

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 35/TT/2025

Coram:

**Shri Ramesh Babu V., Member
Shri Harish Dudani, Member**

Date of Order: 16.04.2025

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 period and determination of the transmission tariff for the 2024-29 period for Combined Asset under "Procurement of Spare Converter Transformer for Vizag HVDC System" 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,**
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– 403001, Goa
- 4. Electricity Department**
Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai,
Pondicherry – 605001



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

...Respondent(s)

Parties Present: Shri Mohd. Mohsin, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vishal Sagar, PGCIL
Shri Amit Yadav, PGCIL



Ms. Suchitra Gautam, PGCIL
Shri Divyanshu Bhatt, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Piyush Awasthi, PGCIL
Shri Amit Garg, PGCIL
Ms. Ashita Chauhan, PGCIL
Mr. Ashish Alankar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period in respect for the following transmission assets (hereinafter referred to as “the transmission assets/Combined Asset”) under POWERGRID works associated with “Procurement of Spare Converter Transformer for VIZAG HVDC System” in the Southern Region.

Asset-1: 1 Number Spare 201 MVA, 1ph 3 winding Converter Transformer

Asset-2: 1 Number Spare 234 MVA, 1ph 3 winding Converter Transformer

Assets 1 and 2 have been combined and the combined tariff has been claimed for the 2024-29 tariff period, and as such have been termed as “Combined Assets” for the 2024-29 tariff period.

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 14 and 15 above.

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

c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended



from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 14 and 15 above for respective block.

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

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

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

g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.

h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.

i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 21 above.

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

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

and pass such other relief as the 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 Petitioner has submitted that it was entrusted with implementation of the transmission project with its requirement discussed and agreed in the 33rd Standing Committee Meeting (SCM) on Power System Planning of Southern Region held on 20.10.2011 followed by its discussion and approval in 18th Southern Regional Power Committee (SRPC) meeting held on 23.12.2011. Further, the proposal related to the said requirement was agreed in SCM on



Power System Planning in Eastern Region held on 5.1.2013 followed by its approval in the 25th TCC and 25th ERPC meetings held on 20.9.2013 and 21.9.2013 respectively.

- b. The Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner (in its 340th meeting held on 11.5.2017) vide Memorandum Ref. No. C/CP/PA 1718-05-0A-IA005 dated 6.6.2017 at an estimated cost of ₹9723 lakh including an IDC of ₹572 lakh (based on December 2016 price level) with the broad scope of works as follows:

Vizag HVDC Terminal Station:

- i. 1 Number Spare 201 MVA, 1ph 3 winding Converter Transformer
 - ii. 1 Number Spare 234 MVA, 1ph 3 winding Converter Transformer
- c. As per the IA dated 11.5.2017 and the Petitioner's submissions, the scheduled COD of Asset-1 and Asset-2 was 10.5.2019 against which Asset-1 was put into commercial operation on 28.3.2020 (with time over-run of 323 days) and Asset-2 was put into commercial operation on 30.7.2020 (with time over-run of 447 days).
- d. The Commission approved the transmission tariff for the instant transmission assets from their respective CODs to 31.3.2024 vide order dated 2.3.2022 in Petition No. 664/TT/2020.
- e. The Petitioner has filed the present Petition for truing up of the transmission tariff for the 2019-24 tariff period and the determination of transmission tariff for the 2024-29 tariff period for the following transmission assets implemented in the Western Region:



Asset No.	Asset Name	COD
Asset-1	1 Number Spare 201 MVA, 1ph 3 winding Converter Transformer.	28.3.2020
Asset-2	1 Number Spare 234 MVA, 1ph 3 winding Converter Transformer	30.7.2020

4. The details of the transmission assets including scheduled commercial operation date (SCOD), date of commercial operation (COD), and time over-run are as follows:

Assets	SCOD	COD	Time over-run	Time over-run condoned
Asset-1	10.5.2019	28.3.2020	323 days	0 days
Asset-2	10.5.2019	30.7.2020	447 days	0 days

5. The Respondents are distribution licensees, transmission licensees and power departments, which are procuring transmission services from the Petitioner, mainly beneficiaries of the Western Region.

6. The Petitioner has served the Petition on the Respondents and notice regarding filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. No reply has been received by the Respondent.

7. The last hearing in this matter was held on 25.3.2025 and the order was reserved.

8. This order is issued considering the submissions made by the Petitioner vide affidavits dated 7.9.2024 and 24.3.2025.

9. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition.

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

10. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission assets is as follows:



Asset-1

(₹ in lakh)

Particulars	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	1.27	121.36	126.83	126.83	126.83
Interest on Loan	1.25	114.07	109.85	101.70	92.68
Return on Equity	1.35	129.51	135.34	135.34	135.34
Interest on Working Capital	0.06	5.13	4.88	4.77	5.31
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	3.93	370.07	376.90	368.64	360.16

Asset-2

(₹ in lakh)

Particulars	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
Depreciation	89.54	139.57	140.20	140.22
Interest on Loan	82.77	120.49	112.36	102.76
Return on Equity	95.56	148.94	149.62	149.63
Interest on Working Capital	3.77	5.36	5.27	5.88
O&M Expenses	0.00	0.00	0.00	0.00
Total	271.64	414.36	407.45	398.49

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

Asset-1

(₹ in lakh)

Particulars	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	44.19	45.63	46.47	45.45	44.28
Total Working Capital	44.21	45.63	46.47	45.45	44.28
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	5.32	5.13	4.88	4.77	5.31
Pro rata interest on working capital	0.06	5.13	4.88	4.77	5.31

Asset-2

(₹ in lakh)

Particulars	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
O&M Expenses	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00



Particulars	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
Receivables	49.89	51.09	50.23	48.99
Total Working Capital	49.89	51.09	50.23	48.99
Rate of Interest (in %)	11.25	10.50	10.50	12.00
Interest on Working Capital	5.61	5.36	5.27	5.88
Pro rata interest on working capital	3.77	5.36	5.27	5.88

Capital Cost for the 2019-24 Tariff Period

12. The capital cost of the transmission project has been calculated in accordance with the Regulation 19(1) and 19(2) of the 2019 Tariff Regulations.

