

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 187/TT/2025**

**Coram:**

**Shri Ramesh Babu V., Member  
Shri Ravinder Singh Dhillon, Member**

**Date of Order: 13.08.2025**

**In the matter of:**

Approval under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and under Regulation 15 (1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for the truing up of transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for the determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for 400 kV line bays at Bhiwani Sub-station for termination of 400 kV Babai-Bhiwani D/C Line under "Provision of 400 kV Line bays at Bhiwani (PG)" in the Northern Region.

**And in the matter of:**

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

**...Petitioner**

**Versus**

- 1. Uttar Pradesh Power Corporation Limited,**  
Shakti Bhawan, 14, Ashok Marg  
Lucknow - 226 001
- 2. Ajmer Vidyut Vitran Nigam Limited,**  
Corporate Office, Vidyut Bhawan,  
Panchsheel Nagar, Makarwali Road  
Ajmer-305004 (Rajasthan)
- 3. Jaipur Vidyut Vitran Nigam Limited,**  
132 Kv, Gss Rvpnl Sub- Station Building,  
Caligiri Road, Malviya Nagar,  
Jaipur-302017 (Rajasthan)



- 4. Jodhpur Vidyut Vitran Nigam Limited,**  
New Power House, Industrial Area,  
Jodhpur – 342 003(Rajasthan)
- 5. Himachal Pradesh State Electricity Board Limited,**  
Vidyut Bhawan, Kumar House Complex Building II,  
Shimla-171 004
- 6. Punjab State Power Corporation Limited,**  
The Mall, Pseb Head Office,  
Patiala - 147 001
- 7. Haryana Power Purchase Centre,**  
Shakti Bhawan, Sector-6,  
Panchkula (Haryana) 134 109
- 8. Jammu Kashmir Power Corporation Limited**  
220/66/33 Kv Gladni Ss Sldc Buliding,  
Narwal, Jammu
- 9. BSES Yamuna Power Limited,**  
B-Block, Shakti Kiran, Bldg. (Near Karkadooma Court),  
Karkadooma 2nd Floor,  
New Delhi-110092
- 10. BSES Rajdhani Power Limited,**  
Bses Bhawan, Nehru Place,  
New Delhi
- 11. Tata Power Delhi Distribution Limited,**  
33 kV Sub-station, Building, Hudson Lane, Kingsway Camp,  
North Delhi – 110009
- 12. Chandigarh Electricity Department,**  
Chandigarh Administration,  
Sector -9, Chandigarh
- 13. Uttarakhand Power Corporation Limited,**  
Urja Bhawan, Kanwali Road,  
Dehradun
- 14. North Central Railway,**  
Allahabad



**15. New Delhi Municipal Council,**

Palika Kendra, Sansad Marg  
New Delhi-110002

**16. NRSS XXXVI Transmission Limited,**

(The Tata Power Company Limited)  
Shatabdi Bhawan, B-12 & 13,  
Sector-4, Noida, UP-201301

**17. Resurgent Power Ventures Private Limited,**

9, Raffles Place, 26-01 Republic Plaza,  
Singapore - 048619

**...Respondent(s)**

**Parties Present:** Shri Ashutosh Kumar Srivastava, Advocate, NRSS XXXVI  
Shri Shivam Kumar, Advocate, NRSS XXXVI  
Shri Aniket Kanhaua, Advocate, NRSS XXXVI  
Shri Vivek Kumar Singh, PGCIL  
Shri Vijay G., PGCIL  
Ms. Tanya Singh, NRSS XXXVI  
Shri Jatin Mahani, NRSS XXXVI

**ORDER**

The instant Petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for trueing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and determination of transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) of the 2024-29 tariff period with respect to the following transmission asset (hereinafter referred to as “Asset-1/transmission asset”) under POWERGRID works associated with 400 kV line bays at Bhiwani Sub-station for termination of 400 kV Babai-Bhiwani D/C Line under “Provision of 400 kV Line bays at Bhiwani (PG)” in the Northern Region.



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

*“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 16 and 17 above.*

*b) Admit the capital cost claimed and additional capitalization incurred during 2019-24.*

*c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 16 and 17 above for respective block.*

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

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

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

*g) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 23 above.*

*h) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 23 above.*

*i) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 23 above.*

*j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 24 above.*

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

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

### **Background**

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



- a) The Investment Approval (IA) and expenditure sanction to the transmission system was accorded by the Board of Directors (BoD) of the Petitioner in meeting dated 30.6.2017 as communicated vide Memorandum No. C/CP/IA/PA1718-04-0A-IA004 dated 4.7.2017 at an estimated cost of ₹1752.00 lakh including an IDC ₹93.00 lakh based on the April 2017 price level.
- b) The scope of the transmission project was discussed and agreed upon in 35<sup>th</sup> Standing Committee Meeting for Power System Planning of Northern Region held on 3.11.2014, in 33<sup>rd</sup> meeting of NRPC held on 11.11.2014 and in 34<sup>th</sup> meeting of empowered committee on transmission held on 13.4.2015, respectively. The scope of work covered under the transmission project is as follows:

**Sub-station**

Extension of 400/220 kV Bhiwani (POWERGRID) Sub-station

- 400 kV Line Bays: 2 Nos.

- c) The Petitioner has filed the instant Petition for truing up of the transmission tariff for the 2019-24 tariff period and for determination of transmission tariff for the 2024-29 tariff period of the following transmission asset implemented in the Northern Region:

| Asset   | Name of Asset                                                                                                                                                          | COD       | Remarks                                                                  |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------|
| Asset-1 | 400 kV line bays at Bhiwani Sub-station for termination of 400 kV Babai-Bhiwani D/C Line under "Provision of 400 kV Line bays at Bhiwani (PG)" in the Northern Region. | 19.6.2021 | Earlier covered under 11/TT/2022. Now Covered under the instant Petition |

4. The Commission vide its order dated 18.9.2023, in Petition No. 11/TT/2022, had determined the tariff for the instant transmission asset from COD to 31.3.2024.



5. The Commission vide order dated 18.9.2023 in Petition No. 11/TT/2022 stated the following with respect to COD and time over-run of the transmission asset:

*“26. We have considered the submissions of the Petitioner. As per the IA dated 30.6.2017, the instant transmission asset was scheduled to be put into commercial operation within 21 months i.e. by 30.3.2019. We have already approved the COD of the transmission asset as 19.6.2021. Thus, there is a time over-run of 812 days, i.e. 146 days from the SCOD (of 30.3.2019) to the COD claimed by the Petitioner (23.8.2019) and 696 days from the date of COD claimed to the date of issue of notice on 19.6.2021. While approving the COD of the transmission asset as 19.6.2021, we have already held that the IDC and IEDC from the date of COD claimed, i.e. 23.8.2019 to 19.6.2021 shall be not capitalised. Therefore, we examine the time over-run of 146 days from the SCOD to the COD claimed by the Petitioner. The Petitioner has submitted that the transmission asset was ready to be put under commercial operation on 23.8.2019 but could not be put to use as the associated transmission line under the scope of NRSS/ RPVPL was not ready. The Petitioner has submitted that it has informed NRSS/ RPVPL through letter dated 19.6.2021 about the proposed charging of the transmission asset and to schedule the TBCB line accordingly. The Petitioner has stated that the time over-run is on account of the delay of the associated lines by NRSS/ RPVPL. In view of delay of associated transmission line, the Petitioner tried to re-schedule the construction activities. However, due to contractual constraints and to avoid any additional liability towards asset, the bays were made ready on 23.8.2019.*

*27. We have considered the submissions of the Petitioner in respect of time overrun of 146 days. The Petitioner has attributed the time over-run of 146 days to the time taken to match the COD of the transmission asset with the COD of the transmission line under the scope of the NRSS/ RPVPL. The decision to delay the COD of the transmission asset and to match the same with the COD of the transmission line of NRSS/ RPVPL is the decision of the Petitioner. In a similar case, the Commission in order dated 31.8.2021 in Petition No. 105/TT/2020 did not condone the time over-run for the same reason of the Petitioner's decision to match with the associated downstream assets. The relevant portion of the order dated 31.8.2021 is as follows:*

*“47. The Petitioner has attributed the time over-run of 123 days and 143 days in case of Asset-III and Asset-IV respectively to time taken to match their COD with the associated downstream transmission system under the scope of HVPNL. The Petitioner took the decision to wait and match Asset-III and Asset-IV with COD of the associated downstream assets and finally, claim the COD of Asset-III and Asset-IV on 4.11.2017 and 24.11.2017, respectively. As it was the decision of the Petitioner itself to delay the COD of the Asset-III and Asset-IV to match with the associated downstream transmission system under the scope of HVPNL, we are not inclined to condone the time over-run of 123 days and 143 days in case of Asset-III and Asset-IV, respectively.”*

*28. Accordingly, the time over-run of 146 days in case of the transmission asset is due to the Petitioner's decision to match the COD of the transmission asset with the transmission line of NRSS/ RPVPL, i.e. upto 23.8.2019 is not condoned.”*



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

7. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the Act). However, no comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers.

