

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 475/TT/2024

Coram:

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

Date of Order: 12.08.2025

In the matter of:

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for truing up of Transmission Tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and determination of Transmission Tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the Combined Asset under "System Strengthening-XXI" in the Southern Region.

And in the matter of:

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

...Petitioner

Versus

- 1. Tamil Nadu Generation and Distribution Corporation Limited,**
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002.
- 2. Kerala State Electricity Board Limited,**
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram-695004.
- 3. Electricity Department,**
Government of Goa,
Vidyuti Bhawan, Panaji, 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,**
P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh.
- 6. Southern Power Distribution Company of Andhra Pradesh Limited,**
#19-13-65/A, Srinivasapuram, Tiruchanoor Road,
Tirupati-517503, Andhra Pradesh.
- 7. Andhra Pradesh Central Power Distribution Company Limited,**
Corporate Office, Beside Polytechnic College, ITI Road,
Vijayawada-520008, Krishna District, Andhra Pradesh.
- 8. Southern Power Distribution Company of Telangana Limited,**
6-1-50, Corporate Office, Mint Compound,
Hyderabad-500063, Telangana.
- 9. Northern Power Distribution Company of Telangana Limited,**
H. No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal-506001, Telangana.
- 10. Bangalore Electricity Supply Company Limited,**
Corporate Office, K. R. Circle,
Bangalore-560001, Karanataka.
- 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-575004, Karnataka.

14. Chamundeswari Electricity Supply Corporation Limited,
Corporate Office, #29, Vijayanagara 2nd Stage,
Hinkal, Mysuru-570017, Karnataka.

...Respondent(s)

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri V.C. Shekhar, PGCIL
Shri Naresh Kumar Angaru, PGCIL
Shri G. Vijay, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Nitish Kumar, PGCIL
Ms. Ashita Chauhan, PGCIL
Shri Ashish Alankar, PGCIL
Shri Arjun Malhotra, 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 determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period in respect of the following transmission assets (hereinafter referred to as “the transmission assets/Combined Asset”) under “System Strengthening-XXI” in the Southern Region (hereinafter referred to as “the transmission project”):

Asset-1: Installation of +/- 200 MVAR Dynamic Compensation (STATCOM) along with 2x125 MVAR Mechanically Switched Reactors (MSRs) and 1x125 MVAR Mechanically Switched Capacitor (MSC) and coordinated control mechanism of MSCs and MSRs at 400 kV Hyderabad Sub-station;

Asset-2: Installation of +/- 200 MVAR STATCOM along with 2x125 MVAR Mechanically Switched Reactors (MSRs) and 1x125 MVAR Mechanically Switched Capacitor (MSC) and co-ordinated control mechanism of MSCs and MSRs at 400/230 kV Udumalpet Sub-station; and



Asset-3: Installation of +/- 200 MVAR STATCOM along with 2x125 MVAR Mechanically Switched Reactors (MSRs) and 1x125 MVAR Mechanically Switched Capacitor (MSC) and co-ordinated control mechanism of MSCs and MSRs at 400/230 kV Trichy Sub-station.

“Asset 1, 2 and 3 have been combined in the 2024-29 tariff period, and a combined tariff has been claimed for them for the 2024-29 tariff period, and as such they have been termed as “Combined Asset” for the 2024-29 tariff period.”

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

- a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 14 and 15 above.*
- b) Admit the capital cost claimed, and additional capitalization incurred during 2019-24 (Arbitral award) 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, 2024 as per para 14 and 15 above for respective block.*
- d) Approve the reimbursement of expenditure by the beneficiaries towards Petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*
- e) Allow the Petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) Allow the Petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) Allow the Petitioner to file a separate Petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.*
- h) Allow the Petitioner to file a separate Petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.*
- i) Allow the Petitioner to file a separate Petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 21 above.*

- j) *Allow the Petitioner to claim expenses of CTUIL borne by POWERGRID through a separate Petition as mentioned at para 22 above.*
- k) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

and pass such other relief as 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 implementation of Powergrid works associated with "System Strengthening in Southern Region XXI" under the Southern Region was accorded by the Board of Directors (BoD) of the Petitioner in 333rd meeting held on 16.9.2016 for ₹56225 lakh, including an IDC of ₹3347 lakh based on June 2016 price level.
- b. The scope of the transmission project was discussed and agreed in the 35th and 36th meeting of the Standing Committee on Power System Planning of the Southern Region held on 19.2.2013 and 27.9.2013, respectively.
- c. The scope of the work covered under the transmission project broadly includes:

Sub-station:

Installation of STATCOMs along with Mechanically Switched Reactors (MSRs) and Mechanically Switched Capacitors (MSCs) and coordinated control mechanism of MSCs and MSRs in the Southern Region as under:

Sub-station	Mechanically Switched Compensation		Dynamic Compensation (STATCOM) +/-MVAR
	Reactor	Capacitor	
Hyderabad	2*125 MVAR	1*125 MVAR	200
Udumalpet	2*125 MVAR	1*125 MVAR	200
Trichy	2*125 MVAR	1*125 MVAR	200

- d. The Petitioner has filed the present Petition for truing up of the transmission tariff for the 2019-24 tariff period and the determination of transmission tariff for the 2024-29 tariff period for the following transmission assets:

Assets	Asset Name	COD	Remarks
Asset-1	Installation of +/- 200 MVAR Dynamic Compensation (STATCOM) along with 2x125 MVAR Mechanically Switched Reactor (MSR) and 1x125 MVAR Mechanically Switched Capacitor (MSC) and coordinated control mechanism of MSCs and MSRs at 400 kV Hyderabad substation	4.9.2019	All assets merged during the 2024-29 tariff period with the Effective COD (E-COD): 20.11.2019
Asset-2	Installation of +/- 200 MVAR STATCOM along with 2x125 MVAR Mechanically Switched Reactor (MSR) and 1x125 MVAR Mechanically Switched Capacitor (MSC) and co-ordinated control mechanism of MSCs and MSRs at 400/230 kV Udumalpet substation	20.12.2019	
Asset-3	Installation of +/- 200 MVAR STATCOM along with 2x125 MVAR Mechanically Switched Reactor (MSR) and 1x125 MVAR Mechanically Switched Capacitor (MSC) and co-ordinated control mechanism of MSCs and MSRs at 400/230 kV Trichy substation	28.12.2019	

- e. As per the IA dated 16.9.2016, the transmission assets were scheduled to be put into commercial operation within 30 months from the date of approval of the BoD (16.9.2016), i.e., by 16.3.2019. However, as per clause 3(vii), of the PSDF grant sanction letter by Government of India (GoI) dated 22.5.2017, the transmission project was to be completed within 30 months from the date of release of the first instalment. The first instalment of ₹3780

lakh was received by the Petitioner from NLDC on 23.11.2017. Accordingly, the scheduled date of completion (SCOD) of the transmission project was 21.5.2020, against which Asset-1, Asset-2 and Asset-3 were put under commercial operation as under:

Assets	SCOD*	COD	Time over-run
Asset-1	21.5.2020	4.9.2019	No time over-run
Asset-2		20.12.2019	
Asset-3		28.12.2019	

**As admitted by the Commission at para 24 of the order in Petition No. 662/TT/2020 based on PSDF grant documents submitted by the Petitioner*

- f. The Commission has approved the transmission tariff for the transmission assets from their respective CODs to 31.3.2024 vide order dated 5.7.2022 in Petition No. 662/TT/2020.
4. The Respondents are distribution licensees, transmission licensees, and power departments, which are procuring transmission services from the Petitioner, mainly the beneficiaries of the Southern Region.
 5. The Petitioner has served a copy of the Petition on the Respondents and notice regarding filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. None of the Respondent has filed its reply in the instant Petition.
 6. The hearing in this matter was held on 22.4.2025 and the order was reserved. This order is issued considering the submissions made by the Petitioner vide affidavits dated 23.9.2024 and 28.3.2025.

7. Having heard the representatives of the Petitioner and after pursuing the material on record, we proceed to dispose of the Petition.