13. The Commission, vide order dated 2.3.2022 in Petition No. 664/TT/2020, had allowed capital cost as on COD as also the Additional Capital Expenditure (ACE) and had determined the transmission tariff for the 2019-24 tariff period. The details of the capital cost as allowed by the Commission in the aforesaid order are as follows:

(₹ in lakh)

Assets	Capital Cost allowed as on COD	Admitted ACE	Capital Cost allowed as on 31.3.2024
		2021-22	
Asset-1	2194.99*	218.93	2413.92
Asset-2	2421.33@	219.19	2640.52
Total	4616.32	438.12	5054.44

*IDC & IEDC disallowed due to time overrun is ₹85.18 lakh

@IDC & IEDC disallowed due to time overrun is ₹126.30 lakh

14. The Petitioner, in the instant true-up Petition, has submitted the Auditor Certificates dated 21.8.2024 indicating the capital cost for true-up in the 2019-24 tariff period:

(₹ in lakh)

Assets	Apportioned Approved Cost as per FR	Capital Cost up to CODs	ACE certified					Total Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1	4323.03	2280.17	0.00	207.08	0.00	-85.18	0.00	2402.07
Asset-2	5399.20	2547.63	0.00	210.27	23.44	-60.41	-42.60	2678.33
Total	9722.23	4827.80	0.00	417.35	23.44	-145.59	-42.60	5080.40



15. The Petitioner has claimed the following capital cost in respect of Asset-1 and Asset-2 for the 2019-24 tariff period:

(₹ in lakh)

Assets	Apportioned Approved Cost as per FR	Capital cost claimed as on CODs	ACE claimed					Capital Cost claimed as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1	4323.03	2194.99*	0.00	207.08	0.00	#	0.00	2402.07
Asset-2	5399.20	2421.33@	0.00	210.27	23.44	0.61#	#	2655.65
Total	9722.23	4616.32	0.00	417.45	23.44	0.61	0.00	5057.72

*IDC & IEDC disallowed due to time overrun is ₹85.18 lakh

@IDC & IEDC disallowed due to time overrun is ₹126.30 lakh

#Liquidated Damages (LD) were recovered from contractor amounting to ₹85.18 lakh (Asset-1) and ₹103.62 (Asset-2) lakh and reduced from the capital cost in FY 2022-23 for Asset-1 and FY 2022-23 & 2023-24 for Asset-2 on its recovery. Accordingly, IDC/IEDC disallowed to the extent of LD recovered amount of ₹85.18 lakh for Asset-1 and ₹103.62 Lakhs for Asset-2 is added back to the capital cost in FY 2022-23 & 2023-24.

Cost Over-run

16. The Petitioner has claimed capital cost of ₹4616.32 lakh in respect of the two transmission assets as on COD.

17. The total completion cost including ACE is ₹5057.72 lakh and the approved cost as per FR is ₹9722.23 lakh. Since , the completion cost in respect of the transmission assets is within the approved FR cost, there is no cost over-run with regard to the transmission assets.

Time Over-run

18. As per IA, SCOD of Asset-1 & Asset-2 was within 11 & 15 months from the date of IA, i.e., 11.5.2017. Accordingly, SCODs were 10.4.2018 and 10.8.2018 against which the transmission assets were put under commercial operation on 28.3.2020 and 30.7.2020, respectively. Therefore, there was a total time over-run of 323 and 447 days in commercial operation of both the transmission assets. The Commission, vide order



dated 2.3.2022 in Petition No. 664/TT/2020, has already dealt with the issue of time over-run and the entire time over-run of 323 and 447 days was not condoned.

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

19. The Petitioner has claimed IDC in respect of the transmission assets and has submitted Auditor’s Certificates dated 21.8.2024 in the instant Petition in support of the same. The Petitioner has submitted the computation of IDC along with year-wise details of IDC discharged. The Petitioner has claimed the IDC as was admitted by the Commission vide order dated 2.3.2022 in Petition No. 664/TT/2020.

