

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 182/TT/2024

Coram:

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

Date of Order: 20.06.2025

In the matter of:

Approval of transmission tariff under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for determination of Transmission Tariff from proposed COD to 31.3.2024 for Transmission Assets: Asset-1: 4 nos. of 220 kV line bays at Khatkar (Jind) Sub-station for LILO of both circuit of 220 kV Jind HVPNL to PTPS D/C line at 400 kV PGCIL Khatkar (Jind) Sub-station and Asset-2: 2 nos. of 220 kV line bays at Naggal (Panchkula) Sub-station for 220 kV D/C line from 400 kV PGCIL (Panchkula) to proposed 220 kV Sub-station Sadhaura under "220 kV Bays at 400 kV Sub-station PG Khatkar (Jind) & Naggal (Panchkula) Sub-station".

And in the matter of:

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

...Petitioner

Vs.

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



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



Parties present : Shri, Raheel Kohli, Advocate, HVPNL
Ms. Himangini Mehta, Advocate, HVPNL
Shri V. C Sekhar, PGCIL
Shri Amit Garg, PGCIL
Shri Ranjeet Kumar Pandey, PGCIL

ORDER

The Petitioner, Power Grid Corporation of India Limited, has filed the instant Petition for the determination of the transmission tariff from the proposed date of commercial operation (COD) to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the transmission assets: **Asset-1:** 4 nos. of 220 kV line bays at Khatkar (Jind) Sub-station for LILO of both circuit of 220 kV Jind HVPNL to PTPS D/C line at 400 kV PGCIL Khatkar (Jind) Sub-station and **Asset-2:-** 2 nos. of 220 kV line bays at Naggal (Panchkula) Sub-station for 220 kV D/C line from 400 kV PGCIL (Panchkula) to proposed 220 kV Sub-station Sadhaura (hereinafter referred to as “the transmission assets”) under “**220 kV Bays at 400 kV Sub-station PG Khatkar (Jind) & Naggal (Panchkula) Sub-station**” (hereinafter referred to as “the transmission project”) in the Northern Region.

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

- 1) *“Approve the DOCO of Asset-1 & Asset-2 as 02.12.2023 & 01.10.2023 respectively under Regulation 5(2) of the CERC Terms and Conditions of Tariff) Regulations, 2019.*
- 2) *Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred.*
- 3) *Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this Petition, as per para – 8.3 above.*
- 4) *Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 as per para 8 above for respective block.*



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

and pass such other relief as Hon'ble 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:

- (i) The Investment approval (the IA) and the expenditure sanction of the transmission project were accorded by the CMD of the Petitioner's Company on 20.2.2022, and the Memorandum No. C/CP/PA2122-11-0AAE-IA035 was issued on 21.2.2022 at an estimated cost of ₹2249.00 lakh, including an IDC of ₹95.00 lakh based on the September 2021 price level.
- (ii) The transmission project was discussed and deliberated upon in the 3rd NRPC(TP) meeting dated 19.2.2021 and was recommended in the 5th NCT meeting held on 25.8.2021 and 2.9.2021. Subsequently, the Ministry of Power (MoP), GoI, vide OM dated 1.12.2021, assigned the following



transmission project to the Petitioner for implementation under the Regulated Tariff Mechanism (RTM).

Scope of the Transmission Scheme	Capacity / km
220 kV bays at 400 kV Sub-station PGCIL Khatkar (Jind) for LILO of both circuits of 220 kV Jind HVPNL to PTPS D/C line at 400 kV Sub-station PGCIL Khatkar (Jind)	220 kV line bays -2 nos.
220 kV bays at 400 kV PGCIL Naggal (Panchkula) Sub-station for 220 kV D/C line from 400 kV PGCIL Naggal (Panchkula) to proposed 220 kV Sub-station Sadhaura	220 kV line bays -2 nos.

- (iii) Thereafter, on 29.12.2021, vide OM with Ref No.-C/CTU/AI/00/2nd CCTP, CTUIL approved the implementation of the following ISTS project by the Petitioner under the RTM mode:

Scope of the Transmission Scheme	Capacity	Implementation timeframe
220 kV bays at 400/220 kV Jind (PG) S/s for LILO of both circuits of 220 kV Jind (HVPNL) to PTPS D/C line at 400/220 kV Jind (PG) Sub-station	220 kV line bays – 2 nos.*	July 2023

** Out of the requirement of 4 bays for the LILO, 2 nos. 220 kV bays have already been approved for implementation under RTM by the Petitioner (in 5th NCT held on 25.8.2021 and 2.9.2021 and vide MoP OM dated 1.12.2021)*

- (iv) The scope of work covered under the transmission project is as under:

Sub-station:

a) 400 kV Khatkar (Jind) (PG)

i. **220 kV**

- AIS Line Bays: 4 nos.

(For LILO of both circuits of 220 kV Jind HVPNL to PTPS D/C line at 400 kV PGCIL Khatkar (Jind Sub-station)

b) 400 kV Naggal (Panchkula) (PG)

i. **220 kV**

- AIS Line Bays: 2 nos.

(for 220 kV D/C line from 400 kV PGCIL Naggal (Panchkula) to proposed 220 kV Sub-station Sadhaura)



(v) As per IA dated 20.2.2022, Asset-1 and Asset-2 were scheduled to be commissioned by July 2023 and September 2023, respectively.

(vi) The details of the transmission assets covered under the transmission project are as under:

Assets	Name of Asset	SCOD as per IA	Actual COD
Asset-1	4 nos. of 220 kV line bays at Khatkar (Jind) Sub-station for LILO of both circuits of 220 kV Jind HVPNL to PTPS D/C line at 400 kV PGCIL Khatkar (Jind) Sub-station	July 2023	2.12.2023
Asset-2	2 nos. of 220 kV line bays at Naggal (Panchkula) Sub-station for 220 kV D/C line from 400 kV PGCIL (Panchkula) to the proposed 220 kV Sub-station Sadhaura	September 2023	1.10.2023

(vii) The entire scope of the transmission project is completed and covered under the instant Petition.

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

5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner. Respondent No. 16, Haryana Vidyut Prasaran Nigam Limited (HVPNL), vide affidavit dated 5.12.2024, has filed its reply and has inter alia raised the issue of the proposed COD and delay in commissioning of the transmission assets. The Petitioner has not filed any rejoinder to the reply of the HVPNL. The issues raised by HVPNL have been considered in the relevant paragraphs of this order.



6. The hearing in the matter was held on 23.1.2025, and the order was reserved. This order is being issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 28.2.2024 and subsequent affidavits of the Petitioner dated 12.9.2024 and 9.12.2024 and the reply filed by HVPNL vide affidavit dated 5.12.2024.
7. Having heard the Petitioner's representatives and the learned counsels for the HVPNL and having perused 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 for the transmission assets:

Particulars	2023-24	
	Asset-1 (pro-rata for 121 days)	Asset-2 (pro-rata for 183 days)
Depreciation	19.27	16.67
Interest on Loan	16.15	15.17
Return on Equity	17.35	16.46
Interest on Working Capital	2.27	1.85
O&M Expenses	34.17	25.84
Total AFC	89.21	75.99

9. The Petitioner has claimed the following Interest on Working Capital (IWC) for the transmission assets:

Particulars	2023-24	
	Asset-1 (pro-rata for 121 days)	Asset-2 (pro-rata for 183 days)
O&M Expenses	8.61	4.31
Maintenance Spares	15.50	7.75
Receivables	33.18	18.68
Total Working Capital	57.29	30.74
Rate of Interest (in %)	12.00	12.00
Interest on Working Capital	6.87	3.69
Pro-rata Interest on Working Capital	2.27	1.85



Date of Commercial Operation (“COD”)

10. As per the IA dated 20.2.2022, Asset-1 and Asset-2 were scheduled to be commissioned by July 2023 and September 2023, respectively. The Petitioner has claimed the COD for Asset-1 and Asset-2 as 2.12.2023 and 1.10.2023, respectively, under Regulation 5(2) of the 2019 Tariff Regulations, as the associated downstream network being executed by HVPNL is not ready. In support of the COD of the transmission assets, the Petitioner has submitted the CEA Energisation Certificate, No-Load Trial Run Certificate, CMD Certificate, and a copy of a one-month notice.

