

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 345/TT/2025

Coram:

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

Date of Order: 20.08.2025

In the matter of:

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for 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 and determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for Combined Assets under “Common Transmission Scheme associated with ISGS in Nagapattinam Cuddalore area of Tamil Nadu Part A1(a)” in the Southern Region.

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 Limited,
(TANGEDCO),
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600002.**
- 2. Kerala State Electricity Board Limited,
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram – 695004.**
- 3. Electricity Department,
Government of Goa
Vidyuti Bhawan, Panaji, Goa – 403001.**



4. **Electricity Department,**
Govt 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– 530013, Andhra Pradesh.
6. **Southern Power Distribution Company of Andhra Pradesh Limited (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, Krishna District- 520008, 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, Opposite Parivar Hotel,
Gulbarga (Kalburgi) – 585102, Karnataka.
12. **Hubli Electricity Supply Company Limited (HESCOM),**
Navanagar, PB Road, Hubli- 580025, Karnataka.
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)



For Petitioner: Shri Angaru Naresh Kumar, PGCIL
Shri G. Vijay, PGCIL
Shri Vivek Kumar Singh, PGCIL

For Respondents: None

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL), a deemed transmission licensee, for the 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 for the determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) of the 2024-29 tariff period, in respect of the following assets (implemented under “Common Transmission Scheme associated with ISGS in Nagapattinam Cuddalore area of Tamil Nadu Part A1(a)” in the Southern Region (hereinafter referred to as “the transmission project”):

Assets Name
Asset-1: LILO of one circuit of Neyveli-Trichy line at Nagapattinam PS for initial arrangement which shall later be bypassed.
Asset-2: 400 kV Nagapattinam GIS (400 kV GIS bay at Nagapattinam for Neyveli line).
Asset-3*: 400 kV SF6 Gas Insulated ICT feeder bay module along with 400 kV GIS auxiliary bus module provision for spare transformer at 400 kV Nagapattinam GIS
Asset-4*: 400 kV Gas Insulator line reactor bay module set at 400 kV Nagapattinam GIS.
Asset-5: 400 kV GIS bay at Nagapattinam for Trichy line
Asset-6: 1X125 MVAR Bus reactor at 400 kV Nagapattinam GIS alongwith associated bays and equipment

2. The Commission, vide its order dated 26.11.2021 in Petition No. 328/TT/2020, denied the determination of tariffs for the 2019-24 period concerning Assets – 3 and 4. Consequently, the Petitioner has combined only Asset-1, Asset-2, Asset-5, and Asset-6 in the present Petition for the truing-up of tariffs for the 2019-24 period, with an



effective date of commercial operation (E-COD) as 5.5.2015, and has claimed a combined tariff for these assets. The Petitioner has filed an appeal before the Appellate Tribunal for Electricity (APTEL) challenging the said order dated 26.11.2021 in Petition No. 328/TT/2020, and the matter remains pending before APTEL. Accordingly, in this order, we have collectively referred to Assets 1, 2, 5, and 6 as the 'Combined Assets' for the purpose of truing up the tariff for the 2019-24 period and the determination of tariffs for the 2024-29 period.

3. 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 17 and 18 above.

b) Admit the capital cost claimed, and additional capitalization incurred during 2019-24 and projected 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 17 and 18 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 24 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 24 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 24 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 25 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

4. 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 on 3.1.2013 vide Memorandum dated 28.1.2013 at an estimated cost of ₹18280 lakh including an Interest During Construction (IDC) of ₹1026 lakh (based on October 2012 price level). The Revised Cost Estimate (RCE) for the transmission project was approved by the Board of Directors of the Petitioner vide Memorandum dated 21.9.2016 at a revised estimated cost of ₹16993 lakh including an IDC of ₹647 lakh (based on February 2016 price level).
- b) The scope of the transmission project was discussed and agreed upon at the 31st meeting of the Standing Committee on Power System Planning of the Southern Region held on 16.11.2010 in New Delhi. The scope of the work as per IA is as follows:

Transmission Lines

- i) LILO of Neyvelli-Trichy 400 kV S/C line at Nagapattinam Pooling Station for initial arrangement, which will later be bypassed.



