

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 204/TT/2025

Coram:

Shri Ramesh Babu V., Member

Shri Ravinder Singh Dhillon, Member

Date of Order: 30th September, 2025

In the matter of:

Petition for true-up of transmission tariff for the 2019-24 tariff period and determination of transmission tariff for the 2024-29 tariff period for Transmission Asset: RAPP – Kota 400 kV D/C line (part of RAPP - Jaipur (South) 400 kV D/C line with one ckt LILOed at Kota), along with associated bay at Kota under Transmission System associated with RAPP 7 and 8, Part-A 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, read with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

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 - 226001
- 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 – 342003, Rajasthan
- 5. Himachal Pradesh State Electricity Board Limited,**
Vidyut Bhawan, Kumar House Complex Building II,
Shimla – 171004
- 6. Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office, Patiala – 147001
- 7. Haryana Power Purchase Centre,**
Shakti Bhawan, Sector-6,
Panchkula – 134109, Haryana)
- 8. Jammu Kashmir Power Corporation Limited**
220/66/33 kV Gladni Substation SLDC Building,
Narwal, Jammu
- 9. BSES Yamuna Power Limited,**
B-Block, Shakti Kiran, Bldg. (Near Karkardooma Court),
Karkardooma 2nd Floor,
New Delhi – 110092
- 10. BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi
- 11. Tata Power Delhi Distribution Limited,**
33 kV Substation, 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,



Parties Present: Shri Angaru Naresh Kumar, PGCIL
Shri G. Vijay, PGCIL
Shri Vivek Kumar Singh, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited 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 (hereinafter referred to as “the 2019 Tariff Regulations”) and the 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”) for the 2024-29 tariff period in respect of the following transmission asset (hereinafter referred to as “the transmission asset”) under POWERGRID works associated with “RAPP 7 and 8 Part-A” in the Northern Region:

Asset: RAPP – Kota 400 kV D/C line (part of RAPP - Jaipur (South) 400 kV D/C line with one ckt LILOed at Kota) along with associated bay at Kota

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 asset 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 tariff on the capital cost including LD recovered to the extent of disallowed IDC & IEDC.

d)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.

e)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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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.

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

l) 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

m) 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 follows:

- a. The Investment Approval (IA) and expenditure sanction for the transmission project were accorded by the Board of Directors of the Petitioner on 28.3.2013, as per Memorandum dated 5.4.2013, at an estimated cost of ₹10040 lakh, including an IDC of ₹501 lakh based on the February 2013 price level.
- b. The transmission tariff in respect of the transmission asset was allowed from COD, i.e. 3.8.2017 to 31.3.2019 vide order dated 19.9.2018 in Petition



No.206/TT/2017 read with corrigendum dated 5.11.2018 as per the 2014 Tariff Regulations. The transmission tariff from the COD, i.e., 3.8.2017 to 31.3.2019, was trued up, and the tariff from 1.4.2019 to 31.3.2024 was determined vide order dated 16.2.2021 in Petition No. 138/TT/2020 as per the 2019 Tariff Regulations.

- c. The scope of the transmission project “Transmission System associated with RAPP 7 and 8 Part-A” is as follows:

(i) **Transmission Lines:**

RAPP - Kota 400 kV D/C line (bunched at both ends) [part of RAPP - Jaipur (south) 400 kV D/C line with one ckt LILOed at Kota].*

*(11 km of Multi-circuit portion which was constructed and strung under Transmission System associated with RAPP– 5&6, shall be part of the line.)

(ii) **Sub-station Works:**

Extension of 400 kV Sub-station at Kota: 1 No. of 400 kV line bay at Kota.

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

5. The hearing in this matter was held on 30.5.2025, and thereafter, the order in the matter was reserved.

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

6. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission asset are as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	420.99	428.69	429.89	431.10	431.10
Interest on Loan	371.14	324.76	289.70	268.08	247.06
Return on Equity	447.48	455.67	456.95	458.24	458.24
Interest on Working Capital	22.45	20.68	18.98	18.85	21.37
O&M Expenses	87.35	90.41	93.59	96.87	100.26
Total	1349.41	1320.21	1289.11	1273.14	1258.03

7. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the transmission asset are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	7.28	7.53	7.80	8.07	8.36
Maintenance Spares	13.10	13.56	14.04	14.53	15.04
Receivables	165.91	162.77	158.93	156.96	154.68
Total Working Capital	186.29	183.86	180.77	179.56	178.08
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	22.45	20.68	18.98	18.85	21.37

Capital Cost for 2019-24 Tariff Period

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

9. The Commission vide its order dated 16.2.2021 in Petition No. 138/TT/2020, approved the capital cost as on 1.4.2019 and the projected Additional Capital Expenditure (ACE) for the transmission asset for the 2019-24 tariff period. The details of the capital cost approved by the Commission in the aforesaid order concerning the transmission asset are as follows:

(₹ in lakh)

Capital Cost allowed as on 1.4.2019	Additional Capital Expenditure	Capital Cost allowed as on 31.3.2024
	2019-20	
7797.53*	431.81	8229.34

*The Commission disallowed an IDC of ₹380.74 lakh and an IEDC of ₹27.10 lakh due to time overrun and disallowed ₹48.92 lakh of excess Initial Spares under the Substation head as on 31.3.2019.



10. The Petitioner in this true-up Petition has submitted the following capital cost concerning the transmission asset as per the Auditor's Certificate for the truing-up in the 2019-24 tariff period:

Approved Cost as per FR	Expenditure Up to 31.3.2019	ACE					Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
10040.00	8254.29	12.67**	0.00	45.61	0.00	0.00	8312.57

* An amount of ₹278.09 lakh was recovered from the contractor and deducted from the capital cost in 2019-20, as reflected in the Auditor's Certificate. However, when calculating the tariff, the same amount was added back to the capital cost to the extent of disallowed IDC & IEDC, as per order dated 16.02.2021, in the year 2019-20.

11. The capital cost of ₹ 7797.53 lakh was approved by the Commission on 31.3.2019 vide order dated 16.2.2021 in Petition No. 138/TT/2020. The Petitioner has adjusted ₹ 1.37 lakh from this capital cost in the instant Petition. However, we have taken the opening capital cost as on 1.4.2019 as ₹ 7794.70 lakh after adjusting excess initial spares amounting to ₹2.83 lakh for the purpose of truing-up of the transmission tariff for the 2019-24 period, in accordance with Regulation 19(3)(a) of the 2019 Tariff Regulations.

Initial Spares

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

“(d) Transmission System

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



13. The Commission, vide order dated 16.2.2021 in Petition No. 138/TT/2020, had allowed the Initial Spares for the transmission asset as follows:

(₹ in lakh)

Particulars	Plant & Machinery cost considered as on cut-off date	Initial Spares claimed	Norms as per the 2019 Tariff Regulations (in %)	Initial spares allowable as per the 2019 Tariff Regulations	Initial spares allowed during 2019-24 period
Transmission Line	7564.37	70.08	1.00	75.70	70.08
Sub-station	372.11	68.31	6.00	19.39	19.39

*Considering the ceiling of initial spares for substation @ 6% of the Plant and Machinery cost (excluding IDC and IEDC) as on cut-off date, initial spares of ₹43.15 lakh as on COD and ₹5.77 lakh were disallowed from the ACE of in FY- 2018-19. As such, in view of the fact that the true-up Plant and Machinery cost (excluding IDC and IEDC) as on the cut-off date, which lies in the 2019-24 tariff period, has been certified by the Auditor in the instant true-up petition, there is a need to recalculate the allowable Initial spares.”

14. The Initial Spares claimed by the Petitioner in respect of the transmission asset in the instant Petition are as follows:

(₹ in lakh)

Particulars	Plant & Machinery cost considered as on cut off date	Initial Spares Claimed (B)	Ceiling Limit (In %) (C)	Initial Spares Allowable	Excess Initial Spares
				$D = [(A-B)*C/(100-C)]$	$[B-D]$
Transmission Line	7212.28	70.08	1.0	72.14	-2.06
Substation (Brown Field)	350.67	68.31	6.0	18.02	50.29

The excess initial spares of ₹ 50.29 lakh towards substation head have been restricted from the capital cost as on 31.3.2019 (Spares of ₹ 48.92 lakh already been disallowed vide order dated 16.2.2021, additional ₹ 1.37 lakh restricted in the instant Petition).

15. The Petitioner has considered ₹1.37 lakh as excess initial spares, and has deducted this amount from the opening capital cost as on 1.4.2019 in the present Petition.



