

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 272/TT/2025

Coram:

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

Date of Order: 07.08.2025

In the matter of:

Petition for truing up of Transmission Tariff for 2019-24 and determination of Transmission Tariff for 2024-29 tariff period for Madurai-Trivandrum 400 kV D/C Transmission System in Southern Region under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under Regulation 15 (1) (a) and Regulation 23 of 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. Tamil Nadu Generation and Distribution Corporation Ltd,**
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600002
- 2. Kerala State Electricity Board Ltd (KSEBL),**
Vaidyuthi Bhavanam
Pattom, Thiruvananthapuram – 695004
- 3. Electricity Department,**
Government of Goa
Vidyuti Bhawan, Panaji, Goa – 403001



- 4. Electricity Department,**
Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai
Pondicherry – 605001
 - 5. Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL),**
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam, Andhra Pradesh
 - 6. Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL)**
#19-13-65/A, Srinivasapuram, Tiruchanoor Road
Tirupati – 517503, Andhra Pradesh
 - 7. Andhra Pradesh Central Power Distribution Company Limited (APCPDCL)**
Corporate Office, Beside Polytechnic College, ITI Road
Vijayawada – 520008, Krishna District, Andhra Pradesh
 - 8. Southern Power Distribution Company of Telangana Limited (TSSPDCL)**
6-1-50, Corporate Office, Mint Compound,
Hyderabad – 500063, Telangana
 - 9. Northern Power Distribution Company of Telangana Limited (TSNPDCL)**
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal – 506001, Telangana
 - 10. Bangalore Electricity Supply Company Limited, (BESCOM),**
Corporate Office, K.R.Circle
Bangalore – 560001, Karnataka
 - 11. Gulbarga Electricity Supply Company Limited, (GESCOM)**
Corporate Office, Station Main Road, Opp. Parivar Hotel,
Gulbarga (Kalburgi), Karnataka – 585102
 - 12. Hubli Electricity Supply Company Limited, (HESCOM)**
Navanagar, PB Road, HUBLI, Karnataka – 580025
 - 13. Mangalore Electricity Supply Company Limited, (MESCOM)**
Corporate Office, 1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore – 575004, Karnataka
 - 14. Chamundeswari Electricity Supply Corporation Limited, (CESC),**
Corporate Office, #29, Vijayanagara 2nd Stage,
Hinkal, Mysuru – 570017, Karnataka.
- ...Respondent(s)**



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, a deemed transmission licensee, for truing 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”) for the 2024-29 tariff period in respect of the transmission asset, namely, Madurai-Trivandrum 400 kV D/C Transmission System (hereinafter referred to as “the transmission asset”) under “Madurai-Trivandrum 400 kV D/C Transmission System” in the Southern Region. 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 14 and 15 above.

b)Admit the capital cost claimed, and additional capitalization incurred during 2019-24 and also allow the projected additional capitalization during 2024-29.

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 14 and 15 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 21 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 21 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 21 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 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

2. The brief facts of the case are as follows:

- a. The Investment Approval (IA) for the transmission asset was accorded by the Board of Directors of the Petitioner under Memo dated 22.11.2000 at an estimated cost of ₹19597.00 lakh, which included an Interest During Construction (IDC) of ₹2371.00 lakh. Revised Cost Estimate (RCE) was approved by the Board of Directors of the Petitioner as per Memorandum dated 30.1.2006 for ₹26003.00 lakh, including an IDC of ₹3422.00 lakh. Further, RCE-II was approved by the Board of Directors of the Petitioner vide Memorandum No. C/CP/PA2021-05-0H-RCE002 dated 2.9.2020 for ₹28906.00 lakh, including an IDC of ₹3323.00 lakh.



