

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 460/TT/2024

Coram:

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

Date of Order: 21.04.2025

In the matter of:

Petition for truing up of transmission tariff for the 2019-24 tariff period and determination of transmission tariff for the 2024-29 tariff period for assets under “Installation of Bus reactors at Cuddapah, Nellore PS, Kurnool, Raichur and Thiruvalam” in Southern Region under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under Regulation 15 (1) (a) and Regulation 23 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

And in the matter of:

**Power Grid Corporation of India Limited,
“Saudamini”, Plot No. 2,
Sector-29, Gurgaon-122001 (Haryana).**

...Petitioner

Versus

- 1. Tamil Nadu Generation and Distribution Corporation Limited,
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600002**
- 2. Kerala State Electricity Board Limited,
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram – 695004**
- 3. Electricity Department Government of Goa,
Vidyuti Bhawan, Panaji, Goa - 403001**
- 4. Electricity Department Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai,
Pondicherry - 605001**



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

Parties Present:

Shri Divyanshu Bhatt, Advocate, PGCIL
 Shri Mohd. Mohsin, PGCIL
 Shri Amit Yadav, PGCIL
 Shri Vishal Sagar, PGCIL
 Shri Angaru Naresh Kumar, PGCIL
 Ms. Suchitra Gautam, PGCIL
 Shri Arjun Malhotra, PGCIL
 Shri Piyush Awasthi, PGCIL



Shri Amit Garg, PGCIL
Ms. Ashita Chauhan, PGCIL
Shri Ashish Alankar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing-up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and for the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for **Asset-1:** 1X125 MVAR 400 kV Bus Reactor along with associated bays at Cuddapah Sub-station, 1X240 MVAR 765 kV Bus Reactor along with associated bays at Kurnool Sub-station, 1X240 MVAR 765 kV Bus Reactor along with associated bays at Nellore Sub-station, 1X240 MVAR 765 kV Bus Reactor along with associated bays at Raichur Sub-station, and **Asset-2:** 2X240 MVAR 765 kV Bus Reactors along with associated bays at Thiruvalem Sub-station (hereinafter referred to as “transmission project”) in Southern Region”.

Assets-1 and 2 have been jointly referred to in this order as “transmission assets” for the 2019-24 period. Assets-1 and -2 have been combined, and a combined tariff has been claimed for them for the 2024-29 tariff period, and as such, they have been termed as “Combined Assets” for the 2024-29 tariff period.

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

- a) *Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition*
- b) *Admit the capital cost claimed and additional capitalization incurred during 2019-24 and also allow the projected additional capitalization during 2024-29.*
- c) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended*



from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations.

- d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*
- e) Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses.*
- h) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses.*
- a) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per.*
- b) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition.*
- c) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

Background

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

- (a) The Investment Approval (IA) of the transmission project was accorded by the Board of Directors of the Petitioner in 338th meeting held on 10.3.2017 for ₹25160 lakh including IDC of ₹1565 lakh based on October, 2016 price level (communicated vide Memorandum No. C/CP/PA 1617-03-0AC-IA028 dated 11.4.2017).
- (b) The scope of the scheme was discussed and agreed upon in the 39th Standing Committee Meeting (SCM) of the Southern Region (SR) held on 28.12.2015 & 29.12.2015 and the 29th meeting of SRPC held on 5.3.2016 at Vishakhapatnam. The scheme was further ratified in the 36th Empowered Committee meeting held on 26.7.2016.



(c) The scope of work covered under the transmission project is as follows:

Reactive Compensation

(i) Cuddapah 400/220 kV (PGCIL) Sub-station (Extension):

- 400 kV Bus Reactor Bay: 1 number
- 400 kV Bus Reactor: 1 number of 125 MVAR Bus Reactor

(ii) Kurnool 765/400 kV (PGCIL) Sub-station (Extension):

- 765 kV Bus Reactor Bay: 1 number
- 765 kV Bus Reactor: 1 number of 240 MVAR Bus Reactor

(iii) Nellore PS 765/400 kV (PGCIL) Sub-station (Extension):

- 765 kV Bus Reactor Bay: 1 number
- 765 kV Bus Reactor: 1 number of 240 MVAR Bus Reactor

(iv) Raichur 765/400 kV (PGCIL) Sub-station (Extension):

- 765 kV Bus Reactor Bay: 1 number
- 765 kV Bus Reactor: 1 number of 240 MVAR Bus Reactor

(v) Thiruvallur 765/400 kV (PGCIL) Sub-station (Extension):

- 765 kV Bus Reactor Bays: 2 numbers
- 765 kV Bus Reactors: 2 numbers of 240 MVAR Bus Reactors

(d) The transmission assets under the transmission project have been completed.

The details of the scheduled commercial operation date (SCOD) and date of commercial operation (COD) of the transmission assets are as follows:

Asset No.	COD	Remark
Asset-1	31.10.2018	Both the assets have been merged during the 2024-29 tariff block with effective COD as 30.1.2019
Asset-2	7.6.2019	

(e) The transmission tariff in respect of Asset-1 from its COD to 31.3.2019 was determined vide order dated 28.1.2020 in Petition No. 29/TT/2019. The tariff of Asset-1 was trued up from COD to 31.3.2019 and determined for the 2019-24 period vide order dated 30.10.2021 in Petition No. 669/TT/2020. The Commission vide order dated 22.12.2021 in Petition No. 49/TT/2020 determined the tariff from COD to 31.3.2024 for Asset-2.

4. The Respondents include Distribution Licensees, Power Departments, and Transmission Licensees that receive transmission services from the Petitioner, primarily benefiting the Southern Region.

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

6. The Respondent No. 2, Kerala State Electricity Board Limited (KSEBL), has filed its reply vide affidavit dated 1.3.2025 and has requested the Commission to have a prudence check for variation in the amount claimed in Additional Capital Expenditure (ACE), grossed up rate for Return on Equity (RoE), Interest on Loan (IoL) and Goods & Service Tax. The Petitioner vide affidavit dated 1.4.2025 has filed the rejoinder to the reply of KSEBL.

7. The matter was held on 11.3.2025 and 25.3.2025, and order was reserved on 25.3.2025.

8. This order is issued considering the submissions made by the Petitioner vide affidavits dated 14.9.2024 and 24.3.2025; KSEBL's reply filed vide affidavit dated 1.3.2025 and Petitioner's rejoinder to the reply of KSEBL vide affidavit dated 1.4.2025.

