63	283.01	241.32	199.12
Return on Equity	515.08	515.08	515.08	515.08	515.08
Interest on Working Capital	35.23	32.79	32.70	32.63	32.50
O&M Expenses	334.36	346.12	358.28	370.87	383.87
Total	**1743.07**	**1709.04**	**1679.49**	**1650.32**	**1621.00**

18. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Asset are as follows:

Combined Asset

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	490.43	490.43	490.43	490.43	490.43
Interest on Loan	364.90	310.67	269.32	234.33	198.43
Return on Equity	515.08	515.08	515.08	515.08	515.08
Interest on Working Capital	35.18	32.59	30.31	30.33	34.69
O&M Expenses	334.36	346.12	358.28	370.87	383.87
Total	**1739.95**	**1694.89**	**1663.42**	**1641.04**	**1622.50**

Capital Cost for the 2019-24 Tariff Period

19. The Commission vide order dated 10.5.2021 in Petition No. 350/TT/2020 had trued-up the tariff for 2014-19 period and granted the tariff for 2019-24 period. The capital cost of ₹ 9141.99 lakh was approved by the Commission for the Combined Asset as on 31.3.2019 in Petition No. 350/TT/2020 and the same has been considered as opening capital cost as on 1.4.2019 for the purpose of truing up of transmission tariff for 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

20. The Petitioner, in the instant true-up Petition, has not claimed any Additional Capital Expenditure (ACE) for the 2019-24 tariff period related to the transmission asset.

21. We have considered the submissions of the Petitioner. The details of the Capital Cost allowed as on 31.3.2019 and as on 31.3.2024 are as follows:

(₹ in lakh)

Apportioned Approved Cost as per FR/RCE	**Expenditure as on 31.3.2019**	**Expenditure during 2019-24 Tariff Block**	**Actual Capital Cost as on 31.3.2024**
		2019-24	
24860.00/36995.00	9141.99	0.00	9141.99

Debt-Equity Ratio

22. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of tariff of the transmission asset during the 2019-24 tariff period are as follows:

Combined Asset

Funding	**Capital Cost as on 1.4.2019 (₹ in lakh)**	**(in %)**	**Capital Cost as on 31.3.2024 (₹ in lakh)**	**(in %)**
Debt	6399.39	70.00	6399.39	70.00
Equity	2742.60	30.00	2742.60	30.00
Total	9141.99	**100.00**	9141.99	**100.00**

Depreciation

23. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and thereafter up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission asset as per Regulation 33 of the 2019 Tariff Regulations. The depreciation allowed for the transmission asset is as follows:

Combined Asset

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	9141.99	9141.99	9141.99	9141.99	9141.99
B	Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	9141.99	9141.99	9141.99	9141.99	9141.99
D	Average Capital Cost (A+C)/2	9141.99	9141.99	9141.99	9141.99	9141.99
E	Average Capital Cost (90% depreciable assets)	8989.31	8989.31	8989.31	8989.31	8989.31
F	Average Capital Cost (100% depreciable assets)	152.68	152.68	152.68	152.68	152.68
G	Depreciable value (excluding IT equipment and software) (E*90%)	8090.38	8090.38	8090.38	8090.38	8090.38
H	Depreciable value of IT equipment and software (F*100%)	152.68	152.68	152.68	152.68	152.68
I	Total Depreciable Value (G+H)	8243.06	8243.06	8243.06	8243.06	8243.06
J	Weighted average rate of Depreciation (WAROD) (in %)	5.36%	5.36%	5.36%	5.36%	5.36%
K	Lapsed useful life at the beginning of the year (Year)	4	5	6	7	8
L	Balance useful life at the beginning of the year (Year)	21	20	19	18	17
M	**Depreciation during the year**	**490.43**	**490.43**	**490.43**	**490.43**	**490.43**
N	Cumulative Depreciation at the end of the year	2379.30	2869.73	3360.16	3850.59	4341.02
O	Remaining Aggregate Depreciable Value at the end of the year	5863.76	5373.33	4882.90	4392.47	3902.04

24. The details of depreciation allowed vide order dated 10.5.2021 in Petition No. 350/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 10.5.2021 in Petition No. 350//TT/2020	490.43	490.43	490.43	490.43	490.43

Claimed by the Petitioner in the instant Petition	490.43	490.43	490.43	490.43	490.43
Allowed after truing-up in this order	490.43	490.43	490.43	490.43	490.43