- b. The Petitioner has submitted Revised Cost Estimate-III vide affidavit dated 23.5.2025.
- c. The transmission asset was scheduled to be commissioned by October 2003 but was declared under commercial operation on 18.6.2005, with a time overrun of approximately 21 months, which was condoned by the Commission vide order dated 6.2.2007 in Petition No. 136/2006.
- d. The scope of work of the transmission system is as follows:
- Transmission Line:
- 400 kV D/C Madurai-Thiruvananthapuram Transmission Line.
- Sub-stations:
- i. 400/220 kV, Thiruvananthapuram Sub-station (New) with 2x315 MVA transformation capacity;
 - ii. 400 kV Madurai (Extension) Sub-station with associated bays.
- e. Provisional transmission tariff for the transmission asset from 1.8.2005 to 31.3.2009 was allowed vide order dated 13.2.2006 in Petition No. 137/2005. Tariff from 1.8.2005 to 31.3.2009, after accounting for ACE during 2005-06 was allowed vide order dated 6.2.2007 in Petition No. 136/2006. The transmission tariff so allowed was revised subsequently vide order dated 7.6.2007 in I.A. No. 19/2007 in Petition No. 136/2006 on account of some inadvertent mathematical errors in the computation of Interest on Loan (IoL) which also resulted in marginal adjustments in Interest on Working Capital (IWC).
- f. The tariff for the period from 1.4.2006 to 31.3.2009 was revised on account of ACE incurred during 2006-07 and 2007-08 vide order dated 17.6.2009 in Petition No. 45/2009. Thereafter, for the period from 1.4.2008 to 31.3.2009,



on account of ACE incurred during 2008-09, the tariff was further revised vide order dated 3.2.2010 in Petition No. 291/2009.

- g. Transmission tariff for the period from 1.4.2009 to 31.3.2014 was allowed vide order dated 20.10.2010 in Petition No. 116/2010 based on admitted capital cost of ₹25503.69 lakh as on 31.3.2009 in accordance with the 2009 Tariff Regulations. The tariff for the 2009-14 period was trued-up and the tariff for the period from 1.4.2014 to 31.3.2019 was allowed vide order dated 30.12.2015 in Petition No. 407/TT/2014.
- h. In the meantime, Petitioner sought (i) revision of transmission tariff allowed for the 2004-09 tariff period on account of change in IoL and IWC to the extent of revision in IoL and in Maintenance Spares in terms of the judgments of the Appellate Tribunal for Electricity (APTEL) dated 22.1.2007 in Appeal No. 81/2005 and batch matters and dated 13.6.2007 in Appeal No. 139/2006 and batch matters; (ii) consequential revision of transmission tariff allowed for the 2009-14 tariff period; (iii) truing up of tariff of the 2014-19 tariff period; and (iv) determination of transmission tariff of the 2019-24 tariff period for the transmission system.
- i. Following the Hon'ble Supreme Court's order dated 10.4.2018, upholding the APTEL's judgments dated 22.1.2007 and 13.6.2007, the Commission vide order dated 21.7.2021 in Petition No. 123/TT/2020, revised the transmission tariff for the 2004-09 and 2009-14 periods, trued up the tariff for the 2014-19 period and determined the tariff for the 2019-24 tariff period.

3. The Petitioner has filed the present Petition for the truing up of the transmission tariff for the 2019-24 tariff period and the determination of the tariff for the 2024-29 period for the transmission asset. The Respondents are distribution licensees,



transmission licensees and power utilities, who are procuring transmission services from the Petitioner, mainly beneficiaries of the Southern Region.

4. 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). No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. None of the Respondents has filed any reply in the matter.

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

6. This order is issued considering the submissions made by the Petitioner vide affidavits dated 19.10.2024, 16.4.2025 and 23.5.2025.

7. Having heard the representatives of the Petitioner 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

8. 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	468.21	484.97	497.22	502.23	511.08
Interest on Loan	310.18	283.48	255.35	229.13	204.40
Return on Equity	1549.79	1571.12	1586.30	1591.63	1600.50
Interest on Working Capital	67.43	64.25	60.92	61.79	71.74
O&M Expenses	743.93	770.34	797.39	825.64	853.96
Total	3139.54	3174.16	3197.18	3210.42	3241.68

9. 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	61.99	64.20	66.45	68.80	71.16
Maintenance Spares	111.59	115.55	119.61	123.85	128.09
Receivables	386.01	391.33	394.17	395.81	398.57
Total Working Capital	559.59	571.08	580.23	588.46	597.82
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	67.43	64.25	60.92	61.79	71.74

Cost-Overrun

10. The Petitioner has claimed capital cost of ₹28906.42 lakh as on 31.3.2019 and ₹30127.57 lakh in respect of the transmission asset as on 31.3.2024.

11. The total completion cost, including ACE (up to 31.3.2029), is ₹31749.03 lakh, and the approved cost as per RCE-II is ₹28906 lakh. Due to an increase in actual/anticipated cost, RCE-III has been approved by the Committee on Investment on Project (CoIP), of the Petitioner in its 148th meeting held on 19.5.2025 at ₹33287.00 lakh, including an IDC of ₹3323.00 lakh as per the scope of the project. Considering the RCE-III, the total completion cost is within the approved cost.