9. Having heard the Petitioner's representative and perused the material available on record, we proceed to dispose of the Petition.

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

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



Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	666.03	707.24	716.30	718.62	719.27
Interest on Loan	646.07	551.41	491.73	483.24	476.72
Return on Equity	690.16	732.68	742.35	744.82	745.52
O&M Expenses	167.18	173.08	179.14	185.45	191.95
Interest on Working Capital	37.40	35.05	32.37	32.57	37.40
Total	2206.84	2199.46	2161.89	2164.70	2170.86

Asset-2

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	385.61	521.96	529.80	531.65	532.69
Interest on Loan	364.34	411.20	372.80	361.97	354.38
Return on Equity	382.43	522.97	534.14	536.45	537.56
O&M Expenses	51.48	65.24	67.52	69.90	72.35
Interest on Working Capital	19.27	23.14	21.41	21.41	24.47
Total	1203.13	1544.51	1525.67	1521.38	1521.45

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

Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	13.93	14.42	14.93	15.45	16.00
Maintenance Spares	25.08	25.96	26.87	27.82	28.79
Receivables	271.33	271.17	266.54	266.88	266.91
Total Working Capital	310.34	311.55	308.34	310.15	311.70
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	37.40	35.05	32.38	32.57	37.40

Asset-2

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	5.25	5.44	5.63	5.83	6.03
Maintenance Spares	9.45	9.79	10.13	10.49	10.85
Receivables	181.07	190.42	188.10	187.57	187.08
Total Working Capital	195.77	205.65	203.86	203.89	203.94
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	19.27	23.14	21.41	21.41	24.47

Capital Cost for the 2019-24 Tariff Period

12. The capital costs of ₹11631.30 lakh for Asset-1 and ₹7503.20 lakh for Asset-2 as on 31.3.2019 and as on COD of Asset-2 i.e. 7.6.2019, respectively, were approved by the Commission for the transmission assets in Petition No. 669/TT/2020 and 49/TT/2020, respectively. The same capital costs of ₹11631.30 lakh for Asset-1 and ₹7503.20 lakh for Asset-2 as on 31.3.2019 and as on COD, respectively, have been considered as the opening capital cost for the purpose of true-up of the transmission tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

13. The Petitioner has claimed Additional Capital Expenditure (ACE) of ₹1602.60 lakh for Asset-1 and ₹2045.48 lakh for Asset-2 for the 2019-24 tariff period in the instant true-up Petition against the approved value of ₹1560.65 lakh for Asset-1 and ₹1807.38 lakh for Asset-2 in Petition Nos. 669/TT/2020 and 49/TT/2020 respectively. The Petitioner, in its justification, submitted that the ACE approved by the Commission was based on projections where the contracts were not closed, and liabilities were not finalised. However, in the instant true-up Petition, ACE is claimed on the basis of actual payment made to the contractors after receiving final invoices from them and incorporating the amendments. The Petitioner has also submitted that the payments were made after the submission of invoices and reconciliation in accordance with the contractual clause as per the provisions of the contract.

14. The Petitioner in the instant Petition has submitted the following Liability Flow Statement, and the same is as follows:

Asset-1**(₹ in lakh)**

Headwise / Partywise	Particulars	Liability Discharge						Additional Liability Recognized			
		2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	2019-20	2020-21	2021-22	Total (19-24)
KEC INTERNATIONAL LIMITED	SS	253.42	65.81	-	-	-	319.23	361.28	95.11	-	456.39
KEC INTERNATIONAL LIMITED	IT	28.16	-	-	-	-	28.16	-	-	-	-
TBEA ENERGY LIMITED	SS	233.42	-	-	-	-	233.42	150.10	-	-	150.10
SITE PACKAGES	SS	15.26	40.11	68.66	19.24	5.49	148.75	193.02	73.52	-	266.54
		530.26	105.92	68.66	19.24	5.49	729.56	704.40	168.63	-	873.03

Asset-2**(₹ in lakh)**

Headwise / Partywise	Particulars	Liability Discharge						Additional Liability Recognized			
		2019-20	2020-21	2021-22	2022-23	1)23-24	Total (19-24)	2019-20	2020-21	2021-22	Total (19-24)
AAKAR ENGINEERS & CONTRACTS	Building & Civil Works	-	44.84	6.40	-	-	51.24	12.81	-	-	12.81
SRI NAACHIMAAR ENGINEERING	Building & Civil Works	-	162.54	18.64	-	-	181.18	20.93	11.51	6.23	38.67
KUMAR BUILDERS	Building & Civil Works	28.80	21.30	-	-	-	50.10	-	-	-	-
TBEA	SS	100.55	-	-	-	-	100.55	102.75	-	-	102.75
KEC	IT	13.98	-	-	-	-	13.98	16.38	-	-	16.38
KEC	SS	634.03	97.38	27.83	22.69	16.76	798.69	672.00	-	-	672.00
		777.36	326.06	52.87	22.69	16.76	1,195.74	824.87	11.51	6.23	842.61

15. The Petitioner in the Petition has submitted a detailed break-up of ACE, and the same is as follows:

(₹ in lakh)

Asset	ACE details				
	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	1234.66	274.55	68.66	19.24	5.49
	Claimed under regulation 24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations	Claimed under regulation 24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations	Claimed under regulation 25(1)(d) of the 2019 Tariff Regulations		
Asset-2	1609.36	337.57	59.10	22.69	16.76
	Claimed under regulation 24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations	Claimed under regulation 24(1)(a) & 24(1)(b) 2019 Tariff Regulations	Claimed under regulation 25(1)(d) of the 2019 Tariff Regulations		

16. With regard to ACE for the 2019-24 tariff period, KSEBL has submitted that since the variation in the amount claimed under different provisions of the 2019 Tariff Regulations is required to be substantiated by the Petitioner with documentary evidence the Petitioner may be directed to furnish proof of component- wise payments for a prudence check.

17. In response, the Petitioner has submitted that the ACE incurred during the 2019-24 tariff block is claimed under Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations. The primary reason for variation in actual ACE with respect to approved ACE is that the ACE claimed is based on the actual payment made to the vendors after receipt of final invoices, and incorporating the amendments. The Petitioner has further submitted that the ACE claimed is given in the Auditor's Certificates, and the Liability Flow Statement contains the details of the actual ACE incurred during the 2019-24 block.