8. The Respondent No. 16, NRSS XXXVI Transmission Limited (NRSS XXXVI), has filed its reply vide affidavit dated 27.5.2025 and has raised the issues pertaining to Liquidated Damages, Initial Spares, Commercial Date of Operation and IDC & IEDC, The capital cost as on COD (19.6.2021) and Additional Capital Expenditure for the period of 2019-24 and 2024-29, Security Expenses, Insurance Expenses, Capital Spares, Sharing of Transmission Charges. The Respondent's submissions regarding fastening of transmission charges in the absence of any contractual arrangement between the parties, i.e., NRSS and PGCIL, for the mismatch period, till the COD of the Respondent's Asset prior to adjudication of NRSS XXXVI's force majeure claims and the response thereto given by the Petitioner have been considered in the succeeding paragraphs of this order.

9. The hearing in this matter was held on 30.5.2025 and the order was reserved.

10. This order is issued considering the submissions made by the Petitioner vide affidavits dated 18.9.2024 and 21.4.2025. Further, NRSS XXXVI had filed reply vide an affidavit dated 27.5.2025 have also been considered while passing the order.

11. Having heard the Petitioner's representatives, the learned counsels for the Respondent and perused the material on record, we proceed to dispose of the Petition.



### **Truing-up of Annual Fixed Charges For the 2019-24 Tariff Period**

12. The details of the truing-up of the transmission charges claimed by the Petitioner with respect to the transmission asset are as under:

| (₹ in lakh)                 |                                   |               |               |
|-----------------------------|-----------------------------------|---------------|---------------|
| Particulars                 | 2021-22<br>(Pro-rata<br>286 days) | 2022-23       | 2023-24       |
| Depreciation                | 71.02                             | 90.64         | 90.64         |
| Interest on Loan            | 57.80                             | 72.92         | 72.81         |
| Return on Equity            | 70.97                             | 90.57         | 90.57         |
| Interest on Working Capital | 4.67                              | 6.04          | 7.01          |
| O&M Expenses                | 53.99                             | 71.32         | 73.82         |
| <b>Total</b>                | <b>258.45</b>                     | <b>331.49</b> | <b>334.85</b> |

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

| (₹ in lakh)                        |                                   |              |              |
|------------------------------------|-----------------------------------|--------------|--------------|
| Particulars                        | 2021-22<br>(Pro-rata<br>286 days) | 2022-23      | 2023-24      |
| O&M Expenses                       | 5.74                              | 5.94         | 6.15         |
| Maintenance Spares                 | 10.34                             | 10.70        | 11.07        |
| Receivables                        | 40.67                             | 40.87        | 41.17        |
| <b>Total Working Capital</b>       | <b>56.75</b>                      | <b>57.51</b> | <b>58.39</b> |
| Rate of Interest (in %)            | 10.50                             | 10.50        | 12.00        |
| <b>Interest on Working Capital</b> | <b>4.67</b>                       | <b>6.04</b>  | <b>7.01</b>  |

### **Capital Cost for 2019-24 Tariff Period**

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

15. The Commission vide its order dated 18.9.2023 in Petition No. 11/TT/2022, has granted the transmission tariff for the 2019-24 tariff period. The capital cost of ₹1576.63 lakh was approved by the Commission for the transmission asset as on COD vide order dated 18.9.2023 in Petition No. 11/TT/2022 and the same has been considered as opening capital cost as on COD for the purpose of truing-up of transmission tariff for the



2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

16. The Commission vide its order dated 18.9.2023 in Petition No. 11/TT/2022 allowed the following capital cost as on COD and ACE for the 2019-24 tariff period with respect to the transmission asset:

(₹ in lakh)

| Asset   | FR Apportioned Approved Cost | Capital Cost allowed up to 23.8.2019 | ACE     |         |         |         | Capital Cost as on 19.6.2021 (COD) |
|---------|------------------------------|--------------------------------------|---------|---------|---------|---------|------------------------------------|
|         |                              |                                      | 2019-20 | 2020-21 | 2021-22 | 2022-23 |                                    |
| Asset-1 | 1752.00                      | 1360.40                              | 0.00    | 210.40  | 5.83    | 0.00    | 1576.63                            |

17. The Petitioner in the instant truing-up Petition has claimed the following capital cost for the 2019-24 tariff period:

(₹ in lakh)

| Asset   | FR Apportioned Approved Cost | Capital Cost up to COD | Addition of LD recovered in 2019-20 | Capital Cost up to COD (with addition of LD) | ACE Claimed | Capital Cost as on 31.03.2024 |
|---------|------------------------------|------------------------|-------------------------------------|----------------------------------------------|-------------|-------------------------------|
|         |                              |                        |                                     |                                              | 2019-24     |                               |
| Asset-1 | 1752.00                      | 1576.63                | 30.70                               | 1607.33                                      | 0.00        | 1607.33                       |

### **Interest During Construction (“IDC”) and Incidental Expenditure During Construction (“IEDC”)**

18. The Petitioner has claimed an IDC/IEDC as allowed by the Commission vide its order dated 18.9.2023 in Petition No. 11/TT/2022. The same has been considered in the instant truing-up Petition.

### **Initial Spares**

19. With regard to the Initial Spares, NRSS XXXVI has submitted that the Petitioner has claimed the Initial Spares of ₹70.17 lakhs under Regulation 23 of CERC Tariff Regulations, 2019 and has considered ceiling limit of Initial Spares as 6% which



suggests Bhiwani Sub-station is a Brown Field Sub-station. However, as per Form-2 of the Tariff Forms submitted by the Petitioner, the Bhiwani Sub-station is mentioned as a Green Field Sub-station which has a ceiling limit of Initial Spares as 4%. Thus, in terms of the above, it is not clear whether the Bhiwani Sub-station was a Green Field or a Brown Field Sub-station. Hence, the NRSS XXXVI requested the Commission to consider and allow the Initial Spares for the transmission asset under the Regulation 23 of CERC Tariff Regulations, 2019 and anything over and above the extant regulations ought to be disallowed.

20. NRSS XXXVI reiterated the above in the hearing dated 30.5.2025. In response, the Petitioner's representative submitted that the issues raised have already been settled by the Commission vide its order dated 18.9.2023 in Petition No.11/TT/2022.

21. We have considered the Petitioner and NRSS XXXVI's submissions. We note that the Project Scope itself mentions "Extension of 400/220 kV Bhiwani (POWERGRID) Sub-station', implying it being a Brown Field Sub- station. The Initial Spares claimed by the Petitioner is within the limits set as per Regulation 23(d) of the 2019 Tariff Regulations and the same has been allowed by the commission vide order dated 18.9.2023 in Petition No. 11/TT/2022.

#### **Capital Cost allowed as on COD**

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

23. The Commission vide order dated 18.9.2023 in Petition No. 11/TT/2022 allowed capital cost as on COD for the transmission asset and Additional Capital Expenditure (ACE) for the 2019-24 tariff period. The details of the capital cost as allowed by the Commission in the aforesaid order are as follows:



(₹ in lakh)

| Capital Cost<br>allowed as on 19.6.2021 | ACE     | Capital Cost allowed as on<br>31.3.2024 |
|-----------------------------------------|---------|-----------------------------------------|
|                                         | 2019-24 |                                         |
| 1576.63                                 | 0.00    | 1576.63                                 |

24. The Petitioner in the instant truing-up Petition has claimed the following opening capital cost and the actual ACE incurred for the 2019-24 tariff period:

(₹ in lakh)

| Asset   | FR<br>Apportioned<br>Approved<br>Cost as per<br>RCE | Capital<br>Cost<br>claimed<br>as on<br>COD | LD to the<br>extent of<br>disallowance<br>of IDC and<br>IEDC | Capital<br>Cost up to<br>COD (with<br>addition<br>of LD) | ACE<br>Claimed | Capital<br>Cost<br>claimed<br>as on<br>31.3.2024 |
|---------|-----------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|----------------|--------------------------------------------------|
|         |                                                     |                                            | 2019-20                                                      |                                                          | 2019-24        |                                                  |
| Asset-1 | 1752.00                                             | 1576.63                                    | 30.70                                                        | 1607.33                                                  | 0.00           | 1607.33                                          |

25. The Petitioner has further submitted that for the instant transmission asset, the Commission vide its order dated 18.9.2023 in Petition no. 11/TT/2022 had disallowed an IDC of ₹26.19 lakhs and an IEDC of ₹1.37 lakhs up to claimed COD (i.e., 22.8.2019) and had further held that IDC and IEDC from the claimed COD (i.e., 23.8.2019) to approved COD (i.e., 19.6.2021) shall not be capitalized. Hence, the corresponding amount of ₹ 153.64 lakhs towards IDC and IEDC is not included in claimed capital cost of the instant Petition. However, the LD of ₹30.70 lakhs recovered from the contractor is added in the capital cost. The details of IDC and IEDC disallowed in previous order and LD has recovered are as under:

(₹ in lakh)

| Asset   | IDC and IEDC<br>Disallowed as on COD | LD Recovered | Year of LD<br>Recovery |
|---------|--------------------------------------|--------------|------------------------|
| Asset-1 | 181.20                               | 30.70        | 2019-20                |

26. The Petitioner has submitted that the disallowed IDC and IEDC to the extent of LD recovered from the contractors is added back to the opening Capital Cost/Additional



Capital Expenditure when such recovery is made as mentioned in footnote of the Auditor's Certificate.

