

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 169/TT/2025

Coram:

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

Date of Order: 22.07.2025

In the matter of:

Approval under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for truing up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for Tumkur (Pavagada) Pooling Station-Devanahally (KPTCL) 400 kV D/C (Quad) line along with associated bays and equipment's at Tumkur (Pavagada) Pooling station & Devanahally (KPTCL) under "Additional ATS for Tumkur (Pavagada) under Transmission System for Ultra Mega Solar Power Park at Tumkur (Pavagada), Karnataka - Phase II (Part B)" in the Southern Region.

And in the matter of:

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

...Petitioner

Versus

- 1. Tamil Nadu Generation and Distribution Corporation Limited,**
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002
- 2. Kerala State Electricity Board Limited,**
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram-695004.
- 3. Electricity Department,**
Government of Goa,
Vidyuti Bhawan, Panaji, Goa-403001.
- 4. Electricity Department,**
Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai,
Pondicherry-605001.



- 5. Eastern Power Distribution Company of Andhra Pradesh Limited,**
P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh.
 - 6. Southern Power Distribution Company of Andhra Pradesh Limited,**
19-13-65/A, Srinivasapuram, Tiruchanoor Road,
Tirupati-517503, Andhra Pradesh.
 - 7. Andhra Pradesh Central Power Distribution Company Limited,**
Corporate Office, Beside Polytechnic College, ITI Road,
Vijayawada-520008, Krishna District, Andhra Pradesh.
 - 8. Southern Power Distribution Company of Telangana Limited,**
6-1-50, Corporate Office, Mint Compound,
Hyderabad-500063, Telangana.
 - 9. Northern Power Distribution Company of Telangana Limited,**
H. No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal-506001, Telangana.
 - 10. Bangalore Electricity Supply Company Limited,**
Corporate Office, K.R. Circle,
Bangalore-560001, Karnataka.
 - 11. Gulbarga Electricity Supply Company Limited,**
Corporate Office, Station Main Road, Opposite Parivar Hotel,
Gulbarga (Kalburgi) -585102, Karnataka.
 - 12. Hubli Electricity Supply Company Limited,**
Navanagar, PB Road, Hubli-580025, Karnataka.
 - 13. Mangalore Electricity Supply Company Limited,**
Corporate Office, 1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore-575 004, Karnataka.
 - 14. Chamundeswari Electricity Supply Corporation Limited,**
Corporate Office, #29, Vijayanagara 2nd Stage,
Hinkal, Mysuru-570017, Karnataka.
 - 15. Karnataka Solar Power Development Corporation Limited,**
Head Office, #6/13/1, 10th Block, 5th Floor 2nd Stage,
Nagarabhavi, Bangalore-560072, Karnataka.
- ...Respondent(s)**

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri V.C. Shekhar, PGCIL
Shri Naresh Kumar Angaru, PGCIL
Shri G. Vijay, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Nitish Kumar, PGCIL
Ms. Ashita Chauhan, PGCIL



ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited, for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and the determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period with respect to “Tumkur (Pavagada) Pooling Station – Devanahally (KPTCL) 400 kV D/C (Quad) line along with associated bays and equipment’s at Tumkur (Pavagada) Pooling Station & Devanahally (KPTCL)” (hereinafter referred to as “the transmission asset”) under “Additional ATS for Tumkur (Pavagada) under Transmission system for Ultra Mega Solar Power Park at Tumkur (Pavagada), Karnataka - Phase II (Part B)” (hereinafter referred to as “the transmission project”) in the Southern Region.

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

“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 20 and 21 above.

b) Admit the capital cost claimed, and additional capitalization incurred during 2019-24 and projected during 2024-29.

c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 20 and 21 above for respective block.

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



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

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

g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 27 above.

h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 27 above.

i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 27 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 28 above.

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

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

Background

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

- a. The Investment Approval (the IA) of the transmission project was accorded by the Board of Directors (BoD) of the Petitioner in its 341st meeting held on 29.5.2017 and communicated vide Memorandum Ref.: C/CP/PA1718-03-0A-IA003 dated 9.6.2017, at an estimated cost of ₹44589 lakh including an IDC of ₹1827 lakh based on the February, 2017 price level.
- b. The Revised Cost Estimate (RCE) of the transmission project has been accorded by the Competent Authority of the Petitioner company on 30.3.2021 and communicated vide Memorandum Ref.: C/CP/PA2021-12-0AR-RCE014 dated 1.4.2021, at an estimated cost of ₹67573 lakh including an IDC of ₹5241 lakh at the June, 2020 price level.



- c. The Ministry of Power (MoP), Government of India, vide letter dated 8.1.2015 intimated the Petitioner for taking up of the transmission project for evacuation of power from nine solar generating parks to be set up in seven States along with Pooling Stations as ISTS schemes which includes Tumkur (Pavagada) UMSPP on a compressed time schedule basis.
- d. The Commission has accorded regulatory approval under Regulation 3 of the Central Electricity Regulatory Commission (Grant of Regulatory Approval for execution of Inter-State Transmission System to Central Transmission Utility) Regulations, 2010, for executing the transmission project vide order dated 19.8.2016 in Petition No. 36/MP/2016.
- e. The scope of the transmission project was discussed and agreed upon in the 39th & 40th meeting of the Standing Committee on Power System Planning in SR held on 28/29.12.2015 and 19.11.2016, respectively. The transmission project has also been agreed in 29th Meeting of SRPC held on 5.3.2016 and 30th SRPC meeting dated 27.8.2016.
- f. The broad scope of the work covered under the transmission project is as under:

Transmission Lines

(i) Tumkur (Pavagada) Pooling station-Devanahally (KPTCL) 400 kV D/C (Quad) Line.