Sub-stations

ii) New 400 kV GIS Pooling Station at Nagapattinam with sectionalisation arrangement to control short circuit MVA (provision for establishing a 765/400 kV substation in future within the same switchyard);

Reactive Compensation Bus Reactors (400 kV)

iii) 1x125 MVAR Bus Reactor at Nagapattinam Pooling Station.

c) The details of the Combined Assets covered in this Petition are as follows:

Assets Name	COD	Petition No.
Asset-1: LILO of one circuit of the Neyveli-Trichy line at Nagapattinam PS for initial arrangement, which shall later be bypassed.	3.5.2014	36/TT/2014
Asset-2: 400 kV Nagapattinam GIS (400 kV GIS bay at Nagapattinam for Neyveli line).	1.4.2015	416/TT/2014
Asset-5: 400 kV GIS bay at Nagapattinam for Trichy line.	28.6.2015	416/TT/2014
Asset-6: 1X125 MVAR Bus Reactor at 400 kV Nagapattinam GIS alongwith associated bays and equipment.	1.8.2016	222/TT/2016

d) The entire scope of the transmission project is completed and covered in this Petition.

e) The transmission tariff was allowed for the 2014-19 tariff period vide order dated 31.5.2016 in Petition No. 36/TT/2014 for Asset-1, vide order dated 22.8.2016 in Petition No. 416/TT/2014 for Asset-2, Asset-3, Asset-4 and Asset-5, and vide order dated 14.5.2018 in Petition No. 222/TT/2016 for Asset-6. The Commission, vide order dated 26.11.2021 in Petition No. 328/TT/2020, trued up the transmission tariff for the 2014-19 period for Asset-1, Asset-2, Asset-5 and Asset-6.

5. The Respondents are distribution licensees, transmission licensees, and power departments that are procuring transmission services from the Petitioner, primarily being the beneficiaries of the Southern Region.



6. 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 notice published in the newspapers by the Petitioner.

7. None of the Respondents has filed any reply in this Petition.

8. The hearing in this matter was held on 30.5.2025, and the order was reserved. This order is issued considering the submissions made by the Petitioner vide affidavits dated 7.11.2024 and 17.4.2025. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition.

True-Up of Annual Fixed Charges for the 2019-24 Tariff Period

9. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Assets are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	758.49	758.67	758.67	758.67	758.67
Interest on Loan	664.13	589.05	525.75	466.28	404.96
Return on Equity	861.25	863.04	863.91	864.07	864.07
Interest on Working Capital	38.17	34.79	31.74	31.09	34.74
O&M Expenses	87.79	90.88	94.07	97.35	100.77
Total	2409.83	2336.43	2274.14	2217.46	2163.21

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	7.32	7.57	7.84	8.11	8.40
Maintenance Spares	13.17	13.63	14.11	14.60	15.12
Receivables	296.29	288.05	280.37	273.39	265.97
Total Working Capital	316.78	309.25	302.32	296.10	289.49
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	38.17	34.79	31.74	31.09	34.74



Capital Cost for the 2019-24 Tariff Period

11. The capital cost of the Combined Assets has been calculated in accordance with Regulations 19(1) and 19(3) of the 2019 Tariff Regulations.

12. The Commission vide its order dated 26.11.2021 in Petition No. 328/TT/2020 allowed the transmission tariff for the 2019-24 tariff period in respect of the Combined Assets. The capital cost of ₹15265.51 lakh was approved by the Commission for the Combined Assets as on 31.3.2019, in an order dated 26.11.2021 in Petition No. 328/TT/2020.

13. The Commission vide order dated 26.11.2021 in Petition No. 328/TT/2020 allowed capital cost as on 1.4.2019 for the Combined Assets and Additional Capital Expenditure (ACE) for the 2019-24 tariff period. The details of the capital cost as allowed by the Commission in the aforesaid orders are as follows:

(₹ in lakh)

Assets	Capital Cost allowed as on 1.4.2019	ACE allowed	Capital Cost as on 31.3.2024
		2019-20	
Combined Assets	15265.51	65.00	15330.51

14. The Petitioner in the instant true-up Petition has claimed the following capital cost concerning the Combined Assets for the 2019-24 tariff period:

(₹ in lakh)

Assets	Approved Cost as per RCE	Capital Cost up to 31.3.2019	ACE claimed					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Assets	15801.89	15265.51	38.96	24.73	5.83	0.00	0.00	15335.03

Cost Over-run

15. The Petitioner has claimed a capital cost of ₹15265.51 lakh in respect of the Combined Assets as on 1.4.2019.



16. The total completion cost, including ACE, is ₹15335.03 lakh, and the approved cost as per RCE is ₹15801.89 lakh. Hence, the completion cost with respect to the Combined Assets is within the approved RCE cost, and, therefore, there is no cost overrun with regard to the Combined Assets.