27. It is noted that for the transmission asset, the LD was recovered from the contractor amounting to ₹30.70 in the FY 2019-20 and accordingly, on its recovery, was reduced for the accounting purpose from the gross opening capital cost. As such, after accounting for the recovered LD, the net opening capital cost reflected is ₹1576.63 as on COD. Accordingly, LD amount recovered to the extent of IDC/IEDC disallowed (i.e., ₹30.70 lakh), is added back to arrive at the opening capital cost as on COD which is ₹1607.33 lakh.

28. With regard to the above, the Commission vide its TV Letter dated 11.4.2025 directed the Petitioner to submit the details of Liquidated Damages (LD) recovery along with relevant documentary evidence.

29. The Petitioner vide affidavit dated 21.4.2025 has submitted that the LD amounting to ₹30.70 lakhs (i.e., LD of ₹26,01,678/- plus 18% GST of ₹ 4,68,302/-) was recovered from the contractor and reduced from capital cost in the year 2019-20 on its recovery in Auditor Certificate. However, while computing tariff, the same has been added back to the capital cost as on COD to the extent of disallowed IDC and IEDC vide order dated 18.9.2023. The Petitioner has submitted the documentary evidence with respect to the LD recovery vide the affidavit dated 21.4.2025.

30. With regard to the LD, NRSS XXXVI, has submitted that the Commission ought to consider the implication of LD under the Regulation 21(5) of the Tariff Regulation 2019.

31. We have considered the Petitioner and NRSS XXXVI's submissions, wherein the time over-run is attributable to the project developer, or its contractors, the cost of time



over-run, i.e., IDC and IEDC has to be borne by the project developer and LD, if any, recovered can be retained by the Petitioner. In the instant case, time over-run in case of the transmission asset was not condoned. Accordingly, the IDC and IEDC for the period of time over-run not condoned in case of the transmission asset is deducted from the capital cost. The amount of LD recovered to the extent of IDC and IEDC disallowed as already been adjusted by the Petitioner during the opening capital cost as on COD (as claimed vide Auditors certificate) is allowed.

32. With regard to COD and IDC & IEDC, NRSS XXXVI, has submitted that the Commission vide its order dated 18.9.2023 in Petition No. 11/TT/2022 has been approved the COD of the transmission asset as on 19.6.2021 under Regulation 5(2) of the Tariff Regulation, 2019 and disallowed the capitalization of IDC & IEDC for the period 23.8.2019 to 19.6.2021. The relevant extract of the order dated 18.9.2023 is reproduced as under:

*"19.The Petitioner has complied with all the requirements for approving the COD as provided under Regulation 5(2) of the 2019 Tariff Regulations like CEA energisation certificate, RLDC idle Charging Certificate and CMD Certificate regarding readiness of the transmission asset, except for issue of "notice" to the associated transmission licensee. As per the first proviso of Regulation 5(2) of the 2019 Tariff Regulations, a "notice" was to be issued by the Petitioner to the associated transmission licensee one month before the COD claimed. Thus, "issue of notice" is a statutory requirement as per the regulations. Further, it is a well settled principle that if a statute provides for a thing to be done in a particular manner, then it has to be done in that particular manner and not in any other manner. In the instant case, admittedly it was issued only on 19.6.2021, i.e. after more than 21 months from the COD claimed. This delay in issue of notice has also not been explained by the Petitioner. As the notice regarding the COD of the transmission asset was issued to the Respondents only on 19.6.2021, we approved the COD of the transmission asset as 19.6.2021. However, the IDC and IEDC from the date of COD claimed by the Petitioner, i.e. 23.8.2019 to 19.6.2021 will not capitalised as the Petitioner has not complied with the requirement of "issue of notice" as mandated under the first proviso of Regulation 5(2) of the 2019 Tariff Regulations."*

33. Further, the Respondent has requested the Commission to disallow the capitalization of IDC & IEDC from 23.8.2019 to 19.6.2021 as on COD, which is ₹ 153.64



lakhs. The Petitioner has claimed that it has already made the adjustment of amount equal to IDC and IEDC disallowed in the previous order.

34. With regard to capital cost as on COD (19.6.2021) and ACE for the 2019-24 and 2024-29, NRSS XXXVI, has submitted that the Commission vide its order dated 18.9.2023 in Petition No. 11/TT/2022 had allowed ₹1576.63 lakhs as on allowed COD (19.6.2021) and there was no ACE allowed by the Commission. Accordingly, the approved capital cost as on 31.3.2024 was ₹1576.63 lakhs. Further, the Petitioner vide the instant Petition has been prayed for the capital cost as on COD as ₹1607.33 and sought no ACE for the period 2019-24 and 2024-29. Therefore, NRSS XXXVI has submitted to consider the reduction of capital cost of transmission asset due to LD's implication, Excess Initial Spares, Disallowed IDC & IEDC as per Regulation 19 of Tariff Regulations, 2019 and anything over and above to the extant regulations ought to be disallowed by the Commission.

35. We have considered the Petitioner and NRSS XXXVI's submissions. The capital cost and ACE allowed with respect to the transmission asset for the 2019-24 period are as follows:

| Asset   | Apportioned Approved Cost | Capital Cost allowed as on COD | (₹ in lakh) |                                     |
|---------|---------------------------|--------------------------------|-------------|-------------------------------------|
|         |                           |                                | Actual ACE  | Total Capital Cost as on 31.03.2024 |
|         |                           |                                | 2019-24     |                                     |
| Asset-1 | 1752.00                   | 1607.33*                       | 0.00        | 1607.33                             |

*\*Including LD recovered amounting ₹30.70 lakh*

36. The capital cost of ₹1576.63 lakh was approved by the Commission as on COD vide order dated 18.9.2023 in Petition No. 11/TT/2022 and there is an LD recovered of ₹30.70 lakh, therefore, the capital cost as on COD is ₹1607.33 and the same has been considered as opening capital cost as on COD for the purpose of truing-up of



transmission tariff for the 2019-24 period in accordance with Regulation 19 (3) (a) of the 2019 Tariff Regulations.

### **Additional Capital Expenditure (ACE)**

37. The Petitioner has not claimed ACE with respect to the transmission asset for the 2019-24 tariff period.

### **Debt-Equity ratio**

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

| <b>Funding</b> | <b>Capital Cost<br/>as on COD<br/>(₹ in lakh)</b> | <b>(in %)</b> | <b>Capital Cost<br/>as on 31.3.2024<br/>(₹ in lakh)</b> | <b>(in %)</b> |
|----------------|---------------------------------------------------|---------------|---------------------------------------------------------|---------------|
| Debt           | 1125.13                                           | 70.00         | 1125.13                                                 | 70.00         |
| Equity         | 482.20                                            | 30.00         | 482.20                                                  | 30.00         |
| <b>Total</b>   | <b>1607.33</b>                                    | <b>100.00</b> | <b>1607.33</b>                                          | <b>100.00</b> |

