

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 150/TT/2024

Coram:

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

Date of Order: 24th June, 2025

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations 1999 and determination of the transmission tariff from the COD to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in respect of **Asset-1**: Conversion of 240 MVAR Non-switchable Line reactor at Raipur Pooling Station (associated with Raipur Pooling Station -Champa Pooling Station 765 kV Ckt-1) into Switchable Line reactor along with NGR bypass arrangement and **Asset-2**: Conversion of 240 MVAR Non-switchable Line reactor at Raipur Pooling Station (associated with Raipur Pooling Station -Champa Pooling Station 765 kV Ckt-2) into Switchable Line reactor along with NGR bypass arrangement under “**Western Region Expansion Scheme- XXIV (WRES-XXIV)**” 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

Versus

1. **Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008.**
2. **Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited,
3/54 Press Complex Agra-Bombay Road,
Indore-452008.**
3. **Maharashtra State Electricity Distribution Company Limited,
Hongkong Bank Building, 3rd Floor
M.G. Road, Fort,
Mumbai-400001.**
4. **Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,**



Race Course Road,
Vadodara-390007.

5. **Electricity Department,**
Government of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel,
Goa-403001.
6. **Electricity Department,**
Administration of Daman & Diu,
Daman-396210.
7. **DNH Power Distribution Corporation Limited,**
Vidyut Bhawan, 66 kV Road, Near Secretariat Amli,
Silvassa-396230.
8. **Chhattisgarh State Power Distribution Company Limited,**
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh-492013.

...Respondent(s)

Parties Present: Shri Mohd. Mohsin, PGCIL
Shri Vishal Sagar, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Ashish Alankar, PGCIL
Ms Ashita Chauhan, PGCIL

ORDER

The Petitioner, Power Grid Corporation of India Limited (PGCIL), has filed the instant Petition for the determination of transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) for the period from the COD to 31.3.2024 in respect of the following assets (hereinafter referred to as “the transmission assets”) under “Western Region Expansion Scheme-XXIV (WRES-XXIV)” (hereinafter referred to as “the transmission project”) in the Western Region:

Asset-1: Conversion of 240 MVar Non-switchable Line reactor at Raipur Pooling Station (associated with Raipur Pooling Station-Champa Pooling Station 765 kV Ckt-1) into Switchable Line reactor along with NGR bypass arrangement; and



Asset-2: Conversion of 240 MVar Non-switchable Line reactor at Raipur Pooling Station (associated with Raipur Pooling Station-Champa Pooling Station 765 kV Ckt-2) into Switchable Line reactor along with NGR bypass arrangement.

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

- “1) Approve the DOCO as claimed in the instant petition and condone the time over run.*
- 2) Approve the Transmission Tariff for the tariff block 2019-24 block for the assets covered under this petition, as per **para –7** above.*
- 3) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred/projected to be incurred.*
- 4) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to a change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 as per para 8 above for respective block.*
- 5) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on the publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of the petition.*
- 6) Allow the petitioner to bill and recover Licensee fees and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 7) Allow the petitioner to bill and adjust the impact on Interest on Loan due to a change in the Interest rate on account of the floating rate of interest applicable during the 2019-24 period, if any, from the beneficiaries.*
- 8) 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 the 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.*
- 9) Allow interim tariff in accordance with Regulation 10(3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for the purpose of inclusion in the PoC charges.*

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

Background

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

- a. The transmission project was agreed upon to in the 3rd Consultation Meeting for Evolving Transmission Schemes in Western Region (CMETS-WR) held



on 31.1.2022. The transmission project was later taken up for approval in the 8th NCT meeting held on 25.3.2022, wherein it was decided that the conversion of 2x240 MVAR non-switchable line reactors at Raipur Pooling Station (associated with Raipur Pooling Station-Champa Pooling Station 765 kV Ckts-1 and 2) into Switchable line reactors along with NGR bypass arrangement (earlier proposed as part of WRES-XXVIII) may be approved by the CTUIL.

- b. In this respect, it was informed in the 7th CMETS-WR, held through video conference on 30.5.2022, that the above scope of the work is being taken up for approval by the CTUIL under WRES-XXIV.
- c. Subsequently, CTUIL vide OM Ref No: C/CTU/AI/00/6th, CCTP dated 24.6.2022, approved the implementation of the instant ISTS transmission project in line with the MoP office order dated 28.10.2021 under the RTM mode by the Petitioner.
- d. The Investment Approval (IA) of the transmission project was accorded by the competent authority of the Petitioner, i.e., CMD, on 26.8.2022 and communicated vide Memorandum No. C/CP/PA2223-06-0U-IA011 dated 26.8.2022, at an estimated cost of ₹654.00 lakh, including an Interest During Construction (IDC) of ₹17.00 lakh, based on the June 2022 price level.
- e. The scope of the work covered under the transmission project broadly includes as under:

Sub-station

- (i) Extension at 765 kV Raipur Pooling Station



Conversion of 2x240 MVAR non-switchable line reactors at Raipur Pooling Station (associated with Raipur Pooling Station-Champa Pooling Station 765 kV Ckts-1 and 2) into Switchable Line Reactors along with NGR bypass arrangements:

- Switching equipment along with NGR bypass arrangements- 2 nos.

f. The entire scope of the transmission project is complete and is covered under the current Petition. As per the IA dated 26.8.2022, the transmission assets were scheduled to be commissioned by June 2023. The details of the transmission assets, including scheduled commercial operation date (SCOD), date of commercial operation (COD), and time overrun, are as under:

Assets	Asset Details	SCOD	COD	Time over-run
Asset-1	Conversion of 240 MVAR Non-switchable Line reactor at Raipur Pooling Station (associated with Raipur Pooling Station-Champa Pooling Station 765 kV Ckt-1) into Switchable Line Reactor along with NGR bypass arrangement	June 2023	16.10.2023	3 months 15 days
Asset-2	Conversion of 240 MVAR Non-switchable Line reactor at Raipur Pooling Station (associated with Raipur Pooling Station-Champa Pooling Station 765 kV Ckt-2) into Switchable Line Reactor along with NGR bypass arrangement		12.11.2023	4 months 11 days

4. The Respondents are the distribution licensees and power departments that are procuring transmission service from the Petitioner, mainly the beneficiaries of 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 also been published in the newspapers in



accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the public in response to the aforesaid notice published in the newspapers by the Petitioner. Respondent No. 3, Maharashtra State Electricity Distribution Company Limited (MSEDCL), vide affidavit dated 10.1.2025, has filed its reply in the matter and has raised the issue of time overrun, IEDC, and GST claim. Respondent No. 1, Madhya Pradesh Power Management Company Limited (MPPMCL), has filed its reply vide affidavit dated 16.1.2025 and has raised the issue of time overrun, restriction of IDC and IEDC to the permissible limit up to the SCOD and GST. The Petitioner, vide affidavits dated 21.2.2025, has filed its rejoinders to the reply of MSEDCL and MPPMCL respectively. The contentions raised by the Respondents and the clarifications given by the Petitioner thereto have been considered in the relevant portions of this order.

6. The hearing in this matter was held on 25.2.2025, and the order was reserved. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 14.2.2024 and subsequent affidavits dated 12.7.2024 and 24.2.2025, reply filed by MSEDCL vide affidavit dated 10.1.2025 and by MPPMCL vide affidavit dated 16.1.2025, and respective rejoinders filed by the Petitioner vide affidavits dated 21.2.2025.