Capital Cost allowed as on 1.4.2019

17. We have considered the Petitioner's submissions. The Commission vide its order dated 26.11.2021 in Petition No. 328/TT/2020, trued-up the transmission tariff for the 2014-19 tariff period and allowed the transmission tariff for the 2019-24 tariff period. The capital cost approved by the Commission for the Combined Assets as on 31.3.2019 in Petition No. 328/TT/2020 is as follows:

(₹ in lakh)	
Assets	Capital Cost allowed as on 31.3.2019
Asset-1	3682.96
Asset-2	6992.21
Asset-5	1225.55
Asset-6	3364.79
Total	15265.51

18. The capital cost approved by the Commission as on 31.3.2019 has been considered for the purpose of the truing-up of the transmission tariff for the 2019-24 tariff period in accordance with Regulation 19(3)(a) of the 2019 Tariff Regulations in the present Petition.

Additional Capital Expenditure (ACE)

19. The Commission vide its order dated 26.11.2021 in Petition No. 328/TT/2020, approved the following ACE for Asset-2 for the 2019-24 tariff period under Regulation 25(1)(a) of the 2019 Tariff Regulations, based on the direction from Revenue Authorities regarding the implementation of community development works under the



Rehabilitation Action Plan (RAP) at 765/400 kV Nagapattinam Pooling Station.

Accordingly, the ACE approved for Asset-2 for the 2019-24 tariff period is as follows:

Asset	Actual ACE Allowed	
	2019-20	
Asset-2	65.00	

(₹ in lakh)

20. The Petitioner has claimed the following ACE with respect to the Combined Assets based on actual expenditure, in accordance with Regulations 25(1)(a) and 25(1)(d) of the 2019 Tariff Regulations.

Particulars	Regulations	Actual ACE Claimed		
		2019-20	2020-21	2021-22
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 & Liability for works executed prior to the cut-off date	25(1)(a) and 25(1)(d) of the 2019 Tariff Regulation	32.19	24.73	5.83
Liability for works executed prior to the cut-off date	25(1)(d) of the 2019 Tariff Regulation	6.77	0.00	0.00
Total		38.96	24.73	5.83

(₹ in lakh)

21. The Petitioner, vide affidavit dated 7.11.2024, has submitted the liability flow statement, which is as follows:

2019-24					Discharge of Liability				Outstanding Liability as on 31.3.2024
Asset	Party Name	Particulars	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	2019-20	2020-21	2021-22	Total (2019-24)	
Asset-2	Compensation	Freehold Land	1.4.2015	65.00	32.19	24.73	5.83	62.75	2.25
Total				65.00	32.19	24.73	5.83	62.75	2.25

(₹ in lakh)

2024-29					Discharge of Liability				Outstanding Liability as on 31.3.2029
Asset	Party Name	Particulars	Year of Actual Capitalization	Outstanding Liability as on 31.3.2024	2024-25	2025-26	2026-27	Total (2024-29)	
Asset-2	Compensation	Freehold Land	1.4.2015	2.25	2.25	0.00	0.00	2.25	0.00
Total				2.25	2.25	0.00	0.00	2.25	0.00

(₹ in lakh)



(₹ in lakh)

2019-24									
Asset	Party Name	Particulars	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	Discharge of Liability				Outstanding Liability as on 31.3.2024
					2019-20	2020-21	2021-22	Total (2019-24)	
Asset -6	Bharat Heavy Electricals Limited	Sub-station	1.8.2016	6.77	6.77	0.00	0.00	6.77	0.00
Total				6.77	6.77	0.00	0.00	6.77	0.00

22. The Commission raised a query from the Petitioner regarding ACE claimed beyond the cut-off date. The Petitioner, vide affidavit dated 17.4.2025, has submitted that the Commission, through its order dated 26.11.2021 in Petition no. 328/TT/2020, had approved ACE of ₹ 65 lakh during the 2019-24 tariff period for Asset-2 based on directions from Revenue Authorities for implementing community development works under RAP at the 765/400 kV Nagapattinam Pooling Station. Of the admitted ACE of ₹ 65 lakh, ₹ 62.75 lakh has been incurred during the 2019-24 tariff period, with the remaining ₹ 2.25 lakh expected to be incurred in 2024-25. Additionally, ACE of ₹ 6.77 lakh claimed during 2019-20 for Asset-6 pertains to undischarged liabilities, including balance and retention payments due to contractual exigencies and works executed prior to the cut-off date. In view of the above, the ACE claimed for the 2019-24 and 2024-29 tariff periods relates to undischarged liability towards final payment/withheld payment due to the contractual exigencies, for works executed prior to the cut-off date, and amounts paid or payable as per directions or orders of statutory authorities for works completed before the cut-off date.

