

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 28/TT/2025

Coram:

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

Date of Order: 20.08.2025

In the matter of:

Petition 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 the Central Electricity Regulatory Commission (Terms and Conditions of Tariff Regulations), 2019, for truing up of the transmission tariff for the 2019-24 tariff period, and under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff Regulations), 2024, for the determination of the transmission tariff for the 2024-29 tariff period for the Combined Assets under ERSS-IV in the Eastern Region.

And

In the matter of:

Power Grid Corporation of India Limited,
Registered office: B-9, Qutub Institutional Area,
Katwaria Sarai, New Delhi 110016
Corporate Centre: "Saudamini", Plot No. 2,
Sector-29, Gurgaon-122001 (Haryana).

...Petitioner

Versus

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



4. **Damodar Valley Corporation,**
DVC Tower, Maniktala Civic Centre,
VIP Road, Calcutta - 700 054,
5. **Power Department,**
Govt. Of Sikkim, Gangtok - 737 101.
6. **Jharkhand Bijli Vitran Nigam Limited,**
Engineering Building, H.E.C., Dhurwa,
Ranchi – 834004.

...Respondents

For Petitioner: Ms. Suchitra Rani Gautam, PGCIL

For Respondents: None

ORDER

The Petitioner, Power Grid Corporation of India Limited (PGCIL), has filed the present Petition for the truing-up of the transmission tariff for the 2019-24 period, in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”), and for the determination of transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) concerning the transmission assets under the Eastern Region Strengthening Scheme-IV (ERSS-IV) in the Eastern Region.

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

“

- a) Approve the trued up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 12 and 13 above.
- b) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.
- c) 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.



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

e) 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.

f) Allow the Initial spares claimed as project as a whole.

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 19 above.

h) Allow the petitioner to claim the insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 19 above.

i) Allow the petitioner to claim the capital spares at the end of tariff block as per actual as mentioned at Para 19.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.

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

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

Background

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

(a) The Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner vide letter dated 13.7.2011, at an estimated cost of ₹6036.00 lakh, including an IDC of ₹245.00 lakh (based on the 2nd quarter, 2011 price level).

(b) The details of the transmission assets for the transmission project as per IA are as under:

Sub-station:

- 1 No 400 kV Bay at Patna Substation
- 1 No 400 kV Bay at Ranchi Substation
- 2 Nos 132 kV ICT-I & II Bays at Malda Substation
- 1 No 220 kV ICT Bay at Siliguri Substation
- 1 No 132 kV ICT Bays at Siliguri Substation
- 1 No 160 MVA, 220 kV ICT-I at Malda Substation
- 1 No 160 MVA, 220 kV ICT-II at Malda Substation
- 1 No 160 MVA, 220 kV ICT at Birpara Substation

- 1 No 160 MVA, 220 kV ICT at Siliguri Substation

(c) The details of transmission assets covered in this Petition and their commercial operation dates (CODs) are as under:

Sr. No.	Asset Name	COD	Previous Petition
1	Asset-A: 400 kV, 125 MVAR Bus Reactor along with associated bays at Patna Substation;	1.4.2013	The Commission vide its order dated 15.10.2014 in Petition No. 40/TT/2013, allowed the transmission tariff for the 2009-14 tariff period.
2	Asset B: 400 kV, 125 MVAR Bus Reactor along with associated bays at Ranchi Substation;	1.3.2013	
3	Asset C: 160 MVA Transformer (1st) and associated bays at Malda Substation;	1.3.2013	The Commission vide its order dated 6.1.2015 in Petition No. 206/TT/2012 determined the tariff for the 2009-14 tariff period.
4	Asset D: 160 MVA Transformer (2nd) and associated bays at Malda Substation;	1.2.2013	
5	Asset E: 01 No. 400 kV bay at Malda Substation;	1.11.2013	
6	Asset F: 160 MVA Transformer and associated bays at 220/132 kV Birpara Substation;	1.2.2013	
7	Asset G: 160 MVA Transformer and associated bays at 220/132 kV Siliguri Substation.	1.1.2013	
	Combined Assets C to G	6.3.2013 (Effective)	

(d) The annual transmission charges for Assets-A and B for the 2014-19 tariff period were approved by the Commission vide order dated 20.2.2016 in Petition No. 102/TT/2015, and for Assets-C to G, the annual fixed charges (AFC) for the 2014-19 tariff period were approved vide order dated 9.10.2018 in Petition No. 113/TT/2017. The Commission, vide order dated 4.6.2020 in Petition No. 52/TT/2020, trued up the AFC for the 2014-19 tariff period in respect of Assets-A and B, and Assets-C to G, as well as determined the AFC for the Combined Assets (Asset-A to G with effective COD as 9.3.2013) for the 2019-24 tariff period.

(e) Further, in compliance with the directions of the Commission vide order dated 20.1.2025 in Petition No. 93/TT/2023, the Petitioner vide affidavit dated 7.3.2025 has

included the truing up of the transmission tariff for the 2019-24 tariff period and determination of the transmission tariff for the 2024-29 tariff period in respect of “*Shifting of 400 kV, 125 MVAR Bus Reactor to Patna end in 400 kV Barh-II line at Patna Substation as switchable line reactor along with associated bay under ERSS-IV*” in the instant Petition as Asset-2 and modified the details of assets covered under the present truing up Petition which are as follows:

Asset No.	Asset Name	COD
Asset-1	Combined Assets (Comprising Assets-A to G)	ECOD: 9.3.2013
Asset-2	Shifting of 400 kV, 125 MVAR Bus Reactor to Patna end in 400 kV Barh-II line at Patna Substation as switchable line reactor along with associated bay.	2.4.2020

In this Petition, the Petitioner has combined the Assets A to G, and they have been collectively referred to in this order as ‘Asset-1’. Further, Assets-1 and 2 in this order are collectively referred to as the ‘transmission assets’.

4. The Respondents are Distribution Licensees and Power Departments that procure transmission services from the Petitioner and are mainly the beneficiaries of the Eastern Region.

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

6. The hearing in the matter was held on 20.6.2025, and the order was reserved. This order has been issued considering the submissions made by the Petitioner in the Petition vide affidavits dated 5.9.2024, 7.3.2025, 1.5.2025, and 7.7.2025. Having heard the Petitioner’s representative and perusing the material available on record, we proceed to dispose of the Petition.