20. The allowable IDC has been worked out considering the information submitted by the Petitioner in respect of the transmission assets separately on cash basis. The loan details submitted in Form-9C for the 2019-24 tariff period and IDC computation sheet have been considered for the purpose of IDC calculation on cash basis and on accrued basis. The details of IDC as approved by the Commission vide order dated 2.3.2022 in Petition No. 664/TT/2020 are as follows:

(₹ in lakh)

Asset	IDC as per Auditor’s Certificate	IDC Allowed	IDC Disallowed	IDC allowed as on COD	IDC Undischarged as on COD	IDC Discharge During
	A	B	C	D	E=D-B	2019-20
Asset-1	61.53	0.00	61.53	0.00	0.00	0.00
Asset-2	87.23	0.00	87.23	0.00	0.00	0.00

21. As the time over-run in case of the transmission assets has not been condoned, IEDC has been disallowed proportionately. The Petitioner has claimed the IEDC as admitted by the Commission vide order dated 2.3.2022 in Petition No. 664/TT/2020. IEDC of ₹117.27 lakh was approved as on COD vide order dated 2.3.2022 in Petition



No. 664/TT/2020 and the same has been allowed in respect of the transmission assets as under:

(₹ in lakh)

Asset	IEDC as per Auditor's Certificate	IEDC Disallowed due to time over-run not condoned	IEDC Allowed
	A	B	C=A-B
Asset-1	77.09	23.65	53.44
Asset-2	102.91	39.08	63.83

Initial Spares

22. The Petitioner has not claimed Initial Spares in the instant Petition.

Capital Cost allowed as on COD

23. The capital cost of the Assets has been calculated in accordance with Regulation 19 of the 2019 Tariff Regulations. The details of the capital cost now approved as on CODs are as under:

(₹ in lakh)

Assets	Capital Cost as on COD as per Auditor Certificate (A)	IDC and IEDC Disallowed due to time over-run not condoned (B)	Capital Cost allowed as on COD
			(E = A-B)
Asset-1	2280.17	85.18	2194.99
Asset-2	2547.63	126.31	2421.32
Total	4827.80	211.49	4616.31

Additional Capital Expenditure (ACE)

24. The Commission, vide order dated 3.2.2022 in Petition No. 664/TT/2020, allowed the projected ACE for the 2019-24 tariff period for Asset-1 and Asset-2 under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of balance and retention payments for works already executed. Accordingly, the approved ACE in respect of Asset-1 and Asset-2 for the 2019-24 tariff period was as under:



(₹ in lakh)

Asset	Approved ACE
	2021-22
Asset-1	218.93
Asset-2	219.19
Total	438.12

25. Against this, the Petitioner has claimed the following ACE in respect of Asset-1 and Asset-2 based on the actual expenditure in accordance with Regulation 24(1)(a) for Asset-1 and Regulation 24(1)(a) & 24(1)(b) for Asset-2.

Asset-1

(₹ in lakh)

Particulars	Regulations	Actual ACE				
		2019-20	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	0.00	207.08	0.00	0.00#	0.00
Total						207.08

#LD was recovered from contractor amounting to ₹85.18 lakh (Asset-1) reduced from the capital cost in FY 2022-23 for Asset-1 on its recovery. Accordingly, IDC/IEDC disallowed to the extent of LD recovered amount of ₹85.18 lakh for Asset-1 is added back to the capital cost in FY 2022-23.

Asset-2

(₹ in lakh)

Particulars	Regulations	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance and retention payments for liabilities other than IDC	24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	0.00	210.27	23.44	0.61#	#
Total						234.42

#LD was recovered from contractor amounting to ₹103.62 lakh (Asset-2) reduced from the capital cost in and FY 2022-23 & 2023-24 for Asset-2 on its recovery. Accordingly, IDC/IEDC disallowed to the extent of LD recovered amount of ₹103.62 lakh for Asset-2 is added back to the capital cost in FY 2022-23 & 2023-24.

26. The Petitioner has further submitted that in case of the transmission assets, the Commission disallowed IDC and IEDC on account of time over-run not condoned and reduced it from the capital cost as on the date of commercial operation. Subsequently,



Liquidated Damages (LD) were recovered from the executing agency(ies) which was reduced from the capital cost as per the accounting procedures. The details of IDC and IEDC disallowed vide previous orders and LD recovered in respect of Asset-1 and Asset-2 for the 2019-24 tariff period:

(₹ in lakh)			
Assets	IDC and IEDC Disallowed as on COD	LD Recovered	Year of LD Recovery
Asset-1	85.18	85.18	2022-23
Asset-2	126.30	61.02	2022-23
		42.60	2023-24

27. The Petitioner has submitted that the disallowed IDC and IEDC to the extent of LD recovered from the contractors is added back as ACE in the respective years when such recovery is made as mentioned in footnote of the Auditor's Certificate.

28. With regard to the above, the Commission vide RoP dated 18.3.2025 directed the Petitioner to submit revised liability flow statement for Asset-2, reasons for variation in ACE claimed for Asset-2 in 2019-24 period w.r.t. the approved ACE and the details of Liquidated Damages (LD) in the instant Petition.

29. The Petitioner vide affidavit dated 24.3.2025 has submitted that the ACE is claimed under Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. Further, the primary reason for variations in the approved ACE and actual ACE is that while projecting the estimated ACE, the contracts were not closed, and the liabilities were not finalized. However, in the instant true up Petition, the ACE is claimed on the basis of actual payments made to the vendor after receipt of final invoices and incorporating the amendments and also after due reconciliation in accordance with the contractual clauses as per provisions of contract. Further, liability flow statement containing head-wise and party-wise details of actual ACE incurred during the 2019-24 tariff period for Asset-2 is as follows:



(₹ in lakh)

Asset No.	Party Name	Particular	Year of Actual Capitalization	Outstanding Liability as on COD	Discharge				
					2020-21	2021-22	2022-23	2023-24	Total (2019-24)
Asset-2	TBEA Energy (INDIA) PVT LTD	Sub-station	2020-21	211.01	210.27	0.13	0.61	0.00	211.01
Total				211.01	210.27	0.13	0.61	0.00	211.01