16. The Petitioner, in its affidavit dated 21.4.2025, has claimed the following Initial Spares for the transmission asset:

(₹ in lakh)

Particulars	Plant and Machinery cost up to cut-off date (₹ in lakh) (A)	Initial Spares Claimed (B)	Ceiling (in %) (C)	Initial Spares Allowable $D = [(A-B) * C / (100-C)]$	Excess initial spares [B-D]
Transmission Line	7212.28	70.08	1.0	72.14	-2.06
Substation (Brown Field)	285.93	55.71	6.0	14.69	41.02
PLCC/Comm System	64.74	12.60	3.5	1.89	10.71
Total	7562.95	-	-	-	-

17. The cut-off date for the transmission asset is 31.3.2020. However, as per the Auditor's Certificate dated 11.06.2024, the Petitioner, while working out the initial spares, has erroneously included the expenditure from 1.4.2021 to 31.3.2022 (amounting to ₹45.61 lakh), in the Plant and Machinery Cost considered. Based on the ceiling of 6% for the sub-stations, 1% for transmission lines and 3.5% for the communication system as per norms specified under the 2019 Tariff Regulations, the Initial Spares allowed in respect of the transmission asset are as follows:

(₹ in lakh)

Particulars	Plant and Machinery cost (excluding IDC and IEDC, land cost & cost of civil works) up to cut-off date (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per the 2019 Tariff Regulations (in %)	Initial Spares allowable (₹ in lakh)	Excess Initial Spares (₹ in lakh)	Initial Spares allowed (₹ in lakh)
	A	B	C	$D = (A-B) * C / (100-C)$	E=D-B	
Transmission Line	7,167.04	70.08	1.00	71.69	0.00	70.08
Substation (Brown Field)	285.56	55.71	6.00	14.67	41.04	14.67
Communication System	64.74	12.6	3.5	1.89	10.71	1.89
Total	7517.34	-	-	-	-	-



18. Accordingly, based on the correct position with reference to the Auditor certified Plant and Machinery Cost, the excess initial spares of ₹2.83 lakh for substation and PLCC over and above the already adjusted excess initial spares of ₹48.92 for substation in Petition No. 138/TT/2020, are to be adjusted in the opening capital cost as on 1.4.2019.

Additional Capital Expenditure (ACE)

19. The Petitioner has claimed the following ACE, vide Form-7, in respect of the transmission asset based on the actual expenditure in accordance with Regulations 24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations:

Particulars	Regulations	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance & Retention Payments for liabilities other than IDC	24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations	290.77	0.00	45.61	0.00	0.00
Total						

20. Against the above claim, the Auditor's certified expenditure is as under:

(₹ in lakh)

Particulars	Regulations	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance & Retention Payments for liabilities other than IDC	24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations	12.67	0.00	45.61	0.00	0.00
Total		58.28				

21. The vendor-wise details of ACE for the transmission asset are as follows:



(₹ in lakh)

	Party Name	Particulars (TL/SS)	Year of Actual Capitalization	Outstanding Liability as on COD	Discharge		
					2019-20	2021-22	Total (2019-24)
	M/S Jyoti Power Trans. Ltd.	Transmission Line	2017	57.91	12.67	45.24	57.91
	Techno Electric Co. Ltd.	Sub-station	2017	0.37	0.00	0.37	0.37
Total							58.28

22. The Petitioner, vide affidavit dated 21.4.2025, has submitted the details of the computation of Liquidated Damages, and the same are as follows:

Party	Amount	GST (In %)	(₹ in lakh)
			Total
M/s Jyoti Power	229.62	18.00	270.96
M/s Skipper Limited	4.93	18.00	5.82
Token	1.10	18.00	1.31
Total			278.09

23. It is noted that for the transmission asset, LD was recovered from contractors amounting to ₹278.09 lakh in FY 2019-20 and accordingly, on its recovery, was reduced for accounting purposes from the gross ACE for that year, which was ₹290.76 lakh. As such, after accounting for the recovered LD, the net ACE reflected in the Auditor Certificate is ₹ 12.67 lakh. Accordingly, the LD amount recovered to the extent of IDC/IEDC disallowed (i.e. ₹278.09 lakh) is added back to arrive at the ACE claimed for FY 2019-20, which is ₹290.76 lakh.