TRUING-UP OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD

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



Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	250.16	250.16	250.16	250.16	284.42
Interest on Loan	157.17	134.15	112.77	90.99	68.17
Return on Equity	266.96	266.96	266.96	266.96	263.83
Interest on Working Capital	22.86	21.46	20.14	20.26	23.20
O&M Expenses	291.85	302.34	313.03	323.85	334.82
Total	989.00	975.07	963.06	952.22	974.44

Asset-2

(₹ in lakh)				
Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
Depreciation	10.99	12.15	12.57	12.57
Interest on Loan	11.01	11.15	10.60	9.69
Return on Equity	11.73	12.97	13.41	13.41
Interest on Working Capital	1.82	1.78	1.83	2.14
O&M Expenses	33.19	34.45	35.66	36.91
Total	68.74	72.50	74.07	74.72

8. The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the transmission assets for the 2019-24 tariff period:

Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	24.32	25.20	26.09	26.99	27.96
Maintenance Spares	43.78	45.35	46.95	48.58	50.33
Receivables	121.60	120.21	118.73	117.40	116.14
Total Working Capital	189.70	190.76	191.77	192.97	194.43
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	22.86	21.46	20.14	20.26	23.33

Asset-2

(₹ in lakh)				
Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
O&M Expenses	2.77	2.87	2.97	3.08
Maintenance Spares	4.99	5.17	5.35	5.54
Receivables	8.50	8.94	9.13	9.19
Total Working Capital	16.26	16.98	17.45	17.81
Rate of Interest (in %)	11.25	10.50	10.50	12.00
Interest on Working Capital	1.83	1.78	1.83	2.14



Capital Cost as on 1.4.2019 in respect of Asset-1 and as on COD, i.e. on 2.4.2020 for Asset-2

9. The Commission vide its order dated 4.6.2020 in Petition No. 52/TT/2020 and order dated 20.1.2025 in Petition No. 93/TT/2023, has approved the capital costs as on 31.3.2019/COD of ₹4737.94 lakh and ₹195.13 lakh for Assets-1 and 2, respectively. The same capital costs have been considered as the opening capital cost as of 1.4.2019 in the case of Asset-1, and reinstated as the opening capital cost as on COD (i.e., on 2.4.2020) in the case of Asset-2, for the purpose of the truing-up of the transmission tariff for the 2019-24 tariff period, in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

Additional Capital Expenditure (ACE) / De-capitalization

10. The Commission vide its order dated 4.6.2020 in Petition No. 52/TT/2020, has considered “Nil” Additional Capital Expenditure (ACE) for the 2019-24 tariff period regarding Asset-1, whereas ACE of ₹55.72 lakh has been considered for Asset-2 in the order dated 20.1.2025 in Petition No. 93/TT/2023.

A. Asset -1

11. The Petitioner vide affidavit dated 1.5.2025 filed in the present Petition, has claimed the de-capitalisation of ₹111.26 lakh due to the upgradation of Malda Substation from AIS to GIS, including the addition of 2 Nos. 132 kV GIS bays at Malda Substation under ERSS-22 (Petition No. 396/TT/2024). The details of de-capitalisation as provided by the Petitioner are as follows:

(₹ in lakh)

Sr. No. (1)	Date/ Year of Decapitalisation	Work/Equipment Proposed to be Decapitalised	Year Capitalisation of Asset/Equipment being Decapitalised	Original Book Value of the Asset being Decapitalized	Cumulative Depreciation Corresponding to Decapitalisation	Cumulative Repayment of Loan Corresponding to Decapitalisation	Net Book Value
1	24.03.2024	Circuit Breaker-SS Items	2013	58.99	32.61	32.61	26.38
2	24.03.2024	CT-SS Item	2013	13.87	7.87	7.87	6.00
3	24.03.2024	CVT SS Item	2013	13.90	8.06	8.06	5.84
4	24.03.2024	ISOLATOR-SS ITEM	2013	24.50	14.40	14.40	10.10
		TOTAL		111.26	62.94	62.94	48.32



12. The Commission, vide its Record of Proceedings (RoP) for the hearing dated 20.6.2025, directed the Petitioner to submit clarification that it has indeed claimed the de-capitalisation of ₹111.26 lakh against 4 Nos. of substation equipment (CB, CT, CVT, and Isolators) due to the upgradation of 2 Nos. 132 kV AIS to GIS bays at Malda Sub-station. The Petitioner was further directed to explain the reason for the de-capitalisation of only 4 Nos. of substation equipments instead of all equipments associated with the 132 kV AIS bay, except for 160 MVA ICT, along with the original Form-5 for the 2 Nos. 132 kV, 160 MVA ICT-1, and the 2nd bay (AIS) at Malda Sub-station, which were capitalised in 2013 in Petition No. 206/TT/2012.

13. In response, the Petitioner vide affidavit dated 7.7.2025 has made the following submissions and the same are extracted as follows:

“the AIS bay consists primarily of CB, CT, CVT, Isolator and LA. In case of bay upgradation from AIS to GIS, generally CB, CT, CVT, and Isolators are replaced as the same are part of upgraded GIS Module. However, the existing LA is generally utilized in the upgraded bay. In the instant case of 132 kV bay upgradation of 220/132KV ICT-I&II, the said 4 Nos. 132 kV Sub-station equipment: CB, CT, CVT, and Isolators have been replaced after upgrading to GIS, whereas the existing LA is continuing in service along with GIS bays. In this regard, it is submitted that 220 kV ICT bays of the subject assets are still continuing as AIS bays. Accordingly, decapitalization of ₹111.26 lakh has been done for the replaced 132 kV Sub-station equipment: CB, CT, CVT, Isolators, which have been duly vetted in the Auditor’s Certificate dated- 04.04.2025.