18. We have considered the Petitioner's and KSEBL's submissions. We allow the ACE as claimed by the Petitioner for the 2019-24 tariff period in respect of the transmission assets, as the same is included in the original scope of work. Accordingly, ACE for the transmission assets is allowed under Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations. The ACE allowed with respect to the transmission assets is as follows:

Asset-1

Particulars	Regulations	(₹ in lakh) ACE allowed				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance and Retention Payments other than IDC	Regulation 24(1)(a) of the 2019 Tariff Regulations	530.26	105.92			
Addition in Gross Block	Regulation 24(1)(b) of the 2019 Tariff Regulations	704.4	168.63			
Balance and Retention Payments other than IDC	Claimed under regulation 25(1)(d)			68.66	19.24	5.49
Total		1234.66	274.55	68.66	19.24	5.49



Asset-2

Particulars	Regulations	(₹ in lakh) ACE allowed				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance and Retention Payments other than IDC	Regulation 24(1)(a) of the 2019 Tariff Regulations	777.36	326.06			
Addition in Gross Block	Regulation 24(1)(b) of the 2019 Tariff Regulations	824.87	11.51	6.23		
Balance and Retention Payments other than IDC	Claimed under regulation 25(1)(d) of the 2019 Tariff Regulations.			52.87	22.69	16.76
Add: Including cash IDC		7.12				
Total		1609.35*	337.57	59.1	22.69	16.76

*Includes cash IDC ₹7.12 lakh

19. After considering the submissions and the justification provided by the Petitioner for its claim, the following capital cost is allowed for the transmission assets as on 31.3.2019 and as on 31.3.2024:

Asset No.	Apportioned Approved Cost as per FR	Expenditure Up to 31.3.2019/COD	Admitted ACE in 2019-24	(₹ in lakh) Actual Capital Cost as on 31.3.2024	
				(₹ in lakh)	(in %)
Asset-1	14218.49	11631.30	1602.60	13233.9	
Asset-2	10941.57	7503.20	2045.48	9548.68	
Total	25160.06	19134.50	3648.08	22782.58	

Debt-Equity Ratio

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

Asset-1

Funding	Capital Cost as on 1.4.2019		ACE during 2019-24	Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)		(₹ in lakh)	(in %)
Debt	8141.91	70.00	1121.82	9263.73	70.00
Equity	3489.39	30.00	480.78	3970.17	30.00
Total	11631.30	100.00	1602.60	13233.90	100.00

Asset-2

Funding	Capital Cost as on COD		ACE during 2019-24	Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(₹ in lakh)	(in %)
Debt	5252.24	70.00	1431.84	6684.08	70.00
Equity	2250.96	30.00	613.64	2864.60	30.00
Total	7503.20	100.00	2045.48	9548.68	100.00

Depreciation

21. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 for Asset -1, and as on COD for Asset-2, and thereafter up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission assets as per the rates of depreciation specified in the 2019 Tariff Regulations. The depreciation allowed for the transmission assets is as follows:

Asset-1

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	11631.30	12865.96	13140.51	13209.17	13228.41
B	Addition during the year 2019-24 due to ACE	1234.66	274.55	68.66	19.24	5.49
C	Closing Gross Block (A+B)	12865.96	13140.51	13209.17	13228.41	13233.90
D	Average Gross Block (A+C)/2	12248.63	13003.24	13174.84	13218.79	13231.16
E	Average Gross Block (90% depreciable assets)	12050.02	12790.55	12962.15	13006.10	13018.47
F	Average Gross Block (100% depreciable assets)	198.61	212.69	212.69	212.69	212.69
G	Depreciable value (excluding IT equipment and software) (E*90%)	0.00	555.60	679.14	710.04	718.70
H	Depreciable value of IT equipment and software (F*100%)	12248.63	12385.91	12420.24	12429.86	12432.60
I	Total Depreciable Value (G+H)	12248.63	12941.50	13099.38	13139.90	13151.30
J	Weighted average rate of Depreciation (WAROD) (in %)	5.44%	5.44%	5.44%	5.44%	5.44%
K	Elapsed useful life at the beginning of the year (Year)	0.00	1.00	2.00	3.00	4.00
L	Balance useful life at the beginning of the year (Year)	25.00	24.00	23.00	22.00	21.00
M	Depreciation during the year (D*J)	666.03	707.24	716.31	718.63	719.28

N	Cumulative Depreciation at the end of the year	881.68	1588.93	2305.23	3023.86	3743.14
O	Remaining Aggregate Depreciable Value at the end of the year	11366.95	11352.58	10794.15	10116.04	9408.16

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	7503.20	9112.56	9450.13	9509.23	9531.92
B	Addition during the year 2019-24 due to ACE	1609.36	337.57	59.10	22.69	16.76
C	Closing Gross Block (A+B)	9112.56	9450.13	9509.23	9531.92	9548.68
D	Average Gross Block (A+C)/2	8307.88	9281.35	9479.68	9520.58	9540.30
E	Average Gross Block (90% depreciable assets)	7952.34	8910.47	9108.80	9149.70	9169.42
F	Average Gross Block (100% depreciable assets)	355.54	370.88	370.88	370.88	370.88
G	Depreciable value (excluding IT equipment and software) (E*90%)	0.00	876.12	1054.62	1091.43	1109.18
H	Depreciable value of IT equipment and software (F*100%)	8307.88	8307.88	8307.88	8307.88	8307.88
I	Total Depreciable Value (G+H)	8307.88	9184.00	9362.50	9399.31	9417.06
J	Weighted average rate of Depreciation (WAROD) (in %)	4.64%	5.62%	5.59%	5.58%	5.58%
K	Elapsed useful life at the beginning of the year (Year)	0.00	1.00	2.00	3.00	4.00
L	Balance useful life at the beginning of the year (Year)	25.00	24.00	23.00	22.00	21.00
M	Depreciation during the year (D*J)	385.60	521.96	529.80	531.66	532.70
N	Cumulative Depreciation at the end of the year	385.60	907.57	1437.37	1969.03	2501.73
O	Remaining Aggregate Depreciable Value at the end of the year	7922.28	8276.43	7925.13	7430.28	6915.33