Sub-station

- a) 400/220 kV Tumkur (Pavagada) Pooling station (Extension)
- 400 kV Line Bays: 2 numbers
- b) 400/220 kV Devanahally (KPTCL) Sub-station (Extension)*
- 400 kV GIS Line Bays: 2 nos.

**The transmission project was finalized in 39th Standing committee meeting of the Southern Region. As per the agreed scope, Construction of 2 nos. 400 kV line bays at Devanahally Sub-station for termination of 400 kV D/C Tumkur (Pavagada)-Devanahally (KPTCL) line was to be done by M/s KPTCL (Karnataka Power Transmission Company Limited) on deposit work basis on behalf of Petitioner. However, during the preparation of DPR, KPTCL did not informed the envisaged cost of the aforesaid works and, therefore, being an identical nature of work as of Pavagada (AIS) Sub-station extension, cost of Devanahally (AIS) Sub-station was considered same as that of Pavagada (AIS)*



Sub-station extension on normative basis for cost estimate purpose. However, Devanahally (New) Sub-station is being implemented by M/s KPTCL as 400 kV GIS and 220 kV AIS and KPTCL allotted 2 Nos. 400 kV GIS line bays to the Petitioner.

- g. According to the Petitioner, the entire scope of the transmission project has been completed.
- h. The transmission asset was scheduled to be put into commercial operation within 21 months from the date of the IA, i.e., 29.5.2017. Therefore, the scheduled date of commercial operation (SCOD) of the transmission project was 28.2.2019 against which the transmission asset was put into commercial operation on 1.3.2021. Therefore, there is time over-run of 732 days in commissioning of the transmission asset.
- i. The transmission tariff for the transmission asset from the COD to 31.3.2024 was determined vide order dated 31.3.2023 in Petition No. 83/TT/2022 as per the 2019 Tariff Regulations, wherein the Commission condoned the delay of 732 days in declaring the commercial operation date of the transmission asset and approved the Annual Fixed Charges (AFC) with respect to the transmission asset for the 2019-24 period as under:

(₹ in lakh)				
Particulars	2020-21	2021-22	2022-23	2023-24
Annual Fixed Charges (AFC) approved vide order dated 31.3.2023 in Petition No. 83/TT/2022	604.58	7655.24	8146.02	8152.82
AFC claimed by the Petitioner based on truing up in the instant Petition	604.35	7159.86	7546.43	7912.38

4. The Respondents are distribution licensees, power departments and transmission licensees, who are procuring the transmission services from the Petitioner, mainly the beneficiaries of the Southern Region.

5. The Petitioner has served 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



general public in response to the aforesaid notices published in the newspapers by the Petitioner. None of the Respondents have filed their reply in the matter despite notice.

6. The hearing in the matter was held on 22.4.2025 and the order was reserved. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 25.11.2024 and subsequent affidavit dated 25.3.2025. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition.

Truing up of Annual Fixed Charges for the 2019-24 tariff period

7. The details of the trued-up transmission charges claimed by the Petitioner with respect to the transmission asset is as under:

(₹ in lakh)				
Particulars	2020-21 (pro-rata for 31 days)	2021-22	2022-23	2023-24
Depreciation	227.07	2731.61	2769.55	2799.78
Interest on Loan	99.74	1088.98	1379.67	1649.99
Return on Equity	240.53	2898.21	2938.88	2971.37
Interest on Working Capital	9.11	101.02	106.31	126.94
O&M Expenses	27.90	340.04	352.02	364.30
Total	604.35	7159.86	7546.43	7912.38

8. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner with respect to the transmission asset is as under:

(₹ in lakh)				
Particulars	2020-21 (pro-rata for 31 days)	2021-22	2022-23	2023-24
O&M Expenses	27.38	28.34	29.34	30.36
Maintenance Spares	49.28	51.01	52.80	54.65
Receivables	877.29	882.72	930.38	972.83
Total Working Capital	953.95	962.07	1012.52	1057.84
Rate of Interest (in %)	11.25	10.50	10.50	12.00
Interest on Working Capital	9.11	101.02	106.31	126.94

Capital Cost for the 2019-24 Tariff Period

9. The capital cost of the transmission project has been calculated in accordance with the Regulation 19(1) and Regulation 19(3) of the 2019 Tariff Regulations.



10. The Commission, vide order dated 31.3.2023 in Petition No. 83/TT/2022, has determined the transmission tariff for the 2019-24 tariff period, wherein the capital cost of ₹49537.67 lakh was approved as on the COD.

11. The details of the capital cost allowed by the Commission in the aforesaid order is as under:

Approved Cost as per RCE	Capital Cost allowed as on COD	ACE			Capital Cost allowed as on 31.3.2024
		2020-21	2021-22	2022-23	
67572.60	49537.67	1396.36	7231.55	1377.90	59543.49

12. The Petitioner has submitted the following capital cost for truing-up in the 2019-24 tariff period:

Apportioned Cost as per approved RCE	Capital Cost up to COD	ACE Claimed					Total Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
67572.60	49563.53	0.00	1396.36	952.11	491.50	661.64	53065.14

Cost Over-run

13. The Petitioner has claimed the capital cost of ₹49563.53 lakh with respect to the transmission asset as on the COD.

14. The total completion cost including the Additional Capital Expenditure (ACE) is ₹53065.14 lakh and the approved cost as per RCE is ₹67572.60 lakh. Hence, the completion cost with respect to the transmission asset is within the approved RCE cost and, therefore, there is no cost over-run with respect to the transmission asset.



Time Over-run

15. The Commission, vide order dated 31.3.2023 in Petition No. 83/TT/2022, has already dealt with the issue of time over-run and the entire time over-run of 732 days had been condoned in the said order.

Central Financial Assistance (CFA)

16. Regulation 19(5)(e) of the 2019 Tariff Regulations provides for exclusion of grant (from the capital cost) received from the Central or State Government or any statutory body or authority for the execution of the transmission project which does not carry any liability of repayment.