7. Having heard the Petitioner's representatives and after perusing the material on record, we proceed to dispose of the Petition.

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

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



(₹ in lakh)

	Particulars	2023-24	
		Asset-1 (pro-rata for 168 days)	Asset-2 (pro-rata for 141 days)
A	Depreciation	7.43	6.42
B	Interest on Loan	5.33	4.68
C	Return on Equity	5.62	4.89
D	Interest on Working Capital	1.30	1.10
E	O&M Expenses	23.72	19.91
F	Total	43.40	37.00

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

(₹ in lakh)

	Particulars	2023-24	2023-24
		Asset-1 (pro-rata for 168 days)	Asset-2 (pro-rata for 141 days)
A	O&M Expenses	4.31	4.31
B	Maintenance Spares	7.75	7.75
C	Receivables	11.63	11.81
D	Total Working Capital	23.69	23.87
E	Rate of Interest (in %)	12.00	12.00
F	Interest on Working Capital	1.30	1.10

Date of Commercial Operation ("COD")

10. The Petitioner has claimed the actual COD in respect of Asset-1 as 16.10.2023 and in respect of Asset-2 as 12.11.2023.

11. Regulation 5 of the 2019 Tariff Regulations provides as under:

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

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

Provided that the transmission licensee seeking the approval of the date of commercial operation under this clause shall give prior notice of at least one month, to the generating



company or the other transmission licensee and the long-term customers of its transmission system, as the case may be, regarding the date of commercial operation:

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

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

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

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

Provided that on earliest occurrence of any of the events under sub-clauses (a) to (c) of Clause (3) of this Regulation, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one-week prior intimation to the beneficiaries of the end-use or associated generating station(s);

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

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



12. The Petitioner has submitted the CEA Energization Certificates, WRLDC Charging Certificates, CMD Certificates, and Self-declaration of the COD Certificates in support of the COD of Assets-1 and 2.

13. MSEDCL has submitted that the Petitioner's request for the approval of the COD of the transmission assets as 16.10.2023 and 12.11.2023 should not be approved, as the Petitioner has failed to provide satisfactory justification for the delay in completing the transmission project.

14. In response, the Petitioner has submitted that the reasons are attributable to the time overrun. The said reasons are in the nature of uncontrollable factors/force majeure, warranting not only the approval of the COD but also the condonation of delay, and capitalisation of IDC and IEDC beyond the SCOD.

15. We have considered the Petitioner's and MSEDCL's submissions. The Petitioner has submitted the CEA Energization Certificates, WRLDC Charging Certificates, CMD Certificates, and Self-declaration of the COD Certificates in support of its claim for the COD. Taking into consideration the following documents, the COD of Asset-1 and Asset-2 is hereby approved as 16.10.2023 and 12.11.2023, respectively.

Assets	COD	Document Submitted
Asset-1	16.10.2023	Notification of COD vide letter dated 17.10.2023, CEA Energization certificate dated 30.9.2023, WRLDC Certificate dated 1.11.2023 certifying the successful completion of the trial run on Load on 15.10.2023, and CMD Certificate.
Asset-2	12.11.2023	Notification of COD vide letter dated 13.11.2023, CEA Energization Certificate dated 6.11.2023, WRLDC Certificate dated 17.11.2023 certifying the successful completion of the trial run on Load on 11.11.2023.

16. It has been observed that the Petitioner has not submitted the CMD Certificate for Assets-2. The Petitioner is directed to submit the same at the time of truing-up.



Capital Cost

17. Regulation 19 of the 2019 Tariff Regulations provides as under:

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) *Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) *Expenditure on account of change in law and force majeure events; and*
- (o) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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

- (a) *Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*



- (b) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
 - (c) *Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*
 - (d) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
 - (e) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and*
 - (f) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*
- (4) *The capital cost in case of existing or new hydro generating station shall also include:*
- (a) *cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and*
 - (b) *cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.*
- (5) *The following shall be excluded from the capital cost of the existing and new projects:*
- (a) *The assets forming part of the project, but not in use, as declared in the tariff petition;*
 - (b) *De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:*
- Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be de-capitalised only after its redeployment;*
- Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.*
- (c) *In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;*
 - (d) *Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and*
 - (e) *Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment."*

18. The Petitioner has submitted the Auditor's Certificate dated 12.12.2023 for the transmission assets and has claimed the capital cost incurred as on the COD and Additional Capital Expenditure (ACE) projected to be incurred in respect of the transmission assets, as under:



Assets	FR Apportioned Approved Cost	Expenditure up to the COD	Projected ACE		Estimated Completion Cost
			2023-24	2024-25	
Asset-1	317.20	190.44	55.51	19.64	265.59
Asset-2	336.80	202.30	47.82	39.64	289.76
Total	654.00	392.74	103.33	59.28	555.35

19. The Petitioner has submitted the projected ACE till 2024-25. In the instant order, the tariff is being determined for the 2019-24 period; hence, the estimated completion cost as on 31.3.2024 in respect of the transmission assets is as under:

Assets	FR Apportioned Approved Cost	Expenditure up to COD	Projected ACE	Estimated Completion Cost as on 31.3.2024
			2023-24	
Asset-1	317.20	190.44	55.51	245.95
Asset-2	336.80	202.30	47.82	250.12

Cost Overrun

20. The Petitioner has submitted that against the total FR apportioned approved cost of ₹654.00 lakh, the estimated completion cost as on 31.3.2025 is ₹555.35 lakh. Hence, there is no cost overrun on an overall basis; however, there is a cost overrun on an asset-wise basis.

21. The Petitioner has further submitted that the cost variation was mainly due to the open competitive bidding process, decrease in IDC and IEDC, and other associated factors, which were beyond the control of the Petitioner. The reasons for the cost variation with respect to the FR approved cost as submitted by the Petitioner are as under:

- A. **Sub-station equipment:** For procurement, an open competitive bidding route was followed by providing equal opportunity to all the eligible firms, the lowest possible market prices for required products/services were obtained, and the



contracts were awarded based on the lowest evaluated eligible bidder. The best competitive bid prices against the tenders may happen to be lower or higher than the cost estimate, depending on prevailing market conditions. Further, with respect to the variation in the cost of individual items in the Sub-station packages, the packages under the scope of works comprise a large no. of items, and the same were awarded through the open competitive bidding. In the said bidding process, the bids were received from multiple parties quoting different rates for various BOQ items under the said package. Further, the lowest bidder could have been arrived at/ evaluated on an overall basis only. Hence, the item-wise unit prices in the contracts and their variation over the unit rate considered in the FR estimates were beyond the control of the Petitioner.

- B. **IDC:** Decrease in IDC is attributable to the variation in the rate of interest considered in FR v/s Actuals, decrease in overall capital cost with respect to the FR cost, and deployment of funds based on the actuals. In FR cost, the IDC was calculated considering the interest rate @9.0 % of domestic loans subject to the actuals. The actual IDC accrued up to the COD has been considered in the Auditor's Certificate.
- C. **IEDC:** In the IA, the IEDC and contingency have been considered @ 10.75% and 3%, respectively, whereas, based on the actual expenditure under the subject head, IEDC has been considered in the Auditor's Certificate.

