

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 141/TT/2025

Coram:

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

Date of Order: 02.08.2025

In the matter of:

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for the true-up of transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for Asset-1: 400 kV S/C Chamera-1 Kishenpur Transmission System in the Northern Region.

And in the matter of:

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

...Petitioner

Vs.

1. **Uttar Pradesh Power Corporation Limited,**
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001.
2. **Ajmer Vidyut Vitran Nigam Limited,**
Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road,
Ajmer-305004 (Rajasthan).
3. **Jaipur Vidyut Vitran Nigam Limited,**
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar, Jaipur-302017 (Rajasthan).



4. **Jodhpur Vidyut Vitran Nigam Limited,**
New Power House, Industrial Area,
Jodhpur-342003(Rajasthan).
5. **Himachal Pradesh State Electricity Board Limited,**
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171004.
6. **Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office,
Patiala-147001.
7. **Haryana Power Purchase Centre,**
Shakti Bhawan, Sector-6,
Panchkula-134109 (Haryana).
8. **Jammu Kashmir Power Corporation Limited,**
220/66/33 kV Gladni SS SLDC Building,
Narwal, Jammu.
9. **BSES Yamuna Power Limited,**
B-Block, Shakti Kiran Building, (Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi-110092.
10. **BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi.
11. **Tata Power Delhi Distribution Limited,**
33 kV Sub-station Building,
Hudson Lane, Kingsway Camp,
North Delhi-110009.
12. **Chandigarh Electricity Department,**
Chandigarh Administration
Sector-9, Chandigarh.
13. **Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road,
Dehradun.
14. **North Central Railway,**
Allahabad.



15. **New Delhi Municipal Council,**
Palika Kendra, Sansad Marg,
New Delhi-110002.

...Respondents

Parties Present : Shri Vivek Kumar, PGCIL
Shri Ashish Alankar, PGCIL
Shri Ashita Chauhan, PGCIL
Shri Vijay, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing-up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and for the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for “400 kV S/C Chamera-1 Kishenpur Transmission System” (hereinafter referred to as “the transmission asset”) in the Northern 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 asset 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 Regulations, 2019 and Tariff Regulations, 2024 as per para 12 and 13 above for respective block.*

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



- c) *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.*
- d) *Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- e) *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.*
- f) *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.*
- g) *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.*
- h) *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.*
- i) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.*
- j) *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 (the IA) for the transmission asset was accorded by the Ministry of Power (MoP) vide letter dated 10.6.1993 at an estimated cost of ₹6355.00 lakh, including an IDC of ₹12.00 lakh. The Revised Cost Estimate for the transmission project was approved by the MoP vide its Memorandum dated



4.9.1998 at an estimated cost of ₹8453.00 lakhs, including an IDC of ₹1361.00 lakh.

(b) The details of the transmission asset as per the IA are as under:

- **Asset-1:** 400 kV S/C Chamera-1 Kishenpur Transmission System.

(c) The transmission tariff with respect to the transmission asset from the COD up to 31.3.2001 was notified by the MoP vide notifications dated 16.11.1998 and 7.5.1999. The transmission tariff for the transmission asset from 1.4.2001 to 31.3.2004 was determined vide order dated 31.7.2003 in Petition No. 39/2002; tariff for the period from 1.4.2004 to 31.3.2009 was determined vide order dated 6.9.2005 in Petition No. 99/2004; tariff for the period from 1.4.2009 to 31.3.2014 was determined vide order dated 13.1.2011 in Petition No. 122/2009; and the transmission tariff for the period from 1.4.2009 to 31.3.2014 was trued up and tariff for the period from 1.4.2014 to 31.3.2019 was determined vide order dated 15.2.2016 in Petition No. 147/TT/2014. The Commission, vide order dated 25.1.2021 and corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019, has trued-up the tariff for the transmission asset for the 2014-19 period and approved the Annual Fixed Charges (AFC) for the 2019-24 tariff period.

(d) The Petitioner has filed the instant petition for truing up of transmission tariff for the 2019-24 tariff period and the determination of the transmission tariff for the 2024-29 tariff period for the transmission asset.

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



5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has 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. None of the Respondents has filed any reply in the matter.

6. The hearing in the matter was held on 17.4.2025, and the order was reserved. This order is issued considering the Petitioner's submissions in the Petition vide affidavit dated 24.7.2024 and subsequent affidavits dated 6.2.2025, 5.3.2025 and 8.5.2025.

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

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

8. The Commission, vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019, had allowed the following transmission charges for the 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	199.12	199.12	199.12	199.12	199.12
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	907.92	907.92	907.92	907.92	907.92
Interest on Working Capital	21.65	20.40	20.57	20.75	20.88
O&M Expenses	114.72	118.78	122.92	127.25	131.75
Total	1243.40	1246.22	1250.54	1255.04	1259.68

9. The Commission, vide corrigendum order dated 8.02.2022 in Petition No. 314/TT/2019, had allowed the following Interest on Working Capital (IWC) for the 2019-24 tariff period as under:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	9.56	9.90	10.24	10.60	10.98
Maintenance Spares	17.21	17.82	18.44	19.09	19.76
Receivables	152.88	153.64	154.18	154.73	154.88
Total Working Capital	179.64	181.36	182.86	184.42	185.62
Rate of Interest (in %)	12.05	11.25	11.25	11.25	11.25
Interest on Working Capital	21.65	20.40	20.57	20.75	20.88