22. The details of depreciation allowed for Asset-1 vide order dated 31.10.2021 in Petition No. 669/TT/2020 and for Asset-2 vide order dated 22.12.2021 in Petition No. 49/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation allowed for the transmission assets in the instant order are as follows:

Asset-1

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.10.2021 in Petition No. 669/TT/2020	666.03	708.60	717.21	717.21	717.21



Claimed by the Petitioner in the instant Petition	666.03	707.24	716.30	718.62	719.27
Allowed after truing-up in this order	666.03	707.24	716.31	718.63	719.28

Asset-2

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 22.12.2021 in Petition No. 49/TT/2020	384.02	515.51	520.05	520.57	520.57
Claimed by the Petitioner in the instant Petition	385.61	521.96	529.80	531.65	532.69
Allowed after truing-up in this order	385.60	521.96	529.80	531.66	532.70

Interest on Loan (IoL)

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

24. KSEBL has submitted that the Commission's tariff regulations provide for IoL calculation based on the actual rate of interest for various loans availed during the tariff period. Further, since the Petitioner has not submitted the details of the actual loan availed for the project, interest on loan etc, it may be directed to furnish the details of loan agreements and proof of actual loan repayments during the period 2019-24 period.

25. In response, the Petitioner has submitted that in the tariff calculations for the 2019-24 period, IoL has been calculated on the basis of actual rate of interest on various loans deployed for each year. The change in interest rate due to the floating rate of interest applicable, if any, for the project needs to be claimed/adjusted over the tariff block of 5 years directly from/with the beneficiaries.

26. For the purpose of the supporting documents for the rate of interest, a compendium of floating rate of interest of various loans during the 2019-24 tariff period has been submitted along with true up Petition (Diary No. 716/2024). These documents/details are also available on the Petitioner's website www.powergrid.in.

27. We have considered the Petitioner's and KSEBL's submissions. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the transmission assets is as follows:

Asset-1

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	8141.91	9006.17	9198.36	9246.42	9259.89
B	Cumulative Repayments up to Previous Year	215.65	881.68	1588.93	2305.23	3023.86
C	Net Loan-Opening (A-B)	7926.26	8124.49	7609.43	6941.19	6236.03
D	Addition due to ACE	864.26	192.19	48.06	13.47	3.84
E	Repayment during the year	666.03	707.24	716.31	718.63	719.28
F	Net Loan-Closing (C+D-E)	8124.49	7609.43	6941.19	6236.03	5520.59
G	Average Loan (C+F)/2	8025.37	7866.96	7275.31	6588.61	5878.31
H	Weighted Average Rate of Interest on Loan (in %)	8.05%	7.01%	6.76%	7.33%	8.1097%
I	Interest on Loan (G*H)	646.07	551.41	491.72	483.23	476.71

Asset-2

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	5252.24	6378.79	6615.09	6656.46	6672.34
B	Cumulative Repayments up to Previous Year	0.00	385.60	907.57	1437.37	1969.03
C	Net Loan-Opening (A-B)	5252.24	5993.19	5707.52	5219.09	4703.31
D	Addition due to ACE	1126.55	236.30	41.37	15.88	11.73
E	Repayment during the year	385.60	521.96	529.80	531.66	532.70
F	Net Loan-Closing (C+D-E)	5993.19	5707.52	5219.09	4703.31	4182.35
G	Average Loan (C+F)/2	5622.71	5850.36	5463.31	4961.20	4442.83
H	Weighted Average Rate of Interest on Loan (in %)	7.93%	7.03%	6.82%	7.30%	7.98%
I	Interest on Loan (G*H)	364.34	411.20	372.80	361.97	354.38

28. The details of IoL allowed for Asset-1 vide order dated 31.10.2021 in Petition No. 669/TT/2020 and for Asset-2 vide order dated 22.12.2021 in Petition No. 49/TT/2020, IoL claimed in the instant Petition and trued-up IoL allowed for the transmission assets in the instant order are as follows:

Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.10.2021 in Petition No. 669/TT/2020	669.09	857.32	607.40	547.61	487.83
Claimed by the Petitioner in the instant Petition	646.07	551.41	491.73	483.24	476.72
Allowed after truing-up in this order	646.07	551.41	491.72	483.23	476.71

Asset-2

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 22.12.2021 in Petition No. 49/TT/2020	377.75	476.59	441.67	399.58	356.57
Claimed by the Petitioner in the instant Petition	364.34	411.20	372.80	361.97	354.38
Allowed after truing-up in this order	364.34	411.20	372.80	361.97	354.38

Return on Equity (RoE)

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

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

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782
2022-23	17.472	18.782
2023-24	17.472	18.782

31. KSEBL has submitted that the Petitioner has not provided the Income Tax Assessment orders for FY 2019-20, and FY 2020-21, which are critical for the determining the effective tax rate. Additionally, Income Tax Returns for FY 2023-24

have not been filed. Accordingly, the The Petitioner may be directed to submit the audited accounts for the actual taxes paid for all relevant years. According to KSEBL, any cost due to delay in filing income tax returns should not be passed on to the beneficiaries as the Petitioner has not yet filed the income tax returns for the 2023-24.

32. In response, the Petitioner has submitted that the income tax assessment of the Petitioner has been completed, and assessment orders have been issued by the Income Tax Department for FY 2019-20 and FY 2020-21. Further, the income tax assessment for FY 2021-22, 2022-23 and 2023-24 are currently under progress with the income tax authorities. The assessment orders for FY 2019-20 and 2020-21 and Income Tax Returns for FY 2021-22, FY 2022-23 and FY 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024.

33. According to the Petitioner, since the Income Tax Return for FY 2023-24 has now been filed, the revised table regarding computation of effective tax percentage is as under:

Financial Year	Basis considered	Total Tax & Interest paid (Rs)	Assessed MAT Income under Sec 115 JB (Rs)	Effective Tax percentage	Grossed up ROE (Base rate/(1-t))
2019-20	Assessment Order	24,52,62,76,991	1,40,37,47,53,855	17.472%	18.782%
2020-21	Assessment Order	26,08,93,59,008	1,49,32,09,65,036	17.472%	18.782%
2021-22	Actual Tax paid	31,81,46,40,406	1,82,08,92,88,030	17.472%	18.782%
2022-23	Actual Tax paid	30,42,88,20,993	1,74,15,76,29,306	17.472%	18.782%
2023-24	Actual Tax paid	31,32,12,38,737	1,79,26,53,31,597	17.472%	18.782%

34. The Petitioner has requested to allow it to claim the differential tariff on account of the trued up ROE based on effective tax rate calculated on completion of income-tax assessment/re-assessment for FY 2019-20, 2020-21, 2021-22, 2022-23 and

2023-24 on receipt of the respective assessment orders, directly from the beneficiaries, on a year-to-year basis as provided in the regulation.

