

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 392/TT/2023

Coram:

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

Date of Order: 06.08.2025

In the matter of:

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for determination of transmission tariff from proposed COD to 31.3.2024 for transmission asset, i.e. -LILo of Palatana-Surjamaninagar (ISTS) 400 kV D/C line at 400/132 kV Surjamaninagar (TSECL) Substation under Project-"Transmission System for North Eastern Region Strengthening Scheme-XIV".

And in the matter of:

Power Grid Corporation of India Ltd.
SAUDAMINI, Plot No. 2,
Sector-29, Gurgaon-122 001 (Haryana).

.....Petitioner

Versus

- 1. Assam Power Distribution Company Limited,**
4th Floor, Bijulee Bhawan, Paltan Bazar,
Guwahati-781001, Assam.
- 2. Meghalaya Energy Corporation Limited,**
Short Round Road, "Lumjingshai"
Shillong-793001, Meghalaya.
- 3. Government of Arunachal Pradesh,**
Itanagar, Arunachal Pradesh.
- 4. Power and Electricity Department,**
Government of Mizoram,
Aizawl, Mizoram.
- 5. Manipur State Power Distribution Corporation Limited,**
Keishampat, Imphal.



6. Department of Power,
Government of Nagaland,
Kohima, Nagaland.

7. Tripura State Electricity Corporation Limited,
Vidyut Bhawan, North Banamalipur,
Agartala, Tripura (W)-799001, Tripura.

...Respondent(s)

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri Zafrul Hasan, PGCIL
Shri A. Naresh Kumar, PGCIL
Shri Arjun Malhotra, PGCIL

ORDER

Power Grid Corporation of India Limited has filed the instant Petition, a deemed transmission licensee, for the determination of tariff under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) for the period from COD to 31.3.2024 for transmission asset, namely, LILO of Palatana-Surjamaninagar (ISTS) 400 kV D/C line at 400/132 kV Surjamaninagar (TSECL) Substation (hereinafter referred to as “the transmission asset”) under the Project-“Transmission System for North Eastern Region Strengthening Scheme-XIV” (hereinafter referred to as “the transmission scheme”) in the North Eastern Region.

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

“1) Approve the proposed DOCO under clause 5(2) of Tariff Regulation, 2019 as explained at para 6.2.

2) condone the delay in completion of subject assets on merit of the same being out of the control of Petitioner in line with CERC Regulations’2019 22(2) (c) “uncontrollable factors” and approve the tariff as claimed.

3) Admit the capital cost as claimed in the Petition and approve the Additional Capitalisation incurred / projected to be incurred.

4) Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this petition, as per para –8.4 above.



- 5) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 as per para 8.40 above for respective block.*
- 6) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of petition.*
- 7) *Allow the petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*
- 8) *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 2019-24 period, if any, from the beneficiaries.*
- 9) *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 8.9 above.*
- 10) *Allow the petitioner to claim the capital spares at the end of tariff block as per actual.*
- 11) *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.*
- 12) *Allow interim tariff in accordance with Regulation 10(3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.*
- and pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice."*

Background

3. The brief facts of the case are as under:
- a) The Investment Approval (IA) for the transmission scheme was accorded by the competent authority of the Petitioner on 9.3.2021, circulated vide Memorandum No. C/CP/PA2021-12-0AE-IA012 dated 9.3.2021, with an



estimated cost of ₹7491 lakh, including an IDC of ₹240 lakh, based on September 2020 price levels.

- b) The scope of work covered under the transmission scheme as per the IA is as follows:

Transmission Line:

- LILO of Palatana-Surjamaninagar (ISTS) 400 kV D/C line at 400/132 kV Surjamaninagar (TSECL) sub-station-8.1 km

Sub-Station:

- Extension works at Surjamaninagar (TSECL) sub-station 400 kV Line bays: 4 nos. (AIS)

- c) The scope of the scheme was discussed and agreed upon at the first meeting of NERPC-TP held on 8.11.2019. Further, the same was also approved at the third meeting of the National Committee on Transmission (NCT) held on 26.5.2020 and 28.5.2020.
- d) Accordingly, the Ministry of Power vide office memorandum dated 25.9.2020, has assigned the implementation of the above schemes to the Petitioner under the Regulated Tariff Mechanism (RTM), with an implementation timeframe matching the upgradation of the 400/132 kV Surjamaninagar (TSECL) sub-station.
- e) The commissioning status of the transmission asset under the transmission scheme is as under:

Name of Asset	SCOD	COD (Proposed)
LILO of Palatana-Surjamaninagar (ISTS) 400 kV D/C line at 400/132 kV Surjamaninagar (TSECL) sub-station	9.2.2022	17.5.2023



The remaining 4 Nos line bays at Surjamaninagar (TSECL) sub-station shall be filed separately. Except for these 4 bays, the entire scope of the project is completed.

- f) The Revised Cost Estimate (RCE) for the transmission project has been approved by the Committee of Investment in its 142nd meeting held on 21.6.2024, circulated vide memorandum No. C/CP/PA2425-04-0C-RCE003 dated 4.7.2024, at an estimated cost of ₹ 9840.00 lakh, including IDC of ₹ 778.00 lakh, with an overall commissioning schedule of March 2026.
- g) As per the IA dated 9.3.2021, the transmission asset was scheduled to be commissioned within 11 months, i.e., by 9.2.2022, against which it was commissioned and was ready to be put under commercial operation as per the following description:

SCOD	Proposed COD*	Delay (in days)
9.2.2022	17.5.2023	462

**Approval of COD has been invoked under Regulation 5(2) of the Tariff Regulation 2019.*

4. The Petitioner has submitted that, according to Regulation 9 of the 2019 Tariff Regulations, the following condition must be fulfilled when filing the Tariff Petition for the 2019-24 tariff period.

“Provided that where the transmission system comprises various elements, the transmission licensee shall file an application for determination of tariff for a group of elements on incurring of expenditure of not less than 70% of the cost envisaged in the Investment Approval or ₹ 200 Crore, whichever is lower, as on the anticipated date of commercial operation”.

The estimated completion cost of the transmission asset is ₹5179.38 lakh, against the total IA cost of ₹7491.00 lakh, which comes to 69.14% of the total IA cost. The balance scope of work for the transmission project, i.e., 4 Nos 400 kV line bays, is yet to be



implemented, due to abnormal delay in commissioning/ non-availability of the corresponding 400 kV Surjamaninagar (TSECL) sub-station. Hence, only the transmission asset is filed under the instant transmission Petition. As the instant Petition falls just short of the Petition filing criteria of the above-mentioned Regulation 9 of the 2019 Tariff Regulations, considering the necessity of filing the instant Petition, the Power to Relax Regulation 76 of the 2019 Tariff Regulations may be invoked. The said regulation is provided as under:

“76. Power to Relax: - The commission, for reasons to be recorded in writing, may vary any of the provisions of these regulations on its own motion or an application made before it by an interested person.”

5. We have considered the submissions made by the Petitioner. The Petitioner has invoked Regulation 76 of the 2019 Tariff Regulations to relax the provision of Regulation 9 of the 2019 Tariff Regulations, which requires the Petitioner to file a tariff Petition for elements on incurring expenditure of not less than 70% of the cost envisaged in the IA. Since, the remaining assets/elements of the transmission project are scheduled to be commissioned in March, 2026 as per RCE, we are of the view that the provision of the Regulation 9 of the 2019 Tariff Regulations may be relaxed under Regulation 76 “Power to Relax” of the 2019 Tariff Regulations and the Petitioner may be granted the right to claim the tariff for the transmission asset covered under the instant Petition.

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

7. 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. No comments or suggestions have been



received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner.

8. This order is issued considering the submissions made by the Petitioner vide affidavits dated 5.10.2023, 25.4.2024 and 18.7.2024.

9. The hearing in this matter was held on 20.8.2024, and the order was reserved.

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

Determination of Annual Fixed Charges for the 2019-24 Tariff Period

11. The Petitioner has claimed the following transmission charges for the transmission asset for the 2019-24 tariff period:

Particulars	(₹ in lakh)
	2023-24 (pro-rata 320 days)
Depreciation	220.34
Interest on Loan	221.89
Return on Equity	235.13
Interest on Working Capital	10.37
O&M Expenses	5.28
Total	693.01

12. The Petitioner has claimed the following Interest on Working Capital (IWC) for the transmission asset for the 2019-24 tariff period:

Particulars	(₹ in lakh)
	2023-24 (pro-rata 320 days)
O&M Expenses	0.50
Maintenance Spares	0.91
Receivables	97.45
Total Working Capital	98.86
Rate of Interest (in %)	12.00
Interest on Working Capital	10.37



Data of Commercial Operation (COD)

13. The Petitioner has claimed the date of commercial operation for the transmission asset as 17.5.2023 (proposed COD) in accordance with Regulation 5(2) of the 2019 Tariff Regulations, owing to the non-readiness of the sub-station under the scope of Tripura State Electricity Corporation Limited (TSECL).

14. The Commission, vide RoP for hearing dated 27.6.2024, observed that the entire scope of work was not complete, as only the LILO portion has been completed, and the remaining four line bays are yet to be commissioned. The Commission also directed the Petitioner to provide reasons for claiming the COD under Regulation 5 (2) of the 2019 Tariff Regulations.

15. In response, the Petitioner vide affidavit dated 18.7.2024 has submitted that the Petitioner's project involved the LILO of Palatana–Surajmaninagar (ISTS) 400 kV D/C line at Surajmaninagar (TSECL) sub-station, along with 4 line bays, which were dependent on TSECL's substation readiness. Although TSECL awarded the sub-station work on 11.1.2021 with a 12-month schedule, subsequent developments, including the formation of a JV between TSECL, the Government of Tripura, and Petitioner (PGCIL) (expected by April 2023), delayed the substation completion. Despite continuous follow-up, the Petitioner completed the transmission line section and, as discussed in the 23rd NERPC meeting, charged the LILO portion through a contingency arrangement allowing continuous power flow from the claimed COD date. As the implementation of the 4-line bays was beyond the Petitioner's control, Regulation 5(2) of the 2019 Tariff Regulations was invoked. However, the Petitioner has no objection if the Commission approves the tariff under Regulation 5(1) of the 2019 Tariff Regulations from the claimed COD date.



16. Based on the above submissions of the Petitioner, the question that arises for consideration is whether the COD of the transmission asset can be approved under Regulation 5(1) of the 2019 Tariff Regulations or Regulation 5(2) of the 2019 Tariff Regulations.

17. Regulation 5(1) of the 2019 Tariff Regulations provides as follows:

“5. Date of Commercial Operation: (1) The date of commercial operation of a generating station or unit thereof or a transmission system or element thereof and associated communication system shall be determined in accordance with the provisions of the Grid Code.”