Interest on Loan (IoL)

25. The Petitioner has claimed the weighted average rate of interest (WAROI) based on its actual loan portfolio and interest rate. The IoL has been calculated considering WAROI based on the actual interest rate submitted by the Petitioner. The depreciation allowed during the tariff period 2019-24 has been considered as repayment during the respective year of the 2019-24 tariff period. The trued-up IoL allowed in respect of the transmission asset is as follows:

Combined Asset

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross normative loan	6399.59	6399.59	6399.59	6399.59	6399.59
B	Cumulative repayments up to the previous year	1888.87	2379.30	2869.73	3360.16	3850.59
C	Net loan-Opening (A-B)	4510.72	4020.29	3529.86	3039.43	2549.00
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	490.43	490.43	490.43	490.43	490.43
F	Net loan-Closing (C+D-E)	4020.29	3529.86	3039.43	2549.00	2058.57
G	Average loan (C+F)/2	4265.50	3775.07	3284.64	2794.21	2303.78
H	WAROI	8.55%	8.23%	8.20%	8.39%	8.61%
I	**Interest on Loan (G*H)**	**364.90**	**310.67**	**269.32**	**234.33**	**198.43**

26. The details of IoL allowed vide order dated 10.5.2021 in Petition No. 350/TT/2020, IoL claimed in the instant Petition, and trued-up IoL allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 10.5.2021 in Petition No. 350//TT/2020	367.98	324.63	283.01	241.32	199.12
Claimed by the Petitioner in the instant Petition	364.90	310.67	269.32	234.33	198.43
Allowed after truing-up in this order	364.90	310.67	269.32	234.33	198.43

Return on Equity (RoE)

27. The Petitioner has submitted that its Income Tax assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019-20 and FY 2020-21 and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for the FY 2021-22, FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024).

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

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

29. We have considered the submissions of the Petitioner and MPPMCL. We noted that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the statement of Profit and Loss prepared in accordance with the Schedule-II of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as effective tax rate for the purpose of grossing up of the RoE for truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest

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

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax (in %)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2019-20	17.472	17.472	15.500	18.782
2020-21	17.472	17.472	15.500	18.782
2021-22	17.472	17.472	15.500	18.782
2022-23	17.472	17.472	15.500	18.782
2023-24	17.472	17.472	15.500	18.782

30. Accordingly, the trued-up RoE allowed in respect of the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	2742.4	2742.40	2742.40	2742.40	2742.40
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2742.4	2742.40	2742.40	2742.40	2742.40
D	Average Equity (A+C)/2	2742.4	2742.40	2742.40	2742.40	2742.40
E	Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%	15.500%
F	Tax Rate applicable	17.472%	17.472%	17.472%	17.472%	17.472%
G	Rate of Return on Equity (Pre-tax)	18.782%	18.782%	18.782%	18.782%	18.782%
H	**Return on Equity (Pre-tax) (D*G)**	**515.06**	**515.06**	**515.06**	**515.06**	**515.06**

31. The details of RoE allowed vide order dated 10.5.2021 in Petition No. 350/TT/2020, RoE claimed in the instant Petition, and trued-up RoE allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 10.5.2021 in Petition No. 350//TT/2020	515.08	515.08	515.08	515.08	515.08
Claimed by the Petitioner in the instant Petition	515.08	515.08	515.08	515.08	515.08
Allowed after truing-up in this order	515.06	515.06	515.06	515.06	515.06

Operation & Maintenance Expenses (O&M Expenses)

32. The O&M Expenses are allowed as claimed for the transmission assets in accordance with Regulation 35(3)(a) of the 2019 Tariff Regulations as under:

Combined Asset

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms as per Regulation (₹ Per bay)	45.01	46.6	48.23	49.93	51.68
O&M Expenses	45.01	46.6	48.23	49.93	51.68
Sub-station: 400 kV Bays • 1 No. of 125 MVAr Bus Reactor Bay at Raipur S/s • 1 No. of 125 MVAr Bus Reactor Bay at Seoni S/s • 1 No. of 125 MVAr Bus Reactor Bay at Bhachau S/s • 1 No. of 125 MVAr Bus Reactor Bay at Pirana S/s • 1 No. of 125 MVAr Bus Reactor Bay at Parli S/s • 1 No. of 125 MVAr Reactor Bay at Damoh S/s • 2 No. of Switchable Line Reactor Bay (AIS) for Pune (GIS)-Line I Ckt.-I & Ckt-II at Pune(Talegaon) S/s • 2 No. of Switchable Line Reactor Bay (AIS) for Pune (GIS)-Line II Ckt.-I & Ckt-II at Pune(Talegaon) S/s	10	10	10	10	10
Norms as per Regulation (₹ Per bay)	32.15	33.28	34.45	35.66	36.91
Total O&M Expenses allowable	321.50	332.80	344.50	356.60	369.10

33. Accordingly, the O&M Expenses allowed vide order dated 10.05.2021 in Petition No. 350/TT/2020, claimed by the Petitioner in the instant Petition and allowed after true-up in respect of the transmission asset are shown in the table below:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 10.05.2021 in Petition No. 350/TT/2020**.**	334.36	346.12	358.28	370.87	383.87
As claimed by the Petitioner in the instant Petition.	334.36	346.12	358.28	370.87	383.87
Allowed in the instant true-up Petition	321.50	332.80	344.50	356.60	369.10

Interest on Working Capital (IWC)

34. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for the FY 2021-22 and FY 2022-23 and 12.00% (SBI 1 year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

35. The components of the working capital and interest allowed thereon for the transmission asset are as follows:

Combined Asset

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	26.79	27.73	28.71	29.72	30.76
Working Capital for Maintenance Spares (15% of O&M Expenses)	48.23	49.92	51.68	53.49	55.37
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	212.28	207.25	203.31	200.49	197.59
Total Working Capital	287.29	284.90	283.70	283.70	283.71
Rate of Interest for Working Capital	12.05%	11.25%	10.50%	10.50%	12.00%
Interest of working capital	**34.62**	**32.05**	**29.79**	**29.79**	**34.05**

36. The details of IWC allowed vide order dated 10.5.2021 in Petition No. 350/TT/2020, IWC claimed in the instant Petition, and trued-up IWC allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 10.5.2021 in Petition No. 350//TT/2020	35.23	32.79	32.70	32.63	32.50
Claimed by the Petitioner in the instant Petition	35.18	32.59	30.31	30.33	34.69
Allowed after truing-up in this order	34.62	32.05	29.79	29.79	34.05

Trued-up Annual Transmission Charges for the 2019-24 Tariff Period

37. Accordingly, the annual transmission charges allowed after truing-up for the 2019-24 tariff period in respect of the transmission asset are as follows:

Combined Asset

(₹ in lakh)

Particulars	2019-20	2022-21	2021-22	2022-23	2023-24
Depreciation	490.43	490.43	490.43	490.43	490.43
Interest on Loan	364.90	310.67	269.32	234.33	198.43
Return on Equity	515.06	515.06	515.06	515.06	515.06
O&M Expenses	321.50	332.80	344.50	356.60	369.10
Interest on working capital	34.62	32.05	29.79	29.79	34.05
Total	**1726.51**	**1681.02**	**1649.10**	**1626.21**	**1607.07**

38. The details of AFC allowed vide order dated 10.5.2021 in Petition No. 350/TT/2020, AFC claimed in the instant Petition, and trued-up AFC allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 10.5.2021 in Petition No. 350//TT/2020	1743.07	1709.04	1679.49	1650.32	1621.00
Claimed by the Petitioner in the instant Petition	1739.95	1694.89	1663.42	1641.04	1622.50
Allowed after truing-up in this order	1726.51	1681.02	1649.10	1626.21	1607.07

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

39. The Petitioner has claimed the following transmission charges for the transmission asset for the 2024-29 tariff period:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	471.44	467.53	467.53	191.96	191.97
Interest on Loan	156.55	115.39	75.60	48.11	32.14
Return on Equity	515.08	515.08	515.08	515.08	515.08
Interest on Working Capital	43.65	44.39	45.25	42.21	43.71
O&M Expenses	618.37	651.12	684.70	720.45	759.34
Total	**1805.09**	**1793.51**	**1788.16**	**1517.81**	**1542.24**

Capital Cost

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

> *"19. Capital Cost: (l) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence checks in accordance with these regulations shall form the basis for the determination of tariff for existing and new projects.*
>
> *(2) The Capital Cost of a new project shall include the following:*
>
> *(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
> *(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
> *(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
> *(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
> *(e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
> *(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
> *(g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*
> *(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
> *(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
> *(j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
> *(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
> *(l) Capital expenditure on account of emission control system necessary to meet the*

revised emission standards and sewage treatment plant;
(m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
(n) Expenditure on account of change in law and force majeure events; and
(o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under the Perform, Achieve and Trade (PAT) scheme of the Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
(p) Expenditure required to enable flexible operation of the generating station at lower loads.