22. We have considered the Petitioner's submissions. It has been observed that the estimated completion cost of ₹654.00 lakh, approved in the IA, is within the estimated cost of ₹1020.00 lakh conveyed by the CTUIL vide OM dated 24.6.2022. Further, the estimated completion cost of ₹265.59 lakh and ₹289.76 lakh as on 31.3.2025 for Asset-



1 and Asset-2, respectively, is within the FR apportioned approved cost of ₹317.20 lakh and ₹336.80 lakh for Asset-1 and Asset-2, respectively, and therefore, there is no cost overrun with respect to the instant transmission assets.

Time Overrun

23. As per the IA dated 26.8.2022 and CTUIL OM dated 24.6.2022, the transmission project was scheduled to be commissioned by June 2023. However, Asset-1 and Asset-2 were put into commercial operation with a delay of 108 days and 135 days, respectively. The details of the same are as under:

Assets	SCOD	COD	Time over-run
Asset-1	30.6.2023	16.10.2023	108 days
Asset-2		12.11.2023	135 days

24. The Petitioner has submitted the following reasons for the delay in the commissioning of the transmission assets:

(i) Delay due to Shortage of semiconductors worldwide

25. The Petitioner has submitted that the supply of C&R panels and relays was severely affected due to the shortage of semiconductors worldwide in the year 2022 till mid-2023, affecting the progress of works significantly.

26. The Commission vide RoP for the hearing dated 26.12.2024, directed the Petitioner to submit the documentary proofs regarding the details of the supply vendor for C&R panels, to whom it was awarded, and how much time the panels took to reach the site. In response, the Petitioner vide affidavit dated 21.2.2025 has reiterated its submissions along with the supporting documents justifying the shortage of semiconductors worldwide and its impact on the electronic industry from October 2022 to mid-2023. Further, the Petitioner has submitted that the contract for the supply of the



C&R panels was awarded to M/s Vikran Engineering & Exim Pvt. Ltd., Thane, and the timeline for the supply of the equipment was scheduled progressively from 5.10.2022 to 31.5.2023, against which the C&R panels were delivered at the site on 2.9.2023.

27. MPPMCL has submitted that since the IA was accorded in August 2022, the Petitioner must be aware of the of the shortage of the semiconductors worldwide in the year 2022 and knowing that fact must have assessed an achievable implementation schedule for the works covered in the instant Petition and thus, the contention of the Petitioner is not justified.

28. MSEDCL has submitted that the alleged delay on account of COVID-19 is unjustified. MoP has given extension to projects that were already ongoing in March 2021, and the same is not applicable to the current project, as the project was approved by the CTUIL in June 2022. The general assertion made by the Petitioner regarding the shortage of semiconductors due to work-from-home conditions does not adequately justify the delay in procuring relay panels, as the production of these components was not significantly impacted by COVID-19. Further, the Petitioner had failed to substantiate its contentions with proper documents and details such as procurement orders, expected delivery timelines, follow-up correspondences for timely delivery, and has also not justified the same; rather, it has vaguely raised the same. There is no assertion as to the factum of events which hindered the project completion on account of Covid-19, and as such, the claim thereof in the absence of a material assertion with supporting documents, the claim of the Petitioner should not be permitted at the cost of the beneficiaries, including MSEDCL, and may not be allowed.



(ii) Deferment of outages for ISTS networks due to the G20 Summit.

29. Due to the G20 Summit in India in 2023, outages of all crucial ISTS networks were deferred, and the outage could only be facilitated after 15th September 2023.

30. Further, the Commission vide RoP for hearing dated 26.12.2024, directed the Petitioner to submit the details of the outage deferment, highlighting the asset names, and to clarify whether the delay was due to the G20 Summit or due to the deferment of the outage. In response, the Petitioner vide affidavit dated 21.2.2025, has reiterated its submission made in the Petition.

31. MPPMCL has submitted that the G20 Summit was held in Raipur on 18th and 19th September 2023; thus, the impact of this event on the availability of the outages on the two circuits of Raipur-Champa line till SCOD of June 2023 is not apparent.

32. MSEDCL has submitted that the Petitioner has not provided any corroborative documents, such as official documents indicating the rejection or the unavailability of outages directly attributable to the G20 Summit. Furthermore, the emails attached to the present Petition pertain to the availing of the outages in September 2023, which is subsequent to the original timeline and unrelated to the reasons for the delay in completing the transmission project. Accordingly, the said contention lacks merit and should be rejected.

(iii) Delay due to rains and cyclones:

33. The Petitioner has submitted that due to heavy rains and cyclones from May 2023 to September 2023, working at the construction site was not safe in the existing charged switchyard. As the work was supposed to be carried out in the charged area,



waterlogging due to heavy rains also restricted manpower and machinery movement, thus affecting the civil and electrical works significantly.

34. Further, in response to the directions of the Commission vide RoP for hearing dated 26.12.2024 regarding submission of documents for the time overrun supporting delay due to heavy rainfall, the Petitioner vide affidavit dated 21.2.2025 has submitted that due to the exceptional conditions of heavy rainfall and flood like situation from May 2023 to September 2023, the planning of the erection of the equipment hampered exorbitantly and has affected the overall scheduled commissioning time of the transmission assets. Further, the report on Annual Rainfall Statistics of India and district-wise rainfall deviation for the year 2023 was awaited from the IMD, and the same will be submitted before the Commission upon its issuance. The Petitioner has also assessed the corroborating data, viz. Monthly Climate Summary for the contested months of unprecedented high rainfall, i.e., May 2023 to September 2023, which highlighted the excess and heavy rainfall at the location of Raipur Sub-station. The supporting documents justifying the delay from May 2023 to September 2023 due to heavy rainfall are enclosed with the instant Petition.

35. MPPMCL has submitted that as per the information available on the internet, in 2023, Raipur received its first spell of monsoon on 24th June, a week after the expected date; thus, this contention is also not plausible.

36. MSEDCL has submitted that the Petitioner has failed to substantiate its contention regarding the Force Majeure events, including heavy rains and cyclones at the project site, with relevant documentation, such as reports or certifications from the weather department or any other authoritative source. In the absence of such documents, the claim remains unsubstantiated and cannot be considered effective.



MSEDCL has further submitted that it was the responsibility of the Transmission Service Provider (TSP) to plan the scheduling of civil works prior to the monsoon and to ensure the timely installation of equipment upon delivery. MSEDCL has also submitted that the lackadaisical approach of the Petitioner in planning has caused the said delay. Hence, the claim of the Petitioner under the present head cannot be allowed and thus deserves to be rejected at the threshold, particularly owing to the inefficiency in completing the project despite being well aware of the monsoon period in the interregnum, which is nothing but an inefficient planning of the project.

(iv) Delay due to unavailability of Outage due to Grid Constraints

37. Erection, testing, and commissioning activities could only be taken up after the receipt of the outage of the concerned bay, as the entire station was in a charged condition. Due to the Grid constraints, the outage of both circuits could not be provided by the WRLDC at once, and accordingly, the outage of only one circuit at a time was accorded by the WRLDC from 21.9.2023. The Petitioner could not apply for the outage of the bays prior to 21.9.2023 due to the aforesaid issues. After receipt of the outage from the WRLDC, the Petitioner completed the work within a month.

38. In compliance with the RoP for the hearing dated 26.12.2024, the Petitioner, vide affidavit dated 21.2.2025, has submitted that the transmission outages were approved and shared via e-mail of the respective OCCM MoM by the WRPC to all the stakeholders. The details of the approved shutdown are as under:

- Champa - Raipur (Durg) Ckt-1 – 1.10.2023 to 15.10.2023
- Champa - Raipur (Durg) Ckt-2 – 16.10.2023 to 31.10.2023



39. MPPMCL has submitted that the Petitioner has not substantiated by any documentary evidence about the rejection of the outage request by the WRLDC; thus, this contention is also not justified.