18. Regulation 5(2) of the 2019 Tariff Regulations provides as follows:

“(2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:

Provided that the transmission licensee seeking the approval of the date of commercial operation under this clause shall give prior notice of at least one month, to the generating company or the other transmission licensee and the long-term customers of its transmission system, as the case may be, regarding the date of commercial operation:

Provided further that the transmission licensee seeking the approval of the date of commercial operation of the transmission system under this clause shall be required to submit the following documents along with the petition:

- (a) Energization certificate issued by the Regional Electrical Inspector under Central Electricity Authority;*
- (b) Trial operation certificate issued by the concerned RLDC for charging element with or without electrical load;*
- (c) Implementation Agreement, if any, executed by the parties;*
- (d) Minutes of the coordination meetings or related correspondences regarding the monitoring of the progress of the generating station and transmission systems;*
- (e) Notice issued by the transmission licensee as per the first proviso under this clause and the response;*
- (f) Certificate of the CEO or MD of the company regarding the completion of the transmission system including associated communication system in all respects.”*

19. Regulation 6.3A (4) of the 2010 IEGC is as follows:

“6.3A (4) Commercial operation of Central generating stations and inter-State Generating Stations

4. Date of commercial operation in relation to an inter-State Transmission System or



an element thereof shall mean the date declared by the transmission licensee from 0000 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from the sending end to the receiving end:

Provided that:

(i) In case of inter-State Transmission System executed through Tariff Based Competitive Bidding, the transmission licensee shall declare COD of the ISTS in accordance with the provisions of the Transmission Service Agreement.

(ii) Where the transmission line or substation is dedicated for evacuation of power from a particular generating station and the dedicated transmission line is being implemented other than through tariff based competitive bidding, the concerned generating company and transmission licensee shall endeavour to commission the generating station and the transmission system simultaneously as far as practicable and shall ensure the same through appropriate Implementation Agreement in accordance with relevant provisions of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 or any subsequent amendment or re-enactment thereof. In case the transmission line or sub-station dedicated to a generator is being implemented through tariff based competitive bidding, then matching of commissioning of the transmission line/sub-station and generating station shall be monitored by Central Electricity Authority.

(iii) Where the transmission system executed by a transmission licensee is required to be connected to the transmission system executed by any other transmission licensee and both transmission systems are executed in a manner other than through tariff based competitive bidding, the transmission licensee shall endeavour to match the commissioning of its transmission system with the transmission system of the other licensee as far as practicable and shall ensure the same through an appropriate Implementation Agreement. Where either of the transmission systems or both are implemented through tariff based competitive bidding, the progress of implementation of the transmission systems in a matching time schedule shall be monitored by the Central Electricity Authority.

(iv) In case a transmission system or an element thereof is prevented from regular service on or before the Scheduled COD for reasons not attributable to the transmission licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system of other transmission licensee, the transmission licensee shall approach the Commission through an appropriate application for approval of the date of commercial operation of such transmission system or an element thereof.

(v) An element shall be declared to have achieved COD only after all the elements which are pre-required to achieve COD as per the Transmission Services Agreement are commissioned. In case any element is required to be commissioned prior to the commissioning of pre-required element, the same can be done if CEA confirms that such commissioning is in the interest of the power system.

(vi) The transmission licensee shall submit a certificate from the CMD/CEO/MD of the Company that the transmission line, sub-station and communication system



conform to the relevant Grid Standard and Grid Code, and are capable of operation to their full capacity.

Note: Transmission Licensee referred to in this Sub-Regulation shall include “Deemed Transmission Licensee” as per the provision of the Act.

5. Trial run and Trial operation in relation to a transmission system or an element thereof shall mean successful charging of the transmission system or an element thereof for 24 hours at continuous flow of power, and communication signal from the sending end to the receiving end and with requisite metering system, telemetry and protection system in service enclosing certificate to that effect from concerned Regional Load Despatch Centre.

6. Date of commercial operation in relation to a communication system or an element thereof shall mean the date declared by the transmission licensee from 0000 hour of which a communication system or element thereof shall be put into service after completion of site acceptance test including transfer of voice and data to respective control centre as certified by the respective Regional Load Dispatch Centre.

7. In the event of inconsistency between the provisions relating to trial operation and commercial operation as specified in Sub-Regulation 6.3A.1 to 6.3A.6 of these regulations and the provisions of Central Electricity Regulatory Commissions (Terms and Conditions of Tariff) Regulations, 2014 or any subsequent enactment thereof, the provisions of these regulations shall prevail.”

20. In support of the actual COD of the transmission asset, the Petitioner has submitted a CEA Energisation Certificate dated 8.5.2023 under Regulation 43 of the Central Electricity Authority (Measures relating to Safety and Electric Supply), Regulations 2010.





भारत सरकार Government of India
विद्युत मंत्रालय Ministry of Power
क्षेत्रीय निरीक्षण संगठन
Regional Inspectorial Organisation



केंद्रीय विद्युत प्राधिकरण
Central Electricity Authority
एन ई आर पी सी कॉम्प्लेक्स, डोंग पारमाओ, लापालांग, शिलांग-७६३००६, मेघालय
NERPC Complex, Dong Parmaw, Lapalang, Shillong-793006, Meghalaya
Phone No: 0364-2534082, 2534024, Email : rionershillong@gmail.com

No. RIO/NER/TL-354/PGCIL/189

Date : 08.05.2023

Approval For Energisation

(Under Regulation 43 of CEA (Measures relating to safety and Electric Supply) Regulations, 2010(as amended))

To
Sh. Soumitra Goswami
Chief Manager (P),
POWERGRID,
Agartala TLM Office
Kunjaban,
Agartala - 799 005 (TRIPURA)

Subject: Approval for energisation of LILO of one ckt of 400 kV D/C Palatana – Surajmaninagar (ISTS) line at Surajmaninagar (TSECL) S/Stn under POWERGRID works associated with North Eastern Region Strengthening Scheme - XIV under Regulation-43 of Central Electricity Authority (Measures Relating to Safety and Electric Supply), Regulations, 2010.

Ref: (1) PGCIL online application No. **B/2023/01275** dated 24.03.2023
(2) RIO(NF) letter No. RIO/NER/PGCIL/TL/Agartala Station-IR dated 28.04.2023 (*Inspection Report*)
(3) PGCIL letter No. NEAGT/TLC/CEA 400kV/2023-24/07 dated 28.04.2023 (*Compliance Report*)

Whereas the inspection of subject cited transmission line section of PGCIL was done by the undersigned on 28.04.2023 and non-compliance of certain provisions/stipulations of the Regulations were conveyed to you vide this office letter referred at Sl. No. (2) under reference and compliance of the same has been received from PGCIL vide letter cited at Sl. No. (3) under reference.

The approval for energisation of “LILO of one ckt of 400 kV D/C Palatana – Surajmaninagar (ISTS) transmission line at Surajmaninagar (TSECL) S/Stn : 2 x 5.974 Kms = 11.948 Kms involving total 25 towers” of PGCIL is hereby accorded Under Regulation 43 of CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 (as amended).

The consistent compliance of relevant provisions of CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 (as amended) shall be ensured by PGCIL for safety and maintenance of the above mentioned transmission line.

The periodical inspection of the above mentioned line shall be due after two (2) years from the date of issue of this approval under Regulation 30 of CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 (as amended). This periodicity is subject to change by Government Notification.

(Signature)
08/05/2023
(Farooque Iqbal)
Deputy Director & Electric
Inspector to Govt. of India

21. The Petitioner has also submitted the NERLDC charging certificate dated 2.6.2023 and certifying that the trial operation was completed on 16.5.2023 for the



transmission asset. The Petitioner has submitted the CMD certificate for the transmission asset required under the Grid Code.



ग्रिड-इंडिया
GRID-INDIA

ग्रिड कंट्रोलर ऑफ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
GRID CONTROLLER OF INDIA LIMITED
(A Government of India Enterprise)
[formerly Power System Operation Corporation Limited (POSOCO)]




उत्तर पूर्वी क्षेत्रीय भार प्रेषण केन्द्र / North Eastern Regional Load Despatch Centre

कार्यालय : लोवर, लापालांग, शिलांग -793006
Office : Lower Nongrah, Lapalang, Shillong- 793006
CIN : U40105DL2009GOI188882, Website : www.nerlhc.in, E-mail : nerlhc@grid-india.in, Tel.: 0384-2537470/427, Fax: 03842537488

Certificate Number: NERLDC/SOIL/TOC/20/4790

Format-VI
Date: 02.06.23

Certificate of Completion of Trial Operation of Transmission Element

Reference:

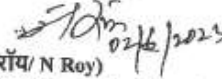
1. NERTS application in FTC Portal dated 21.03.23
2. NERLDC communication dated 22.03.23 in Format II
3. Provisional approval dated 15.05.23 from NERLDC to NERTS
4. Real time code issued by NERLDC on 15.05.23
5. Application for Trial Operation by NERTS on 19.05.23 in FTC portal
6. NERLDC communication vide email dated 25.05.23
7. NERTS communication vide email & in FTC portal dated 25.05.23

Based on the above reference, it is hereby certified that the following Transmission element has successfully completed the trial operation:

Name of the Transmission Asset	LILLO of 400 kV Palatana-Surajmaninagar (ISTS) via Surajmaninagar (TSECL) bypassing the Surajmaninagar (TSECL) substation
Owner of the Transmission Asset	POWERGRID
Date and Time of Energisation for commencement of successful trial run operation	15.05.23 at 2352 Hrs
Date and Time of completion of successful trial run operation	16.05.23 at 2352 Hrs

This certificate is being issued in accordance with Regulation 5 of CERC (Terms and Condition of Tariff) Regulations, 2019 to certify successful completion of trial operation of transmission element. Usage of this certificate for any other purpose is prohibited.

भवदीय /Yours Sincerely


 (एन रॉय/ N Roy)
 कार्यपालक निदेशक/ Executive Director
 उपक्षेत्राधिकारी, शिलांग / NERLDC, Shillong

22. The Commission, vide RoP dated 27.6.2024, directed the Petitioner to specify the reasons for claiming COD under Regulation 5(2) of the 2019 Tariff Regulations, despite the fact that the entire scope of work has not yet been completed. Only the LILLO



portion has been finished, while the remaining four line bays are still to be commissioned.