(₹ in lakh)

Asset No.	Party Name	Particular	Year of Actual Capitalization	Outstanding Liability as on COD	Reversal (LD Recovery)				
					2020-21	2021-22	2022-23	2023-24	Total (2019-24)
Asset-2	TBEA Energy (INDIA) PVT LTD	Sub-station	2020-21	211.01	0.00	0.00	61.02	42.06	103.62
Total				211.01	0.00	0.00	61.02	42.06	103.62

(₹ in lakh)

Details of Unexecuted works						
Asset No.	Headwise /Partywise	Particulars	Year of Actual Capitalization 28.3.2020	2021-22	2022-23	2023-24
Asset-2	SITE PACKAGES	Sub-station	2020-21	23.31	0.00	0.00
Total				23.31	0.00	0.00

30. It is noted that for Asset-1 the LD was recovered from the contractor amounting to ₹85.18 lakh in FY 2022-23 and accordingly, on its recovery, was reduced for the accounting purpose from the gross ACE for that year which was "Nil". As such, after accounting for the recovered LD, the net ACE reflected in Auditor Certificate is (-) ₹85.18 lakh. Accordingly, LD amount recovered to the extent of IDC/IEDC disallowed (i.e., ₹85.18 lakh), is added back to arrive at the ACE claimed for FY 2022-23 which is NIL. Similarly, for Asset-2, the LD was recovered from the contractors amounting to ₹61.02 lakh & ₹42.60 lakh and accordingly, on its recovery, was reduced for accounting purpose from the gross ACE for FY 2022-23 & 2023-24 which was ₹0.61 lakh and 'Nil', respectively. As such, after accounting for the recovered LD, the net ACE reflected in Auditor Certificate is (-) ₹60.41 lakh and (-) ₹42.60 lakh. Accordingly, the LD amount



recovered to the extent of IDC/IEDC disallowed, i.e., ₹61.02 lakh and ₹42.60 lakh is added back to arrive at the ACE claimed, i.e., ₹0.61 lakh and “Nil” for the FY 2022-23 & 2023-24 respectively.

31. We have considered the submissions made by the Petitioner. When time over-run is attributable to the project developer, or its contractors, the cost of time over-run, i.e., IDC and IEDC has to be borne by the project developer and the LD, if any, recovered can be retained by the Petitioner. In the instant case, time over-run in case of the transmission assets was not condoned. Accordingly, the IDC and IEDC for the period of time over-run not condoned in case of the transmission assets is deducted from the capital cost. The amount of LD recovered to the extent of IDC and IEDC disallowed has already been adjusted by the Petitioner from the ACE (as certified by the Auditor) for 2022-23 and 2023-24. As such, the treatment of the LD recovered by the Petitioner is in order for the years FY 2022-23 and 2023-24 and is in line with the 2019 Tariff Regulations.

32. The details of ACE claimed, and ACE allowed after adjustment of LD in respect of Asset-1 and Asset-2 for the 2019-24 tariff period:

		(₹ in lakh)				
Asset		2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	ACE certified as per Auditor Certificates (A)	0.00	207.08	0.00	(85.18)	0.00
	Adjustment for LD recovered, claimed and allowed (B)	0.00	0.00	0.00	85.18	0.00
	Net ACE allowed (C = A + B)	0.00	207.08	0.00	0.00	0.00
Asset-2	ACE certified as per Auditor Certificates (A)	0.00	210.27	23.44	(60.41)	(42.60)
	Adjustment for LD recovered, claimed and allowed (B)	0.00	0.00	0.00	61.02	42.60
	Net ACE allowed (C = A + B)	0.00	210.27	23.44	0.61	0.00



33. We have considered the submissions made by the Petitioner. The ACE claimed by the Petitioner is allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of balance and retention payments for works already executed and Regulation 24(1)(b) of the 2019 Tariff Regulations on account of works deferred for execution. The allowed ACE is as follows:

Asset-1

(₹ in lakh)			
Particulars	Regulation	Year	ACE allowed
Balance and retention payments for liabilities other than IDC	24(1)(a) of the 2019 Tariff Regulations	2020-21	207.08

Asset-2

(₹ in lakh)			
Particulars	Regulation	Year	ACE allowed
Balance and retention payments for liabilities other than IDC	24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations	2020-21	210.27
		2021-22	23.44
		2022-23	0.61

34. The capital cost and ACE allowed in respect of the transmission assets for the 2019-24 tariff period is as follows:

(₹ in lakh)							
Assets	Apportioned Approved Cost	Capital Cost allowed as on COD	Allowed ACE				Total Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	
Asset-1	4323.03	2194.99	0.00	207.08	0.00	0.00	2402.07
Asset-2	5399.20	2421.31	0.00	210.27	23.44	0.61	2655.64

Debt-Equity ratio

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



Asset-1

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	1536.49	70.00	144.96	70.00	1681.45	70.00
Equity	658.50	30.00	62.12	30.00	720.62	30.00
Total	2194.99	100.00	207.08	100.00	2402.07	100.00

Asset-2

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	1694.92	70.00	164.02	70.00	1858.95	70.00
Equity	726.40	30.00	70.30	30.00	796.69	30.00
Total	2421.32	100.00	234.32	100.00	2655.64	100.00