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
ACE as per Auditor Certificates (A)	12.67	0.00	45.61	0.00	0.00
Adjustment for LD recovered, claimed (B)	278.09	0.00	0.00	0.00	0.00
ACE claimed (C = A + B)	290.76	0.00	45.61	0.00	0.00



24. We have considered the submissions made by the Petitioner. When a time over-run is attributable to the project developer or its contractors, the cost of time over-run, i.e., IDC and IEDC, have to be borne by the project developer and LD, if any, recovered can be retained by the Petitioner. In this case, the time over-run related to the transmission asset was not condoned. Accordingly, the IDC and IEDC (total amount deducted -₹407.84 lakh) for the period of time over-run not condoned was deducted from the capital cost as on the COD. Considering that the LD recovered during 2019-20 is less than the IDC and IEDC deducted as on COD, the treatment adopted by the Petitioner — adding back the recovered LD of ₹278.09 lakh to the Auditor-certified ACE of ₹12.67 lakh to arrive at the claimed ACE of ₹290.76 lakh - is in order as the Petitioner is entitled to tariff on the expenditure actually incurred of ₹290.76 lakh and is allowed to retain the recovered LD, subject to the condition that LD is less than the penalty (i.e., deducted IDC and IEDC). If the recovered LD had exceeded the penalty, the excess amount would have further reduced the gross ACE for that year in which the excess LD was recovered.

25. In view of the above deliberations, the ACE claimed is allowed under Regulations 24 (1) (a) and 25 (1) (d) of the 2019 Tariff Regulations for the true-up of the tariff for the 2019-24 period in respect of the transmission asset and the same is as under:

(₹ in lakh)						
Particulars	Regulations	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance & Retention Payments for liabilities other than IDC	24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations	290.76	0.00	45.61	0.00	0.00
Total		336.37				



Debt-Equity ratio

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

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	5456.29	70.00	235.46	70.00	5691.75	70.00
Equity	2338.41	30.00	100.91	30.00	2439.32	30.00
Total	7794.70	100.00	336.37	100.00	8131.07	100.00

Depreciation

27. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 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.

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

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	7794.70	8085.46	8085.46	8131.07	8131.07
B	Addition during 2019-24 due to ACE	290.76	0.00	45.61	0.00	0.00
C	Closing Gross Block (A+B)	8085.46	8085.46	8131.07	8131.07	8131.07
D	Average Gross Block (A+C)/2	7940.08	8085.46	8108.27	8131.07	8131.07
E	Average Capital Cost (90% depreciable assets)	7930.23	8075.44	8098.24	8121.05	8121.05
F	Average Capital Cost (100% depreciable assets)	9.85	10.03	10.03	10.03	10.03
G	Depreciable Value (excluding IT equipment and software) (E*90%)	7137.21	7267.89	7288.42	7308.94	7308.94
H	Depreciable Value of IT equipment and software (F*100%)	9.85	10.03	10.03	10.03	10.03
I	Total Depreciable Value (G+H)	7147.06	7277.92	7298.44	7318.97	7318.97



	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
J	Weighted average rate of Depreciation (WAROD) (in %)	5.30%	5.30%	5.30%	5.30%	5.30%
K	Balance useful life of the asset (Year)	34	33	32	31	30
L	Elapsed life at the beginning of the year (Year)	1	2	3	4	5
N	Combined Depreciation during the year (D*J)	420.80	428.50	429.71	430.91	430.91
O	Cumulative Depreciation at the end of the year	1068.77	1497.27	1926.98	2357.89	2788.80
P	Remaining Aggregate Depreciable Value at the end of the year	6078.29	5780.65	5371.47	4961.08	4530.17

29. The details of depreciation approved vide order dated 16.2.2021 in Petition No. 138/TT/2020 in respect of 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	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020.	424.81	436.26	436.26	436.26	436.26
Claimed by the Petitioner in the instant Petition.	420.99	428.69	429.89	431.10	431.10
Approved after true-up in this order.	420.80	428.50	429.71	430.91	430.91

Interest on Loan (IoL)

30. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest.