23. The Petitioner, vide affidavit dated 18.7.2024, has submitted that TSECL, in the 22nd NERPC meeting held on 28.3.2022, informed that the Surjamaninagar Sub-station work would be undertaken by a proposed joint venture between TSECL, the Government of Tripura, and Petitioner (PGCIL), based on operational requirements. The formation of the joint venture was expected to take around 6 to 8 months, while the Petitioner was already in advanced stages of completing the LILO line. Considering the delay in implementing the Surjamaninagar (TSECL) Sub-station, the matter was further discussed in the 23rd NERPC meeting held on 18.11.2022 and 19. 11. 2022, where it was noted that the Petitioner's scope of work- namely, the transmission line section forming part of the LILO arrangement- was in an advanced stage of completion and was expected to be commissioned by December 2022. The Petitioner has submitted that upon completion, it was proposed to keep the said line section (both circuits) charged through a suitable bunching arrangement. In the same NERPC meeting, Secretary (Power), Tripura, informed that the joint venture would be operational from April 2023 for the implementation of the Surjamaninagar (TSECL) Sub-station. Further, the Petitioner has submitted that the implementation of four line bays at Surjamaninagar Sub-station of TSECL could not be carried out due to the substation 's non-readiness by TSECL. Therefore, the implementation of the four-line bays was beyond the Petitioner's control, as it was entirely dependent on the Surjamaninagar (TSECL) Sub-station. Accordingly, the Petitioner invoked Regulation 5(2) of the 2019 Tariff Regulations for the transmission asset. The Petitioner has submitted that, as discussed in the 23rd TCC & NERPC meeting, the completed LILO portion has been charged

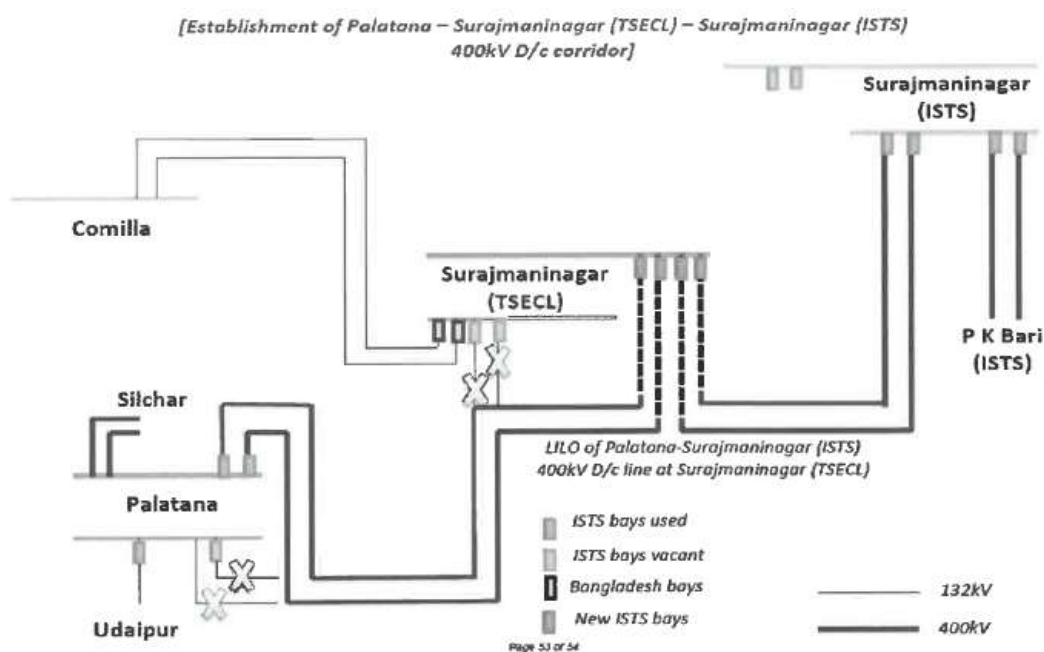


through a contingency arrangement, with continuous power flow through the transmission asset since the claimed COD date. Therefore, the Petitioner is entitled to the tariff for the implemented asset from the claimed COD date.

24. We have considered the submissions of the Petitioner and examined the documents submitted by the Petitioner. After perusal of the documents, it is observed that, considering the increase in load demand in Tripura State over the next 3 to 4 years, TSECL proposed upgrading the existing Surjamaninagar 132 kV sub-station to 400 kV at the first meeting of NERSCT held on 29.11.2018. The matter was discussed thoroughly, and it was proposed that instead of terminating the Palatana-Surjamaninagar (TSECL) line at Surjamaninagar (ISTS), the line could be LILOed at Surjamaninagar (ISTS). After deliberations, the revised scope of work—namely, LILO of the Palatana-Surjamaninagar (TSECL) 400 kV D/C line (operating at 132 kV) at Surjamaninagar (ISTS) sub-station, and operation of the Palatana-Surjamaninagar (ISTS) section at a rated voltage level of 400 kV, with operation of the Surjamaninagar (TSECL)-Surjamaninagar (ISTS) section at 132 kV (with provision to operate the line at 400 kV in future, as and when required), was agreed.

25. In the 3rd Meeting of the National Committee of Transmission held on 26.5.2020 and 28.5.2020, the scheme, i.e., LILO of Palatana-Surjamaninagar (ISTS) 400 kV D/C line at 400/132 kV Surjamaninagar (TSECL) sub-station, along with the associated four 400 kV Line bays in the matching time frame of upgradation of the 400/132 kV Surjamaninagar (TSECL) sub-station, was approved by NCT.





26. The Ministry of Power assigned the implementation of the transmission scheme to the Petitioner vide OM No. 15/3/2018-Trans-Pt(2) dated 25.9.2020, with a timeframe matching the upgradation of the 400/132 kV Surjamaninagar (TSECL) sub-station. Subsequently, the IA for the transmission scheme was approved by the Petitioner for the implementation of the said transmission project.

27. Further, it was observed that during the 22nd TCC and 22nd NERPC meetings held on 26.3.2022 and 28.3.2022, TSECL informed that the Board of Directors of TSECL has decided to drop the proposal for upgrading the 132 kV Surjamaninagar (TSECL) sub-station to 400 kV. They also decided that this work can be undertaken by the proposed joint venture (JV) company, comprising TSECL, the Government of Tripura, and Power Grid, with formation expected to take approximately 6 to 8 months. Accordingly, after detailed deliberation, the forum agreed that the scope of the LILo of 400 kV Palatana-Surjamaninagar (ISTS) at Surjamaninagar (TSECL) by Powergrid

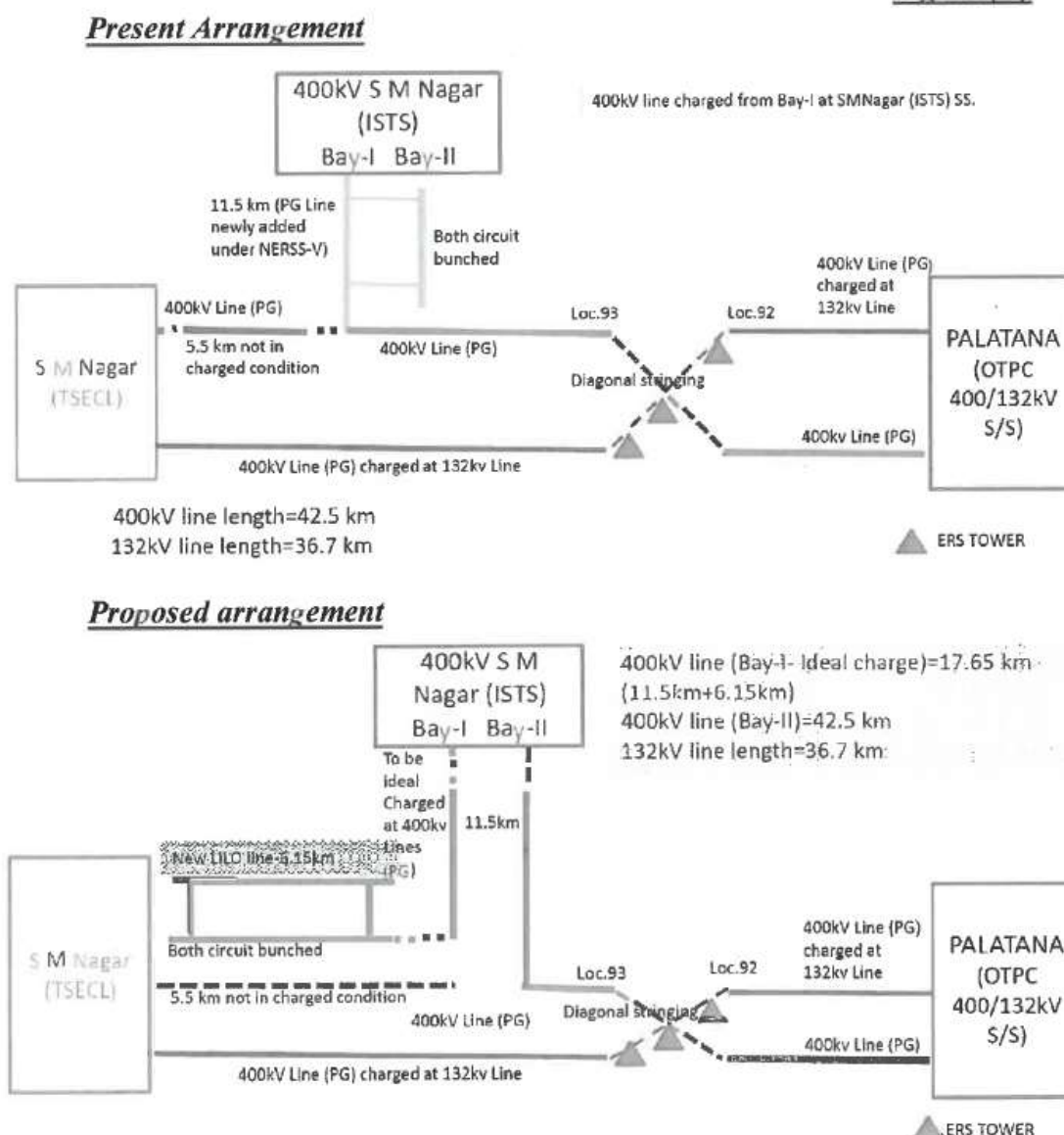


under RTM, to be deleted upon confirmation of dropping of the 400 kV upgradation of Surjamaninagar (TSECL) by Tripura. However, the applicable tariff for this work shall be provided to the Petitioner (Powergrid). Further, in deliberation of the RPC, the work for upgrading the 132 kV Surjamaninagar sub-station to 400 kV was kept on abeyance as the same will be undertaken by Tripura after JV formation.

28. In the 23rd TCC and 23rd NERPC meetings held on 18.11.2022 and 19.11.2022, the TSECL informed that a joint venture (JV) will be formed by December 2022, and after signing the MoU, the JV would be operational from 1.4.2023. Accordingly, during the RPC deliberation, it was decided that the operation of the LILO of the 400 kV Palatana-Surjamaninagar (ISTS) line at Surjamaninagar (TSECL) by the Petitioner (Powergrid) is to be discontinued, as the upgrade of the 132 kV Surjamaninagar substation to a 400 kV substation is unlikely to be completed within the next one and a half years. During the discussion, the Petitioner (Powergrid) apprised that the transmission line section forming part of the LILO arrangement is in an advanced stage of completion and is now expected to be finished by December 2022. The Petitioner proposed that the said line section (both circuits) be charged through a suitable bunching arrangement, as the implementation of the scope of NERSS-XIV is currently kept in abeyance.