Depreciation

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

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

(₹ in lakh)						
Asset-1						
	Particulars	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	2194.99	2194.99	2402.07	2402.07	2402.07
B	Addition during 2019-24 due to ACE	0.00	207.08	0.00	0.00	0.00
C	Closing Gross Block (A+B)	2194.99	2402.07	2402.07	2402.07	2402.07
D	Average Gross Block (A+C)/2	2194.99	2298.53	2402.07	2402.07	2402.07
E	Average Capital Cost (90% depreciable assets)	2194.99	2298.53	2402.07	2402.07	2402.07
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00



Asset-1						
	Particulars	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
G	Depreciable Value (excluding IT equipment and software) (E*90%)	1975.49	2068.68	2161.86	2161.86	2161.86
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)	1975.49	2068.68	2161.86	2161.86	2161.86
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
K	Balance useful life of the asset	25	25	24	23	22
L	Elapsed life at the beginning of the year	-	-	1	2	3
M	Aggregate Depreciable Value	1975.49	2068.68	2161.86	2161.86	2161.86
N	Combined Depreciation during the year (D*J)	1.27	121.36	126.83	126.83	126.83
O	Cumulative Depreciation at the end of the year	1.27	122.63	249.46	376.29	503.12
P	Remaining Aggregate Depreciable Value at the end of the year	1974.22	1946.05	1912.41	1785.58	1658.75

(₹ in lakh)

Asset -2					
	Particulars	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
A	Opening Gross Block	2421.32	2631.59	2655.03	2655.64
B	Addition during 2019-24 due to ACE	210.27	23.44	0.61	0.00
C	Closing Gross Block (A+B)	2631.59	2655.03	2655.64	2655.64
D	Average Gross Block (A+C)/2	2526.46	2643.31	2655.34	2655.64
E	Average Capital Cost (90% depreciable assets)	2526.46	2643.31	2655.34	2655.64
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%)	2273.81	2378.98	2389.80	2390.08
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	2273.81	2378.98	2389.80	2390.08
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28
K	Balance useful life of the asset	25	25	24	23
L	Elapsed life at the beginning of the year	-	-	1	2



Asset -2					
	Particulars	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
M	Aggregate Depreciable Value	2273.81	2378.98	2389.80	2390.08
N	Combined Depreciation during the year (D*J)	89.54	139.57	140.20	140.22
O	Cumulative Depreciation at the end of the year	89.54	229.11	369.31	509.53
P	Remaining Aggregate Depreciable Value at the end of the year	2184.27	2149.87	2020.49	1880.55

38. The details of depreciation approved vide order dated 2.3.2022 in Petition No. 664/TT/2020 in respect of the transmission assets, claimed by the Petitioner in the instant Petition, and trued up depreciation allowed in the instant order are as follows:

(₹ in lakh)

Asset-1	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	1.27	121.68	127.46	127.46	127.46
Claimed by the Petitioner in the instant Petition	1.27	121.36	126.83	126.83	126.83
Approved after true-up in this order	1.27	121.36	126.83	126.83	126.83

(₹ in lakh)

Asset-2	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	89.70	139.42	139.42	139.42
Claimed by the Petitioner in the instant Petition	89.54	139.57	140.20	140.22
Approved after true-up in this order	89.54	139.57	140.20	140.22

Interest on Loan (IoL)

39. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner. IoL has been calculated based on the actual interest rate submitted by the Petitioner in



accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the transmission assets is as follows:

(₹ in lakh)

Particulars		Asset-1				
		2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	1536.49	1536.49	1681.45	1681.45	1681.45
B	Cumulative Repayments upto Previous Year	0.00	1.27	122.63	249.46	376.29
C	Net Loan-Opening (A-B)	1536.49	1535.23	1558.82	1431.99	1305.16
D	Additions	0.00	144.96	0.00	0.00	0.00
E	Repayment during the year	1.27	121.36	126.83	126.83	126.83
F	Net Loan-Closing (C+D-E)	1535.23	1558.82	1431.99	1305.16	1178.33
G	Average Loan (C+F)/2	1535.86	1547.02	1495.41	1368.58	1241.75
H	Weighted Average Rate of Interest on Loan (in %)	7.4369	7.3737	7.3455	7.4312	7.4636
I	Interest on Loan (G*H)	1.25	114.07	109.85	101.70	92.68

(₹ in lakh)

Particulars		Asset-2			
		2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
A	Gross Normative Loan	1694.92	1842.11	1858.52	1858.95
B	Cumulative Repayments up to Previous Year	0.00	89.54	229.11	369.31
C	Net Loan-Opening (A-B)	1694.92	1752.57	1629.41	1489.64
D	Additions	147.19	16.41	0.43	0.00
E	Repayment during the year	89.54	139.57	140.20	140.22
F	Net Loan-Closing (C+D-E)	1752.57	1629.41	1489.64	1349.42
G	Average Loan (C+F)/2	1723.75	1690.99	1559.52	1419.53
H	Weighted Average Rate of Interest on Loan (in %)	7.1537	7.1254	7.2047	7.2388
I	Interest on Loan (G*H)	82.77	120.49	112.36	102.76

40. The details of IoL allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020 for the transmission assets, claimed by the Petitioner in the instant Petition and trued-up IoL allowed in the instant order are as follows:



(₹ in lakh)

Asset-1	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	1.25	115.36	111.80	102.32	92.84
Claimed by the Petitioner in the instant Petition	1.25	114.07	109.85	101.70	92.68
Approved after true-up in this order	1.25	114.07	109.85	101.70	92.68

(₹ in lakh)

Asset-2	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	83.50	121.62	111.56	101.52
Claimed by the Petitioner in the instant Petition	82.77	120.49	112.36	102.76
Approved after true-up in this order	82.77	120.49	112.36	102.76

Return on Equity (RoE)

41. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019- 20 and FY 2020-21 and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for the FY 2021-22 and FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024).