10. The Petitioner has claimed the following transmission charges with respect to the transmission asset for the 2019-24 tariff period as under:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	199.13	199.11	199.13	199.11	199.13
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	907.92	907.92	907.92	907.92	907.92
Interest on Working Capital	21.65	20.40	19.18	19.35	22.29
O&M Expenses	114.72	118.78	122.92	127.25	131.75
Total	1243.42	1246.21	1249.15	1253.63	1261.09

11. The Petitioner has claimed the following Interest on Working Capital (IWC) with respect to the transmission asset for the 2019-24 tariff period are as under:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	9.56	9.90	10.24	10.60	10.98
Maintenance Spares	17.21	17.82	18.44	19.09	19.76
Receivables	152.88	153.64	154.00	154.56	155.05
Total Working Capital	179.65	181.36	182.68	184.25	185.79
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	21.65	20.40	19.18	19.35	22.29

Capital Cost for the 2019-24 Tariff Period

12. The Commission, vide order dated 25.1.2021 and subsequent corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019, had trued-up the tariff for the 2014-19 period and granted the tariff for the 2019-24 period. The capital cost of ₹8271.00 lakh was approved by the Commission for the transmission asset as on 31.3.2019 in Petition No.



314/TT/2019. The same capital cost of ₹8271.00 lakh has been considered as the opening capital cost as on 1.4.2019 for the purpose of true-up of the transmission tariff for the 2019-24 tariff period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

13. The Petitioner has not claimed any Additional Capital Expenditure (ACE) for the 2019-24 tariff period in the instant true-up Petition.

14. We have considered the Petitioner's submissions. The capital cost allowed for the transmission asset is as under:

(₹ in lakh)		
Capital Cost as on 1.4.2019	ACE during 2019-24 tariff period	Capital Cost as on 31.03.2024
8271.00	0.00	8271.00

Debt-Equity Ratio

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

Funding	Capital Cost as on 1.4.2019		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	3437.00	41.55	3437.00	41.55
Equity	4834.00	58.45	4834.00	58.45
Total	8271.00	100.00	8271.00	100.00

Depreciation

16. The depreciation has been worked out considering the admitted Capital Expenditure as on 1.4.2019 and, thereafter, up to 31.3.2024. Further, the COD of the transmission asset is 1.10.1997 and, therefore, it had completed its 12 years of life before 1.4.2019. The remaining depreciable value of ₹1991.21 lakh as on 1.4.2019 has been spread over the



balance useful life of the transmission asset in accordance with the 2019 Tariff Regulations.

The depreciation allowed for the transmission asset is as under:

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	8271.00	8271.00	8271.00	8271.00	8271.00
B	Addition during the year 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	8271.00	8271.00	8271.00	8271.00	8271.00
D	Average Capital Cost (A+C)/2	8271.00	8271.00	8271.00	8271.00	8271.00
E	Average Capital Cost (90% depreciable asset)	8271.00	8271.00	8271.00	8271.00	8271.00
F	Average Capital Cost (100% depreciable asset)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	7443.90	7443.90	7443.90	7443.90	7443.90
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	7443.90	7443.90	7443.90	7443.90	7443.90
J	Weighted average rate of Depreciation (WAROD) (in %)	Spread- Over				
K	Lapsed useful life at the beginning of the year (Year)	22	23	24	25	26
L	Balance useful life at the beginning of the year (Year)	10	9	8	7	6
M	Depreciation during the year	199.12	199.12	199.12	199.12	199.12
N	Cumulative Depreciation at the end of the year	5651.81	5850.93	6050.05	6249.17	6448.30
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	1792.09	1592.97	1393.85	1194.73	995.60

17. The details of depreciation approved vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019 with respect to the transmission asset, depreciation claimed by the Petitioner in the instant Petition, and trued-up depreciation allowed in the instant order are as under:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019.	199.12	199.12	199.12	199.12	199.12



	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	199.13	199.11	199.13	199.11	199.13
Approved after true-up in this order	199.12	199.12	199.12	199.12	199.12

Interest on Loan (IoL)

18. Since the normative loan availed in case of the transmission was already repaid prior to 31.3.2019, the Petitioner has not claimed any IoL in the instant Petition for the 2019-24 period. Accordingly, the IoL has been considered as 'NIL' for the purpose of computation of tariff.

Return on Equity (RoE)

19. The Petitioner has submitted that its Income Tax Assessment has been completed, and the assessment orders have been issued by the Income Tax Department for the FY 2019-20 and FY 2020-21, and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for FY 2021-22, FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024). The Petitioner has further submitted that it is liable to pay the income tax at MAT rates (17.472%, i.e., 15% Income Tax +12% Surcharge on Income Tax+4% Health and Education Cess on Income Tax and Surcharge) and has claimed the following effective tax rates for the 2019-24 tariff period:

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



20. We have considered the Petitioner's submissions and have also gone through the record. We noted that entities covered under the MAT regime are paying the 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 Schedule-II of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up 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 account for the purpose of grossing up 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 long-term customers, as the case may be, on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates is considered for the purpose of grossing up the rate of RoE:

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

21. Accordingly, the trued-up RoE allowed with respect to the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	4834.00	4834.00	4834.00	4834.00	4834.00
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	4834.00	4834.00	4834.00	4834.00	4834.00
D	Average Equity (A+C)/2	4834.00	4834.00	4834.00	4834.00	4834.00
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 (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	907.92	907.92	907.92	907.92	907.92