### **Depreciation**

39. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2021 and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission asset as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations. Accordingly, the depreciation allowed with respect to the transmission asset for the 2019-24 tariff period is as follows:

| <b>(₹ in lakh)</b> |                                             |                                            |                |                |
|--------------------|---------------------------------------------|--------------------------------------------|----------------|----------------|
| <b>Sl. No.</b>     | <b>Particulars</b>                          | <b>2021-22<br/>(Pro rata<br/>286 days)</b> | <b>2022-23</b> | <b>2023-24</b> |
| A                  | Opening Capital Cost                        | 1607.33                                    | 1607.33        | 1607.33        |
| B                  | Addition during the year 2019-24 due to ACE | 0.00                                       | 0.00           | 0.00           |
| C                  | Closing Capital Cost (A+B)                  | 1607.33                                    | 1607.33        | 1607.33        |



| Sl. No. | Particulars                                                     | 2021-22<br>(Pro rata<br>286 days) | 2022-23      | 2023-24      |
|---------|-----------------------------------------------------------------|-----------------------------------|--------------|--------------|
| D       | Average Capital Cost (A+C)/2                                    | 1607.33                           | 1607.33      | 1607.33      |
| E       | Average Capital Cost (90% depreciable asset)                    | 1569.82                           | 1569.82      | 1569.82      |
| F       | Average Capital Cost (100% depreciable asset)                   | 37.51                             | 37.51        | 37.51        |
| G       | Depreciable value (excluding IT equipment and software) (E*90%) | 1412.84                           | 1412.84      | 1412.84      |
| H       | Depreciable value of IT equipment and software (F*100%)         | 37.51                             | 37.51        | 37.51        |
| I       | Total Depreciable Value (G+H)                                   | 1450.35                           | 1450.35      | 1450.35      |
| J       | Weighted average rate of Depreciation (WAROD) (in %)            | 5.64                              | 5.64         | 5.64         |
| K       | Balance useful life at the beginning of the year (Year)         | 23                                | 23           | 22           |
| L       | Elapsed useful life at the beginning of the year (Year)         | --                                | 0            | 1            |
| M       | <b>Depreciation during the year (D*J)</b>                       | <b>71.02</b>                      | <b>90.64</b> | <b>90.64</b> |
| N       | Cumulative Depreciation at the end of the year                  | 71.02                             | 161.65       | 252.29       |
| O       | Remaining Aggregate Depreciable Value at the end of the year    | 1379.33                           | 1288.69      | 1198.06      |

40. The details of depreciation approved vide order dated 18.9.2023 in Petition No. 11/TT/2022 with respect to the transmission asset, depreciation claimed by the Petitioner in the instant Petition and trued-up depreciation allowed in the instant order are as follows:

| (₹ in lakh)                                                   |                                |         |         |
|---------------------------------------------------------------|--------------------------------|---------|---------|
| Asset-1                                                       | 2021-22<br>(Pro rata 286 days) | 2022-23 | 2023-24 |
| Allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 | 69.66                          | 88.91   | 88.91   |
| Claimed by the Petitioner in the instant Petition             | 71.02                          | 90.64   | 90.64   |
| Approved after trued-up in this order                         | 71.02                          | 90.64   | 90.64   |

#### **Interest on Loan (IoL)**

41. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. We have considered the Petitioner's submissions.



The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed with respect to the transmission asset is as follows:

(₹ in lakh)

|   | Particulars                                         | Asset-1                           |              |              |
|---|-----------------------------------------------------|-----------------------------------|--------------|--------------|
|   |                                                     | 2021-22<br>(Pro rata<br>286 days) | 2022-23      | 2023-24      |
|   | <b>Interest on Loan</b>                             |                                   |              |              |
| A | Gross Normative Loan                                | 1125.13                           | 1125.13      | 1125.13      |
| B | Cumulative Repayments up to Previous Year           | 0.00                              | 71.02        | 161.65       |
| C | Net Loan-Opening (A-B)                              | 1125.13                           | 1054.11      | 963.48       |
| D | Additions                                           | 0.00                              | 0.00         | 0.00         |
| E | Repayment during the year                           | 71.02                             | 90.64        | 90.64        |
| F | Net Loan-Closing (C+D-E)                            | 1054.11                           | 963.48       | 872.84       |
| G | Average Loan (C+F)/2                                | 1089.62                           | 1008.79      | 918.16       |
| H | Weighted Average Rate of Interest on Loan<br>(in %) | 6.7706                            | 7.2283       | 7.9303       |
| I | <b>Interest on Loan (G*H)</b>                       | <b>57.81</b>                      | <b>72.92</b> | <b>72.81</b> |

42. The details of the IoL allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 for the transmission asset, IoL claimed by the Petitioner in the instant Petition and trued-up IoL allowed in the instant order are as follows:

(₹ in lakh)

| Asset-1                                                       | 2021-22<br>(Pro rata 286<br>days) | 2022-23 | 2023-24 |
|---------------------------------------------------------------|-----------------------------------|---------|---------|
| Allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 | 66.05                             | 78.05   | 71.00   |
| Claimed by the Petitioner in the instant Petition             | 57.80                             | 72.92   | 72.81   |
| Approved after trued-up in this order                         | 57.81                             | 72.92   | 72.81   |

### **Return on Equity (RoE)**

43. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for FY 2019- 20 and FY 2020-21 and the income has been assessed under MAT (115JB



of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for FY 2021-22 and FY 2022-23, while ITR will be filed for the FY 2023-24 in due course (submitted in Petition No. 401/TT/2024).

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

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

45. We have considered the Petitioner's submissions and have also gone through the record. We have noted that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the



purpose of grossing up of the rate of RoE. Any under recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up of the rate of RoE:

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

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

| (₹ in lakh) |                                     |                                   |              |              |
|-------------|-------------------------------------|-----------------------------------|--------------|--------------|
|             | Particulars                         | Asset-1                           |              |              |
|             |                                     | 2021-22<br>(Pro rata<br>286 days) | 2022-23      | 2023-24      |
|             | <b>Return on Equity</b>             |                                   |              |              |
| A           | Opening Equity                      | 482.20                            | 482.20       | 482.20       |
| B           | Additions                           | 0.00                              | 0.00         | 0.00         |
| C           | Closing Equity (A+B)                | 482.20                            | 482.20       | 482.20       |
| D           | Average Equity (A+C)/2              | 482.20                            | 482.20       | 482.20       |
| E           | Return on Equity (Base Rate) (in %) | 15.500                            | 15.500       | 15.500       |
| F           | MAT Rate for respective year (in %) | 17.472                            | 17.472       | 17.472       |
| G           | Rate of Return on Equity (in %)     | 18.782                            | 18.782       | 18.782       |
| H           | <b>Return on Equity (D*G)</b>       | <b>70.97</b>                      | <b>90.57</b> | <b>90.57</b> |

47. The details of RoE approved vide order dated 18.9.2023 in Petition No. 11/TT/2022 for the transmission asset, RoE claimed by the Petitioner in the instant Petition and trued-up RoE allowed in the instant order are as follows:



(₹ in lakh)

| Asset-1                                                       | 2021-22<br>(Pro-rata 286<br>days) | 2022-23 | 2023-24 |
|---------------------------------------------------------------|-----------------------------------|---------|---------|
| Allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 | 69.61                             | 88.84   | 88.84   |
| Claimed by the Petitioner in the instant Petition             | 70.97                             | 90.57   | 90.57   |
| Approved after trued-up in this order                         | 70.97                             | 90.57   | 90.57   |

### **Operation & Maintenance Expenses (O&M Expenses)**

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

(₹ in lakh)

| O&M Expenses | 2021-22<br>(Pro rata 286<br>days) | 2022-23 | 2023-24 |
|--------------|-----------------------------------|---------|---------|
|              | 53.99                             | 71.32   | 73.82   |

49. We have considered the Petitioner's submission. The O&M Expenses allowed for the transmission asset as per norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)

| Particulars                                                          | Asset-1                           |              |              |
|----------------------------------------------------------------------|-----------------------------------|--------------|--------------|
|                                                                      | 2021-22<br>(Pro rata 286<br>days) | 2022-23      | 2023-24      |
| <b>Bays: 400 kV Bhiwani: Line Bays for Babai-Bhiwani (2 numbers)</b> |                                   |              |              |
| Norms (₹ lakh/Bay)                                                   | 34.45                             | 35.66        | 36.91        |
| <b>O&amp;M expenses allowed for Sub Station</b>                      | <b>53.99</b>                      | <b>71.32</b> | <b>73.82</b> |

50. The details of O&M expenses approved vide order dated 18.9.2023 in Petition No. 11/TT/2022, claimed by the Petitioner in the instant Petition and trued-up O&M expenses in the instant order are as follows:



(₹ in lakh)

| Asset-1                                                       | 2021-22<br>(Pro rata 286 days) | 2022-23 | 2023-24 |
|---------------------------------------------------------------|--------------------------------|---------|---------|
| Allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 | 53.99                          | 71.32   | 73.82   |
| Claimed by the Petitioner in the instant Petition             | 53.99                          | 71.32   | 73.82   |
| Approved after trued-up in this order                         | 53.99                          | 71.32   | 73.82   |

**Interest on Working Capital (IWC)**

51. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for FY 2021-22 & 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.