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

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

Asset-1

(₹ in lakh)

Particulars	2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	90.53	165.10	167.74	168.17	168.40
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	289.35	525.76	535.13	536.66	537.50
Interest on Working Capital	10.81	18.30	17.50	17.82	20.73
O&M Expenses	116.97	211.02	218.41	226.09	234.02
Total	507.66	920.18	938.78	948.74	960.65

Asset-2

(₹ in lakh)

Particulars	2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	54.47	202.05	205.38	205.69	205.79
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	177.69	658.79	669.30	670.39	670.74
Interest on Working Capital	6.42	22.18	21.19	21.55	25.04
O&M Expenses	67.31	247.57	256.24	265.25	274.55
Total	305.89	1130.59	1152.11	1162.88	1176.12

Asset-3

(₹ in lakh)

Particulars	2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	41.96	167.80	170.42	171.09	171.37
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	137.35	548.46	555.65	558.03	559.02
Interest on Working Capital	4.91	18.33	17.49	17.81	20.70
O&M Expenses	50.88	202.89	210.00	217.38	225.00
Total	235.10	937.48	953.56	964.31	976.09



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

Asset-1

(₹ in lakh)

Particulars	2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	16.99	17.58	18.20	18.84	19.50
Maintenance Spares	30.58	31.65	32.76	33.91	35.10
Receivables	108.78	113.45	115.74	116.97	118.11
Total Working Capital	156.35	162.68	166.70	169.72	172.71
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	10.81	18.30	17.50	17.82	20.73

Asset-2

(₹ in lakh)

Particulars	2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	19.93	20.63	21.35	22.10	22.88
Maintenance Spares	35.88	37.13	38.44	39.79	41.18
Receivables	133.64	139.39	142.04	143.37	144.61
Total Working Capital	189.45	197.15	201.83	205.26	208.67
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	6.42	22.18	21.19	21.55	25.04

Asset-3

(₹ in lakh)

Particulars	2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	16.33	16.91	17.50	18.12	18.75
Maintenance Spares	29.40	30.43	31.50	32.61	33.75
Receivables	111.36	115.58	117.56	118.89	120.01
Total Working Capital	157.09	162.92	166.56	169.62	172.51
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	4.91	18.33	17.49	17.81	20.70

Capital Cost for the 2019-24 tariff period

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

11. The Commission, vide order dated 5.7.2022 in Petition No. 662/TT/2020, has granted the transmission tariff for the 2019-24 period. The capital cost, excluding grants, of ₹2616.31 lakh, ₹3267.66 lakh and ₹2745.35 lakh was approved by the Commission for the transmission assets, viz., Asset-1, Asset-2 and Asset-3, respectively, as on their COD in Petition No. 662/TT/2020.

12. The Commission vide order dated 5.7.2022 in Petition No. 662/TT/2020 allowed capital cost as on the COD for the transmission assets and projected ACE for the 2019-24 tariff period. The details of the capital cost allowed by the Commission in the aforesaid order excluding the grant are as under:

(₹ in lakh)

Assets	FR Apportioned Approved Cost	Capital Cost allowed on COD	Projected ACE allowed					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1	18587.77	2616.31	391.61	75.49	0.00	0.00	0.00	3083.41
Asset-2	18645.09	3267.66	207.68	731.24	0.00	0.00	0.00	4206.58
Asset-3	18992.00	2745.35	139.52	526.36	0.00	0.00	0.00	3411.23

13. The Petitioner has claimed the following capital cost excluding the grants for the 2019-24 tariff period:

(₹ in lakh)

Asset	FR Apportioned Approved Cost	Capital Cost claimed on CODs	Actual ACE claimed					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1	18587.77	2616.31	137.31	91.32	8.49	7.77	1.16	2862.36

Asset-2	18645.09	3267.66	188.06	103.69	8.22	3.38	0.30	3571.32
Asset-3	18992.00	2745.34	143.85	61.85	14.72	10.60	0.00	2976.36

Cost Over-run

14. The capital cost claimed by the Petitioner as on 31.3.2024 is within the FR apportioned approved, therefore, there is no cost over-run. The details of the capital cost are as under:

Assets	FR Apportioned Approved Cost	Capital Cost claimed on COD incl. grant	Actual ACE claimed (incl. grant)					Capital Cost as on 31.3.2024 incl. grant
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1	18587.77	13081.54	686.53	456.61	42.44	38.87	5.82	14311.81
Asset-2	18645.09	16338.32	940.28	518.46	41.12	16.92	1.50	17856.60
Asset-3	18992.00	13726.72	719.25	309.26	73.58	52.98	0.00	14881.79

Time Over-run

15. The Commission vide order dated 5.7.2022 in Petition No.662/TT/2020 had approved the SCOD of the transmission assets as 21.5.2020 against which the transmission assets, viz., Asset-1, Asset-2, and Asset-3 were put into commercial operation on 4.9.2019, 20.12.2019 and 28.12.2019, respectively. Therefore, there is no time over-run in commissioning the transmission assets.