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

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



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

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

44. Accordingly, we refer to the rejoinder filed by the Petitioner against the reply filed by MPPMCL in Petition No. 25/TT/2025. The Petitioner has submitted that the Income Tax assessment has been completed, and Assessment Orders have been issued by the Income Tax Department for FYs 2019-20 and 2020-21. Further, the Income Tax Assessment for FYs 2021-22, 2022-23, and 2023-24 are under progress with the Income Tax Authorities. The assessment orders for FYs 2019-20 and 2020-21 and ITRs for FYs 2021-22, 2022-23 and 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024. Further, the Income Tax Return for FY 2023-24 has now been filed, and accordingly, the revised computation of the effective tax percentage is as under:

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



45. 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) 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 year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be considered for the purpose of grossing up of the rate of RoE. Any under recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

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

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



(₹ in lakh)

	Particulars	Asset-1				
		2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	658.50	658.50	720.62	720.62	720.62
B	Additions	0.00	62.12	0.00	0.00	0.00
C	Closing Equity (A+B)	658.50	720.62	720.62	720.62	720.62
D	Average Equity (A+C)/2	658.50	689.56	720.62	720.62	720.62
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)	1.35	129.51	135.35	135.35	135.35

(₹ in lakh)

	Particulars	Asset-2			
		2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
A	Opening Equity	726.40	789.48	796.51	796.69
B	Additions	63.08	7.03	0.18	0.00
C	Closing Equity (A+B)	789.48	796.51	796.69	796.69
D	Average Equity (A+C)/2	757.94	792.99	796.60	796.69
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (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)	95.55	148.94	149.62	149.63

47. The details of RoE approved vide order dated 2.3.2022 in Petition No. 664/TT/2020 for the transmission assets, claimed by the Petitioner in the instant Petition, and trued-up RoE allowed in the instant order are as follows:

(₹ in lakh)

Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	1.35	129.85	136.01	136.01	136.01
Claimed by the Petitioner in the instant Petition	1.35	129.51	135.34	135.34	135.34
Approved after true-up in this order	1.35	129.51	135.35	135.35	135.35



(₹ in lakh)

Asset-2	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	95.72	148.78	148.78	148.78
Claimed by the Petitioner in the instant Petition	95.56	148.94	149.62	149.63
Approved after true-up in this order	95.55	148.94	149.62	149.63

Operation & Maintenance Expenses (O&M Expenses)

48. The Petitioner has not claimed O&M Expenses in the instant true-up Petition for the 2019-24 tariff period.

Interest on Working Capital (IWC)

49. 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 the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for the FY 2021-22 and 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

50. The components of the trued-up working capital and interest allowed thereon for the transmission assets for 2019-24 are as follows:

(₹ in lakh)

Particulars		Asset-1				
		2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.00	0.00	0.00	0.00	0.00



Particulars		Asset-1				
		2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	44.15	45.63	46.47	45.45	44.28
D	Total Working Capital (A+B+C)	44.15	45.63	46.47	45.45	44.28
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)	0.06	5.13	4.88	4.77	5.31

(₹ in lakh)

Particulars		Asset-2			
		2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.00	0.00	0.00	0.00
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	49.89	51.09	50.23	48.99
D	Total Working Capital (A+B+C)	49.89	51.09	50.23	48.99
E	Rate of Interest for working capital (in %)	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	3.77	5.36	5.27	5.88

51. The details of IWC allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020 for transmission assets, IWC claimed by the Petitioner in the instant Petition, and trued-up IWC allowed in the instant order are as follows:



(₹ in lakh)

Asset-1	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	0.06	5.16	4.92	4.80	4.66
Claimed by the Petitioner in the instant Petition	0.06	5.13	4.88	4.77	5.31
Approved after true-up in this order	0.06	5.13	4.88	4.77	5.31

(₹ in lakh)

Asset-2	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	3.77	5.37	5.24	5.11
Claimed by the Petitioner in the instant Petition	3.77	5.36	5.27	5.88
Approved after true-up in this order	3.77	5.36	5.27	5.88

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

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

(₹ in lakh)

Particulars		Asset-1				
		2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
A	Depreciation	1.27	121.36	126.83	126.83	126.83
B	Interest on Loan	1.25	114.07	109.85	101.70	92.68
C	Return on Equity	1.35	129.51	135.35	135.35	135.35
D	O & M Expenses	0.00	0.00	0.00	0.00	0.00
E	Interest on Working Capital	0.06	5.13	4.88	4.77	5.31
F	Total (A+B+C+D+E)	3.92	370.08	376.90	368.65	360.17

(₹ in lakh)

Particulars		Asset-2			
		2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
A	Depreciation	89.54	139.57	140.20	140.22
B	Interest on Loan	82.77	120.49	112.36	102.76



Particulars		Asset-2			
		2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
C	Return on Equity	95.55	148.94	149.62	149.63
D	O & M Expenses	0.00	0.00	0.00	0.00
E	Interest on Working Capital	3.77	5.36	5.27	5.88
F	Total (A+B+C+D+E)	271.64	414.36	407.45	398.49