17. In this regard, the Petitioner has submitted as under:

- a. The CFA for development of the Solar Park and associated external transmission system has been provided by the Ministry of New and Renewable Energy (MNRE). The MNRE (National Solar Mission Cord. Group) issued Administrative Guidelines for the release of fund for implementation of the Scheme for the development of the Solar Park and Ultra Mega Solar Power projects vide order ref: 30/26/2014-15/NSM, dated 12.12.2014. Further, amendment in guidelines have been issued by the MNRE vide Office Memorandum No. 30/26/2014-15/NSM dated 29.9.2016.

“The CFA for development of solar park and for development of external transmission system will be apportioned in the ratio of 60:40 i.e. Rs 12 lakh per MW or 30% of the project cost, whichever is lower may be provided to the Solar Power Park Developers (SPPDs) towards development of solar parks and Rs. 8 lakh per MW or 30% of the project cost, whichever is lower will be provided to the CTU or STU towards development of external transmission system.....”

- b. Accordingly, the Petitioner has submitted the details for the release of the CFA by MNRE to the Petitioner vide letter dated: 16.1.2018. Further, the MNRE sanctioned the CFA grant vide Office Memorandum No. 320/6/2017/NSM dated 29.6.2018.



- c. Further, the Petitioner has applied for the grant under Phase II based on the capacity of 1000 MW at ₹8 lakh per MW (Total ₹8000 lakh).
- d. Furthermore, 50% of the applied grant was released by the MNRE through SECI – ₹4000 lakh which has been received on 29.6.2018 towards the transmission project for the Ultra mega Solar Power Park at Tumkur (Pavagada), Karnataka-Phase-II. Balance 50% of approved grant for Phase-II has been received during the 2021-22. The said grant received, has been adjusted in the capital cost of the transmission assets covered under Pavagada Solar Park (Phase-II, 1000 MW) and the details of the grant adjusted for the instant transmission asset is as under:

(₹ in lakh)	
Particulars	Amount
Grant Adjusted from COD	1892.53
Grant Adjusted in 2021-22	3229.34
Total Grant received and adjusted against instant asset	5121.87

18. In response to the Commission's direction, the Petitioner vide affidavit dated 25.3.2025 has submitted the details and the supporting documents for the CFA grant received year-wise and asset-wise.

19. We have considered the Petitioner's submission. From the documents on record and the RoP reply, we observed that the Petitioner has received the total grant of ₹8000 lakh (₹4000 lakh during 2018-19 and ₹4000 lakh during 2021-22) towards Pavagada Solar Park project (Phase -II, 1000 MW) which has been allocated and adjusted in the capital cost of various assets covered under the project.

20. Proviso (iii) of Regulation 18(1) of the 2019 Tariff Regulations provides as under:

"iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio."



21. We note that the Commission, vide order dated 14.4.2020 in Petition No. 34/TT/2019, had decided to adjust the grant received from the capital cost. The relevant extract of the order dated 14.4.2020 in Petition No. 34/TT/2019 is as under:

“29. We have considered the submission of the Petitioner and noted that in line with the above provisions, funding through grant is not required to be considered for debt:equity ratio. Therefore, funding sans any grant would form remaining capital structure for the purpose of debt: equity ratio as per Regulation 19 of the 2014 Tariff Regulations and the same has been considered in the relevant para of this Order.”

22. In view of the foregoing, the funding, net of any grant, would form remaining capital structure for the purpose of debt-equity ratio as per Regulation 18(1) of the 2019 Tariff Regulations and the same has been considered in the relevant portion of this order.

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

23. The Petitioner has claimed the IDC with respect to the transmission asset and has submitted the Auditor's Certificate dated 14.9.2024 in support of the same. The Petitioner has submitted the computation of IDC along with the year-wise details of the IDC discharged. The Petitioner has claimed the IDC as admitted by the Commission vide order dated 31.3.2023 in Petition No. 83/TT/2022.

24. The allowable IDC has been worked out considering the information submitted by the Petitioner with respect to the transmission asset separately on a cash basis. The loan details submitted in Form-9C for the 2019-24 tariff period and IDC computation sheet have been considered for the purpose of the IDC calculation on the cash and accrued basis. There is a disallowance in IDC of ₹3.60 lakh due to the computational difference against the value approved and as claimed by the Petitioner in the instant Petition. The details of which are as under:

(₹ in lakh)					
IDC as per Auditor's Certificate	IDC Allowed	IDC Disallowed	IDC allowed as on COD	IDC Undischarged as on COD	IDC Discharge During 2020-21
A	B	C	D	E=D-B	
1661.18	1657.58	3.60	1569.27	88.31	88.31



25. As the time over-run in case of the transmission asset has been condoned, the entire IEDC claimed, has been allowed. The Petitioner has claimed the IEDC as admitted by the Commission vide order dated 31.3.2023 in Petition No. 83/TT/2022. The IEDC of ₹2256.62 lakh was allowed as on the COD vide order dated 31.3.2023 in Petition No. 83/TT/2022 and the same has been allowed with respect to the transmission asset in the instant order and the details of which are as under:

(₹ in lakh)

IEDC as per Auditor's Certificate	IEDC Disallowed	IEDC Allowed
A	B	C=A-B
2256.62	0.00	2256.62

Initial Spares

26. The Initial Spares claimed by the Petitioner are within the limit as per Regulation 23(d) of the 2019 Tariff Regulations and the same were allowed by the Commission vide order dated 31.3.2023 in Petition No. 83/TT/2022.