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

16. The Petitioner has submitted that the transmission project has been funded through PSDF grant up to 80% of accepted estimated cost. The remaining 20% is funded through the internal resources and there is no deployment of loan. Accordingly, Petitioner

has claimed “NIL” IDC for the transmission assets and has submitted the Auditor’s Certificates in support of the same.

17. The Petitioner has claimed the same IEDC which was allowed by the Commission vide order dated 5.7.2022 in Petition No. 662/TT/2020. As on COD, the IEDC of ₹206.02 lakh, ₹420.98 lakh and ₹332.29 lakh, as certified by the Auditors, was allowed for Asset-1, Asset-2, and Asset-3 respectively.

18. We have considered the Petitioner’s submissions. We have observed that the claimed IEDC has been certified by the Auditors and is reasonable in terms of the percentage of total expenditure up to the COD, accordingly, we allow the same. The details of the claimed/allowed IEDC are as under:

(₹ in lakh)		
Assets	IEDC Claimed (As per Auditor’s Certificate)	IEDC allowed as on COD
Asset-1	206.02	206.02
Asset-2	420.98	420.98
Asset-3	332.29	332.29

Initial Spares

19. The expenditure on the Initial Spares claimed by the Petitioner (₹839.96 lakh for Asset-1, ₹954.42 lakh for Asset-2, and ₹773.98 lakh for Asset-3) is as per Regulation 23(d)(vi) of the 2019 Tariff Regulations and the same was allowed by the Commission vide order dated 5.7.2022 in Petition No. 662/TT/2020. Therefore, there is no adjustment in the capital cost of the transmission assets on account of Initial Spares. The Initial Spares claimed and allowed under Regulation 23(d)(vi) of the 2019 Tariff Regulations is provided below:

(₹ in lakh)

Assets	P&M Cost (incl. Initial Spares claimed) as on the cut-off date*	Initial Spares claimed	Norms as per 2019 Tariff Regulations (in %)	Initial Spares allowable as per 2019 Tariff Regulations	Initial Spares allowed
Asset-1	14080.54	839.96	6.00	845.14	839.96
Asset-2	16789.54	954.42	6.00	1010.75	954.42
Asset-3	13741.47	773.98	6.00	827.71	773.98

* There appears to be an oversight on the part of the Petitioner while reporting the Plant & Machinery Cost as on the cut-off date. The corrected figures, as deduced, have been used for verifying the ceiling limit of the Initial spares. The deviation and the methodology adopted to arrive at the Plant & Machinery Cost as on the cut-off date has been analysed in subsequent para of this order while discussing O&M Expenses for respective assets.

Treatment of PSDF Grant

20. The MoP, Government of India, vide sanction letter dated 22.5.2017, sanctioned an amount of ₹37804 lakh as grant from PSDF towards the transmission project. The sanction letter dated 22.5.2017, inter-alia, stated the terms and conditions for the implementation of the transmission project as under:

“3.....

(ii) No tariff shall be claimed by PGCIL for the portion of the scheme funded from PSDF.

.....

(vi) Expenditure beyond of ₹378.04 crore shall be provided by PGCIL from their own resources.”

21. The Commission vide RoP for hearing dated 11.3.2025 directed the Petitioner to submit the reconciliation of the total PSDF grant, actual grant received, grant deployed, and balance grant year-wise and asset-wise for the 2019-24 tariff period.

22. The Petitioner vide affidavit dated 28.3.2025 has submitted that the total sanctioned PSDF grant was ₹37804 lakh against which the actual grant received is ₹37495 lakh. Additionally, interest accrued till 31.3.2024 on grant received is ₹548 lakh.