11. The HVPNL has opposed the claim of the Petitioner, vide affidavit dated 5.12.2024, has mainly submitted as under:

- a. The present Petition is not maintainable, as the Petitioner cannot seek condonation of delay in the commissioning of the transmission assets and determination of tariff for the transmission assets in the same Petition. In terms of Regulation 5(2) of the 2019 Tariff Regulations and Regulation 6.3A (3) (iv) of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 (“2010 Grid Code Regulations”), the Petitioner has to file a separate Petition for the approval of the COD where the transmission line of such licensee could not be put into service due to the delay in commissioning of the inter-connected downstream line. The Petitioner has also failed to provide any reasons as to why it did not file the appropriate Petition seeking approval of the COD of such transmission assets at the relevant time, i.e., the date from which the COD has been claimed. Therefore, the present tariff Petition cannot be determined due to the non-compliance with the procedure provided under the 2019 Tariff Regulations and the 2010 Grid Code Regulations.



- b. Further, the Petitioner has filed the instant Petition *inter alia* seeking determination of the tariff of Asset-1 and Asset-2, which are admittedly not in use due to non-completion of the downstream system for the reasons not attributable to HVPNL. It is utmost relevant to mention that Regulation 19 (5)(a) of the 2019 Tariff Regulations provides that the asset forming a part of the project but not in use shall be excluded from the capital cost of the existing and new projects. Regulation 19(5)(a) of the 2019 Tariff Regulations specifies as under:

“19. Capital Cost:

“(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;.....”

- c. As the downstream system of Asset-1 and Asset-2 was not completed on the date of the COD, the said transmission assets could not be put in use, and as such, Asset-1 and Asset-2 cannot be included in the capital cost of the present transmission project. Hence, the tariff of Asset-1 and Asset-2 cannot be determined on a ‘cost-plus’ basis.
12. HVPNL, during the course of the hearing dated 23.1.2025, has submitted that the downstream assets for Asset-1 and Asset-2 are expected to be commissioned by March 2025 and May 2025, respectively.

Analysis and Decision on COD

13. We have considered the Petitioner’s and HVPNL’s submissions and have perused the record. The Petitioner has submitted that as per the IA dated 20.2.2022, Asset-1 and Asset-2 were scheduled to be commissioned by July 2023 and



September 2023, respectively. The Petitioner has claimed the COD of Asset-1 and Asset-2 as 2.12.2023 and 1.10.2023 under Regulation 5(2) of the 2019 Tariff Regulations, as the associated downstream network being executed by HVPNL is not ready.

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

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

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

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

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

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

15. In support of the COD of the transmission assets, the Petitioner has submitted the following supporting documents:

Particulars	Documents.
Asset-1	CEA Energization Certificate dated 9.11.2023, NRLDC Charging Certificate dated 11.12.2023 certifying the successful completion of



	trial operation on 'No-load' on 1.12.2023, One-month Notice vide letter dated 6.7.2023, and CMD Certificate
Asset-2	CEA Energization Certificate dated 9.8.2023, NRLDC Charging Certificate dated 26.9.2023 certifying the successful completion of trial operation on 'No-load' on 25.8.2023, One-month Notice vide letter dated 10.7.2023, and CMD Certificate

16. It has been observed that the Petitioner has issued notice to HVPNL vide letter dated 6.7.2023 and 10.7.2023 regarding the commissioning of Asset-1 and Asset-2, respectively, and requested HVPNL to connect the downstream transmission lines to Jind and Panchkula Sub-stations. Also, HVPNL itself has submitted that the downstream transmission system for Asset-1 and Asset-2 are expected to be commissioned by March 2025 and May 2025, respectively. Since, the associated downstream transmission system for Asset-1 and Asset-2 under the scope of HVPNL was not ready at the time of commissioning of Asset-1 and Asset-2 by the Petitioner, the claim of the Petitioner in respect of the COD of Asset-1 and Asset-2 as 2.12.2023 and 1.10.2023, respectively, qualifies for the approval under Regulation 5(2) of the 2019 Tariff Regulations.

17. Therefore, taking into consideration the CEA Energization Certificates, NRLDC Trial Run Certificates on a No-load basis, and CMD Certificates, we approve the COD of Asset-1 and Asset-2 as 2.12.2023 and 1.10.2023, respectively, as per Regulation 5(2) of the 2019 Tariff Regulations.

Capital Cost

18. Regulation 19 of the 2019 Tariff Regulations provides as follows:

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

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



- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- (e) Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the Asset 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 ash disposal and utilization including handling and transportation facility;
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; 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 Asset-forming part of the project, but not in use, as declared in the tariff petition;
(b) De-capitalised Asset-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 decapitalised 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 asset.

(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.”

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

Assets	FR Apportioned Approved cost	Expenditure up to COD	Projected ACE				Estimated Completion Cost
			2023-24	2024-25	2025-26	2026-27	
Asset-1	1318.20	848.30	173.43	104.05	34.68	34.68	1195.14
Asset-2	930.80	480.87	209.87	139.92	0.00	0.00	830.66
Total	2249.00	1329.17	383.30	243.97	34.68	34.68	2025.80

Cost Overrun

20. The Petitioner has submitted that the total FR apportioned approved cost is ₹1318.20 lakh for Asset-1 and ₹930.80 lakh for Asset-2. The estimated completion



cost is ₹1195.14 lakh for Asset-1 and ₹830.66 lakh for Asset-2. Thus, there is no cost overrun in the case of the transmission assets.

21. The details of the estimated completion cost vis-à-vis FR apportioned approved cost for the transmission assets as submitted by the Petitioner are as under:

Asset No.	FR Apportioned Approved Cost (a)	Estimated completion Cost (b)	Variation FR. (- decrease, + increase) c = (b – a)
Asset-1	1318.20	1195.14	-123.06
Asset-2	930.80	830.66	-100.14
Total	2249.00	2025.80	-223.20

22. The reasons for the item-wise cost variation between the FR apportioned approved cost and estimated completion cost as submitted by the Petitioner are as unders

Variation in Equipment Cost:

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



awarded contracts/general practice. The cost received during DCB for the equipment is higher/lower than the estimated cost.

24. The Petitioner has further submitted that the price variation under the transmission project is attributable to the inflation/deflation trend prevailing at the time of the bidding process of various packages. Since the reasons for cost variation are beyond the Petitioner's control, the estimated completion cost may be considered for the tariff determination.

25. We have considered the Petitioner's submission and perused the supporting tariff Forms. As per Form-5, submitted by the Petitioner, the following major variation in the estimated completion cost vis-à-vis the original cost has been observed:

Asset-1

(₹ in lakh)			
Particulars	As per the original Cost	Estimated Completion Cost	Variation
Structures for Switchyard	273.934	345.01	71.08
Communication System	10.567	69.18	59.24

Asset-2

(₹ in lakh)			
Particulars	As per the original Cost	Estimated Completion Cost	Variation
Foundation for structures	177.51	238.57	61.06

26. The Petitioner is directed to submit the detailed justification along with the documentary evidence in respect of the aforementioned major variations under Asset-1 and Asset-2 at the time of truing up.

27. Further, the variation observed in the estimated completion cost vis-à-vis the awarded cost in respect of transmission assets is as under:



(₹ in lakh)				
Assets	Particulars	Awarded Cost	Estimated Completion cost	Variation (in %)
Asset-1	Supply & Service	3124.30	1195.14	
Asset-2	Supply	-	830.65	
	Service	1372.20	-	
Total		4496.50	2025.79	(-)54.95

28. The Petitioner is also directed to submit the detailed justification along with documentary evidence in respect of variations of estimated completion cost vis-à-vis awarded cost with respect to Asset-1 and Asset-2 at the time of truing up for review.

