

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

PETITION NO. 183/TT/2024

Coram:

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

Date of Order: 29.05.2025

In the matter of:

Approval under Regulation 86 of CERC (Conduct of Business) Regulations, 1999 and CERC (Terms and Conditions of Tariff) Regulations 2019 for the determination of Transmission Tariff from proposed COD to 31.3.2024 for Transmission Asset: 1 No. 220kV Line Bay (209) for Termination of Gola (UP) - Shahjahanpur (PG) Ckt-1 at Shahjahanpur (PG) 400/220kV Sub-station under "Implementation of 220kV Bay at Shahjahanpur (PG) 400/220kV Sub-station in the Northern Region "

And in the matter of:

Power Grid Corporation of India Ltd.,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon-122 001 (Haryana).

...Petitioner

Versus

- 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 – 342 003(Rajasthan)
- 4. Himachal Pradesh State Electricity Board Limited,**
Vidyut Bhawan, Kumar House Complex Building II
Shimla-171 004



- 5. Uttar Pradesh Power Corporation Limited,**
Shakti Bhawan, 14, Ashok Marg
Lucknow - 226 001
 - 6. Haryana Power Purchase Centre,**
Shakti Bhawan, Sector-6
Panchkula (Haryana) 134 109
 - 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 - 147 001
 - 9. BSES Yamuna Power Limited,**
B-Block, Shakti Kiran, Bldg. (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, U.P
 - 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. Uttar Pradesh Power Transmission Corporation Limited,**
11th floor, Shakti Bhawan, 14 Ashok Marg,
Lucknow-226001
- ...Respondent(s)**



Parties Present: Shri Mohit K. Mudgal, Advocate, UPPTCL
Shri Sachin Dubey, Advocate, UPPTCL
Shri Mohit Jain, Advocate, UPPTCL
Shri V.C. Shekhar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for the determination of tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) of the period from COD to 31.3.2024 in respect of the following asset under “Implementation of 220kV Bay at Shahjahanpur (PG) 400/220kV Sub-station” (hereinafter referred to as “the transmission asset”) in the Northern Region:

Asset	Asset Name	COD
Asset-1	1 No. 220kV Line Bay (209) for Termination of Gola (UP) - Shahjahanpur (PG) Ckt-1 at Shahjahanpur (PG) 400/220kV Sub-station	28.10.2023

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

“1) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred.

2) Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this petition, as per para – 8.3 above.

3) 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.

4) 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.



5) 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.

6) Allow the Petitioner to claim the overall security expenses and consequential IOWC on that security expenses separately.

7) Allow the petitioner to claim the capital spares at the end of tariff block as per actual.

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

9) Allow interim tariff in accordance with Regulation 10 (3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for 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:

- a) The Investment Approval of the project was accorded by the Petitioners Company on 25.10.2021, and a memorandum was issued on 26.10.2021 with an estimated cost of ₹344.00 lakh, including IDC of ₹7.00 lakh, at the June 2021 price level.
- b) The scope of work covered under the project "Implementation of 220kV Bay at Shahjahanpur (PG) 400/220kV Sub-station" is as follows:

Sub-Station:

- Implementation of 220kV Bay at 400/220kV Sub-station Shahjahanpur Sub-station: **220kV Line Bay: 1 No.**
- c) The scope of the project was further discussed and agreed upon in the 1st meeting of NRPCTP held on 24.1.2020 and the 48th NRPC meeting held on



28.8.2020. The project has also been recommended for implementation through the Regulated Tariff Mechanism (RTM) route in the 4th meeting of the National Committee on Transmission (NCT) held on 20.1.2021 and 28.1.2021.

- d) Subsequently, the Ministry of Power, Government of India, vide OM (Ref. No. 15/3/2018-Trans-Part (1)) dated 16.7.2021, had awarded the subject project to CTUIL for implementation under RTM. Further, CTUIL vide letter reference No: CTU/00/AI/RTM dated 16.7.2021, awarded the project to be implemented by POWERGRID.
- e) Accordingly, the Ministry of Power, vide Office Memorandum dated 16.7.2021, has assigned the implementation of the above projects to the Petitioner under RTM.
- f) The commissioning status of the asset under the instant Transmission Project is as under:

Name of Asset	SCOD	COD
Asset-1: 1 No. 220kV Line Bay (209) for Termination of Gola (UP) - Shahjahanpur (PG) Ckt-1 at Shahjahanpur (PG) 400/220kV Sub-station	31.7.2022 [#]	28.10.2023

(# The last date of the month has been considered as the exact date has not been mentioned in IA dated 25.10.2021

**The entire scope of the project is completed and covered under the current Petition.)*

- g) As per the Ministry of Power, Government of India, OM dated 16.7.2021, the implementation time for the project was 12 months from the date of issue of OM allocating the project or matching the timeframe of LILO of Sitapur-Shahjahanpur 220kV S/C line at Shahjahanpur by UPPTCL, whichever is later. Accordingly, IA had been accorded by CMD on 25.10.2021 with a completion schedule by July 2022 or matching the timeframe of LILO of



220kV Sitapur-Shahjahanpur S/c line at Shahjahanpur by UPPTCL, whichever is later.:

Asset	SCOD	COD	Delay (in days)
Asset-1	31.7.2022	28.10.2023	454

4. The Respondents are distribution licensees and Power Departments, which are procuring transmission service from the Petitioner, mainly beneficiaries of the Northern Region.

5. The Petitioner has served a copy of the Petition on the Respondents, and notice of this Petition has been published in the newspaper 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 newspaper by the Petitioner.

6. Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), Respondent No. 16, has filed its reply vide affidavit dated 4.2.2025 and has raised the issues with regard to time overrun. The issues raised by UPPTCL are considered in the succeeding paragraphs of this order.

7. The hearing in this matter was held on 25.2.2025, and the order was reserved.

8. This order is issued considering the submissions made by the Petitioner vide affidavits dated 14.2.2024, 12.9.2024, and 10.1.2025 and the reply filed by UPPTCL vide affidavit dated 4.2.2025.

9. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition.



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

10. The Petitioner has claimed the following transmission charges for the Asset-1 for the 2019-24 tariff period:

Asset-1

(₹ in lakh)	
Particulars	2023-24 (pro-rata 156 days)
Depreciation	4.56
Interest on Loan	4.23
Return on Equity	4.62
Interest on Working Capital	0.68
O&M Expenses	11.01
Total	25.10

11. The Petitioner has claimed the Interest on Working Capital (IWC) for the Asset-1 for the 2019-24 tariff period as follows:

Asset-1

(₹ in lakh)	
Particulars	2023-24 (pro-rata 156 days)
O&M Expenses	2.15
Maintenance Spares	3.88
Receivables	7.24
Total Working Capital	13.27
Rate of Interest (%)	12.00
Interest on Working Capital	0.68

Data of Commercial Operation (COD)

12. The Petitioner, vide affidavit dated 14.2.2024, has claimed the COD of Asset-1 as 28.10.2023. In support of the COD of the transmission asset, the Petitioner had submitted the CEA Energization Certificate dated 10.4.2023, NRLDC Trial Run Certificate dated 20.11.2023 certifying that a successful trial operation was completed on 26.10.2023, Self-declaration of COD Certificate dated 4.12.2023, and CMD Certificate.

13. Regulation 5 of the 2019 Tariff Regulations provides as follows:



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

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

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

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

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

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

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

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

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not



attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (3) of this Regulation;

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

14. We have considered the Petitioner’s submission. Taking into consideration of CEA Energization Certificate, NRLDC Charging Certificate, Self-declaration of COD Certificate, and CMD Certificate, the COD of Asset-1 is approved as 28.10.2023.

Capital Cost

15. 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 assets before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*



- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

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

- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
- (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
- (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

(4) The capital cost in case of existing or new hydro generating station shall also include:

- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
- (b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.

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

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

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be de-capitalised only after its



redeployment;

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

- (c) *In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;*
- (d) *Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and*
- (e) *Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”*

16. The Petitioner, vide affidavit dated 14.2.2024, has claimed the capital cost incurred as on COD and ACE projected to be incurred in respect of the transmission asset and has placed on record a copy of the Auditor's Certificates dated 30.12.2023 in support of the same:

(₹ in lakh)

Assets	Approved Cost as per FR	Capital Cost claimed as on COD	Projected ACE			Capital Cost claimed as on 31.3.2024
			2023-24	2024-25	2025-26	
Asset-1	344.00	143.05	101.44	87.65	0.00	332.14

Cost Overrun

17. The Petitioner has submitted that the total estimated completion cost of ₹332.14 lakh is within the approved FR cost of ₹344.00 lakh and there is no cost overrun.

18. The detailed justification of the estimated completion cost vis-à-vis the approved FR cost for the instant transmission asset as submitted by the Petitioner is as follows:

Asset No.	Approved Cost (FR) (a)	Estimated Completion Cost (b)	Variation FR. (- decrease/+ increase) c = b - a
Asset-1	344.00	332.14	-11.86

19. The detail of item-wise variation for the project as submitted by the Petitioner is as follows:



Asset-1

S. No.	Description	Cost as per FR	Estimated Capital Cost	(₹ in lakh) Variation (-decrease, +increase)
		a	b	c = b - a
	Sub-stations			
1	Foundation for structures	26.73	46.61	19.88
2	Misc. civil works	20.00	0	-20
3	Switchgear (CT, PT, CB, Isolator etc)	89.81	79.44	-10.37
4	Control, Relay & Protection Panel	46.49	55.20	8.71
5	Bus Bars/ conductors / Insulators	22.70	34.03	11.33
6	Structure for switchyard	20.79	13.58	-7.21
7	Miscellaneous (Auxiliaries)	17.70	47.52	29.82
8	Spares	51.38	33.56	-17.82
9	Over heads	41.40	20.9	-20.50
10	Interest During Construction (IDC)	7.00	1.32	-5.68
	Total	344.00	332.16	-11.84

20. The Petitioner has further submitted the following reasons for variation in cost as follows:

- a) **Decrease in IDC & IEDC Cost:** There is a reduction of around Rs. 26.18 lakh (with respect to IDC and IEDC) based on the actual.
- b) **Variation in Equipment Cost:** The Petitioner has submitted that, being a government enterprise, it has the obligation for indigenous development of 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 required products/services/as per detailed design, are obtained, and 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 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 Domestic Competitive Bidding (DCB) for the transformer is higher/lower than the estimated cost.

21. We have considered the submission of the Petitioner. It is observed that the estimated completion cost of ₹332.14 lakh is within the approved FR cost of ₹344.00 lakh, and thus, there is no cost overrun.

Time overrun

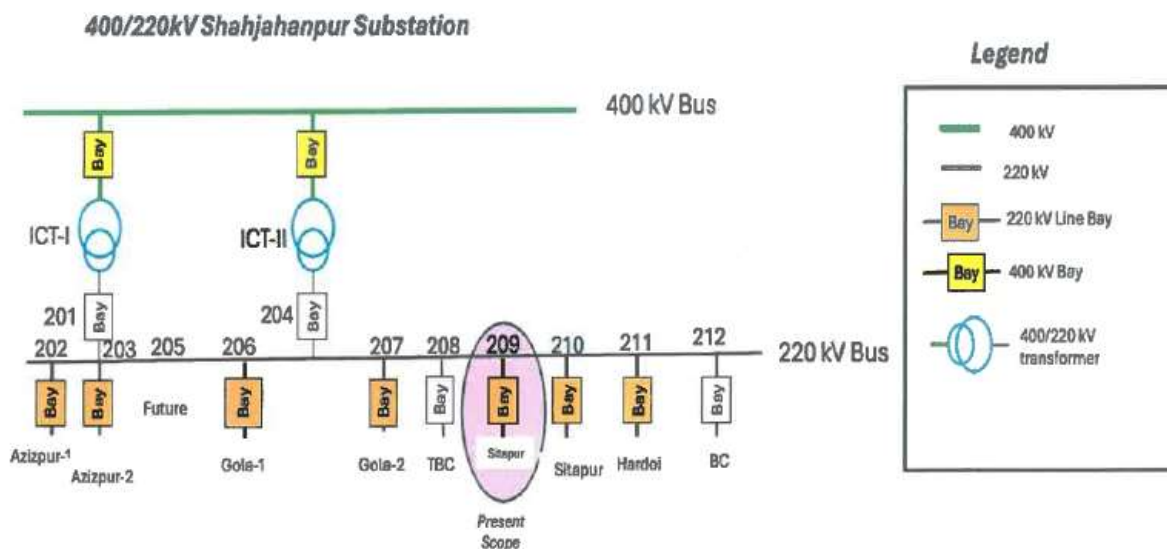
22. As per the IA, the transmission project was scheduled to be commissioned by July 2022 or the matching timeframe of LILO of 220 kV Sitapur-Shahjahanpur S/c Line at Shahjahanpur by UPPTCL, whichever is later. However, the Petitioner has claimed that the instant transmission system was commissioned matching with the UPPTCL line, i.e., 220 kV Gola-Shahjahanpur Transmission line, and, hence, there is no time overrun.

23. In this regard, the Petitioner has submitted that the 2x315 MVA 400/220kV Shahjahanpur (PG) Sub-station, along with 6 nos. 220kV line bays for a downstream network of UPPTCL, were constructed and commissioned in 2014 under the NRTSS Scheme. Subsequently, implementation of 1 no. of new 220kV bay at Shahjahanpur Sub-station under ISTS was agreed upon in the 1st meeting of Northern Region Power Committee (Transmission Planning) (NRPCTP) held on 24.1.2020.



24. The Petitioner has submitted the details of utilization of 6 No. 220kV earlier line bays and 1 No. new 220kV line bay at Shahjahanpur (PG) Sub-station by UPPTCL, as discussed in the 1st NRPCTP meeting, is as follows:

Sl. No	Bay Nos.	COD	Utilization
1	211 (Existing)	5.8.2016	Utilized for S/c UPPTCL Hardoi line
2	202 & 203 (Existing)	15.6.2014	To be utilized for D/C UPPTCL Azizpur line
3	206 & 207 (Existing)	3.11.2016	To be utilized for D/C UPPTCL Gola line
4	210 (Existing)	5.8.2016	To be utilised for LILO of Sitapur – Shahjahanpur 220kV S/c line (being constructed by UPPTCL)
5	209 (New)	-	



New Scheme planned : implementation of 220 kV Bay Shahjahanpur (PG) 400/220 kV Sub-station

New Bay No. 209 and existing Bay No. 210 were planned for termination of LILO of the Sitapur-Shahjahanpur 220 kV S/c line.

25. The Petitioner has further submitted that in the 4th meeting of NCT held on 20.1.2021 & 28.1.2021, the said project was discussed and approved to be implemented as ISTS. The extracts of minutes are hereby reproduced below:

“7.3.1..... Construction of one no. of 220kV bay at Shahjahanpur PGCIL under ISTS for LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur PGCIL 400 kV (taken up under ISTS in matching timeframe of LILO of Sitapur – Shahjahanpur 220 kV S/c line



at Shahjahanpur)

The timeframe of the 220 kV bay under ISTS at Shahjahanpur (PG) as informed by UPPTCL in the 2nd meeting of NRPCTP is May 2021.”

26. Furthermore, the Petitioner has submitted that the MoP vide Office Memorandum dated 16.7.2021, allocated 12 months for the implementation of the said project or a matching timeframe of LILO of Sitapur-Shahjahanpur 220kV S/C line at Shahjahanpur by UPPTCL, whichever is later. In the meanwhile, UPPTCL vide letter dated 23.7.2021 had intimated that existing bays (Bay No. 206 & 207) at 400/220kV Shahjahanpur (PG) Sub-station which were allotted for 220kV Gola – Shahjahanpur (PG) line, are to be utilized for LILO of Sitapur – Shahjahanpur 220kV S/c Line at Shahjahanpur (PG) Sub-station so that overloading of 220kV Shahjahanpur – Roza line & 220kV Sitapur-BKT line can be avoided and further stated that this will also make early utilization of aforementioned bays, as construction of work of 220kV Gola – Shahjahanpur (PG) line will take further one year. Accordingly, on the approval from POSOCO, these line bays were charged on 25.2.2022 along with LILO of 220kV Sitapur – Shahjahanpur S/c line at Shahjahanpur.

27. The Petitioner has further submitted that considering the urgency and request of UPPTCL, the existing bays (Bay no 206 & 207) at Shahjahanpur (PG) Sub-station have been utilized for the termination of LILO of 220kV Shahjahanpur-Sitapur line. Further, the new 220kV bay (Bay no 209), which was approved under the above project at Shahjahanpur (PG) Sub-station, shall be used for termination of the 220kV Gola-PGCIL line. Accordingly, Bay No 209 (under the instant project) at Shahjahanpur Sub-station is being implemented matching the timeframe of UPPTCL 220kV Gola-PGCIL line. However, UPPTCL vide letter dated 26.2.2022 informed as under:

“220kV Gola-Shahjahanpur (400kv PGCIL) D/C line is being constructed and its



Gola-Shahjahanpur line. CEA clearance has been taken vide letter dated 10.4.2023, and on 31.5.2023, Bay No. 209 successfully completed the Idle charging trial operation.

30. Further, the Petitioner has submitted that Bay No. 209 has successfully completed the trial run operation on 27.10.2023 and has been put under commercial operation with effect from 28.10.2023, i.e., matching with the 220kV UPPTCL Gola-Shahjahanpur (PG) transmission line.

31. The Petitioner has submitted that as defined in the MoP Office Memorandum dated 16.7.2021, the implementation time for the project was 12 months from the date of issue of OM allocating the project or matching the timeframe of LILO of Sitapur-Shahjahanpur 220kV S/C line at Shahjahanpur by UPPTCL, whichever is later. Accordingly, the instant transmission system was commissioned matching with the UPPTCL line, and hence, there is no time overrun.

32. In this regard, the Commission vide RoP dated 26.12.2024 had directed the Petitioner to submit the following information on an affidavit:

- a) A copy of the approval from the competent authority to utilize the existing bays (Bay Nos. 206 and 207) at Shahjahanpur Sub-station (PG) for LILO of 220 kV Sub-station of Sitapur-Shahjahanpur transmission line; and
- b) A copy of the approval from the competent authority to consider the time frame for completion of the 220 kV line bay (Bay Nos. 209) at Shahjahanpur (PG) Sub-station in line matching with 220 kV Gola-Shahjahanpur (PG) Sub-station.



33. In compliance with the RoP dated 26.12.2024, the Petitioner vide affidavit dated 10.1.2025 has reiterated its submissions made in the Petition and has submitted extracts of SCM, NCT, RPC minutes, and letters/communications from UPPTCL.

34. In this regard, the UPPTCL, vide affidavit dated 4.2.2025, has filed a reply and has submitted that the Commission, vide order dated 22.1.2020 in Petition No. 375/TT/2018, had approved the deemed COD of the 220 kV bays (Bay Nos. 206 & 207) as on 3.11.2016 at Shahjahanpur Sub-station and held that the UPPTCL will bear the transmission charges from 3.11.2016 till the COD of the downstream system under scope of the UPPTCL. Aggrieved with the aforesaid order, the UPPTCL has filed an Appeal No. 44 of 2023, which is pending adjudication before the APTEL. However, the UPPTCL was paying the transmission charges for these two bays (Bay Nos. 206 & 207), which were to be utilized for the 220 kV Gola-Shahjahanpur (PG) line.

35. The UPPTCL has further submitted that since Bay Nos. 206 and 207 were already commissioned by the Petitioner and the downstream system for the said bays were further delayed, the UPPTCL vide letter dated 23.7.2021 had requested the Petitioner to utilize the said existing bays, i.e., Bay Nos. 206 & 207 for the LILO of the 220kV Sitapur-Shahjahanpur transmission line.

36. The UPPTCL, has further submitted that the aforesaid request was made considering the fact that the UPPTCL was already bearing transmission charges for aforesaid bays in pursuant to order dated 22.1.2020 passed by the Commission, therefore, the request to connect the said bays with Sitapur-Shahjahanpur line was made in the interest of the consumers of State of Uttar Pradesh, who were bearing the transmission charges for Bay Nos. 206 and 207 without getting any benefit from the same. The request was also made to avoid the overloading of the 220kV Shahjahanpur-



Roza line and the 220kV Sitapur-BKT line by utilizing the existing Bay Nos. 206 and 207 at 220kV for LILO of Sitapur-Shahjahanpur 220kV S/c Line at Shahjahanpur (PG) sub-station.

37. The Respondent has further submitted that if the aforesaid bays would not have been utilized for the 220kV for LILO of Sitapur- Shahjahanpur 220kV S/c Line at Shahjahanpur (PG) Sub-station on 25.2.2022, the UPTTCL was required to bear the transmission charges for another 20 months, as the 220kV UPPTCL Gola-Shahjahanpur (PG) transmission line was matched with Bay No. 209 on 28.10.2023 by the Petitioner. Hence, the said utilization of bays was requested for efficient and economical use of resources and in the interest of the consumers as envisaged under the Electricity Act, 2003.

Analysis and Decision

38. We have considered the submissions made by the Petitioner and the Respondent. The Petitioner has submitted that the 2x315 MVA 400/220kV Shahjahanpur (PG) Sub-station, along with 6 Nos, 220kV line bays, were constructed and commissioned under the NRTSS Scheme in 2014 to support the downstream network of the UPPTCL. On 24.1.2020, the NRPC (Transmission Planning) agreed to implement a new 220kV bay at the Shahjahanpur Sub-station under the ISTS. The Ministry of Power, vide OM dated 16.7.2021, allocated the instant transmission project to the Petitioner with an implementation timeframe of 12 months from the MoP OM allocating the project or matching the timeframe of LILO of Sitapur-Shahjahanpur 220 kV S/c Line at Shahjahanpur Sub-station by UPPTCL, whichever is later. During execution, the UPPTCL vide letter dated 23.7.2021 had conveyed that the existing 220 kV bays, i.e., Bay Nos. 206 and 207, which were allocated for the 220 kV Gola-



Shahjahanpur line, are to be utilized for the LILO of the Sitapur-Shahjahanpur line at Shahjahanpur Sub-station to prevent overloading of the 220 kV Shahjahanpur-Roza line and 220 kV Sitapur-BKT line, and for early utilization of aforementioned bays, as construction of the 220 kV Gola-Shahjahanpur line will take another year.

39. Accordingly, the Petitioner had charged these bays on 25.2.2022 along with LILO of 220 kV Sitapur-Shahjahanpur line at Shahjahanpur Sub-station. Further, a new 220kV bay (Bay No. 209), which was approved under the above project at Shahjahanpur (PG) Sub-station, shall be used for termination of the 220kV Gola-PGCIL line. Accordingly, Bay No. 209 (under the instant project) at Shahjahanpur Sub-station is being implemented matching the timeframe of UPPTCL's 220 kV Gola-PGCIL line.

40. The UPPTCL, in its reply vide affidavit dated 4.2.2025, has submitted that the request for utilization of Bay Nos. 206 & 207 for the LILO of the 220kV Sitapur-Shahjahanpur transmission line at Shahjahanpur Sub-station was made to prevent the overloading of the 220kV Shahjahanpur-Roza and Sitapur-BKT lines. The UPPTCL has further submitted that if these bays were not used for this purpose by 25.2.2022, the UPPTCL would have continued to bear the transmission charges for another 20 months, since the 220kV UPPTCL Gola-Shahjahanpur (PG) transmission line was matched with Bay No. 209 on 28.10.2023 by the Petitioner. Thus, the use of these bays was proposed for efficient and economical resource management, aligning with the interests of consumers as outlined in the Act.

41. We have perused the documents submitted by the Petitioner and observed that during the 1st Meeting of NRPC (Transmission Planning) held on 24.1.2020, the UPPCL had requested for implementation of the 1 No. of 220 kV bay under ISTS at Shahjahanpur (PG) Sub-station, and after deliberation, the construction of one No. of



220 kV bay at Shahjahanpur Sub-station for LILO of Sitapur-Shahjahanpur 220 kV S/c line was agreed to with the consideration that the said bay may be taken up under ISTS in the matching timeframe of LILO of Sitapur-Shahjahanpur 220 kV S/c line at Shahjahanpur Sub-station, and for LILO, one no. of existing 220 kV bay at Shahjahanpur PG Sub-station would be utilized. The relevant extract of the meeting is as follows:

30.2 In this regard, UPPTCL has requested to approve the new construction proposal given at '5' along with utilization of 6 no. 220 kV existing Bays at Shahjahanpur and implementation of 1 no. of 220kV bay(7th) under ISTS at Shahjahanpur PG S/s. CTU requested that time frame for 220 kV bay at Shahjahanpur S/s may be informed by UPPTCL. After deliberations, following was agreed:

(i) Construction of 220/132/33 kV, 2x200,2x63 MVA Sitapur substation

- 400/220 kV Kursi Road, Lucknow- Kundini 220 kV D/c line – 60 Km. (Each ckt on moose) (220 kV Bays – 2 no. already exists at Kursi Road PGCIL substation).
- LILO of Sitapur – Nighasan 220 kV S/c existing line at Kundni 220 kV s/s -30 Km
- LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur PGCIL 400 kV substation- 10 Km.
(For LILO one no. of existing 220kV bay at Shahjahanpur PGCIL would be utilized)
- Construction of one no. of 220kV bay at Shahjahanpur PGCIL under ISTS for LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur PGCIL 400 kV (May be taken up under ISTS in matching timeframe of LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur)

42. Accordingly, in the 4th meeting of the NCT held on 20.1.2021 and 28.1.2021, the project for constructing a 220kV bay at Shahjahanpur PGCIL under ISTS was discussed in detail, and after deliberation, the NCT approved the said project under ISTS with an implementation time of *12 months or matching timeframe of LILO of Sitapur Shahjahanpur 220 kV S/c line at Shahjahanpur by UPPTCL whichever is later*. The relevant extract of the meeting is as follows:



7.3. 1 no. of 220kV bay at Shahjahanpur (PG) under ISTS:

7.3.1. Construction 220/132/33 kV, 2x200,2x63 MVA Sitapur substation along with utilization of 6 no. 220 kV existing Bays at Shahjahanpur and implementation of 1 no. of 220 kV bay(7th) under ISTS at Shahjahanpur PG S/s was agreed in the 1st meeting of NRPCTP held on 24.01.2020 with the following connectivity :-

- (i) Construction of 220/132/33 kV, 2x200,2x63 MVA Sitapur substation
- 400/220 kV Kursi Road, Lucknow- Kundini 220 kV D/c line – 60 Km. (Each ckt on moose) (220 kV Bays – 2 no. already exists at Kursi Road PGCIL substation).
 - LILO of Sitapur – Nighasan 220 kV S/c existing line at Kundni 220 kV s/s -30 Km
 - LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur PGCIL 400 kV substation- 10 Km.

(For LILO one no. of existing 220 kV bay at Shahjahanpur PGCIL would be utilized)

- Construction of one no. of 220kV bay at Shahjahanpur PGCIL under ISTS for LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur PGCIL 400 kV (taken up under ISTS in matching timeframe of LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur)

The timeframe of the 220 kV bay under ISTS at Shahjahanpur (PG) as informed by UPPTCL in the 2nd meeting of NRPCTP is May, 2021.



Sl. No.	Scope of the Transmission Scheme	Capacity / line length km
1.	220 kV bay at Shahjahanpur(PG)	220 bay- 1 no.

7.3.2. NCT after deliberation approved the following scheme under ISTS:

Implementation of 220 kV bay at Shahjahanpur 400/220 substation (PGCIL)

Sl. No.	Scope of the Transmission Scheme	Capacity / line length km
1.	220 line bay at Shahjahanpur 400/220 kV substation (PGCIL)	220 kV line bay(AIS) - 1 no.

Implementation time: 12 months or matching timeframe of LILO of Sitapur – Shahjahanpur 220 kV S/c line at Shahjahanpur by UPPTCL whichever is later.

43. Subsequently, the IA was accorded by the Petitioner's company on 25.10.2021 with the scheduled commissioning by July 2022 or a matching timeframe of LILO of Sitapur-Shahjahanpur 220 kV S/c Line at Shahjahanpur Sub-station by UPPTCL, whichever is later.

44. Further, it is observed that the UPPTCL vide letter dated 23.7.2021 had requested the Petitioner to allot the existing 220 kV bays, i.e., Bay Nos. 206 and 207 for



the LILO of the Sitapur-Shahjahanpur line to prevent the overloading of the 220 kV Shahjahanpur-Roza line and 220 kV Sitapur-BKT line and for early utilization of aforementioned bays, as the construction of the 220 kV Gola-Shahjahanpur line will take another year. Accordingly, the existing bays (206 and 207) had been utilized for the LILO of the 220kV Shahjahanpur-Sitapur line, and these line bays were charged on 25.2.2022 at the Shahjahanpur Sub-station.

45. The UPPTCL has also conveyed to the Petitioner that the 220kV Gola-Shahjahanpur D/C line was under construction, with a completion target of 15.7.2022, and requested to construct the Bay No. 209 accordingly to connect the aforementioned transmission line at the 400kV Shahjahanpur-end vide letter dated 26.2.2022.

46. The Petitioner completed the construction of Bay No. 209 at the Shahjahanpur Sub-station and after obtaining the CEA clearance on 10.4.2023, the NRLDC Trial Run Certificate dated 14.6.2023 and 20.11.2023 for successful completion of idle charging trial and on load trial run operation held on 31.5.2023 and 27.10.2023 respectively, the 220 kV Bay No. 209 was put into commercial operation on 28.10.2023, in alignment with the UPPTCL Gola-Shahjahanpur transmission line.

47. It is observed that as per the IA and the MoP OM, the instant transmission asset was required to be implemented matching the timeframe of LILO of the 220 kV Sitapur-Shahjahanpur transmission line. However, the Petitioner and the UPPTCL had decided mutually to alter the utilization of the 220 kV existing and new Bay at Shahjahanpur Sub-station and declared the commercial operation of the instant asset, i.e., Bay No. 209 on 28.10.2023, matching the timeframe of 220 kV Gola-Shahjahanpur Transmission line in place of LILO of 220 kV Sitapur-Shahjahanpur Transmission line at Shahjahanpur Sub-station, which was commissioned on 25.2.2022. It is observed that the Petitioner and



the UPPTCL mutually agreed to commission the Bay No. 209 on 28.10.2023, matching the timeframe of 220 kV Gola-Shahjahanpur Transmission line, whereas in terms of the IA and the MoP OM, the transmission asset (covered in the instant Petition) was to be commissioned by 31.7.2022. Therefore, the Petitioner's contention that there is no time overrun in the commissioning of the instant transmission asset does not hold good.

48. Besides the above, the LILO of 220 kV Sitapur-Shahjahanpur line at Shahjahanpur Sub-station was charged on 25.2.2022 as submitted by the Petitioner, i.e., before 31.7.2022 (SCOD as per I.A.), which is being considered to work out the time overrun in respect of the instant transmission asset. The transmission asset was put into commercial operation on 28.10.2023 as against 31.7.2022; there is a time overrun of 454 days. As observed in the preceding paragraph that the Petitioner and the UPPTCL mutually agreed to commission Bay No. 209 on 28.10.2023 matching with the timeframe of 220 kV Gola-Shahjahanpur Transmission line whereas in terms of the IA and the MoP OM, the transmission asset (LILO of 220 kV Sitapur-Shahjahanpur S/c Line at Shahjahanpur) was to be commissioned by 31.7.2022, we are not inclined to condone the time overrun of 454 days for the transmission asset.

49. The time overrun on account of commissioning of the downstream network of UPPTCL and interchange of bays utilisation at 220 kV Shahjahanpur substation was mutually agreed upon by the Petitioner and UPPTCL. However, for the period prior to CODs of the respective asset, the Petitioner is at liberty to claim compensation in terms of LDs, IDC, or IEDC from UPPTCL as per the arrangement/agreement entered into, if any

50. The summary of SCOD, COD, and time overrun condoned/not condoned is as under:



Asset	SCOD as per IA dated 25.10.2021	Actual COD	Time overrun	Time overrun condoned	Time overrun not condoned
Asset-1	31.7.2022 [#]	28.10.2023	454 days	0 days	454 days

[#] The last date of the month has been considered as the exact date has not been mentioned in IA dated 25.10.2021

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

51. The Petitioner has claimed the IDC in respect of Asset-1 and has submitted the statement showing computation of IDC, discharge of IDC liability as on the date of commercial operation and thereafter as under:

(₹ in lakh)				
Asset	IDC as per the Auditor Certificate	IDC Discharged up to COD	IDC discharged during 2023-24	IDC discharged during 2024-25
Asset-1	1.32	0.00	0.00	1.32

52. We have considered the submissions of the Petitioner. As discussed above, the time overrun in the commissioning of the transmission asset has not been condoned, and as the drawl of the loan was after the SCOD, i.e., 31.7.2022, the same has not been considered and allowed for the computation of IDC. The IDC claimed and considered as on the COD and summary of discharge of IDC liability up to COD and thereafter, for the purpose of tariff determination, subject to revision at the time of truing up, is as follows:

(₹ in lakh)					
Asset	IDC as per the Auditor Certificate (A)	IDC disallowed (B)	IDC Allowed (C)=(A)-(B)	Undischarged IDC (D)	IDC allowed on COD (E)=(C)-(D)
Asset-1	1.32	1.32	0.00	0.00	0.00



53. Further, the Petitioner has claimed IEDC for the transmission asset as per the Auditor's Certificate and as per Form-12A, amounting to ₹20.90 lakh as stated in the table below. However, since there were differences with respect to the expenditure mentioned in the Auditor Certificate vis-à-vis Form-12A for the purpose of the computation, we have considered the Auditor Certificate. The Petitioner has submitted that the entire amount of IEDC for the transmission asset has been discharged up to COD. As the time overrun for the instant transmission asset has not been condoned, the IEDC of ₹12.94 lakh has not been allowed. Accordingly, the details of IEDC claimed as per the Auditor's Certificate, IEDC disallowed, and IEDC allowed proportionately are as under:

(₹ in lakh)

Asset	IEDC as per Auditor Certificate (A)	IEDC disallowed due to time overrun, not condoned (B)	IEDC Allowed (C) = (A-B)
Asset-1	20.90	12.94	7.96

Initial Spares

54. Regulation 23(d) of the 2019 Tariff Regulations provides that Initial Spares shall be capitalised as a percentage of 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) *Gas Insulated Sub-station (GIS)*
 - *Green Field- 5.00%*
 - *Brown Field- 7.00%*
- (v) *Communication System- 3.50%*
- (vi) *Static Synchronous Compensator- 6.00%”*



55. The Initial Spares as claimed by the Petitioner, vide affidavit dated 14.2.2024, are as under:

(₹ in lakh)					
Assets	Particulars	Plan & Machinery cost (A)	Initial Spares Claimed (B)	Ceiling Limit (%) (C)	Initial Spares Worked out
					$D = [(A-B)*C / (100-C)]$
Asset-1	Sub-station (AIS- Brown field)	309.92	33.56	6.0	17.64

56. The Petitioner has submitted that the Initial Spares claimed are marginally high with respect to the specified limit and has prayed to approve the same. Further, the Petitioner vide affidavit dated 14.2.2024 has submitted the Initial Spares discharge statement as follows:

(₹ in lakh)					
Asset	Particulars	Total spares Claimed	Expenditure on initial Spares up to COD and included in the auditor certificate up to COD	Expenditure on Initial Spares in 2023-24 (ACE)	Expenditure on Initial Spares in 2024-25 (ACE)
Asset-1	Sub-station (AIS-Brown field)	33.56	19.77	0.00	13.79

57. We have considered the submissions of the Petitioner. It is observed that the Initial Spares claimed by the Petitioner in respect of Asset-1 exceed the ceiling norms as specified in the 2019 Tariff Regulations. Therefore, as per Regulation 23(d) of the 2019 Tariff Regulations, the Initial Spares worked out and allowed for the transmission asset are as follows:

Assets	Particulars	Plant and Machinery cost (excluding IDC/IEDC, Land cost and Cost of Civil Works) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per 2019 Tariff Regulations (%)	Initial Spares allowable (₹ in lakh)	Initial Spares disallowed (₹ in lakh)	Initial Spares Allowed (₹ in lakh)
		A	B	C	$D=(A-B)*C/(100-C)$	$E=B-D$	
Asset-1	Sub-station	309.92	33.56	6.00	17.64	15.92	17.64

58. The capital cost allowed as on COD is as follows:

(₹ in lakh)					
Assets	Capital Cost claimed as on COD (Auditor Certificate) (A)	Undischarged IDC as on COD (B)	IEDC Disallowed (C)	Initial Spares Disallowed as on COD (D)	Capital Cost as on COD (E)=(A-B-C-D)
Asset-1	143.05	1.32	12.94	2.13	126.66

Additional Capital Expenditure (ACE)

59. Regulation 24 of the 2019 Tariff Regulations provide as under:

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

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

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

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

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



60. The Petitioner has claimed that the ACE incurred/projected to be incurred is mainly on account of balance/retention payments, and hence the same is claimed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. As per the Auditor's Certificate, the Petitioner has claimed the following capital cost as on 31.3.2024:

(₹ in lakh)

Assets	Approved Cost as per FR	Capital Cost as on COD	Projected ACE			Capital Cost as on 31.3.2024
			2023-24	2024-25	2025-26	
Asset-1	344.00	143.05	101.44	87.65	0.00	332.14

61. In this regard, vide Technical Validation letter dated 29.8.2024 the Petitioner was directed to submit package-wise and vendor-wise details of the Additional Capital Expenditure (ACE) claimed in 2019-24 period for the transmission asset. The Petitioner, vide affidavit dated 12.9.2024, has submitted that the details of works for the ACE projected during 2023-24 as follows:

(₹ in lakh)

Year	Amount as per the Auditor Certificate	Nature of Work	Amount	Claimed under Regulation
2023-24	101.44	Towards retention payment against sub-station works (Party: Toshiba T&D System India (Pvt) Ltd (LOA-150013 & 150014)	92.72	24(1)(b)
		Towards retention payment against IT Equipment (Party: Toshiba T&D System India (Pvt) Ltd (LOA-150013 & 150014)	8.72	24(1)(b)

62. The Petitioner has further submitted that since the ACE claimed for Asset-1 is within the original scope of work, the same has been claimed against previously recognised liabilities. These liabilities are to be discharged after the cut-off date.

63. We have considered the submissions made by the Petitioner. The ACE claimed by the Petitioner has been allowed under 24(1)(a) and 24(1)(b) of the 2019 Tariff



Regulations on account of works deferred for execution. Accordingly, the ACE allowed for the 2019-24 period is as follows:

Asset-1

(₹ in lakh)	
Particulars	2023-24
ACE as per Auditor's Certificate allowed under Regulation 24 (1) (a) towards undischarged liabilities recognised to be payable at a future date	101.44
ACE allowed in the instant order	101.44

64. Accordingly, the ACE allowed in respect of the transmission assets for the 2019-24 tariff period is as follows:

(₹ in lakh)			
Assets	Capital Cost as on COD	ACE allowed	Capital Cost as on 31.3.2024
		2023-24	
Asset-1	126.66	101.44	228.10

Debt-Equity ratio

65. Regulation 18 of the 2019 Tariff Regulations provides as under:

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

Provided that:

- 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.”

66. The debt-equity considered for the purpose of computation of tariff for the 2019-24 tariff period for the transmission asset is as follows:

Asset-1

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	88.66	70.00	71.01	70.00	159.67	70.00
Equity	38.00	30.00	30.43	30.00	68.43	30.00
Total	126.66	100.00	101.44	100.00	228.10	100.00

Depreciation

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



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

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

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

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

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

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

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

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

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

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

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of



the station shall be spread over the balance useful life of the assets.

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

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

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

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

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

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

68. The depreciation has been worked out considering the admitted capital cost as on COD. The weighted average rate of depreciation (WAROD) has been worked out as per the rates of depreciation specified in the 2019 Tariff Regulations, and the WAROD table is placed as Annexure. The depreciation allowed for the transmission asset is as follows:



Asset-1

(₹ in lakh)		
Sl. No.	Particulars	2023-24 (Pro-rata 156 days)
A	Opening Capital Cost	126.66
B	Addition during the year 2019-24 due to ACE	101.44
C	Closing Capital Cost (A+B)	228.10
D	Average Capital Cost (A+C)/2	177.38
E	Average Capital Cost (90% depreciable assets)	172.06
F	Average Capital Cost (100% depreciable assets)	5.31
G	Depreciable value (excluding IT equipment and software) (E*90%)	154.85
H	Depreciable value of IT equipment and software (F*100%)	5.31
I	Total Depreciable Value (G+H)	160.17
J	Weighted average rate of Depreciation (WAROD) (in %)	5.57
K	Balance useful life at the beginning of the year (Year)	25
L	Elapsed useful life at the beginning of the year (Year)	0
M	Aggregate Depreciable Value	160.17
N	Depreciation during the year (D*J)	4.21
O	Cumulative Depreciation at the end of the year	4.21
P	Remaining Aggregate Depreciable Value at the end of the year (I-O)	155.96

Interest on Loan (IoL)

69. Regulation 32 of the 2019 Tariff Regulations provides as under:

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

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

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

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



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

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

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

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

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

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

70. The Petitioner has claimed the weighted average rate of IoL, based on its actual loan portfolio and rate of interest. Accordingly, IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The IoL allowed for the transmission asset is as follows:

Asset-1

		(₹ in lakh)
	Particulars	2023-24 (Pro-rata 156 days)
	Interest on Loan	
A	Gross Normative Loan	88.66
B	Cumulative Repayments up to the Previous Year	0.00
C	Net Loan-Opening (A-B)	88.66
D	Additions	71.01
E	Repayment during the year	4.21
F	Net Loan-Closing (C+D-E)	155.46
G	Average Loan (C+F)/2	122.06
H	Weighted Average Rate of Interest on Loan (in %)	7.5000
I	Interest on Loan (G*H)	3.90



Return on Equity (RoE)

71. Regulations 30 and 31 of the 2019 Tariff Regulations provide as under:

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

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

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system

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.”

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



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

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

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

Illustration-

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

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

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

- (a) Estimated Gross Income from generation or transmission business for FY 2019-20 is 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.”

72. The Petitioner has submitted that the MAT rate is applicable to the Petitioner's Company. Accordingly, the MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which will be trued-up with the actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE in respect of the transmission asset has been worked out and allowed as follows:



Asset-1

(₹ in lakh)

	Particulars	2023-24 (Pro-rata 156 days)
	Return on Equity	
A	Opening Equity	38.00
B	Additions	30.43
C	Closing Equity (A+B)	68.43
D	Average Equity (A+C)/2	53.21
E	Return on Equity (Base Rate) (in %)	15.500
F	MAT Rate for respective year (in %)	17.472
G	Rate of Return on Equity (in %)	18.782
H	Return on Equity (D*G)	4.26

Operation & Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)

Particulars	2023-24 (Pro-rata 156 days)
Asset-1	11.01

74. The norms specified under Regulation 35(3)(a) of the 2019 Tariff Regulations provides that:

“35. Operation and Maintenance Expenses:

...

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

Particulars	2019-20	2020-21	2021-22	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



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
<i>Single Circuit (Bundled Conductor with six or more sub-conductors)</i>	0.881	0.912	0.944	0.977	1.011
<i>Single Circuit (Bundled conductor with four sub-conductors)</i>	0.755	0.781	0.809	0.837	0.867
<i>Single Circuit (Twin & Triple Conductor)</i>	0.503	0.521	0.539	0.558	0.578
<i>Single Circuit (Single Conductor)</i>	0.252	0.260	0.270	0.279	0.289
<i>Double Circuit (Bundled conductor with four or more sub-conductors)</i>	1.322	1.368	1.416	1.466	1.517
<i>Double Circuit (Twin & Triple Conductor)</i>	0.881	0.912	0.944	0.977	1.011
<i>Double Circuit (Single Conductor)</i>	0.377	0.391	0.404	0.419	0.433
<i>Multi Circuit (Bundled Conductor with four or more sub-conductor)</i>	2.319	2.401	2.485	2.572	2.662
<i>Multi Circuit (Twin & Triple Conductor)</i>	1.544	1.598	1.654	1.713	1.773
<i>Norms for HVDC stations</i>					
<i>HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)</i>	834	864	894	925	958
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)</i>	1,666	1,725	1,785	1,848	1,913
<i>500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)</i>	2,252	2,331	2,413	2,498	2,586
<i>±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)</i>	2,468	2,555	2,645	2,738	2,834
<i>±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)</i>	1,696	1,756	1,817	1,881	1,947
<i>±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)</i>	2,563	2,653	2,746	2,842	2,942

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

Provided further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of*



the tariff period;

- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- iii. the O&M expenses of ± 500 kV Mundra-Mohindergarh HVDC bipole scheme (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.

(4) Communication system: *The operation and maintenance expenses for the communication system shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up."*

75. We have considered the submissions of the Petitioner. The O&M Expenses have been worked out as per the norms specified in the 2019 Tariff Regulations and are as follows:



Asset-1

(₹ in lakh)	
Particulars	2023-24 (Pro-rata 156 days)
Sub-station Bays	
220 kV ICT Bays	1
Norms (₹ lakh/bay)	25.84
Total O&M Expenses	11.01

Interest on Working Capital (IWC)

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

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

.....

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

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

.....

(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;”*



77. The Petitioner has submitted that it has computed IWC for the 2019-24 period, considering the SBI Base Rate plus 350 basis points as on 1.4.2019. The Petitioner has considered the rate of IWC as 12.00%.

78. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 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 thereon allowed are as follows:

Asset-1

		(₹ in lakh)
	Particulars	2023-24 (Pro-rata 156 days)
	Interest on Working Capital	
A	Working Capital for O&M Expenses (O&M expenses for one month)	2.15
B	Working Capital for Maintenance Spares (15% of O&M expenses)	3.88
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	6.94
D	Total Working Capital (A+B+C)	12.97
E	Rate of Interest (in %)	12.00
F	Interest on working capital (D*E)	0.66

Annual Fixed Charges for the 2019-24 Tariff Period

79. The transmission charges allowed in respect of Asset-1 for the 2019-24 tariff period are as follows:

Asset-1

		(₹ in lakh)
	Particulars	2023-24 (Pro-rata 156 days)
	Annual Transmission Charges	
	Depreciation	4.21
	Interest on Loan	3.90



Particulars	2023-24 (Pro-rata 156 days)
Return on Equity	4.26
O & M Expenses	11.01
Interest on Working Capital	0.66
Total	24.04

Filing Fee and the Publication Expenses

80. The Petitioner has sought reimbursement of the fee paid by it for filing the Petition and publication expenses.

81. We have considered the submissions of the Petitioner. The Petitioner shall be entitled for 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.

Licence Fee & RLDC Fees and Charges

82. 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. The Petitioner shall also be entitled to recovery of 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

83. 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 shall be borne and additionally paid by the Respondent(s) to the Petitioner and the same shall 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.

84. 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

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

86. We have considered the submissions of the Petitioner. The Petitioner has claimed consolidated security expenses 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 Commission, vide order dated 3.8.2021 in Petition No. 260/MP/2020, approved security expenses from 1.4.2019 to 31.3.2024. 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

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



Sharing of Transmission Charges

88. The COD of the transmission asset is approved as 28.10.2023. Accordingly, the billing, collection, and disbursement of transmission charges shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020, as provided in terms of Regulation 57 of the 2019 Tariff Regulations.

Interim Tariff

89. The Petitioner has prayed to allow the interim tariff, in accordance with Regulation 10(3) of the 2019 Tariff Regulations, to be included in the point-of-connection charges.

90. 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.

91. To summarise:

- a. Annual Fixed Charges allowed for the 2019-24 tariff period for the transmission asset in this order are as follows:

(₹ in lakh)	
Particulars	2023-24 (Pro-rata 156 days)
AFC claimed	25.10
AFC allowed	24.04

92. Annexure-I to this order forms part of the order.



93. This order disposes of Petition No. 183/TT/2024 in terms of the above findings and discussions.

sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson



ANNEXURE-I

2019-24	Admitted Capital Cost as on 1.4.2019 (₹ in lakh)	ACE (in lakh)		Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations	Annual Depreciation as per Regulations (₹ in lakh)
		2023-24	Total			2023-24
Capital Expenditure						
Sub Station	125.70	92.72	92.72	218.42	5.28%	9.08
IT Equipment (Incl. Software)	0.95	8.72	8.72	9.67	15.00%	0.80
Total	126.66	101.44	101.44	228.10		9.88
				Average Gross Block (₹ in lakh)		177.38
				Weighted Average Rate of Depreciation (%)		5.57