35. We have considered the Petitioner's and KSEBL's submissions and have also gone through the record. We note that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the Statement of Profit and Loss prepared in accordance with Schedule-II of the Companies Act, 2013 subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into the account for the purpose of grossing up the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing up, shall be recovered or refunded to the beneficiaries or the long-term customers as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up of the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax (in %) (t)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2019-20	17.472	17.472	15.50	18.782
2020-21	17.472	17.472	15.50	18.782
2021-22	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782

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

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	3489.39	3859.79	3942.15	3962.75	3968.52
B	Addition due to ACE	370.40	82.37	20.60	5.77	1.65
C	Closing Equity (A+B)	3859.79	3942.15	3962.75	3968.52	3970.17
D	Average Equity (A+C)/2	3674.59	3900.97	3952.45	3965.64	3969.35
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	690.16	732.68	742.35	744.83	745.52

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	2250.96	2733.77	2835.04	2852.77	2859.58
B	Addition due to ACE	482.81	101.27	17.73	6.81	5.03
C	Closing Equity (A+B)	2733.77	2835.04	2852.77	2859.58	2864.60
D	Average Equity (A+C)/2	2492.36	2784.40	2843.90	2856.17	2862.09
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	382.42	522.97	534.14	536.45	537.56

37. The details of RoE allowed for Asset-1 vide order dated 31.10.2021 in Petition No. 669/TT/2020 and for Asset-2 vide order dated 22.12.2021 in Petition No. 49/TT/2020, RoE claimed in the instant Petition and trued-up RoE allowed for the transmission assets in the instant order are as follows:

Asset-1

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.10.2021 in Petition No. 669/TT/2020	690.16	734.13	734.13	734.13	734.13
Claimed by the Petitioner in the instant Petition	690.16	732.68	742.35	744.82	745.52
Allowed after truing-up in this order	690.16	732.68	742.35	744.83	745.52

Asset-2

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 22.12.2021 in Petition No. 49/TT/2020	380.73	516.90	523.73	524.61	524.61
Claimed by the Petitioner in the instant Petition	382.43	522.97	534.14	536.45	537.56
Allowed after truing-up in this order	382.42	522.97	534.14	536.45	537.56



Operation & Maintenance Expenses (O&M Expenses)

38. The details of O&M Expenses allowed by the Commission for Asset-1 vide order dated 31.10.2021 in Petition No. 669/TT/2020 and for Asset-2 vide order dated 22.12.2021 in Petition No. 49/TT/2020, are as follows:

Asset-1

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	167.18	173.08	179.14	185.45	191.95

Asset-2

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	51.48	65.24	67.52	69.90	72.35

39. The Petitioner has claimed the following O&M Expenses in respect of the transmission assets for the 2019-24 period:

Asset-1

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	167.18	173.08	179.14	185.45	191.95

Asset-2

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	51.48	65.24	67.52	69.90	72.35

40. We have considered the Petitioner's submission. We are of the view that the O&M Expenses claimed by the Petitioner in the instant true-up Petition are as per Regulation 35(3) of the 2019 Tariff Regulations. The O&M Expenses worked out for the transmission assets are as follows:

Asset-1

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station:765 kV Bays (3 Nos.)					
Norms as per Regulation (₹ per Bay)	45.01	46.60	48.23	49.93	51.68
O&M Expenses allowable	135.03	139.80	144.69	149.79	155.04
Sub-station:400 kV Bays (1 No.)					
Norms as per Regulation (₹ per Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses allowable	32.15	33.28	34.45	35.66	36.91
Total O&M Expenses allowed	167.18	173.08	179.14	185.45	191.95

Asset-2

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station:765 kV GIS Bays (2 Nos.)					
Norms as per Regulation (₹ per Bay)	31.51	32.62	33.76	34.95	36.18
O&M Expenses allowable	51.48	65.24	67.52	69.90	72.36
Total O&M Expenses allowed	51.48	65.24	67.52	69.90	72.35

41. Accordingly, the details of O&M Expenses allowed for Asset-1 vide order dated 31.10.2021 in Petition No. 669/TT/2020, and for Asset-2 allowed vide order dated 22.12.2021 in Petition No. 49/TT/2020, O&M Expenses claimed in the instant Petition and trued-up O&M Expenses allowed for the transmission assets in the instant order are as follows:

Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.10.2021 in Petition No. 669/TT/2020	167.18	173.08	179.14	185.45	191.95
Claimed by the Petitioner in the instant Petition	167.18	173.08	179.14	185.45	191.95
Allowed after truing-up in this order	167.18	173.08	179.14	185.45	191.95

Asset-2

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 22.12.2021 in Petition No. 49/TT/2020	51.48	65.24	67.52	69.90	72.35
Claimed by the Petitioner in the instant Petition	51.48	65.24	67.52	69.90	72.35
Allowed after truing-up in this order	51.48	65.24	67.52	69.90	72.35

Interest on Working Capital (IWC)

42. IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for FY 2021-22 and FY 2022-23 and 12.00% (SBI 1 year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.



43. The components of the working capital and interest allowed thereon for the transmission assets are as follows:

Asset-1

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	13.93	14.42	14.93	15.45	16.00
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	25.08	25.96	26.87	27.82	28.79
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	271.33	271.17	266.53	266.88	266.91
D	Total Working Capital (A+B+C)	310.34	311.55	308.33	310.15	311.70
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	37.40	35.05	32.38	32.57	37.40

Asset-2

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	4.29	5.44	5.63	5.83	6.03
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	7.72	9.79	10.13	10.49	10.85
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	147.92	190.42	188.10	187.57	187.06
D	Total Working Capital (A+B+C)	159.94	205.64	203.85	203.88	203.95
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	19.27	23.13	21.40	21.41	24.47

44. The details of IWC allowed for Asset-1 vide order dated 31.10.2021 in Petition No. 669/TT/2020 and for Asset-2 vide order dated 22.12.2021 in Petition No.