29. Therefore, as the estimated completion cost of ₹1195.14 lakh and ₹830.66 lakh for Asset-1 and Asset-2, respectively, are within the FR approved cost of ₹1318.20 lakh for Asset-1 and ₹930.80 lakh for Asset-2, there is no cost overrun with respect to the transmission assets.

Time Overrun

30. The Petitioner has submitted that as per the IA dated 20.2.2022, Asset-1 and Asset-2 were scheduled to be commissioned by July 2023 and September 2023, respectively, against which the Petitioner has claimed the COD of Asset-1 and Asset-2 as on 2.12.2023 and 1.10.2023, respectively, under Regulation 5(2) of the 2019 Tariff Regulations. The details of the SCOD, proposed COD, and time overrun for the transmission assets are as under:

Name of Asset	SCOD as per IA dated 20.2.2022	Proposed COD	Time Overrun
Asset-1	July 2023	2.12.2023	123 days
Asset-2	September 2023	1.10.2023	NIL

31. The Petitioner has submitted that there is a time overrun of 123 days in the case of Asset-1; however, there is no time overrun in the case of Asset-2. With respect to the time overrun in the case of Asset-1, the Petitioner has submitted that the IA was



accorded on 21.2.2022 with the scheduled implementation by July 2023. Subsequently, the LoA was placed on 27.4.2022. Thereafter, the Petitioner, with their project implementation expertise and experience, made all efforts to complete the transmission assets. Asset-1 was ready in the month of September 2023, and the CEA inspection was done on 25.9.2023. The CEA issued the Certificate on 9.11.2023. Further, Asset-1 completed the successful No-load trial operation on 1.12.2023. The COD for Asset-1 has been proposed under Regulation 5(2) of the 2019 Tariff Regulations w.e.f. 2.12.2023. Since the delay was beyond the control of the Petitioner, the same may be condoned.

32. The Petitioner, vide affidavit dated 12.9.2024, has reiterated its submissions made in the main Petition, and in addition, the Petitioner has submitted that the delay was due to an unforeseen issue faced during the construction and that, with all efforts and experience, the Petitioner has completed the transmission assets.

33. In compliance with the RoP for the hearing dated 18.11.2024, the Petitioner vide affidavit dated 9.12.2024 has submitted that the delay of 123 days in commissioning of Asset-1 was due to the Force Majeure events, i.e., non-availability of Coarse Aggregate, and Change in Design Mix encountered during the execution of the transmission project. The detailed justification submitted by the Petitioner is as under:

A. Non-Availability of 40mm Coarse Aggregate

34. The contractual agency Hartek Power Private Limited (Hartek/ HPPL) was facing difficulty in procuring the required 40 mm Coarse Aggregate from the approved local sources due to restrictions imposed by the State Pollution Control Board. These restrictions had limited the movement of vehicles carrying construction materials from



the stone crushers. Furthermore, the operation of stone crushers was closed entirely from 2.11.2023. In support of the same, the Petitioner has placed on record a copy of the orders of CAQM vide Ref: No. 120017/27/GRAP/2021/CAQM dated 2.11.2023 and a letter of the Deputy Commissioner of Charkhi Dadri (Ref: No. 200-203/camp/mb dated 4.11.2023) outlining these restrictions. The said order was revoked by CAQM vide Ref: No. 120017/27/GRAP/2021/CAQM dated 1.1.2024, subsequent to which the gangs were mobilised after the availability of Coarse Aggregate and construction works were resumed at the site by 10.1.2024. On account of the non-availability of the Coarse Aggregate, there was a delay of 69 days (i.e., from 2.11.2023 to 10.1.2024).

B. Change in Design Mix

35. On the request of the Petitioner, the contractual agency HPPL was advised to revise the design mix to include the OPC cement instead of PPC cement. This change required a fresh approval for the revised design mix, leading to a delay in approval and halting construction activities at the site from 6.1.2023 to 28.2.2023. On account of a change in design mix, there was a delay of 54 days (i.e., from 6.1.2023 to 28.2.2023).

36. Further, with respect to the Commission's query regarding "the timeline (as per regulations) for getting the CEA clearance after applying for inspection", the Petitioner, vide affidavit dated 9.12.2024, has submitted that to the best of the Petitioner's knowledge, there were no timelines stipulated in the CEA Regulations for getting CEA's clearance after applying for inspection. However, based on the practice in vogue, the timeline for the issuance of CEA's clearance after applying for inspection may take anywhere between 4 and 10 weeks, depending on the complexity of the elements, the workload of the inspection team, and the location of the site.



Analysis and Decision

37. The Petitioner has submitted that there is a time overrun of 123 days in the case of Asset-1; however, there is no time overrun in the case of Asset-2. However, as per the IA dated 20.2.2022, Asset-1 and Asset-2 were scheduled to be commissioned by July 2023 and September 2023 (In the absence of specific dates in the I.A., the last date of July, 2023, i.e., 31.7.2023 and the last date of September, 2023, i.e., 30.9.2023 have been considered as SCOD), against which the Petitioner has claimed the COD of Asset-1 and Asset-2 as on 2.12.2023 and 1.10.2023, respectively, under Regulation 5(2) of the 2019 Tariff Regulations. Accordingly, as per our calculations, there is a time overrun of 124 days in respect of Asset-1 and 1 day in respect of Asset-2.

38. With respect to the time overrun in case of Asset-1, the Petitioner has contended that the transmission asset was ready in the month of September 2023, and the CEA inspection was done on 25.9.2023. CEA issued the certificate on 9.11.2023. Further, the transmission asset completed the successful No-load trial operation on 1.12.2023. The Petitioner has also submitted that Asset-1 was also delayed due to Force majeure events, i.e., *“Non-availability of 40 mm Coarse Aggregate”* and *“Change in Mix design”* during the construction.

39. We have considered the Petitioner’s submission and have gone through the documents placed on record. The detailed analysis in respect of the time overrun is as under:

A. Non-Availability of 40 mm Coarse Aggregate



40. The Petitioner has claimed the time overrun of 69 days, i.e., for the period from 2.11.2023 to 10.1.2024, due to the unavailability of 40 mm Coarse Aggregate.

41. We have perused the documents placed on record, and it has been observed that the competent authority imposed the restrictions and issued statutory directions for the implementation of the revised schedule of the Graded Response Action Plan (GRAP) vide order dated 2.11.2023. The said restrictions were revoked vide order dated 1.1.2024. The construction activities for Power Transmission /Distribution were exempted under the aforementioned restrictions.

42. Further, it has been observed that the Petitioner itself has submitted that the construction activities in respect of Asset-1 were completed in September 2023. Also, as per the CEA Energization Certificate dated 9.11.2023, the online application for the inspection was submitted by the Petitioner on 18.9.2023, i.e., approximately 45 days before the implementation of the restrictions under the revised schedule of the GRAP. Further, as per Form-12, submitted by the Petitioner, the civil and foundation work was completed on 28.3.2023, i.e., approximately 7 months before the restriction imposed vide order dated 2.11.2023.

43. Therefore, in view of the above facts, the claim of the Petitioner that the construction activities were delayed due to the non-availability of 40 mm Coarse Aggregate does not hold good and hence is rejected. Therefore, the time overrun of 69 days, i.e., from 2.11.2023 to 10.1.2024, is not condoned.

B. Change in Design Mix

44. The Petitioner has contended that Asset-1 was delayed due to the change in the design mix to include OPC cement instead of PPC cement. This change required



a fresh approval for the revised design mix, leading to the delay in approval and halting the construction activities at the site for the period from 6.1.2023 to 28.2.2023, i.e., 54 days.