40. MPPMCL has further submitted that the Petitioner has failed to substantiate its contentions with relevant documentation, such as procurement orders, expected delivery timelines, follow-up correspondences for timely delivery, reports or certifications from the weather department or any other authoritative source, etc. In the absence of such documents, the reasons for condoning delays remain unsubstantiated and cannot be considered effective, and the COD should not be approved, as the reasons given by the Petitioner have failed to provide satisfactory justification for the delay in completing the project.

41. MSEDCL has submitted that the Petitioner has failed to substantiate its contention with proper documents and details such as procurement orders, expected delivery timelines, follow-up correspondences for timely delivery, and has also not justified the same, but has vaguely raised the same. Hence, the claim of the Petitioner cannot be allowed and may be rejected.

42. Further, in response to the Commission's direction vide RoP for the hearing dated 26.12.2024 regarding the submission of the documentary proof for the delay between 15.9.2023 to 15.10.2023 in respect of Asset-2, the Petitioner has submitted that the detailed justification regarding the delay has already been submitted in the Petition. Additionally, they have submitted that the reasons for the delay in supply of the C&R panels at the site on account of the semiconductor shortage, the C&R panels were delivered at the site on 2.9.2023. Further, there was a deferment of the outage beyond



15.9.2023 due to the ongoing G20 Summit all over India, and the shutdown was approved as per the following:

- i) Champa - Raipur (Durg) Ckt-1 – 1.10.2023 to 15.10.2023
- ii) Champa - Raipur (Durg) Ckt-1 – 16.10.2023 to 31.10.2023

43. Upon completion of the work at the site, the CEA Energization Certificates were issued on 30.9.2023 and 6.10.2023 for Ckt-1 and Ckt-2, respectively, against which the COD was declared on 16.10.2023 and 12.11.2023 for Asset-1 and Asset-2, respectively.

44. The Petitioner has also submitted the details of the event-wise time overrun which affected the commissioning of Asset-1 and Asset-2 as under:

Asset-1

Sr. No.	Reason for Delay	Delay from the date	Delay to date	Duration (in Days)	Overlapping Period	Effective delay excluding the overlapping period
1	Supply of C&R Panels and Relays was severely affected due to the shortage of Semiconductors worldwide in the year 2022 till mid-2023. The delay in the supply of relay panels has significantly affected the progress of work, which was beyond the control of the Petitioner.	1.1.2023	1.6.2023	152	0	152
2	Due to heavy rains and cyclones from May 2023 to September 2023, the construction site was not safe to work in the existing charged switch yard. As the work was supposed to be carried out in a charged area,	1.5.2023	30.9.2023	152	31	121



	waterlogging due to heavy rains also restricted manpower & machinery movement, thus affecting the civil and electrical works very badly, which was beyond the control of the Petitioner.					
3	Outages deferred due to the G20 Summit, which was beyond the control of the Petitioner	6.9.2023	10.9.2023	4	4	0
4	Shutdown was denied and deferred in view of the high-power demand of the NR region	11.9.2023	15.9.2023	4	4	0
Total Effective Delay						273 days

Asset-2

Sr. No.	Reason for Delay	Delay from the date	Delay to date	Duration (in Days)	Overlapping Period	Effective delay excluding the overlapping period
1	Supply of C&R Panels and Relays was severely affected due to the shortage of Semiconductors worldwide in the year 2022 till mid-2023. The delay in the supply of relay panels has significantly affected the progress of work, which was beyond the control of the Petitioner.	1.1.2023	1.6.2023	152	0	152
2	Due to heavy rains and cyclones from May 2023 to September 2023, the construction site was not safe to work in the existing charged switch yard. As the work is supposed to be carried out in a charged area, waterlogging due to heavy rains also restricted manpower & machinery movement, thus affecting civil and	1.5.2023	30.9.2023	152	31	121



	electrical works very badly, which was beyond the control of the Petitioner.					
3	Outages deferred due to G20 Summit which was beyond the control of the Petitioner	6.9.2023	10.9.2023	4	4	0
4	Shutdown was denied and deferred in view of high-power demand of NR region	11.9.2023	15.9.2023	4	4	0
5	Delay in outage	15.10.2023	17.10.2023	2	0	2
Total Effective Delay						275 days

45. In response to the reply filed by MPPMCL and MSEDCL, the Petitioner vide affidavits dated 21.2.2025 has filed its rejoinder and has reiterated the submissions made in the Petition and in the RoP compliance submitted vide affidavit dated 21.2.2025.

Analysis and Decision

46. As per the IA dated 26.8.2022, the transmission project was scheduled to be commissioned by June 2023, against which Asset-1 and Asset-2 were put into commercial operation on 16.10.2023 and 12.11.2023, respectively. As per the CTUIL OM dated 24.6.2022, the implementation time frame was June 2023. The details of the SCOD, COD, and time overrun are as under:

Assets	SCOD	COD	Time over-run
Asset-1	30.6.2023	16.10.2023	108 days
Asset-2		12.11.2023	135 days

47. It has been observed that the MSEDCL in its reply vide affidavit dated 10.1.2025 has also contended about the time overrun due to the COVID-19 pandemic and requested to reject the same. However, the Petitioner has not claimed any time overrun on account of COVID-19 as mentioned by MSEDCL; thus, the said submission of MSEDCL has not been accepted for consideration in time delay analysis.



48. The Petitioner has claimed the delay on account of the worldwide semiconductor shortage, deferment of outage due to the G20 Summit, rains, cyclone, and non-availability of outage due to grid constraints. The item-wise time overrun has been analysed in the succeeding paragraphs.

i) Delay due to worldwide shortage of semiconductors

49. The Petitioner has submitted that the supply of the C&R panels and relays was severely affected by a global semiconductor shortage from 2022 to mid-2023, delaying the relay panel supply and impacting the transmission project progress, and has claimed the time overrun of 152 days from 1.1.2023 to 1.6.2023. However, MPPMCL has argued that since the IA was accorded in August 2022, the Petitioner should have been aware of the semiconductor shortage and planned accordingly, making their claim unjustified. Similarly, MSEDCL has stated that it was the TSP's responsibility to plan civil works before the monsoon and ensure timely equipment installation, and the general assertion regarding the shortage of semiconductors due to work-from-home conditions does not adequately justify the delay in procuring relay panels.

50. We have considered the Petitioner's, MPPMCL, and MSEDCL's submissions and have perused the documents placed on record. The Petitioner has submitted the newspaper clippings regarding the global shortage of semiconductor chips; however, these are general in nature and do not specifically relate to the delay in the supply of the materials for the transmission assets in question.

51. The Petitioner has also submitted a tax invoice dated 11.9.2023, which mentions the MRC date of 29.8.2023. However, as per Form-12 submitted by the Petitioner, the supply of materials for Asset-1 and Asset-2 was completed on 5.6.2023 and 6.6.2023,



respectively. Furthermore, the Petitioner has not submitted any specific documents to substantiate that the delay in the supply of the materials was due to the global shortage of semiconductor chips. There is also no contractual correspondence or record indicating any request or intimation of delay in the supply of materials due to such a shortage.