22. The details of RoE approved vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019 with respect to the transmission asset, the RoE claimed by the Petitioner in the instant Petition, and trued up RoE allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019.	907.92	907.92	907.92	907.92	907.92
Claimed by the Petitioner in the instant Petition	907.92	907.92	907.92	907.92	907.92
Approved after true-up in this order	907.92	907.92	907.92	907.92	907.92

Operation & Maintenance Expenses (O&M Expenses)

23. The Petitioner in the instant trued-up Petition has claimed the following O&M Expenses for the 2019-24 tariff period:

(₹ in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
114.72	118.78	122.92	127.25	131.75

24. We have considered the Petitioner's submission. It has been observed that the O&M Expenses claimed by the Petitioner in the instant true-up Petition are as per Regulation 35(3) of the 2019 Tariff Regulation. The O&M Expenses have been worked out as under:



(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line: 400 kV S/C Twin					
400 kV Chamera-I-Kishenpur Transmission Line (length of line: – 100.230 km)					
Norms per Regulation (₹ per km)	0.503	0.521	0.539	0.558	0.578
O&M Expenses	50.42	52.22	54.02	55.93	57.93
Sub-station: 400 kV Bays					
1 No. 400 kV Bay of Chamera-I – Kishenpur Transmission Line at Chamera Sub-station 1 No. 400 kV Bay of Chamera-I – Kishenpur Transmission Line at Kishenpur Sub-station					
Norms per Regulation (₹ per Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses	64.30	66.56	68.90	71.32	73.82
Total O&M Expenses allowed	114.72	118.78	122.92	127.25	131.75

25. Accordingly, the O&M Expenses allowed vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019 with respect to the transmission asset, the O&M Expenses claimed by the Petitioner in the instant Petition, and trued-up O&M Expenses allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019.	114.72	118.78	122.92	127.25	131.75
As claimed by the Petitioner in the instant Petition.	114.72	118.78	122.92	127.25	131.75
Allowed in the instant true-up Petition	114.72	118.78	122.92	127.25	131.75

Interest on Working Capital (IWC)

26. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for 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 the FY 2023-24.



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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	9.56	9.90	10.24	10.60	10.98
Working Capital for Maintenance Spares (15% of O&M Expenses)	17.21	17.82	18.44	19.09	19.76
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	152.88	153.64	154.00	154.56	155.05
Total Working Capital	179.65	181.36	182.69	184.25	185.79
Rate of Interest for Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	21.65	20.40	19.18	19.35	22.30

28. The details of IWC approved vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019 with respect to the transmission asset, the IWC claimed by the Petitioner in the instant Petition, and trued up IWC allowed in the instant order are as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019	21.65	20.40	20.57	20.75	20.88
Claimed by the Petitioner in the instant Petition	21.65	20.40	19.18	19.35	22.29
Approved after true-up in this order	21.65	20.40	19.18	19.35	22.30

Annual Fixed Charges for 2019-24 Tariff Period

29. Accordingly, the Annual Fixed Charges (AFC) allowed with respect to the transmission asset after truing up for the 2019-24 tariff period are as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	199.12	199.12	199.12	199.12	199.12
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	907.92	907.92	907.92	907.92	907.92
O&M Expenses	114.72	118.78	122.92	127.25	131.75
Interest on Working Capital	21.65	20.40	19.18	19.35	22.30
Total	1243.41	1246.22	1249.14	1253.64	1261.09



30. The details of AFC allowed vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019 with respect to the transmission asset, the AFC claimed in the instant Petition, and trued-up AFC allowed in the instant order with respect to the transmission asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide corrigendum order dated 8.2.2022 in Petition No. 314/TT/2019	1243.40	1246.22	1250.54	1255.04	1259.68
Claimed by the Petitioner in the instant Petition	1243.42	1246.21	1249.15	1253.63	1261.09
Allowed after truing-up in this order	1243.41	1246.22	1249.14	1253.64	1261.09

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

31. The Petitioner has claimed the following transmission charges with respect to the transmission asset and has proposed ACE for the 2024-29 tariff period is as under:

Existing Asset:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	199.11	199.14	199.11	199.14	199.12
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	907.92	907.92	907.92	900.70	880.80
Interest on Working Capital	21.15	21.40	21.65	21.76	21.80
O&M Expenses	108.37	114.08	120.05	126.29	132.90
Total	1236.55	1242.54	1248.73	1247.89	1234.62

ACE Asset:

(₹ in lakh)		
Particulars	2027-28	2028-29
Depreciation	3.80	18.90
Interest on Loan	2.25	9.90
Return on Equity	2.38	10.88
Interest on Working Capital	0.12	0.59
O&M Expenses	0.00	0.00
Total	8.55	40.27

32. The Petitioner has claimed the following Interest on Working Capital (IWC) with respect to the transmission asset and ACE for 2024-29 tariff period:



Existing Asset:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	9.03	9.51	10.00	10.52	11.08
Maintenance Spares	16.26	17.11	18.01	18.94	19.94
Receivables	152.45	153.19	153.95	153.43	152.21
Total Working Capital	177.74	179.81	181.96	182.89	183.23
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	21.15	21.40	21.65	21.76	21.80