52. The components of the working capital and interest allowed thereon for the transmission asset for the 2019-24 are as follows:

(₹ in lakh)

|   | Particulars                                                                                               | Asset-1                        |              |              |
|---|-----------------------------------------------------------------------------------------------------------|--------------------------------|--------------|--------------|
|   |                                                                                                           | 2021-22<br>(Pro rata 286 days) | 2022-23      | 2023-24      |
|   | <b>Interest on Working Capital</b>                                                                        |                                |              |              |
| A | Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 5.74                           | 5.94         | 6.15         |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 10.34                          | 10.70        | 11.07        |
| C | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 40.66                          | 40.87        | 41.17        |
| D | <b>Total Working Capital (A+B+C)</b>                                                                      | <b>56.74</b>                   | <b>57.51</b> | <b>58.39</b> |
| E | Rate of Interest for working capital (in %)                                                               | 10.50                          | 10.50        | 12.00        |
| F | <b>Interest on Working Capital (D*E)</b>                                                                  | <b>4.67</b>                    | <b>6.04</b>  | <b>7.01</b>  |

53. The details of IWC allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 for the transmission asset, IWC claimed by the Petitioner in the instant Petition and trued-up IWC allowed in the instant order are as follows:



(₹ in lakh)

| Asset-1                                                       | 2021-22<br>(Pro rata 286<br>days) | 2022-23 | 2023-24 |
|---------------------------------------------------------------|-----------------------------------|---------|---------|
| Allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 | 4.74                              | 6.06    | 6.05    |
| Claimed by the Petitioner in the instant Petition             | 4.67                              | 6.04    | 7.01    |
| Approved after trued-up in this order                         | 4.67                              | 6.04    | 7.01    |

### **Trued-up of Annual Fixed Charges for 2019-24 Tariff Period**

54. Accordingly, the Annual Fixed Charges allowed after trued-up for the 2019-24 tariff period with respect to the transmission asset are as follows:

(₹ in lakh)

|   | Particulars                        | Asset-1                           |               |               |
|---|------------------------------------|-----------------------------------|---------------|---------------|
|   |                                    | 2021-22<br>(Pro-rata<br>286 Days) | 2022-23       | 2023-24       |
|   | <b>Annual Transmission Charges</b> |                                   |               |               |
| A | Depreciation                       | 71.02                             | 90.64         | 90.64         |
| B | Interest on Loan                   | 57.81                             | 72.92         | 72.81         |
| C | Return on Equity                   | 70.97                             | 90.57         | 90.57         |
| D | Interest on Working Capital        | 4.67                              | 6.04          | 7.01          |
| E | O&M Expenses                       | 53.99                             | 71.32         | 73.82         |
| F | <b>Total (A+B+C+D+E)</b>           | <b>258.45</b>                     | <b>331.48</b> | <b>334.85</b> |

55. The details of the AFC allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 for the transmission asset, AFC claimed by the Petitioner in the instant Petition and trued-up AFC allowed in the instant order are as follows:

(₹ in lakh)

| Asset-1                                                       | 2021-22<br>(Pro rata 286<br>days) | 2022-23 | 2023-24 |
|---------------------------------------------------------------|-----------------------------------|---------|---------|
| Allowed vide order dated 18.9.2023 in Petition No. 11/TT/2022 | 264.05                            | 333.17  | 328.62  |
| Claimed by the Petitioner in the instant Petition             | 258.45                            | 331.49  | 334.85  |
| Approved after trued-up in this order                         | 258.45                            | 331.48  | 334.85  |



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

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

(₹ in lakh)

|                             | Asset-1       |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Particulars                 | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29       |
| Depreciation                | 108.18        | 108.18        | 108.18        | 107.49        | 97.28         |
| Interest on Loan            | 65.39         | 57.00         | 48.43         | 39.62         | 31.27         |
| Return on Equity            | 90.57         | 90.57         | 90.57         | 90.57         | 90.57         |
| Interest on Working Capital | 6.48          | 6.48          | 6.50          | 6.49          | 6.38          |
| O&M Expenses                | 59.06         | 62.16         | 65.42         | 68.86         | 72.46         |
| <b>Total</b>                | <b>329.68</b> | <b>324.39</b> | <b>319.10</b> | <b>313.03</b> | <b>297.96</b> |

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

(₹ in lakh)

|                                    | Asset-1      |              |              |              |              |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Particulars                        | 2024-25      | 2025-26      | 2026-27      | 2027-28      | 2028-29      |
| O&M Expenses                       | 4.92         | 5.18         | 5.45         | 5.74         | 6.04         |
| Maintenance Spares                 | 8.86         | 9.32         | 9.81         | 10.33        | 10.87        |
| Receivables                        | 40.65        | 39.99        | 39.34        | 38.49        | 36.73        |
| <b>Total Working Capital</b>       | <b>54.43</b> | <b>54.49</b> | <b>54.60</b> | <b>54.56</b> | <b>53.64</b> |
| Rate of Interest (in %)            | 11.90        | 11.90        | 11.90        | 11.90        | 11.90        |
| <b>Interest on Working Capital</b> | <b>6.48</b>  | <b>6.48</b>  | <b>6.50</b>  | <b>6.49</b>  | <b>6.38</b>  |

### **Capital Cost**

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess



of 30% on a *pari-passu* basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;

(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;

(e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;

(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;

(g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;

(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;

(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;

(j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;

(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;

(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;

(m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;

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

(o).....

(p).....

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

(a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;

(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;

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

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

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

(4) & (5) .....

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

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



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

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

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

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

(d).....

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

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

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

| Asset   | Capital Cost claimed as on 31.3.2024 | ACE Claimed | Estimated Completion Cost |
|---------|--------------------------------------|-------------|---------------------------|
|         |                                      | 2024-29     |                           |
| Asset-1 | 1607.33                              | 0.00        | 1607.33                   |

60. We have considered the Petitioner's submissions. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. The element-wise capital cost (i.e., land, building, transmission line, sub-station and PLCC) as admitted by the Commission as on 31.3.2024 for the transmission asset has been considered as capital cost as on 1.4.2024 as per the following details:

| Element                       | Asset-1        |
|-------------------------------|----------------|
| Freehold Land                 | 0.00           |
| Leasehold Land                | 0.00           |
| Building Civil Works & Colony | 0.00           |
| Transmission Line             | 0.00           |
| Sub Station                   | 1367.57        |
| PLCC                          | 202.25         |
| IT Equipment (Incl. Software) | 37.51          |
| <b>Total</b>                  | <b>1607.33</b> |



61. The capital cost of ₹1607.33 lakh for the transmission asset as on 31.3.2024 has been considered as admitted capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

### **Additional Capital Expenditure (ACE)**

62. The Petitioner has not claimed ACE with respect to the transmission asset for the 2024-29 tariff period.

### **Debt-Equity Ratio**

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

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

*Provided that:*

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

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

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

*(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2024, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered:*



*Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2024, if the equity actually deployed as on 1.4.2024 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;*

*Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 96 of these regulations.*

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

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

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

64. The debt-equity ratio considered for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. Accordingly, the debt-equity ratio considered for the purpose of computation of tariff for the 2024-29 tariff period with respect to the transmission asset is as follows:

| Funding      | Capital Cost<br>as on 1.4.2024<br>(₹ in lakh) | (In %)        | Capital Cost<br>as on 31.3.2029<br>(₹ in lakh) | (In %)        |
|--------------|-----------------------------------------------|---------------|------------------------------------------------|---------------|
| Debt         | 1125.13                                       | 70.00         | 1125.13                                        | 70.00         |
| Equity       | 482.20                                        | 30.00         | 482.20                                         | 30.00         |
| <b>Total</b> | <b>1607.33</b>                                | <b>100.00</b> | <b>1607.33</b>                                 | <b>100.00</b> |

### **Depreciation**

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

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



*depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:*

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

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

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

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

*.....*

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

*(4) .....*

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

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

*.....*

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

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

*.....*

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

*(8) The generating company or the transmission licensee, as the case may be, shall*



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

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

*(10) XXXXXX*

*(11) XXXXXX*

*(12) XXXXXX”*

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

| (₹ in lakh) |                                                                 |         |         |         |         |         |
|-------------|-----------------------------------------------------------------|---------|---------|---------|---------|---------|
| Sl. No.     | Particulars                                                     | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| A           | Opening Capital Cost                                            | 1607.33 | 1607.33 | 1607.33 | 1607.33 | 1607.33 |
| B           | Addition during the year 2019-24 due to ACE                     | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| C           | Closing Capital Cost (A+B)                                      | 1607.33 | 1607.33 | 1607.33 | 1607.33 | 1607.33 |
| D           | Average Capital Cost (A+C)/2                                    | 1607.33 | 1607.33 | 1607.33 | 1607.33 | 1607.33 |
| E           | Average Capital Cost (90% depreciable asset)                    | 1569.82 | 1569.82 | 1569.82 | 1569.82 | 1569.82 |
| F           | Average Capital Cost (100% depreciable asset)                   | 37.51   | 37.51   | 37.51   | 37.51   | 37.51   |
| G           | Depreciable value (excluding IT equipment and software) (E*90%) | 1412.84 | 1412.84 | 1412.84 | 1412.84 | 1412.84 |
| H           | Depreciable value of IT equipment and software (F*100%)         | 37.51   | 37.51   | 37.51   | 37.51   | 37.51   |



| Sl. No. | Particulars                                                  | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29      |
|---------|--------------------------------------------------------------|---------------|---------------|---------------|---------------|--------------|
| I       | Total Depreciable Value (G+H)                                | 1450.35       | 1450.35       | 1450.35       | 1450.35       | 1450.35      |
| J       | Weighted average rate of Depreciation (WAROD) (in %)         | 6.73%         | 6.73%         | 6.73%         | 6.69%         | 6.05%        |
| K       | Balance useful life at the beginning of the year (Year)      | 21            | 20            | 19            | 18            | 17           |
| L       | Elapsed useful life at the beginning of the year (Year)      | 2             | 3             | 4             | 5             | 6            |
| M       | <b>Depreciation during the year (D*J)</b>                    | <b>108.17</b> | <b>108.17</b> | <b>108.17</b> | <b>107.51</b> | <b>97.25</b> |
| N       | Cumulative Depreciation at the end of the year               | 360.46        | 468.63        | 576.81        | 684.32        | 781.57       |
| O       | Remaining Aggregate Depreciable Value at the end of the year | 1089.89       | 981.71        | 873.54        | 766.03        | 668.78       |