23. We have considered the Petitioner's submissions. The following ACE is allowed concerning the Combined Assets under Regulations 25(1)(a) and 25(1)(d) of the 2019 Tariff Regulation:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	ACE allowed
ACE allowed under Regulations 25(1)(a) and 25(1)(d) of the 2019 Tariff Regulations	32.19	24.73	5.83	62.75
ACE allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations	6.77	0.00	0.00	6.77
Total ACE	38.96	24.73	5.83	69.52

24. The capital cost and ACE allowed in respect of the Combined Assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

Assets	Approved Cost as per RCE	Capital Cost allowed as on 1.4.2019	ACE Allowed			Total Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	
Combined Assets	15801.89	15265.51	38.96	24.73	5.83	15335.03

Debt-Equity ratio

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

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	10685.86	70.00	48.66	70.00	10734.52	70.00
Equity	4579.65	30.00	20.86	30.00	4600.51	30.00
Total	15265.51	100.00	69.52	100.00	15335.03	100.00

Depreciation

26. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Assets as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.

27. The depreciation allowed for the Combined Assets for the 2019-24 tariff period is as follows:



(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	15265.51	15304.47	15329.20	15335.03	15335.03
B	Addition during 2019-24 due to ACE	38.96	24.73	5.83	0.00	0.00
C	Closing Gross Block (A+B)	15304.47	15329.20	15335.03	15335.03	15335.03
D	Average Gross Block (A+C)/2	15284.99	15316.84	15332.12	15335.03	15335.03
E	Average Freehold Land	527.70	556.16	571.44	574.35	574.35
F	Average Capital Cost (90% depreciable assets)	14596.50	14599.88	14599.88	14599.88	14599.88
G	Average Capital Cost (100% depreciable assets)	160.80	160.80	160.80	160.80	160.80
H	Depreciable Value (excluding IT equipment and software) (E*90%)	13136.85	13139.89	13139.89	13139.89	13139.89
I	Depreciable Value of IT equipment and software (F*100%)	160.80	160.80	160.80	160.80	160.80
J	Total Depreciable Value (H+I)	13297.65	13300.69	13300.69	13300.69	13300.69
K	Weighted average rate of Depreciation (WAROD) (in %)	4.96	4.95	4.95	4.95	4.95
L	Balance useful life at the beginning of the year (Year)	24	23	22	21	20
M	Elapsed life at the beginning of the year (Year)	3	4	5	6	7
N	Depreciation during the year (D*K)	758.50	758.68	758.68	758.68	758.68
O	Aggregate Cumulative Depreciation	3466.67	4225.35	4984.03	5742.71	6501.39
P	Remaining Aggregate Depreciable Value	9830.98	9075.34	8316.66	7557.98	6799.30

28. The details of depreciation approved vide order dated 26.11.2021 in Petition No. 328/TT/2020 in respect of the Combined Assets; depreciation claimed by the Petitioner in the instant Petition and trued up depreciation allowed in the instant order are as follows:

(₹ in lakh)

Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020	758.32	758.32	758.32	758.32	758.32



Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	758.49	758.67	758.67	758.67	758.67
Approved after true-up in this order	758.50	758.68	758.68	758.68	758.68

Interest on Loan (IoL)

29. The Petitioner has claimed the Weighted Average Rate of Interest on Loan (WAROI) based on its actual loan portfolio and the prevailing rate of interest.

30. 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 Combined Assets is as follows:

		(₹ in lakh)				
	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	10685.86	10713.13	10730.44	10734.52	10734.52
B	Cumulative Repayments upto Previous Year	2708.15	3466.65	4225.33	4984.01	5742.69
C	Net Loan-Opening (A-B)	7977.71	7246.48	6505.11	5750.51	4991.83
D	Additions	27.27	17.31	4.08	0.00	0.00
E	Repayment during the year	758.50	758.68	758.68	758.68	758.68
F	Net Loan-Closing (C+D-E)	7246.48	6505.11	5750.51	4991.83	4233.15
G	Average Loan (C+F)/2	7612.09	6875.79	6127.81	5371.17	4612.49
H	Weighted Average Rate of Interest on Loan (in %)	8.7248	8.5672	8.5799	8.6813	8.7796
I	Interest on Loan (G*H)	664.14	589.06	525.76	466.28	404.96

31. The details of IoL allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020 for the Combined Assets; IoL claimed by the Petitioner in the instant Petition and trued-up IoL allowed in the instant order are as follows:

(₹ in lakh)					
Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020	663.89	597.09	533.21	469.13	403.45
Claimed by the Petitioner in the instant Petition	664.13	589.05	525.75	466.28	404.96
Approved after true-up in this order	664.14	589.06	525.76	466.28	404.96



Return on Equity (RoE)

32. 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, with income assessed under MAT (115 JB of the Income Tax Act, 1961 [IT Act, 1961]). The Petitioner has also 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).