23. The Petitioner has further submitted that the remaining grant received shall be utilized in the 2024-29 tariff period. The details of deployment of grant are as under:

(₹ in lakh)

Assets	Deployment of Grant						
	Upto COD	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-1	10465.23	549.22	365.29	33.95	31.10	4.66	11449.46
Asset-2	13070.66	752.22	414.77	32.90	13.54	1.20	14285.29
Asset-3	10981.38	575.40	247.41	58.86	42.38	0.00	11905.43

24. We have considered the Petitioner's submissions. In line with the 2019 Tariff Regulations, the entire grant received under the PSDF has been reduced from the allowable cost as on the COD and allowable ACE for the purpose of computation of the tariff. We observe that out of the total grant of ₹37495.00 lakh *plus* ₹548.00 lakh (interest received), ₹37640.20 lakh has been deployed till 31.3.2024.

Capital Cost allowed as on the COD

25. The capital cost of the transmission assets has been calculated in accordance with Regulation 19 of the 2019 Tariff Regulations. The details of the capital cost now approved as on the COD based on the Auditor's Certificate and after deducting the PSDF grant received, are as under:

Asset-1

(₹ in lakh)

Particulars	Capital Cost on COD	Grant	Capital Cost on COD after reducing grant
Land – Freehold	0.00	0.00	0.00
Land – Leasehold	0.00	0.00	0.00
Building Civil Works & Colony	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00
Sub-station	12323.54	9858.83	2464.71
PLCC	0.00	0.00	0.00
IT Equipment incl software	758.00	606.40	151.60
Total	13081.54	10465.23	2616.31

Asset-2

(₹ in lakh)			
Particulars	Capital Cost on COD	Grant	Capital Cost on COD after reducing grant
Land – Freehold	0.00	0.00	0.00
Land – Leasehold	0.00	0.00	0.00
Building Civil Works & Colony	557.75	446.20	111.55
Transmission Line	0.00	0.00	0.00
Sub-station	14862.32	11889.86	2972.46
PLCC	0.00	0.00	0.00
IT Equipment incl software	918.25	734.60	183.65
Total	16338.32	13070.66	3267.66

Asset-3

(₹ in lakh)			
Particulars	Capital cost on COD	Grant	Capital cost on COD after reducing grant
Land – Freehold	0.00	0.00	0.00
Land – Leasehold	0.00	0.00	0.00
Building Civil Works & Colony	751.44	601.15	150.29
Transmission Line	0.00	0.00	0.00
Sub-station	12169.44	9735.56	2433.88
PLCC	0.00	0.00	0.00
IT Equipment incl software	805.84	644.67	161.17
Total	13726.72	10981.38	2745.34

Additional Capital Expenditure (ACE)

26. The Commission vide order dated 5.7.2022 in Petition No. 662/TT/2020 allowed the projected ACE in respect of the transmission assets for the 2019-24 tariff period under Regulation 24 of the 2019 Tariff Regulations on account of the balance and retention payments. The projected ACE allowed for the 2019-24 tariff period in the above-said order are as under:

(₹ in lakh)			
Assets	Admitted Capital Cost (as on COD)	Projected ACE allowed (2019-24)	Total Capital Cost allowed (as on 31.3.2024)
Asset-1	2616.31	467.10	3083.41
Asset-2	3267.66	938.92	4206.58
Asset-3	2745.35	665.88	3411.23
Total	8629.32	2071.9	10701.22

27. Against this, the Petitioner has claimed following ACE after reducing the grant received in the respective years from the auditor certified actual expenditure for the truing up of the 2019-24 tariff period in respect of the transmission assets in accordance with the 2019 Tariff Regulations:

Particulars	Regulations	Asset	ACE Claimed					Total
			2019-20	2020-21	2021-22	2022-23	2023-24	
Balance and retention payments for liabilities other than IDC	24(1)(a) of the 2019 Tariff Regulations	Asset-1	137.31	91.32	8.49	7.77	0.00	244.89
		Asset-2	188.06	103.69	8.22	3.38	0.00	303.35
		Asset-3	143.85	61.85	14.72	10.60	0.00	231.02
Liability for works executed prior to the cut-off date	25(1)(d) of the 2019 Tariff Regulations	Asset-1	0.00	0.00	0.00	0.00	1.16	1.16
		Asset-2	0.00	0.00	0.00	0.00	0.30	0.30
		Asset-3	0.00	0.00	0.00	0.00	0.00	0.00

28. The Commission vide RoP for hearing dated 11.3.2025 directed the Petitioner to submit the reasons for variation in the ACE claimed in the instant Petition vis-a-vis the approved ACE in the order dated 5.7.2022 in Petition No. 662/TT/2020. The Commission further directed the Petitioner to submit the reasons for claiming the ACE beyond the cut-off date for the transmission assets.