53. The details of AFC allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020 for the transmission assets, AFC claimed by the Petitioner in the instant Petition, and trued-up AFC allowed in the instant order are as follows:

(₹ in lakh)

Asset-1					
Particulars	2019-20 (Pro-rata 4 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	3.92	372.04	380.20	370.59	360.97
Claimed by the Petitioner in the instant Petition	3.93	370.07	376.90	368.64	360.16
Approved after true-up in this order	3.93	370.08	376.90	368.65	360.17

(₹ in lakh)

Asset-2				
Particulars	2020-21 (Pro-rata 245 days)	2021-22	2022-23	2023-24
Allowed vide order dated 2.3.2022 in Petition No. 664/TT/2020	272.69	415.19	405.01	394.84
Claimed by the Petitioner in the instant Petition	271.64	414.36	407.45	398.50
Approved after true-up in this order	271.64	414.36	407.45	398.50

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

54. The Petitioner has claimed the following transmission charges in respect of the Combined Asset for the 2024-29 tariff period:



(₹ in lakh)

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	267.05	267.05	267.05	267.05	267.05
Interest on Loan	175.60	157.17	139.11	119.06	99.04
Return on Equity	284.98	284.98	284.98	284.98	284.98
Interest on Working Capital	10.83	10.56	10.29	9.97	9.69
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	738.46	719.76	701.43	681.06	660.76

55. The details of IWC claimed by the Petitioner for the 2024-29 tariff period for the Combined Asset are as under:

(₹ in lakh)

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	91.04	88.74	86.48	83.74	81.46
Total Working Capital	91.04	88.74	86.48	83.74	81.46
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	10.83	10.56	10.29	9.97	9.69
Pro rata interest on Working Capital	10.83	10.56	10.29	9.97	9.69

Effective Date of Commercial Operation (E-COD)

56. The Petitioner has combined the transmission assets in the instant Petition. COD for Asset-1 is 28.3.2020 and that for Asset-2 is 30.7.2020. Petitioner has claimed the E-COD in respect of the Combined Asset as 1.6.2020, . We have considered the Petitioner's submission and allowed the E-COD as 1.6.2020, based on the computation as under:

Asset	Trued-up Capital Cost as on 31.3.2024 (₹ in lakh)	COD	No. of days from COD of Asset from COD of Project	Weight of cost (in %)	Weighted days
Asset-1	2402.07	28.3.2020	124.00	47.49	58.89
Asset-2	2655.64	30.7.2020	0.00	52.51	0.00
Total	5057.71			1.00	58.89
Effective COD					1.6.2020



57. E-COD has been used to determine the lapsed life of the project, which works out as 3 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD).

Weighted Average Life (“WAL”) of the Project

58. The life as defined in Regulation 33 of the 2024 Tariff Regulations has been considered for the determination of WAL. The Combined Assets may have multiple elements such as land, building, transmission line, Sub-station, and PLCC, and each element may have a different span of life. Therefore, the concept of WAL has been used as the useful life of the transmission system as a whole.

59. WAL has been determined based on the admitted capital cost of individual elements under the transmission system as on 1.6.2020 (E-COD) and their respective life as stipulated in the 2024 Tariff Regulations. Accordingly, WAL in respect of the Combined Asset has been worked out as 25 years as follows:

Particulars	Combined Asset Cost (₹ in lakh) (1)	Life as per the 2024 Tariff Regulation (Years) (2)	Weighted Cost (3)=(1)x(2)	Weighted Average Life of Asset (in years) (4)=(3)/(1)
Land - Freehold	0.00	0	0.00	25 years
Land - Leasehold	0.00	0	0.00	
Building Civil Works & Colony	0.00	25	0.00	
Transmission Line	0.00	35	0.00	
Sub Station	5057.71	25	126442.86	
PLCC	0.00	7	0.00	
IT Equipment incl. software	0.00	7	0.00	
	5057.71		126442.86	25

60. WAL as on 1.6.2020 (E-COD), as determined above, is applicable prospectively (i.e., for the 2024-29 tariff period onwards), and no retrospective adjustment of



depreciation in the previous tariff period is required to be done. As discussed in the preceding paragraphs, the E-COD of the Combined Assets is 1.6.2020, and the lapsed life of the project as a whole works out as 3 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 1.4.2024 to be 22 years.

Capital Cost

61. 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.”

62. The Petitioner has claimed the following capital cost of the Combined Asset during the 2024-29 tariff period:

Asset	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
		2024-29	
Combined Asset	5057.72	0.00	5057.72

(₹ in lakh)

63. We have considered the submissions of the Petitioner. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. The trued-up capital cost of ₹5057.71 lakh for the Combined Asset as on 31.3.2024 is considered as opening capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

64. The Petitioner has not claimed ACE in respect of the Combined Assets for the 2024-29 tariff period.

Debt-Equity ratio

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

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

Provided that:

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

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



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

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

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

Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 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.”

66. The debt-equity considered for the purpose of computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity considered for the purpose of computation of tariff for 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	3540.40	70.00	0.00	70.00	3540.40	70.00



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 %)
Equity	1517.31	30.00	0.00	30.00	1517.31	30.00
Total	5057.71	100.00	0.00	100.00	5057.71	100.00

Depreciation

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

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

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

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

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

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

.....

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

(4)

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

Provided that the remaining depreciable value as on 31st March of the



year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets.