31. We have considered the submissions of the Petitioner. 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 in respect of the transmission asset is as follows:



(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	5456.29	5659.82	5659.82	5691.75	5691.75
B	Cumulative Repayments up to Previous Year	647.96	1068.76	1497.26	1926.97	2357.88
C	Net Loan-Opening (A-B)	4808.33	4591.06	4162.56	3764.78	3333.87
D	Additions	203.53	0.00	31.93	0.00	0.00
E	Repayment during the year	420.80	428.50	429.71	430.91	430.91
F	Net Loan-Closing (C+D-E)	4591.06	4162.56	3764.78	3333.87	2902.96
G	Average Loan (C+F)/2	4699.70	4376.81	3963.67	3549.33	3118.42
H	Weighted Average Rate of Interest on Loan (in %)	7.8955	7.4189	7.3079	7.5523	7.9222
I	Interest on Loan (G*H)	371.07	324.71	289.66	268.06	247.05

32. The details of IoL allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020 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	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020.	381.40	358.29	323.42	288.54	252.98
Claimed by the Petitioner in the instant Petition.	371.14	324.76	289.70	268.08	247.06
Approved after true-up in this order.	371.07	324.71	289.66	268.06	247.05

Return on Equity (RoE)

33. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019- 20 and 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 (ITRs) have been filed for FY 2021-22, FY 2022-23, and FY 2023-24 (submitted in Petition No. 401/TT/2024).



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

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

35. We have considered the Petitioner's submissions and have also gone through the record.

36. We observe 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) of the Act, 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 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 the rate of RoE. Any under-recovery or over-recovery of the



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

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

37. Accordingly, the trued-up RoE allowed in respect of the transmission asset for the 2019-24 tariff period is as follows:

		(₹ in lakh)				
	Particulars	Asset-1				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	2338.41	2425.64	2425.64	2439.32	2439.32
B	Additions	87.23	0.00	13.68	0.00	0.00
C	Closing Equity (A+B)	2425.64	2425.64	2439.32	2439.32	2439.32
D	Average Equity (A+C)/2	2382.02	2425.64	2432.48	2439.32	2439.32
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	447.39	455.58	456.87	458.15	458.15

38. The details of RoE approved vide order dated 16.2.2021 in Petition No. 138/TT/2020 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)
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020.	451.52	463.69	463.69	463.69	463.69



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition.	447.48	455.67	456.95	458.24	458.24
Approved after true-up in this order.	447.39	455.58	456.87	458.15	458.15

Operation & Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	87.35	90.41	93.59	96.87	100.26

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station Bays 400kV (Conventional)					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
No. of bays -RAPP bay	1	1	1	1	1
O&M expenses allowed for one no. Sub-station Bays	32.15	33.28	34.45	35.66	36.91
RAPP 7 & 8 – Kota 400 D/C Line – DC with Twin conductor					
Norms (₹ lakh/km)	0.881	0.912	0.944	0.977	1.011
Length (km)	44.607	44.607	44.607	44.607	44.607
O&M expenses allowed for Transmission line	39.30	40.68	42.11	43.58	45.10
RAPP 7 & 8 – Kota D/C Line – MC with two conductors					
Norms (₹ lakh/KM)	1.544	1.598	1.654	1.713	1.773
Length (km)	9.998	9.998	9.998	9.998	9.998
O&M expenses allowed for Transmission line	15.44	15.98	16.54	17.13	17.73
RAPP 7 & 8 – Kota S/C Line with Twin conductor					
Norms (₹ lakh/km)	0.503	0.521	0.539	0.558	0.578
Length (km)	0.905	0.905	0.905	0.905	0.905



Particulars					
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses allowed for Transmission Line	0.46	0.47	0.49	0.50	0.52
Total O&M Expenses allowed (₹ in lakh)	87.34	90.41	93.58	96.87	100.26

41. Accordingly, the details of O&M Expenses approved vide order dated 16.2.2021 in Petition No. 138/TT/2020; O&M Expenses claimed by the Petitioner in the instant Petition and trued-up O&M Expenses allowed in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020.	88.54	91.61	94.78	98.07	101.46
Claimed by the Petitioner in the instant Petition.	87.35	90.41	93.59	96.87	100.26
Approved after true-up in this order.	87.34	90.41	93.58	96.87	100.26

Interest on Working Capital (IWC)

42. IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for FY 2020-21, 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 FY 2023-24.