Capital Cost for the 2019-24 Tariff Period

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

13. The Commission vide order dated 21.7.2021 in Petition No. 123/TT/2020 allowed capital cost as on 31.3.2019 for the transmission asset and 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 allowed as on 1.4.2019	ACE	Capital Cost allowed as on 31.3.2024
	2019-24	
28906.42	0.00	28906.42



14. The Petitioner in the instant true-up Petition, based on the Auditor's certificate dated 14.9.2024, has claimed the following opening capital cost and actual ACE incurred for the 2019-24 tariff period:

Approved Cost as per RCE-III	Expenditure Up to 31.3.2019	Expenditure during the 2019-24 tariff period					Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
33287.00	28906.42	367.56	389.36	149.43	39.95	274.85	30127.57

15. The capital cost of ₹28906.42 lakh was approved by the Commission as on 31.3.2019 vide order dated 21.7.2021 in Petition No. 123/TT/2020 and accordingly the same has been considered as opening capital cost as on 1.4.2019 for the purpose of truing up of transmission tariff for the 2019-24 tariff period in accordance with Regulation 19 (3)(a) of the 2019 Tariff Regulations.

Additional Capital Expenditure (ACE)

16. The Petitioner has claimed the following ACE in respect of the transmission asset based on the actual expenditure in accordance with Regulations 25(1)(a) of the 2019 Tariff Regulations:

Particulars	Regulations	(₹ in lakh)
		Actual ACE
Liabilities to meet the award of arbitration or for compliance with the directions or order of any statutory authority, or order or decree of any court of law.	25(1)(a) of the 2019 Tariff Regulations	1221.15
Total		1221.15

17. The vendor-wise details of ACE claimed by the Petitioner for the transmission asset are as follows:



(₹ in lakh)

Sl. No.	Head wise/ Party wise	Particulars	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	Discharge					
					2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	Compensation	Freehold Land	1.8.2005	49.18	0.00	49.18	0.00	0.00	0.00	49.18
2		Transmission Line	1.8.2005	2793.43	367.56	340.18	149.43	39.95	274.85	1171.97
				2842.61	367.56	389.36	149.43	39.95	274.85	1221.15

18. The Petitioner has claimed ₹1221.15 lakh as ACE in the 2019-24 tariff period for Right of Way (RoW) issues.

19. The RoW issues existed in Kollam and Trivandrum, Kerala, where the Petitioner was directed by the Hon'ble High Court and the Hon'ble Supreme Court of India to pay compensation for trees, crops, and land value diminution. Based on the judgments of these courts, the District Courts awarded or increased the initial compensation for trees and crops using the multiplier method. In cases of land value diminution, landowners received up to 100% of the land value where towers had been erected. The Petitioner either complied with or challenged these compensation awards before the Hon'ble High Court through Civil Revision Petitions (CRPs). Among several CRPs filed against the District Court's enhancement orders, 86 remain pending before the Hon'ble High Court of Kerala. To prevent the execution of these orders or attachment of the Petitioner's movable assets and bank accounts, the Petitioner has been depositing the required payments with the District Court. Those orders deemed to be reasonably enhanced have been complied with, and the corresponding amounts were released to the respective landowners.

20. The Commission directed the Petitioner to submit a reconciliation of the ACE claimed during the 2019-24 tariff period vide Technical Validation letter dated 11.4.2025.



21. In response, the Petitioner has submitted the reconciliation of ACE claimed vide affidavit dated 16.4.2025 and has stated that the ACE beyond the cut-off date is due to liabilities arising from meeting an arbitration award, complying with directions or orders of any statutory authority, or orders or decrees of any court of law, and that these have been claimed in accordance with Regulation 25(1)(a) of the 2019 Tariff Regulations.

22. We have considered the Petitioner's submissions. The ACE claimed during the 2019-24 tariff period relates to liabilities to satisfy the arbitration award or to comply with the directions or order of any statutory authority, or order or decree of any court of law, for the purpose of tariff under Regulation 25(1)(a) of the 2019 Tariff Regulations.