.....

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

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

.....

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

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

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

(10) Xxxxx

(11) Xxxx

(12) Xxxx”

68. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. The WAROD has been worked out for the Combined Asset as per the rates of depreciation specified in the 2024 Tariff Regulations.

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



Combined Assets						
Sl no	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	5057.71	5057.71	5057.71	5057.71	5057.71
B	Addition during 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	5057.71	5057.71	5057.71	5057.71	5057.71
D	Average Gross Block (A+C)/2	5057.71	5057.71	5057.71	5057.71	5057.71
E	Average Capital Cost (90% depreciable assets)	5057.71	5057.71	5057.71	5057.71	5057.71
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%)	4551.94	4551.94	4551.94	4551.94	4551.94
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)	4551.94	4551.94	4551.94	4551.94	4551.94
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
K	Elapsed useful life of the asset	3	4	5	6	7
L	Balance life at the beginning of the year	22	21	20	19	18
M	Aggregate Depreciable Value	4551.94	4551.94	4551.94	4551.94	4551.94
N	Combined Depreciation during the year (D*J)	267.05	267.05	267.05	267.05	267.05
O	Cumulative Depreciation at the end of the year	1279.70	1546.75	1813.80	2080.85	2347.90
P	Remaining Aggregate Depreciable Value at the end of the year	3272.24	3005.19	2738.14	2471.09	2204.04

Interest on Loan (IoL)

70. 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.”

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



(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	3540.40	3540.40	3540.40	3540.40	3540.40
B	Cumulative Repayments upto Previous Year	1012.65	1279.70	1546.75	1813.80	2080.85
C	Net Loan-Opening (A-B)	2527.75	2260.70	1993.65	1726.60	1459.55
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	267.05	267.05	267.05	267.05	267.05
F	Net Loan-Closing (C+D-E)	2260.70	1993.65	1726.60	1459.55	1192.50
G	Average Loan (C+F)/2	2394.22	2127.17	1860.12	1593.07	1326.02
H	Weighted Average Rate of Interest on Loan (in %)	7.3342	7.3885	7.4784	7.4737	7.4689
I	Interest on Loan (G*H)	175.60	157.17	139.11	119.06	99.04

Return on Equity (RoE)

72. Regulation 30 and Regulation 31 of the 2024 Tariff Regulations provides as follows:

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

(2) Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;

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

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

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station or transmission system is found to be declared under commercial operation



without commissioning of any of the Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

.....”

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

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

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

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

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

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

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

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

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



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

74. 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	1517.31	1517.31	1517.31	1517.31	1517.31
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	1517.31	1517.31	1517.31	1517.31	1517.31
D	Average Equity (A+C)/2	1517.31	1517.31	1517.31	1517.31	1517.31
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)	284.98	284.98	284.98	284.98	284.98

Operation & Maintenance Expenses (O&M Expenses)

75. The O&M Expenses have not been claimed by the Petitioner for the Combined Asset for the 2024-29 tariff period.

Interest on Working Capital (IWC)

76. Regulation 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.”

77. 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.

78. 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 Asset are as under:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.00	0.00	0.00	0.00	0.00
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	91.04	88.74	86.48	83.74	81.46
D	Total Working Capital (A+B+C)	91.04	88.74	86.48	83.74	81.46
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)	10.83	10.56	10.29	9.96	9.69



Annual Fixed Charges of the 2024-29 Tariff Period

79. The Annual Fixed Charges allowed for the 2024-29 tariff period in respect of the Combined Asset are summarized as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	267.05	267.05	267.05	267.05	267.05
Interest on Loan	175.60	157.17	139.11	119.06	99.04
Return on Equity	284.98	284.98	284.98	284.98	284.98
O & M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	10.83	10.56	10.29	9.96	9.69
Total	738.46	719.76	701.43	681.06	660.76

Filing Fee and Publication Expenses

80. 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.

81. 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)

82. 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.

83. 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.”

84. 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

85. 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

86. 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.

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

Security Expenses, Insurance and Capital Spares

88. The Petitioner has submitted that a separate Petition shall be filed for truing up of Security Expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36 (3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the Security Expenses regarding the Combined Assets are not claimed in the instant Petition.

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

90. The Petitioner has not claimed Capital Spares for the Combined Assets in the instant Petition for the 2024-29 tariff period. Accordingly, the Petitioner has submitted that 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.

91. 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."

92. 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

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



will be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

94. We have considered the submissions of the Petitioner. The billing, collection, and disbursement of the transmission charges for the Combined Assets 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.

95. To summarise:

- a. The trued-up Annual Transmission Charges approved for the 2019-24 tariff period in respect of the transmission assets are as follows:

(₹ in lakh)

Asset-1					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	3.93	370.07	376.90	368.64	360.16
AFC Allowed	3.92	370.08	376.90	368.65	360.17

(₹ in lakh)

Asset-2				
Particulars	2020-21	2021-22	2022-23	2023-24
AFC Claimed	271.64	414.36	407.45	398.49
AFC Allowed	271.64	414.36	407.45	398.50

- b. The Annual Transmission Charges approved in respect of the Combined Asset for the 2024-29 tariff period in this order is as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	738.46	719.76	701.43	681.06	660.76
AFC Allowed	738.46	719.76	701.43	681.06	660.76



96. This order disposes of Petition No. 35/TT/2025, in terms of the above discussions and findings.

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

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