29. The Petitioner, vide affidavit dated 28.3.2025 has submitted that the transmission assets have been commissioned with the CODs as 4.9.2019 (for Asset-1), 20.12.2019 (for Asset-2) and 28.12.2019 (for Asset-3) with cut-off dates as 31.9.2022, 31.12.2022 and 31.12.2022, respectively. Further, the primary reason for negative variation in the actual ACE w.r.t. the approved ACE is that the ACE claimed in the instant Petition is based on the actual payments made to the vendors after receipt of final invoices and incorporating the amendments. The Petitioner further submitted that the ACE claimed in

the instant Petition beyond the cut-off date is on account of the undischarged liability towards the final payment/withheld payment due to the contractual exigencies for the works executed within the cut-off date. Accordingly, the Petitioner has claimed the ACE as per Regulation 24(1)(a) and Regulation 25(1)(d) of the 2019 Tariff Regulations and has requested the Commission to allow the ACE beyond the cut-off date.

30. Further, the Petitioner vide affidavit dated 28.3.2025 has submitted the liability-flow statement (before adjustment of the grant in the respective years) for the transmission assets as under:

(₹ in lakh)

Particulars	Asset	FY 2019-20			FY 2020-21		
		Unexpected Work	Discharge of Liability	Total	Unexpected Work	Discharge of Liability	Total
Sub-station	Asset-1	112.82	573.71	686.53	17.10	439.51	456.61
		FY 2021-22			FY 2022-23		
		104.77	(62.33)	42.22	44.86	(5.99)	38.87
		FY 2023-24			FY 2024-25 (Estimated)		
		0.00	5.82	5.82	0.00	324.77	324.77

(₹ in lakh)

Particulars	Asset	FY 2019-20						Outstanding Liability as on 31.3.2024	Discharge during 24-25 (Estimate)
		19-20	20-21	21-22	22-23	23-24	Total		
Sub-station	Asset-2	940.28	518.46	41.12	16.92	1.50	1518.28	103.64	103.64

(₹ in lakh)

Particulars	Asset	FY 2019-20						Outstanding Liability as on 31.3.2024	Discharge during 24-25 (Estimate)
		19-20	20-21	21-22	22-23	23-24	Total		
Sub-station	Asset-3	719.25	309.26	73.58	52.98	0	1155.07	86.30	86.30

31. We have considered the Petitioner's submissions. The ACE claimed by the Petitioner is allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of the balance and retention payments for works already executed and Regulation

25(1)(d) of the 2019 Tariff Regulations on account of the liability discharged for the works executed within the cut-off date. The allowed ACE is as under:

(₹ in lakh)

Asset-1							
Particulars	Regulations	ACE allowed					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Balance and retention payments for liabilities other than IDC	24(1)(a) of the 2019 Tariff Regulations	137.31	91.32	8.49	7.77	0.00	246.05
Liability for works executed prior to the cut-off date	25(1)(d) of the 2019 Tariff Regulations	0.00	0.00	0.00	0.00	1.16	
Total ACE Allowed		137.31	91.32	8.49	7.77	1.16	246.05

(₹ in lakh)

Asset-2							
Particulars	Regulations	ACE allowed					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Balance and retention payments for liabilities other than IDC	24(1)(a) of the 2019 Tariff Regulations	188.06	103.69	8.22	3.38	0.00	303.65
Liability for works executed prior to the cut-off date	25(1)(d) of the 2019 Tariff Regulations	0.00	0.00	0.00	0.00	0.30	
Total ACE Allowed		188.06	103.69	8.22	3.38	0.30	

(₹ in lakh)