Figure (A)

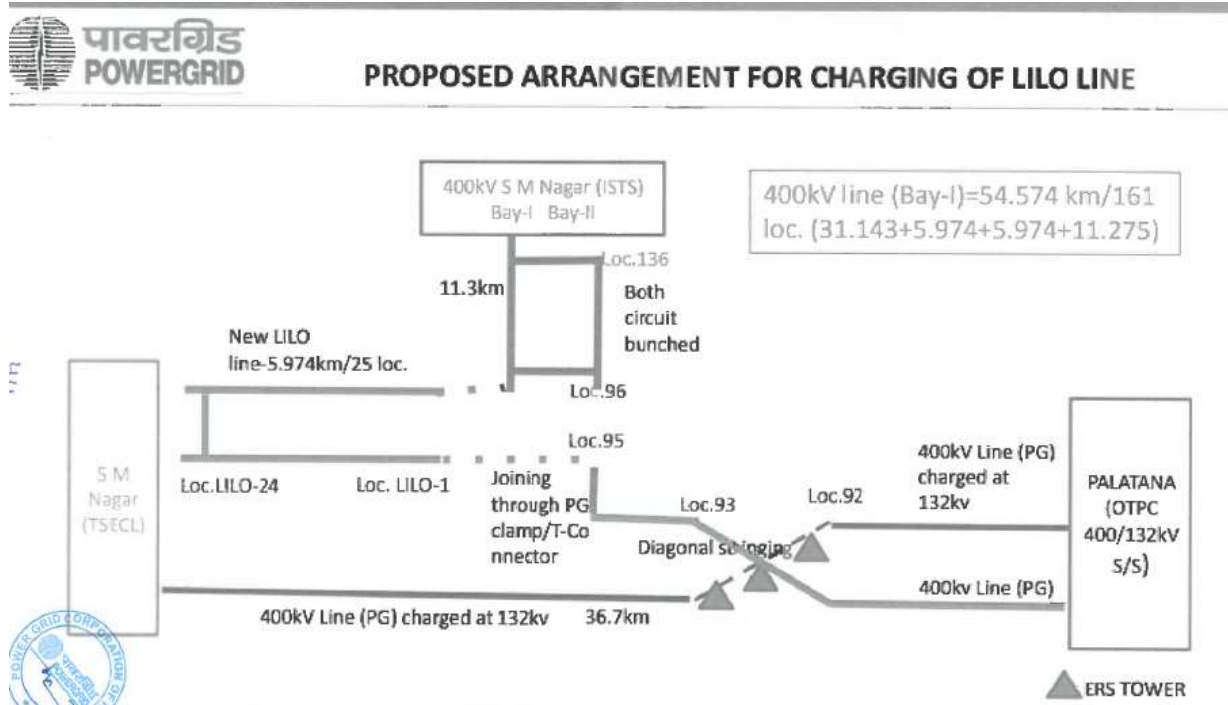


29. Therefore, after deliberations at the 23rd TCC and the 23rd NERPC, the 132-kV connection from Palatana to Surjamaninagar was approved by TCC on a temporary basis. To ensure system reliability and security and to prevent any unwanted incidents, TCC recommended the removal of ERS with permanent towers and their booking under NERSS-V. RPC approved the Petitioner's (POWERGRID) proposal to convert the ERS tower arrangement for connectivity between Pallatana (OTPC) and Surajmaninagar



(TSECL) into permanent tower structures, involving three new tower or gantry structures, which was to be covered under scheme NERSS-V as additional scope.

30. The arrangement for charging of the LILO line submitted by the petitioner is as follows:



31. The arrangement for charging the LILO implemented by the Petitioner is not in accordance with the arrangement agreed upon in the 23rd TCC and 23rd NERPC meetings. In the agreed arrangement, the LILO section implemented by the Petitioner has been bunched and idle charged from the Surajmaninagar (ISTS) end. However, in the implemented arrangement, the LILO section is part of the 400 kV Pallatana--Surajmaninagar 400 kV line. Although continuous power flow is occurring through the LILO section with the implemented setup, the line length has increased by approximately 12 km without fulfilling the intended purpose of the LILO section.



32. It is further observed that the original scheme, as per Investment Approval, is not implemented because of delays in the upgradation of the 132 kV Surjamaninagar sub-station to a 400 kV sub-station under the scope of TSECL. As a result, the Petitioner was unable to complete the scope of the current transmission project, i.e., four 400 kV line bays at Surjamaninagar (TSECL) sub-station. The implementation of the agreed scheme would have enabled the interconnection of Pallatana- Surajmaninagar (TSECL)- Surajmaninagar (ISTS) through a 400 kV double-circuit line. Under the proposed arrangement agreed upon until the 400 kV Surajmaninagar (TSECL) sub-station is commissioned, Pallatana- Surajmaninagar (TSECL) is connected through a 400 kV S/C line charged at 132 kV level and Pallatana- Surajmaninagar (ISTS) is connected through a 400 kV S/C line. The LILO of the Pallatana- Surajmaninagar 400 kV line at the 400/132 kV Surajmaninagar (TSECL) sub-station has been completed by bunching at the Surajmaninagar (TSECL) end, owing to the non-commissioning of the 400 kV Surajmaninagar sub-station under TSECL's control. It is noted that, according to the NERLDC Charging Certificate, power flows through the bypass arrangement. However, it does not serve the intended purpose. It will only serve its purpose when the 400 kV Surajmaninagar sub-station under TSECL's control is commissioned. Therefore, based on the above, we are not inclined to consider the approval of COD under Regulation 5(1) of the 2019 Tariff Regulations.

33. Taking into consideration the NERLDC Charging Certificate dated 2.6.2023 certifying the completion of the trial run on 16.5.2023, the CEA Energisation Certificate dated 8.5.2023 for "LILO of one circuit of 400 kV D/C Palatana-Surmaninagar (ISTS) transmission line at Surmaninagar (TSECL) S/S 2x5.974 km=11.948 km", a one-month notice to TSECL vide letter dated 23.3.2023, and the CMD self-declaration certificate of



COD, the COD of the transmission asset is approved as 17.5.2023 under Regulation 5(2) of the 2019 Tariff Regulations.

34. The Petitioner is directed to submit the CEA Energisation Certificate for LILO of the Second circuit of 400 kV D/C Palatana-Surjamaninagar (ISTS) transmission line at Surjamaninagar (TSECL) sub-station, to examine the same at the time of truing up.

Capital Cost

35. Regulation 19 of the 2019 Tariff Regulations provides as under: -

“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 check in accordance with these regulations shall form the basis for 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, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity 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 sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 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 upto 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 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) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;
 - (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) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
 - (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
 - (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (4) The capital cost in case of existing or new hydro generating station shall also include:
- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
 - (b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.
- (5) 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 replacement or removal on account of obsolescence or shifting from one project to another project:
- Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be de-capitalised only after its redeployment;*
- Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.*
- (c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the



- State Government by following a transparent process;*
- (d) *Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and*
- (e) *Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment.”*

36. The Petitioner has claimed the following capital cost incurred as on COD and ACE projected to be incurred in respect of the transmission asset, and has submitted the Auditor's Certificates dated 23.8.2023 in support of the same:

(₹ in lakh)

Apportioned approved FR cost	Apportioned approved cost as per RCE	Capital cost as on COD	Projected ACE			Estimated completion cost
			2023-24	2024-25	2025-26	
3694.72	5307.36	4679.01	200.15	200.15	100.07	5179.38

Cost Overrun

37. The details of the estimated completion cost vis-à-vis apportioned approved FR cost for the transmission asset covered under the instant Petition are as follows:

(₹ in lakh)

Approved cost as per FR (a)	Estimated completion cost (b)	Cost variation (c=b-a)
3694.72	5179.38	1484.66

38. The Petitioner, vide affidavit dated 18.7.2024, has also submitted that the Revised Cost Estimate (RCE) of the project was approved by the competent authority at its 142nd meeting held on 21.6.2024 and circulated vide Memorandum No. C/CP/PA2425-04-0C-RCE003 dated 4.7.2024. The Petitioner has further submitted that the estimated completion cost is within the approved RCE cost.

39. The details of the estimated completion cost vis-à-vis the apportioned approved RCE submitted by the are as follows:



(₹ in lakh)		
Apportioned approved cost as per RCE (a)	Estimated completion cost (b)	Cost variation (c=b-a)
5307.36	5179.38	(127.98)

40. The reasons for cost variation with respect to the apportioned approved FR cost, submitted by the Petitioner, are as follows:

a) RoW Compensation (₹354 lakh):

The Petitioner has submitted that 90% part of the transmission line passes through a dense rubber plantation area owned by a private individual. Further, some of the tower locations of the transmission line were situated between rubber plantation areas, and there was no approach road other than rubber plantations. Local landowners were very reluctant to allow vehicles (loaded with construction materials) through these plantation areas. To execute the works, compensation was required to be paid for the rubber plantation damage towards the approach road.

Accordingly, compensation has been paid in accordance with the actual amounts/ in line with the Guidelines issued by the MoP/ respective State Governments, and as decided by the competent authorities.

b) Cost variation in the Equipment Cost, including civil works (₹1130 lakh):

The Petitioner has submitted that through an open competitive bidding process, the lowest possible market prices for the required product/services, as per detailed design, are obtained, and contracts are awarded to the lowest evaluated eligible bidder on an overall basis. The most competitive bid prices against tenders may vary compared to the cost estimate depending on



prevailing market conditions, design, and site requirements. Meanwhile, the estimates are prepared by the petitioner according to well-defined procedures for cost estimation. The FR cost estimate is a broad indicative cost, generally based on the average unit rates of recently awarded contracts as a standard practice. The Petitioner has submitted that the project's cost estimate is based on the price level of September 2020.

Further, regarding the variation in the cost of individual items in transmission line packages, the Petitioner has submitted that the packages under the subject scope of works comprise a large number of items and are awarded through open competitive bidding. In this bidding process, bids are received from multiple parties quoting different rates for various BOQ items within the said package. Moreover, the lowest bidder can be identified or evaluated only on an overall basis. Therefore, item-wise unit prices in the contracts and their variation over the unit rates considered in FR estimates are beyond the control of the Petitioner.

Considering the above, the Petitioner has prayed that the full tariff may be allowed from COD, based on the estimated completion cost of the subject transmission assets.