ACE Asset:

(₹ in lakh)

Particulars	2027-28	2028-29
O&M Expenses	0.00	0.00
Maintenance Spares	0.00	0.00
Receivables	1.05	4.96
Total Working Capital	1.05	4.96
Rate of Interest (in %)	11.90	11.90
Interest on Working Capital	0.12	0.59

Capital Cost

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

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

(2) *The Capital Cost of a new project shall include the following:*

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*



- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o)
- (p)

(3) The Capital cost of an existing project shall include the following:

- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly 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) to (h)
- (i) Expenditure on account of change in law and force majeure events;

(4)

(5)

(6) The following shall be excluded from the capital cost of the existing and new projects:

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

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

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

(d)

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

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



34. The capital cost approved as on 31.3.2024 is ₹8271.00 lakh and the same has been considered as the opening capital cost for the transmission asset as on 1.4.2024 for the determination of the transmission tariff for the 2024-29 period, in accordance with Regulation 19 (3) of the 2024 Tariff Regulations.

Additional Capital Expenditure (ACE)

35. Regulation 25 of Tariff Regulation 2024 provides as under:

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

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

- (a) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority, or order or decree of any court of law;*
- (b) Change in law or compliance with any existing law which is not provided for in the original scope of work;*
- (c) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*
- (d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*
- (e) Force Majeure events;*
- (f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and*

(2) In case of replacement of assets deployed under the original scope of the existing project after the cut-off date, the additional capitalization may be admitted by the Commission after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

- (a) Assets whose useful life is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
- (b) The replacement of the asset or equipment is necessary on account of a change in law or Force Majeure conditions;*
- (c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) The replacement of such asset or equipment has otherwise been allowed by the Commission.*
- (e) The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of lease of lease hold land on case to case basis.*



Provided that any claim of additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses.

36. The Petitioner, vide affidavit dated 6.2.2025, has proposed the net ACE of (-) ₹60.68 lakh (ACE of ₹301.92 lakh and De-cap of (-) ₹362.60 lakh) for the 2024-29 tariff period.

37. The Petitioner has submitted that the ACE projected during the 2024-29 period is on account of the replacement of the following component/equipment in the system, which had deteriorated due to ageing and may affect the stability and reliability of the grid in case of sudden failure and covered under Regulation 25(2) of the 2024 Tariff regulations. The detailed justification is as under:

- a) **Replacement of 400 kV “ABB” Make Pneumatic Operated Circuit Breakers at Kishenpur Sub-station (02 Sets):** The circuit breakers supplied under this project are of pneumatic-operated type. These circuit breakers have completed 25 years of useful life. Due to ageing, the circuit breakers are developing frequent maintenance problems such as pneumatic drive failures and air leakages from various parts of the mechanism, leading to prolonged outages of the breakers, causing unstable grid operation. The Original Equipment Manufacturing (OEM) was taking a very long time to supply spares and to deploy service engineers, resulting in prolonged outages in case of failures. As these breakers have outlived their useful life, it is prudent to replace these old circuit breakers with new, technologically advanced, and simple spring-operated circuit breakers well in time so that failure of these old circuit breakers (in-service), causing consequential damages to the system, can be avoided. Hence, the Petitioner



has proposed to replace these old and obsolete circuit breakers to ensure efficient and secure operation of the grid. Therefore, it is proposed to replace 02 sets of circuit breakers at Kishenpur Sub-station.

b) **Replacement of Old & Obsolete 400 kV “Telk” Make Dead Tank Type**

Porcelain CTs at Kishenpur Sub-station (09 Nos): The existing CTs have completed 25 years of useful life and have an old dead tank type with porcelain housing design. Oil leakages from various points, such as the dead tank joint gasket portion, secondary terminals, primary terminals, domes, oil sight glass, etc., have been noticed in many of these CTs. The oil leakages are beyond repair. As there is leakage in the current transformer, in the long run, it may lead to low oil levels, moisture ingress, and subsequent failure. The current transformers are hermetically sealed equipment and, therefore, major repairs at the site were not recommended. Further, as moisture ingress occurs, complete replacement of active insulation parts is required at the manufacturer's works, which would not be techno-economically viable. The manufacturer has also stopped manufacturing and repairing these types of CTs. Failure of these CTs will result in consequential damages to surrounding equipment and may cause unstable grid operations. Therefore, it was proposed to replace 09 nos. CTs at Kishenpur Sub-station.

c) **Replacement of Old & Obsolete 400 kV CVTs (Make: ABB) at Kishenpur**

Sub-station (03 Nos.): The existing CVTs have completed 25 years of useful life. The CVTs are used for protection and metering purposes. Due to ageing, leakage/seepage was observed from multiple points, including the EMU tank, oil



level glass, and secondary terminal boxes. Due to ageing, the capacitance of the CVTs has changed due to internal failure of capacitor elements, resulting in a drift in secondary voltage. The CVT secondary output is used for metering and protection systems; therefore, it becomes vital for metering and protection. The variation in secondary voltage may result in inaccurate metering and wrong operation of protection relays of transmission elements. The CVTs are hermetically sealed equipment. Furthermore, as moisture ingress occurs, complete replacement of the active insulation parts is required at the manufacturer's works, which would not be techno-economically viable. The manufacturer has also stopped manufacturing and repairing these types of CVTs. Hence, these aged CVTs are not reliable for intended performance and are prone to failure at any time, causing forced outage of the critically loaded feeders. Failure of these CVTs shall result in consequential damages to surrounding equipments and may cause unstable grid operations. Therefore, it was proposed to replace 03 nos. 400 kV CVTs at Kishenpur Sub-station.