33. The Petitioner has further submitted that it is liable to pay 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

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

35. We noted that entities covered under the MAT regime are paying income tax according to 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 the net profit in the Statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, with certain additions and deductions as specified in the IT Act, 1961. Since the Petitioner has been paying the MAT rates for the respective



financial year, the notified MAT rates for that year shall be considered as the effective tax rate for the purpose of grossing up the Return on Equity (RoE) for truing up the 2019-24 tariff period in accordance with the provisions of the 2019 Tariff Regulations. Interest on any additional income tax demand arising from assessment orders by the Income Tax Authorities shall be considered on the actual payment made. However, any penalties imposed for defaults by the Assessee shall not be considered when grossing up the RoE. Any under- or over-recovery of the grossed-up RoE rates after truing-up shall be recovered or refunded to the beneficiaries or the long-term customers, as appropriate, on a year-to-year basis. Therefore, the following effective tax rate, based on the notified MAT rates, will be used for grossing up the 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 Combined Assets for the 2019-24 tariff period is as follows:

		(₹ in lakh)				
	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	4579.65	4591.34	4598.76	4600.51	4600.51
B	Additions	11.69	7.42	1.75	0.00	0.00
C	Closing Equity (A+B)	4591.34	4598.76	4600.51	4600.51	4600.51
D	Average Equity (A+C)/2	4585.50	4595.05	4599.63	4600.51	4600.51
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)	861.25	863.04	863.90	864.07	864.07



37. The details of RoE approved vide order dated 26.11.2021 in Petition No. 328/TT/2020 for the Combined Assets, RoE claimed by the Petitioner in the instant Petition, and trued-up RoE allowed in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020	861.98	863.81	863.81	863.81	863.81
Claimed by the Petitioner in the instant Petition	861.25	863.04	863.91	864.07	864.07
Approved after true-up in this order	861.25	863.04	863.90	864.07	864.07

Operation & Maintenance Expenses (O&M Expenses)

38. The Petitioner has claimed the following Operation & Maintenance Expenses (O&M Expenses) in respect of the Combined Assets for the 2019-24 tariff period in the instant Petition:

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gas insulated Sub-station (GIS) bays					
400 kV bays at Nagapattinam					
Number of bays	3	3	3	3	3
Norms (₹ lakh/bay)	22.505	23.296	24.115	24.962	25.837
Transmission Line					
(LILO of one Ckt of Neyveli-Trichy 400 kV line at Nagapattinam Pooling Station)					
D/C Twin Conductor (km)	23.00	23.00	23.00	23.00	23.00
Norms (₹ lakh/km)	0.881	0.912	0.944	0.977	1.011
Total O&M Expenses (₹ in lakh)	87.79	90.88	94.07	97.35	100.77

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

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gas insulated Sub-station (GIS) bays					
400 kV bays at Nagapattinam					
Number of bays	3	3	3	3	3
Norms (₹ lakh/bay)	22.505	23.296	24.115	24.962	25.837
Total	67.515	69.888	72.245	74.886	77.511



Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line (LILO of one Ckt of Neyveli-Trichy 400 kV line at Nagapattinam Pooling Station)					
D/C Twin Conductor (km)	23.00	23.00	23.00	23.00	23.00
Norms (₹ lakh/km)	0.881	0.912	0.944	0.977	1.011
Total	20.263	20.976	21.712	22.471	23.253
Total O&M Expense (₹ in lakh)	87.78	90.86	94.06	97.36	100.76

40. The details of O&M Expenses approved vide order dated 26.11.2021 in Petition No. 328/TT/2020 for the Combined Assets, O&M Expenses claimed by the Petitioner in the instant Petition and trued-up O&M Expenses allowed in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020	87.78	90.86	94.06	97.36	100.76
Claimed by the Petitioner in the instant Petition	87.79	90.88	94.07	97.35	100.77
Approved after true-up in this order	87.78	90.86	94.06	97.36	100.76

Interest on Working Capital (IWC)

41. The Interest on Working Capital (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 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 FY 2023-24.