41. We have considered the Petitioner's submissions. As per Form-5 submitted by the Petitioner, major variations in completion costs for the following items have been observed:



(₹ in lakh)					
Sr. No.	Particulars	Estimated cost	Actual completion cost		Variation
1	Preliminary investigation, RoW, forest clearance, PTCC, general civil work etc.	442.67	690.59		354.73
2	Tower Steel	943.57	1581.48		637.90
3	Civil work	502.09	839.01		336.90
4	Taxes and duties	383.12	537.10		153.98

42. Therefore, the Petitioner is directed to submit the detailed justification along with supporting documents with regard to the cost variation between the awarded cost and the completion cost at the time of truing up.

43. Further, the estimated completion cost of ₹5179.38 lakh as on 31.3.2026 is within the RCE of ₹5307.36 lakh, and therefore, the total cost claimed by the Petitioner is allowed subject to a prudence check at the time of truing up.

Time overrun

44. According to the IA dated 9.3.2021, the transmission project was expected to be commissioned within 11 months, by 9.2.2022. However, the actual commissioning of the transmission asset is as follows:

I.A. date	SCOD	COD (proposed)	Time over-run
9.3.2021	9.2.2022	17.5.2023	462 days

45. There is a time overrun of 462 days in respect of the transmission asset.

46. The detailed reasons submitted by the Petitioner for the time overrun in the case of the transmission asset are as follows:

- a) Delay on account of the COVID-19 Pandemic (90 days)
- b) RoW Issues (270 days)



c) Non-finalisation of Surajmaninagar substation end by M/s TSECL (753 days)

47. The Petitioner has submitted the following reasons for delay:

Delay due to the COVID-19 Pandemic:

48. The Petitioner has submitted that the Coronavirus situation posed the greatest potential for harm due to unforeseen or unplanned interruptions or delays. The effects of the Coronavirus Pandemic were not linear, as associated developments evolved rapidly. As a result, the Petitioner faced a multitude of challenges as the effects navigated largely uncharted territory, with the projects experiencing highly unique and increasing risks from the impacts of COVID-19.

49. The Petitioner has further submitted that the lockdown restricted people from leaving their homes. All transport services—road, air, and rail—were suspended, with exceptions for the transport of essential goods, fire, police, and emergency services. Educational institutions, industrial establishments, and hospitality services were also closed. Services such as food shops, banks, ATMs, petrol pumps, and other essentials, along with their manufacturing, were exempted. The Home Ministry stated that anyone who fails to follow the restrictions could face up to a year in jail. The government had imposed a lockdown on all cities and restricted movement from one place to another. This movement restriction disrupted the supply chain, caused transportation shortages, and led to worker absenteeism due to illness, quarantine, or migration. Labour shortages resulted in decreased output and delays to ongoing nationwide projects. The voluntary halt of construction activities by workers, which was unavoidable, further complicated matters. The site was closed or access was restricted as a measure to contain the COVID-19 outbreak, and/or the contractor was unable to carry out the work due to government actions aimed at preventing the spread of the virus.



50. Furthermore, the Petitioner has submitted that specific COVID-19-related challenges included supplier delivery issues, worker absenteeism due to illness, delayed issuance of permits, travel restrictions, and lost time or inefficiencies caused by the need to practise social distancing on the site—all of which could have significant cost and schedule impacts. Additionally, a lack of engineering and technical support, along with supply chain disruptions, emerged as major factors affecting project schedules and execution. Consequently, the commissioning of power projects experienced delays due to disruptions in supply lines and construction activities.

51. The Petitioner has submitted that re-mobilisation of different work gangs from other States also took extra time, as the gangs were reluctant to travel due to restrictions, including mandatory institutional quarantine. Meanwhile, the valuable working season was lost due to lockdown, and the peak monsoon season had begun, resulting in sites being waterlogged and inaccessible. Therefore, the desired progress was not achieved.

52. The Petitioner has further submitted that the Ministry of Power, through a letter dated 12.6.2021, allowed an extension of the Scheduled Commercial Operation Date (SCOD) by three months for all inter-state projects with SCOD coming after 1.4.2021 and, thus, the initial three months of the project timeline have elapsed due to the second wave of COVID-19.

53. Further, in compliance with the TV letter dated 15.4.2024, the Petitioner, vide affidavit dated 25.4.2024, has submitted the project status as on 1.4.2021 in accordance with the MoP letter dated 12.6.2021 and apprised that the subject project was awarded in March 2021. However, due to the imposition of lockdown, supply and foundation work were hampered, and mobilization of resources came to a standstill. The Petitioner has



further submitted that even after the pandemic, mobilising manpower took considerable time due to interstate transportation guidelines, as manpower was mobilised from various parts of the country. Hence, the State protocols during COVID-19 had to be followed for each respective State, which led to additional delays in the execution of the works.

Right of Way (RoW) Issues:

54. The Petitioner has submitted that severe Right of Way (ROW) issues were faced during the foundation work and stringing of the LILO of the Palatana-Surjamaninagar (ISTS) transmission line at Surjamaninagar sub-station (TSECL). The location-wise details and chronology of ROW issues are tabulated below.

Date	Remarks
26.8.2021	Letter from POWERGRID to Deputy Collector & Magistrate of Dukli revenue circle, Sadar sub-division, West Tripura, to resolve the Right of Way issues at loc no. 19/0 at Jharjaria, Village- Madhuban, Surjamaninagar.
9.9.2021	Letter from POWERGRID to SDM, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc no. 5/0 and 7/0 of Purba Champamura village under Dakshin Champamura Tehsil.
20.9.2021	Letter from POWERGRID to Deputy Collector & Magistrate of Bishalgarh revenue circle, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc nos. 5/0 and 7/0 of Purba Champamura village under Dakshin Champamura Tehsil.
28.9.2021	Letter from POWERGRID to Deputy Collector & Magistrate of Bishalgarh Revenue Circle, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc nos. 4/0 and 8/0 of Purba Champamura village.
7.10.2021	Letter from POWERGRID to Deputy Collector & Magistrate of Bishalgarh revenue circle, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc nos. 5/0 and 7/0 of Purba Champamura village under Dakshin Champamura Tehsil.
9.11.2021	Letter from POWERGRID to Deputy Collector & Magistrate of Bishalgarh revenue circle, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc nos. 4/0 and 8/0 of Purba Champamura village.
14.2.2022	Letter from POWERGRID to Deputy Collector & Magistrate of Bishalgarh revenue circle, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc nos. 9/0 to 11/0 of Purba Champamura village under Dakshin Champamura Tehsil.



Date	Remarks
15.3.2022	Letter from POWERGRID to Deputy Collector & Magistrate of Bishalgarh revenue circle, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc nos. AP 4 to AP 7 of Purba Champamura village under Dakshin Champamura Tehsil.
6.4.2022	Letter from POWERGRID to Deputy Collector & Magistrate of Bishalgarh revenue circle, Bishalgarh, Sepahijala, to resolve the Right of Way issues at loc nos. 3/0 to 4/0 of Purba Champamura village under Dakshin Champamura Tehsil.
2.5.2022	Letter from POWERGRID to Deputy Collector & Magistrate of Dukli revenue circle, Sadar sub division, West Tripura, to resolve the Right of Way issues at loc nos. AP 15 and AP 16 at the Kanchanmala area.
8.6.2022	Letter from POWERGRID to Deputy Collector & Magistrate of Dukli revenue circle, Agartala, West Tripura, to resolve the Right of Way issues at loc nos. 16/0 and 17/0.

55. The Petitioner has further submitted that a total of 272 days (from 9.9.2021 to 8.6.2022) have elapsed since the first encountering of ROW issue in the transmission asset. This has caused considerable delay in the commissioning of the transmission asset.

Non-finalisation of Surjamaninagar Sub-station end by M/s TSECL:

56. The Petitioner has submitted that their scope of work under the subject transmission project includes, among other things, four bays at the New 400 kV sub-station at Surjamaninagar, within the scope of TSECL. The work at Surjamaninagar sub-station was awarded by TSECL vide NOA dated 11.1.2021 to M/s Sterling & Wilson. According to the NOA, the implementation schedule for the sub-station was 12 months from the NOA date, i.e., 10.1.2022. Accordingly, the Petitioner obtained IA for the implementation of the transmission asset, including four bays, vide memorandum dated 9.3.2021, with an implementation schedule of 11 months from the date of the memorandum, i.e., 9.2.2022.



57. The Petitioner has further submitted that M/s TSECL has failed to complete their scope of work according to the commissioning schedule, and this has not been accomplished or executed till date. A detailed chronology of the implementation of the Surjamaninagar sub-station (TSECL) is tabulated below.

Date	Remarks
8.11.2019	Scope of the scheme discussed and approved in the 1 st meeting of NERPC-TP.
28.5.2020	The scope of the scheme was discussed and approved in the 3 rd meeting of the National Committee of Transmission (NCT).
25.9.2020	Ministry of Power vide office memorandum dated 25.9.2020 has assigned the implementation of the subject scheme under the Regulated Tariff Mechanism (RTM).
26.3.2021	Letter from POWERGRID to MD, TSECL to arrange a kick-off meeting with Sterling and Wilson.
6.4.2021	Letter from POWERGRID to MD, TSECL, advising mobilisation at the earliest to complete the work within the agreed schedule. However, M/s. TSECL had later intimated that the award to M/s Sterling & Wilson had been annulled and that they are yet to re-award the contract for the construction of the 400 kV Surjamaninagar Substation.
12.7.2021	Letter from POWERGRID to AGM (Transmission Division), TSECL, to mobilise at the earliest to complete the work within the agreed schedule.
22.7.2021	Letter from POWERGRID to AGM (Transmission Division), TSECL, for facilitation of the commencement of works of bays at Surjamaninagar (TSECL).
7.3.2022	Letter from POWERGRID to Member Secretary (NERPC). As one ckt of Palatana–Surjamaninagar line was charged at the 400 kV level after installation of 03 Nos of ERS towers, and another Ckt is charged at 132 kV level through 03 Nos of ERS towers under project NERSS V, considering a safety point of view, ERS towers cannot be put in use for an indefinite time. Hence, it is requested to intervene in the matter so that POWERGRID can complete the work as per the approved scope.
16.3.2022	As per mail dated 16.3.2022, TSECL informed CTUIL that the Board of Directors of TSECL had decided to drop the proposal for upgradation of 132 kV Surjamaninagar Substation and decided that the said work can be taken up by the proposed JV company between TSECL/Govt. of Tripura and POWERGRID.
28.3.2022	The subject matter was discussed in the 22nd NERPC meeting. “GM, TSECL informed the forum that Status of Surjamaninagar (TSECL) 400/132 KV sub-station is that Board of Directors (BOD) of TSECL has decided to drop the proposal for Up-gradation of 132 KV Surjamaninagar sub-station into 400 KV. It was also decided by the BOD, TSECL that the said



Date	Remarks
	<i>work can be taken up by the proposed JV company between TSECL/ Govt. of Tripura and PowerGrid in any case based on the operational requirement.</i> <i>JV formation will take around 6-8 months.”</i> In this meeting, it was deliberated that the upgradation works will be taken by the JV of POWERGRID and TSECL.
18-19.11.2022	The subject matter was discussed in the 23rd NERPC meeting. <i>“Secretary (Power), Tripura informed that formation of STU is on verge of completion and soon after that, a Joint Venture (JV) company will be formed. He firmly stated that JV will be operational from April 2023. He added that the JV company will take up the work of upgradation of 132kV Surjamaninagar Sub-station to 400 kV Sub-station.”</i> In this meeting, it was deliberated that JV will be operational from April 2023.