*Further, in regard to Original Form-5 in respect of 2 Nos. 132 kV, 160 MVA ICT-1 & 2nd Bays (AIS) at Malda Sub-station, which were capitalized in 2013 in Petition No. 206/TT/2012, it is submitted that assets under the instant petition i.e. **Asset I:** 160 MVA Transformer (1st) and associated bays at Malda Sub-station, **Asset II:** 160MVA Transformer (2nd) and associated bays at Malda Sub-station comprises of 160 MVA 220/132 kV ICTs along with associated 220 kV and 132 kV bays. The Original Form-5 (erstwhile-Form 5B) for the said assets, based on anticipated DOCO: 01.12.2012 for the said assets, were submitted before Hon’ble Commission. In the said Form-5, item/ head wise cost break-up in prescribed heads by Hon’ble Commission, pertains to ICT and associated 220 kV & 132 kV bays. Subsequently, revised estimated completion cost for the said assets, based on the actual date of commercial operation was submitted before Hon’ble Commission, vide Management Certificates. The details of cost in Petition No. 206/TT/2012 are given as hereunder:*

Rs. In lakhs

Assets	Apportioned approved cost	Estimated completion cost claimed based on anticipated DOCO	Estimated completion cost claimed based on actual DOCO
Asset-I	976.46	698.22	644.57
Asset-II	976.46	701.35	630.61

Hon’ble Commission determined the tariff on the estimated completion cost based on actual DOCO, as tabulated above, vide its order dated- 06.01.2015 in Petition No. 206/TT/2012. Further, truing up for the said assets has also been approved by Hon’ble Commission vide its order dated-04.06.2020 in Petition No. 52/TT/2020”.



14. We have considered the Petitioner's submissions. The Petitioner in the present Petition has claimed the decapitalisation of ₹111.26 lakh due to upgradation work of 132 kV AIS to 132 kV GIS bays at Malda Substation under ERSS-22 (covered in Petition No. 396/TT/2024 for ERSS-22). Therefore, in accordance with Regulation 26(2) of the 2019 Tariff Regulations, the decapitalisation claimed by the Petitioner is hereby approved for Asset-1 concerning the upgradation work of 132 kV AIS to 132 kV GIS bays at Malda Substation for the 2019-24 tariff period. The details are as follows:

Particulars	Regulations	(₹ in lakh)				
		ACE allowed				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance and Retention Payments for liabilities other than IDC	26(2) of the 2019 Tariff Regulations	0.00	0.00	0.00	0.00	(-)111.26
Total		0.00	0.00	0.00	0.00	(-)111.26

B. Asset-2

15. The Petitioner in the instant trued-up Petition has claimed an actual ACE of ₹42.90 lakh for the 2019-24 tariff period in relation to Asset-2 under Regulation 24(1)(a) of the 2019 Tariff Regulations, and the details are as follows:

Asset	Approved Cost as per FR	Expenditure up to COD/31.3.2019	(₹ in lakh)				Capital Cost as on 31.3.2024
			2020-21	2021-22	2022-23	2023-24	
Asset-2	264.24	195.13	27.24	15.66	0.00	0.00	238.03

16. The Petitioner has submitted that in the instant trued-up Petition, the ACE is claimed based on the actual payments made to the contractor after receipt of the final invoices from the contractor and incorporating the amendments therein. The Petitioner has further submitted that the ACE claimed is within the original scope of work and the actual ACE for the 2019-24 tariff period reflects undischarged liabilities towards the final payment or withheld payment due to contractual exigencies, for works executed within the cut-off date. This is to be dealt with in

accordance with clause 24(1)(a) and (b) of the 2019 Tariff Regulations. The Petitioner has also provided the liability flow statement for Asset-2, which is as follows:

Asset	Head-wise/part Name	Particulars	Outstanding Liability	Discharged						(₹ in lakh)	
				2019-20	2020-21	2021-22	2022-23	2023-24	Total (2019-24)	Outstanding Liability as on 31.3.2024	
Asset-2	GE T&D India limited	SS	50.86	0.00	22.38	15.66	0.00	0.00	38.04	12.82	

17. We have considered the Petitioner's submissions. It is observed that the actual ACE claimed by the Petitioner for the 2019-24 tariff period mainly pertains to balance and retention payments made to the contractors. Therefore, in accordance with Regulation 24(1)(a) of the 2019 Tariff Regulations, the ACE of ₹42.90 lakh is hereby approved for the 2019-24 tariff period.

The details of the same are as follows:

Particulars	Regulations	ACE allowed				(₹ in lakh)	
		2020-21	2021-22	2022-23	2023-24		
Balance and Retention Payments for liabilities other than IDC	24(1)(a) of the 2019 Tariff Regulations	22.38	15.66	0.00	0.00		
IDC Discharged after COD		4.86	0.00	0.00	0.00		
Total		27.24	15.66	0.00	0.00		

Capital Cost for 2019-24 Tariff Period

18. Accordingly, the capital cost in respect of Assets-1 and 2 for the 2019-24 tariff period is as follows:

Asset	Approved Cost as per FR	Expenditure up to COD/31.3.2019	Additional Capital Expenditure					(₹ in lakh)	
			2019-20	2020-21	2021-22	2022-23	2023-24	Capital Cost as on 31.3.2024	
Asset-1	5065.00	4737.94	0.00	0.00	0.00	0.00	(-)111.26	4626.68	
Asset-2	264.24	195.13	0.00	27.24	15.66	0.00	0.00	238.03	

Debt Equity Ratio

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

Asset-1

Funding	Capital Cost as on 1.4.2019		Additional Capitalisation during the 2019-24 tariff period		Capital Cost as on 31.3.2024	
	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)
Debt	3316.56	70.00	-77.88	70.00	3238.68	70.00
Equity	1421.38	30.00	-33.38	30.00	1388.00	30.00
Total	4737.94	100.00	-111.26	100.00	4626.68	100.00

Asset-2

Funding	Capital Cost As on COD (i.e. 2.4.2020)		Additional Capitalisation during the 2019-24 tariff period		Capital Cost as on 31.3.2024	
	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)
Debt	136.59	70.00	30.03	70.00	166.62	70.00
Equity	58.54	30.00	12.87	30.00	71.41	30.00
Total	195.13	100.00	42.90	100.00	238.03	100.00