(3) The Capital cost of an existing project shall include the following:
(a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;
(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
(d) 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 up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under the Perform, Achieve and Trade (PAT) scheme of the Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries;
(g) Expenditure required to enable flexible operation of the generating station at lower loads;
(h) Capital expenditure on account of biomass handling equipment and facilities, for cofiring; and
(i) Expenditure on account of change in law and force majeure events;

(4) The capital cost in case of existing or new hydro generating stations 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 the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.
(c) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of the Capital cost, and in case the same work is covered under budgetary support provided by the Government of India, the funding of such works shall be adjusted on receipt of such funds.
Provided that such funds shall be allowed only if the funds are spent through Indian Governmental Instrumentality;

(5) For Projects acquired through NCLT proceedings under the Insolvency and Bankruptcy Code, 2016, the following shall be considered while approving Capital Costs for the determination of tariff:
(a) For projects already under operation, historical GFA of the project acquired or the acquisition cost paid by the generating company, whichever is lower;
(b) For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;

Provided that in the absence of any prior approved capital cost of an Appropriate Commission, the Commission shall consider the same on the basis of audited accounts subject to prudence check;

Provided further, that in case additional capital expenditure is required post acquisition of an already operational project, the same shall be considered under the provisions of Chapter 7 of these Regulations;

(c) In case any under construction project is acquired that has yet to achieve commercial operation, the acquisition cost or the actual audited cost incurred till the date of acquisition, whichever is lower, shall be considered and;
(d) any additional capital expenditure incurred post acquisition of such project up to the date of commercial operation of the project in line with the investment approval of the Board of Directors of the generating company or the transmission licensees shall also be considered on a case to case basis subject to prudence check.

Provided that post commercial operation, additional capital expenditure shall be allowed under the provisions of Chapter 7 of these Regulations.

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

Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;
Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.

(d) In the 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;
(e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and
(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment."

41. The capital cost approved as on 31.3.2024 is ₹9141.99 lakh. Therefore, the capital cost of ₹9141.99 lakh as on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024 for the purpose of determination of transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

42. The Petitioner has not claimed any Additional Capital Expenditure (ACE) for the transmission asset for the 2024-29 tariff period. Therefore, the detail of the Capital Cost allowed as on 31.3.2024 and as on 31.3.2029 is as follows:

Tariff Period 2024-29			
			(₹ In lakh)
Apportioned Approved Cost as per FR/RCE	**Expenditure as on 31.3.2024**	**Expenditure during 2024-29 Tariff Block**	**Actual Capital Cost as on 31.3.2029**
		2024-29	
9283.00/10210.97	9141.99	0.00	9141.99

Debt Equity Ratio

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

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

Provided that:

i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:
ii. *the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*
iii. *the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*

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 the approval of the competent authority in other cases regarding the infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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

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

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

(4) In the case of the generating station and the transmission system, including

communication system declared under commercial operation prior to 1.4.2024, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2024, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

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

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

44. Debt-equity ratio for the 2024-29 tariff period is dealt with in line with Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity considered for the 2024-29 tariff period for the transmission asset is as follows:

Funding	**Capital cost as on 1.4.2024 (₹ in lakh)**	**(in %)**	**Capital cost as on 31.3.2029 (₹ in lakh)**	**(in %)**
Debt	6399.39	70.00	6399.39	70.00
Equity	2742.60	30.00	2742.60	30.00
Total	**9141.99**	**100.00**	**9141.99**	**100.00**

Depreciation

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

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

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

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

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

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

Provided further that in the 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 the 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 the 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 a reservoir in case of a hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing the depreciable value of the asset.

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

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

Provided further that in the case of an existing hydro generating station, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix I and Appendix II to these Regulations to reduce front loading of tariff.

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

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

Provided further that in the case of a new hydro generating stations, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix II to these Regulations to reduce front loading of tariff.