58. The Petitioner has submitted that it may be observed from the above that the implementation of the 400 kV Surjamaninagar (TSECL) sub-station was not upgraded till April 2023. Hence, the LILO of Palatana-Surajmanainagar (ISTS) 400 kV D/C line at 400/132 kV Surjamaninagar (TSECL) sub-station has been completed by short-circuiting/ bunching the Surjamaninagar (TSECL) end, as a contingency arrangement in the absence of implementation of the 400 kV Surjamaninagar sub-station.

59. The Petitioner has further submitted that due to the non-finalisation of the gantry position by M/s TSECL, the entry point of the LILO line could not be finalised, and further BOQ clearance was not issued. As such, the work could not be carried out as per the original scope of work, and all activities were hampered in a 1.5 km line section at Surjamaninagar (TSECL) sub-station end from 9.3.2021 to 31.3.2023.

Analysis and Decision

60. We have considered the submissions made by the Petitioner regarding the time overrun of the transmission asset. As per Investment Approval (IA) dated 9.3.2021, the transmission asset was scheduled to be commissioned on 9.2.2022. However, it was



actually commissioned on 17.5.2023, resulting in a delay of 462 days. The Petitioner has submitted that the main reasons for the delay in commissioning this transmission asset are delays caused by the COVID-19 pandemic, RoW issues, and the non-finalisation of the Surajmaninagar sub-station by M/s TSECL. The item-wise analysis of the time overrun is as follows:

Delay due to the COVID-19 Pandemic:

61. The Petitioner reported that project delays caused by COVID-19 affected development unpredictably. Lockdowns suspended most transportation, except for essential goods and services, disrupting supply chains, causing shortages, absenteeism, and delays nationwide. Challenges included delivery issues, permit delays, social distancing on-site, and supply chain disruptions impacting schedules. The Ministry of Power vide letter dated 12.6.2021 extended the SCOD by three months to all inter-State projects with SCOD coming after 1.4.2021, noting that the project had already lost three months due to the COVID-19's second wave.

62. We have considered the submission of the Petitioner and have gone through the supporting documents submitted along with the Petition. In reference to the above, it is observed that the Ministry of Power (MoP) has extended the SCOD of the inter-state transmission projects by 3 months, respectively, due to the COVID-19 pandemic, as per a letter dated 12.6.2021. The relevant portions of the letter dated 12.6.2021 are as follows:

"Sub: Extension to TSP/Transmission Licensees for completion of under construction inter-State transmission projects – reg.

Sir,

I am directed to state that transmission utilities have approached this Ministry stating that construction activity at various transmission projects sites have been severely affected by



the current second wave of COVID-19 pandemic and various measures taken by State/UT Governments to contain the pandemic; such as night curfew, imposition of section 144, weekend lockdown and complete lockdown. In this regard they have requested for extension of Scheduled Commercial Operation Date (SCOD) for the undergoing Transmission projects to mitigate the issues of disruption in supply chains and manpower, caused due to COVID-19 pandemic.

2. The matter has been examined in the Ministry and it has been noted that unlike last year complete lock-down in the entire country, this time different States/UTs have ordered lock-down in their State/UTs as per their own assessments. Therefore, after due consideration, it has been decided that;

i. All inter-state transmission projects, which are under construction with SCOD coming after 01 April 2021 shall get an extension of three (3) months in respect of their SCOD;

ii. The commencement date of Long Term Access (LTA) to a generator by CTU based on completion of a transmission line, whose SCOD is extended by three (3) months due to COVID19 as mentioned above at point(i), shall also be extended by three (3) months.

3. This issue with the approval of Competent Authority.”

63. It is observed that the IA for the transmission project was given on 9.3.2021.

Further, as per the CPM/Gantt chart submitted by the project, the supplies and foundation work commenced in May 2021 and July 2021, respectively. Also, the Petitioner, vide affidavit dated 25.4.2024, submitted the status of the project as on 1.4.2021 and stated that, due to the imposition of lockdown, supply and foundation work were hampered and the mobilisation of resources came to a standstill.

64. Therefore, it is evident from the above that the transmission project remained affected as on 1.4.2021, and, thus, the extension of three months in respect of SCOD granted by the MoP vide letter dated 12.6.2021 is applicable to the transmission project. Consequently, we are inclined to condone the three months due to COVID-19 under the force majeure condition.

RoW Issues

65. The Petitioner has submitted that severe Right of Way (ROW) issues were encountered during the foundation and stringing of the LILO of the Palatana-



Surjamaninagar (ISTS) transmission line at Surjamaninagar sub-station (TSECL), leading to a total delay of 270 days, from 9.9.2021 to 8.6.2022. This delay was caused by RoW problems in the foundation and stringing process of the LILO of the Palatana-Surjamaninagar (ISTS) transmission line at Surjamaninagar sub-station (TSECL).

66. We have gone through the documentary evidence submitted by the Petitioner. It is observed that the Petitioner has effectively addressed the matter with local administrative authorities to resolve the RoW issues faced during the foundation and stringing work, mainly under Dukli and Bishalgarh Revenue Circle, through various letters dated 26.8.2021, 9.9.2021, 20.9.2021, 28.9.2021, 7.10.2021, 9.11.2021, 14.2.2022, 15.3.2022, 6.4.2022, 2.5.2022, and 8.6.2022. Therefore, we are of the view that the delay of 272 days due to RoW issues, claimed by the Petitioner from 9.9.2021 to 8.6.2022, was beyond its control. It is noted that the net impact of RoW problems, amounting to 119 days from SCOD (from 9.2.2022 to 8.6.2022), is also beyond the Petitioner's control, and this has been condoned.

Non-finalisation of Surjamaninagar Sub-station end by M/s TSECL

67. The Petitioner has submitted that the works for Surjamaninagar sub-station have been awarded by TSECL vide NOA dated 11.1.2021 to M/s Sterling & Wilson. However, M/s TSECL has failed to complete their scope of work as per the commissioning schedule, and it has not been completed or executed till date. The Petitioner has claimed delays due to the non-finalisation of the Surjamaninagar sub-station by TSECL from 9.3.2021 to 31.3.2023.

68. We have gone through the documentary evidence submitted by the Petitioner. It is observed that the works of the Surjamaninagar sub-station have been awarded by TSECL vide NOA dated 11.1.2021 to M/s Sterling & Wilson. According to the NOA, the



implementation schedule for the sub-station was 12 months from the NOA date, i.e., 10.1.2022. Accordingly, the Petitioner obtained IA for implementing the transmission asset along with four bays vide memorandum dated 9.3.2021, after the works were awarded to M/s Sterling and the schedule was finalised. M/s TSECL has failed to complete their scope of work according to the commissioning schedule, and the works were not completed or executed by April 2023, as per the documentary evidence submitted by the Petitioner.

69. Further, it is observed that in the 22nd TCC and 22nd NERPC meetings held on 26.3.2022 and 28.3.2022, respectively, the TSECL informed that the proposal to upgrade the 132 kV Surjamaninagar sub-station to a 400 kV sub-station was dropped by the Board of Directors and decided that the said work can be taken up by the proposed JV company between TSECL/Govt. of Tripura and Powergrid. Further, TSECL intimated that the JV formation will take 6 to 8 months.

70. Also, in the 23rd TCC and 23rd NERPC meetings held on 18.11.2022 and 19.11.2022, TSECL informed that the JV will be formed in December 2022 and will be operational from 1.4.2023. Accordingly, during the deliberation of the RPC, it was realized that the upgradation of the 132 kV Surjamaninagar sub-station to a 400 kV sub-station is unlikely to occur within the next one and a half years, and it was therefore decided that the LILO of the 400 kV Palatana-Surjamaninagar (ISTS) line by Powergrid at Surjamaninagar (TSECL) would be dropped.

71. It is also observed that in the said meetings, the Petitioner intimated that the transmission line section forming part of the LILO arrangement is in an advanced stage of completion and is now expected to be completed by December 2022, and proposed



to keep the said line section (both the circuits) charged through a suitable bunching arrangement.

72. Therefore, it is evident from the above that the Petitioner was aware of the delay in upgrading the 132 kV Surjamaninagar sub-station to a 400 kV sub-station by TSECL in March 2022. As per the Petitioner's submissions in the 23rd TCC & 23rd NERPC meeting held on 18.11.2022 and on the 21st and 22nd of November 2022, the work on the LILO is ongoing and in an advanced stage. Further, as the Petitioner was aware that the execution of four 400 kV line bays at Surjamaninagar (TSECL) sub-station was not feasible due to the delay in upgrading the 132 kV Surjamaninagar sub-station to a 400 kV sub-station, the Petitioner itself proposed to keep the said line sections (both circuits) charged through a suitable bunching arrangement.

73. Therefore, we are of the view that the claimed time delay in the execution of the LILO of the Palatana-Surjamaninagar (ISTS) Transmission Line at Surjamaninagar sub-station (TSECL) due to the delay in upgrading the 132 kV Surjamaninagar sub-station to a 400 kV sub-station is not justified, as the Petitioner was fully aware of the situation and the delay by TSECL in March 2022. Therefore, the time delay claimed by the Petitioner from 9.3.2021 to 31.3.2023, due to the non-finalization of the Surjamaninagar sub-station by M/s TSECL, is not condoned.

74. Therefore, the summary of the time delay claimed by the Petitioner and the time overrun that is either condoned or not condoned regarding the transmission asset is as follows:

SCOD as per IA	Actual COD	Time overrun	Time overrun condoned	Time overrun not condoned
9.2.2022	17.5.2023	462 days	209 days	253 days



Interest During Construction (IDC) / Incidental Expenditure During Construction (IEDC)

75. The Petitioner has claimed the IDC for the transmission asset, and has submitted the statement showing the computation of IDC, the discharge of IDC liability as on the date of commercial operation, and thereafter, as under:

(₹ in lakh)		
IDC as per the Auditor's Certificate	IDC discharged up to COD	IDC discharged (after COD) during 2023-24
148.17	135.82	12.35

76. We have considered the submissions of the Petitioner. As discussed above, the time overrun in the commissioning of the transmission asset has been partly condoned. Accordingly, the IDC up to the COD has been worked out based on the loan details provided in the statement showing discharge of IDC and Form-9C for the transmission asset. The IDC claimed and considered as on COD, along with a summary of the discharge of IDC liability up to COD and thereafter for tariff determination purposes of the transmission asset, subject to revision at the time of truing up, is as follows.