42. The components of the working capital and interest allowed thereon for the Combined Assets for the 2019-24 tariff period are as follows:



(₹ in lakh)

	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	7.31	7.57	7.84	8.11	8.4
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	13.17	13.63	14.11	14.6	15.11
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	296.29	288.05	280.37	273.39	265.97
D	Total Working Capital (A+B+C)	316.77	309.25	302.32	296.1	289.48
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)	38.17	34.79	31.74	31.09	34.74

43. The details of IWC allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020 for Combined Assets, IWC claimed by the Petitioner in the instant Petition, and trued-up IWC allowed in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020	40.89	37.41	34.02	33.03	32.17
Claimed by the Petitioner in the instant Petition	38.17	34.79	31.74	31.09	34.74
Approved after true-up in this order	38.17	34.79	31.74	31.09	34.74

Trued-up Annual Fixed Charges for 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 Combined Assets are as follows:

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Transmission Charges						
A	Depreciation	758.50	758.68	758.68	758.68	758.68
B	Interest on Loan	664.14	589.06	525.76	466.28	404.96
C	Return on Equity	861.25	863.04	863.90	864.07	864.07
D	O & M Expenses	87.78	90.86	94.06	97.36	100.76
E	Interest on Working Capital	38.17	34.79	31.74	31.09	34.74
F	Total (A+B+C+D+E)	2409.84	2336.44	2274.14	2217.48	2163.21



45. The details of AFC allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020 for Combined Assets, AFC claimed by the Petitioner in the instant Petition, and true-up AFC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 26.11.2021 in Petition No. 328/TT/2020.	2412.87	2347.49	2283.42	2221.65	2158.52
Claimed by the Petitioner in the instant Petition.	2409.83	2336.43	2274.14	2217.46	2163.21
Approved after true-up in this order.	2409.84	2336.44	2274.14	2217.48	2163.21

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

46. The Petitioner has claimed the following transmission charges in relation to the Combined Assets for the 2024-29 tariff period:

(₹ in lakh)					
Combined Assets					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	750.30	743.91	731.64	727.72	256.39
Interest on Loan	337.09	269.42	206.49	145.14	103.51
Return on Equity	864.13	864.20	864.20	864.20	864.20
Interest on Working Capital	33.99	33.15	32.30	31.54	24.28
O&M Expenses	114.56	120.62	126.87	133.50	140.62
Total	2100.07	2031.30	1961.50	1902.10	1389.00

47. The details of IWC claimed by the Petitioner for the 2024-29 tariff period for the Combined Assets are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	9.55	10.05	10.57	11.13	11.72
Maintenance Spares	17.18	18.09	19.03	20.03	21.09
Receivables	258.91	250.43	241.83	233.86	171.25
Total Working Capital	285.64	278.57	271.43	265.02	204.06
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	33.99	33.15	32.30	31.54	24.28



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 in respect of the Combined Assets for the 2024-29 tariff period:

(₹ in lakh)				
Asset	Approved Cost as per RCE	Expenditure as on 31.3.2024	ACE Claimed	Estimated Completion Cost As on 31.3.2029
			2024-25	
Combined Assets	15801.89	15335.03	2.25	15337.28

50. We have considered the Petitioner's submissions. The capital cost has been dealt with in accordance with Regulation 19(3) of the 2024 Tariff Regulations. The



element-wise capital cost (i.e., land, building, transmission line, Sub-station and PLCC) as admitted by the Commission as on 31.3.2024 for the Combined Assets has been considered as capital cost as on 1.4.2024 as per the following details:

(₹ in lakh)

Element	Combined Assets
Freehold Land	574.35
Leasehold Land	0.00
Building Civil Works & Colony	1930.35
Transmission Line	3682.96
Sub-station	8878.64
PLCC	107.93
IT Equipment (Incl. Software)	160.80
Total	15335.03

51. The trued-up capital cost of ₹15335.03 lakh for Combined Assets, is considered as admitted capital cost as on 1.4.2024 for determining the tariff for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

52. Regulations 24 and 25 of the 2024 Tariff Regulation 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) *Payment made towards admitted liabilities for works executed up to the cut-off date;*
- (b) *Works deferred for execution;*
- (c) *Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) *Payment against 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;*
- (e) *Change in law or compliance with 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 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 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 change in law or Force Majeure conditions;*
- (c) *The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) *The replacement of such asset or equipment has otherwise been allowed by the Commission.*