### **Interest on Loan (IoL)**

67. Regulation 32 of the 2024 Tariff Regulations provides as under:

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

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

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

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

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

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



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

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

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

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

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

68. The Weighted Average Rate of IoL has been considered on the basis of the rate prevailing as on 1.4.2024. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2024-29 tariff period may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of truing up. The IoL has been allowed for the 2024-29 tariff period with respect to the transmission asset in accordance with the 2024 Tariff Regulations is as follows:

| (₹ in lakh) |                                               |              |              |              |              |              |
|-------------|-----------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|             | Particulars                                   | 2024-25      | 2025-26      | 2026-27      | 2027-28      | 2028-29      |
|             | <b>Interest on Loan</b>                       |              |              |              |              |              |
| A           | Gross Normative Loan                          | 1125.13      | 1125.13      | 1125.13      | 1125.13      | 1125.13      |
| B           | Cumulative Repayments upto Previous Year      | 252.29       | 360.46       | 468.63       | 576.81       | 684.32       |
| C           | Net Loan-Opening (A-B)                        | 872.84       | 764.67       | 656.50       | 548.33       | 440.81       |
| D           | Additions                                     | 0.00         | 0.00         | 0.00         | 0.00         | 0.00         |
| E           | Repayment during the year                     | 108.17       | 108.17       | 108.17       | 107.51       | 97.25        |
| F           | Net Loan-Closing (C+D-E)                      | 764.67       | 656.50       | 548.33       | 440.81       | 343.56       |
| G           | Average Loan (C+F)/2                          | 818.75       | 710.58       | 602.41       | 494.57       | 392.19       |
| H           | Weighted Average Rate of Interest on Loan (%) | 7.9867       | 8.0217       | 8.0392       | 8.0117       | 7.9730       |
| I           | <b>Interest on Loan (G*H)</b>                 | <b>65.39</b> | <b>57.00</b> | <b>48.43</b> | <b>39.62</b> | <b>31.27</b> |



## **Return on Equity (RoE)**

69. Regulations 30 and 31 of the 2024 Tariff Regulations provides 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 for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

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

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

Provided further that:

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

.....”

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

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

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



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

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

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

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

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

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

70. The Petitioner has submitted that the MAT rate applies to it.

71. We have considered the Petitioner’s submissions and have gone through the record. We also considered the applicable MAT rate for the RoE, which will be truing-up in accordance with the 2024 Tariff Regulations. Accordingly, the RoE allowed with respect to the transmission asset for the 2024-29 tariff period is as follows:

| (₹ in lakh) |                                     |              |              |              |              |              |
|-------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
|             | Particulars                         | 2024-25      | 2025-26      | 2026-27      | 2027-28      | 2028-29      |
|             | <b>Return on Equity</b>             |              |              |              |              |              |
| A           | Opening Equity                      | 482.20       | 482.20       | 482.20       | 482.20       | 482.20       |
| B           | Additions                           | 0.00         | 0.00         | 0.00         | 0.00         | 0.00         |
| C           | Closing Equity (A+B)                | 482.20       | 482.20       | 482.20       | 482.20       | 482.20       |
| D           | Average Equity (A+C)/2              | 482.20       | 482.20       | 482.20       | 482.20       | 482.20       |
| E           | Return on Equity (Base Rate) (in %) | 15.500       | 15.500       | 15.500       | 15.500       | 15.500       |
| F           | MAT Rate for respective year (in %) | 17.472       | 17.472       | 17.472       | 17.472       | 17.472       |
| G           | Rate of Return on Equity (in %)     | 18.782       | 18.782       | 18.782       | 18.782       | 18.782       |
| H           | <b>Return on Equity (D*G)</b>       | <b>90.57</b> | <b>90.57</b> | <b>90.57</b> | <b>90.57</b> | <b>90.57</b> |



## **Operation & Maintenance Expenses (O&M Expenses)**

72. Regulation 36(3) of the 2024 Tariff Regulations provides as under:

**“36. Operation and Maintenance Expenses:**

...

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

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

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

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



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

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

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

.....”

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

| Particulars                                                          | Asset-1      |              |              |              |              |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                      | 2024-25      | 2025-26      | 2026-27      | 2027-28      | 2028-29      |
| <b>Bays: 400 kV Bhiwani: Line Bays for Babai-Bhiwani (2 numbers)</b> |              |              |              |              |              |
| Norms (₹ lakh/bay)                                                   | 29.53        | 31.08        | 32.71        | 34.43        | 36.23        |
| <b>O&amp;M expenses allowed for sub-stations</b>                     | <b>59.06</b> | <b>62.16</b> | <b>65.42</b> | <b>68.86</b> | <b>72.46</b> |

#### **Interest on Working Capital (IWC)**

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

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

.....

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

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

(2) .....



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

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

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

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

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

| (₹ in lakh) |                                                                                                           |              |              |              |              |              |
|-------------|-----------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|             | Particulars                                                                                               | 2024-25      | 2025-26      | 2026-27      | 2027-28      | 2028-29      |
| A           | Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 4.92         | 5.18         | 5.45         | 5.74         | 6.04         |
| B           | Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 8.86         | 9.32         | 9.81         | 10.33        | 10.87        |
| C           | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 40.64        | 39.99        | 39.34        | 38.49        | 36.73        |
| D           | <b>Total Working Capital (A+B+C)</b>                                                                      | <b>54.42</b> | <b>54.50</b> | <b>54.60</b> | <b>54.56</b> | <b>53.64</b> |
| E           | Rate of Interest for working capital (in %)                                                               | 11.90        | 11.90        | 11.90        | 11.90        | 11.90        |
| F           | <b>Interest on working capital (D*E)</b>                                                                  | <b>6.48</b>  | <b>6.49</b>  | <b>6.50</b>  | <b>6.49</b>  | <b>6.38</b>  |

#### **Annual Fixed Charges of the 2024-29 Tariff Period**

77. The transmission charges allowed with respect to the transmission asset for the 2024-29 tariff period are as follows:



| (₹ in lakh)                 |               |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Particulars                 | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29       |
| Depreciation                | 108.17        | 108.17        | 108.17        | 107.51        | 97.25         |
| Interest on Loan            | 65.39         | 57.00         | 48.43         | 39.62         | 31.27         |
| Return on Equity            | 90.57         | 90.57         | 90.57         | 90.57         | 90.57         |
| Interest on Working Capital | 6.48          | 6.49          | 6.50          | 6.49          | 6.38          |
| O&M Expenses                | 59.06         | 62.16         | 65.42         | 68.86         | 72.46         |
| <b>Total</b>                | <b>329.67</b> | <b>324.39</b> | <b>319.09</b> | <b>313.06</b> | <b>297.93</b> |

### **Filing Fee and Publication Expenses**

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

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

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

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

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



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

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

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

#### **License Fee and RLDC Fees and Charges**

83. The Petitioner has claimed reimbursement of the license fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

#### **Goods and Services Tax**

84. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.



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

**Security Expenses, Insurance and Capital Spares**

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

87. As regards the security expenses, NRSS XXXVI, has submitted that the Petitioner will file a separate Petition for claiming the security expenses under Regulation 35 (3) (c) of the CERC Tariff regulations, 2019 for the period 2019-24 and under Regulation 36 (3) of CERC Tariff Regulations, 2024 for the period 2024-29, i.e., the Petitioner has not claimed any security expenses in the instant Petition. Hence, security expenses should not be allowed for the period 2019-24 and 2024-29 in the instant Petition. The Petitioner has undertaken to file a separate Petition for claiming the Security Expenses for which NRSS XXXVI seeks liberty to file the detailed response.