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



(₹ in lakh)

	Particulars					
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	7.28	7.53	7.80	8.07	8.35
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	13.10	13.56	14.04	14.53	15.04
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	165.87	162.73	158.89	156.93	154.64
D	Total Working Capital (A+B+C)	186.25	183.82	180.73	179.53	178.03
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	22.44	20.68	18.98	18.85	21.36

44. The details of IWC allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020 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)

	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020.	22.72	21.38	21.01	20.66	20.25
Claimed by the Petitioner in the instant Petition.	22.45	20.68	18.98	18.85	21.37
Approved after true-up in this order.	22.44	20.68	18.98	18.85	21.36

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

45. Accordingly, the Annual Fixed Charges allowed after the truing-up for the 2019-24 tariff period in respect of the transmission asset are as follows:

(₹ in lakh)

	Particulars	Asset-1				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Annual Transmission Charges					
A	Depreciation	420.80	428.50	429.71	430.91	430.91
B	Interest on Loan	371.07	324.71	289.66	268.06	247.05
C	Return on Equity	447.39	455.58	456.87	458.15	458.15

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D	O & M Expenses	87.34	90.41	93.58	96.87	100.26
E	Interest on Working Capital	22.44	20.68	18.98	18.85	21.36
F	Total (A+B+C+D+E)	1349.04	1319.88	1288.80	1272.84	1257.73

46. The details of AFC allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020 for the transmission asset, AFC claimed by the Petitioner in the instant Petition and the trued-up AFC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 16.2.2021 in Petition No. 138/TT/2020.	1367.79	1370.03	1337.97	1306.02	1273.43
Claimed by the Petitioner in the instant Petition.	1349.41	1320.21	1289.11	1273.14	1258.03
Approved after true-up in this order.	1349.04	1319.88	1288.80	1272.84	1257.73

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

47. The Petitioner has claimed the following transmission charges in respect of the transmission asset for the 2024-29 tariff period:

(₹ in lakh)					
Particulars					
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	437.15	435.85	435.65	428.50	425.19
Interest on Loan	212.61	177.26	142.07	109.09	77.39
Return on Equity	458.24	458.24	458.24	458.24	458.24
Interest on Working Capital	20.09	19.74	19.41	18.97	18.72
O&M Expenses	83.48	87.84	92.42	97.28	102.39
Total	1211.57	1178.93	1147.79	1112.08	1081.93

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

(₹ in lakh)					
Particulars					
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	6.96	7.32	7.70	8.11	8.53



Particulars					
	2024-25	2025-26	2026-27	2027-28	2028-29
Maintenance Spares	12.52	13.18	13.86	14.59	15.36
Receivables	149.37	145.35	141.51	136.73	133.39
Total Working Capital	168.85	165.85	163.07	159.43	157.28
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	20.09	19.74	19.41	18.97	18.72

Capital Cost

49. 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.”



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

Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
	2024-25	
8132.54	0.00	8132.54

51. We have considered the submissions of the Petitioner. The capital cost has been dealt with in line with Regulation 19(3) (a) of the 2024 Tariff Regulations. The trued-up capital cost of ₹8131.07 lakh for the transmission asset as on 31.3.2024 is considered as the opening capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

52. Regulations 24 and 25 of the 2024 Tariff Regulations provide as follows:

“24. Additional Capitalisation within the original scope and up to the cut-off date:

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

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law which is not provided for in the original scope of work;*
- (f) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;
Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and*
- (g) Force Majeure events:*

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



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

25. Additional Capitalisation within the original scope and after the cut-off date

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

- (a) *Payment made against award of arbitration or for compliance with the directions or order of any statutory authority; or order or decree of any court of law;*
- (b) *Change in law or compliance of any existing law which is not provided for in the original scope of work;*
- (c) *Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*
- (d) *Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*
- (e) *Force Majeure events;*
- (f) *Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and*

(2) *In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

- (a) *The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
- (b) *The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*
- (c) *The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) *The replacement of such asset or equipment has otherwise been allowed by the Commission.*

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

53. The Petitioner has not claimed ACE in respect of the transmission asset for the 2024-29 tariff period.

54. The total capital expenditure as on 31.3.2029 is within the apportioned approved cost of ₹10040.00 lakh. Accordingly, ACE for the 2024-29 tariff period and the capital cost as on 31.3.2029 concerning the transmission asset is allowed as follows:



Capital Cost admitted as on 1.4.2024 (A)	ACE allowed for the 2024-29 (B)	Capital Cost allowed as on 31.3.2029 (C=A+B)
8131.07	0.00	8131.07

Debt-Equity ratio

55. 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:

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

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

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

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 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.”