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



53. The Petitioner has claimed ACE of ₹2.25 lakh for the Combined Assets for the 2024-29 tariff period under Regulations 25(1)(a) and 25(1)(d) of the 2024 Tariff Regulations on account of the directions from Revenue Authorities for implementation of community development works under the RAP at the 765/400 kV Nagapattinam Pooling Station. The details of the ACE claimed for the Combined Assets are as follows:

(₹ in lakh)

Assets	ACE Claimed
	2024-25
Combined Assets	2.25
Claimed under Regulation	Under Regulations 25(1)(a) and 25(1)(d) of the 2024 Tariff Regulations

54. The details of the liability flow statement as submitted by the Petitioner vide affidavit dated 7.11.2024 for Asset-2 are as under:

(₹ in lakh)

Party name	Particulars	Outstanding Liability as on 31.3.2024	Discharge of Liability	Total	Outstanding Liability as on 31.3.2029
			2024-25	2024-29	
Compensation	Freehold Land	2.25	2.25	2.25	0.00

55. We have considered the Petitioner's submissions. The ACE allowed for the 2024-29 tariff period is summarised as follows:

(₹ in lakh)

Particulars	ACE allowed
	2024-29
ACE allowed under Regulations 25(1)(a) and 25(1)(d) of the 2024 Tariff Regulations.	2.25

56. The total capital expenditure as on 31.3.2029 is within the apportioned approved cost. Accordingly, ACE and the capital cost allowed for the 2024-29 tariff period as on 31.3.2029 for the Combined Assets are as follows:



(₹ in lakh)

Asset	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	
Combined Assets	15335.03	2.25	15337.28

Debt-Equity ratio

57. 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 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 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 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.”

58. The debt-equity ratio considered for the purpose of tariff calculation for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity ratio considered for calculating the tariff of the Combined Assets 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	10734.52	70.00	1.58	70.00	10736.10	70.00
Equity	4600.51	30.00	0.68	30.00	4601.18	30.00
Total	15335.03	100.00	2.25	100.00	15337.28	100.00

Depreciation

59. 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..”

60. The depreciation has been calculated based on the admitted capital expenditure as on 1.4.2024 and onwards up to 31.3.2029. The WAROD has been worked out for the Combined Assets according to the depreciation rates specified under the 2024 Tariff Regulations.

61. The depreciation allowed for the Combined Assets under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	15335.03	15337.28	15337.28	15337.28	15337.28
B	Addition during 2024-29 due to ACE	2.25	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	15337.28	15337.28	15337.28	15337.28	15337.28
D	Average Gross Block (A+C)/2	15336.16	15337.28	15337.28	15337.28	15337.28
E	Average Freehold Land	575.48	576.60	576.60	576.60	576.60
F	Average Capital Cost (90% depreciable assets)	14599.88	14599.88	14599.88	14599.88	14599.88
G	Average Capital Cost (100% depreciable assets)	160.80	160.80	160.80	160.80	160.80
H	Depreciable Value (excluding IT equipment and software) (E*90%)	13139.89	13139.89	13139.89	13139.89	13139.89
I	Depreciable Value of IT equipment and software (F*100%)	160.80	160.80	160.80	160.80	160.80
J	Total Depreciable Value (H+I)	13300.69	13300.69	13300.69	13300.69	13300.69
K	Weighted Average Rate of Depreciation (WAROD) (in %)	4.89	4.85	4.77	4.74	Spread-over depreciation
L	Balance useful life at the beginning of the year (Year)	19	18	17	16	15
M	Elapsed life at the beginning of the year (Year)	8	9	10	11	12
N	Depreciation during the year (D*K)	750.31	743.92	731.63	727.73	256.38
O	Aggregate Cumulative Depreciation	7251.70	7995.62	8727.25	9454.98	9711.36



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
P	Remaining Aggregate Depreciable Value	6048.99	5305.07	4573.44	3845.71	3589.33

Interest on Loan (IoL)

62. 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.”