d) **Replacement of Old & Obsolete 400 kV (Make: S&S) Isolators at Kishenpur**

Sub-station (05 Sets): The existing isolators have completed 25 years of useful life. Due to ageing, there are problems with frequent misalignment, jamming, improper closing/opening, and over-travelling. Due to ageing, wear and tear, and heavy current passing during fault and through fault, the strength of male-female contact (copper contacts) has deteriorated, leading to hotspots. Isolators are outdoor equipment exposed to different weather conditions (rainy, foggy, summer). After long service, many MOM boxes have rusted - causing problems

with the MOM boxes, and the motorized operation of isolators is not possible. This leads to issues with improper indication, control, interlock, and remote operation of isolators, which is not safe. Due to ageing, the TBs inside the MOM boxes have become brittle, and many times, terminals come in contact with boxes, creating DC earth faults, which are detrimental to the control and protection system. Due to improper health of isolators, especially the interlock mechanism, drive mechanism, etc., the isolators are unable to maintain a stable condition, particularly, during storms and high wind conditions, and sometimes get opened in an On-Load condition, which is dangerous to the system as well as to the operating personnel. The OEMs are not providing spares and service support due to the old and obsolete design. Existing spares have already been exhausted. Therefore, it was proposed to replace 05 sets of isolators at Kishenpur Sub-station.

38. The Commission, vide RoP for the hearing dated 7.2.2025 and 17.4.2025, directed the Petitioner to submit the following information:

“The Petitioner has proposed the additional capitalisation of ₹120.11 lakh, ₹78.19 lakh, ₹90.80 lakh, ₹12.81 lakh in respect of 400 kV Circuit Breakers (CBs) (2 sets), 400 kV Isolators (5 sets), 400 kV CT (09 sets), and 400 kV CVT (03 nos), respectively. The Petitioner to submit the cost of each item of CBs, Isolators, and CVTs.

A copy of the OEM recommendations for the 400 kV CBs, CT, CVT and Isolators proposed for replacement by the Petitioner at Kishenpur Sub-station.

Abstract of the cost estimate in respect of CBs, Isolators, CVT, and CTs, which are proposed for additional capitalisation in the 2024-29 tariff period.”

39. In compliance with the RoPs, the Petitioner vide affidavits dated 5.3.2025 and 8.5.2025 has submitted as under:



a) The item-wise cost of CBs, CVTs, Isolators, and CVTs is as under:

ACE Details

Sr. No.	Station Name	Rating	Qty	Unit Price	2027-28	2028-29	Total (2024-29)
Circuit Breaker							
1	Kishenpur	400 kV	2	6005801.44	-	12011603	12011603
Isolators							
1	Kishenpur	400 kV	5	1563770.58	3127541	4691312	7818853
CTs							
1	Kishenpur	400 kV	9	1008945.86	4035783	5044729	9080512
CVTs							
1	Kishenpur	400 kV	3	427059.10	1281177	-	1281177
Total ACE value					8444001	21747644	30192145
Total ACE value (in lakh)					84.44	217.48	301.92

De-Capitalization Details

Sr. No.	Station Name	Rating	Qty	Unit Price	2027-28	2028-29	Total (2024-29)
Circuit Breaker							
1	Kishenpur	400 kV	2	8288950.50	-	16577901	16577901
Isolators							
1	Kishenpur	400 kV	5	898031.40	1796063	2694094	4490157
CTs							
1	Kishenpur	400 kV	9	765837.11	3063348	3829186	6892534
CVTs							
1	Kishenpur	400 kV	3	2766391.67	8299175	-	8299175
Total ACE value					13158586	23101181	36259767
Total ACE value (in lakh)					131.59	231.01	362.60

b) In support of the OEM communication, the Petitioner has submitted the emails dated 26.9.2018, 28.4.2014 and 10.12.2019. The Petitioner has also submitted that equipment of similar make and type is installed across various Sub-stations of the Petitioner. The OEM has expressed its inability to provide the spares and service support for such equipment at certain locations. Accordingly, the confirmation of OEM received for other locations also holds good for the instant case , as the obsolescence affects the equipment uniformly across all locations. The confirmation of obsolescence by OEM for any particular model installed at any particular location will imply that OEM will not be able to provide any support in future for all the



equipment of said model, irrespective of its location of installation. Therefore, the OEM's communication regarding the obsolescence may be considered applicable to the entire fleet of equipment of the same make and model, irrespective of the Sub-stations.

- c) In response to the direction vide RoP dated 17.4.2025, the Petitioner has submitted that the estimated cost has been prepared based on the item-wise Schedule of Rates (SOR) of December 2023, which is prepared based on the latest LoAs.