56. The debt-equity ratio considered for the purpose of computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations.

The debt-equity ratio considered for the purpose of computation of tariff concerning the transmission asset for the 2024-29 tariff period is as follows:

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	5691.75	70.00	0.00	70.00	5691.75	70.00
Equity	2439.32	30.00	0.00	30.00	2439.32	30.00
Total	8131.07	100.00	0.00	100.00	8131.07	100.00

Depreciation

57. 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) Xxxxx

(11) Xxxxx

(12) Xxxxx”

58. 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.

59. 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)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Depreciation					
A	Opening Gross Block	8131.07	8131.07	8131.07	8131.07	8131.07
B	Addition during 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	8131.07	8131.07	8131.07	8131.07	8131.07
D	Average Gross Block (A+C)/2	8131.07	8131.07	8131.07	8131.07	8131.07
E	Average Capital Cost (90% depreciable assets)	8121.05	8121.05	8121.05	8121.05	8121.05
F	Average Capital Cost (100% depreciable assets)	10.03	10.03	10.03	10.03	10.03
G	Depreciable Value (excluding IT equipment and software) (E*90%)	7308.94	7308.94	7308.94	7308.94	7308.94
H	Depreciable Value of IT equipment and software (F*100%)	10.03	10.03	10.03	10.03	10.03
I	Total Depreciable Value (G+H)	7318.97	7318.97	7318.97	7318.97	7318.97
J	Weighted average rate of Depreciation (WAROD) (in %)	5.36%	5.35%	5.34%	5.26%	5.24%
K	Balance useful life of the asset (Year)	29	28	27	26	25
L	Elapsed life at the beginning of the year (Year)	6	7	8	9	10
N	Combined Depreciation during the year (D*J)	435.99	434.67	434.49	427.51	425.70
O	Cumulative Depreciation at the end of the year	3224.79	3659.46	4093.95	4521.46	4947.15



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
P	Remaining Aggregate Depreciable Value at the end of the year	4094.18	3659.51	3225.02	2797.51	2371.81

Interest on Loan (IoL)

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

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

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

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

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

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

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

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

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

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



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

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

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	5691.75	5691.75	5691.75	5691.75	5691.75
B	Cumulative Repayments up to Previous Year	2788.79	3224.78	3659.45	4093.94	4521.45
C	Net Loan-Opening (A-B)	2902.96	2466.97	2032.30	1597.81	1170.30
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	435.99	434.67	434.49	427.51	425.70
F	Net Loan-Closing (C+D-E)	2466.97	2032.30	1597.81	1170.30	744.60
G	Average Loan (C+F)/2	2684.96	2249.63	1815.05	1384.05	957.45
H	Weighted Average Rate of Interest on Loan (in %)	7.9200	7.8854	7.8399	7.9046	8.1185
I	Interest on Loan (G*H)	212.65	177.39	142.30	109.40	77.73

Return on Equity (RoE)

62. Regulations 30 and 31 of the 2024 Tariff Regulations provide as follows:

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

(2) Return on equity 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.”

63. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner’s submissions and have gone through the record.

64. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the transmission asset for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	2439.32	2439.32	2439.32	2439.32	2439.32
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2439.32	2439.32	2439.32	2439.32	2439.32
D	Average Equity (A+C)/2	2439.32	2439.32	2439.32	2439.32	2439.32
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	458.15	458.15	458.15	458.15	458.15

Operation & Maintenance Expenses (O&M Expenses)

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



(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	83.47	87.84	92.42	97.28	102.39

66. The norms specified under Regulation 36(3)(a) and Regulation 36(4) of the 2024 Tariff Regulations provide as follows:

“36. Operation and Maintenance Expenses:

...

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

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

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



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

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

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

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

.....”