(₹ in lakh)				
IDC as per the Auditor's Certificate (A)	IDC disallowed (B)	IDC allowed (C)=(A)-(B)	Undischarged IDC as on COD (D)	IDC allowed on COD (E)=(C)-(D)
148.17	74.97	73.20	0.00	73.20

77. The Petitioner vide Auditor's Certificate has claimed an amount of ₹481.92 lakh as IEDC. Further, the Petitioner has submitted that the entire amount of IEDC for the transmission asset has been discharged up to the COD. As the time overrun for the transmission asset has not been fully condoned, there is a disallowance of IEDC of ₹152.60 lakh. Accordingly, the details of IEDC claimed as per the Auditor's Certificate, IEDC disallowed, and IEDC allowed for the transmission asset are as under:



(₹ in lakh)		
IEDC as per Auditor certificate (A)	IEDC disallowed due to time overrun, not condoned (B)	IEDC allowed (C) = (A-B)
481.92	152.60	329.32

Initial Spares

78. The Initial Spares as claimed by the Petitioner for the transmission asset vide affidavit dated 5.10.2023 are as under:

(₹ in lakh)				
Particulars	Plant and machinery cost	Initial Spares claimed	Ceiling (in %)	Initial Spares worked out
Transmission Line	4549.29	9.28	1.00	45.85

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

“(d) Transmission System

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

80. We have considered the Petitioner’s submissions. The Initial Spares claimed by the are within the ceiling as per Regulation 23(d) of the 2019 Tariff Regulations for the transmission asset, and the allowable initial spares are as follows:



Particulars	Plant and Machinery cost (excluding IDC/IEDC, Land cost and Cost of Civil Works) (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per the 2019 Tariff Regulations (in %)	Initial Spares allowable (₹ in lakh)	Initial Spares disallowed (₹ in lakh)	Initial Spares allowed (₹ in lakh)
	A	B	C	$D=(A-B)*C/(100-C)$	$E=B-D$	
Transmission Line	4549.29	9.28	1.00	45.86	NIL	9.28

81. Accordingly, the capital cost allowed for the transmission asset as on COD is as follows:

(₹ in lakh)			
Capital cost claimed as on COD (Auditor's Certificate) (A)	IDC disallowed (B)	IEDC disallowed (C)	Capital cost as on COD (D) = (A-B-C)
4679.01	74.97	152.60	4451.44

Additional Capital Expenditure (ACE)

82. Regulation 24 of the 2019 Tariff Regulations provides as under:

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

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

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law; and*
- (f) 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.”

83. The Petitioner has claimed that the ACE incurred or projected to be incurred mainly relates to balance or retention payments, and therefore, the same is claimed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. The Petitioner has claimed the following ACE or projected ACE for the transmission asset:

(₹ in lakh)

Cost as per RCE	Capital cost as on COD	Projected ACE			Estimated completion cost
		2023-24	2024-25	2025-26	
5307.36	4679.01	200.15	200.15	100.07	5179.38

84. The Petitioner has also submitted the following Liability Flow statement:

Head/Party Wise	Particulars	Outstanding liability as on COD	Discharge of liability				Unexecuted work			
			23-24	24-25	25-26	Total (23-26)	23-24	24-25	25-26	Total (23-26)
M/s Teems India Towerline Pvt. Ltd.	TL	405.54	104.72	104.72	56.34	265.78	42.14	42.14	36.29	120.57
Sushanta Sengupta	TL	3.94	0.35	0.35	0.17	0.86	1.23	1.23	0.61	3.07
Ripan Hossain	TL	3.25	0.14	0.14	0.07	0.35	1.16	1.16	0.58	2.89
Acme Survey (Service)	TL	0.03	0.01	0.01	0.01	0.03	0.00	0.00	0.00	0.00
Compensation	TL	106.81	0.00	0.00	0.00	0.00	50.40	50.40	6.00	106.81
Total		519.57	105.22	105.22	56.59	267.02	94.93	94.93	43.48	233.34

85. We have considered the Petitioner's submissions. It is observed that the Petitioner has claimed the ACE up to FY 2025-26. Therefore, the ACE for the FYs 2024-25 and 2025-26 shall be treated as per the 2024 Tariff Regulations for the 2024-29 tariff period.



86. Therefore, the ACE claimed by the Petitioner for the tariff period 2019-24 has been approved under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations due to balance and retention payments for works already completed. The actual or projected ACE allowed is subject to true-up concerning the transmission asset, and the details are as follows:

(₹ in lakh)	
Particulars	2023-24
ACE as per Auditor's Certificate allowed under Regulations 24 (1) (a) and 24 (1) (b) of the 2019 Tariff Regulations	200.15
ACE allowed in the instant order	200.15

87. The capital cost allowed for the transmission asset for the 2019-24 tariff period is as under:

(₹ in lakh)		
Capital cost as on COD	ACE allowed	Capital Cost as on 31.3.2024
	2023-24	
4451.44	200.15	4651.59

Debt-Equity ratio

88. Regulation 18 of the 2019 Tariff Regulations provides as under:

“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:

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff;
- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment;
- iii. 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 31.3.2019 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 1.4.2019, if the equity actually deployed as on 1.4.2019 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 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, 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 1.4.2019 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.”

89. The debt-equity considered for the purpose of computation of tariff for the 2019-24 tariff period for the transmission asset is as follows:

Particulars	Capital Cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	3116.01	70.00	140.11	70.00	3256.11	70.00
Equity	1335.43	30.00	60.04	30.00	1395.48	30.00
Total	4451.44	100.00	200.15	100.00	4651.59	100.00



Depreciation

90. Regulation 33 of the 2019 Tariff Regulations provides as under:

“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 case of the tariff of all the units of a generating station or all elements of a transmission system including 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 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 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, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

(3) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to 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 further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

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) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(5) Depreciation shall be calculated annually based on 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 station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets.

(7) The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.

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

(9) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (8) of this Regulation.

(10) Depreciation of the emission control system of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method, with salvage value of 10%, over a period of

- a) twenty five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or*
- b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or*
- c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life."*

91. The depreciation has been worked out considering the admitted capital cost as on COD. The Weighted Average Rate of Depreciation (WAROD) at Annexure-I to this



order has been worked out as per the rates of depreciation prescribed in the 2019 Tariff Regulations. The depreciation allowed for the transmission asset is as follows:

		(₹ in lakh)
	Particulars	2023-24 (Pro-rata 320 days)
	Depreciation	
A	Opening Gross Block	4451.44
B	Additional Capitalisation	200.15
C	Closing Gross Block (A+B)	4651.59
E	Average Gross Block (A+C/2)	4551.51
D	Weighted average rate of Depreciation (WAROD) (in %)	5.28
F	Balance useful life of the asset (Years)	35.00
G	Elapsed life at the beginning of the year (Years)	0.00
H	Aggregate Depreciable Value	4096.36
I	Depreciation during the year	210.12
J	Aggregate Cumulative Depreciation	210.12
K	Remaining Aggregate Depreciable Value (H-J)	3886.25

Interest on Loan (IoL)

92. Regulation 32 of the 2019 Tariff Regulations provides as under:

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

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of 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 after providing appropriate accounting adjustment for interest capitalized:

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



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

(5a) The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.

(6) The interest on 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.”

93. The Petitioner has claimed the Weighted Average Rate of IoL, based on its actual loan portfolio and rate of interest. The weighted average rate of IoL has been considered as claimed by the Petitioner. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2019-24 tariff period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true-up.

94. The following IoL has been worked out in accordance with Regulation 32 of the 2019 Tariff Regulations :

		(₹ in lakh)
	Particulars	2023-24 (Pro-rata 320 days)
	Interest on Loan	
A	Gross Normative Loan	3116.01
B	Cumulative Repayments up to the Previous Year	0.00
C	Net Loan-Opening (A-B)	3116.01
D	Additions	140.11
E	Repayment during the year	210.12
F	Net Loan-Closing (C+D-E)	3046.00
G	Average Loan (C+F)/2	3081.00
H	Weighted Average Rate of Interest on Loan (in %)	7.8552
I	Interest on Loan (G*H)	211.60

Return on Equity (RoE)

95. Regulations 30 and 31 of the 2019 Tariff Regulations provide as under:



“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 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 the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system

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 Restricted Governor Mode Operation (RGMO) or 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;
- ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;
- iii. in case of a thermal generating station, with effect from 1.4.2020:
 - a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;
 - b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

(3) The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of operation (Ode) occurs plus 350 basis point, subject to ceiling of 14%;

31. Tax on Return on Equity. (1) The base 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. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.



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

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

Where “t” is the effective tax rate in accordance with clause (1) of this Regulation and 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 company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.

Illustration-

(i) In case of a generating company or a transmission licensee paying Minimum Alternate Tax (MAT) @ 21.55% including surcharge and cess:

$$\text{Rate of return on equity} = 15.50 / (1 - 0.2155) = 19.758\%$$

(ii) In case of a generating company or a transmission licensee paying normal corporate tax including surcharge and cess:

- (a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;
- (b) Estimated Advance Tax for the year on above is Rs 240 crore;
- (c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore / Rs 1000 Crore = 24%;
- (d) Rate of return on equity = $15.50 / (1 - 0.24) = 20.395\%$.

(3) 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 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 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. 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 year-to-year basis.”

96. The Petitioner has submitted that the MAT rate is applicable to it. The applicable MAT rate has been considered for the purpose of the RoE, which will be trued-up with the actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. The RoE allowed in respect of the transmission asset is as follows:



(₹ in lakh)

	Particulars	2023-24 (Pro-rata 320 days)
	Return on Equity	
A	Opening Equity	1335.43
B	Additions	60.05
C	Closing Equity (A+B)	1395.48
D	Average Equity (A+C)/2	1365.45
E	Return on Equity (Base Rate) (in %)	15.500
F	MAT Rate for respective year (in %)	17.472
G	Rate of Return on Equity (in %)	18.782
H	Return on Equity (D*G)	224.23

Operation & Maintenance Expenses (O&M Expenses)

97. The O&M Expenses claimed by the Petitioner for the transmission asset for the 2019-24 period are as under:

Particulars	2023-24 (Pro-rata 320 days)
Transmission Line	
i. LILO of 400 kV DC Line	
400 kV Double Circuit (Twin & Triple Conductor) (Length in km)	5.975
Norms (₹ lakh/km)	1.011
Total O&M Expenses	5.28

98. The norms specified under Regulation 35(3)(a) of the 2019 Tariff Regulations provide that:

“35. Operation and Maintenance Expenses:

...