40. The Petitioner has also submitted the details of de-capitalisation as follows:

(₹ in lakh)						
Year of De-capitalisation	Equipment/ Sub-station	Year of capitalisation of asset being de-Capitalised	Original Book Value of the asset being de-Capitalised	Debt-Equity ratio at the time of capitalisation	Cumulative depreciation corresponding to de-capitalisation	Cumulative repayment of Loan corresponding to de-capitalisation
2027-28	CBs, CVTs, Isolators, CTs	1997	131.59	41.55:58.45	118.43	54.68
2028-28	CBs, CVTs, Isolators, CTs	1997	231.01	41.55:58.45	207.91	95.98

41. We have considered the Petitioner's submissions and have gone through the documents placed on record. It has been observed that the Petitioner in the instant Petition has proposed the ACE for the replacement of the existing Circuit Breakers (2 Nos.), Isolators (5 Nos.), CVTs (3 Nos.) and CTs (9 Nos.) at Kishenpur Sub-station for the FY 2027-28 and 2028-29.

42. The Petitioner has contended that the aforementioned equipments have completed 25 years of useful life and due to ageing effect, the general problems like pneumatic drive failure, air leakage from various parts of CBs, oil leakage from different points of CTs, internal failure of capacitor elements of CVTs, frequent misalignment, jamming, improper



closing/opening, wear & tear and heavy current passing in Isolators, etc. were observed frequently. The Petitioner has also submitted that the OEM has not provided spares and service support due to the old and obsolete design and advised to replace the same. The Petitioner has placed on record the details of the OEM emails dated 26.9.2018, 28.4.2014 and 10.12.2019 in support of its contentions.

43. After perusal of documents submitted by the Petitioner, it has been observed that the OEM has intimated the discontinuation of various parts of CB type ELF/EL(V)F SL 6-2 Vide email dated 26.9.2018. Similarly, the respective OEMs vide email dated 28.4.2014 and 10.12.2019 have recommended the replacement of the old CVTs and isolators, respectively. However, it has been observed that the recommendations for replacing the old CVTs and isolators were provided by the OEM against the correspondence made by the Petitioner in respect of Salem & Agra Sub-stations, not for Kishenpur Sub-station. Also, the Petitioner has not provided any OEM recommendation for the replacement of the CTs. Therefore, considering the fact that the OEM has refused to provide support and service for the old Sub-station equipments like CBs, CVTs, CTs, and Isolators due to ageing effect and obsolescence of technology, it is recommended to replace the said old equipments with new ones/latest equipments. Therefore, in terms of Regulation 25(2)(c) of the 2024 Tariff Regulations, the ACE of (-) ₹60.68 lakh (ACE of ₹301.92 lakh and De-cap of (-) ₹362.60 lakh) for the 2024-29 tariff period as claimed by the Petitioner, is hereby allowed subject to true up. The details of the ACE projected for the 2024-29 tariff period are as under:

						(₹ in lakh)
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29	Total (2024-29)
ACE	0.00	0.00	0.00	84.44	217.48	301.92
De-Capitalization	0.00	0.00	0.00	-131.59	-231.01	-362.60
Total	0.00	0.00	0.00	-47.15	-13.53	-60.68



44. Regulation 33(8) of Tariff Regulation 2024 provides as under:

“(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.”

45. The Petitioner has proposed the ACE for the FYs 2027-28 and 2028-29, as detailed in the preceding paragraphs. The residual operational life of the underlying asset is less than ten (10) years; therefore, the depreciation on the proposed ACE shall be apportioned equally over a period of ten (10) years, in accordance with the 2024 Tariff Regulations.

46. In view of the differential depreciation period, a separate tariff computation is required to be carried out for the asset created through such ACE, treating it as having a normative life of ten (10) years. Therefore, the capital cost considered for the 2024-29 tariff period is as follows:

(₹ in lakh)			
Particulars	Capital Cost as on 31.3.2024	ACE during the 2024-29 tariff period	Capital Cost as on 31.3.2029
Existing Asset	8271.00	-362.60	7908.40
ACE Asset	0.00	301.92	301.92

Debt-Equity Ratio

47. Regulation 18 of the 2024 Tariff Regulations provides as under:

“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.”

48. The debt-equity ratio for the 2024-29 tariff period is dealt with as per Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity ratio considered for the 2024-29 tariff period for the transmission asset is as follows:

Existing Asset

(₹ in lakh)						
Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	De-Cap during 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	3437.00	41.55	150.68	41.55	3286.32	41.55
Equity	4834.00	58.45	211.92	58.45	4622.08	58.45
Total	8271.00	100.00	362.60	100.00	7908.40	100.00

ACE Asset

(₹ in lakh)						
Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	ACE during 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	0.00	00.00	211.34	70.00	211.34	70.00
Equity	0.00	00.00	90.58	30.00	90.58	30.00
Total	0.00	100.00	301.92	100.00	301.92	100.00

Depreciation

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

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

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

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

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

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

.....

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

(4)

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

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

.....

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

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

.....

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

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

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

.....”

50. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and, thereafter, up to 31.3.2029. The transmission asset had completed 12 years of useful life before 1.4.2024, and, therefore, the remaining depreciable value as on 1.4.2024 has been spread over the balance useful life of the transmission asset in accordance with the 2024 Tariff Regulations.

51. The depreciable value of the ACE pertaining to the transmission asset shall be apportioned equally over the remaining useful life of the asset or a period of 10 years, whichever is higher, in accordance with the provisions of Regulation 33(8) of the 2024 Tariff Regulations.