52. Regulation 22 of the 2019 Tariff Regulations provides as under:

“22. Controllable and Uncontrollable factors: The following shall be considered as controllable and uncontrollable factors for deciding time over-run, cost escalation, IDC and IEDC of the project:

(1) “The “controllable factors” shall include but shall not be limited to the following:

- a. Efficiency in the implementation of the project not involving approved change in scope of such project, change in statutory levies or change in law or force majeure events; and*
- b. Delay in execution of the project on account of contractor or supplier or agency of the generating company or transmission licensee.”*

(2) “The “Uncontrollable factors” shall include the following:

- a. Force Majeure Events;*
- b. Change in Law; and*
- c. Land Acquisition except where the delay is attributed to the generating company or the transmission licensee.”*

53. As per Regulation 22(1)(b) of the 2019 Tariff Regulations, if the delay in the commissioning of the transmission assets is on account of the contractor or supplier or agency of the generating company or the transmission licensee, the said time delay falls under the controllable factors.

54. Therefore, in view of the above and as per Regulation 22(1)(b) of the 2019 Tariff Regulations, we are not inclined to condone the time overrun claimed by the Petitioner on account of the worldwide shortage of semiconductors in respect of Asset-1 and Asset-2.



Delay due to Rain and Cyclone

55. The Petitioner has submitted that heavy rains and cyclones from May 2023 to September 2023 made the construction site unsafe, hampering civil and electrical works due to waterlogging and restricted movement of manpower and machinery, and claimed the time overrun of 152 days from 1.5.2023 to 30.9.2023. MPPMCL has countered that Raipur experienced its first monsoon spell on 24.6.2023, which was later than expected. MSEDCL has contended that the Petitioner has failed to provide the documentation from the weather department or other authoritative sources to support its claim, rendering it unsubstantiated.

56. We have considered the Petitioner's, MPPMCL's, and MSEDCL's submissions and have perused the submitted documents. It has been observed that the Petitioner has submitted the Monthly Climate Summary Report for the months of May 2023, June 2023, July 2023, and September 2023 of the India Meteorological Department, Gol. Further, the Petitioner has contended that the report on Annual Rainfall Statistics of India and District-wise rainfall deviation for the year 2023 is still awaited from IMD, Gol.

57. Regulation 3(25) of the 2019 Tariff Regulations defines "*Force majeure*" as under:

"(25) 'Force Majeure' for the purpose of these regulations means the events or circumstances or combination of events or circumstances including those stated below which partly or fully prevents the generating company or transmission licensee to complete the project within the time specified in the Investment Approval, and only if such events or circumstances are not within the control of the generating company or transmission licensee and could not have been avoided, had the generating company or transmission licensee taken reasonable care or complied with prudent utility practices:

(a) Act of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions which are in excess of the statistical measures for the last hundred years; or"



58. As per Regulation 3(25) of the 2019 Tariff Regulations, the Petitioner has to submit the data for the last hundred years to show that the rainfall during the above-mentioned periods was abnormal. The Petitioner has submitted the Monthly Climate Summary Reports issued by the Indian Meteorological Department. Therefore, we are not able to consider the Petitioner's claim that the rain during the said period was abnormal and affected the execution of the transmission assets under the 'Force Majeure' event as per Regulation 3(25) of the 2019 Tariff Regulations. Hence, the delay as claimed by the Petitioner on account of the excess rainfall is not condoned for Asset-1 and Asset-2.

Deferment of outages for ISTS networks due to the G20 Summit

59. The Petitioner has submitted that due to the G20 Summit in India in 2023, outages of crucial ISTS networks were postponed and could only occur after 15th September 2023, and has claimed the time overrun of 4 days, i.e., from 6.9.2023 to 10.9.2023. However, MPPMCL has submitted that the G20 Summit took place in Raipur on September 18th and 19th, 2023, so its impact on the availability of the outages on the Raipur-Champa line circuits until the scheduled completion date of June 2023 is unclear and also the documentary evidence of the WRLDC rejection of the outage requests has not been provided. MSEDCL has submitted that the Petitioner has failed to provide the corroborative documents, such as official evidence of outage rejection due to the G20 Summit. The emails attached to the Petition related to the outages in September 2023 are after the original timeline and do not justify the project's delay.

60. We have considered the Petitioner's, MPPMCL's, and MSEDCL's submissions. After perusal of documents, it has been observed that the Petitioner has requested the outage from 8.9.2023 to 23.9.2023 against the OCC outage No. 57 vide email dated



5.9.2023. However, the said outage was deferred by the NLDC in view of high demand in the NR region. Accordingly, the Petitioner has again requested said outage from 11.9.2023 to 25.9.2023 vide email dated 8.9.2023.

61. Therefore, in view of the above, the time delay of 4 days from 8.9.2023 to 11.9.2023 claimed by the Petitioner on account of deferment of outage due to the G20 Summit has been condoned.

Delay due to unavailability of the outage, due to grid constraints

62. The Petitioner has submitted that the erection, testing, and commissioning activities could only commence after receiving an outage for the concerned bay, as the entire station was charged and claimed the time overrun of 4 days from 11.9.2023 to 15.9.2023. Due to the grid constraints, WRLDC could not provide an outage for both the circuits simultaneously, granting an outage for only one circuit at a time starting from 21.9.2023. Consequently, the Petitioner could not apply for the bay outages before this date. After obtaining the outage from the WRLDC, the Petitioner completed the work within a month.

63. MPPMCL has countered that the Petitioner has failed to provide adequate documentation to support their claims, such as procurement orders, expected delivery timelines, follow-up correspondences, or weather department certifications. Without these documents, the reasons for delay remain unsubstantiated, and the COD should not be approved due to the insufficient justification.

64. MSEDCL has submitted that the lackadaisical approach of the Petitioner in planning has caused the said delay, and, hence, the claim of the Petitioner cannot be allowed.



65. We have considered the Petitioner's, MPPMCL's, and MSEDCL's submissions and perused the documents submitted by the Petitioner. As per the documents, it has been observed that the requisite shutdown from 11.9.2023 to 26.9.2023 was deferred by the concerned authority with remarks that the same is to be facilitated after 15.9.2023 in view of high demand in the NR region.

66. Therefore, in view of the above, the time delay of 4 days from 11.9.2023 to 15.9.2023 claimed by the Petitioner on account of the unavailability of the outage due to the grid constraints is hereby condoned.

67. Further, with respect to the shutdown, the Petitioner has submitted that beyond 15.9.2023, the outage was deferred due to the ongoing G20 Summit all over India and the shutdown was approved from 1.10.2023 to 15.10.2023 and from 16.10.2023 to 31.10.2023 for Ckt-1 and Ckt-2, respectively. Accordingly, the CEA Energisation Certificate for Ckt-1 and Ckt-2 was issued on 30.9.2023 and 6.11.2023, respectively, and the COD was declared on 16.10.2023 and 12.11.2023 for Ckt-1 and Ckt-2, respectively. However, it has been observed that the Petitioner has failed to produce the requisite documentary evidence to substantiate the deferment of the shutdown from 15.9.2023 to 16.10.2023 due to the G20 Summit. Also, as per Regulations 22(1)(a) and 22(1)(b) of the 2019 Tariff Regulations, the delay from 16.10.2023 to 12.11.2023 for Ckt-2 falls under the controllable factor.