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

(8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the

completion of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the depreciable value over the balance useful life of the Asset or 10 years whichever is higher.

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

(10) 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 (9) of this Regulation.

(11) Depreciation of the emission control system of an existing generating station that is yet to complete its useful life 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 the straight line method at rates specified in Appendix- I to these regulations;

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of operation of such emission control system shall be spread over the balance period of thirteen years or balance operational life of generating station, whichever is lower;

Provided also that in case the date of operation of the emission control system is after the 20th year of commercial operation of the generating station or unit thereof, but before the completion of the useful life of the generating station, the depreciation on emission control system (ECS) shall be computed annually from the date of operation of such ECS based on the straight line method, with a salvage value of 10% and the depreciable value shall be recovered till the operational life of the generating station.

(12) In case the date of operation of the emission control system is subsequent to the date of completion of the useful life of generating station commercial operation of the generating station or unit thereof, depreciation of ECS shall be computed annually from the date of operation of such emission control system based on the straight line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher."

46. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. Since the Combined Asset has already completed 12 years as on 1.4.2024, the depreciation has been calculated by spreading the balance depreciable value over the remaining useful life. The depreciation allowed for the transmission asset for the 2024-29 tariff period is as under:

(₹ in lakh)

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening capital cost	9141.99	9141.99	9141.99	9141.99	9141.99
B	Addition during the year 2024-29 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing capital cost (A+B)	9141.99	9141.99	9141.99	9141.99	9141.99
D	Average capital cost (A+C)/2	9141.99	9141.99	9141.99	9141.99	9141.99
E	Average capital cost (90% depreciable assets)	8989.31	8989.31	8989.31	8989.31	8989.31
F	Average capital cost (100% depreciable assets)	152.68	152.68	152.68	152.68	152.68
G	Depreciable value (excluding IT equipment and software) (E*90%)	8090.38	8090.38	8090.38	8090.38	8090.38
H	Depreciable value of IT equipment and software (F*100%)	152.68	152.68	152.68	152.68	152.68
I	Total Depreciable value (G+H)	8243.06	8243.06	8243.06	8243.06	8243.06
J	WAROD	5.16%	5.11%	5.11%	Spread over Depreciation	
K	Lapsed useful life at the beginning of the year	9	10	11	12	13
L	Balance useful life at the beginning of the year	16.00	15.00	14.00	13.00	12.00
M	**Depreciation during the year (D*J)**	**471.44**	**467.53**	**467.53**	**191.96**	**191.96**
N	Cumulative depreciation at the end of the year	4812.46	5279.99	5747.52	5939.48	6131.45

Interest on Loan (IoL)

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

"32. Interest on loan capital: (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered gross normative loans for the calculation of interest on loans.
(2) The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.
(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.
(4) Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.
(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio;

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

Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of interest of the

loan portfolio of the generating company or the transmission licensee as a whole shall be considered.

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

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

(6) The interest on the loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.
(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing."

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

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

(₹ in lakh)

	Particular	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
A	Gross normative loan	6399.59	6399.59	6399.59	6399.59	6399.59
B	Cumulative repayments up to the previous year	4341.02	4812.46	5279.99	5747.52	5939.48
C	Net loan-Opening (A-B)	2058.57	1587.13	1119.60	652.07	460.11
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	471.44	467.53	467.53	191.96	191.96
F	Net loan-Closing (C+D-E)	1587.13	1119.60	652.07	460.11	268.14
G	Average loan (C+F)/2	1822.85	1353.36	885.84	556.09	364.12
H	WAROI	8.59%	8.53%	8.53%	8.65%	8.83%
I	**Interest on Loan (G*H)**	**156.55**	**115.39**	**75.60**	**48.11**	**32.14**

Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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

a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate as specified under Regulation 45(9) of IEGC Regulations, 2023.
b) an additional rate of return on equity of 0.125% shall be allowed for every incremental ramp rate of 0.50% per minute achieved over and above the ramp rate specified by Central Electricity Authority, subject to the ceiling of additional rate of return on equity of 1.00%:

31. Tax on Return on Equity. *(1) The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-*

generation or non-transmission business, as the case may be, and the corresponding tax thereon.