49/TT/2020, IWC claimed in the instant Petition and trued-up IWC allowed for the transmission assets in the instant order are as follows:

Asset-1

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.10.2021 in Petition No. 669/TT/2020	37.74	36.58	33.92	33.37	32.76
Claimed by the Petitioner in the instant Petition	37.40	35.05	32.37	32.57	37.40
Allowed after truing-up in this order	37.40	35.05	32.38	32.57	37.40

Asset-2

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 22.12.2021 in Petition No. 49/TT/2020	19.42	23.87	22.04	21.60	21.08
Claimed by the Petitioner in the instant Petition	19.27	23.14	21.41	21.41	24.47
Allowed after truing-up in this order	19.27	23.13	21.40	21.41	24.47

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

45. Accordingly, the transmission charges allowed after truing-up for the 2019-24 tariff period in respect of the transmission assets are as follows:

Asset-1

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	666.03	707.24	716.31	718.63	719.28
Interest on Loan	646.07	551.41	491.72	483.23	476.71
Return on Equity	690.16	732.68	742.35	744.83	745.52
O&M Expenses	167.18	173.08	179.14	185.45	191.95
Interest on Working Capital	37.40	35.05	32.38	32.57	37.40
Total	2206.84	2199.47	2161.89	2164.70	2170.87

Asset-2

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	385.60	521.96	529.80	531.66	532.70
Interest on Loan	364.34	411.20	372.80	361.97	354.38
Return on Equity	382.42	522.97	534.14	536.45	537.56
O&M Expenses	51.48	65.24	67.52	69.90	72.35
Interest on Working Capital	19.27	23.13	21.40	21.41	24.47
Total	1203.11	1544.51	1525.67	1521.39	1521.46

46. The details of annual transmission charges allowed for Asset-1 vide order dated 31.10.2021 in Petition No. 669/TT/2020 and for Asset-2 vide order dated 22.12.2021 in Petition No. 49/TT/2020, annual transmission charges claimed in the instant Petition, and trued-up annual transmission charges allowed for the transmission assets in the instant order are as follows:

Asset-1

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.10.2021 in Petition No. 669/TT/2020	2230.20	2309.71	2280.98	2226.95	2173.06
Claimed by the Petitioner in the instant Petition	2206.84	2199.46	2161.89	2164.70	2170.86
Allowed after truing-up in this order	2206.84	2199.47	2161.89	2164.70	2170.87

Asset-2

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 22.12.2021 in Petition No. 49/TT/2020	1213.40	1597.30	1575.20	1536.27	1495.18
Claimed by the Petitioner in the instant Petition	1203.13	1544.51	1525.67	1521.38	1521.45
Allowed after truing-up in this order	1203.11	1544.51	1525.67	1521.39	1521.46

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

47. The Petitioner has submitted the tariff forms combining the transmission assets into a single asset. Accordingly, as per proviso (i) of Regulation 8(1) of the 2024 Tariff Regulations, single tariff for the Combined Assets has been worked out for the 2024-29 tariff period.

48. The Petitioner has claimed the following transmission charges for the Combined Assets for the 2024-29 tariff period:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1252.57	1234.43	1165.03	1165.03	1165.03
Interest on Loan	735.90	636.15	538.93	443.23	347.53
Return on Equity	1283.70	1283.70	1283.70	1283.70	1283.70
O&M Expenses	558.58	588.22	618.44	650.64	686.09
Interest on Working Capital	72.78	72.30	71.12	70.94	71.19
Total	3903.53	3814.80	3677.22	3613.54	3553.54

Effective Date of Commercial Operation (E-COD)

49. The Petitioner has claimed E-COD of the Combined Assets as 30.1.2019. Based on the trued-up admitted capital cost and actual COD of all the transmission assets, E-COD has been worked out as follows:

Computation of E-COD					
Asset No	Actual COD	Admitted Capital Cost as on 31.3.2024 (₹ in lakh)	Weight of the cost (%)	No. of days from last COD	Weighted Days
Asset-1	31.10.2018	13233.90	58.09%	219	127.21
Asset-2	7.6.2019	9548.68	41.91%	0	0.00
Total		22782.58	100.00%		127.21
E-COD (Latest COD-Total Weighted Days) 30.1.2019					

50. E-COD is used to determine the lapsed life of the project as a whole which works out as five (5) years as on 1.4.2024 (i.e. the number of completed years as on 1.4.2024 from E-COD).

Weighted Average Life (WAL)

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

52. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2024 and their respective life as stipulated in the 2024 Tariff Regulations. The element-wise life as defined in the 2014 Tariff Regulations and the 2019 Tariff Regulations prevailing at the time of actual COD of individual assets has been ignored for this purpose. The life as defined in the 2024 Tariff Regulations has been considered for determination of WAL. Accordingly, WAL of the Combined Assets has been worked out as 25 years and the same is as follows:

Admitted Capital Cost as on 31.3.2024				
Particulars	Combined Asset Cost (in lakh) (1)	Life in Years (2)	Weighted Cost (3) = (1) x (2)	Weighted Average Life of Asset (in years) (4) = (3)/ (1)
Building Civil Work	364.81	25	9120.25	
Sub-Station	21834.20	25	545855.00	
IT Equipment	583.57	7	4084.99	
Total	22782.58		559060.24	24.54 years (rounded off to 25 years)

53. WAL as on 1.4.2024, as determined above, is applicable prospectively i.e. for the 2024-29 tariff period and no retrospective adjustment of depreciation in previous tariff period is required to be done. As discussed, E-COD of the transmission assets is 30.1.2019 and the lapsed life of the project as a whole, works out as five (5) years as on 1.4.2024 (i.e. the number of completed years as on 1.4.2024 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 31.3.2024 to be 25 years.

Capital Cost

54. Regulation 19 of the 2024 Tariff Regulations provides as follows:

“19. Capital Cost: (1) *The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence checks in accordance with these regulations shall form the basis for the determination of tariff for existing and new projects.*

(2) *The Capital Cost of a new project shall include the following:*

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*

- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;
 - (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
 - (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
 - (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
 - (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
 - (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
 - (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
 - (n) Expenditure on account of change in law and force majeure events; and
 - (o)
 - (p)
- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;
 - (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
 - (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
 - (d) to (h)
 - (i) Expenditure on account of change in law and force majeure events;
- (4)
- (5)
- (6) The following shall be excluded from the capital cost of the existing and new projects:
- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
 - (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
 - (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:
 Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;
 Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
 - (d)
 - (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and
 - (f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment."