Asset-3							
Particulars	Regulations	ACE allowed					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Balance and retention payments for liabilities other than IDC	24(1)(a) of the 2019 Tariff Regulations	143.85	61.85	14.72	10.60	0.00	231.02
Total ACE		143.85	61.85	14.72	10.60	0.00	

32. The capital cost and ACE allowed in respect of the transmission assets for the 2019-24 period are as under:

(₹ in lakh)

Assets	FR Apportioned Approved Cost	Capital Cost allowed as on COD	ACE allowed for the 2019-24 tariff period					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1	18587.77	2616.31	137.30	91.32	8.49	7.77	1.16	2862.35
Asset-2	18645.09	3267.66	188.06	103.69	8.22	3.38	0.30	3571.31
Asset-3	18992.00	2745.34	143.85	61.85	14.72	10.60	0.00	2976.36

Debt-Equity ratio

33. The debt-equity ratio has been considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of the tariff of the transmission assets. It has been observed that the Petitioner has submitted that the entire project has been funded through PSDF grant up to 80% of the accepted estimated cost. The remaining 20% is funded through the internal resources and there is no deployment of loan.

34. The details of the debt-equity ratio considered and allowed for computation of the tariff of the transmission assets during the 2019-24 tariff period are as under:

Asset-1

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	0.00	0.00	0.00	0.00	0.00	0.00
Equity	2616.31	100.00	246.04	100.00	2862.35	100.00
Total	2616.31	100.00	246.04	100.00	2862.35	100.00

Asset-2

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	0.00	0.00	0.00	0.00	0.00	0.00
Equity	3267.66	100.00	303.65	100.00	3571.31	100.00
Total	3267.66	100.00	303.65	100.00	3571.31	100.00

Asset-3

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	0.00	0.00	0.00	0.00	0.00	0.00
Equity	2745.34	100.00	231.02	100.00	2976.36	100.00
Total	2745.34	100.00	231.02	100.00	2976.36	100.00

Depreciation

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

36. The depreciation allowed for the transmission assets for the 2019-24 tariff period are as under:

Asset-1

(₹ in lakh)						
Sl. No.	Particulars	2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	2616.31	2753.61	2844.93	2853.42	2861.19
B	Addition during the year 2019-24 due to ACE	137.30	91.32	8.49	7.77	1.16
C	Closing Capital Cost (A+B)	2753.61	2844.93	2853.42	2861.19	2862.35
D	Average Capital Cost (A+C)/2	2684.96	2799.27	2849.18	2857.31	2861.77
E	Average Capital Cost (90% depreciable assets)	2520.17	2621.30	2671.20	2679.33	2683.80

Sl. No.	Particulars	2019-20 (Pro-rata 210 days)	2020- 21	2021- 22	2022- 23	2023- 24
F	Average Capital Cost (100% depreciable assets)	164.79	177.97	177.97	177.97	177.97
G	Depreciable value (excluding IT equipment and software) (E*90%)	2268.16	2359.17	2404.08	2411.40	2415.42
H	Depreciable value of IT equipment and software (F*100%)	164.79	177.97	177.97	177.97	177.97
I	Total Depreciable Value (G+H)	2432.94	2537.14	2582.05	2589.37	2593.39
J	Weighted average rate of Depreciation (WAROD) (in %)	3.37	5.90	5.89	5.89	5.88
K	Balance useful life at the beginning of the year (Year)	24	24	23	22	21
L	Lapsed useful life at the beginning of the year (Year)	--	0	1	2	3
M	Aggregate Depreciable Value	2432.94	2537.14	2582.05	2589.37	2593.39
N	Depreciation during the year (D*J)	90.53	165.10	167.74	168.17	168.40
O	Cumulative Depreciation at the end of the year	90.53	255.63	423.36	591.53	759.93
P	Remaining Aggregate Depreciable Value at the end of the year	2342.41	2281.51	2158.69	1997.84	1833.46