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

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

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

Rate of pre-tax return on equity = Base rate / (1-t)

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

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

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

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

51. The Petitioner has submitted that the MAT rate applies to it.

52. We have considered the applicable MAT rate for RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed to the transmission asset for the 2024-29 tariff period is as follows:

(₹ in lakh)

	Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
A	Opening Equity	2742.40	2742.40	2742.40	2742.40	2742.40
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2742.40	2742.40	2742.40	2742.40	2742.40
D	Average Equity (A+C)/2	2742.40	2742.40	2742.40	2742.40	2742.40

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
E	Return on Equity (Base Rate) (in %)	15.500%	15.500%	15.500%	15.500%	15.500%
F	Tax Rate applicable (in %)	17.472%	17.472%	17.472%	17.472%	17.472%
G	Rate of Return on Equity (Pre-tax) (in %)	18.782%	18.782%	18.782%	18.782%	18.782%
H	**Return on Equity (Pre-tax) (D*G)**	**515.06**	**515.06**	**515.06**	**515.06**	**515.06**

Operation and Maintenance Expenses ("O&M Expenses")

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

"36. Operation and Maintenance Expenses:
……
(3) Transmission system: (a) The following normative operation and maintenance expenses shall be admissible for the transmission system:

Particulars	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***
Norms for sub-station Bays (Rs Lakh per bay)					
765 kV	*41.34*	*43.51*	*45.79*	*48.20*	*50.73*
400 kV	*29.53*	*31.08*	*32.71*	*34.43*	*36.23*
220 kV	*20.67*	*21.75*	*22.90*	*24.10*	*25.36*
132 kV and below	*15.78*	*16.61*	*17.48*	*18.40*	*19.35*
Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAr (Rs Lakh per MVA or per MVAr)	*0.262*	*0.276*	*0.290*	*0.305*	*0.322*
Norms for AC and HVDC lines (Rs Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	*0.861*	*0.906*	*0.953*	*1.003*	*1.056*
Single Circuit (Bundled conductor with four or more sub-conductors)	*0.738*	*0.776*	*0.817*	*0.860*	*0.905*
Single Circuit (Twin & Triple Conductor)	*0.492*	*0.518*	*0.545*	*0.573*	*0.603*
Single Circuit (Single Conductor)	*0.246*	*0.259*	*0.272*	*0.287*	*0.302*
Double Circuit (Bundled conductor with four or more sub-conductors)	*1.291*	*1.359*	*1.430*	*1.506*	*1.585*
Double Circuit (Twin & Triple Conductor)	*0.861*	*0.906*	*0.953*	*1.003*	*1.056*
Double Circuit (Single Conductor)	*0.369*	*0.388*	*0.409*	*0.430*	*0.453*
Multi Circuit (Bundled Conductor with four or more sub-conductor)	*2.266*	*2.385*	*2.510*	*2.642*	*2.781*
Multi Circuit (Twin & Triple Conductor)	*1.509*	*1.588*	*1.671*	*1.759*	*1.851*
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per MW)	*2.07*	*2.18*	*2.30*	*2.42*	*2.55*
Gazuwaka BTB (Rs Lakh/MW)	*1.83*	*1.92*	*2.03*	*2.13*	*2.24*
HVDC bipole scheme (Rs Lakh/MW)	*1.04*	*1.10*	*1.16*	*1.22*	*1.28*

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

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

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

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

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of substation bays, transformer capacity of the transformer/reactor/Static Var Compensator/Static Synchronous Compensator (in MVA/MVAr) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA/MVAr and per km respectively.
(c) ***Communication system:*** *The operation and maintenance expenses for the ULDC or such similar scheme shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up. The expenses in case of U-NMS shall be allowed on actual basis after due prudence check.*
(d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:
Provided that in case of self insurance, the premium shall not exceed 0.09% of the GFA of the assets insured;

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

(e) On the occurrence of any change in law event affecting O&M expenses, the impact shall be allowed to the transmission licensee at the time of truing up of tariff.

Provided that such impact shall be allowed only in case the overall impact of such change in law event in a year is more than 5% of normative O&M expenses of the project for the year.

(f) In case of a transmission licensee owned by the Central or State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff."