Depreciation

20. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019/COD and thereafter up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission assets in accordance with the rates of depreciation specified in the 2019 Tariff Regulations. The depreciation allowed for the transmission assets under the 2019 Tariff Regulations is as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	4737.94	4737.94	4737.94	4737.94	4737.94
B	Addition, during the year 2019-24, due to ACE	0.00	0.00	0.00	0.00	-111.26
C	Closing Capital Cost (A+B)	4737.94	4737.94	4737.94	4737.94	4626.68
D	Average Capital Cost (A+C)/2	4737.94	4737.94	4737.94	4737.94	4682.31
E	Average Capital Cost (90% depreciable assets)	4737.94	4737.94	4737.94	4737.94	4682.31
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%)	4264.15	4264.15	4264.15	4264.15	4214.08
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)	4264.15	4264.15	4264.15	4264.15	4214.08
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.280	5.280	5.280	5.280	5.280
K	Lapsed useful life at the beginning of the year (Year)	6	7	8	9	10
L	Balance useful life at the beginning of the year (Year)	19	18	17	16	15
M	Depreciation during the year (D*J)	250.16	250.16	250.16	250.16	247.23
N	Cumulative Depreciation at the end of the year	1618.33	1868.50	2118.66	2368.82	*2553.11
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	2645.81	2395.65	2145.49	1895.32	1660.97

* Cumulative Depreciation has been adjusted with the cumulative depreciation of ₹62.94 lakh against de-capitalization.

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
A	Opening Capital Cost	195.13	222.37	238.03	238.03
B	Addition, during the year 2019-24, due to ACE	27.24	15.66	0.00	0.00
C	Closing Capital Cost (A+B)	222.37	238.03	238.03	238.03
D	Average Capital Cost (A+C)/2	208.75	230.20	238.03	238.03



Sl. No.	Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
E	Average Capital Cost (90% depreciable assets)	208.75	230.20	238.03	238.03
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	187.88	207.18	214.23	214.23
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	187.88	207.18	214.23	214.23
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.280	5.280	5.280	5.280
K	Lapsed useful life at the beginning of the year (Year)	0	0	1	2
L	Balance useful life at the beginning of the year (Year)	25	25	24	23
M	Depreciation during the year (D*J)	10.99	12.15	12.57	12.57
N	Cumulative Depreciation at the end of the year	10.99	23.15	35.71	48.28
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	176.88	184.03	178.51	165.94

Interest on Loan (IoL)

21. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and the rate of interest prevailing. Interest on Loan (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 assets is as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	3316.56	3316.56	3316.56	3316.56	3316.56
B	Cumulative Repayments up to the Previous Year	1368.17	1618.33	1868.50	2118.66	2368.82
C	Net Loan-Opening (A-B)	1948.39	1698.22	1448.06	1197.90	947.74
D	Addition, due to ACE	0.00	0.00	0.00	0.00	-77.88



Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
E	Repayment during the year	250.16	250.16	250.16	250.16	*184.29
F	Net Loan-Closing (C+D-E)	1698.22	1448.06	1197.90	947.74	685.57
G	Average Loan (C+F)/2	1823.31	1573.14	1322.98	1072.82	816.65
H	Weighted Average Rate of Interest on Loan (in %)	8.620	8.527	8.524	8.481	8.347
I	Interest on Loan (G*H)	157.17	134.15	112.77	90.99	68.16

*Repayment has been adjusted with the cumulative repayment of ₹62.94 lakh against de-capitalization.

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
A	Gross Normative Loan	136.59	155.66	166.62	166.62
B	Cumulative Repayments up to the Previous Year	0.00	10.99	23.15	35.71
C	Net Loan-Opening (A-B)	136.59	144.67	143.47	130.91
D	Addition, due to ACE	19.07	10.96	0.00	0.00
E	Repayment during the year	10.99	12.15	12.57	12.57
F	Net Loan-Closing (C+D-E)	144.67	143.47	130.91	118.34
G	Average Loan (C+F)/2	140.63	144.07	137.19	124.62
H	Weighted Average Rate of Interest on Loan (in %)	7.847	7.737	7.729	7.778
I	Interest on Loan (G*H)	11.01	11.15	10.60	9.69

Return on Equity (RoE)

22. The Petitioner has submitted that its Income Tax assessment has been completed, and assessment orders have been issued by the Income Tax Department for FY 2019-20 and FY 2020-21, and the income has been assessed under MAT (115 JB of the Income Tax Act, 1961 [IT 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).

23. The Petitioner has further submitted that it is liable to pay income tax at 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 (in %) [(Base Rate)/(1-t)]
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

24. 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-II 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 years, 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 the truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up 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 $[(\text{Base Rate})/(1-t)]$ (in%)
2019-20	17.472	17.472	15.50	18.782
2020-21	17.472	17.472	15.50	18.782
2021-22	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782

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

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	1421.38	1421.38	1421.38	1421.38	1421.38
B	Addition, due to ACE	0.00	0.00	0.00	0.00	-33.38
C	Closing Equity (A+B)	1421.38	1421.38	1421.38	1421.38	1388.00
D	Average Equity (A+C)/2	1421.38	1421.38	1421.38	1421.38	1404.69
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (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)	266.96	266.96	266.96	266.96	263.83

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
A	Opening Equity	58.54	66.71	71.41	71.41
B	Addition, due to ACE	8.17	4.70	0.00	0.00
C	Closing Equity (A+B)	66.71	71.41	71.41	71.41
D	Average Equity (A+C)/2	62.63	69.06	71.41	71.41
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in%)	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	11.73	12.97	13.41	13.41

Operation & Maintenance Expenses (O&M Expenses)

26. The Commission vide its orders dated 4.6.2020 in Petition No. 52/TT/2020 and dated 20.1.2025 in Petition No. 93/TT/2023 allowed the following O&M Expenses for the transmission assets, which are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	291.85	302.34	313.03	323.85	335.52
Asset-2	-	33.19*	34.45	35.66	36.91

*on a pro-rata basis

27. The Petitioner in the present truing-up Petition has claimed the following O&M Expenses in respect of transmission assets for the 2019-24 tariff period:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	291.85	302.34	313.03	323.85	334.82
Asset-2	-	33.19	34.45	35.66	36.91

28. We have considered the Petitioner's submissions. As per Regulation 35 of the 2019 Tariff Regulations, the O&M Expenses for the transmission assets are worked out as follows:

Asset-1

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Substations: 400 kV Bays					
1 No. 125 MVAR Bus Reactor Bay at Patna Substation 1 No. 125 MVAR Bus Reactor Bay at Ranchi Substation.					
Norms per Regulation (₹ Per Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses	64.30	66.56	68.90	71.32	73.82
Substations: 220 kV Bays					
1 No. 160 MVA, 220/132 kV ICT Bay at Siliguri Substation					
Norms per Regulation (₹ Per bay)	22.51	23.3	24.12	24.96	25.84
O&M Expenses	22.51	23.3	24.12	24.96	25.84
Substations: 132 kV Bays					
1 No. 160 MVA, 220/132 kV ICT Bay at Siliguri Substation					
Norms per Regulation (₹ Per Bay)	16.08	16.64	17.23	17.83	18.46
O&M Expenses	16.08	16.64	17.23	17.83	18.46
Substations: 132 kV Bays					
2 Nos 160 MVA, 220/132 kV ICT-I and II Bay at Malda Substation					
Norms per Regulation (₹ Per Bay)	16.08	16.64	17.23	17.83	18.46
O&M Expenses	32.16	33.28	34.46	35.66	36.21*
Substations: ICTs					
1 No. 160 MVA, 220/132 kV ICT at Siliguri Substation 2 Nos 160 MVA, 220/132 kV ICT-I and II at Malda Substation 1 No. 160 MVA, 220/132 kV ICT at Birpara Substation					
Norms per Regulation (₹ Per MVA)	0.245	0.254	0.263	0.272	0.282
O&M Expenses	156.8	162.56	168.32	174.08	180.48
Total O&M Expenses allowed	291.85	302.34	313.03	323.85	334.81

*O&M Expenses have been allowed upto 24.3.2024 i.e. date of de-capitalisation



ASSET-2

(₹ in lakh)				
Particulars	2020-21	2021-22	2022-23	2023-24
Substations: 400 kV Bays				
• 1 No 400 kV, 125 MVAR Switchable Line Reactor Bay				
Norms per Regulation (₹ Per Bay)	33.28	34.45	35.66	36.91
Total O&M Expenses	33.19*	34.45	35.66	36.91

**on a Pro-rata basis w.e.f. COD i.e. 2.4.2020*

In the case of Asset-2, the Petitioner has converted a 125 MVAR Bus Reactor at Patna into a Switchable Line Reactor (SLR) at the Patna end of one of the circuits of the Barh-II Patna line at Patna Substation. The Petitioner has installed bay equipment such as Circuit Breakers, CTs, PTs, and Isolators for the conversion of the Fixed Bus Reactor into an SLR. The Petitioner has sought the O&M Expenses for the 400 kV SLR bay at the Patna end. We are of the view that converting a Bus Reactor into an SLR requires the installation of complete bay equipment. Therefore, the O&M Expenses are approved for 1 No. 400 kV bay as per Regulation 35(3)(c) of the 2019 Tariff Regulations.

29. Accordingly, the O&M Expenses allowed after true-up in respect of the transmission assets are as follows:

Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 4.6.2020 in Petition No. 52/TT/2020	291.85	302.34	313.03	323.85	335.52
As claimed by the Petitioner in the instant Petition	291.85	302.34	313.03	323.85	334.82
Allowed in the instant true-up Petition	291.85	302.34	313.03	323.85	334.81

Asset-2

(₹ in lakh)				
Particulars	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 20.1.2025 in the Petition No. 93/TT/2023	33.19	34.45	35.66	36.91
As claimed by the Petitioner in the instant Petition	33.19	34.45	35.66	36.91
Allowed in the instant true-up Petition	33.19	34.45	35.66	36.91



Interest on Working Capital (IWC)

30. The Interest on Working Capital (IWC) is 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 the FYs 2021-22 and FY 2022-23 and 12.00% (SBI 1 year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for the FY 2023-24. The components of the working capital and interest allowed thereon for the transmission assets are as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	24.32	25.20	26.09	26.99	27.90
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	43.78	45.35	46.95	48.58	50.22
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	121.60	120.22	118.73	117.40	115.23
D	Total Working Capital (A+B+C)	189.70	190.76	191.77	192.96	193.36
E	Rate of Interest for working capital (%)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	22.86	21.46	20.14	20.26	23.20

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	2.77	2.87	2.97	3.08
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	4.99	5.17	5.35	5.54



Sl. No.	Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	8.50	8.94	9.13	9.19
D	Total Working Capital (A+B+C)	16.26	16.98	17.45	17.80
E	Rate of Interest for working capital (%)	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	1.82	1.78	1.83	2.14

Annual Fixed Charges for the 2019-24 Tariff Period

31. The trued-up transmission charges allowed for the transmission assets for the 2019-24 tariff period are as follows:

Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	250.16	250.16	250.16	250.16	247.23
Interest on Loan	157.17	134.15	112.77	90.99	68.16
Return on Equity	266.96	266.96	266.96	266.96	263.83
Operation & Maintenance Expenses	291.85	302.34	313.03	323.85	334.81
Interest on Working Capital	22.86	21.46	20.14	20.26	23.20
Total	989.00	975.07	963.06	952.22	937.23

Asset-2

(₹ in lakh)				
Particulars	2020-21 (Pro-rata for 364 days)	2021-22	2022-23	2023-24
Depreciation	10.99	12.15	12.57	12.57
Interest on Loan	11.01	11.15	10.60	9.69
Return on Equity	11.73	12.97	13.41	13.41
Operation & Maintenance Expenses	33.19	34.45	35.66	36.91
Interest on Working Capital	1.82	1.78	1.83	2.14
Total	68.74	72.50	74.07	74.72

DETERMINATION OF ANNUAL FIXED CHARGES FOR THE 2024-29 TARIFF PERIOD

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



Asset-1

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	244.29	105.12	105.13	105.12	105.13
Interest on Loan	46.88	32.10	23.32	14.76	6.21
Return on Equity	260.69	260.69	260.69	260.69	260.69
Interest on Working Capital	22.37	20.83	21.47	22.12	22.93
O&M Expenses	328.69	346.16	363.90	382.82	403.75
Total	902.92	764.90	774.51	785.51	798.71

Asset-2

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	12.91	13.24	13.24	13.24	13.24
Interest on Loan	9.06	8.46	7.46	6.40	5.35
Return on Equity	13.77	14.14	14.14	14.14	14.14
Interest on Working Capital	1.80	1.87	1.93	1.98	2.05
O&M Expenses	29.53	31.08	32.71	34.43	36.23
Total	67.07	68.79	69.48	70.19	71.01