67. 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 follows:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station Bays 400 kV (Conventional)					
Norms (₹ lakh/Bay)	29.53	31.08	32.71	34.43	36.23
No. of bays	1.00	1.00	1.00	1.00	1.00
O&M Expenses allowed for Transmission Line	29.53	31.08	32.71	34.43	36.23
RAPP 7 & 8 – Kota 400 D/C Line – DC Double Circuit (Twin Conductor)					
Norms (₹ lakh/km)	0.86	0.91	0.95	1.00	1.06
Length (km)	44.607	44.607	44.607	44.607	44.607
O&M Expenses allowed for Sub-stations	38.41	40.41	42.51	44.74	47.10
RAPP 7 & 8 – Kota D/C Line – MC Multi Circuit with two conductors					
Norms (₹ lakh/km)	1.51	1.59	1.67	1.76	1.85



Particulars					
	2024-25	2025-26	2026-27	2027-28	2028-29
Length (km)	9.998	9.998	9.998	9.998	9.998
O&M Expenses allowed for Sub-stations	15.09	15.88	16.71	17.59	18.51
RAPP 7 & 8 – Kota D/C Line – Single Circuit (Twin Conductor)					
Norms (₹ lakh/km)	0.49	0.52	0.55	0.57	0.60
Length (km)	0.905	0.905	0.905	0.905	0.905
O&M Expenses allowed for Sub-stations	0.45	0.47	0.49	0.52	0.55
Total O&M Expenses allowed (₹ in lakh)	83.47	87.84	92.42	97.28	102.39

Interest on Working Capital (IWC)

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

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

.....

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

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

(2)

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

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

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



69. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. 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 the FY 2024-25 to FY 2028-29.

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	6.96	7.32	7.70	8.11	8.53
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	12.52	13.18	13.86	14.59	15.36
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	149.22	145.20	141.38	136.64	133.48
D	Total Working Capital (A+B+C)	168.70	165.70	162.94	159.33	157.37
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on Working Capital (D*E)	20.07	19.72	19.39	18.96	18.73

Annual Fixed Charges for the 2024-29 Tariff Period

71. The Annual Fixed Charges allowed for the 2024-29 tariff period are summarized as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	435.99	434.67	434.49	427.51	425.70
Interest on Loan	212.65	177.39	142.30	109.40	77.73
Return on Equity	458.15	458.15	458.15	458.15	458.15
O & M Expenses	83.47	87.84	92.42	97.28	102.39
Interest on Working Capital	20.07	19.72	19.39	18.96	18.73
Total	1210.34	1177.77	1146.75	1111.30	1082.69



Filing Fee and Publication Expenses

72. The Petitioner has claimed reimbursement for the fee paid for filing the Petition and publication expenses. The Petitioner further submitted that it is entitled to recover the filing fee and the costs associated with publishing notices in the application for tariff approval, directly from the beneficiaries or long-term customers, as applicable, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

73. We have considered the Petitioner's submissions. The Petitioner is entitled to recover the fee paid for filing the petition and the expenses for publication directly from the beneficiaries or long-term customers, as the case may be.

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

74. 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.

75. 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.”

76. 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

77. 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

78. 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.

79. 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

80. The Petitioner has submitted that a separate Petition shall be filed for 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.

81. The Petitioner has also submitted that it has not claimed Insurance Expenses in the instant Petition and has submitted that it shall 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 FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated Insurance Expense for the FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.

82. The Petitioner has not claimed Capital Spares for the transmission asset in the instant Petition for the 2024-29 tariff period. Accordingly, the Petitioner has submitted that it shall 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.

83. 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.”

84. 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

85. The Petitioner has submitted that the trued-up tariff for the 2019-24 tariff period shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers. Further, the tariff for the 2024-29 tariff period shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

86. We have considered the Petitioner’s submissions. The billing, collection, and disbursement of the transmission charges for the transmission asset shall be recovered in terms of provisions of the 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.

87. To summarise:

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



	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	1349.41	1320.21	1289.11	1273.14	1258.03
Approved after true-up in this order	1349.04	1319.88	1288.80	1272.84	1257.73

b. Annual Fixed Charges allowed for the 2024-29 tariff period for the transmission asset in this order are follows:

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	1211.57	1178.93	1147.79	1112.08	1081.93
AFC Approved	1210.34	1177.77	1146.75	1111.30	1082.69

88. This order disposes of Petition No. 204/TT/2025, in terms of the above discussions and findings.

Sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Ramesh Babu V.)
Member