54. We have considered the submissions of the Petitioner. The O&M Expenses for the 2024-29 tariff period have been worked out as per norms specified in the 2024 tariff Regulations. The O&M Expenses allowed for the 2024-29 tariff period for the transmission asset as per Regulation 36 of the 2024 Tariff Regulations are as under:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms: Sub-station : 765 kV Bays (₹ Per bay)	41.34	43.51	45.79	48.2	50.73
O&M Expenses	41.34	43.51	45.79	48.2	50.73
Sub-station: 400 kV Bays • 1 No. of 125 MVAr Bus Reactor Bay at Raipur S/s • 1 No. of 125 MVAr Bus Reactor Bay at Seoni S/s • 1 No. of 125 MVAr Bus Reactor Bay at Bhachau S/s • 1 No. of 125 MVAr Bus Reactor Bay at Pirana S/s • 1 No. of 125 MVAr Bus Reactor Bay at Parli S/s • 1 No. of 125 MVAr Reactor Bay at Damoh S/s • 1 No. of Switchable Line Reactor Bay for Pune (GIS)-Line I Ckt.-I at Pune(Talegaon) S/s • 1 No. of Switchable Line Reactor Bay for Pune (GIS)-Line I Ckt.-II at Pune(Talegaon) S/s • 1 No. of Switchable Line Reactor Bay for Pune (GIS)-Line II Ckt.-I at Pune(Talegaon) S/s • 1 No. of Switchable Line Reactor Bay for Pune (GIS)-Line II Ckt.-II at Pune(Talegaon) S/s	10	10	10	10	10
Norms: Sub-station : 400 kV Bay (₹ Per bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses allowable	295.30	310.80	327.10	344.30	362.30
Sub-station: 400 kV Reactors • 1 No. of 125 MVAr Bus Reactor at Raipur S/s • 1 No. of 125 MVAr Bus Reactor at Seoni S/s	10	10	10	10	10

• 1 No. of 63 MVAr Bus Reactor at Raipur S/s • 1 No. of 125 MVAr Bus Reactor at Damoh S/s • 1 No. of 125 MVAr Bus Reactor at Bhachau S/s • 1 No. of 125 MVAr Bus Reactor at Pirana S/s • 2 No. of 125 MVAr Bus Reactor at Itarsi S/s • 1 No. of 125 MVAr Bus Reactor at Gwalior S/s • 1 No. of 125 MVAr Bus Reactor at Parli S/s					
Norms: Sub-station : 400 kV Reactor (₹ Per MVAr)	0.262	0.276	0.29	0.305	0.322
O&M Expenses	311.26	327.89	344.52	362.34	382.54
Total O&M Expenses allowed	**606.56**	**638.69**	**671.62**	**706.68**	**744.84**

Interest on Working Capital (IWC)

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

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

(a) For Coal-based/lignite-fired thermal generating stations:
(i) Cost of coal or lignite, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity, whichever is lower;
(ii) Limestone towards stock for 15 days corresponding to the normative annual plant availability
(iii) Advance payment for 30 days towards the cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;
(iv) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;
(v) Maintenance spares @ 20% of operation and maintenance expenses, including water charges and security expenses;
(vi) Receivables equivalent to 45 days of capacity charge and energy charge for the sale of electricity calculated on the normative annual plant availability factor; and
(vii) Operation and maintenance expenses, including water charges and security expenses, for one month.

(b) For emission control system of coal or lignite based thermal generating stations:
(i) Cost of limestone or reagent towards stock for 20 days corresponding to the normative annual plant availability factor;

(ii) Advance payment for 30 days towards the cost of reagent for generation corresponding to the normative annual plant availability factor;
(iii) Receivables equivalent to 45 days of supplementary capacity charge and supplementary energy charge for the sale of electricity calculated on the normative annual plant availability factor;
(iv) Operation and maintenance expenses in respect of the emission control system for one month;
(v) Maintenance spares @20% of operation and maintenance expenses in respect of emission control system.

(c) For Open-cycle Gas Turbine/Combined Cycle thermal generating stations:
(i) Fuel cost for 15 days corresponding to the normative annual plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;
(ii) Liquid fuel stock for 15 days corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel, cost of main liquid fuel duly taking into account mode of operation of the generating stations of gas fuel and liquid fuel;

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

(iii) Maintenance spares @ 30% of operation and maintenance expenses, including water charges and security expenses;
(iv) Receivables equivalent to 45 days of capacity charge and energy charge for the sale of electricity calculated on the normative plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;
(v) Operation and maintenance expenses, including water charges and security expenses, for one month.