45. We have gone through the supporting documents submitted by the Petitioner. It has been observed that as per the MoM dated 27.2.2023, the contractual agency HPPL (Hartek) requested to allow the time overrun on account of the revised mix with OPC at the request of Petitioner as it has received the design mix with OPC cement on 27.2.2023. The contractual agency also apprised that two gangs have been deployed at site to make up for the time lost in past two months. It also has been observed that the said design mix was revised at the request of the Petitioner itself. However, the Petitioner has not provided any justification for the revision in the design mix to include OPC cement instead of PPC cement during the progress of the construction activities.

46. 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.”*



47. Therefore, in view of the above and as per Regulation 22(1)(b) of the 2019 Tariff Regulations, the time overrun due to the change in design mix falls under the category of the controllable factor and, thus, the time overrun of 54 days from 6.1.2023 to 28.2.2023 as claimed by the Petitioner is not condoned.

48. Further, the Petitioner has submitted that the CEA Energization Certificate was issued on 9.11.2023 after carrying out the inspection on 25.9.2023. With respect to the Petitioner's submission regarding the issuance of the CEA Energization Certificate, it has been observed that, the Petitioner has filed the online application on 18.9.2023 and after the inspection by the competent authorities, the inspection report was issued on 28.9.2023 and, accordingly, the compliance report was uploaded by the Petitioner on 6.11.2023 and, subsequently, the CEA issued the Energization Certificate on 9.11.2023.

49. In view of the above, it has been observed that the Petitioner has taken approximately 39 days for submission of the compliance report after the inspection, i.e., from 28.9.2023 to 6.11.2023, and, accordingly, the CEA issued the Energization Certificate within 3 days after the submission of the compliance report. Also, after the perusal of the supporting documents submitted by the Petitioner, it has been observed that after the issuance of the CEA Energization Certificate on 9.11.2023, the Petitioner has carried out the different testing and pre-commissioning activities like testing of interlocks of Isolators/CBs/ES, Setting of Relays, Trip Tests, Bus Bar stability test etc. up to 29.11.2023. Accordingly, as per Regulation 22(1)(b) of the 2019 Tariff Regulations, the time period from 18.9.2023 to 9.11.2023 also falls under the controllable factor and, thus, the contentions made by the Petitioner do not hold good and are, hence, rejected.



50. With regard to time overrun in respect of Asset-2, it has been observed that the SCOD as per the IA is mentioned as September 2023; however, the exact date of SCOD is not mentioned in the IA. Therefore, the last date of September 2023, i.e., 30.9.2023, has been considered as the SCOD of Asset-2.

51. The Petitioner has submitted that Asset-2 was commissioned on 1.10.2023, and there is no delay in the commissioning of the transmission asset. However, as per our analysis, there is a delay of 1 day in the commissioning of Asset-2. It has been observed that the Petitioner has not provided the reasons for the time overrun of 1 day in the case of Asset-2 and, accordingly, the same is not condoned. However, the Petitioner is granted liberty to submit the reasons for the delay in the commissioning of Asset-2 at the time of truing up.

52. Therefore, the summary of the SCOD, COD, time overrun claimed by the Petitioner and time overrun condoned/not condoned in this order are as under:

Assets	SCOD as per IA	COD under Regulation 5(2) of Tariff Regulation, 2019	Time Delay Claimed (in days)	Total Time Overrun (in days)	Time Overrun Condoned	Time Overrun not Condoned
Asset-1	31.7.2023*	2.12.2023	1234 days	124	NIL	124 days
Asset-2	30.9.2023*	1.10.2023	1 day	1	NIL	1 day

*Last day of the month has been considered as the exact date has not been mentioned in the IA dated 20.2.2022.

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

53. The Petitioner has claimed the IDC of ₹22.54 lakh for Asset-1, out of which ₹18.64 lakh was discharged up to the COD, ₹0.88 lakh in 2023-24, and ₹3.03 lakh in



2024-25. For Asset-2, the Petitioner has claimed the IDC of ₹9.93 lakh, out of which ₹7.50 lakh was discharged up to the COD and ₹1.77 lakh in 2023-24.

54. We have considered the Petitioner's submissions. As the time overrun in the case of Asset-1 and Asset-2 has not been condoned, the IDC claimed by the Petitioner for the period beyond the SCOD has been disallowed.

55. Accordingly, the IDC on a cash basis up to the COD has been worked out based on the loan details given in the statement showing the discharge of the IDC and Form-9C for the transmission assets. The undischarged IDC has been considered as ACE during the year in which it was discharged. Therefore, the total amount of the IDC allowed for the transmission assets is as under:

(₹ in lakh)						
Assets	IDC as per the Auditor's Certificate (A)	IDC disallowed due to time overrun not condoned / computational difference (B)	IDC Allowed (C)=(B)-(A)	IDC discharged during FY 2023-24 (D)	IDC discharged during FY 2024-25 (E)	IDC allowed as on COD (F)=(C)-(D)-(E)
Asset-1	22.54	12.91	9.63	0.00	0.00	9.63
Asset-2	9.93	0.00	9.93	1.77	0.66	7.50

56. The Petitioner has claimed the IEDC of ₹32.28 lakh for Asset-1 and ₹84.69 lakh for Asset-2 as per the Auditor's Certificate. Further, the Petitioner has submitted that the entire amount of IEDC for the transmission assets has been discharged up to the COD. As the time overrun for Asset-1 and Asset-2 has not been condoned, the allowable IEDC has been worked out on a proportionate basis. Accordingly, the details of the IEDC claimed as per the Auditor's Certificate and IEDC allowed/disallowed are as under:



(₹ in lakh)			
Assets	IEDC Claimed	IEDC Disallowed due to time over-run not condoned	IEDC Allowed
Asset-1	32.28	6.16	26.12
Asset-2	84.69	0.14	84.55

Initial Spares

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

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

58. Initial Spares claimed by the Petitioner for the transmission assets are as under:

(₹ in lakh)			
Assets	Particulars	Plant & Machinery cost (A)	Initial Spares Claimed (B)
Asset-1	S/S (AIS-Brown field)	1140.32	70.35
Asset-2	S/S (AIS-Brown field)	736.03	34.44

59. The Petitioner has further submitted that the Initial Spares claimed are marginally higher in the case of Asset-1, but it is within the ceiling limit for Asset-2, as specified in the 2019 Tariff Regulations. The Petitioner has also submitted the Initial Spares discharge details as under:



(₹ in lakh)

Assets	Particulars	Total Initial Spares Claimed	Expenditure on Initial Spares Up to the COD and included in the Auditor's Certificate up to the COD	Expenditure on Initial Spares in 2023-24 (ACE)	Expenditure on Initial Spares in 2024-25 (ACE)	Expenditure on Initial Spares in 2025-26 (ACE)
Asset-1	Sub-station (AIS-Brown field)	70.35	42.42	12.84	10.43	4.66
Asset-2	Sub-station (AIS-Brown field)	34.44	27.66	3.34	3.44	0.00

60. We have considered the Petitioner's submissions and in view of the above and as per Regulation 23(d) of the 2019 Tariff Regulations, the Initial Spares have been worked out and allowed subject to truing up as under:

(₹ in lakh)

Assets	Plant and Machinery cost for the calculation of the Initial Spares	Initial Spares claimed	Norm as per Regulations (in %)	Initial Spares allowable	Excess Initial Spares	Initial Spares allowed
	(A)	(B)	(C)	$(D)=(A-B)/(100-C)*C$	(E)	$(F)=(B-E)$
Asset-1	1140.32	70.35	6	68.30	2.05	68.30
Asset-2	736.03	34.44	6	44.78	0.00	34.44

61. The details of the Initial Spares discharge allowed are as under:

(₹ in lakh)

Assets	Particulars	Total Spares Claimed	Expenditure on Initial Spares Up to COD and included in Auditor Certificate up to COD	Expenditure on Initial Spares in 2023-24 (ACE)	Expenditure on Initial Spares in 2024-25 (ACE)	Expenditure on Initial Spares in 2025-26 (ACE)
Asset-1	Sub-station (AIS-Brown field)	68.30	42.42	12.84	10.43	2.61
Asset-2	Sub-station (AIS-Brown field)	34.44	27.66	3.34	3.44	0.00



Capital Cost Allowed as on the COD

62. Accordingly, the capital cost allowed in respect of the transmission assets as on the COD is as under:

(₹ in lakh)					
Assets	Capital cost claimed till COD	Less: IDC disallowed due to time over-run	Less: IEDC disallowed due to time over-run	Less: Undischarged IDC as on COD	Capital cost as on COD
Asset-1	848.30	12.91	6.16	0.00	829.23
Asset-2	480.87	0.00	0.14	2.43	478.30

Additional Capital Expenditure ("ACE")

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

"24. Additional Capitalization 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. Un discharged 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; and*
- 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 ACE 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 cutoff 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; and 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.”*

64. The Petitioner has claimed the ACE/Projected ACE for the transmission assets as under:

Assets	Projected ACE			
	2023-24	2024-25	2025-26	2026-27
Asset-1	173.43	104.05	34.68	34.68
Asset-2	209.87	139.92	0.00	0.00

65. The Petitioner has also submitted that the ACE incurred/projected to be incurred in the contextual assets is mainly on account of the balance/retention payments. Further, the liability flow statement submitted by the Petitioner is as under:

Asset-1:

Party Name	Particulars (Transmission Line/Sub-station)	Outstanding Liability as on the COD	Discharge				Additional Liability Recognized			
			2021-2022	2022-2023	2023-2024	Total (2019-2024)	2021-2022	2022-2023	2023-2024	Total (2019-2024)
M/s Hartek Power Pvt. Ltd –	Sub-station Work	148.02	0.00	0.00	50.49	50.49	0.00	0.00	101.93	101.93
	PLCC Work	11.07	0.00	0.00	4.65	4.65	0.00	0.00	6.79	6.79



2000011/12	IT Equipment	6.73	0.00	0.00	0.80	0.80	0.00	0.00	8.77	8.77
Total		165.82	0.00	0.00	55.94	55.94	0.00	0.00	117.49	117.49

(₹ in lakh)

Party Name	Particulars (Transmission Line/Sub-station)	Outstanding Liability as on 31.3.2024	Discharge				Additional Liability Recognized			
			2024-2025	2025-2026	2026-2027	Total (2024-2027)	2024-2025	2025-2026	2026-2027	Total (2024-2027)
M/s Hartek Power Pvt. Ltd – 2000011/12	Sub-station Work	97.53	45.60	21.45	30.48	97.53	45.85	9.03	0.00	54.88
	PLCC Work	6.42	2.46	1.67	2.29	6.42	4.40	0.62	0.00	5.02
	IT Equipment	5.93	2.18	1.84	1.91	5.93	3.56	0.07	0.00	3.63
Total		109.88	50.24	24.96	34.68	55.94	0.00	9.72	0.00	63.53

Asset-2:

(₹ in lakh)

Party Name	Particulars (Transmission Line/Sub-station)	Outstanding Liability as on the COD	Discharge			Additional Liability Recognized		
			2022-2023	2023-2024	Total (2019-2024)	2022-2023	2023-2024	Total (2019-2024)
M/s Hartek Power Pvt. Ltd – 2000011/12	Sub-station Work	91.70	0.00	0.00	0.00	0.00	209.87	209.87
	PLCC Work	0.70	0.00	0.00	0.00	0.00	0.00	0.00
	IT Equipment	2.75	0.00	0.00	0.00	0.00	0.00	0.00
Total		95.15	0.00	0.00	0.00	0.00	209.87	209.87

(₹ in lakh)

Party Name	Particulars (Transmission Line/Sub-station)	Outstanding Liability as on 31.3.2024	Discharge			Additional Liability Recognized		
			2024-2025	2025-2026	Total (2024-2029)	2024-2025	2025-2026	Total (2024-2029)
M/s Hartek Power Pvt. Ltd – 2000011/12	Sub-station Work	91.70	91.70	0.00	91.70	44.77	0.00	44.77
	PLCC Work	0.70	0.70	0.00	0.70	0.00	0.00	0.00
	IT Equipment	2.75	2.75	0.00	2.75	0.00	0.00	0.00
Total		95.15	95.15	0.00	95.15	44.77	0.00	44.77



66. The Petitioner has submitted that the admissibility of the ACE after the COD may be dealt with in terms of Regulation 24 of the 2019 Tariff Regulations.

67. It has been observed that the Petitioner has also claimed the ACE in 2024-25, 2025-26, and 2026-27 for Asset-1 and in 2024-25 for Asset-2. The same will be dealt with in the 2024-29 tariff period as per the applicable Tariff Regulations.

68. We have considered the Petitioner's submissions, and it has been observed that the ACE claimed is on account of the balance and retention payments and is, therefore, allowed under Regulation 24(1)(a) and Regulation 24(1)(b) of the 2019 Tariff Regulations. ACE allowed for the 2019-24 tariff period for Asset-1 and Asset-2 are as under:

Asset-1:

(₹ in lakh)		
Particulars	Regulations	ACE allowed (2023-24)
Balance and Retention Payments other than IDC	Regulation 24(1)(a) of the 2019 Tariff Regulations	55.94
Addition in Gross Block	Regulation 24(1)(b) of the 2019 Tariff Regulations	117.49
IDC Discharged after COD		0.00
Total		173.43

Asset-2:

(₹ in lakh)		
Particulars	Regulations	ACE allowed (2023-24)
Balance and Retention Payments other than IDC	Regulation 24(1)(a) of the 2019 Tariff Regulations	0.00
Addition in Gross Block	Regulation 24(1)(b) of the 2019 Tariff Regulations	209.87
IDC Discharged after COD		1.77
Total		211.64



69. Accordingly, the capital cost allowed for the transmission as on 31.3.2024 is as under:

(₹ in lakh)			
Assets	Capital Cost allowed as on COD	ACE Allowed	Capital Cost as on 31.3.2024
		2023-24	
Asset-1	829.23	173.43	1002.66
Asset-2	478.30	211.64	689.94

Debt Equity Ratio

70. Regulations 18 of the 2019 Tariff Regulations provides as follows:

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

Provided that:

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:
 - ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
 - iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.
- Explanation.-The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.*

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

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

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



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

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

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

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

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

Assets	Particulars	Capital cost as on the COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital cost as on 31.3.2024 (₹ in lakh)	(in %)
Asset-1	Debt	580.46	70	121.40	70	701.86	70
	Equity	248.77	30	52.03	30	300.80	30
	Total	829.23	100	173.43	100	1002.66	100
Asset-2	Debt	334.81	70	148.15	70	482.96	70
	Equity	143.49	30	63.49	30	206.98	30
	Total	478.30	100	211.64	100	689.94	100

Depreciation

72. Regulation 33 of the 2019 Tariff Regulations provides as follows:

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

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the



units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

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

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

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

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

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

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

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

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the Asset-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 asset

(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."

73. 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 has been worked out for the transmission assets as per the rates of depreciation specified in the 2019 Tariff Regulations. Depreciation allowed in respect of the transmission assets for the 2019-24 tariff period is as under:

(₹ in lakh)

	Particulars	2023-24	
		Asset-1 (pro rata for 121 days)	Asset-2 (pro rata for 183 days)
A	Opening Gross Block	829.23	478.30
B	Addition during the year 2019-24 due to projected ACE	173.43	211.64
C	Closing Gross Block (A+B)	1002.66	689.94
D	Average Gross Block (A+C)/2	915.95	584.12
E	Average Gross Block (90% depreciable assets)	833.23	559.36
F	Average Gross Block (100% depreciable assets)	82.71	24.76
G	Depreciable value (excluding IT equipment and software) (E*90%)	749.91	503.42
H	Depreciable value of IT equipment and software (F*100%)	82.71	24.76



	Particulars	2023-24	
		Asset-1 (pro rata for 121 days)	Asset-2 (pro rata for 183 days)
I	Total Depreciable Value (G+H)	832.62	528.18
J	Weighted average rate of Depreciation (WAROD) (in %)	6.25	5.70
K	Lapsed useful life at the beginning of the year (Year)	00	00
L	Balance useful life at the beginning of the year (Year)	25	25
M	Depreciation during the year (D*J)	18.94	16.66
N	Cumulative Depreciation at the end of the year	18.94	16.66
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	813.69	511.52

Interest on Loan (“IoL”)

74. Regulation 32 of the 2019 Tariff Regulations provides as follows:

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

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

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of decapitalization of asset, 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”.

75. The weighted average rate of IoL has been considered as claimed by the Petitioner. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of truing-up.

76. The IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations as under:

(₹ in lakh)			
	Particulars	2023-24	
		Asset-1 (pro rata for 121 days)	Asset-2 (pro rata for 183 days)
A	Gross Normative Loan	580.46	334.81
B	Cumulative Repayments up to Previous Year	0.00	0.00
C	Net Loan-Opening (A-B)	580.46	334.81
D	Addition due to ACE	121.40	148.15
E	Repayment during the year	18.94	16.66
F	Net Loan-Closing (C+D-E)	682.93	466.30
G	Average Loan (C+F)/2	631.69	400.55
H	Weighted Average Rate of Interest on Loan (in %)	7.61	7.57
I	Interest on Loan (G*H)	15.88	15.16

Return on Equity (“RoE”)

77. Regulations 30 and 31 of the 2019 Tariff Regulations provide as follows:

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

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



hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of Additional Capitalization after cutoff date beyond the original scope excluding Additional Capitalization due to Change in Law, 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:

Rate of pre-tax return on equity = 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:

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 Rs 1,000 crore;

(b) Estimated Advance Tax for the year on above is Rs 240 crore;

(c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore/Rs 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.”

78. The Petitioner has submitted that the MAT rate is applicable to it. The MAT rate applicable has been considered for the purpose of the RoE, which shall be trued up with the actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. The RoE allowed in respect of the transmission assets is as under:

(₹ in lakh)			
	Particulars	2023-24	
		Asset-1 (pro rata for 121 days)	Asset-2 (pro rata for 183 days)
A	Opening Equity	248.77	143.49
B	Addition due to ACE	52.03	63.49
C	Closing Equity (A+B)	300.80	206.98
D	Average Equity (A+C)/2	274.78	175.23
E	Return on Equity (Base Rate) (in %)	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472



	Particulars	2023-24	
		Asset-1 (pro rata for 121 days)	Asset-2 (pro rata for 183 days)
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782
H	Return on Equity (Pre-tax) (D*G)	17.06	16.46

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

79. The Petitioner has claimed the following O&M Expenses for the transmission assets:

(₹ in lakh)	
Particulars	2023-24
Asset-1	34.17
Asset-2	25.84

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

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.26	0.27	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



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1666	1725	1785	1848	1913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2252	2331	2413	2498	2586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2468	2555	2645	2738	2834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1696	1756	1817	1881	1947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2563	2653	2746	2842	2942

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

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;*
- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- iii. the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 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.”

81. The O&M Expenses have been approved for the transmission assets in accordance with Regulation 35(3)(a) of the 2019 Tariff Regulations as under:

Asset-1

(₹ in lakh)	
O&M Expenses	2023-24 (pro-rata for 121 days)
220 kV line Bays at Khatkar (Jind) Sub-station	
No. of Bays	4
Norms as per Regulation (₹ lakh per Bay)	25.84
O&M Expenses allowable	34.17
Total O&M Expenses allowed	34.17

Asset-2:

(₹ in lakh)	
O&M Expenses	2023-24 (pro-rata for 183 days)
220 kV Line Bays at Naggal (Panchkula) Sub-station	
No. of Bays	2
Norms as per Regulation (₹ lakh per Bay)	25.84
O&M Expenses allowable	25.84
Total O&M Expenses allowed	25.84

Interest on Working Capital (“IWC”)

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

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

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

(i) Receivables equivalent to 45 days of annual fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and

(iii) Operation and maintenance expenses, including security expenses for one month.

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



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

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

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

(7) ‘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;”

83. The Petitioner has considered the rate of IWC as 12.00% as on 1.4.2023. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) is considered as 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24. The components of the working capital and interest allowed thereon are as under:

(₹ in lakh)

Particulars	2023-24	
	Asset-1 (pro rata for 121 days)	Asset-2 (pro rata for 183 days)
Working Capital for O&M Expenses (O&M Expenses for one month)	8.61	4.31
Working Capital for Maintenance Spares (15% of O&M Expenses)	15.50	7.75
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	32.84	18.68
Total Working Capital	56.96	30.74
Rate of Interest for working capital (in %)	12.00	12.00
Interest on working capital	2.26	1.84

Annual Fixed Charges for 2019-24 Tariff Period

84. 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 for 121 days)	Asset-2 (pro rata for 183 days)
Depreciation	18.94	16.66
Interest on Loan	15.88	15.16
Return on Equity	17.06	16.46



Particulars	2023-24	
	Asset-1 (pro rata for 121 days)	Asset-2 (pro rata for 183 days)
O&M Expenses	34.17	25.84
Interest on Working Capital	2.26	1.84
Total	88.31	75.96

Filing Fee and Publication Expenses

85. 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 reimbursement of the filing fees and publication expenses in connection with the present Petition, directly from the beneficiaries on a pro-rata basis in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

License Fee and RLDC Fees and Charges

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

Goods and Services Tax

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



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

Security Expenses

89. The Petitioner has submitted that security expenses in respect of transmission asset are not claimed in the instant petition, and it would file a separate petition for claiming the overall security expenses and consequential IWC.

90. We have considered the above submissions of the Petitioner. The Petitioner has claimed 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 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

91. The Petitioner has sought reimbursement of capital spares at the end of 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

92. The Petitioner has submitted that the tariff will be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers in Central Electricity



Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 (herein referred to as “the 2020 Sharing Regulations”) dated 1.7.2020 or as amended from to time.

93. Further, in response to the RoP of the hearing dated 18.11.2024, the Petitioner, vide affidavit dated 9.12.2024, has submitted that the downstream transmission lines of HVPNL have not been commissioned. The Petitioner, through a letter dated 26.11.2024, has formally communicated with HVPNL requesting the status of commissioning of the transmission lines.

94. The HVPNL, vide affidavit dated 5.12.2024, has submitted the reasons for delay in the completion of the downstream system associated with Asset-1 and Asset-2 as under:

Asset-1

- a. The work for Asset-1 was approved in the 3rd NRPC(TP) meeting dated 19.2.2021. The planning wing vide letter dated 16.7.2021, approved the LILO of both circuits of 220 kV Jind HVPNL to PTPS D/C line at 400 kV PGCIL Khatkar (Jind) substation along with the LILO of 220 kV Jind HVPNL to PTPS D/C line at the new 220 kV Sub-station Nain (HVPNL). Thereafter, vide planning wing’s letter dated 3.1.2022, the work regarding augmentation of the conductor of 220 kV D/C line from 400 kV Sub-station PGCIL Khatkar Jind to 220 kV Sub-station Nain, was changed from 0.5sq” ACSR to equivalent size HTLS conductor having current carrying capacity of about 1200 Amp (approximately line length 67.5 km) at the cost of M/s IOCL in FY 2023-24, matching with the commissioning of the 220 kV Sub-station Nain. This resulted in the revision of the BOQ by the design wing, which was, thereafter, sent by the design wing to



the contracts wing on 24.08.2022. The work was awarded on 23.8.2023, which was held up till 31.12.2023 due to the higher compensation demand of the farmers of village Jhanjh and Khatkar. However, the said issue was resolved, and the line is expected to be commissioned by 21.3.2025.

Asset-2

- b. The work for Asset-2 was approved in 3rd NRPC(TP) meeting dated 19.2.2021. The planning wing vide letter dated 1.6.2021, approved the work of 220 kV Naggal (Panchkula)-Sadhaura D/C line. The said approval was thereafter revised, vide Planning wing's letter R-1835 dated 23.11.2021. Then, the matter for providing the tentative GIS route survey with HARSAC was taken up on 3.6.2021. HARSAC provides the shortest route alignment on 9.9.2021. The BOQ was sent by the design wing to the contracts wing on 3.3.2022. The work was awarded on 25.1.2023 with a completion period of 18 months.

95. In addition, HVPNL has submitted that the following clearances from various authorities were required for the commissioning of the downstream system of Asset-1 and Asset-2:

- a. Approval of termination arrangement at 400 kV PGCIL Naggal end: The termination arrangements, duly marked on the GELO of 400 kV PGCIL Naggal were submitted on 3.8.2021. PGCIL (Naggal) authorities gave their concurrence on the termination arrangements vide letter dated 18.12.2023.
- b. Approval of various line crossings the existing 400 kV D/C transmission lines of PGCIL: The proposed 220 kV D/C line from Naggal to Sadhaura will be crossing various 400 kV (PGCIL) transmission lines. The proposed crossing profiles have been submitted to the respective PGCIL Authority for the



concurrence/approval vide letter dated 28.7.2023. The latest status regarding the approval of crossings profile from the PGCIL Authorities is as under:

Sr. no.	Name of line	Name of PGCIL line	Tower location of 220kV D/C line HVPNL	Tower location of 400kV D/C line PGCIL	Initially crossing submission detail to PGCIL	Remarks/Status
1.	220kV D/C Naggal Sadhura	400kV D/C JHK- ABD	TL No. 8 to TL No. 11	TL No. 65 to TL No. 66	28.7.2023	Approved vide dated 15.4.2024
2.	220kV D/C Naggal Sadhura	400kV D/C PKL- ABD	TL No. 10 to TL No. 13	TL No. 2 to TL No. 3	28.7.2023	Approved vide dated 15.4.2024
3.	220kV D/C Naggal Sadhura	400kV D/C KWA- ABD	TL No. 146 to TL No. 149	TL No. 446 to TL No. 447	28.7.2023	Approved vide dated 2.12.2023
4.	220kV D/C Naggal Sadhura	400kV D/C JHK- ABD	TL No. 152 to TL No. 155	TL No. 375 to TL No. 375	28.7.2023	Approved vide dated 21.3.2024

- c. Approval of various NHAI crossing: The proposed 220 kV D/C line from Naggal to Sadhura will be crossing NHAI. The proposed crossing profiles have been submitted to NHAI vide letter dated 12.1.2024. The latest status regarding the approval of crossings profile from NHAI Authority is as under:

Sr. no.	Name of line	Chainage no of NH	TL No.	Name of NH	Initially crossing submission detail to NHAI	Remarks/ Status
1	220kV D/C Naggal Sadhura	18+560 to 18+600	TL no. 88 to TL no. 89	Proposed 4-lanning Ambala –Kala-Amb section of NH-72	12.1.2024	Approved vide dated 23.2.2024
2	220kV D/C Naggal Sadhura	158+793 to 158+868	TL no. 1 to TL no. 2 and TL no. 3 to TL no. 4	NH road Panchkula Yamuna Nagar	3.6.2024	Approval pending

- d. Approval from Haryana Forest Department:

- The proposed 220 kV D/C line from Naggal to Sadhaura will cross through the land of the Forest/PWD/Irrigation Department. The complete case has



been submitted on the portal of the Forest Department for their concurrence/approval.

- The Forest Department demanded a separate NOC from the PWD and Irrigation Department before processing the forest approval cases. Accordingly, the matter with the PWD and Irrigation Department has been taken up vide letter dated 4.4.2024. The approval from the Irrigation Department was received on 11.7.2024, and the approval from the PWD B&R Department was received on 13.5.2024.
- The latest status regarding the approval of the forest cases is as under:

Sr. No.	Name of line	Name of the Forest Division	Case submission date at first Instance	Remarks
1	220 kV D/C Naggal Sadhura	Yamuna Nagar	31.10.2023	Stage-I approval pending
2	220 kV D/C Naggal Sadhura	Ambala	7.11.2023	Stage-I approval pending
3	220 kV D/C Naggal Sadhura	Morni-Pinjore	1.3.2024	Stage -I approval pending

- e. RoW issues near village Rehore adjoining 400 kV PGCIL Naggal: Stiff resistance being posed by the local Farmers/Kissan Unions demanding higher crop/land compensation in the area. An agitation/Dharna was held by the Farmers/Kissan Unions, Bhiwani on 20.12.2023. The work at locations 14 to 38 was held up due to RoW issues. A letter dated 21.12.2023 issued by the XEN, Planning, HVPNL to the SE/TS, HVPNL, setting out the details of the RoW issues.

96. HVPNL has further submitted regarding the status of the 220 kV Sub-station at Sadhaura, that the work for upgradation of 66 kV Sadhaura to 220 kV level was approved by HVPNL vide letter dated 1.6.2021, which was revised vide letter dated 23.11.2021. The work was awarded vide letter dated 27.4.2023 with a completion



period of 18 months, which was likely to be completed by 30.5.2025. The work was delayed mainly due to non-shifting of 11 kV feeders (28 Nos.) from the proposed yard of 220 kV Sub-station Sadhura by UHVBNL. The matter regarding shifting of these 11 kV feeders is being pursued with UHVBNL Authorities since March 2023, but the same have not been shifted till date. Several meetings have been held at the highest management level, including numerous communications issued by them to get these feeders shifted so that the firm may execute the work at the site without any hassle. However, despite the said issues, the firm has mobilized its civil contractor at the site, and the civil work is in progress. The firm has also started the supply of earthing material, tower structures etc. HVPNL has been impressing upon the firm to provide the additional gangs at the site to compensate for the delay. Therefore, the Petitioner's prayer is liable to be rejected on the basis of the abovementioned submissions.

97. We have considered the Petitioner's and HVPNL's submissions and have gone through the record. The Petitioner has submitted that the downstream transmission lines associated with the instant transmission assets under the scope of HVPNL are yet to be commissioned.

98. HVPNL has submitted that the downstream transmission lines associated with instant transmission assets are yet to be commissioned and the execution of said downstream transmission lines got delayed due to various reasons like demand of high compensation by the farmers, delay in approval from various authorities, delay in approval from Forest Department, Row issues etc.

99. We are of the view that the downstream transmission line is a part of the intra-State transmission system under the scope of HVPNL. It has been noted that the



Commission is not determining the tariff for the intra-State line, and accordingly, the Petitioner may approach the concerned State Electricity Regulatory Commission for the determination of the tariff and its related issues.

100. Further, the COD of the transmission assets have been approved as 2.12.2023 and 1.10.2023 for Asset-1 and Asset-2, respectively, under Regulation 5(2) of the 2019 Tariff Regulations as the transmission assets were ready and it could not be put to use due to the reason that the associated transmission line under the scope of HVPNL was not ready.

101. Regulation 13(12) of the 2020 Sharing Regulations deals with the treatment of the transmission charges in case the COD is approved under Regulation 5 (2) of the 2019 Tariff Regulations. The relevant extracts of Regulation 13 (12) of the 2020 Sharing Regulations, as amended from time to time, are as under:

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

...

(12) For the cases other than those covered under Clauses (3), (6) or (9) of Regulation 13 of these regulations, the YTC for the inter-State transmission system or element thereof approved or declared as deemed COD shall be treated as follows:

(a) The inter-State transmission licensee shall be paid 50% of YTC of its inter-State transmission system for a period of six (6) months from the date of deemed COD or till the commencement of actual power flow, whichever is earlier.