Capital Cost allowed as on COD

27. The capital cost of the transmission asset has been calculated in accordance with Regulation 19 of the 2019 Tariff Regulations. The details of the capital cost now approved as on the COD is as under:

(₹ in lakh)

Capital Cost claimed as on COD as per Auditor's Certificate	IDC discharged after COD	IDC and IEDC Disallowed due to time over-run not condoned	IDC disallowed due to computational error	Grant Adjustment at COD	Capital Cost allowed as on COD
(A)	(B)	(C)	(D)	(E)	(F = A-B-C-D-E)
51544.93	88.31	0.00	3.60	1892.53	49560.49



Additional Capital Expenditure (ACE)

28. The Commission, vide order dated 31.3.2023 in Petition No. 83/TT/2022, had allowed the ACE with respect to the transmission asset for the 2019-24 tariff period as under:

Particulars	(₹ in lakh)		
	Admitted ACE		
	2020-21	2021-22	2022-23
Proposed ACE allowed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	1396.36	7142.68	1377.90
Add: IDC discharged	0.00	88.87	0.00
Total ACE allowed	1396.36	7231.55	1377.90

29. Against this, the Petitioner has claimed the following ACE based on the actual expenditure in accordance with Regulation 24(1)(b) and Regulation 25(1)(d) of the 2019 Tariff Regulations:

Particulars	Regulations	(₹ in lakh)			
		Actual ACE			
		2020-21	2021-22	2022-23	2023-24
Balance and retention payments for liabilities and liability for works executed prior to the cut-off date;	24(1)(b) & 25(1)(d)	1396.36	4092.58	491.50	661.64
Add: IDC discharged		0.00	88.87	0.00	0.00
Less: Grant received		0.00	3229.34	0.00	0.00
Total		1396.36	952.11	491.50	661.64

30. The Commission, vide RoP for hearing dated 11.3.2025, directed the Petitioner to submit the package-wise and vendor-wise details of the ACE claimed in the 2019-24 tariff period.

31. In response, the Petitioner vide affidavit dated 31.3.2023 has submitted the vendor-wise details of ACE claimed by the Petitioner for the transmission asset are as follows:

(₹ in lakh)											
Vendor	Discharge of Liability				Total	Unexecuted works (discharge during the respective years)				Total	Outstandin g Liability as on 31.3.2024
	2020-21	2021-22	2022-23	2023-24		2020-21	2021-22	2022-23	2023-24		
KEC International Ltd.	0.00	0.00	196.46	0.00	196.46	0.00	1676.05	0.00	0.00	1676.05	0.00



KEC International Ltd.	0.00	0.00	0.00	0.00	0.00	1.30	809.93	41.35	3.46	856.04	0.00
KEC International Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	115.50	0.00	0.00	115.50	0.00
KEC International Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	9.83	0.00	0.00	9.83	0.00
Karnataka Power Transmission Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	227.41
Compensation	0.00	0.00	136.83	579.64	716.47	988.65	1271.73	116.86	56.69	2433.93	2389.42
TUV-SUD South Asia Pvt.Ltd.	0.00	0.00	0.00	0.00	0.00	5.46	4.63	0.00	0.00	10.09	0.00
Pasala Veerraju	0.00	0.00	0.00	0.00	0.00	141.87	3.45	0.00	21.85	167.17	134.52
Kalyani Projects	0.00	0.00	0.00	0.00	0.00	259.08	201.46	0.00	0.00	460.54	0.00
Total	0.00	0.00	333.29	579.64	912.93	1396.36	4092.58	158.21	82.00	5729.15	2751.35

Liquidated Damages (LD)

32. The Commission vide RoP dated 11.3.2025 directed the Petitioner to submit the details of the LD. In response, the Petitioner, vide affidavit dated 25.3.2025 has submitted that it has recovered the LD of ₹6.37 lakh from the contractor and the same has been adjusted from the capital cost in the year 2021-22, on its recovery as mentioned in the footnote of the Auditor's Certificate.

33. We have considered the Petitioner's submission. We have noted that the LD was recovered from the contractor amounting to ₹6.37 lakh in FY 2021-22 and accordingly, on its recovery, the amount has been reduced from the expenses for that year and the net expenses incurred by the Petitioner are mentioned in the Auditor's Certificate. Therefore, LD as reduced from the ACE has been considered for the purpose of tariff calculation.

34. The ACE has been allowed under the balance and retention payments for the liabilities and for the works executed prior to the cut-off date under Regulations 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations. The capital cost and the ACE allowed with respect to the transmission asset for the 2019-24 tariff period is as under:



(₹ in lakh)

Particulars	Regulation	ACE allowed			
		2020-21	2021-22	2022-23	2023-24
Balance and retention payments for liabilities and liability for works executed prior to the cut-off date	24(1)(b) & 25(1)(d)	1396.36	4092.58	491.50	661.64
Add: IDC discharge		0.00	88.31	0.00	0.00
Less: Grant received		0.00	3229.34	0.00	0.00
Total		1396.36	951.55	491.50	661.64

35. The capital cost allowed for the transmission asset is as under:

(₹ in lakh)

RCE Apportioned Approved Cost	Capital Cost allowed as on COD	Actual ACE				Capital Cost as on 31.3.2024
		2020-21	2021-22	2022-23	2023-24	
67572.60	49560.49	1396.36	951.55	491.50	661.64	53061.54

Debt-Equity ratio

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

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	34692.34	70.00	2450.74	70.00	37143.08	70.00
Equity	14868.15	30.00	1050.32	30.00	15918.46	30.00
Total	49560.49	100.00	3501.05	100.00	53061.54	100.00

Depreciation

37. The depreciation has been worked out considering the admitted capital expenditure as on the COD, i.e., 1.3.2020 and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission asset as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.