55. The trued up capital cost of ₹22782.58 lakh has been allowed by the Commission for the transmission assets as on 31.3.2024 in the present Petition. Therefore, the capital cost of ₹22782.58 lakh has been considered as the opening capital cost as on 1.4.2024 for the purpose of determination of transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

Additional Capital Expenditure (ACE)

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

57. The capital cost approved as on 31.3.2024 as allowed in the present order is ₹22782.58 lakh and the same has been considered for determination of the tariff for the 2024-29 period. The details of the capital cost allowed as on 31.3.2024 and as on 31.3.2029 are as follows:

Asset	FR Apportioned Approved Cost	Expenditure as on 31.3.2024	Admitted ACE in 2024 -29	(₹ in lakh)
				Actual Capital Cost as on 31.3.2029
Combined Assets	25160.06	22782.58	0.00	22782.58

Debt Equity Ratio

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

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

Provided that:

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

Explanation- The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return

on equity, only if such premium amount and internal resources are actually utilized for meeting the capital expenditure of the generating station or the transmission system.

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

(3) In the case of the generating station and the transmission system, including the communication system declared under commercial operation prior to 1.4.2024, the debt-equity ratio allowed by the Commission for the determination of tariff for the period ending 31.3.2024 shall be considered:

Provided that in the case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or is completing its useful life during the 2024-29 tariff period, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 96 of these regulations.

(4) In the case of the generating station and the transmission system, including communication system declared under commercial operation prior to 1.4.2024, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2024, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2024 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation.”

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

Funding	Capital Cost as on 1.4.2024		Capital Cost as on 31.3.2029	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	15947.81	70.00	15947.81	70.00
Equity	6834.77	30.00	6834.77	30.00
Total	22782.58	100.00	22782.58	100.00

Depreciation

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

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

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

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

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

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

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

(4)

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

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets.

.....

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

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

.....

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

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

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

61. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and, thereafter, up to 31.3.2029. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Assets as per the rates of depreciation specified in the 2024 Tariff Regulations.

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	22782.58	22782.58	22782.58	22782.58	22782.58
B	Addition during the year 2024-29 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	22782.58	22782.58	22782.58	22782.58	22782.58
D	Average Gross Block (A+C)/2	22782.58	22782.58	22782.58	22782.58	22782.58
E	Average Gross Block (90% depreciable assets)	22199.01	22199.01	22199.01	22199.01	22199.01
F	Average Gross Block (100% depreciable assets)	583.57	583.57	583.57	583.57	583.57
G	Depreciable value (excluding IT equipment and software) (E*90%)	19979.11	19979.11	19979.11	19979.11	19979.11
H	Depreciable value of IT equipment and software (F*100%)	583.57	583.57	583.57	583.57	583.57
I	Total Depreciable Value (G+H)	20562.68	20562.68	20562.68	20562.68	20562.68
J	Weighted average rate of Depreciation (WAROD) (in %)	5.50	5.42	5.11	5.11	5.11
K	Elapsed useful life at the beginning of the year (Year)	5.00	6.00	7.00	8.00	9.00
L	Balance useful life at the beginning of the year (Year)	20.00	19.00	18.00	17.00	16.00
M	Depreciation during the year (D*J)	1252.57	1234.31	1165.03	1165.03	1165.03
N	Cumulative Depreciation at the end of the year	7497.43	8731.74	9896.77	11061.80	12226.83
O	Remaining Aggregate Depreciable Value at the end of the year	13065.25	11830.94	10665.91	9500.88	8335.85



Interest on Loan (IoL)

63. Regulation 32 of the 2024 Tariff Regulations provides as follows:

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

(2) The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.

(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio;

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

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

Provided that the rate of interest on the loan for the installation of the emission control system commissioned subsequent to date of commercial operation of the generating station or unit thereof, shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered, subject to a ceiling of 14%;

Provided further that if the generating company or the transmission licensee, as the case may be, does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.

(6) The interest on the loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.”

64. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and rate of interest prevailing as on 1.4.2024.

The IoL has been calculated based on the actual interest rate of various loans deployed for each year in accordance with the 2024 Tariff Regulations. The IoL allowed in respect of the Combined Assets is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	15947.81	15947.81	15947.81	15947.81	15947.81
B	Cumulative Repayments up to Previous Year	6244.86	7497.43	8731.74	9896.77	11061.80
C	Net Loan-Opening (A-B)	9702.94	8450.38	7216.06	6051.03	4886.00
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	1252.57	1234.31	1165.03	1165.03	1165.03
F	Net Loan-Closing (C+D-E)	8450.38	7216.06	6051.03	4886.00	3720.97
G	Average Loan (C+F)/2	9076.66	7833.22	6633.55	5468.52	4303.49
H	Weighted Average Rate of Interest on Loan (in %)	8.11	8.12	8.12	8.11	8.08
I	Interest on Loan (G*H)	735.90	636.15	538.94	443.23	347.53

Return on Equity (RoE)

65. Regulations 30 and 31 of the 2024 Tariff Regulations provide as follows:

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

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

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

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

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

.....”

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

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

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

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

Rate of pre-tax return on equity = Base rate / (1-t)

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

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

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

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

66. The Petitioner has submitted that MAT rate applies to it. The applicable MAT rate has been considered for RoE, which shall be trued-up in accordance with Regulation 31(3) of the 2024 Tariff Regulations. RoE allowed for the Combined Assets is as under:

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	6834.77	6834.77	6834.77	6834.77	6834.77
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	6834.77	6834.77	6834.77	6834.77	6834.77
D	Average Equity (A+C)/2	6834.77	6834.77	6834.77	6834.77	6834.77
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	1283.71	1283.71	1283.71	1283.71	1283.71

Operation and Maintenance Expenses (O&M Expenses)

67. The O&M Expenses claimed by the Petitioner in respect of the Combined Assets for the 2024-29 tariff period are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	558.58	588.22	618.44	650.64	686.09

68. Regulation 36(3) of the 2024 Tariff Regulations provides as follows:

“36. Operation and Maintenance Expenses:

.....