33. The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the transmission assets for the 2024-29 tariff period:

Asset-1

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	30.02	31.62	33.24	34.97	36.87
Maintenance Spares	54.04	56.91	59.83	62.94	6.37
Receivables	116.99	99.69	101.07	102.36	104.49
Total Working Capital	201.05	188.22	194.14	200.27	207.73
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	23.92	22.40	23.10	23.83	24.72

Asset-2

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	2.46	2.59	2.73	2.87	3.02
Maintenance Spares	4.43	4.66	4.91	5.16	5.43
Receivables	8.27	8.48	8.57	8.63	8.75
Total Working Capital	15.16	15.73	16.21	16.66	17.20
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	1.80	1.87	1.93	1.98	2.05



34. As stated above in this order, the 2 Nos. 132 kV bays associated with 160 MVA ICT-I and II have been de-capitalised w.e.f. 24.3.2024, and thus the modified details of the transmission assets covered under Asset-I, i.e. Combined Assets, are as follows:

Sr. No.	Asset Name	Asset Name	COD
1	Asset-1: Combined Assets	Asset-A: 400 kV, 125 MVAR Bus Reactor along with associated bays at Patna Substation;	1.4.2013
2		Asset B: 400 kV, 125 MVAR Bus Reactor along with associated bays at Ranchi;	1.3.2013
3		Asset C: 160 MVA Transformer (1st) at Malda Sub-station*;	1.3.2013
4		Asset D: 160MVA Transformer (2nd) at Malda Substation*;	1.2.2013
5		Asset E: 01 no. 400 kV bay at Malda Sub-station;	1.11.2013
6		Asset F: 160 MVA Transformer and associated bays at 220/132 kV Birpara Sub-station;	1.2.2013
7		Asset G: 160 MVA transformer and associated bays at 220/132 kV Siliguri Sub-station.	1.1.2013
		Combined Assets C to G	9.3.2013 (Effective)

*Associated 132 kV bays have been converted from AIS to GIS as of 25.3.2024 under ERSS-22 scheme and covered under Petition No. 396/TT/2024, and the associated 220 kV bays have been covered under Chukka Transmission System and claimed in a separate Petition.

Capital Cost

35. 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:

- The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- 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;
- Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
- Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- 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 de-capitalised 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."

36. The capital cost allowed in accordance with Regulation 19(3) of the 2024 Tariff Regulations as on 1.4.2024 is ₹4626.68 lakh and ₹238.03 lakh for Assets-1 and 2 respectively.

Additional Capital Expenditure (ACE)

37. Regulation 25 of the 2024 Tariff Regulations provides as follows:

“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 with 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 the 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) Assets whose useful life 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 a 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.*
- (e) The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of lease of lease hold land on case to case basis.*

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

A. Asset-1

38. The Petitioner in this Petition has not claimed any ACE for Asset-1 for the 2024-29 tariff period.

Therefore, the capital cost allowed for Asset-1 for the 2024-29 tariff period is as follows:

Tariff Period 2024-29			
Asset	Capital Cost as on 1.4.2024	ACE for the 2024-29 tariff period	Actual Capital Cost as on 31.3.2029
Asset-1	4626.68	Nil	4626.68



B. Asset-2

39. The Petitioner in the instant Petition has proposed the ACE of ₹12.82 lakh for Asset-2 for the 2024-29 tariff period due to undischarged liabilities relating to final or withheld payments caused by contractual exigencies and for work carried out within the cut-off date, in accordance with Regulation 25(1)(d) of the 2024 Tariff Regulations. The details of the ACE projected by the Petitioner are as follows:

Asset	Capital cost as on 31.3.2024	Additional Capitalisation (2024-29)					(₹ in lakh)
		2024-25	2025-26	2026-27	2027-28	2028-29	Capital Cost as on 31.3.2029
Asset-2	238.03	12.82	0.00	0.00	0.00	0.00	250.85

40. The details of the liability flow statement as submitted by the Petitioner are as follows:

Asset	Head-wise/part Name	Particulars	Outstanding Liability	Discharged						(₹ in lakh)
				2024-25	2025-26	2026-27	2027-28	2028-29	Total (2024-29)	Outstanding Liability as on 31.3.2029
Asset-2	GE T&D India Limited	SS	12.82	12.82	0.00	0.00	0.00	0.00	12.82	0.00

41. We have considered the Petitioner's submissions. As the ACE for the 2024-29 tariff period is projected based on undischarged liabilities towards the final payment or withheld payment due to contractual exigencies, and for work executed within the cut-off date, thus as per Regulation 25(1)(d) of the 2024 Tariff Regulations, the ACE of ₹12.82 lakh in the case of Asset-2, projected by the Petitioner, is hereby allowed for the 2024-29 tariff period subject to truing-up.

42. Therefore, the capital cost allowed for the transmission assets for the 2024-29 tariff period is as follows:

(₹ in lakh)

Asset	Approved Cost as per FR	Expenditure upto 31.3.2024	Additional Capital Expenditure					Capital Cost as on 31.3.2029
			2024-25	2025-26	2026-27	2027-28	2028-29	
Asset-1	5065.00	4626.68	0.00	0.00	0.00	0.00	0.00	4626.68
Asset-2	264.24	238.03	12.82	0.00	0.00	0.00	0.00	250.85

Debt Equity Ratio

43. 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 utilized 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 the approval of the competent authority in other cases regarding the 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 the case of the generating station and the transmission system, including the communication system declared under commercial operation prior to 1.4.2024, the debt-equity ratio allowed by the Commission for the determination of tariff for the period ending 31.3.2024 shall be considered:

Provided that in the case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or is completing its useful life during the 2024-29 tariff period, if the equity actually deployed 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 the 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.”