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



89. With regard to the insurance expenses, NRSS XXXVI, has submitted that The Petitioner has stated that it will file a separate Petition before this Commission for claiming the insurance expenses and consequential IWC considering the actual insurance expense incurred by the Petitioner for the FY 2023-24 after escalating the same at 5.25% per annum for arriving at the estimated insurance expense for the years 2024-29. NRSS XXXVI has submitted that the Petitioner has not claimed any Insurance expenses in the instant Petition and hence, any Insurance expenses should not be allowed for the period 2024-29 in the instant Petition. The Petitioner has undertaken to file a separate Petition for claiming the Insurance Expenses for which NRSS XXXVI seeks liberty to file the detailed response.

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

91. With regard to the capital spares, NRSS XXXVI, has submitted that the Petitioner has filed a separate Petition being Petition No. 45/MP/2024 for claiming the capital spares for the 2019-24 and capital spares consumed for the 2024-29 shall be claimed as per actuals through a separate Petition, i.e., the Petitioner has not claimed any capital spares consumption in the instant Petition. Hence, capital spares should not be allowed for the period 2019-24 and 2024-29 in the current Petition. In this regard, NRSS XXXVI has submitted that the Petitioner has stated to file a separate Petition for claiming Capital Spares for the period 2024-29, for which the Respondent seeks liberty to file the detailed response.



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

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

*"36(3)*

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

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

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

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

### **Sharing of Transmission Charges**

95. The Petitioner has submitted that the Commission vide its order dated 18.9.2023 in Petition No.11/TT/2022, directed that the transmission charges from 19.6.2021 till



COD of the transmission line will be borne by the Respondent, NRSS XXXVI Transmission Limited/ RRVPL. The COD of the 400kV Babai (RRVPL) – Bhiwani (PG) Line of NRSS XXXVI Transmission Limited is 11.11.2023. Accordingly, the tariff for the Transmission of Electricity (Annual Fixed Cost) for the 2019-24 tariff period from 19.6.2021 to 11.11.2023 shall be borne by NRSS XXXVI Transmission Limited as directed by Commission vide its order dated 18.9.2023 in Petition No.11/TT/2022 and from 12.11.2023, transmission charges shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers in terms of Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 (hereinafter referred to as “ the 2020 Sharing Regulations”), as amended from time to time. Furthermore, the tariff for the 2024-29 tariff period shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers in accordance with the 2020 Sharing Regulations.

96. With regard to the sharing of Transmission Charges, NRSS XXXVI has submitted that the Commission order dated 18.9.2023 in Petition No. 11/TT/2022 has been appealed by NRSS XXXVI before the Appellate Tribunal for Electricity (“APTEL”) in Appeal No. 26 of 2024, wherein the APTEL vide its order dated 20.2.2024, has granted an interim stay on the operation of said order dated 18.9.2023, subject to payment of 50% of the principal amount raised upon NRSS XXXVI for the period 19.6.2021 to 18.9.2023 and entire payment for a period beyond and till the COD of associated transmission line of NRSS XXXVI, i.e., 11.11.2023. Accordingly, on 27.3.2024, NRSS XXXVI made the complete payment to the CTUIL as directed above, which amounted to Rs 4.18 crores for the mismatch period. Further, this matter is still sub-judice before



the APTEL. The Respondent has further submitted that the imposition of transmission charges from 19.6.2021 to 11.11.2023 upon NRSS XXXVI in order dated 18.9.2023 in Petition No. 11/TT/2022, is bad in law as:

- a) The Commission has unjustly fastened the transmission charges liability upon NRSS XXXVI on account of a mismatch of COD (between PGCIL's Transmission Asset and NRSS XXXVI's Transmission System), without appreciating the fact that there is no contractual arrangement between the Petitioner and NRSS XXXVI in the present case, which governed the rights and obligations between the parties. Further, NRSS XXXVI has submitted that it has executed TSA with the beneficiaries of the Transmission System, which governs the relationship between them and provides for inter-se rights, duties, liabilities and responsibilities of NRSS XXXVI and LTTCs. The said TSA provides a mechanism for the payment of liquidated damages on account of the failure of NRSS XXXVI to achieve the scheduled COD. The Petitioner is not a signatory to this agreement. Hence, the penalty for delay (i.e., payment of liquidated damages) is already recognised under TSA. Any other levy of damages/ penalty over and above the TSA, in place is unjustified and unlawful. Recovery, if any, of the tariff, determined for Transmission Asset under 2019 Tariff Regulations, can be made from the beneficiaries, i.e., LTTCs on which these Regulations are applicable, under Section 62 of the Act. The Respondent has further stated that the liability on it should flow from TSA and the Tariff Regulations prevailing at the time of bidding for NRSS XXXVI Project only, in case of a delay in the commissioning of the project by Transmission Service Provider and that too towards LTTCs. Furthermore, the TSA makes no reference of applicability of any bilateral liability being levied on NRSS XXXVI



vide the aforementioned Commission's order dated 18.9.2023 or any subsequent order to be.

- b) The Commission has relied upon Regulation 57 of the 2019 Tariff Regulations, for imposition of the transmission charges on NRSS XXXVI. Notably, the error lies in the fact that Regulation 57 of the 2019 Tariff Regulations bears reference to the Sharing Regulations, 2010 in terms of Regulation 3 (60) of the CERC Tariff Regulations, 2019. However, despite such specific reference, the Commission has applied Regulation 13 (12) of the 2020 Sharing Regulations to fasten transmission liability upon NRSS XXXVI which is not applicable to present facts of the dispute, i.e., the mechanism provided under Regulation 13 (12) of the 2020 Sharing Regulations, to recover the transmission charges from inter-state transmission licensee (i.e., NRSS XXXVI) whose transmission system is delayed as it was not envisaged in the Sharing Regulations, 2010. The 2020 Sharing Regulations may be applicable to only those Projects which are bid after its notification and, hence, can include the impact of these Regulations in their bids. Clearly, these Regulations cannot be applied to Projects that are already bid under the prevailing Regulations, such as NRSS XXXVI. Regulation 7 of the Sharing Regulations, 2010 provides recovery of such transmission charges from the beneficiaries of the ISTS (i.e., LTTCs) under the Point of Connection ("PoC") mechanism and does not provide for recovery of the transmission charges from the defaulting entity in the event there is a mismatch in COD of transmission elements of two transmission licensees. It is further submitted that the Commission, vide Para 80 and 82 of the order dated 18.9.2023 in Petition No. 11/TT/2022, had relied on Regulation 5(2) and Regulation 6 of the 2019 Tariff Regulations to impose liability upon



NRSS XXXVI for the period of mismatch. In this regard, it is stated that the Commission overlooked the fact that the 2019 Tariff Regulations are only applicable to projects established under Section 62 of the Act, 2003 and not to those under Section 63 of the Act, 2003 (i.e., NRSS XXXVI Project). The Respondent has submitted that the Commission has failed to appreciate the fact that Regulation 6 (2) of the 2019 Tariff Regulations, which provides for treatment of mismatch in the COD of the inter-connected transmission systems till 19.2.2021, was omitted by the second amendment dated 19.2.2021 to the 2019 Tariff Regulations. Therefore, considering the fact that Regulation 6 (2) of the 2019 Tariff Regulations was specifically removed on 19.2.2021 (i.e., before the COD of transmission asset, i.e., 19.6.2021), there could have been no imposition of transmission charges upon NRSS XXXVI in terms of the applicable regulations, i.e., 2019 Tariff Regulations.

- c) NRSS XXXVI has submitted that the TSA is expressed in its terms, especially Article 18.12, which clearly provides that liability of the NRSS XXXVI/ TSP shall be limited to that explicitly provided in the TSA. Undisputedly, TSA does not carry any provision for the applicability of bilateral liability being levied on it. Therefore, unless any later amendment expressly overrides existing contracts (herein, the TSA), the terms of such agreement shall be binding on the parties, i.e., NRSS XXXVI and its LTTCs in the instant case. Accordingly, NRSS XXXVI has submitted that there cannot be any occasion for the imposition of liability of transmission charges upon it when TSA does not recognise any of such bilateral charges and under the applicable regulations also (i.e., Tariff 2019 Regulations and 2020 Sharing Regulations) which came prospective to signing of the said TSA. The Hon'ble Supreme Court fortifies the above assertion, vide



its judgment in *GUVNL v. Renew Wind Energy (Rajkot) Pvt. Ltd. & Ors.*, 2023 SCC Online SC 411 wherein it has been held that commercial principles enshrined in the contract cannot be altered/amended without the consent of the parties and unless there is any later amendment which expressly overrides the existing contract. The relevant extract of the said judgement, is as under:

*“Whilst there cannot be any doubt that regulations framed under the Act can be made applicable to existing contracts, what is discernible from PTC India (supra) is that in that case, the applicability of the Trading Margin Regulations which for the first time, compelled persons engaged in trading of electricity, in terms of Section 2 (17) of the Act, to register, obtain licenses, and operate within the margin limits indicated in the regulations. These provisions introduced a new regime, regulating an area, or activity which had hitherto been unregulated. The entire edifice of prescribing general standards for application to all those operating within its sweep, is to ensure that they are universal and constitute a code. The observations in PTC India (supra), therefore, are to be seen in this context. Being regulations of general application, dealing with a range of commercial activity, there could have been no question of existing contracts, operating in isolation, through separate silos, outside of their framework. In the present case, however, the PPAs were entered into in the exercise of equal bargaining power, after due negotiation by the parties, and within the framework of existing regulations: both central and state. Therefore, unless any later amendment expressly overrides existing contracts, the terms of such agreements bind the parties.”*

Further, NRSS XXXVI has submitted that as per the jurisprudence laid down in the aforementioned judgment in *GUVNL v. Renew Wind Energy (Rajkot) Pvt. Ltd. & Ors (Supra)*, the parties herein are bound by the terms of the TSA (which does not recognise the applicability of bilateral liability).