52. The depreciation allowed for the transmission asset under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

Existing Asset

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	8271.00	8271.00	8271.00	8271.00	8139.41
B	Addition during the year 2019-24 due to ACE	0.00	0.00	0.00	-131.59	-231.01
C	Closing Capital Cost (A+B)	8271.00	8271.00	8271.00	8139.41	7908.40
D	Average Capital Cost (A+C)/2	8271.00	8271.00	8271.00	8205.21	8023.91
E	Average Capital Cost (90% depreciable asset)	8271.00	8271.00	8271.00	8205.21	8023.91
F	Average Capital Cost (100% depreciable asset)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	7443.90	7443.90	7443.90	*7325.47	*7117.56



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	7443.90	7443.90	7443.90	7325.47	7117.56
J	Weighted average rate of Depreciation (WAROD) (in %)	Spread- Over				
K	Lapsed useful life at the beginning of the year	27.00	28.00	29.00	30.00	31.00
L	Balance useful life at the beginning of the year	5.00	4.00	3.00	2.00	1.00
M	Depreciation during the year	199.12	199.12	199.12	199.12	199.12
N	Cumulative Depreciation towards De-capitalized Asset	0.00	0.00	0.00	118.43	207.91
O	Aggregate Cumulative Depreciation at the end of the year	6647.42	6846.54	7045.66	7126.34	7117.56
P	Remaining Aggregate Depreciable Value at the end of the year (I-O)	796.48	597.36	398.24	199.12	0.00

* The depreciable value is net of de-capped asset.

ACE Asset

(₹ in lakh)

Sl. No.	Particulars	2027-28	2028-29
A	Opening Capital Cost	0.00	84.44
B	Addition during the year 2019-24 due to ACE	84.44	217.48
C	Closing Capital Cost (A+B)	84.44	301.92
D	Average Capital Cost (A+C)/2	42.22	193.18
E	Average Capital Cost (90% depreciable asset)	42.22	193.18
F	Average Capital Cost (100% depreciable asset)	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	38.00	173.86
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00
I	Total Depreciable Value (G+H)	38.00	173.86
J	Cumulative Depreciation at the Beginning of the Year	0.00	3.80
K	Depreciable Value at the Beginning of the Year (I - J)	38.00	170.06
L	Weighted average rate of Depreciation (WAROD) (in %)	Spread-Over	
M	Lapsed useful life at the beginning of the year (Year)	0.00	1.00
N	Balance useful life at the beginning of the year (Year)	10.00	9.00
O	Depreciation during the year	3.80	18.90
P	Cumulative Depreciation at the end of the year	3.80	22.70
Q	Remaining Aggregate Depreciable Value at the end of the year (I-P)	34.20	151.17



Interest on Loan (IoL)

53. Regulation 32 of the 2024 Tariff Regulations provides as under:

“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.”

54. As stated above, the normative loan availed in case of the instant (existing) transmission asset has already been repaid prior to 31.3.2019. Therefore, the Petitioner has not claimed any IoL in the instant Petition. Accordingly, the IoL has been considered as ‘NIL’ for the purpose of computation of tariff for the 2024-29 period.

55. It has been noted that the Petitioner has claimed the IoL with respect to the ACE; however, Form 9(C) for the ACE has not been furnished by the Petitioner. Notwithstanding the same, the Petitioner, in its affidavit dated 6.2.2025 at paragraph 6, has stated that the IoL has been computed based on the Weighted Average Rate of Interest (WAROI) applicable to the company’s domestic loans.

56. We have considered the Petitioner’s submissions. The IoL has been computed in accordance with Regulation 32(5) of the 2024 Tariff Regulations. For the purpose of this computation, the WAROI on domestic loans of the Petitioner has been adopted. However, the Petitioner shall be required to furnish either the actual loan statement in Form 9(C) or the overall WAROI, encompassing both domestic and foreign loans, at the time of truing up of the tariff for the 2024-29 period. The IoL allowed for the transmission asset for the 2024-29 tariff period is as under:

ACE Asset

		(₹ in lakh)	
	Particulars	2027-28	2028-29
A	Gross Normative Loan	0.00	59.11
B	Cumulative Repayments up to Previous Year	0.00	3.80
C	Net Loan-Opening (A-B)	0.00	55.31
D	Addition due to ACE	59.11	152.24
E	Repayment during the year	3.80	18.90
F	Net Loan-Closing (C+D-E)	55.31	188.65
G	Average Loan (C+F)/2	27.65	121.98



	Particulars	2027-28	2028-29
H	Weighted Average Rate of Interest on Loan (in %)	8.1200	8.1200
I	Interest on Loan (G*H)	2.25	9.90

Return on Equity (RoE)

57. Regulations 30 and 31 of the 2024 Tariff Regulations provide as under:

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

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

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

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

Provided further that:

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

.....

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

Provided that in case a generating company or transmission licensee is paying



Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess;

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

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

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

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

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

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

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

58. The Petitioner has submitted that the MAT rate applies to it. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the transmission asset and the ACE Asset for the 2024-29 tariff period is as follows:

Existing Asset

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	4834.00	4834.00	4834.00	4834.00	4757.09
B	Addition due to ACE	0.00	0.00	0.00	-76.91	-135.01
C	Closing Equity (A+B)	4834.00	4834.00	4834.00	4757.09	4622.08



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
D	Average Equity (A+C)/2	4834.00	4834.00	4834.00	4795.55	4689.58
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	907.92	907.92	907.92	900.70	880.80

ACE Asset

		(₹ in lakh)	
	Particulars	2027-28	2028-29
A	Opening Equity	0.00	25.33
B	Addition due to ACE	25.33	65.24
C	Closing Equity (A+B)	25.33	90.58
D	Average Equity (A+C)/2	12.67	57.95
E	Return on Equity (Base Rate) (in %)	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782
H	Return on Equity (D*G)	2.38	10.88

Operation & Maintenance Expenses (O&M Expenses)

59. The Petitioner has claimed the O&M Expenses for the existing asset only. The Petitioner has claimed the following O&M Expenses during the 2024-29 tariff period:

					(₹ in lakh)
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
	108.37	114.08	120.05	126.29	132.90

60. 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
<i>Norms for sub-station Bays (Rs Lakh per bay)</i>					
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
<i>Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)</i>					



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.