38. The depreciation allowed for the transmission asset for the 2019-24 tariff period is as under:

(₹ in lakh)					
Sl. No.	Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
A	Opening Capital Cost	49560.49	50956.85	51908.40	52399.90
B	Addition during the year 2019-24 due to ACE	1396.36	951.55	491.50	661.64
C	Closing Capital Cost (A+B)	50956.85	51908.40	52399.90	53061.54
D	Average Capital Cost (A+C)/2	50258.67	51432.62	52154.15	52730.72
E	Average Capital Cost (90% depreciable assets)	50081.74	51254.50	51974.84	52551.41
F	Average Capital Cost (100% depreciable assets)	176.93	178.12	179.31	179.31
G	Depreciable value (excluding IT equipment and software) (E*90%)	45073.57	46129.05	46777.35	47296.27
H	Depreciable value of IT equipment and software (F*100%)	176.93	178.12	179.31	179.31
I	Total Depreciable Value (G+H)	45250.49	46307.17	46956.66	47475.58
J	Weighted average rate of Depreciation (WAROD) (in %)	5.32	5.31	5.31	5.31
K	Balance useful life at the beginning of the year (Year)	34	34	33	32
L	Lapsed useful life at the beginning of the year (Year)	-	0	1	2
M	Aggregate Depreciable Value	45250.49	46307.17	46956.66	47475.58
N	Depreciation during the year (D*J)	227.06	2731.43	2769.36	2799.59
O	Cumulative Depreciation at the end of the year	227.06	2958.49	5727.85	8527.44
P	Remaining Aggregate Depreciable Value at the end of the year	45023.43	43348.68	41228.81	38948.14

39. The details of depreciation approved vide order dated 31.3.2023 in Petition No. 83/TT/2022 with respect to the transmission asset, depreciation claimed by the Petitioner in the instant Petition and trued up depreciation allowed in the instant order are as follows:

(₹ in lakh)				
Asset	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022	226.96	2891.61	3113.79	3149.64
Claimed by the Petitioner in the instant Petition	227.07	2731.61	2769.55	2799.78
Approved after true-up in this order	227.06	2731.43	2769.36	2799.59



Interest on Loan (IoL)

40. The Petitioner has claimed the Weighted Average Rate of the IoL based on its actual loan portfolio and rate of interest. In response to the Commission's query, the Petitioner vide affidavit dated 25.3.2025 has submitted that the FERV (capitalised as a part of capital cost) has been calculated as difference between the exchange rate as on the drawl date and exchange rate as on the COD for the foreign loans deployed in the respective asset. In case of the instant transmission asset, the capital cost up to the COD includes FERV up to the domestic borrowing cost of ₹1034.74 lakh and FERV above domestic borrowing cost (from Memorandum of Accounts) of ₹390.01 lakh. Further, the same has been certified by the Auditor's Certificate dated 14.9.2024.

41. We have considered the Petitioner's submissions. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed with respect to the transmission asset is as under:

(₹ in lakh)					
	Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
A	Gross Normative Loan	34692.34	35669.80	36335.88	36679.93
B	Cumulative Repayments upto Previous Year	0.00	227.06	2958.49	5727.85
C	Net Loan-Opening (A-B)	34692.34	35442.73	33377.39	30952.08
D	Additions	977.45	666.09	344.05	463.15
E	Repayment during the year	227.06	2731.43	2769.36	2799.59
F	Net Loan-Closing (C+D-E)	35442.73	33377.39	30952.08	28615.64
G	Average Loan (C+F)/2	35067.54	34410.06	32164.74	29783.86
H	Weighted Average Rate of Interest on Loan (in %)	3.3485	3.1645	4.2891	5.5395
I	Interest on Loan (G*H)	99.73	1088.92	1379.59	1649.89

42. The details of the IoL allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022 for the transmission asset, the IoL claimed by the Petitioner in the instant Petition, and trued-up IoL allowed in the instant order are as follows:



(₹ in lakh)				
Asset	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022	100.19	1242.50	1249.91	1169.66
Claimed by the Petitioner in the instant Petition	99.74	1088.98	1379.67	1649.99
Approved after true-up in this order	99.73	1088.92	1379.59	1649.89

Return on Equity (RoE)

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

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

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

45. We have considered the Petitioner's submissions and have also gone through the record. We observed that the entities covered under the MAT regime are paying the Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT



Act, 1961. Section 115 JB(2) defines book profit as net profit in the Statement of Profit and Loss prepared in accordance with the Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up of the rate of RoE. Any under recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

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

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

(₹ in lakh)					
	Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
	Return on Equity				
A	Opening Equity	14868.15	15287.05	15572.52	15719.97
B	Additions	418.91	285.47	147.45	198.49



	Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
C	Closing Equity (A+B)	15287.05	15572.52	15719.97	15918.46
D	Average Equity (A+C)/2	15077.60	15429.79	15646.24	15819.22
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	240.51	2898.02	2938.68	2971.16

47. The details of RoE approved vide order dated 31.3.2023 in Petition No. 83/TT/2022 for the transmission asset, RoE claimed by the Petitioner in the instant Petition, and true-up RoE allowed in the instant order is as follows:

(₹ in lakh)				
Asset	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022	240.41	3073.66	3316.22	3355.04
Claimed by the Petitioner in the instant Petition	240.53	2898.21	2938.88	2971.37
Approved after true-up in this order	240.51	2898.02	2938.68	2971.16

Operation & Maintenance Expenses (O&M Expenses)

48. The Commission vide order dated 31.3.2023 in Petition No. 83/TT/2022 had allowed the following O&M Expenses:

(₹ in lakh)				
O&M Expenses	2020-21	2021-22	2022-23	2023-24
	27.90	340.04	352.02	364.30

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

(₹ in lakh)				
O&M Expenses	2020-21	2021-22	2022-23	2023-24
	27.90	340.04	352.02	364.30

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



(₹ in lakh)

Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
Sub-station: 400 kV Bay				
(i) 400 kV Line Bays at Tumkur (Pavagada): 2 units				
Norms as per Regulations (₹ lakh per Bay)	33.28	34.45	35.66	36.91
O&M Expenses allowable	66.56	68.90	71.32	73.82
Sub-station: 400 kV Bay				
(ii) 400 kV Line GIS Bays at Devanahalli: 2 units				
Norms as per Regulations (₹ lakh per Bay)	23.296	24.115	24.962	25.837
O&M Expenses allowable	46.59	48.23	49.92	51.67
Transmission Line: Double Circuit (Bundle Conductor with four sub-conductors)				
(iii) 400 kV D/C (Quad) Tumkur Pool (Pavagada) – Devanahalli Transmission Line: 157.42 km				
Norms as per Regulations (₹ lakh per Km)	1.368	1.416	1.466	1.517
O&M Expenses allowable	215.35	222.91	230.78	238.81
Total O&M Expenses allowed	27.90	340.04	352.02	364.30

51. Accordingly, the details of O&M Expenses allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022, O&M Expenses claimed in the instant Petition, and trued-up O&M Expenses allowed for the transmission asset in the instant order are as under:

(₹ in lakh)

Asset	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022	27.90	340.04	352.02	364.30
Claimed by the Petitioner in the instant Petition	27.90	340.04	352.02	364.30
Approved after true-up in this order	27.90	340.04	352.02	364.30

Interest on Working Capital (IWC)

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



53. The components of the working capital and interest allowed thereon for the transmission asset for the 2019-24 tariff period is as under:

(₹ in lakh)					
	Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	27.38	28.34	29.34	30.36
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	49.28	51.01	52.80	54.65
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	877.24	882.67	930.32	972.77
D	Total Working Capital (A+B+C)	953.89	962.01	1012.46	1057.77
E	Rate of Interest for working capital (in %)	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	9.11	101.01	106.31	126.93

54. The details of the IWC allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022 for transmission asset, the IWC claimed by the Petitioner in the instant Petition, and trued-up IWC allowed in the instant order is as under:

(₹ in lakh)				
Asset	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022	9.12	107.43	114.08	114.18
Claimed by the Petitioner in the instant Petition	9.11	101.02	106.31	126.94
Approved after true-up in this order	9.11	101.01	106.31	126.93

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

55. Accordingly, the AFC allowed with respect to the transmission asset after truing-up for the 2019-24 tariff period is as under:

(₹ in lakh)					
	Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
A	Depreciation	227.06	2731.43	2769.36	2799.59
B	Interest on Loan	99.73	1088.92	1379.59	1649.89
C	Return on Equity	240.51	2898.02	2938.68	2971.16
D	Interest on Working Capital	27.90	340.04	352.02	364.30



	Particulars	2020-21 (pro-rata 31 days)	2021-22	2022-23	2023-24
E	O&M Expenses	9.11	101.01	106.31	126.93
F	Total (A+B+C+D+E)	604.32	7159.41	7545.95	7911.87

56. The details of AFC allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022 for transmission asset, the AFC claimed by the Petitioner in the instant petition and true-up AFC allowed in the instant order are as follows:

(₹ in lakh)				
Particulars	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.3.2023 in Petition No. 83/TT/2022	604.58	7655.24	8146.02	8152.82
Claimed by the Petitioner in the instant Petition	604.35	7159.86	7546.43	7912.38
Approved after true-up in this order	604.32	7159.41	7545.95	7911.87

Determination of Annual Fixed Charges for the 2024-29 Tariff Period

57. The Petitioner has claimed the following transmission charges with respect to the transmission asset for the 2024-29 tariff period:

(₹ in lakh)					
Particulars	Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	2884.56	2955.89	2985.13	2974.09	2945.86
Interest on Loan	1534.80	1401.04	1229.95	1041.55	861.65
Return on Equity	3036.32	3113.83	3145.04	3145.04	3145.04
Interest on Working Capital	124.09	125.00	124.08	121.56	119.57
O&M Expenses	303.63	319.60	336.32	354.13	372.69
Total	7883.40	7915.36	7820.52	7636.37	7444.81

58. The details of IWC claimed by the Petitioner for the 2024-29 tariff period for transmission asset is as under:

(₹ in lakh)					
Particulars	Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	25.30	26.63	28.03	29.51	31.06
Maintenance Spares	45.54	47.94	50.45	53.12	55.90
Receivables	971.93	975.87	964.17	938.90	917.85
Total Working Capital	1042.77	1050.44	1042.65	1021.53	1004.81
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	124.09	125.00	124.08	121.56	119.57



Capital Cost

59. Regulation 19 of the 2024 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 checks in accordance with these regulations shall form the basis for the determination of tariff for existing and new projects.*

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

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

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

- (a) *Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;*
- (b) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*



(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;

(d) to (h).....

(i) Expenditure on account of change in law and force majeure events;

(4) & (5)

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

(a) The assets forming part of the project but not in use, as declared in the tariff petition;

(b) De-capitalised Assets after the date of commercial operation on account of obsolescence;

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

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

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

(d).....

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

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

60. The Petitioner has claimed the following capital cost for the transmission asset during the 2024-29 tariff period:

Apportioned Cost as per RCE	Expenditure as on 31.3.2024 (after adjusting the Grant received)	ACE for 2024-29 tariff period as per Auditor's Certificate					(₹ in lakh)
		Estimated Completion Cost as on 31.3.2029					
		2024-25	2025-26	2026-27	2027-28	2028-29	
67572.60	53065.14	1643.73	1107.62	0	0	0	55816.49

61. We have considered the Petitioner's submissions. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. The trued-up capital cost of ₹53061.54 lakh for the transmission asset as worked out as on 31.3.2024 has been



considered as the admitted capital cost as on 1.4.2024 for working out the tariff for the 2024-29 period.