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	45.01	46.60	48.23	49.93	51.68
400 kV	32.15	33.28	34.45	35.66	36.91
220 kV	22.51	23.30	24.12	24.96	25.84
132 kV and below	16.08	16.64	17.23	17.83	18.46
Norms for Transformers (₹ Lakh per MVA)					
765 kV	0.491	0.508	0.526	0.545	0.564
400 kV	0.358	0.371	0.384	0.398	0.411
220 kV	0.245	0.254	0.263	0.272	0.282



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
132 kV and below	0.245	0.254	0.263	0.272	0.282
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.881	0.912	0.944	0.977	1.011
Single Circuit (Bundled conductor with four sub-conductors)	0.755	0.781	0.809	0.837	0.867
Single Circuit (Twin & Triple Conductor)	0.503	0.521	0.539	0.558	0.578
Single Circuit (Single Conductor)	0.252	0.260	0.270	0.279	0.289
Double Circuit (Bundled conductor with four or more sub-conductors)	1.322	1.368	1.416	1.466	1.517
Double Circuit (Twin & Triple Conductor)	0.881	0.912	0.944	0.977	1.011
Double Circuit (Single Conductor)	0.377	0.391	0.404	0.419	0.433
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.319	2.401	2.485	2.572	2.662
Multi Circuit (Twin & Triple Conductor)	1.544	1.598	1.654	1.713	1.773
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	834	864	894	925	958
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	1,666	1,725	1,785	1,848	1,913
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	2,252	2,331	2,413	2,498	2,586
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	2,468	2,555	2,645	2,738	2,834
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	1,696	1,756	1,817	1,881	1,947
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	2,563	2,653	2,746	2,842	2,942

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 further that:

- i. the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance*



expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;

- ii. the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;*
- iii. the O&M expenses of ± 500 kV Mundra-Mohindergarh HVDC bipole scheme (2000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ± 500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);*
- iv. the O&M expenses of ± 800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ± 800 kV, Bishwanath-Agra HVDC bi-pole scheme;*
- v. the O&M expenses of ± 800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ± 800 kV, Bishwanath-Agra HVDC bi-pole scheme; and*
- vi. the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years*

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of sub-station bays, transformer capacity of the transformer (in MVA) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA and per km respectively.

(c) The Security Expenses and Capital Spares for transmission system shall be allowed separately after prudence check:

Provided that the transmission licensee shall submit the assessment of the security requirement and estimated security expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification.

(4) Communication system: *The operation and maintenance expenses for the communication system shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up."*

99. We have considered the Petitioner's submissions. The O&M Expenses have been worked out as per the norms specified in the 2019 Tariff Regulations and are as follows:



Particulars	2023-24 (Pro-rata 320 days)
Transmission Line	
i. LILO of 400 kV DC Line	
400 kV Double Circuit (Twin & Triple Conductor) (Length in km)	5.975
Norms (₹ lakh/km) as per Regulation 35(3)(a) of the 2019 Tariff Regulations	1.011
Total O&M Expenses allowed	5.28

Interest on Working Capital (IWC)

100. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4), and Regulation 3(7) of the 2019 Tariff Regulations specify as under:

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

.....

(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:

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

.....

(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 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 bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

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

“3. Definitions. - In these regulations, unless the context otherwise requires:-

(7) ‘Bank Rate’ means the one year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;”

101. The Petitioner has considered the rate of IWC as 12.00% as on 1.4.2023. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff



Regulations. The Rate of Interest (RoI) is considered as 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24. The components of the working capital and interest allowed thereon concerning the transmission asset are as under:

		(₹ in lakh)
	Particulars	2023-24 (Pro-rata 320 days)
	Interest on Working Capital	
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.50
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.91
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	92.97
D	Total Working Capital (A+B+C)	94.38
E	Rate of Interest (in %)	12.00
F	Interest on working capital (D*E)	9.90

Annual Fixed Charges for the 2019-24 Tariff Period

102. The transmission charges allowed in respect of the transmission asset for the 2019-24 tariff period are as follows:

		(₹ in lakh)
	Particulars	2023-24 (Pro-rata 320 days)
	Annual Transmission Charges	
	Depreciation	210.12
	Interest on Loan	211.60
	Return on Equity	224.23
	O&M Expenses	5.28
	Interest on Working Capital	9.90
	Total	661.13

Filing Fee and the Publication Expenses

103. The Petitioner has sought reimbursement of the fee paid by it for filing the Petition and publication expenses.

104. We have considered the Petitioner's submissions. The Petitioner shall be entitled to reimbursement of the filing fees and publication expenses in connection with the



present Petition, directly from the beneficiaries on a pro-rata basis in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

Licence Fee & RLDC Fees and Charges

105. The Petitioner has sought reimbursement of the licensee fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner shall be entitled to reimbursement of the licence fee under Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner shall also be entitled to recover RLDC fees and charges in accordance with Regulations 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

106. The Petitioner has submitted that if GST is levied at any rate and at any point in the future on charges of transmission of electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner, and the same shall be charged and billed separately by the Petitioner. Further additional taxes, if applicable, arising from demands by the Government or statutory authorities, may be allowed to be recovered from the beneficiaries.

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

Security Expenses

108. The Petitioner has submitted that security expenses related to transmission assets are not claimed in the present Petition, and it will file a separate Petition to claim the overall security expenses and the consequential IWC as per Regulation 35(3)(c) of the 2019 Tariff Regulations.



109. We have considered the Petitioner's submissions. The Petitioner has claimed consolidated security expenses on a projected basis for the 2019-24 tariff period, based on actual security expenses incurred in 2018-19 in Petition No. 260/MP/2020. The Commission, by order dated 3.8.2021 in Petition No. 260/MP/2020, approved security expenses from 1.4.2019 to 31.3.2024. Therefore, the Petitioner's prayer in the present Petition for allowing it to file a separate Petition for claiming overall security expenses and consequential IWC has become infructuous.

Capital Spares

110. The Petitioner has sought reimbursement for capital spares at the end of the tariff period. Any claim made by the Petitioner shall be addressed in accordance with the provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

111. In the instant Petition, deemed COD has been declared for a transmission system owned by an ISTS licensee (PGCIL) under Regulation 5(2) of the 2019 Tariff Regulations, 2019, due to a delay in the implementation of the intra-state transmission system by the Intra-State Licensee (TSECL). The deemed COD of the transmission asset covered under the instant Petition is approved as 17.5.2023.

112. The 2020 Sharing Regulations, 1st amendment to the Sharing Regulation, 2023, and 2nd Amendment to the Sharing Regulation, 2023, are effective from 1.11.2020, 1.10.2023, and 1.11.2023, respectively. Accordingly, the recovery of transmission charges for the transmission asset under the instant Petition for the periods 17.5.2023 to 30.9.2023, 1.10.2023 to 31.10.2023 and 1.11.2023, till COD of 400/132 kV Surajmaninagar (TSECL) sub-station shall be as per the applicable regulation.



113. Regulation 13(12) of the 2020 Sharing Regulations is extracted as under:

“(12) In case of a transmission system where COD has been approved in terms of proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges for the transmission system shall be:

(a) paid by the inter-State transmission licensee whose transmission system is delayed till its transmission system achieves COD, or

(b) paid by the generating company whose generating station or unit(s) thereof is delayed, till the generating station or unit thereof, achieves COD, or

(c) shared in the manner as decided by the Commission on case to case basis, where more than one inter-State transmission licensee is involved or both transmission system and generating station are delayed”

114. In the instant case, the COD is approved as 17.5.2023 under 5(2) of the 2019 Tariff Regulations as the associated transmission line is not commissioned under the control of TSECL and the transmission line of the Petitioner could not be put into its intended use on account of the delay in the implementation of the Surajmaninagar 400 kV sub-station by TSECL. Accordingly, TSECL shall be liable for payment of the YTC of the asset whose deemed COD has been approved by the Commission. Therefore, TSECL is liable to pay transmission charges from 17.05.2023 to 30.09.2023.

115. The relevant extracts of the first amendment of the 2020 Sharing Regulations are extracted as under:

“(12) In case of a transmission system where COD has been approved in terms of proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges for the transmission system shall be:

“(d) paid by the respective drawee DIC(s) of the State whose intra-state transmission system is delayed, till such intra-State transmission system achieves COD.”

116. The relevant extracts of the second amendment of the 2020 Sharing Regulations are extracted as under:



“(12) For the cases other than those covered under Clauses (3), (6) or (9) of Regulation 13 of these regulations, the YTC for the inter-State transmission system or element thereof approved or declared as deemed COD shall be treated as follows:

(f) In case an intra-State transmission licensee is responsible for the delay in commencement of power flow in the inter-State transmission system which has achieved deemed COD, such intra-State transmission licensee of the delayed intra-State transmission system shall pay 50% of YTC of the delayed intra-State transmission system OR 50% of YTC of the inter-State transmission system which has achieved deemed COD (excluding transmission elements covered under sub-clause (d) of this Clause), whichever is lower, till the delayed intra-State transmission system achieves COD:

Provided that in case of transmission elements covered under sub-clause (d) of this Clause, charges under this sub-clause shall not be levied on the intra-State transmission licensee:

Provided further that where YTC of the delayed intra-State transmission system is not available, CTU shall work out the YTC for such intra-State transmission system, for the purpose of this clause, based on the indicative capital cost of similar configuration in the inter-State transmission system.”

117. The transmission charges from 1.10.2023 to 31.10.2023 shall be shared as per Regulation 13(12)(d) of the 2020 sharing Regulations. The transmission charges from 1.11.2023 shall be shared as per 13(12)(f) of the 2020 sharing Regulations. After COD of the Surajmaninagar 400 kV (TSECL) sub-station, the transmission charges of the transmission asset shall be recovered under Regulations 5 to 8 of the 2020 Sharing Regulations. The billing, collection, and disbursement of the transmission charges shall be governed by the provisions of the 2020 Sharing Regulations, as amended from time to time, as provided in Regulation 57 of the 2019 Tariff Regulations.



118. To summarise:

- a. The AFC allowed concerning the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)	
Particulars	2023-24 (Pro-rata 320 days)
Claimed	693.01
Allowed	661.13

119. Annexure to this order forms part of the order.

120. This order disposes of Petition No. 392/TT/2023 in terms of the above findings and discussions.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson



ANNEXURE-I

2019-24	Admitted Capital Cost as on COD (₹ in lakh)	Projected ACE (₹ in lakh)		Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Rate of Depreciation as per Regulations (in %)	Annual Depreciation as per Regulations (₹ in lakh)
Capital Expenditure		2023-24	Total			2023-24
Transmission Line	4451.44	200.15	200.15	4651.59	5.28	240.32
Total	4451.44	200.15	200.15	4651.59		240.32
				Average Gross Block (₹ in lakh)		4551.51
				Weighted Average Rate of Depreciation (in %)		5.28