68. Except for the delay condoned in the preceding paragraphs, we are not inclined to condone the time overrun as claimed by the Petitioner. However, the Petitioner is granted liberty to produce the valid documentary evidence in support of the shutdown from 15.9.2023 to 16.10.2023 due to the G20 Summit at the time of truing up. The same will be reviewed at the time of truing-up.



69. Therefore, the details of the time overrun condoned / not condoned with respect to the transmission assets are as under:

Assets	SCOD	COD	Time Overrun	Time Overrun condoned	Time Overrun not condoned
Asset-1	30.6.2023	16.10.2023	108 days	8 days	100 days
Asset-2		12.11.2023	135 days	8 days	127 days

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

70. The Petitioner has claimed the IDC of the transmission assets and has submitted the statement showing IDC claim, discharge of IDC liability as on the COD and, thereafter, as under:

(₹ in lakh)				
Assets	IDC as per the Auditor's Certificate	IDC Discharged up to COD	IDC discharged during 2023-24	IDC discharged during 2024-25
Asset-1	1.95	1.03	0.23	0.68
Asset-2	2.45	1.52	0.17	0.76

71. MSEDCL vide affidavit dated 10.1.2025 has submitted that the components of tariff which are related to the commissioning of the transmission assets, i.e., the increase in the IEDC amounting to ₹30 lakh, exceeding the permissible limit of 10.75%, are unjustifiable.

72. MPPMCL vide affidavit dated 16.1.2025 has submitted that the components of tariff which are related to the commissioning of the present transmission assets, i.e., the IDC and IEDC, may be restricted to the permissible limit up to the SCOD only, after a prudence check. Consequently, such charges beyond the SCOD should not be included in the calculation of the tariff, and the burden of the same should not be passed on to the beneficiaries, including MPPMCL.



73. In response, the Petitioner vide affidavit dated 21.2.2025 has submitted that in terms of the 2019 Tariff Regulations, IDC and IEDC incurred by the transmission licensee are a part of the capital cost. In case the COD could not be achieved as per the SCOD due to uncontrollable factors, the corresponding IDC and IEDC to the delay are required to be capitalized in terms of Regulations 21(3) and 21(4) of the 2019 Tariff Regulations. The extract of the Regulation 21(3) and 21(4) of the 2019 Tariff Regulations is as under:

“21. Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC)

.....

(3) In case of additional cost on account of IDC and IEDC due to delay in achieving the COD, the generating company or the transmission licensee as the case may be, shall be required to furnish detailed justifications with supporting documents for such delay including prudent phasing of fund in case of IDC and detail of IEDC during the period of delay and liquidated damage recovered or recoverable corresponding to the delay.

(4) If the delay in achieving the COD is not attributable to the generating company or the transmission licensee, IDC and IEDC beyond SCOD may be allowed after prudence check and liquidated damages, if any, recovered from the contractor or supplier or agency shall be adjusted in the capital cost of the generating station or the transmission system, as the case may be.”

74. The Petitioner has further submitted that the time incurred beyond the SCOD in the instant case qualifies as an "uncontrollable factor" and a case of "force majeure" under Regulation 21 of the 2019 Tariff Regulations.

75. We have considered the Petitioner, MPPMCL, and MSEDCL's submissions. As discussed above in this order, the time overrun in commissioning of the transmission assets has been condoned partially; therefore, the modified COD for the drawl of loans comes as 8.7.2023 (SCOD + Total time overrun condoned, i.e., 30.6.2023 + 8 days). As the drawl of the loan was after the modified COD for Asset-1 and Asset-2, i.e. 8.7.2023, the same has not been considered at this stage. However, the claim of the IDC shall be examined and considered at the stage of truing up in terms of the first amendment dated 3.2.2021 to the 2019 Tariff Regulations. The IDC claimed and



considered as on the COD for the purpose of tariff determination, subject to revision at the time of truing up, is as under:

(₹ in lakh)

Assets	IDC as per the Auditor's Certificate (A)	IDC Disallowed (B)	IDC Allowed (C)=(A)-(B)	Undischarged IDC (D)	IDC allowed on COD (E)=(C)-(D)
Asset-1	1.95	1.95	0.00	0.00	0.00
Asset-2	2.45	2.45	0.00	0.00	0.00

76. The Petitioner has claimed the IEDC for the transmission assets as per the Auditor's Certificate and has submitted that the entire IEDC has been paid up to the COD. As the time overrun for the transmission assets has been condoned partially, IEDC has been allowed on a pro-rata basis. The details of the IEDC claimed as per the Auditor's Certificate, IEDC considered and IEDC discharged up to the COD are as under:

(₹ in lakh)

Assets	IEDC claimed as per Auditor's Certificate (A)	IEDC disallowed due to time overrun not condoned (B)	IEDC Allowed (A-B)
Asset-1	27.18	6.53	20.65
Asset-2	30.85	8.84	22.01

77. The Petitioner has not claimed any Initial Spares for the transmission assets.

78. Therefore, the capital cost allowed as on the COD is as under:

(₹ in lakh)

Assets	Capital Cost claimed as on COD (Auditor's Certificate) (A)	IDC Disallowed (B)	Undischarged IDC as on COD (C)	IEDC Disallowed (D)	Capital Cost as on COD (G) = (A-B-C-D-E-F)
Asset-1	190.44	1.95	0.00	6.53	181.96
Asset-2	202.30	2.45	0.00	8.84	191.01



Additional Capital Expenditure (“ACE”)

79. Regulations 24 and 25 of the 2019 Tariff Regulations provide as under:

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

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

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

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

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

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

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

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

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

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



- (b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;
- (c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and
- (d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”

80. The Petitioner has submitted that the ACE incurred/projected to be incurred is mainly on account of the balance/retention payments and works deferred for execution. Hence, the same has been claimed in accordance with Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. The Petitioner has claimed the capital cost as per the cash IDC discharge as on 31.3.2024, and the same is as under:

(₹ in lakh)

Details	FR Apportioned Approved Cost	Cost as on COD	Projected ACE			Estimated Completion Cost
			2022-23	2023-24	2024-25	
Asset-1	317.20	190.44	-	55.51	19.64	265.59
Asset-2	336.80	202.30	-	47.82	39.64	289.76
Total	654.00	392.74	-	103.33	59.28	555.35

81. The Petitioner has also submitted the detailed liability flow statement as under:

Asset-1

(₹ in lakh)

Outstanding liability as on 31.3.2024 4.71	Particulars	Liability discharge			
		Outstanding liability as on COD	2023-24	Total (19-24)	
M/s Vikran Engg.	Sub-station	19.48	14.77	14.77	
M/s Vikran Engg.	Sub-station	3.28	2.87	2.87	0.41
M/s Vikran Engg.	IT	0.00	0.00	0.00	0.00
Total		22.76	17.64	17.64	5.12

(₹ in lakh)

Head-wise/ Party-wise	Particulars	Liability discharge			
		Outstanding liability as on 1.4.2024	2024-25	Total (2024-29)	Outstanding liability as on 31.3.2029
M/s Vikran Engg.	Sub-station	4.71	4.71	4.71	0.00
M/s Vikran Engg.	Sub-station	0.41	0.41	0.41	0.00
M/s Vikran Engg.	IT	0.00	0.00	0.00	0.00
Total		5.12	5.12	5.12	0.00



Asset-2

(₹ in lakh)