- d) Furthermore, NRSS XXXVI has submitted that the Commission may appreciate the fact that any imposition of liability towards payment of transmission charges on NRSS XXXVI for delay in achievement of COD would be contradictory to any force majeure relief (qua extension of COD) granted by the Commission once NRSS XXXVI's Force Majeure claims will be adjudicated; considering the fact that execution of the Transmission System is delayed due to force majeure events beyond the control of NRSS XXXVI, and NRSS XXXVI ought not be



made liable for payment of bilateral transmission charges till the adjudication of force majeure claims by the Commission.

- e) The above argument is buttressed by the finding rendered by APTEL in case titled as NRSS XXXI (B) Transmission Ltd. v. CERC & Ors. Appeal No. 17 of 2019, wherein it has been held that a transmission licensee cannot be made liable to make payment of any transmission charges for any alleged delay, which occurred on account of Force Majeure (which has been condoned). The relevant para of the above-said judgment is extracted hereunder:

*“8.24 The Commission in the impugned order and order dated 29.03.2019 has decided that even if the COD of the transmission licensee has been extended on account of Force Majeure event, the licensee has to pay transmission charges for upstream/downstream assets for the period of delay. Therefore, the bidder has to mandatorily consider this scenario while submitting the bid. **We fail to understand rationale behind this as to how a transmission licensee can submit a reasonable bid when it is not aware of the liability pertaining to anticipated duration of such delay and the cost of the upstream/downstream assets before submitting the bid. The same is equally applicable for the delay on achievement of COD on account of force majeure events by the projects implemented/being implemented through Regulated Tariff Mechanism (RTM). The infrastructure projects involving huge investments must not be part to such regulatory uncertainties that too, without remedy.**”*

- f) Further, the Respondent has submitted that in case of transmission charges are imposed upon NRSS XXXVI, the same would render the Petition seeking an extension of the SCOD for the transmission asset a futile exercise.
- g) Furthermore, the Respondent submitted that the Project developed by NRSS XXXVI is under Section 63 of the Act and is governed by Competitive Bidding Guidelines issued along with the model RfP, model RfQ and the model TSA. The TSA, which regulates the Project, envisions the liability for the levy of LD in the event of any delay in the construction of the Project. Accordingly, NRSS XXXVI could not have factored the delay in the construction of the transmission project on account of Force Majeure events while submitting its bid. Thus, NRSS XXXVI could not have envisaged any further charges that can be levied



upon, over and above what was contemplated at the time of bid and recorded in the TSA for the same event, i.e., delay in COD of the Transmission System.

- h) In any case, the Respondent submitted that, the liability on it should flow from TSA only in case of delay in the commissioning of the Project by NRSS XXXVI/ TSP. Further, the TSA makes no reference to the applicability of bilateral liability being levied on it. In addition, the imposition of such transmission charges liability defeats the objective of introducing the provision of force majeure in the TSA, i.e., to save NRSS XXXVI from the consequences of anything over which it has no control.
- i) Therefore, NRSS XXXVI has submitted that, in terms of the above direction of the APTEL, it is outlandish for the Petitioner to contend that NRSS XXXVI is liable for complete payment of mismatch period, i.e., from 19.6.2021 till COD (11.11.2023) of the associated transmission line of NRSS XXXVI (400kV D/C Bhiwani - Babai line). Furthermore, it was submitted that NRSS XXXVI has been making payments towards the transmission charges in terms of the applicable regulations, and any further payment for the mismatch period is subject to the outcome of Appeal No. 26 of 2024.
- j) The Respondent has further submitted by the Respondent that the role of NRSS XXXVI in the present Petition was merely to construct the associated transmission system 400kV D/C Babai (RRV PNL) - Bhiwani (PGCIL) Line, which does not concern the Petitioner for having the Tariff determined for the Transmission Asset under 2019 Tariff Regulation.
- k) It is further stated that NRSS XXXVI has no active role to play in the instant Petition as the present Petition has been filed for the determination of Tariff of the Transmission Asset from the COD (19.6.2021) to 31.3.2024 and beyond.



l) Additionally, NRSS XXXVI has submitted that the claims made by the Petitioner in the present Petition is only with respect to the Transmission Asset of the Subject Petition, i.e., 2 Nos. 400 kV line bays at Bhiwani Sub-station for termination of 400 kV Babai-Bhiwani D/C Line under Provision of 400 kV Line bays at Bhiwani (PG) in the Northern Region and not with respect to the associated transmission system of 400kV D/C Babai (RRVPNL) - Bhiwani (PGCIL) Line of NRSS XXXVI, which in any case has to be undertaken by NRSS XXXVI and not the Petitioner. The scope of work of NRSS XXXVI is strictly limited to the associated Transmission System and the claim as sought by the Petitioner in the present Petition is not related to the scope of work which belongs to NRSS XXXVI. Thus, it is submitted that NRSS XXXVI has no role in the determination of tariff Transmission Asset of the Petitioner. Hence, in view of the above, it is submitted that NRSS XXXVI's role in the instant petition is not substantial and accordingly, this Commission may kindly keep this underlying fact in mind while adjudicating the present Petition. Further, the Commission may appreciate the fact that the associated transmission system of NRSS XXXVI, i.e., 400kV D/C Babai (RRVPNL) - Bhiwani (PGCIL) Line was delayed due to unforeseen and uncontrollable events which were beyond the control of NRSS XXXVI for which NRSS XXXVI is in process of filing the Petition seeking extension of SCOD in terms of liberty granted by the Commission vide its order dated 14.11.2022 in Petition No. 266/MP/2022. Thus, the Commission may appreciate the present fact while adjudication of present issue while determining the tariff of the Petitioner.

97. During the hearing dated 30.5.2025, the learned counsel for Respondent No. 16, NRSS XXXVI, referred to its reply and mainly submitted that Regulation 6(2) of the 2019



Tariff Regulations, which allowed transmission charges for COD mismatch, was omitted w.e.f. 19.2.2021. Since the actual commercial operation of the transmission asset was declared on 19.6.2021, post-omission, applying the deleted provision is legally untenable and amounts to impermissible retrospective application. In response, the Petitioner's representative submitted that the issues raised have already been settled by the Commission vide its order dated 18.9.2023 in Petition No.11/TT/2022. In response to the Commission's specific query regarding the payment of the mismatch charges, the learned counsel for the Respondent submitted that, in accordance with the directions of the Appellate Tribunal for Electricity vide order dated 20.2.2024 in Appeal No. 26 of 2024, it has paid 50% (i.e., Rs. 4.18 crores) of the transmission charges up to the COD.

98. We have considered the Petitioner and NRSS XXXVI's submissions. The Commission is of the consistent view that the defaulting party has to bear the transmission charges till the date of commissioning of the associated transmission line i.e. Babai (RRVPNL)- Bhiwani (PG) D/C line, being implemented by NRSS/ RVPVPL under TBCB route. As approved in the previous order, transmission charges from 19.6.2021 till COD of the transmission line (11.11.2023) shall be borne by NRSS/RPVPL. Thereafter, the billing, collection, and disbursement of the transmission charges for the transmission asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

99. To summarise:

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



(₹ in lakh)

| Asset-1     | 2021-22<br>(Pro rata 286 days) | 2022-23 | 2023-24 |
|-------------|--------------------------------|---------|---------|
| AFC Claimed | 258.45                         | 331.49  | 334.85  |
| AFC Allowed | 258.45                         | 331.48  | 334.85  |

b) The details of AFC claimed by the Petitioner in the instant Petition and AFC allowed in the instant order for the transmission asset are as follows:

(₹ in lakh)

| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|-------------|---------|---------|---------|---------|---------|
| AFC Claimed | 329.68  | 324.39  | 319.10  | 313.03  | 297.96  |
| AFC Allowed | 329.67  | 324.39  | 319.09  | 313.06  | 297.93  |

100. This order disposes of the Petition No. 187/TT/2025, in terms of the above discussions and findings.

sd/-  
(Ravinder Singh Dhillon)  
Member

sd/-  
(Ramesh Babu V.)  
Member