44. The debt-equity ratio for the 2024-29 tariff period is dealt with in line with Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity ratio considered for the purpose of computation of tariff for the 2024-29 tariff period concerning the transmission assets is as follows:

Asset-1

Funding	Capital Cost as on 1.4.2024		Additional Capitalisation during the 2024-29 tariff period		Capital Cost as on 31.3.2029	
	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)
Debt	3238.68	70.00	0.00	70.00	3238.68	70.00
Equity	1388.00	30.00	0.00	30.00	1388.00	30.00
Total	4626.68	100.00	0.00	100.00	4626.68	100.00

Asset-2

Funding	Capital Cost as on 1.4.2024		Additional Capitalisation during the 2024-29 tariff period		Capital Cost as on 31.3.2029	
	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)	₹ (in lakh)	(in %)
Debt	166.62	70.00	8.97	70.00	175.60	70.00
Equity	71.41	30.00	3.85	30.00	75.26	30.00
Total	238.03	100.00	12.82	100.00	250.85	100.00

Depreciation

45. 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-capitalized asset during its useful service.....”

46. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission assets as per the rates of depreciation specified in the 2024 Tariff Regulations. Further, Asset-1 has completed 12 years of life as on 1.4.2025; the remaining depreciable value of ₹1366.61 lakh as on 1.4.2025 has been spread over the balance useful life of the asset in accordance with the 2024 Tariff Regulations.

47. The depreciation allowed for the transmission assets under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	4626.68	4626.68	4626.68	4626.68	4626.68
B	Addition during the year 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	4626.68	4626.68	4626.68	4626.68	4626.68
D	Average Capital Cost (A+C)/2	4626.68	4626.68	4626.68	4626.68	4626.68
E	Average Capital Cost (90% depreciable assets)	4626.68	4626.68	4626.68	4626.68	4626.68
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%)	4164.01	4164.01	4164.01	4164.01	4164.01
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)	4164.01	4164.01	4164.01	4164.01	4164.01
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.280	Spread-over depreciation			
K	Lapsed useful life at the beginning of the year (Year)	11	12	13	14	15
L	Balance useful life at the beginning of the year (Year)	14	13	12	11	10
M	Depreciation during the year	244.29	105.12	105.12	105.12	105.12
N	Cumulative Depreciation at the end of the year	2797.40	2902.52	3007.65	3112.77	3217.89
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	1366.61	1261.49	1156.37	1051.24	946.12

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	238.03	250.85	250.85	250.85	250.85
B	Addition during the year 2024-29 due to ACE	12.82	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	250.85	250.85	250.85	250.85	250.85



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
D	Average Capital Cost (A+C)/2	244.44	250.85	250.85	250.85	250.85
E	Average Capital Cost (90% depreciable assets)	244.44	250.85	250.85	250.85	250.85
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%)	220.00	225.77	225.77	225.77	225.77
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)	220.00	225.77	225.77	225.77	225.77
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.280	5.280	5.280	5.280	5.280
K	Lapsed useful life at the beginning of the year (Year)	3	4	5	6	7
L	Balance useful life at the beginning of the year (Year)	22	21	20	19	18
M	Depreciation during the year	12.91	13.24	13.24	13.24	13.24
N	Cumulative Depreciation at the end of the year	61.19	74.43	87.68	100.92	114.17
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	158.81	151.33	138.09	124.84	111.60

Interest on Loan (IoL)

48. 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 de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered 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.”

49. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and the prevailing rate of interest. Interest on Loan (IoL) has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2024 Tariff Regulations.

50. The IOL allowed in respect of the transmission assets is as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	3238.68	3238.68	3238.68	3238.68	3238.68
B	Cumulative Repayments up to the Previous Year	2553.11	2797.40	2902.52	3007.65	3112.77
C	Net Loan-Opening (A-B)	685.57	441.28	336.15	231.03	125.91
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	244.29	105.12	105.12	105.12	105.12
F	Net Loan-Closing (C+D-E)	441.28	336.15	231.03	125.91	20.78
G	Average Loan (C+F)/2	563.42	388.72	283.59	178.47	73.34
H	Weighted Average Rate of Interest on Loan (in %)	8.321	8.259	8.223	8.268	8.469
I	Interest on Loan (G*H)	46.88	32.10	23.32	14.76	6.21

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	166.62	175.60	175.60	175.60	175.60
B	Cumulative Repayments up to Previous Year	48.28	61.19	74.43	87.68	100.92
C	Net Loan-Opening (A-B)	118.34	114.41	101.16	87.92	74.67
D	Addition due to ACE	8.97	0.00	0.00	0.00	0.00



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
E	Repayment during the year	12.91	13.24	13.24	13.24	13.24
F	Net Loan-Closing (C+D-E)	114.41	101.16	87.92	74.67	61.43
G	Average Loan (C+F)/2	116.37	107.79	94.54	81.30	68.05
H	Weighted Average Rate of Interest on Loan (in %)	7.786	7.848	7.894	7.867	7.866
I	Interest on Loan (G*H)	9.06	8.46	7.46	6.40	5.35

Return on Equity (RoE)

51. 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.”

52. The Petitioner has submitted that the MAT rate applies to it. The applicable MAT rate has been considered for the purpose of RoE, which shall be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the transmission assets is as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	1388.00	1388.00	1388.00	1388.00	1388.00
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	1388.00	1388.00	1388.00	1388.00	1388.00
D	Average Equity (A+C)/2	1388.00	1388.00	1388.00	1388.00	1388.00
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	Tax Rate applicable (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)	260.69	260.69	260.69	260.69	260.69

Asset-2

(₹ in lakh)

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	71.41	75.26	75.26	75.26	75.26



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
B	Addition due to ACE	3.85	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	75.26	75.26	75.26	75.26	75.26
D	Average Equity (A+C)/2	73.33	75.26	75.26	75.26	75.26
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	Tax Rate applicable (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)	13.77	14.13	14.13	14.13	14.13

Operation & Maintenance Expenses (O&M Expenses)

53. The Petitioner has claimed the following O&M Expenses in respect of the transmission assets for the 2024-29 tariff period :

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Asset-1	328.69	346.16	363.90	382.82	403.75
Asset-2	29.53	31.08	32.71	34.43	36.23

54. Regulation 36(3) of the 2024 Tariff Regulations provides 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 (Rs 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 (Rs Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (Rs 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 or more 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)	0.246	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 (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/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.

(c) **Communication system:** The operation and maintenance expenses for the ULDC or such similar scheme shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up. The expenses in case of U-NMS shall be allowed on actual basis after due prudence check.

(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 0.09% 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.

(e) On the occurrence of any change in law event affecting O&M expenses, the impact shall be allowed to the transmission licensee at the time of truing up of tariff:

Provided that such impact shall be allowed only in case the overall impact of such change in law event in a year is more than 5% of normative O&M expenses of the project for the year.