Head-wise/ Party-wise	Particulars	Liability discharge			
		Outstanding liability as on COD	2023-24	Total (2019-24)	Outstanding liability as on 31.3.2024
M/s Vikran Engg.	Sub-station	23.49	17.08	17.08	6.41
M/s Vikran Engg.	Sub-station	4.36	3.81	3.81	0.55
M/s Vikran Engg.	IT	0.00	0.00	0.00	0.00
Total		27.85	20.89	20.89	6.96

(₹ in lakh)

Head-wise/ Party-wise	Particulars	Liability discharge			
		Outstanding liability as on 1.4.2024	2024-25	Total (24-29)	Outstanding liability as on 31.3.2029
M/s Vikran Engg.	Sub-station	6.41	6.41	6.41	0.00
M/s Vikran Engg.	Sub-station	0.55	0.55	0.55	0.00
M/s Vikran Engg.	IT	0.00	0.00	0.00	0.00
Total		6.96	6.96	6.96	0.00

82. The details of ACE claimed by the Petitioner are as under:

Asset-1

(₹ in lakh)

Head-wise/ Party-wise	Particulars	ACE during 2019-24		
		Discharge of liability	Balance work executed	Total
M/s Vikran Engg.	Sub-station	14.77	30.75	45.52
M/s Vikran Engg.	Sub-station	2.87	5.99	8.86
M/s Vikran Engg.	IT	0.00	1.12	1.12
Total		17.64	37.86	55.51

Asset-2

(₹ in lakh)

Head-wise/ Party-wise	Particulars	ACE during 2019-24		
		Discharge of liability	Balance work executed	Total
M/s Vikran Engg.	Sub-station	17.08	21.10	38.18
M/s Vikran Engg.	Sub-station	3.81	4.71	8.52
M/s Vikran Engg.	IT	0.00	1.12	1.12
Total		20.89	26.93	47.82



83. We have considered the Petitioner's submissions. It has been observed that the Petitioner has also claimed the ACE for FY 2024-25, which will be dealt with as per the 2024 Tariff Regulations, in the 2024-29 tariff period.

84. Therefore, the projected ACE to be incurred is mainly on account of the balance/retention payments and the works deferred for execution. Hence, the ACE has been allowed in accordance with Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. The ACE allowed, including undischarged IDC, is as under:

Particulars	2023-24 (₹ in lakh)	
	Asset-1	Asset-2
ACE as per Auditor's Certificate allowed under Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	55.51	47.82
Add: IDC Discharged	0.00	0.00
ACE allowed in the instant order	55.51	47.82

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

Assets	Capital Cost as on COD	Admitted Projected ACE 2019-24	2023-24 (₹ in lakh)
			Capital Cost as on 31.3.2024
Asset-1	181.96	55.51	237.47
Asset-2	191.01	47.82	238.83

Debt-Equity ratio

86. Regulation 18 of the 2019 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:

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



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

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

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the equity actually deployed as on 1.4.2019 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulation.

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.

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

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



Asset-1

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	127.37	70.00	38.86	70.00	166.23	70.00
Equity	54.59	30.00	16.65	30.00	71.24	30.00
Total	181.96	100.00	55.51	100.00	237.47	100.00

Asset-2

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	133.71	70.00	33.47	70.00	167.18	70.00
Equity	57.30	30.00	14.35	30.00	71.65	30.00
Total	191.01	100.00	47.82	100.00	238.83	100.00

Depreciation

88. Regulation 33 of the 2019 Tariff Regulations provides as under:

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

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

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

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

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

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:



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

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

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

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

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

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

(7) The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.

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

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

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

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



89. The depreciation has been worked out considering the admitted capital expenditure as on the COD and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD), at Annexure-I for Asset-1 and Annexure-II for Asset-2, has been worked out as per the rates of depreciation specified in the 2019 Tariff Regulations. The depreciation allowed for the transmission assets is as under:

Sl. No.	Particulars	2023-24 (₹ in lakh)	
		Asset-1 (pro-rata 168 days)	Asset-2 (pro-rata 141 days)
A	Opening Capital Cost	181.96	191.01
B	Addition during the year 2019-24 due to ACE	55.51	47.82
C	Closing Capital Cost (A+B)	237.47	238.83
D	Average Capital Cost (A+C)/2	209.71	214.92
E	Average Capital Cost (90% depreciable assets)	163.19	168.29
F	Average Capital Cost (100% depreciable assets)	46.52	46.63
G	Depreciable value (excluding IT equipment and software) (E*90%)	146.87	151.46
H	Depreciable value of IT equipment and software (F*100%)	46.52	46.63
I	Total Depreciable Value (G+H)	193.39	198.09
J	Weighted average rate of Depreciation (WAROD) (in %)	7.44	7.39
K	Balance useful life at the beginning of the year (Year)	20	21
L	Lapsed useful life at the beginning of the year (Year)	0	0
M	Depreciation during the year (D*J)	7.16	6.12
N	Cumulative Depreciation at the end of the year	7.16	6.12
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	186.23	191.97

Interest on Loan ("IoL")

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

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

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed



to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

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

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

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

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

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

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

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

91. The Weighted Average Rate of Interest (WAROI) on the loans 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 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true-up.

92. Therefore, the IoL has been allowed in accordance with Regulation 32 of the 2019 Tariff Regulations as under:

(₹ in lakh)			
	Particulars	2023-24	
		Asset-1 (pro-rata 168 days)	Asset-2 (pro-rata 141 days)
A	Gross Normative Loan	127.37	133.71



	Particulars	2023-24	
		Asset-1 (pro-rata 168 days)	Asset-2 (pro-rata 141 days)
B	Cumulative Repayments up to Previous Year	0.00	0.00
C	Net Loan-Opening	127.37	133.71
D	Additions	38.86	33.47
E	Repayment during the year	7.16	6.12
F	Net Loan-Closing	159.07	161.07
G	Average Loan	143.22	147.39
H	Weighted Average Rate of Interest on Loan (in %)	7.8225	7.8641
I	Interest on Loan	5.14	4.47

Return on Equity (“RoE”)

93. Regulations 30 and 31 of the 2019 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 shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of-river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cutoff date beyond the original scope, excluding additional capitalization on 7 account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%.

Provided further that:

- i. *In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;*
- ii. *in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;*
- iii. *in case of a thermal generating station, with effect from 1.4.2020:*
 - a) *rate of return on equity shall be reduced by 0.25% in case of failure*



- to achieve the ramp rate of 1% per minute;
- b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

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

(3) The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of operation (ODE) occurs plus 350 basis point, subject to ceiling of 14%;”

“31. Tax on Return on Equity. (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

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

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

Where “t” is the effective tax rate in accordance with clause (1) of this Regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.

Illustration-

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

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

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

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



(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis.”