23. In view of the above, the capital cost and ACE allowed for the truing-up of the tariff for the 2019-24 tariff period regarding the transmission asset are as follows:

(₹ in lakh)			
Apportioned Approved Cost as per RCE-III	Capital Cost allowed as on 1.4.2019	Allowed ACE	Capital Cost as on 31.3.2024
		2019-24	
33287.00	28906.42	1221.15	30127.57

Debt-Equity ratio

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

(₹ in lakh)						
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	20710.06	71.65	854.81	70.00	21564.87	71.58
Equity	8196.36	28.35	366.35	30.00	8562.71	28.42
Total	28906.42	100.00	1221.15	100.00	30127.57	100.00



Depreciation

25. 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 calculated for the transmission asset as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations. We observe that the Petitioner has segregated the transmission line capital cost into Transmission Line and OPGW, resulting in a Weighted Average Life of 32 years. Further, the transmission asset had completed 12 years of life as on 1.4.2018, i.e. prior to the tariff period under consideration. Thus, with the aim of not disturbing the balance useful life, the Weighted Average Life of 33 years, as worked out vide order dated 21.7.2021 in Petition No. 123/TT/2020, has been retained. Resultantly, the remaining depreciable value of ₹8721.74 lakh as on 1.4.2018 has been spread over the balance useful life of the transmission asset in accordance with the 2019 Tariff Regulations.

26. 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	28906.62	29274.18	29663.54	29812.97	29852.92
B	Addition during 2019-24 due to ACE	367.56	389.36	149.43	39.95	274.85
C	Closing Gross Block (A+B)	29274.18	29663.54	29812.97	29852.92	30127.77
D	Average Gross Block (A+C)/2	29090.40	29468.86	29738.26	29832.95	29990.35
E	Average Capital Cost (90% depreciable assets)	29090.40	29468.86	29738.26	29832.95	29990.35
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	25722.54	26041.02	26261.35	26346.57	26488.23
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	25722.54	26041.02	26261.35	26346.57	26488.23
J	Freehold Land	509.80	534.39	558.98	558.98	558.98
K	Weighted average rate of Depreciation (WAROD) (in %)	Spread over Depreciation				
L	Balance useful life of the asset	20	19	18	17	16



	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
M	Elapsed life at the beginning of the year	13	14	15	16	17
N	Combined Depreciation during the year (D*K)	468.21	484.97	497.21	502.22	511.08
O	Cumulative Depreciation at the end of the year	16826.61	17311.58	17808.79	18311.01	18822.09
P	Remaining Aggregate Depreciable Value at the end of the year	8895.93	8729.44	8452.56	8035.56	7666.14

27. The details of depreciation approved vide order dated 21.7.2021 in Petition No. 123/TT/2020 in respect of the transmission asset; depreciation claimed by the Petitioner in the instant Petition and trued up depreciation allowed for the transmission asset in the instant order are as follows:

	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020	459.93	459.93	459.93	459.93	459.93
Claimed by the Petitioner in the instant Petition	468.21	484.97	497.22	502.23	511.08
Approved after true-up in this order	468.21	484.97	497.21	502.22	511.08

Interest on Loan (IoL)

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

29. We have considered the Petitioner's submissions. 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:

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	20710.06	20967.35	21239.90	21344.51	21372.47
B	Cumulative Repayments upto Previous Year	16544.72	17012.93	17497.90	17995.11	18497.33



Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
C	Net Loan-Opening (A-B)	4165.34	3954.42	3742.00	3349.40	2875.14
D	Additions	257.29	272.55	104.60	27.97	192.40
E	Repayment during the year	468.21	484.97	497.21	502.22	511.08
F	Net Loan-Closing (C+D-E)	3954.42	3742.00	3349.40	2875.14	2556.46
G	Average Loan (C+F)/2	4059.88	3848.21	3545.70	3112.27	2715.80
H	Weighted Average Rate of Interest on Loan (in %)	7.6401	7.3666	7.2017	7.3621	7.5262
I	Interest on Loan (G*H)	310.18	283.48	255.35	229.13	204.40

30. The details of IoL allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020 for the transmission asset; IoL claimed by the Petitioner in the instant Petition and true-up IoL allowed for the transmission asset in the instant order are as follows:

	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020	301.90	263.32	226.16	190.53	155.93
Claimed by the Petitioner in the instant Petition	310.18	283.48	255.35	229.13	204.40
Approved after true-up in this order	310.18	283.48	255.35	229.13	204.40

Return on Equity (RoE)

31. The Petitioner has stated 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, with income assessed under MAT (section 115 JB 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 (as submitted in Petition No. 401/TT/2024).

32. 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

33. The Petitioner has submitted that the Income Tax assessment has been completed, and assessment orders have been issued by the Income Tax Department for FYs 2019-20 and 2020-21. Further, the Income Tax Assessment for FYs 2021-22, 2022-23, and 2023-24 are in progress with the Income Tax Authorities. The assessment orders for FYs 2019-20 and 2020-21, and ITRs for FYs 2021-22, 2022-23 and 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024. Further, the Income Tax Return for FY 2023-24 has now been filed, and accordingly, the revised computation of the effective tax percentage is as under:

Financial Year	Basis considered	Total Tax & Interest paid (₹)	Assessed MAT Income under Sec 115JB (₹)	Effective Tax Percentage (in %)	Grossed up ROE (Base rate/(1-t)) (in %)
2019-20	Assessment Order	24526276991	140374753855	17.472	18.782
2020-21	Assessment Order	26089359008	149320965036	17.472	18.782
2021-22	Actual Tax paid	31814640406	182089288030	17.472	18.782
2022-23	Actual Tax paid	30428820993	174157629306	17.472	18.782
2023-24	Actual Tax paid	31321238737	179265331597	17.472	18.782

34. The Petitioner has requested to allow it to claim the differential tariff on account of the trued-up RoE based on the effective tax rate calculated on completion of Income Tax assessment/re-assessment for FYs 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on receipt of the respective assessment orders, directly from the beneficiaries on a year-to-year basis as provided in the regulation.



35. 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 IT Act, 1961, 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 is 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

36. Accordingly, the trued-up RoE allowed in respect of 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
	Return on Equity					
A	Opening Equity	8196.36	8306.63	8423.44	8468.27	8480.25
B	Additions	110.27	116.81	44.83	11.99	82.46
C	Closing Equity (A+B)	8306.63	8423.44	8468.27	8480.25	8562.71
D	Average Equity (A+C)/2	8251.49	8365.03	8445.85	8474.26	8521.48
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)	1549.80	1571.12	1586.30	1591.64	1600.50

37. The details of RoE approved vide order dated 21.7.2021 in Petition No. 123/TT/2020 for the transmission asset; RoE claimed by the Petitioner in the instant Petition and trued-up RoE allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020	1539.44	1539.44	1539.44	1539.44	1539.44
Claimed by the Petitioner in the instant Petition	1549.79	1571.12	1586.30	1591.63	1600.50
Approved after true-up in this order	1549.80	1571.12	1586.30	1591.64	1600.50

Operation & Maintenance Expenses (O&M Expenses)

38. The Petitioner in the instant true-up Petition has claimed the following O&M Expenses for the transmission asset:

(₹ in lakh)

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	743.93	770.34	797.39	825.64	853.96

39. We have considered the Petitioner's submissions. 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
400 kV Sub-station ICT					
Norms (₹ lakh/MVA)	0.358	0.371	0.384	0.398	0.411
O&M expenses allowed for 2x315 MVA ICTs	225.54	233.73	241.92	250.74	258.93
Sub-station Bays 400kV (Conventional)					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
O&M expenses allowed for Sub-station (6 Bays)	192.90	199.68	206.70	213.96	221.46
Sub-station Bays 220 kV (Conventional)					
Norms (₹ lakh/Bay)	22.51	23.30	24.12	24.96	25.84
O&M expenses allowed for Sub-station (6 Bays)	135.06	139.80	144.72	149.76	155.04
Transmission Line Madurai – Thiruvananthapuram 400 kV (Conventional)					
Norms (₹ lakh/km)	0.881	0.912	0.944	0.977	1.011
O&M expenses allowed for 216.15 km D/C TL	190.43	197.13	204.05	211.18	218.53
Total O&M Expenses allowed (₹ in lakh)	743.93	770.34	797.39	825.64	853.96

40. Accordingly, the details of O&M Expenses approved vide order dated 21.7.2021 in Petition No. 123/TT/2020; O&M claimed by the Petitioner in the instant Petition and trued-up O&M Expenses allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020	747.86	774.27	801.32	829.57	857.89
Claimed by the Petitioner in the instant Petition	743.93	770.34	797.39	825.64	853.96
Approved after true-up in this order	743.93	770.34	797.39	825.64	853.96

Interest on Working Capital (IWC)

41. 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, 10.50% (SBI 1-year MCLR applicable as on 1.4.2022 of 7.00% plus 350 basis points) for 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.

42. The components of the working capital and interest allowed thereon for the transmission asset for the 2019-24 tariff period 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)	61.99	64.19	66.45	68.80	71.16
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	111.59	115.55	119.61	123.85	128.09
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	386.01	391.33	394.17	395.80	398.57
D	Total Working Capital (A+B+C)	559.59	571.08	580.23	588.45	597.82
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)	67.43	64.25	60.92	61.79	71.74

43. The details of IWC allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020 for the transmission asset; IWC claimed by the Petitioner in the instant Petition and trued-up IWC allowed in the instant order concerning the transmission asset are as follows:



	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020	67.03	63.17	59.44	60.04	60.55
Claimed by the Petitioner in the instant Petition	67.43	64.25	60.92	61.79	71.74
Approved after true-up in this order	67.43	64.25	60.92	61.79	71.74

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

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

	(₹ in lakh)					
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Annual Transmission Charges					
A	Depreciation	468.20	484.96	497.20	502.21	511.07
B	Interest on Loan	310.18	283.48	255.35	229.13	204.40
C	Return on Equity	1549.80	1571.12	1586.30	1591.64	1600.50
D	Interest on Working Capital	743.93	770.34	797.39	825.64	853.96
E	O & M Expenses	67.43	64.25	60.92	61.79	71.74
F	Total (A+B+C+D+E)	3139.54	3174.15	3197.16	3210.41	3241.67

45. The details of AFC allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020 for transmission asset, AFC claimed by the Petitioner in the instant Petition, and trued-up AFC allowed for the transmission asset in the instant order are as follows:

	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 21.7.2021 in Petition No. 123/TT/2020	3112.23	3096.19	3082.36	3075.58	3069.81
Claimed by the Petitioner in the instant Petition	3139.54	3174.16	3197.18	3210.42	3241.68
Approved after true-up in this order	3139.54	3174.15	3197.16	3210.41	3241.67

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

46. 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	529.51	567.53	611.90	628.37	628.36
Interest on Loan	181.50	171.13	160.14	126.38	80.83
Return on Equity	1617.80	1651.12	1687.24	1699.61	1699.61
Interest on Working Capital	62.77	65.16	67.73	69.15	70.35
O&M Expenses	652.37	686.69	722.35	760.13	800.65
Total	3043.95	3141.63	3249.36	3283.64	3279.80

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

(₹ in lakh)

Particulars					
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	54.36	57.22	60.20	63.34	66.72
Maintenance Spares	97.86	103.00	108.35	114.02	120.10
Receivables	375.28	387.32	400.61	403.73	404.36
Total Working Capital	527.50	547.54	569.16	581.09	591.18
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	62.77	65.16	67.73	69.15	70.35

Capital Cost

48. 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.”

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

(₹ in lakh)		
Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
	2024-29	
30127.57	1621.46	31749.03

50. We have considered the Petitioner's submissions. 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 ₹30127.57 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)

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

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

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

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*

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- (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”

52. The vendor-wise details of ACE claimed by the Petitioner for the transmission asset are as follows:

(₹ in lakh)

Headwise/ Partywise	Particulars	Year of Actual Capitalization	Outstanding Liability as on 31.3.2024	Phasing of Liability			
				2024- 25	2025- 26	2026- 27	Total
Compensation	Transmission Line	1.8.2005	1621.46	339.32	843.24	438.90	1621.46
			1621.46	339.32	843.24	438.90	1621.46

53. The details of ACE claimed by the Petitioner for the transmission asset are as under:

(₹ in lakh)

Particulars	Regulations	Actual ACE
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	25(1)(a) of the 2024 Tariff Regulations	1621.46
Total		1621.46

54. The Petitioner has claimed ACE of ₹1621.46 lakh for the transmission asset for the 2024-29 tariff period under Regulations 25(1)(a) of the 2024 Tariff Regulations due to liabilities related to award of arbitration, compliance with directions or orders of any statutory authority, or court orders or decrees. The details are summarised as follows:

(₹ in lakh)

Approved cost as per RCE-III/ RCE- III	Expenditure up to 31.3.2024	ACE (2024-29)			Estimated completion cost as on 31.3.2029
		2024-25	2025-26	2026-27	
33287.00	30127.57	339.32	843.24	438.90	31749.03



55. The Petitioner has claimed ₹1621.46 lakh as ACE in 2024-29 tariff period on account of RoW issues. The RoW issues have already been discussed above in this order.

56. The Commission, vide TV letter dated 11.4.2025, directed the Petitioner to submit a reconciliation of the ACE claimed in the 2024-29 tariff period.

57. In response, the Petitioner has submitted the reconciliation of ACE claimed vide affidavit dated 16.4.2025 and has stated that the ACE beyond the cut-off date is on account of liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law, and the same has been claimed in accordance with Regulation 25(1)(a) of the 2024 Tariff Regulations.

58. We have considered the Petitioner's submissions. The claimed ACE towards compensation during the 2024-29 tariff period is beyond the cut-off date, but it is towards liabilities to meet the award of arbitration or for compliance with the directions or order of any statutory authority, or order or decree of any court of law. As such, such expenditure is permissible for the purpose of tariff in terms of Regulation 25(1)(a) of the 2024 Tariff Regulations. Accordingly, the ACE allowed is summarised as follows:

(₹ in lakh)		
Particulars	Regulations	Actual ACE
Liabilities to meet the award of arbitration or for compliance with the directions or order of any statutory authority, or order or decree of any court of law	25(1)(a) of the 2024 Tariff Regulations	1621.46
Total		1621.46

59. The total capital expenditure as on 31.3.2029 is within the RCE-III apportioned approved cost of ₹33287.00 lakh. Accordingly, ACE for the 2024-29 tariff period and the capital cost as on 31.3.2029 for the transmission asset is allowed as follows:



(₹ in lakh)				
Capital Cost admitted as on 1.4.2024 (A)	ACE allowed for 2024-29 (B)			Capital Cost allowed as on 31.3.2029 (C=A+B)
	2024-25	2025-26	2026-27	
30127.57	339.32	843.24	438.90	31749.03

Debt-Equity ratio

60. 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 1.4.2024, 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.”

61. 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 for 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	21564.87	71.58	1135.02	70.00	22699.89	71.49
Equity	8562.71	28.42	486.44	30.00	9049.14	28.51
Total	30127.57	100.00	1621.46	100.00	31749.03	100.00

Depreciation

62. 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”

63. 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. As discussed above in this order, the transmission asset has completed 12 years of life as on 1.4.2018, and the remaining depreciable value of ₹8721.74 lakh as on 1.4.2018 has been spread over the balance useful life of the transmission asset in accordance with the 2019 Tariff Regulations.

64. 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	30127.57	30466.89	31310.13	31749.03	31749.03
B	Addition during 2024-29 due to ACE	339.32	843.24	438.90	0.00	0.00
C	Closing Gross Block (A+B)	30466.89	31310.13	31749.03	31749.03	31749.03
D	Average Gross Block (A+C)/2	30297.23	30888.51	31529.58	31749.03	31749.03
E	Average Capital Cost (90% depreciable assets)	30297.23	30888.51	31529.58	31749.03	31749.03
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	26764.43	27296.58	27873.54	28071.05	28071.05
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	26764.43	27296.58	27873.54	28071.05	28071.05
J	Freehold Land	558.98	558.98	558.98	558.98	558.98
K	Weighted average rate of Depreciation (WAROD) (in %)	Spreading over of Depreciation				
L	Balance useful life of the asset	15	14	13	12	11
M	Elapsed life at the beginning of the year	18	19	20	21	22
N	Combined Depreciation during the year (D*K)	529.49	567.50	611.88	628.34	628.34



		2024-25	2025-26	2026-27	2027-28	2028-29
	Particulars					
O	Cumulative Depreciation at the end of the year	19351.58	19919.08	20530.96	21159.30	21787.64
P	Remaining Aggregate Depreciable Value at the end of the year	7412.84	7377.50	7342.58	6911.75	6283.41

Interest on Loan (IoL)

65. 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.”

66. 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	21564.87	21802.39	22392.66	22699.89	22699.89
B	Cumulative Repayments upto Previous Year	19008.41	19537.90	20105.40	20717.28	21345.62
C	Net Loan-Opening (A-B)	2556.45	2264.49	2287.26	1982.61	1354.27
D	Additions	237.52	590.27	307.23	0.00	0.00
E	Repayment during the year	529.49	567.50	611.88	628.34	628.34
F	Net Loan-Closing (C+D-E)	2264.49	2287.26	1982.61	1354.27	725.93
G	Average Loan (C+F)/2	2410.47	2275.87	2134.93	1668.44	1040.10
H	Weighted Average Rate of Interest on Loan (in %)	7.5296	7.5193	7.5013	7.5751	7.7728
I	Interest on Loan (G*H)	181.50	171.13	160.15	126.39	80.84

Return on Equity (RoE)

67. 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.”

68. The Petitioner has submitted that the MAT rate applies to it.
69. We have considered the Petitioner’s submissions and have gone through the record.
70. 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	8562.71	8664.50	8917.47	9049.14	9049.14
B	Additions	101.80	252.97	131.67	0.00	0.00
C	Closing Equity (A+B)	8664.50	8917.47	9049.14	9049.14	9049.14
D	Average Equity (A+C)/2	8613.60	8790.99	8983.31	9049.14	9049.14
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)	1617.81	1651.12	1687.24	1699.61	1699.61



Operation & Maintenance Expenses (O&M Expenses)

71. The O&M Expenses claimed by the Petitioner concerning 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
O&M Expenses	652.37	686.69	722.35	760.13	800.65

72. 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.

.....”

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 follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
400 kV Sub-station ICT					
Norms (₹ lakh/MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses allowed for 2x315 MVA ICTs	165.06	173.88	182.70	192.15	202.86
Sub-station Bays 400 kV (Conventional)					
Norms (₹ lakh/Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses allowed for Sub-station Bays (6 Nos.)	177.18	186.48	196.26	206.58	217.38
Sub-station Bays 220 kV (Conventional)					
Norms (₹ lakh/Bay)	20.67	21.75	22.90	24.10	25.36
O&M Expenses allowed for Sub-station Bays (6 Nos)	124.02	130.50	137.40	144.60	152.16
Transmission Line Madurai – Thiruvananthapuram 400 kV (Conventional)					
Norms (₹ lakh/km)	0.861	0.906	0.953	1.003	1.056
O&M Expenses allowed for 216.15	186.11	195.83	205.99	216.80	228.25



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
km D/C Transmission Line					
Total O&M Expenses allowed (₹ in lakh)	652.37	686.69	722.35	760.13	800.65

Interest on Working Capital (IWC)

74. 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.”

75. 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 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 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)	54.36	57.22	60.20	63.34	66.72
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	97.85	103.00	108.35	114.02	120.10
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	375.28	387.32	400.60	403.72	404.36
D	Total Working Capital (A+B+C)	527.50	547.55	569.15	581.09	591.18
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)	62.77	65.16	67.73	69.15	70.35

Annual Fixed Charges of the 2024-29 Tariff Period

77. The Annual Fixed Charges allowed for the 2024-29 tariff period concerning the transmission asset are summarised as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	529.49	567.50	611.88	628.34	628.34
Interest on Loan	181.50	171.13	160.15	126.39	80.84
Return on Equity	1617.81	1651.12	1687.24	1699.61	1699.61
Interest on Working Capital	62.77	65.16	67.73	69.15	70.35
O & M Expenses	652.37	686.69	722.35	760.13	800.65
Total	3043.94	3141.60	3249.35	3283.61	3279.80

Filing Fee and Publication Expenses

78. The Petitioner has claimed reimbursement for the fee paid for filing the Petition and publication expenses. The Petitioner has also submitted that it is entitled to recover the filing fee and expenses incurred for publishing notices in the application for approval of tariff, directly from the beneficiaries or the long-term customers, as appropriate, 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 fee paid for filing the Petition and publication expenses incurred on this account, 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, according to Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the CTUIL may be allowed separately through a separate regulation. The Petitioner further states that, in the absence of such regulation, the expenses of CTUIL will be borne by the Petitioner, who will recover them 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 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.

87. 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 the 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.

88. 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.

89. 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."

90. 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

91. 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.

92. 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 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.

93. 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	3139.54	3174.16	3197.18	3210.42	3241.68
Approved after true-up in this order	3139.54	3174.15	3197.16	3210.41	3241.67

- 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	3043.95	3141.63	3249.36	3283.64	3279.80
AFC Approved	3043.94	3141.60	3249.35	3283.61	3279.80

94. This order disposes of Petition No. 272/TT/2025, in terms of the above discussions and findings.

sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Ramesh Babu V.)
Member