.....”

61. We have considered the Petitioner's submissions. The O&M Expenses for the 2024-29 tariff period have been worked out as per the norms specified in the 2024 Tariff Regulations. The O&M Expenses approved for the transmission asset for the 2024-29 tariff period, as per Regulation 36 of the 2024 Tariff Regulations, are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Transmission Line: 400 kV S/C Twin					
• 400 kV Chamera-I-Kishenpur Transmission Line (Length of Line: 100.230 km)					
Norms per Regulation (₹ per Km)	0.492	0.518	0.545	0.573	0.603
O&M Expenses	49.31	51.92	54.63	57.43	60.44
Sub-station: 400 kV Bays					
• 1 No. 400 kV Bay of Chamera-I – Kishenpur Transmission Line at Chamera Sub-station					
• 1 No. 400 kV Bay of Chamera-I – Kishenpur Transmission Line at Kishenpur Sub-station					
Norms per Regulation (₹ per Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses	59.06	62.16	65.42	68.86	72.46
Total O&M Expenses allowed	108.37	114.08	120.05	126.29	132.90

Existing Asset

(₹ in lakh)					
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
	108.37	114.08	120.05	126.29	132.90

Interest on Working Capital (IWC)

62. Regulation 34 of the 2024 Tariff Regulations provides as under:

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

.....

(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.

.....

(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.”

63. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. The 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 FY 2024-25 to FY 2028-29.

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

Existing Asset

(₹ 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)	9.03	9.51	10.00	10.52	11.08
Working Capital for Maintenance Spares (15% of O&M Expenses)	16.26	17.11	18.01	18.94	19.94
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	152.45	153.19	153.96	153.43	152.21
Total Working Capital	673.29	691.97	711.22	730.39	754.59
Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	21.15	21.40	21.65	21.76	21.80

ACE Asset

(₹ in lakh)

Particulars	2027-28	2028-29
Working Capital for O&M Expenses (O&M Expenses for one month)	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	1.05	4.97
Total Working Capital	1.05	4.97
Rate of Interest for working capital (in %)	11.90	11.90
Interest on Working Capital	0.13	0.59



Annual Fixed Charges for the 2024-29 Tariff Period

65. The transmission charges allowed for the transmission asset for the 2024-29 tariff period are as follows:

Existing Asset

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	199.12	199.12	199.12	199.12	199.12
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	907.92	907.92	907.92	900.70	880.80
O&M Expenses	108.37	114.08	120.05	126.29	132.90
Interest on Working Capital	21.15	21.40	21.65	21.76	21.80
Total	1236.56	1242.52	1248.74	1247.87	1234.62

ACE Asset

(₹ in lakh)

Particulars	2027-28	2028-29
Depreciation	3.80	18.90
Interest on Loan	2.25	9.90
Return on Equity	2.38	10.88
O&M Expenses	0.00	0.00
Interest on Working Capital	0.13	0.59
Total	8.56	40.27

Filing Fee and Publication Expenses

66. The Petitioner has claimed the reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it is entitled to the reimbursement of the filing fee and the expenses incurred on 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.

67. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fee 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)

68. 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.

69. 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.”

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

Licence Fee and RLDC Fees and Charges

71. The Petitioner has prayed for recovery of the application filing fee, expenses incurred for publication of notices in Newspapers, and for reimbursement of the licence fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the expenses



incurred in accordance with Regulations 94(1) and 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fees and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

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

73. We have considered the Petitioner'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 premature.

Security Expenses, Insurance and Capital Spares

74. 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.

75. As regards the security expenses of the transmission asset, the Petitioner has submitted that it will file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and for the



recovery of the 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 asset are not claimed in the instant Petition.

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

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

78. 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 under:

"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.”

79. 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 security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on the estimated basis as per the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission Charges

80. 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.

81. To summarize:

a. The trued-up AFC approved for the 2019-24 tariff period with respect to the transmission assets are as follows:

	(₹ in lakh)				
AFC	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed	1243.42	1246.21	1249.15	1253.63	1261.09
Approved	1243.41	1246.22	1249.14	1253.64	1261.09

b. The AFC approved with respect to the transmission asset for the 2024-29 tariff period is as follows:



Existing Asset

(₹ in lakh)					
AFC	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed	1236.55	1242.54	1248.73	1247.89	1234.62
Approved	1236.56	1242.52	1248.74	1247.87	1234.62

ACE Asset

(₹ in lakh)		
AFC	2027-28	2028-29
Claimed	8.55	40.27
Approved	8.56	40.27

82. This order disposes of Petition No. 141/TT/2025 in terms of the above discussions and findings.

sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson