

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 187/TT/2024

Coram:

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

Date of Order: 04.06.2025

In the matter of:

Approval under Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for the determination of transmission tariff from the date of commercial operation (COD) to 31.3.2024 for "Provision of Spare ICTs" in the Eastern Region.

And in the matter of:

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

Vs.

- 1. Bihar State Power (Holding) Company Limited,
Vidyut Bhawan, Bailey Road,
Patna - 800 001.**
- 2. West Bengal State Electricity Distribution Company Limited,
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City,
Calcutta - 700 091.**
- 3. Grid Corporation of Orissa Limited,
Shahid Nagar,
Bhubaneswar - 751 007**



4. Damodar Valley Corporation,
DVC Tower, Maniktala,
Civic Centre, VIP Road, Calcutta - 700 054

5. Power Department,
Govt. of Sikkim, Gangtok - 737 101

6. Jharkhand Bijli Vitran Nigam Limited,
Engineering Building, H.E.C., Dhurwa,
Ranchi – 834004.

... Respondent(s)

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri Amit Yadav, PGCIL
Shri Ashish Alankar, PGCIL
Ms. Ashita Chauhan, PGCIL

ORDER

The instant Petition has been filed by the Petitioner, Power Grid Corporation of India Limited, a deemed transmission licensee, for the determination of transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) from the date of commercial operation (COD) to 31.3.2024 in respect of the following assets (hereinafter referred to as “the transmission assets”) covered under “Provision of Spare ICTs” in the Eastern Region (hereinafter referred to as ‘the transmission project’):

Asset-1 : 01 No. 160 MVA, 400/220/132 kV Spare ICT at Baripada Sub-station
(*Regional Spare for Odisha*)

Asset-2: 01 No 160 MVA, 400/220/132 kV Spare ICT at Daltonganj Sub-station
(*Regional Spare for Jharkhand*).

Asset-3 01 No 500 MVA, 400/220 kV Spare ICT at Pusauli (Sasaram) Sub-station
(*Regional Spare for Bihar*)

Asset-4: 01 No 500 MVA, 400/220 kV Spare ICT at Pandiabili GIS



(Regional Spare for Odisha).

Asset-5: 01 No 500 MVA, 400/220 kV Spare ICT at Maithon Sub-station
(Regional Spare for West Bengal).

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

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

2) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.

3) Approve the COD for the subject Assets and allow full tariff as claimed under instant petition.

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 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 bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the beneficiaries.

8) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in 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 transmission project was discussed and agreed upon in the 164th OCC (Operational Coordination Committee) meeting held on 23.12.2019. Further, the same was ratified in the 42nd CCM (Commercial Sub-Committee Meeting) held on 25.02.2020. Subsequently, the transmission project was deliberated and approved in the 43rd ERPC meeting held on 23-26 March 2021.
- b. The Investment Approval (the IA) of the transmission project was accorded by the Competent Authority of the Petitioner on 1.10.2021, and the same was communicated vide the Memorandum No. C/CP/PA 2122-07-0P-IA015 dated 4.10.2021 with commissioning schedule of 24 months from the date of IA, i.e., 1.10.2021, at an estimated cost of ₹9456.00 lakh, including an IDC of ₹462.00 lakh based on the June 2021 price level.
- c. As per the IA, the scope of work covered under the transmission project broadly includes:

Procurement of 05 Nos transformers as regional spares for the Eastern Region:

400 kV

- i) 500 MVA, 400/220 kV 3-Phase Auto transformer as regional spares for Bihar, Odisha & West Bengal (one in each State): 3 Nos.
 - a) 01 No. 500 MVA, 400/220 kV ICT at 400/220 kV Pusauli Sub-station
 - b) 01 No. 500 MVA, 400/220 kV ICT at 400/220 kV Pandiabili Sub-station



- c) 01 No. 500 MVA, 400/220 kV ICT at 400/220 kV Maithon Sub-station

220 kV

- i) 160 MVA, 220/132 kV 3-Phase Auto transformer as regional spares for Jharkhand & Odisha (one in each State): 2 Nos.
- d) 01 No. 160 MVA, 220/132 kV ICT at 400/220/132 kV Daltonganj Sub-station;
- e) 01 No. 160 MVA, 220/132 kV ICT at 400/220/132 kV Baripada Sub-station
- d. The scope of the transmission project has been completed and covered in the instant Petition.
- e. As per the IA, the project was scheduled to be commissioned within 24 months from the date of IA, i.e., 1.10.2021. The details of the scheduled date of commercial operation (SCOD), date of commercial operation (COD), and time over-run for the transmission assets are as follows:

Asset No.	Name of Asset	SCOD	COD	Time Overrun
Asset-1	01 No. 160 MVA, 400/220/132 kV Spare ICT at Baripada Sub-station (Regional Spare for Odisha)	30.9.2023	31.3.2023	-
Asset-2	01 No 160 MVA, 400/220/132 kV Spare ICT at Daltonganj Sub-station (Regional Spare for Jharkhand)		6.7.2023	-
Asset-3	01 No 500 MVA, 400/220 kV Spare ICT at Pusauli (Sasaram) Sub-station (Regional Spare for Bihar)		3.8.2023	-
Asset-4	01 No 500 MVA, 400/220 kV Spare ICT at Pandiabili GIS (Regional Spare for Odisha)		5.9.2023	-
Asset-5	01 No 500 MVA, 400/220 kV Spare ICT at Maithon Sub-station (Regional Spare for West Bengal)		5.12.2023	66 days*

* The Petitioner has inadvertently considered time overrun as 67 days instead of 66 days.



4. The Respondents are mainly beneficiaries of the Eastern Region, are Distribution Licensees, Transmission Licensees, and Power Departments procuring transmission service 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 also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as “the Act”). 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.1, Bihar State Power (Holding) Company Limited (BSPHCL), has filed its reply vide affidavit dated 7.5.2024 and raised various issues. The Petitioner has filed its rejoinder to the reply of BSPHCL vide affidavit dated 28.1.2025. The issues raised by BSPHCL and the clarifications given by the Petitioner are considered in the subsequent paragraphs of this order.

6. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavits dated 27.2.2024, 12.9.2024, and 16.1.2025; reply filed by BSPHCL vide affidavit dated 7.5.2024, and the Petitioner’s rejoinder to the reply of BSPHCL filed vide affidavit dated 28.1.2025.

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

8. Having heard the Petitioner’s representative and having examined the material available on record, we proceed to dispose of the Petition.

Determination of Annual Fixed Charge (AFC) for the 2019-24 Tariff Period

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



Asset-1

(₹ in lakh)

Particulars	2022-23 (pro rata for 1 day)	2023-24
Depreciation	0.12	48.89
Interest on Loan	0.13	48.50
Return on Equity	0.13	52.18
Interest on Working Capital	0.00	1.96
O&M Expenses	0.00	0.00
Total AFC	0.38	151.53

Asset-2

(₹ in lakh)

Particulars	2023-24 (pro rata for 270 days)
Depreciation	41.21
Interest on Loan	39.39
Return on Equity	43.97
Interest on Working Capital	1.87
O&M Expenses	0.00
Total AFC	126.44

Asset-3

(₹ in lakh)

Particulars	2023-24 (pro rata for 242 days)
Depreciation	69.82
Interest on Loan	69.94
Return on Equity	74.50
Interest on Working Capital	3.21
O&M Expenses	0.00
Total AFC	217.47

Asset-4

(₹ in lakh)

Particulars	2023-24 (pro rata for 209 days)
Depreciation	60.00
Interest on Loan	63.43
Return on Equity	64.03
Interest on Working Capital	2.81
O&M Expenses	0.00
Total AFC	190.27



Asset-5**(₹ in lakh)**

Particulars	2023-24 (pro rata for 118 days)
Depreciation	31.76
Interest on Loan	31.20
Return on Equity	33.89
Interest on Working Capital	1.45
O&M Expenses	0.00
Total AFC	98.30

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

Asset-1**(₹ in lakh)**

Particulars	2022-23 (Pro-rata for 1 day)	2023-24
O&M Expenses	0.00	0.00
Maintenance Spares	0.00	0.00
Receivables	17.32	18.63
Total Working Capital	17.32	18.63
Rate of Interest (in %)	10.50	10.50
Interest on Working Capital	1.82	1.96
Pro rata Interest on Working Capital	0.01	1.96

Asset-2**(₹ in lakh)**

Particulars	2023-24 (pro rata for 270 days)
O&M Expenses	0.00
Maintenance Spares	0.00
Receivables	21.07
Total Working Capital	21.07
Rate of Interest (in %)	12.00
Interest on Working Capital	2.53
Pro rata Interest on Working Capital	1.87



Asset-3**(₹ in lakh)**

Particulars	2023-24 (pro rata for 242 days)
O&M Expenses	0.00
Maintenance Spares	0.00
Receivables	40.44
Total Working Capital	40.44
Rate of Interest (in %)	12.00
Interest on Working Capital	4.85
Pro rata Interest on Working Capital	3.21

Asset-4**(₹ in lakh)**

Particulars	2023-24 (pro rata for 209 days)
O&M Expenses	0.00
Maintenance Spares	0.00
Receivables	40.97
Total Working Capital	40.97
Rate of Interest (in %)	12.00
Interest on Working Capital	4.92
Pro rata Interest on Working Capital	2.81

Asset-5**(₹ in lakh)**

Particulars	2023-24 (pro rata for 118 days)
O&M Expenses	0.00
Maintenance Spares	0.00
Receivables	37.49
Total Working Capital	37.49
Rate of Interest (in %)	12.00
Interest on Working Capital	4.50
Pro rata Interest on Working Capital	1.45

Date of Commercial Operation (“COD”)

11. The Petitioner has claimed the COD of the Asset-1, Asset-2, Asset-3, Asset-4 and Asset-5 as 31.3.2023, 6.7.2023, 3.8.2023, 5.9.2023 and 5.12.2023, respectively. In



support of the COD claimed for the transmission assets, the Petitioner has submitted self-declared COD letters dated 31.3.2023, 6.7.2023, 3.8.2023, 5.9.2023, and 5.12.2023, respectively, and the CMD's certificate as required under the Grid Code.

12. The Petitioner has submitted that since the transmission assets are 'Cold Spares', the requirement for a CEA Energisation Certificate and RLDC Charging clearance does not apply to them.

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) 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.

(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 submissions. Taking into consideration the self-declared certificate of commercial operation (COD) and the certificate from the CMD, the CODs in respect of the Asset-1, Asset-2, Asset-3, Asset-4, and Asset-5 are approved as on 31.3.2023, 6.7.2023, 3.8.2023, 5.9.2023, and 5.12.2023, respectively.

15. The Petitioner is directed to submit the utilization of regional spares at the time of true-up.

Capital Cost

16. 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."

17. The Petitioner has submitted the Auditor's Certificates and has claimed the following capital costs incurred as on COD and projected Additional Capital Expenditure (ACE) in respect of the transmission assets:

(₹ in lakh)

Assets	FR approved Cost	Capital Cost as on COD	ACE		Estimated Completion Cost up to 31.3.2024	Estimated Completion Cost up to 31.3.2025
			2023-24	2024-25		
Asset-1	1277.09	853.55	149.42	100.00	1002.97	1102.97
Asset-2	1277.09	964.23	195.00	63.38	1159.23	1222.61
Asset-3	2300.58	1912.45	185.00	111.06	2097.45	2208.51



Assets	FR approved Cost	Capital Cost as on COD	ACE		Estimated Completion Cost up to 31.3.2024	Estimated Completion Cost up to 31.3.2025
			2023-24	2024-25		
Asset-4	2300.58	1916.23	148.65	100.00	2064.88	2164.88
Asset-5	2300.58	1854.90	75.50	200.00	1930.40	2186.92
Total	9455.92	7501.36	753.57	574.44	8254.93	8885.89

Cost Overrun

18. The Petitioner has submitted that the total apportioned approved cost of the transmission assets as per the IA is ₹9455.92 lakh, and the estimated completion cost (up to 31.3.2024) is ₹8254.93 lakh. Therefore, there is no cost overrun with respect to the transmission assets.

19. With regard to the reasons for cost variation between the Apportioned Approved Cost (FR) and the estimated completion cost, the Petitioner has submitted that the price variation is due to the price difference between the time of project approval and the awarding of various contracts based on competitive prices received through competitive bidding. Furthermore, the contracts for various packages under the transmission project were awarded to the lowest evaluated and responsive bidder based on competitive bidding. The contracts for various packages were awarded to the lowest evaluated and responsive bidder based on competitive bidding by the Petitioner. The award price reflects the lowest price offered during the bidding for various packages.

20. With regard to a query of the Commission raised vide RoP dated 31.12.2024, to the effect that as per the OCC and TCC meeting, the approved cost for the procurement of 5 Nos. Cold spares transformer for the Eastern Region was ₹5000.00 lakh but the



Investment Approval was accorded for ₹9456 lakh, the Petitioner, vide affidavit dated 16.1.2025, has clarified that the estimate of ₹5000.00 lakh was prepared based on the Schedule of Rates (SoR) prevailing at that time, which was based on the September 2020 price level. Further, this cost was only for ICTs, though inclusive of estimated and applicable taxes. It was further stated that the unit rates for ICTs were taken from SoR (which was prepared based on the average of unit rates of the latest LOAs/Bids and/or from raw material prices) for the prevailing price level. Subsequently, the FR/DPR of the transmission project was prepared, and Investment Approval was accorded for a cost of ₹9456.00 lakh. The cost considered for equipment, i.e., ICTs, is only ₹7807.00 lakhs, and the balance cost constitutes civil works, IDC, contingencies, and IEDC. Thus, the escalation of estimated cost of ICTs from earlier estimate of ₹5000.00 lakh as noted in OCC/ERPC meetings to ₹7807.00 lakh i.e. estimate as per the Investment Approval, is the result of price level of different time periods used for computing and arriving at estimates and the same is driven by increase in indices from September, 2020 to June, 2021.

21. BSPHCL has submitted that any variation in the cost on account of price difference should only be considered after a prudence check and as per the regulation.

22. In response, the Petitioner has reiterated the submissions as made in the Petition.

23. We have considered the Petitioner's and BSPHCL's submissions and have gone through the record. We are of the view that, as compared to the FR cost, the estimated completion cost submitted by the Petitioner based on the Auditor's Certificate is lower by ₹570.03 lakh. Since the claimed capital cost as on 31.3.2024 for the transmission assets is ₹8254.93 lakh, and the estimated completion cost, amounting to ₹8885.89 lakh, is



within the FR cost, there is consequently no cost overrun associated with the transmission assets.

24. Further, it is observed that the equipment cost, i.e., ₹ 7807.00 lakhs, considered in the IA dated 1.10.2021, is 48.16% higher than the cost of ICTs approved in the OCC & TCC meetings, i.e., ₹5000.00 lakh. The Petitioner has not provided any justification/basis on which 20% of the average rate of increase of CPI and 80% of the average rate of increase of WPI have been considered for the calculation of cost. Also, it is noted that the Petitioner has considered the cost of ₹100.00 lakh for infrastructure of substation against which the total cost of ₹68.83 lakh has been claimed in respect of Asset-2, Asset-3, Assets-4 and 5 {₹ 20.00 lakh each for Assets-2 and 3, ₹11.85 lakh for Asset-4 and ₹16.98 lakh for Asset-5}. However, any justification for consideration/claim of expenditure against civil works for the transmission project has not been provided, as the transmission assets were approved as regional cold spares.

25. In view of the above observations, the Petitioner is directed to provide the justification for the consideration of higher costs of ICTs in the IA compared to the costs approved in OCC & TCC meetings, the basis for considering 20% of the average of CPI and 80% of the average of WPI for the calculation of costs, and the details of civil works against which the capital cost has been claimed for Assets-2, 3, 4, and 5, despite the said transmission assets being cold spares, for review at the time of truing up.

26. It is observed that the Petitioner has submitted Form-5A, wherein it has submitted the value of award of Asset-1, Asset-2, Asset-3, Asset-4 and Asset-5 which is about ₹1102.97 lakh, ₹1277.09 lakh, ₹2208.51 lakh, ₹2164.88 lakh, ₹2186.92 lakh respectively and as compared with the award cost, the estimated completion cost varied about



₹124.12 lakh, ₹54.48 lakh, ₹92.07 lakh, ₹135.70 lakh ₹113.66 lakh respectively. The Petitioner is directed to submit the justification for variation of capital cost as compared with the award cost with the valid documentary evidence, at the time of truing up.

Time Overrun

27. As per the IA dated 1.10.2021, the transmission project was scheduled to be commissioned within 24 months from the date of IA i.e., by 30.9.2023, against which the transmission assets, namely, Asset-1, Asset-2, Asset-3, Asset-4 and Asset-5 were put under commercial operation on 31.3.2023, 6.7.2023, 3.8.2023, 5.9.2023 and 5.12.2023 respectively. The details of SCOD, COD, and delay submitted by the Petitioner in respect of transmission assets are as follows:

Asset No.	Name of Asset	SCOD	COD	Time Overrun
Asset-1	01 No 160 MVA, 400/220/132kV Spare ICT at Baripada sub-station (Regional Spare for Odisha)	30.9.2023	31.3.2023	-
Asset-2	01 No 160 MVA, 400/220/132kV Spare ICT at Daltonganj sub-station (Regional Spare for Jharkhand)		6.7.2023	-
Asset-3	01 No 500 MVA, 400/220kV Spare ICT at Pusauli (Sasaram) sub-station (Regional Spare for Bihar)		3.8.2023	-
Asset-4	01 No 500 MVA, 400/220kV Spare ICT at Pandiabili GIS (Regional Spare for Odisha)		5.9.2023	-
Asset-5	01 No 500 MVA, 400/220kV Spare ICT at Maithon sub-station (Regional Spare for West Bengal)		5.12.2023	67 days

28. The Petitioner has submitted that there is no delay in the commissioning of Assets-1 to 4. However, there is a delay of 67 days in the commissioning of Asset-5 vis-à-vis the scheduled date of commissioning.



29. The Petitioner has submitted a detailed justification for the delay, and the same is as follows:

A. Delay due to heavy Rainfall in September/October 2023.

30. The Petitioner has submitted that the time overrun in the commissioning of Asset-5 was primarily due to adverse weather conditions and operational constraints encountered during the erection and commissioning process. The erection of ICT was completed by 17.9.2023, except for the internal connection of bushing leads, which was delayed due to continuous rain and inclement weather at the Maithon site. Opening the MOT for bushing lead connection was deemed inadvisable during this period, as it risked moisture ingress into the transformer windings. This situation persisted for the next 25 days, until 14.10.2023. Consequently, subsequent commissioning activities such as vacuum pulling, leak testing, and dry air filling to assess moisture levels in the windings were also delayed. Given that the transformer commissioning process requires a minimum of 30 days (including three cycles of vacuum pulling, 36 hours of dry air filling, settling time for dew point measurement, oil filling, and circulation to achieve desired oil parameters), the erection activities were ultimately completed by 4.11.2023. Subsequently, testing and commissioning of Spare ICT was completed, and a repeat test was conducted along with a few other tests, and the report was forwarded for clearance on 22.11.2023. The final OEM clearance was obtained on 27.11.2023, and finally, ICT was commissioned on 5.12.2023

31. BSPHCL has submitted that the Petitioner did not place on record any documents to show that the rainfall during the period of SCOD, i.e., 30.9.2023, had exhibited an exceptionally adverse weather condition which was in excess of the statistical measures



for the last hundred (100) years. Further, the Petitioner neither provided any specific data nor any letter from the Indian Meteorological Department on this account.

32. In response, the Petitioner vide its rejoinder dated 28.1.2025 has submitted that the relevant photographs have already been submitted in the Petition. The rainfall data from the Indian Meteorological Department (IMD), namely, the report on Annual Rainfall Statistics of India and district-wise rainfall deviation for the year 2023, is still awaited, pending updates on its website. Further, the corroborating data viz. Monthly Climate Summary for the contested months of unprecedented high rainfall, i.e., September and October, 2023, along with Annual Flood Report of India for the year 2023, which highlights excess and heavy rainfall at the location of the Maithon Sub-station (falling under Burdwan-Paschim District of West Bengal).

33. Regarding a query of the Commission raised vide RoP dated 31.12.2024, for delay justification post October, 2023 and submission of the IMD data with respect to the delay due to rainfall along with affected activities, the Petitioner, vide affidavit dated 16.1.2025, clarified that the supply of 500 MVA Spare ICT was received at the Maithon Sub-station in mid August, 2023 as per schedule. Thereafter, 01 month was kept for testing and commissioning activities since the commissioning of the transformer requires a minimum of 30 days, which involves various activities, viz. vacuum pulling for leak test, 3 cycles of vacuum pulling, 36 hours of dry air filling and its settling time prior to dew point measurement in between vacuum cycle, oil filling, circulation of oil inside MOT to achieve desired oil parameters, conservator air cell charging etc. The foundation works associated with this spare ICT were completed at the Maithon site in August 2023, and subsequently, the erection works were completed by 17th September 2023. However, the internal



connection of the bushings of ICT could not be completed in a timely manner due to incessant and inclement weather conditions that prevailed around Maithon during the months of September and October, 2023. During non-conducive weather conditions, it is not recommended to open the mouth of the transformer (MOT) for the requisite connections. Thus, during the months of September and October, 2023, owing to rainy/cloudy weather conditions, MOT was not opened up for the abovementioned activity of connections of internal bushing leads of spare ICT, as it would have led to ingress of moisture into the transformer windings, thereby risking irreversible damage. Consequently, the delay in the connection of bushing leads of ICT further pushed the execution of Testing & Commissioning activities, which had a cascading effect on the commercial declaration of the said ICT, resulting in a delay of 67 days. Further, in regard to IMD data, the Petitioner has submitted that the IMD data, i.e., report on Annual Rainfall Statistics of India and district-wise rainfall deviation for the year 2023, is awaited pending updating on its website, and the same would be submitted upon its issuance.

Analysis and Decision

34. We have considered the submissions of the Petitioner and BSPHL. As per the IA dated 1.10.2021, the transmission project was scheduled to be put into commercial operation within 24 months from the date of the IA, i.e., by 30.9.2023, against which the transmission assets i.e., Asset-1, Asset-2, Asset-3, Asset-4 and Asset-5 were put under commercial operation on 31.3.2023, 6.7.2023, 3.8.2023, 5.9.2023 and 5.12.2023 respectively.

35. The transmission Assets-1 to Asset-4 were put into commercial operation within the scheduled commissioning time as per the IA, and thus there is no delay for them



(Assets-1 to 4). However, Asset-5 has been put into commercial operation on 5.12.2023, with a time overrun of 67 days.

36. The Petitioner has submitted that Asset-5 was delayed due to the unprecedented rainfall in September 2023 and a significant portion of October 2023. The Petitioner has further submitted that the commissioning of the transformer requires a minimum of 30 days, which involves various activities including vacuum pulling for leak testing, three cycles of vacuum pulling, 36 hours of dry air filling, and settling time prior to dew point measurement between vacuum cycles, oil filling, and circulating oil inside the MOT to achieve the desired oil parameters, as well as charging the conservator air cell, etc. However, due to adverse weather conditions, it was not recommended to open the mouth of the transformer (MOT) for the requisite connections. Thus, during September and October 2023, due to rainy and cloudy weather conditions, the MOT was not opened for the connection of internal bushing leads of the spare ICT, as this would have led to moisture ingress into the transformer windings, risking irreversible damage. Consequently, the delay in connecting the bushing leads of the ICT further delayed the execution of testing and commissioning activities.

37. The Petitioner has stated that 500 MVA spare ICT at the Maithon sub-station is a cold spare and therefore it does not require CEA energization or RLDC charging certificates. However, the Petitioner has not clarified the necessity of conducting the aforementioned tests on a cold spare asset. It is noted that such tests could have been conducted even after the COD of the asset. Accordingly, we do not find any merit in the Petitioner's submissions. Testing and commissioning are planned activities and are not



influenced by any Change in Law or force majeure events. Therefore, the time overrun claimed on this ground is not justified and cannot be condoned.

38. The Petitioner has submitted that the period from September 2023 to October 2023 was affected by non-conductive weather conditions, which hindered the completion of the internal connection of the bushing leads of the spare ICT. However, we observe that the instant transmission asset is a spare ICT, and the Petitioner, on its own, could have allocated a 24-month timeline after duly considering all relevant factors. The issues cited by the Petitioner are general in nature and are not attributable to any Change in Law or force majeure conditions.

39. We think it appropriate to refer to Regulation 22 of the 2019 Tariff Regulations, and the same is extracted 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 but shall not be limited to the following:

a. Force Majeure events;

b. Change in law; and

c. Land acquisition except where the delay is attributable to the generating company or the transmission licensee.”

40. On perusal of Regulation 22 of the 2019 Tariff Regulations, as extracted above, the issues raised by the Petitioner fall under controllable factors and as such the delay in the present case is not condonable.

41. The details of SCOD, COD, delay claimed, and condoned/not condoned in case of the transmission assets are summarized as follows:



Asset No.	Name of Asset	SCOD	Actual COD	Delay Claimed	Delay Condoned	Delay not condoned
Asset-1	01 No 160 MVA, 400/220/132 kV Spare ICT at Baripada Sub-station (Regional Spare for Odisha)	30.9.2023	31.3.2023	Nil	Nil	Nil
Asset-2	01 No. 160 MVA, 400/220/132 kV Spare ICT at Daltonganj Sub-station (Regional Spare for Jharkhand)		6.7.2023			
Asset-3	01 No. 500 MVA, 400/220 kV Spare ICT at Pusauli (Sasaram) Sub-station (Regional Spare for Bihar)		3.8.2023			
Asset-4	01 No 500 MVA, 400/220 kV Spare ICT at Pandiabili GIS (Regional Spare for Odisha)		5.9.2023			
Asset-5	01 No 500 MVA, 400/220 kV Spare ICT at Maithon Sub-station (Regional Spare for West Bengal)		5.12.2023	67 Days*	Nil	66 days

*The Petitioner has wrongly considered time over-run as 67 days instead of 66 days.

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

42. The Petitioner has claimed IDC for the transmission assets covered in the instant Petition and has submitted the statement showing IDC claim, discharge of IDC liability as on COD, and thereafter as follows:

(₹ in lakh)				
Asset	IDC as per the Auditor's Certificate	IDC discharged up to COD	IDC discharged during 2023-24	IDC discharged during 2024-25
Asset-1	5.98	1.44	4.54	0.00
Asset-2	18.14	10.57	7.57	0.00
Asset-3	25.57	15.38	10.19	0.00
Asset-4	18.74	17.55	1.19	0.00
Asset-5	27.01	0.00	0.00	27.01



43. We have considered the Petitioner's submissions. As discussed earlier in this order, there is no time overrun in the commissioning of the transmission assets, except for Asset-5. The time overrun for Asset-5 has not been condoned. The IDC on a cash basis up to the COD for the transmission assets has been calculated based on the loan details provided in the statement demonstrating the discharge of IDC and Form-9C for the transmission assets. The IDC claimed and considered for the transmission assets as on the COD, along with the summary of discharge of the IDC liability up to the COD, and thereafter, for the purpose of tariff determination, subject to its revision at the time of truing up, is as follows:

(₹ in lakh)						
Asset	IDC as per the Auditor's Certificate	IDC disallowed due to delay not condoned	IDC allowed	IDC discharged upto COD	IDC discharged during 2023-24	IDC discharged during 2024-25
Asset-1	5.98	0.00	5.98	1.44	4.54	0.00
Asset-2	18.14	0.00	18.14	10.57	7.57	0.00
Asset-3	25.57	0.00	25.57	15.38	10.19	0.00
Asset-4	18.74	0.00	18.74	17.55	1.19	0.00
Asset-5	27.01	17.28	9.73	0.00	0.00	9.73

44. The Petitioner has claimed IEDC for the transmission assets 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 COD. As the time-over run for Asset-5 has been disallowed, the IEDC has been worked out proportionately, and for Assets-1 to 4 has been completely allowed. Accordingly, the details of IEDC in respect of the transmission assets allowed and disallowed are as follows:

(₹ in lakh)

Asset	IEDC Claimed	IEDC Disallowed due to time over-run not condoned	IEDC Allowed
Asset-1	32.60	0.00	32.60
Asset-2	102.50	0.00	102.50
Asset-3	177.65	0.00	177.65
Asset-4	139.74	0.00	139.74
Asset-5	119.91	9.95	109.96

Initial Spares

45. 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) GIS Insulated Sub-station	
- (Green Field):	5.00%
- (Brown Field):	7.00%
(v) Communication System:	3.50%
(vi) Static Synchronous Compensator:	6.00%”

46. The Petitioner in the instant Petition has not claimed any Initial Spares in respect of any of the transmission assets.

47. We have considered the Petitioner’s submissions. No Initial Spares have been claimed in the instant Petition, and as such, nil Initial Spares are allowed for the transmission assets.

Capital Cost as on COD

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

(₹ in lakh)



Assets	Capital cost claimed as on COD (A)	IDC Disallowed (B)	Undischarged IDC as on COD (C)	IEDC Disallowed (D)	Capital cost as on COD (E)=(A-B-C-D)
Asset-1	853.55	0.00	4.54	0.00	849.01
Asset-2	964.23	0.00	7.57	0.00	956.66
Asset-3	1912.45	0.00	10.19	0.00	1902.26
Asset-4	1916.23	0.00	1.19	0.00	1915.04
Asset-5	1854.90	17.28	9.73	9.95	1817.94

Additional Capital Expenditure (“ACE”)

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

“24. Additional Capitalization

(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:

- Un discharged liabilities recognized to be payable at a future date;*
- Works deferred for execution;*
- Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- 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*
- Change in law or compliance of any existing law: and*
- 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:

- 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;*
- Change in law or compliance of any existing law;*
- Deferred works relating to ash pond or ash handling system in the original scope of work;*
- Liability for works executed prior to the cut-off date;*
- 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.”*

50. The Petitioner has claimed that the ACE incurred/ projected to be incurred is mainly on account of balance/ retention payments and works deferred for execution, hence, the same is claimed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. The ACE claimed by the Petitioner for the transmission assets is as follows:

Assets	(₹ in lakh)		
	Additional Capital Expenditure		
	2023-24	2024-25	2025-26
Asset-1	149.42	100.00	0.00
Asset-2	195.00	63.38	0.00
Asset-3	185.00	111.06	0.00
Asset-4	148.65	100.00	0.00
Asset-5	75.50	200.00	56.52
Total	753.57	574.44	56.52

51. The Petitioner, vide affidavit dated 12.9.2024, has also submitted that the additional capitalization incurred/projected to be incurred in the contextual assets is mainly on account of balance/retention payments. Further, the liability flow statement submitted by the Petitioner is as follows:



Asset-1

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on COD i.e. 31.3.2023	Discharge (Regulation 24 (1) (a) of the 2019 Tariff Regulations)		Outstanding Liability as on 31.3.2024
			2023-24	Total (2019-24)	
M/s. Toshiba T & D Systems (Ind) Pvt. Ltd.	Substation	134.11	34.11	34.11	100.00

(₹ in lakh)

Party Name	Particulars (TL/SS)	Work deferred for execution during the year (under Reg. 24(1)(b) of the 2019 Tariff Regulations)	
		2023-24	Total (2019-24)
M/s. Toshiba T&D Systems (India) Pvt. Ltd.	Substation	115.31	115.31

Asset-2

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on COD i.e. 6.7.2023	Discharge (Reg 24(1)(a) of the 2019 Tariff Regulations)		Outstanding Liability as on 31.3.2024
			2023-24	Total (2019-24)	
M/s. Toshiba T & D Systems (Ind) Pvt. Ltd.	Substation	258.38	195.00	195.00	63.38

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on 31.3.2024	Discharge		Outstanding Liability as on 31.3.2029
			2024-25	Total (2024-29)	
M/s. Toshiba T & D Systems (Ind) Pvt. Ltd.	Substation	63.38	63.38	63.38	0.00



Asset-3

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on COD i.e. 3.8.2023	Discharge (Reg 24 (1) (a) of the 2019 Tariff Regulations)		Outstanding Liability as on 31.3.2024
			2023-24	Total (2019-24)	
M/s Toshiba T & D Systems (Ind) Pvt. Ltd.	Substation	296.06	185.00	185.00	111.06

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on 31.3.2024	Discharge		Outstanding Liability as on 31.3.2029
			2024-25	Total (2024-29)	
M/s. Toshiba T & D Systems (Ind) Pvt. Ltd.	Substation	111.06	111.06	111.06	111.06

Asset-4

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on COD i.e. 5.9.2023	Discharge (Reg 24 (1) (a) of the 2019 Tariff Regulations)		Outstanding Liability as on 31.3.2024
			2023-24	Total (2019-24)	
M/s. Toshiba T & D Systems (Ind) Pvt. Ltd.	Substation	248.65	148.65	148.65	100.00

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on 1.4.2024	Discharge		Outstanding Liability as on 31.3.2029
			2024-25	Total (2024-29)	
M/s. Toshiba T & D	Substation	100.00	100.00	100.00	0.00



Party Name	Particulars (TL/SS)	Outstanding Liability as on 1.4.2024	Discharge		Outstanding Liability as on 31.3.2029
			2024-25	Total (2024-29)	
Systems (Ind) Pvt. Ltd.					

Asset-5

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on COD i.e. 31.3.2019	Discharge (Reg 24 (1) (a) of the 2019 Tariff Regulations)		Outstanding Liability as on 31.3.2024
			2023-24	Total (2019-24)	
M/s Toshiba T & D Systems (Ind) Pvt. and Misc. parties	SS	332.02	75.50	75.50	256.52

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on 31.3.2024	Discharge			Outstanding Liability as on 31.3.2029
			2024-25	2025-26	Total (2025-29)	
M/s Toshiba T & D Systems (Ind) Pvt. and Misc parties	SS	256.52	200.00	56.52	256.52	0.00

52. BSPHCL has submitted that only the claims in accordance with Regulation 24 of the 2019 Tariff Regulations may be considered, taking into account the cut-off date. Furthermore, the ACE may be permitted after a prudence check, and sub-section 2 of



Regulation 24 of the 2019 Tariff Regulations should be considered while evaluating the claims of the Petitioner.

53. In response, the Petitioner reiterated the submissions as made in the Petition and additionally submitted that the underlying reasons for ACE regarding the transmission assets have been in the respective Form-7 filed in the Petition.

54. We have considered the Petitioner's and BSPHCL submissions. It is observed that the Petitioner has also submitted ACE for FY 2024-25 and FY 2025-26. The same shall be dealt with as per the 2024 Tariff Regulations in future Petitions. Therefore, as per Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations, the projected ACE for FY 2023-24 is allowed on account of balance/retention payments and works deferred for execution:

Asset-1

(₹ in lakh)	
Particulars	2023-24
ACE as per the Auditor's Certificate	149.42
Add: IDC Discharged	4.54
ACE allowed in the instant order	153.96

Asset-2

(₹ in lakh)	
Particulars	2023-24
ACE as per the Auditor's Certificate	195.00
Add: IDC Discharged	7.57
ACE allowed in the instant order	202.57

Asset-3

(₹ in lakh)	
Particulars	2023-24
ACE as per the Auditor's Certificate	185.00
Add: IDC Discharged	10.19
ACE allowed in the instant order	195.19



Asset-4

(₹ in lakh)	
Particulars	2023-24
ACE as per the Auditor's Certificate	148.65
Add: IDC Discharged	1.19
ACE allowed in the instant order	149.84

Asset-5

(₹ in lakh)	
Particulars	2023-24
ACE as per the Auditor's Certificate	75.50
Add: IDC Discharged	0.00
ACE allowed in the instant order	75.50

55. Accordingly, the capital cost allowed for the transmission assets as on 31.3.2024 is as follows:

(₹ in lakh)			
Assets	Capital cost allowed as on COD	ACE Allowed	Capital cost as on
		2023-24	31.3.2024
Asset-1	849.01	153.96	1002.97
Asset-2	956.66	202.57	1159.23
Asset-3	1902.26	195.19	2097.45
Asset-4	1915.04	149.84	2064.88
Asset-5	1817.94	75.50	1893.44

Debt Equity Ratio

56. Regulation 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:

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



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

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

57. The debt-equity ratio considered for the purpose of computation of tariff for the 2019-24 tariff period in respect of the transmission assets is as follows:

Assets	Particulars	Capital cost as on COD (₹ in lakh)	(in %)	Capital cost as on 31.3.2024 (₹ in lakh)	(in %)
Asset-1	Debt	594.31	70	702.08	70
	Equity	254.70	30	300.89	30
	Total	849.01	100	1002.97	100
Asset-2	Debt	669.66	70	811.46	70
	Equity	287.00	30	347.77	30
	Total	956.66	100	1159.23	100
Asset-3	Debt	1331.58	70	1468.22	70
	Equity	570.68	30	629.23	30
	Total	1902.26	100	2097.45	100
Asset-4	Debt	1340.53	70	1445.42	70
	Equity	574.51	30	619.46	30
	Total	1915.04	100	2064.88	100
Asset-5	Debt	1272.56	70	1325.41	70
	Equity	545.38	30	568.03	30
	Total	1817.94	100	1893.44	100

Depreciation

58. 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.”

59. We have considered the Petitioner's submissions. The depreciation has been worked out considering the admitted capital expenditure as on COD and ACE allowed during the tariff period 2019-24. The Weighted Average Rate of Depreciation (WAROD) has been worked out and placed as **Annexure-I** 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 follows:

Asset-1

(₹ in lakh)

	Particulars	2022-23 (pro rata for 1 day)	2023-24
A	Opening Gross Block	849.01	849.01
B	Addition during the year 2019-24 due to projected ACE	0.00	153.96
C	Closing Gross Block (A+B)	849.01	1002.97
D	Average Gross Block (A+C)/2	849.01	925.99
E	Average Gross Block (90% depreciable assets)	849.01	925.99
F	Average Gross Block (100% depreciable assets)	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	764.11	833.39
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00
I	Total Depreciable Value (G+H)	764.11	833.39
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28
K	Lapsed useful life at the beginning of the year (Year)	0.00	0
L	Balance useful life at the beginning of the year (Year)	25.00	25
M	Depreciation during the year (D*J)	0.12	48.89
N	Cumulative Depreciation at the end of the year	0.12	49.02
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	763.99	784.38

Asset-2

(₹ in lakh)

	Particulars	2023-24 (pro rata for 270 days)
A	Opening Gross Block	956.66
B	Addition during the year 2019-24 due to projected ACE	202.57
C	Closing Gross Block (A+B)	1159.23



	Particulars	2023-24 (pro rata for 270 days)
D	Average Gross Block (A+C)/2	1057.95
E	Average Gross Block (90% depreciable assets)	1057.95
F	Average Gross Block (100% depreciable assets)	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	952.15
H	Depreciable value of IT equipment and software (F*100%)	0.00
I	Total Depreciable Value (G+H)	952.15
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28
K	Lapsed useful life at the beginning of the year (Year)	0
L	Balance useful life at the beginning of the year (Year)	25
M	Depreciation during the year (D*J)	41.21
N	Cumulative Depreciation at the end of the year	41.21
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	910.94

Asset-3

(₹ in lakh)

	Particulars	2023-24 (pro rata for 242 days)
A	Opening Gross Block	1902.26
B	Addition during the year 2019-24 due to projected ACE	195.19
C	Closing Gross Block (A+B)	2097.45
D	Average Gross Block (A+C)/2	1999.86
E	Average Gross Block (90% depreciable assets)	1999.86
F	Average Gross Block (100% depreciable assets)	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	1799.87
H	Depreciable value of IT equipment and software (F*100%)	0.00
I	Total Depreciable Value (G+H)	1799.87
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28
K	Lapsed useful life at the beginning of the year (Year)	0
L	Balance useful life at the beginning of the year (Year)	25
M	Depreciation during the year (D*J)	69.82
N	Cumulative Depreciation at the end of the year	69.82
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	1730.05

Asset-4

(₹ in lakh)

	Particulars	2023-24 (pro rata for 209 days)
A	Opening Gross Block	1915.04
B	Addition during the year 2019-24 due to projected ACE	149.84
C	Closing Gross Block (A+B)	2064.88
D	Average Gross Block (A+C)/2	1989.96
E	Average Gross Block (90% depreciable assets)	1989.96
F	Average Gross Block (100% depreciable assets)	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	1790.96
H	Depreciable value of IT equipment and software (F*100%)	0.00
I	Total Depreciable Value (G+H)	1790.96
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28



	Particulars	2023-24 (pro rata for 209 days)
K	Lapsed useful life at the beginning of the year (Year)	0
L	Balance useful life at the beginning of the year (Year)	25
M	Depreciation during the year (D*J)	60.00
N	Cumulative Depreciation at the end of the year	60.00
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	1730.97

Asset-5

	Particulars	(₹ in lakh) 2023-24 (pro rata for 118 days)
A	Opening Gross Block	1817.94
B	Addition during the year 2019-24 due to projected ACE	75.50
C	Closing Gross Block (A+B)	1893.44
D	Average Gross Block (A+C)/2	1855.69
E	Average Gross Block (90% depreciable assets)	1855.69
F	Average Gross Block (100% depreciable assets)	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	1670.12
H	Depreciable value of IT equipment and software (F*100%)	0.00
I	Total Depreciable Value (G+H)	1670.12
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28
K	Lapsed useful life at the beginning of the year (Year)	0
L	Balance useful life at the beginning of the year (Year)	25
M	Depreciation during the year (D*J)	31.59
N	Cumulative Depreciation at the end of the year	31.59
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	1638.53

Interest on Loan ("IoL")

60. 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”.

61. BSPHCL has submitted that interest on loans may be calculated as contemplated under Regulation 32 of the 2019 Tariff Regulations. Further, nothing in the 2019 Tariff Regulations permits the change in interest rate due to the floating rate of interest applicable, if any, to be adjusted/claimed over the tariff block of five years directly from/with the beneficiaries.

62. In response, the Petitioner has submitted that IoL has been calculated based on interest rates prevailing as on 1.4.2019/COD for respective loans. The change in interest rate due to the floating rate of interest applicable, if any, for the project needs to be claimed/adjusted over the tariff block of five years directly from/with the beneficiaries at the time of truing up.

63. We have considered the submissions of the Petitioner and BSPHCL. The Weighted Average Rate of Interest on Loan (WAROI) has been considered based on the

prevailing rate as on the COD. 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 interest rate, if any, will be considered when truing up. Therefore, the IoL is allowed in accordance with Regulation 32 of the 2019 Tariff Regulations for the transmission assets, and the same is as follows:

Asset-1

(₹ in lakh)

	Particulars	2022-23 (pro rata for 1 day)	2023-24
A	Gross Normative Loan	594.31	594.31
B	Cumulative Repayments up to Previous Year	0.00	0.12
C	Net Loan-Opening (A-B)	594.31	594.18
D	Addition due to ACE	0.00	107.77
E	Repayment during the year	0.12	48.89
F	Net Loan-Closing (C+D-E)	594.18	653.07
G	Average Loan (C+F)/2	594.25	623.62
H	Weighted Average Rate of Interest on Loan (in %)	7.78	7.78
I	Interest on Loan (G*H)	0.13	48.50

Asset-2

(₹ in lakh)

	Particulars	2023-24 (pro rata for 270 days)
A	Gross Normative Loan	669.66
B	Cumulative Repayments up to Previous Year	0.00
C	Net Loan-Opening (A-B)	669.66
D	Addition due to ACE	141.80
E	Repayment during the year	41.21
F	Net Loan-Closing (C+D-E)	770.25
G	Average Loan (C+F)/2	719.96
H	Weighted Average Rate of Interest on Loan (in %)	7.42
I	Interest on Loan (G*H)	39.40

Asset-3

(₹ in lakh)

	Particulars	2023-24 (pro rata for 242 days)
A	Gross Normative Loan	1331.58
B	Cumulative Repayments up to Previous Year	0.00
C	Net Loan-Opening (A-B)	1331.58



	Particulars	2023-24 (pro rata for 242 days)
D	Addition due to ACE	136.63
E	Repayment during the year	69.82
F	Net Loan-Closing (C+D-E)	1398.40
G	Average Loan (C+F)/2	1364.99
H	Weighted Average Rate of Interest on Loan (in %)	7.75
I	Interest on Loan (G*H)	69.94

Asset-4

(₹ in lakh)

	Particulars	2023-24 (pro rata for 209 days)
A	Gross Normative Loan	1340.53
B	Cumulative Repayments up to Previous Year	0.00
C	Net Loan-Opening (A-B)	1340.53
D	Addition due to ACE	104.89
E	Repayment during the year	60.00
F	Net Loan-Closing (C+D-E)	1385.42
G	Average Loan (C+F)/2	1362.97
H	Weighted Average Rate of Interest on Loan (in %)	8.15
I	Interest on Loan (G*H)	63.43

Asset-5

(₹ in lakh)

	Particulars	2023-24 (pro rata for 118 days)
A	Gross Normative Loan	1272.55
B	Cumulative Repayments up to Previous Year	0.00
C	Net Loan-Opening (A-B)	1272.55
D	Addition due to ACE	52.85
E	Repayment during the year	31.59
F	Net Loan-Closing (C+D-E)	1293.82
G	Average Loan (C+F)/2	1283.19
H	Weighted Average Rate of Interest on Loan (in %)	7.50
I	Interest on Loan (G*H)	31.03

Return on Equity ("RoE")

64. 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.”

65. BSPHCL has submitted that RoE and Tax on Return on Equity may be considered as per Regulations 30 and 31 of the 2019 Tariff Regulations. The Petitioner has submitted that the MAT rate applies to it.

66. In response, the Petitioner has submitted that relevant details have already been given in paragraph 8.4 of the Petition. Further data regarding the actual tax paid shall be submitted at the time of truing up.



67. We have considered the submissions of the Petitioner and BSPHCL. The MAT rate applicable during the 2019-24 period for the respective financial years has been considered for the RoE, which will be trued up in accordance with Regulation 31(3) of the 2019 Tariff Regulations. The RoE allowed for the transmission assets is as follows:

Asset-1

(₹ in lakh)			
	Particulars	2022-23 (pro rata for 1 day)	2023-24
A	Opening Equity	254.70	254.70
B	Addition due to ACE	0.00	46.19
C	Closing Equity (A+B)	254.70	300.89
D	Average Equity (A+C)/2	254.70	277.80
E	Return on Equity (Base Rate) (in %)	15.500	15.500
F	Tax Rate applicable (in %)	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782
H	Return on Equity (Pre-tax) (D*G)	0.13	52.18

Asset-2

(₹ in lakh)		
	Particulars	2023-24 (pro rata for 270 days)
A	Opening Equity	287.00
B	Addition due to ACE	60.77
C	Closing Equity (A+B)	347.77
D	Average Equity (A+C)/2	317.38
E	Return on Equity (Base Rate) (in %)	15.500
F	Tax Rate applicable (in %)	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782
H	Return on Equity (Pre-tax) (D*G)	43.98

Asset-3

(₹ in lakh)		
	Particulars	2023-24 (pro rata for 242 days)
A	Opening Equity	570.68
B	Addition due to ACE	58.56
C	Closing Equity (A+B)	629.24
D	Average Equity (A+C)/2	599.96
E	Return on Equity (Base Rate) (in %)	15.500
F	Tax Rate applicable (in %)	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782
H	Return on Equity (Pre-tax) (D*G)	74.50



Asset-4

(₹ in lakh)		
	Particulars	2023-24 (pro rata for 209 days)
A	Opening Equity	574.51
B	Addition due to ACE	44.95
C	Closing Equity (A+B)	619.46
D	Average Equity (A+C)/2	596.99
E	Return on Equity (Base Rate) (in %)	15.500
F	Tax Rate applicable (in %)	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782
H	Return on Equity (Pre-tax) (D*G)	64.03

Asset-5

(₹ in lakh)		
	Particulars	2023-24 (pro rata for 118 days)
A	Opening Equity	545.38
B	Addition due to ACE	22.65
C	Closing Equity (A+B)	568.03
D	Average Equity (A+C)/2	556.71
E	Return on Equity (Base Rate) (in %)	15.500
F	Tax Rate applicable (in %)	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782
H	Return on Equity (Pre-tax) (D*G)	33.71

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

68. The Petitioner has not claimed O&M Expenses in respect of the transmission assets for the 2019-24 period. Accordingly, no O&M Expenses have been allowed in respect of the transmission assets for the 2019-24 tariff period.

Interest on Working Capital ("IWC")

69. Regulations 34(1)(c), 34(3), 34(4) and Regulation 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;”

70. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) on working capital considered is 10.50% (SBI 1 year MCLR applicable as on 1.4.2022 of 7.00% plus 350 basis points) for the FY 2022-23 and 12.00% (SBI 1 year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for the FY 2023-24. The components of the working capital and interest allowed thereon for the transmission assets are as follows:

Asset-1

(₹ in lakh)		
Particulars	2022-23 (pro rata for 1 day)	2023-24
Working Capital for O&M Expenses (O&M Expenses for one month)	0.00	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	17.35	18.67
Total Working Capital	17.35	18.67
Rate of Interest for working capital (in %)	10.50	12.00
Interest on working capital	0.00	2.24



Asset-2

(₹ in lakh)

Particulars	2023-24 (pro rata for 270 days)
Working Capital for O&M Expenses (O&M Expenses for one month)	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	21.07
Total Working Capital	21.07
Rate of Interest for working capital (in %)	12.00
Interest on working capital	1.87

Asset-3

(₹ in lakh)

Particulars	2023-24 (pro rata for 242 days)
Working Capital for O&M Expenses (O&M Expenses for one month)	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	40.44
Total Working Capital	40.44
Rate of Interest for working capital (in %)	12.00
Interest on working capital	3.21

Asset-4

(₹ in lakh)

Particulars	2023-24 (pro rata for 209 days)
Working Capital for O&M Expenses (O&M Expenses for one month)	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	40.97
Total Working Capital	40.97
Rate of Interest for working capital (in %)	12.00
Interest on working capital	2.81

Asset-5

(₹ in lakh)

Particulars	2023-24 (pro rata for 118 days)
Working Capital for O&M Expenses (O&M Expenses for one month)	0.00
Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	37.29
Total Working Capital	37.29
Rate of Interest for working capital (in %)	12.00
Interest on working capital	1.44



Annual Fixed Charges for 2019-24 Tariff Period

71. The transmission charges allowed in respect of the transmission assets for the 2019-24 tariff period are as follows:

Asset-1

(₹ in lakh)

Particulars	2022-23 (pro rata for 1 day)	2023-24
Depreciation	0.12	48.89
Interest on Loan	0.13	48.50
Return on Equity	0.13	52.18
O&M Expenses	0.00	0.00
Interest on Working Capital	0.00	2.24
Total	0.38	151.81

Asset-2

(₹ in lakh)

Particulars	2023-24 (pro rata for 270 days)
Depreciation	41.21
Interest on Loan	39.40
Return on Equity	43.98
O&M Expenses	0.00
Interest on Working Capital	1.87
Total	126.46

Asset-3

(₹ in lakh)

Particulars	2023-24 (pro rata for 242 days)
Depreciation	69.82
Interest on Loan	69.94
Return on Equity	74.50
O&M Expenses	0.00
Interest on Working Capital	3.21
Total	217.47

Asset-4

(₹ in lakh)

Particulars	2023-24 (pro rata for 209 days)
Depreciation	60.00
Interest on Loan	63.43
Return on Equity	64.03
O&M Expenses	0.00
Interest on Working Capital	2.81
Total	190.27



Asset-5**(₹ in lakh)**

Particulars	2023-24 (pro rata for 118 days)
Depreciation	31.59
Interest on Loan	31.03
Return on Equity	33.71
O&M Expenses	0.00
Interest on Working Capital	1.44
Total	97.77

Filing Fee and Publication Expenses

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

73. BSPHCL has submitted that the filing fee and expenses incurred are in the discretion of the Commission and need not necessarily allowed in all cases.

74. In response, the Petitioner has submitted that the Petition filing fees and publication expenses are claimed in terms of Regulation 70(1) of the 2019 Tariff Regulations. Further, the Commission vide its order dated 28.3.2016 in Petition No. 137/TT/2015 for the 2014-19 tariff period allowed the recovery of Petition filing fees and publication of notices from the beneficiaries on a pro-rata basis.

75. We have considered the Petitioner's and BSPHCL's submissions. 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 terms of Regulation 70(1) of the 2019 Tariff Regulations.

Licence Fee and RLDC Fees and Charges

76. 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 the 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

77. 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.

78. BSPHCL has submitted that Regulation 56 of the 2019 Tariff Regulations contemplates recovery of statutory charges by the generating company and not by the transmission licensee, and the claim of the Petitioner is liable to be rejected.

79. In response, the Petitioner has reiterated the submissions as made in the Petition.

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

81. In the instant Petition, the Petitioner has prayed for an interim tariff to be allowed under Regulation 10(3) of the 2019 Tariff Regulations. Since the tariff has been allowed in the present Petition, the Petitioner's prayer has become redundant, and it is accordingly rejected.



Security Expenses

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

83. We have considered the Petitioner's submissions. The Petitioner has claimed the 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 the 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

84. 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

85. The dates of commercial operation (CODs) of Asset-1, Asset-2, Asset-3, Asset-4, and Asset-5 are approved as 31.3.2023, 6.7.2023, 3.8.2023, 5.9.2023, and 5.12.2023, respectively. With effect from 1.11.2020, the sharing of transmission charges is governed by the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020. Accordingly, the billing, collection, and



disbursement of transmission charges shall be recovered in terms of provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020, as provided in Regulation 57 of the 2019 Tariff Regulations.

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

(₹ in lakh)		
AFC Allowed	2022-23	2023-24
Asset-1 (pro rata for 1 day)	0.38	151.81
Asset-2 (pro rata for 270 days)	0.00	126.46
Asset-3 (pro rata for 242 days)	0.00	217.47
Asset-4 (pro rata for 209 days)	0.00	190.27
Asset-5 (pro rata for 118 days)	0.00	97.77

87. Annexure I to the order forms part of the order.

88. This order disposes of Petition No. 187/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

Asset-1

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Projected ACE	Admitted Capital Cost as on 31.3.2024	Dep Rate	Annual Depreciation	
		2023-24			2022-23	2023-24
Substation	849.01	153.96	1002.97	5.28%	44.83	48.89
Total	849.01	153.96	1002.97		44.83	48.89
				Avg. Gross Block	849.01	925.99
				WAROD	5.28%	5.28%

Asset-2

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Projected ACE	Admitted Capital Cost as on 31.3.2024	Dep Rate	Annual Depreciation
		2023-24			2023-24
Substation	956.66	202.57	1159.23	5.28%	55.86
Total	956.66	202.57	1159.23		
				Avg. Gross Block	1057.95
				WAROD	5.28%

Asset-3

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Projected ACE	Admitted Capital Cost as on 31.3.2024	Dep Rate	Annual Depreciation
		2023-24			2023-24
Substation	1902.26	195.19	2097.45	5.28%	105.59
Total	1902.26	195.19	2097.45		
				Avg. Gross Block	1999.86
				WAROD	5.28%



Asset-4

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Projected ACE	Admitted Capital Cost as on 31.3.2024	Dep Rate	Annual Depreciation
		2023-24			2023-24
Substation	1915.04	149.84	2064.88	5.28%	105.07
Total	1915.04	149.84	2064.88		
				Avg. Gross Block	1989.96
				WAROD	5.28%

Asset-5

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Projected ACE	Admitted Capital Cost as on 31.3.2024	Dep Rate	Annual Depreciation
		2023-24			2023-24
Substation	1817.94	75.50	1893.44	5.28%	97.98
Total	1817.94	75.50	1893.44		
				Avg. Gross Block	1855.69
				WAROD	5.28%