(f) In case of a transmission licensee owned by the Central or State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff."

55. We have considered the Petitioner's submissions. The O&M Expenses for the 2024-29 tariff period have been worked out as per the norms specified in the 2024 Tariff Regulations. The O&M Expenses approved for the transmission assets for the 2024-29 tariff period, as per Regulation 36 of the 2024 Tariff Regulations, are as under:

A. Asset-1

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Substations: 400 kV Bays					
1 No. 125 MVar Bus Reactor Bay at Patna Substation 1 No. 125 MVar Bus Reactor Bay at Ranchi Substation.					
Norms per Regulation (₹ per Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses	59.06	62.16	65.42	68.86	72.46
Substations: 220 kV Bays					
1 No. 160 MVA, 220/132 kV ICT Bay at Siliguri Substation					
Norms per Regulation (₹ per Bay)	20.67	21.75	22.90	24.10	25.36
O&M Expenses	20.67	21.75	22.9	24.1	25.36
Substations: 132 kV Bays					
1 No. 160 MVA, 220/132 kV ICT Bay at Siliguri Substation					
Norms per Regulation (₹ per Bay)	15.78	16.61	17.48	18.40	19.35
O&M Expenses	15.78	16.61	17.48	18.4	19.35
Substations: ICTs					
1 No. 160 MVA, 220/132 kV ICT at Siliguri Substation 2 Nos 160 MVA, 220/132 kV ICT-I and II at Malda Substation 1 No. 160 MVA, 220/132 kV ICT at Birpara Substation					
Norms per Regulation (₹ per MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses	167.68	176.64	185.6	195.2	206.08
Substations: Reactors					
1 No 125 MVAR Switchable Line Reactor at Malda Substation 1 No 125 MVAR Bus Reactor -02 at Ranchi Substation					
Norms per Regulation (₹ per MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses	65.5	69	72.5	76.25	80.5
Total O&M Expenses allowed	328.69	346.16	363.9	382.81	403.75

B. Asset-2

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Substations: 400 kV Bays					
1 No. 125 MVar Bus Reactor Bay at Malda Substation					
Norms per Regulation (₹ per Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses	29.53	31.08	32.71	34.43	36.23



56. Therefore, the O&M Expenses allowed in respect of the transmission assets for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Asset-1					
O&M Expenses	328.69	346.16	363.9	382.81	403.75
Asset-2					
O&M Expenses	29.53	31.08	32.71	34.43	36.23

Interest on Working Capital (IWC)

57. Regulations 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations provide 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.

.....

(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.”

58. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. The IWC is worked out in accordance with the 2024 Tariff Regulations. The Rate of Interest (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. The components of the working capital and interest allowed thereon for the transmission assets are as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	27.39	28.85	30.33	31.90	33.65
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	49.30	51.92	54.59	57.42	60.56
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	111.32	94.30	95.49	96.58	98.47
D	Total Working Capital (A+B+C)	188.01	175.08	180.40	185.90	192.68
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)	22.37	20.83	21.47	22.12	22.93

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	2.46	2.59	2.73	2.87	3.02
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	4.43	4.66	4.91	5.16	5.43
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	8.27	8.48	8.57	8.63	8.75
D	Total Working Capital (A+B+C)	15.16	15.73	16.20	16.66	17.21
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)	1.80	1.87	1.93	1.98	2.05

Annual Fixed Charges for the 2024-29 Tariff Period

59. The transmission charges allowed for the transmission assets for the 2024-29 tariff period are as follows:

Asset-1

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	244.29	105.12	105.12	105.12	105.12
Interest on Loan	46.88	32.10	23.32	14.76	6.21
Return on Equity	260.69	260.69	260.69	260.69	260.69



Operation & Maintenance Expenses	328.69	346.16	363.90	382.81	403.75
Interest on Working Capital	22.37	20.83	21.47	22.12	22.93
Total	902.92	764.90	774.50	785.50	798.70

Asset-2

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	12.91	13.24	13.24	13.24	13.24
Interest on Loan	9.06	8.46	7.46	6.40	5.35
Return on Equity	13.77	14.13	14.13	14.13	14.13
Operation & Maintenance Expenses	29.53	31.08	32.71	34.43	36.23
Interest on Working Capital	1.80	1.87	1.93	1.98	2.05
Total	67.07	68.78	69.47	70.18	71.00

Filing Fee and Publication Expenses

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

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

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

62. 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.

63. 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.”

64. 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.

Licence Fee and RLDC Fees and Charges

65. The Petitioner has claimed reimbursement of the licence fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the licence 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

66. 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.

67. We have considered the submission of the Petitioner. 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

68. The Petitioner has submitted that, as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the security expenses and capital spares of more than ₹10 lakh for the transmission system shall be allowed separately after a prudence check.

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

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

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

72. We have considered the Petitioner's submissions and have perused the record. We deem it proper here to refer 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.”

73. 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 an estimated basis in terms of the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission charges:

74. The billing, collection, and disbursement of transmission charges 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.

To summarise,

75. The trued-up Annual Fixed Charges (AFC) claimed and allowed in respect of the transmission assets for the 2019-24 tariff period are as follows:

Asset-1

(₹ in lakh)

Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed in this Petition	989.00	975.07	963.06	952.22	974.44
Allowed in trued-up	989.00	975.07	963.06	952.22	937.23

Asset-2

(₹ in lakh)

Asset	2020-21	2021-22	2022-23	2023-24
Claimed in this Petition	68.74	72.50	74.07	74.72
Allowed in trued-up	68.74	72.50	74.07	74.72

76. The Annual Fixed Charges (AFC) allowed in respect of the transmission assets for the 2024-29 tariff period are as follows:

Asset-1

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Allowed	902.92	764.90	774.50	785.50	798.70

Asset-2

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Allowed	67.07	68.78	69.47	70.18	71.00

77. This order disposes of Petition No. 28/TT/2025 in terms of the above discussions and findings.

**sd/-
(Ravinder Singh Dhillon)
Member**

**sd/-
(Harish Dudani)
Member**

**sd/-
(Ramesh Babu V.)
Member**

**sd/-
(Jishnu Barua)
Chairperson**