(d) For Hydro generating station (including Pumped Storage Hydro generating station) and Transmission System:
(i) Receivables equivalent to 45 days of annual fixed cost;
(ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and
(iii) Operation and maintenance expenses, including security expenses for one month.

(2) The cost of fuel in cases covered under sub-clauses (a) and (c) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 59 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the preceding financial year in case of each financial year for which tariff is to be determined:

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

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

Provided that in case of truing-up, the rate of interest on working capital shall be

considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.

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

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

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

(₹ in lakh)

Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Working Capital for O&M Expenses (O&M Expenses for one month)	50.55	53.22	55.97	58.89	62.07
Working Capital for Maintenance Spares (15% of O&M Expenses)	90.98	95.80	100.74	106.00	111.73
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	221.03	219.52	218.77	184.85	188.27
Total Working Capital	362.56	368.54	375.48	349.74	362.07
Rate of Interest for working capital	11.90%	11.90%	11.90%	11.90%	11.90%
Interest on Working Capital	**43.14**	**43.86**	**44.68**	**41.62**	**43.09**

Annual Transmission Charges for the 2024-29 Tariff Period

58. The transmission charges allowed in respect of the transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)

Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Depreciation	471.44	467.53	467.53	191.96	191.96
Interest on Loan	156.55	115.39	75.60	48.11	32.14
Return on Equity	515.06	515.06	515.06	515.06	515.06
O&M Expenses	606.56	638.69	671.62	706.68	744.84
Interest on Working Capital	43.14	43.86	44.68	41.62	43.09
Total	**1792.76**	**1780.53**	**1774.50**	**1503.44**	**1527.09**

Filing Fee and Publication Expenses

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

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

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

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

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

> *"**99. Special Provisions relating to Central Transmission Utility of India Ltd. (CTUIL):** The fee and charges of CTUIL shall be allowed separately by the Commission through a separate regulation:*
> *Provided that until such regulation is issued by the Commission, the expenses of CTUIL shall be borne by Power Grid Corporation of India Ltd. (PGCIL) which shall be recovered by PGCIL as additional O&M expenses through a separate petition."*

63. We have considered the Petitioner's submissions and perused Regulation 99 of the 2024 Tariff Regulations. In view of the explicit provision made under Regulation 99 of the

2024 Tariff Regulations, we permit the Petitioner, i.e., PGCIL, to bear the fees and charges expenses of CTUIL and recover the same as additional O&M Expenses through a separate Petition until such regulation is notified and issued by the Commission.

License Fee and RLDC Fees and Charges

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

Goods and Services Tax

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

66. MPPMCL has opposed the Petitioner's request to allow GST and duties, including cess, at this juncture being pre-mature.

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

Security Expenses, Insurance, and Capital Spares

68. The Petitioner has submitted that as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the security expenses and capital spares of more than ₹10 lakh and insurance

expenses arrived through the competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check. The Petitioner has submitted that it shall file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36 (3) (d) of the 2024 Tariff Regulations. According to the Petitioner, the security expenses regarding the transmission assets are not claimed in the instant Petition. The Petitioner has also submitted that it has not claimed insurance expenses in the instant Petition and has submitted that it shall file a separate Petition for claiming the overall insurance expenses and consequential Interest on Working Capital (IWC) on the same, considering the actual insurance expenses incurred by it for the FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated insurance expense for the financial years 2024-25, 2025-26, 2026-27, 2027-28, and 2028-29.

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

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

"36(3)

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

Provided that in case of self insurance, the premium shall not exceed 0.12% of the GFA of the assets insured;

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

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

Sharing of Transmission Charges

72. The billing, collection, and disbursement of the transmission charges for the transmission asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

73. **To summarize**:

a. The revised tariff in respect of Asset-B1 for the period 2014-19 due to revision in O&M Expenses is as per para 17 above.

b. The trued-up Annual Transmission Charges approved for the 2019-24 tariff period in respect of the transmission asset are as follows:

Combined Asset

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	1739.95	1694.89	1663.42	1641.04	1622.50
ATC Allowed	1726.51	1681.02	1649.10	1626.21	1607.07

c. The Annual Transmission Charges approved in respect of the transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	1805.09	1793.51	1788.16	1517.81	1542.24
AFC Allowed	1792.76	1780.53	1774.50	1503.44	1527.09

74. This order disposes of Petition No. 122/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member