Additional Capital Expenditure (ACE)

62. Regulations 24 and 25 of the 2024 Tariff Regulations provides 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 which is not provided for in the original scope of work;*
- (f) *For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;
Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and*
- (g) *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) *Payment made against award of arbitration or for compliance with the directions or order of any statutory authority; or order or decree of any court of law;*
- (b) *Change in law or compliance of any existing law which is not provided for in the original scope of work;*
- (c) *Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*



- (d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;
- (e) Force Majeure events;
- (f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and

(2) In case of replacement of assets deployed under the original scope of the existing project after 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.

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

63. The Petitioner has claimed the ACE of ₹2751.35 lakh for the transmission asset for the 2024-29 tariff period under Regulations 25(1)(d) of the 2024 Tariff Regulations on account of undischarged liabilities recognized to be payable at a future date for the work done up to the COD. The same has been summarised as under:

ACE Claimed	
2024-25	2025-26
1643.73	1107.62

64. In response to the Commission’s query, the Petitioner vide affidavit dated 25.3.2025 has submitted the vendor-wise details of the ACE claimed for the transmission asset as under:

Vendor	Discharged Liability		Total
	2024-25	2025-26	
KEC International Ltd.	0.00	0.00	0.00
KEC International Ltd.	0.00	0.00	0.00
KEC International Ltd.	0.00	0.00	0.00
KEC International Ltd.	0.00	0.00	0.00



Vendor	Discharged Liability		Total
	2024-25	2025-26	
Karnataka Power Transmission Corporation Limited	227.41	0.00	227.41
Compensation	1281.80	1107.62	2389.42
TUV-SUD South Asia Pvt. Ltd.	0.00	0.00	0.00
Pasala Veerraju	134.52	0.00	134.52
Kalyani Projects	0.00	0.00	0.00
Total	1643.73	1107.62	2751.25

65. We have considered the Petitioner's submissions. The ACE has been allowed for the compensation to be paid for the works executed within the cut-off date under Regulation 25(1)(d) of the 2024 Tariff Regulations. The allowed ACE is as under:

Particulars	Regulation	(₹ in lakh) ACE allowed	
		2024-25	2025-26
Payment made towards liability admitted for works within the original scope executed prior to the cut-off date	25(1)(d)	1643.73	1107.62
Total		1643.73	1107.62

66. The total capital expenditure as on 31.3.2029 is within the RCE approved cost. Accordingly, ACE for the 2024-29 tariff period and the capital cost as on 31.3.2029 for the transmission asset is allowed as under:

Capital Cost admitted as on 1.4.2024 (A)	ACE allowed for 2024-29 (B)	Capital Cost allowed as on 31.3.2029 (C=A+B)
53061.54	2751.35	55812.89

Debt-Equity ratio

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

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

Provided that:

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



iii.any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

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

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

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 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 1.4.2024, if the equity actually deployed as on 1.4.2024 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

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

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

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

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

68. The debt-equity ratio considered for the purpose of computation of the tariff for the 2024-29 period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity ratio considered for the purpose of computation of the tariff for the transmission asset for the 2024-29 tariff period are as under:



Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	ACE in 2024-29 period	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	37143.08	70.00	1925.95	70.00	39069.02	70.00
Equity	15918.46	30.00	825.41	30.00	16743.87	30.00
Total	53061.54	100.00	2751.35	100.00	55812.89	100.00

Depreciation

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

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

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

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

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

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

.....

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

(4)

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

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

.....



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

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

.....

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

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

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

70. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and, thereafter, up to 31.3.2029. The WAROD has been worked out for the transmission asset as per the rates of depreciation specified in the 2024 Tariff Regulations. The depreciation allowed for the transmission asset under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	53061.54	54705.27	55812.89	55812.89	55812.89
B	Addition during the year 2019-24 due to ACE	1643.73	1107.62	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	54705.27	55812.89	55812.89	55812.89	55812.89
D	Average Capital Cost (A+C)/2	53883.40	55259.08	55812.89	55812.89	55812.89
E	Average Capital Cost (90% depreciable assets)	53704.09	55079.77	55633.58	55633.58	55633.58
F	Average Capital Cost (100% depreciable assets)	179.31	179.31	179.31	179.31	179.31
G	Depreciable value (excluding IT equipment and software) (E*90%)	48333.68	49571.79	50070.22	50070.22	50070.22



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
H	Depreciable value of IT equipment and software (F*100%)	179.31	179.31	179.31	179.31	179.31
I	Total Depreciable Value (G+H)	48512.99	49751.10	50249.53	50249.53	50249.53
J	Weighted average rate of Depreciation (WAROD) (in %)	5.35	5.35	5.35	5.33	5.28
K	Balance useful life at the beginning of the year (Year)	31	30	29	28	27
L	Lapsed useful life at the beginning of the year (Year)	3	4	5	6	7
M	Aggregate Depreciable Value	48512.99	49751.10	50249.53	50249.53	50249.53
N	Depreciation during the year (D*J)	2884.37	2955.70	2984.94	2973.90	2945.68
O	Cumulative Depreciation at the end of the year	11411.80	14367.50	17352.44	20326.33	23272.01
P	Remaining Aggregate Depreciable Value at the end of the year	37101.19	35383.60	32897.09	29923.20	26977.52

Interest on Loan (IoL)

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

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

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

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

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

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

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



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

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

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

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

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

72. The weighted average rate of IoL has been considered on the basis of the rate prevailing as on 1.4.2024. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2024-29 tariff period may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of true up. The IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed for the 2024-29 tariff period is as under:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	37143.08	38293.69	39069.02	39069.02	39069.02
B	Cumulative Repayments upto Previous Year	8527.44	11411.80	14367.50	17352.44	20326.33
C	Net Loan-Opening (A-B)	28615.64	26881.89	24701.53	21716.59	18742.69
D	Additions	1150.61	775.33	0.00	0.00	0.00
E	Repayment during the year	2884.37	2955.70	2984.94	2973.90	2945.68
F	Net Loan-Closing (C+D-E)	26881.89	24701.53	21716.59	18742.69	15797.01
G	Average Loan (C+F)/2	27748.77	25791.71	23209.06	20229.64	17269.85
H	Weighted Average Rate of Interest on Loan (in %)	5.5307	5.4318	5.2991	5.1483	4.9890
I	Interest on Loan (G*H)	1534.71	1400.95	1229.87	1041.48	861.59



Return on Equity (RoE)

73. Regulations 30 and 31 of the 2024 Tariff Regulations provides as under:

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

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

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

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

Provided further that:

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

.....”