94. We have considered the Petitioner’s submissions. The Petitioner has submitted that the MAT rate is applicable to it. Accordingly, the MAT rate applicable in 2019-24 has been considered for the purpose of RoE, which will be trued-up in accordance with Regulation 31(3) of the 2019 Tariff Regulations. The RoE has been worked out for the transmission assets and allowed are as under:

(₹ in lakh)

	Particulars	2023-24	
		Asset-1 (pro-rata 168 days)	Asset-2 (pro-rata 141 days)
A	Opening Equity (A)	54.59	57.30
B	Additions (B)	16.65	14.35
C	Closing Equity (C) = (A+B)	71.24	71.65
D	Average Equity (D) = (A+C)/2	62.91	64.47
E	Return on Equity (Base Rate) (in %)	15.500	15.500
F	MAT Rate for the the respective year (in %)	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782
H	Return on Equity	5.42	4.67

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

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

(₹ in lakh)

Particulars	2023-24
Asset-1	23.72
Asset-2	19.91

96. The norms specified under Regulation 35(3)(a) of the 2019 Tariff Regulations provide as under:

“35. Operation and Maintenance Expenses:



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

Particulars	2019-20	2020-21	2021-22 (pro-rata 47 days)	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (₹ Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (₹ Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (₹ Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (₹ Lakh)(3000 MW)	2,563	2,653	2,746	2,842	2,942



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

Provided further that:

- (i) the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*
- (ii) the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- (iii) the O&M expenses of ± 500 kV Mundra-Mohindergarh HVDC bipole scheme (2500 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ± 500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
- (iv) the O&M expenses of ± 800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ± 800 kV, Bishwanath-Agra HVDC bi-pole scheme;*
- (v) the O&M expenses of ± 800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ± 800 kV, Bishwanath-Agra HVDC bi-pole scheme; and*
- (vi) the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.*

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

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

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

97. We have considered the Petitioner's submissions. The O&M Expenses worked out for the various elements of the transmission assets are as per the norms specified in the 2019 Tariff Regulations, and the same are as follows:



(₹ in lakh)

Particulars	2023-24	
	Asset-1 (pro-rata 168 days)	Asset-2 (pro-rata 141 days)
Sub-station Bays		
765 kV Bay	1	1
Norms as per Regulation 35(3)(a) of the 2019 Tariff Regulations	51.68	51.68
O&M Expenses	23.72	19.91

Interest on Working Capital (“IWC”)

98. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4) and Regulation 3(7) of the 2019 Tariff Regulations specify as under:

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

.....

(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:

- (i) *Receivables equivalent to 45 days of annual fixed cost;*
- (ii) *Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
- (iii) *Operation and maintenance expenses, including security expenses for one month.*

(2) *The cost of fuel in cases covered under sub-clauses (a) and (b) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) by the generating station and gross calorific value of the fuel as per actual weighted average for the third quarter of preceding financial year in case of each financial year for which tariff is to be determined:*

Provided that in case of new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 39 of these regulations) and gross calorific value of the fuel as per actual weighted average for three months, as used for infirm power, preceding date of commercial operation for which tariff is to be determined.

(3) *Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:*

Provided that in case of triung-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

(4) *Interest on working capital shall be payable on normative basis notwithstanding that*



the generating company or the transmission licensee has not taken loan for working capital from any outside agency.”

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

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

99. The Petitioner has considered the rate of IWC as 12.00% as on 1.4.2023. IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) has been considered as 12.00% (SBI 1-year MCLR applicable as on COD of 8.50% plus 350 basis points). The components of the working capital and interest allowed thereon are as under:

(₹ in lakh)			
	Particulars	2023-24	
		Asset-1 (pro-rata 168 days)	Asset-2 (pro-rata 141 days)
A	Working Capital for O&M Expenses (O&M Expenses for one month)	4.31	4.31
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	7.75	7.75
C	Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	11.45	11.57
D	Total Working Capital	23.51	23.63
E	Rate of Interest (in %)	12.00	12.00
F	Interest on Working Capital	1.29	1.09

Annual Fixed Charges for the 2019-24 Tariff Period

100. The transmission charges allowed for the transmission assets for the 2019-24 tariff period are as under:

(₹ in lakh)			
	Particulars	2023-24	
		Asset-1 (pro-rata 168 days)	Asset-2 (pro-rata 141 days)
A	Depreciation	7.16	6.12
B	Interest on Loan	5.14	4.47
C	Return on Equity	5.42	4.67
D	O&M Expenses	23.72	19.91
E	Interest on Working Capital	1.29	1.09
F	Total	42.73	36.26



Filing Fee and the Publication Expenses

101. The Petitioner has sought reimbursement of the fee paid by it for filing the instant Petition and the publication expenses. The Petitioner shall be entitled to the reimbursement of the filing fees and publication expenses in connection with the present Petition directly from the beneficiaries in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

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

Goods and Services Tax

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

104. MPPMCL and MSEDCL have submitted that the transmission lines are exempted from the implication of GST and related taxes with effect from 1.7.2017. Therefore, the Petitioner's prayer is premature, and the same may not be allowed.

105. In response, the Petitioner has reiterated its submissions.



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

Security Expenses

107. The Petitioner has submitted that security expenses in respect of the transmission assets are not claimed in the instant Petition, and it would file a separate Petition for claiming the overall security expenses and the consequential IWC as per Regulation 35(3)(c) of the 2019 Tariff Regulations.

108. We have considered the Petitioner's submissions. The Petitioner has claimed the consolidated security expenses for all the transmission assets owned by it on a projected basis for the 2019-24 tariff period on the basis of actual security expenses incurred in FY 2018-19 in Petition No. 260/MP/2020. The said Petition has already been disposed of by the Commission vide order dated 3.8.2021. Therefore, the Petitioner's prayer in the instant Petition for allowing it to file a separate Petition for claiming the overall security expenses and consequential IWC has become infructuous.

Capital Spares

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

Sharing of Transmission Charges

110. The COD of Asset-1 and Asset-2 has been approved as 16.10.2023 and 12.11.2023. Accordingly, the billing, collection, and disbursement of the transmission charges shall be recovered in terms of the provisions of the Central Electricity



Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020, as provided in Regulation 57 of the 2019 Tariff Regulations.

111. To summarize, the Annual Fixed Charges (AFC) allowed in respect of the transmission assets for the 2019-24 tariff period are as under:

Particulars	(₹ in lakh)	
	2023-24	
	<u>AFC Claimed</u>	<u>AFC Allowed</u>
Asset-1 (pro-rata 168 days)	43.40	42.73
Asset-2 (pro-rata 141 days)	37.00	36.26

112. The Annexure(s) to this order form part of the order.

113. This order disposes of Petition No. 150/TT/2024 in terms of the above findings and discussions.

Sd/- (Ravinder Singh Dhillon) Member	sd/- (Harish Dudani) Member	sd/- (Ramesh Babu V.) Member	sd/- (Jishnu Barua) Chairperson
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ANNEXURE-I**Asset-1**

2019-24	Admitted Capital Cost as on COD (₹ in lakh)	ACE (in lakh)		Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations (in %)	Annual Depreciation as per Regulations (₹ in lakh)
Capital Expenditure		2023-24	Total			2023-24
Sub-station	136.00	54.39	54.39	190.39	5.28	8.62
IT Equipment (Incl. Software)	45.96	1.12	1.12	47.08	15.00	6.98
Total	181.96	55.51	55.51	237.47		15.59
				Average Gross Block (₹ in lakh)		209.71
				Weighted Average Rate of Depreciation (in %)		7.44



ANNEXURE-II**Asset-2**

2019-24	Admitted Capital Cost as on COD (₹ in lakh)	ACE (in lakh)		Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations (in %)	Annual Depreciation as per Regulations (₹ in lakh)
Capital Expenditure		2023-24	Total			2023-24
Sub-station	144.94	46.70	46.70	191.64	5.28	8.89
IT Equipment (Incl. Software)	46.07	1.12	1.12	47.19	15.00	6.99
Total	191.01	47.82	47.82	238.83		15.88
				Average Gross Block (₹ in lakh)		214.92
				Weighted Average Rate of Depreciation (in %)		7.39