(b) The inter-State transmission licensee shall be paid 100% of YTC of its inter-State transmission system from the seventh (7th) month till the commencement of actual power flow, in case actual power flow does not commence within a period of 6 months from the date of deemed COD.

(c) The charges under sub-clauses (a) and (b) of this Clause shall be disbursed from charges collected in terms of Clause (3) of Regulation 12 of these regulations:

Provided that in case of shortfall in the collection in terms of Clause (3) of Regulation 12 of these regulations, to meet the requirement of payment under sub-clauses (a) and (b) of this Regulation, the balance shall be paid from charges collected under T-GNA and TGNARE in terms of Clause (3) of Regulation 11 of these regulations:



Provided further that in case of shortfall in charges collected under T-GNA and TGNARE to meet the requirement of payment under sub-clauses (a) and (b) of this Regulation, the balance shall be paid from Deviation and Ancillary Service Pool Account under DSM Regulations.

(d) Sub-clause (a), (b) and (c) of this Clause shall not be applicable for transmission elements covered under the Transformer component (as defined under Regulation 7 of these regulations) which shall be billed to respective drawee DIC of the State from the date of deemed COD. In case of non-availability of separate Yearly Transmission Charges of such transmission elements covered under the transformer component, the same shall be worked out by CTU in terms of Regulation 7(1) of these regulations.

*(e) In case an inter-State transmission licensee is responsible for the delay in the commencement of power flow in the inter-State transmission system of another inter-State transmission licensee which has achieved deemed COD, inter-State transmission licensee of the delayed inter-State transmission system shall pay 50% of YTC of its transmission system **OR** 50% of YTC of the transmission system which has achieved deemed COD, whichever is lower, till its delayed inter-State transmission system achieves COD:*

Provided that the liability of the delayed inter-State transmission licensee under this Clause shall not be affected, notwithstanding any provisions to the contrary in the Transmission Service Agreement or any other Agreement in force between the parties:

Provided further that if the delayed inter-State transmission licensee is levied liquidated damages for delay in completion of the transmission system in terms of the Transmission Service Agreement entered into with CTUIL, the amount of liquidated damages paid by such inter-State transmission licensee to CTU shall be offset to the extent of liability of the delayed inter-State transmission licensees in terms of this Clause and the balance amount, if any, shall be credited into Regional Transmission Deviation account under Clause (3) of Regulation 12 of these regulations.

*(f) In case an intra-State transmission licensee is responsible for the delay in commencement of power flow in the inter-State transmission system which has achieved deemed COD, such intra-State transmission licensee of the delayed intra-State transmission system shall pay 50% of YTC of the delayed intra-State transmission system **OR** 50% of YTC of the inter-State transmission system which has achieved deemed COD (excluding transmission elements covered under sub-clause (d) of this Clause), whichever is lower, till the delayed intra-State transmission system achieves COD:*

Provided that in case of transmission elements covered under sub-clause (d) of this Clause, charges under this sub-clause shall not be levied on the intra-State transmission licensee:

Provided further that where YTC of the delayed intra-State transmission system is not available, CTU shall work out the YTC for such intra-State transmission system, for the purpose of this clause, based on the indicative capital cost of similar configuration in the inter-State transmission system.



(g) The billing and collection of the charges in terms of sub-clauses (e) and (f) of this Clause shall be made in accordance with Clause (3) of Regulation 15 of these regulations.

(h) The charges collected as per sub-clause (g) of this Clause shall be reimbursed in terms of Clause (3) of Regulation 12 of these regulations.

(i) In case of inter-State transmission system under Tariff based Competitive Bidding, the first contract year shall commence from the date when such transmission licensee starts receiving 100% of YTC under sub-clause (b) of this Clause or under Regulations 5 to 8 of these regulations.”

102. As regards components and sharing of transformer components, Regulation 7 of the 2020 Sharing Regulations, as amended from time to time, provides as under:

“7. Components and sharing of Transformer Component (TC)

(1) Transformer Component for State shall comprise of Yearly Transmission Charges for inter-connection transformers (ICTs) along with their associated bays and downstream bays planned for drawal of power by the concerned State shall be provided by the Central Transmission Utility to the Implementing Agency.

Provided that where the Yearly Transmission Charges of ICTs for a State are not available, the Yearly Transmission Charges for such transformers shall be worked out and provided by the Central Transmission Utility, apportioning Yearly Transmission Charges approved by the Commission for the integrated project, based on indicative capital cost. For transformers used for drawl requirement of more than one State, Yearly Transmission Charges shall be apportioned to such States in the ratio of number of feeders from such transformers for each State.

(2) Transformer Component for a State shall be borne and shared by the drawee DICs located in the concerned State in proportion to their quantum of GNA and GNARE.”

103. In the instant case, the COD of Asset-1 and Asset-2 has been approved as 2.12.2023 and 1.10.2023, respectively, under Regulation 5(2) of the 2019 Tariff Regulations due to the non-utilization of Asset-1 & Asset-2 of the Petitioner on account of the delay in the completion of the downstream transmission lines under the scope of HVPNL. Taking into consideration of the above-mentioned provisions of the 2020 Sharing Regulations, the transmission charges with respect to Asset-1 from the COD, i.e., 2.12.2023 and the transmission charges of Asset-2 from the COD, i.e., 1.10.2023



would be recovered from HVPNL till the COD of the downstream system and thereafter, the transmission charges shall be included in PoC pool.

Interim Tariff

104. The Petitioner has prayed to allow the interim tariff, in accordance with Regulation 10(3) of the 2019 Tariff Regulations, for the transmission assets to be included in the Point-of-Connection (PoC) charges.

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

106. To summarize, AFC allowed in respect of the transmission assets for the 2019-24 tariff period in this order are as under:

Particulars	(₹ in lakh)	
	2023-24	
	AFC Claimed	AFC Allowed
Asset-1 (pro rata for 121 days)	89.21	88.31
Asset-2 (pro rata for 183 days)	75.99	75.96

107. The Annexure to this order forms part of the order.

108. This order disposes of Petition No. 182/TT/2024 in terms of the above findings and discussions.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson



Annexure I**Asset-1****(₹ in lakh)**

Capex	Admitted Capital Cost as on COD	Projected ACE			Admitted Capital Cost as on 31.3.2024	Depreciation Rate (in %)	Annual Depreciation		
		2021-22	2022-23	2023-24			2021-22	2022-23	2023-24
Building	0.00	0.00	0.00	0.00	0.00	3.34	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	0.00	0.00	5.28	0.00	0.00	0.00
Sub-station	673.47	0.00	0.00	152.42	825.89	5.28	0.00	0.00	39.58
PLCC	77.83	0.00	0.00	11.44	89.27	6.33	0.00	0.00	5.29
IT Equipment	77.93	0.00	0.00	9.57	87.50	15.00	0.00	0.00	12.41
Total	829.23	0.00	0.00	173.43	1002.66		0.00	0.00	57.28
Avg. Gross Block							0.00	0.00	915.95
WAROD (in %)							0.00	0.00	6.25



Asset-2

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Projected ACE			Admitted Capital Cost as on 31.3.2024	Depreciation Rate (in %)	Annual Depreciation		
		2021-22	2022-23	2023-24			2021-22	2022-23	2023-24
Building	0.00	0.00	0.00	0.00	0.00	3.34	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	0.00	0.00	5.28	0.00	0.00	0.00
Sub-station	446.90	0.00	0.00	211.64	658.54	5.28	0.00	0.00	29.18
PLCC	6.63	0.00	0.00	0.00	6.63	6.33	0.00	0.00	0.42
IT Equipment	24.76	0.00	0.00	0.00	24.76	15.00	0.00	0.00	3.71
Total	478.30	0.00	0.00	211.64	689.94		0.00	0.00	33.32
Avg. Gross Block							0.00	0.00	584.12
WAROD (in %)							0.00	0.00	5.70