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

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

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

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



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

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

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

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

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

74. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner's submissions and have gone through the record. The applicable MAT rate for the RoE has been considered, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the transmission asset for the 2024-29 tariff period is as under:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	15918.46	16411.58	16743.87	16743.87	16743.87
B	Additions	493.12	332.29	0.00	0.00	0.00
C	Closing Equity (A+B)	16411.58	16743.87	16743.87	16743.87	16743.87
D	Average Equity (A+C)/2	16165.02	16577.72	16743.87	16743.87	16743.87
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	3036.11	3113.63	3144.83	3144.83	3144.83

Operation & Maintenance Expenses (O&M Expenses)

75. The O&M Expenses claimed by the Petitioner for the transmission asset for the 2024-29 period are as under:



O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
	303.63	319.60	336.32	354.13	372.69

76. The norms specified under Regulation 36(3)(a) of the 2024 Tariff Regulations provides as under:

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.346	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)	2.07	2.18	2.30	2.42	2.55
Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (₹ Lakh per MW)	1.04	1.10	1.16	1.22	1.28

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



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

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

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

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

.....”

77. We have considered the Petitioner’s submissions. The O&M Expenses have been worked out in accordance with Regulation 36 of the 2024 Tariff Regulations which are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station: 400 kV Bay					
(i) 400 kV Line Bays at Tumkur (Pavagada): 2 units					
Norms as per Regulations (₹ lakh per Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses allowable	59.06	62.16	65.42	68.86	72.46
Sub-station: 400 kV Bay					
(i) 400 kV Line GIS Bays at Devanahalli: 2 units					
Norms as per Regulations (₹ lakh per Bay)	20.67	21.75	22.90	24.10	25.36
O&M Expenses allowable	41.34	43.50	45.80	48.20	50.72
Transmission Line: Double Circuit (Bundle Conductor with four sub-conductors)					
(i) 400 kV D/C (Quad) Tumkur Pool (Pavagada)-Devanahalli Transmission Line: 157.42 km					
Norms as per Regulations (₹ lakh per km)	1.291	1.359	1.430	1.506	1.585
O&M Expenses allowable	203.23	213.93	225.11	237.07	249.51
Total O&M Expenses allowed	303.63	319.59	336.33	354.13	372.69

Interest on Working Capital (IWC)

78. Regulation 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations specify as follows:

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



.....
(d) For Hydro generating station (including Pumped Storage Hydro generating station) and Transmission System:

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

(2)

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

Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.

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

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

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	25.30	26.63	28.03	29.51	31.06
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	45.54	47.94	50.45	53.12	55.90
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	971.86	975.81	964.11	938.84	917.80
D	Total Working Capital (A+B+C)	1042.71	1050.38	1042.59	1021.47	1004.76
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on working capital (D*E)	124.08	124.99	124.07	121.56	119.57



Annual Fixed Charges of the 2024-29 Tariff Period

81. The AFC allowed for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	2884.37	2955.70	2984.94	2973.90	2945.68
Interest on Loan	1534.71	1400.95	1229.87	1041.48	861.59
Return on Equity	3036.11	3113.63	3144.83	3144.83	3144.83
O&M Expenses	303.63	319.59	336.33	354.13	372.69
Interest on Working Capital	124.08	124.99	124.07	121.56	119.57
Total	7882.90	7914.86	7820.04	7635.90	7444.36

Filing Fee and Publication Expenses

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

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

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

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



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

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

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

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

License Fee and RLDC Fees and Charges

87. The Petitioner has prayed for recovery of application filing fee, expenses incurred for the publication of notices in Newspapers and also for reimbursement of the license fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the expenses incurred in accordance with Regulations 94(1) and 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

88. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand



from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.

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

Security Expenses, Insurance and Capital Spares

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

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

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



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

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

"36(3)....

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

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

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

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

Sharing of Transmission Charges

96. The Petitioner has submitted that the trued-up tariff for the 2019-24 tariff period shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff



Regulations and shall be shared by the beneficiaries and long-term transmission customers. Further, the tariff for the 2024-29 tariff period shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

97. We have considered the Petitioner's submissions. The billing, collection, and disbursement of the transmission charges for the transmission asset shall be recovered in terms of the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

98. To summarise:

- a) The details of AFC claimed by the Petitioner in the instant Petition and trued-up AFC allowed in the instant order for the transmission asset is as follows:

(₹ in lakh)

AFC	2020-21 (Pro-rata for 31 days)	2021-22	2022-23	2023-24
Claimed	604.35	7159.86	7546.43	7912.38
Approved	604.32	7159.41	7545.95	7911.87

- b) The details of AFC claimed by the Petitioner in the instant Petition and AFC allowed in the instant order for the 2014-29 tariff period for the transmission asset is as follows:

(₹ in lakh)

AFC	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed	7883.40	7915.36	7820.52	7636.37	7444.81
Approved	7882.90	7914.86	7820.04	7635.90	7444.36



99. This order disposes of Petition No. 169/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