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

Particulars	2024-	2025-	2026-	2027-	2028-
Norms for sub-station Bays (Rs Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (Rs Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781



Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/MW)	1.04	1.10	1.16	1.22	1.28

Provided that the O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 of the O&M expenses of the normative O&M expenses for bays:

Provided that the O&M expense norms of Double Circuit quad AC line shall be applicable to for HVDC bi-pole line:

Provided that the O&M expenses of ± 500 kV Mundra-Mohindergarh HVDC bipole scheme (2500 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for HVDC bipole scheme:

Provided further that the O&M expenses for Transmission Licensees whose transmission assets are located solely in NE Region (including Sikkim), States of Uttarakhand, Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh, district of Darjeeling of West Bengal shall be worked out by multiplying 1.50 to the normative O&M expenses prescribed above.

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of substation bays, transformer capacity of the transformer/reactor/Static Var Compensator/Static Synchronous Compensator (in MVA/MVAr) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA/MVAr and per km respectively.”

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

(₹ in lakh)					
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station:765 kV Bays (3 Nos.)					
Norms as per Regulation (₹ per Bay)	41.34	43.51	45.79	48.20	50.73
Sub-station:400 kV Bays (1 Nos.)					
Norms as per Regulation (₹ per Bay)	29.53	31.08	32.71	34.43	36.23
Sub-station Reactor:765 kV Bays GIS (2 Nos.)					
Norms as per Regulation (₹ per Bay)	28.94	30.46	32.05	33.74	35.51
Transformers/Reactors:765 kV (1200 MVA) and 400 kV (125 MVA)					
Norms as per Regulation (₹ Lakh per MVA or per MVAr)	0.26	0.28	0.29	0.31	0.32



O&M Expenses					
Sub-Station	211.43	222.52	234.19	246.51	259.44
Reactors	347.15	365.7	384.25	404.125	426.65
Total O&M Expenses	558.58	588.22	618.44	650.64	686.09

Interest on Working Capital (IWC)

70. Regulations 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations provide as follows:

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

.....

(d) For Hydro generating station (including Pumped Storage Hydro generating station) and Transmission System:

(i) Receivables equivalent to 45 days of annual fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and

(iii) Operation and maintenance expenses, including security expenses for one month.

.....

(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024- 29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.

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

71. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. IWC has been worked out in accordance with Regulation 34 of the 2024 Tariff Regulations. The Rate of Interest (RoI) considered is 11.90%, which is derived from the State Bank of India's (SBI) 1-year Marginal Cost of Funds based Lending Rate (MCLR) of 8.65% as on 1.4.2024, plus additional 325 basis points. This rate will be applied for financial years 2024-25 to 2028-29.

72. The components of the working capital and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period in respect of the Combined Assets is as under:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	46.55	49.02	51.54	54.22	57.17
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	83.79	88.23	92.77	97.60	102.91
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	481.26	470.30	453.36	444.29	438.11
D	Total Working Capital (A+B+C)	611.59	607.56	597.66	596.10	598.20
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on Working Capital (D*E)	72.78	72.30	71.12	70.94	71.19

Annual Fixed Charges for the 2024-29 Tariff Period

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1252.57	1234.31	1165.03	1165.03	1165.03
Interest on Loan	735.90	636.15	538.94	443.23	347.53
Return on Equity	1283.71	1283.71	1283.71	1283.71	1283.71
O&M Expenses	558.58	588.22	618.44	650.64	686.09
Interest on Working Capital	72.78	72.30	71.12	70.94	71.19
Total	3903.53	3814.69	3677.23	3613.54	3553.55

Filing Fee and Publication Expenses

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

75. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fees paid for filing the Petition and publication expenses incurred

on this count directly from the beneficiaries or long-term customers, as the case may be.

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

76. The Petitioner has submitted that as per Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the CTUIL may be allowed separately through a separate regulation. The Petitioner has further submitted that in the absence of such regulation, the expenses of CTUIL will be borne by the Petitioner which will be recovered by the Petitioner as additional O&M Expenses through a separate Petition at the end of the tariff period.

77. It is apt here to refer to Regulation 99 of the 2024 Tariff Regulations which provides as under:

“99. Special Provisions relating to Central Transmission Utility of India Ltd. (CTUIL): The fee and charges of CTUIL shall be allowed separately by the Commission through a separate regulation:

Provided that until such regulation is issued by the Commission, the expenses of CTUIL shall be borne by Power Grid Corporation of India Ltd. (PGCIL) which shall be recovered by PGCIL as additional O&M expenses through a separate petition.”

78. We have considered the Petitioner's submissions and perused Regulation 99 of the 2024 Tariff Regulations. In view of the explicit provision made under Regulation 99 of the 2024 Tariff Regulations, we permit the Petitioner, i.e., PGCIL to bear the fees and charges expenses of CTUIL and recover the same as additional O&M Expenses through a separate Petition until such regulation is notified and issued by the Commission.

License Fee and RLDC Fees and Charges

79. The Petitioner has claimed reimbursement of the licence fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the licence fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the

beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

80. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.

81. KSEBL has submitted that the Petitioner's claim for GST should be deferred and should be considered only on its actual imposition. In response, the Petitioner has reiterated the submissions made in the Petition on the issue of GST.

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

Security Expenses, Insurance and Capital Spares

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

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

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

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

87. Regulation 36(3)(d) of the 2024 Tariff Regulations which provides as follows:

“36(3) (d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:

Provided that in case of self insurance, the premium shall not exceed 0.12% of the GFA of the assets insured;

Provided that the transmission licensee shall submit the along with estimated security expenses based on assessment of the security requirement, capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals along with appropriate justification for incurring the same and along with confirmation that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.”

88. On perusal of Regulation 36(3)(d) of the 2024 Tariff Regulations and considering the Petitioner's submissions, the Petitioner is allowed to file a single consolidated Petition comprising of security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on an estimated basis in terms of the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission Charges

89. Regarding the sharing of transmission charges, the Petitioner is authorized to bill, collect, and disburse these charges for the Combined Assets. We have allowed the same in terms of the 2020 Sharing Regulations, as specified in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period, and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

90. To summarize:

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

Asset-1

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Allowed	2206.84	2199.47	2161.89	2164.70	2170.87

Asset-2

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Allowed	1203.11	1544.51	1525.67	1521.39	1521.46

- b) The AFC allowed in respect of the Combined Assets for the 2024-29 tariff period are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Combined Assets	3903.53	3814.69	3677.23	3613.54	3553.55

91. This order disposes of Petition No. 460/TT/2024 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member