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	10734.52	10736.10	10736.10	10736.10	10736.10
B	Cumulative Repayments upto Previous Year	6501.37	7251.68	7995.60	8727.23	9454.96
C	Net Loan-Opening (A-B)	4233.15	3484.41	2740.49	2008.86	1281.13
D	Additions	1.58	0.00	0.00	0.00	0.00
E	Repayment during the year	750.31	743.92	731.63	727.73	256.38
F	Net Loan-Closing (C+D-E)	3484.41	2740.49	2008.86	1281.13	1024.75
G	Average Loan (C+F)/2	3858.78	3112.45	2374.68	1645.00	1152.94
H	Weighted Average Rate of Interest on Loan (in %)	8.7355	8.6561	8.6953	8.8228	8.9770
I	Interest on Loan (G*H)	337.08	269.42	206.48	145.13	103.50

Return on Equity (RoE)

64. 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.”

65. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner’s submissions and examined the records.

66. 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 Combined Assets for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	4600.51	4601.18	4601.18	4601.18	4601.18
B	Additions	0.68	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	4601.18	4601.18	4601.18	4601.18	4601.18
D	Average Equity (A+C)/2	4600.85	4601.18	4601.18	4601.18	4601.18
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for the 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)	864.13	864.19	864.19	864.19	864.19

Operation & Maintenance Expenses (O&M Expenses)

67. The Petitioner has claimed the following O&M Expenses concerning the Combined Assets for the 2024-29 tariff period in the instant Petition :

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses (₹ in lakh)	114.56	120.62	126.87	133.50	140.62



68. The norms specified under Regulations 36(3)(a) and 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.

.....”

69. 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. The details of the O&M Expenses for the Combined Assets for the 2024-29 tariff period are as follows:

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
Gas insulated Sub-station (GIS) bays					
400 kV bays at Nagapattinam					
Number of bays	3	3	3	3	3
Norms (₹lakh/bay)	20.671	21.756	22.897	24.101	25.361
Total	62.013	65.268	68.691	72.303	76.083
400 kV Sub-station Reactor					
Number of Reactors (125 MVAr)	1	1	1	1	1
O&M expenses per MVAr	0.262	0.276	0.290	0.305	0.322
Total	32.75	34.50	36.25	38.13	40.25
Transmission Line					
(LILO of one Ckt of Neyveli-Trichy 400 kV line at Nagapattinam Pooling Station)					
D/C Twin Conductor (km)	23.00	23.00	23.00	23.00	23.00
Norms (₹lakh/km)	0.861	0.906	0.953	1.003	1.056
Total	19.803	20.838	21.919	23.069	24.288
Total O&M Expense (₹ in lakh)	114.57	120.61	126.86	133.50	140.62

Interest on Working Capital (IWC)

70. 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.”

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

72. 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 Combined Assets 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)	9.55	10.05	10.57	11.12	11.72
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	17.18	18.09	19.03	20.02	21.09
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	258.91	250.43	241.82	233.86	171.24
D	Total Working Capital (A+B+C)	285.65	278.57	271.43	265.01	204.05
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)	33.99	33.15	32.30	31.54	24.28



Annual Fixed Charges for the 2024-29 Tariff Period

73. The annual transmission charges allowed in respect of the Combined Assets for the 2024-29 tariff period are summarised as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	750.31	743.92	731.63	727.73	256.38
Interest on Loan	337.08	269.42	206.48	145.13	103.50
Return on Equity	864.13	864.19	864.19	864.19	864.19
O&M Expenses	114.57	120.61	126.86	133.50	140.62
Interest on Working Capital	33.99	33.15	32.30	31.54	24.28
Total	2100.08	2031.28	1961.46	1902.09	1388.97

Filing Fee and Publication Expenses

74. 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 is 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.

75. 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 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)

76. 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.

77. 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.”

78. 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

79. 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

80. 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.

81. We have considered the submissions made by 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

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

83. As regards the security expenses of the Combined Assets, the Petitioner has submitted that it shall 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 Combined Assets are not claimed in the instant Petition.

84. 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 Interest on Working Capital (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.

85. The Petitioner has not claimed capital spares for the Combined Assets in the instant Petition for the 2024-29 tariff period. According to the Petitioner, 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.

86. 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."

87. 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

88. 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.

89. We have considered the submission of the Petitioner. 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.

90. 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 Combined Assets are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	2409.83	2336.43	2274.14	2217.46	2163.21
AFC Allowed	2409.84	2336.44	2274.14	2217.48	2163.21

- b. Annual Fixed Charges allowed for the 2024-29 tariff period for the Combined Assets in this order are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	2100.07	2031.30	1961.50	1902.10	1389.00
AFC Allowed	2100.08	2031.28	1961.46	1902.09	1388.97

91. This order disposes of Petition No. 345/TT/2025, in terms of the above discussions and findings.

sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Ramesh Babu V.)
Member