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2019-20 (Pro-rata 103 days)	2020- 21	2021- 22	2022- 23	2023- 24
A	Opening Capital Cost	3267.66	3455.72	3559.41	3567.63	3571.01
B	Addition during the year 2019-24 due to ACE	188.06	103.69	8.22	3.38	0.30
C	Closing Capital Cost (A+B)	3455.72	3559.41	3567.63	3571.01	3571.31
D	Average Capital Cost (A+C)/2	3361.69	3507.57	3563.52	3569.32	3571.16
E	Average Capital Cost (90% depreciable assets)	3173.10	3309.06	3360.04	3365.84	3367.68
F	Average Capital Cost (100% depreciable assets)	188.59	198.51	203.48	203.48	203.48
G	Depreciable value (excluding IT equipment and software) (E*90%)	2855.79	2978.15	3024.04	3029.26	3030.91
H	Depreciable value of IT equipment and software (F*100%)	188.59	198.51	203.48	203.48	203.48
I	Total Depreciable Value (G+H)	3044.38	3176.66	3227.52	3232.74	3234.39



Sl. No.	Particulars	2019-20 (Pro-rata 103 days)	2020- 21	2021- 22	2022- 23	2023- 24
J	Weighted average rate of Depreciation (WAROD) (in %)	1.62	5.76	5.76	5.76	5.76
K	Balance useful life at the beginning of the year (Year)	24	24	23	22	21
L	Lapsed useful life at the beginning of the year (Year)	--	0	1	2	3
M	Aggregate Depreciable Value	3044.38	3176.66	3227.52	3232.74	3234.39
N	Depreciation during the year (D*J)	54.47	202.05	205.38	205.69	205.78
O	Cumulative Depreciation at the end of the year	54.47	256.52	461.90	667.59	873.38
P	Remaining Aggregate Depreciable Value at the end of the year	2989.91	2920.14	2765.61	2565.14	2361.02

Asset-3

(₹ in lakh)

Sl. No.	Particulars	2019-20 (Pro-rata 95 Days)	2020- 21	2021- 22	2022- 23	2023- 24
A	Opening Capital Cost	2745.34	2889.19	2951.04	2965.76	2976.36
B	Addition during the year 2019-24 due to ACE	143.85	61.85	14.72	10.60	0.00
C	Closing Capital Cost (A+B)	2889.19	2951.04	2965.76	2976.36	2976.36
D	Average Capital Cost (A+C)/2	2817.27	2920.12	2958.40	2971.06	2976.36
E	Average Capital Cost (90% depreciable assets)	2654.15	2748.21	2779.66	2792.32	2797.62
F	Average Capital Cost (100% depreciable assets)	163.12	171.90	178.74	178.74	178.74
G	Depreciable value (excluding IT equipment and software) (E*90%)	2388.73	2473.39	2501.70	2513.09	2517.86
H	Depreciable value of IT equipment and software (F*100%)	163.12	171.90	178.74	178.74	178.74
I	Total Depreciable Value (G+H)	2551.85	2645.29	2680.43	2691.83	2696.60
J	Weighted average rate of Depreciation (WAROD) (in %)	1.49	5.75	5.76	5.76	5.76
K	Balance useful life at the beginning of the year (Year)	24	24	23	22	21
L	Lapsed useful life at the beginning of the year (Year)	--	0	1	2	3

Sl. No.	Particulars	2019-20 (Pro-rata 95 Days)	2020-21	2021-22	2022-23	2023-24
M	Aggregate Depreciable Value	2551.85	2645.29	2680.43	2691.83	2696.60
N	Depreciation during the year (D*J)	41.96	167.80	170.42	171.09	171.37
O	Cumulative Depreciation at the end of the year	41.96	209.75	380.17	551.26	722.63
P	Remaining Aggregate Depreciable Value at the end of the year	2509.90	2435.54	2300.26	2140.57	1973.97

37. The details of depreciation allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020 in respect of the transmission assets, depreciation claimed by the Petitioner in the instant Petition and trued up depreciation approved in the instant order are as follows:

(₹ in lakh)

Asset-1	2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	94.38	178.11	180.10	180.10	180.10
Claimed by the Petitioner in the instant Petition	90.53	165.10	167.74	168.17	168.40
Approved after true-up in this order	90.53	165.10	167.74	168.17	168.40

(₹ in lakh)

Asset-2	2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	54.74	219.88	238.96	238.96	238.96
Claimed by the Petitioner in the instant Petition	54.47	202.05	205.38	205.69	205.79
Approved after true-up in this order	54.47	202.05	205.38	205.69	205.78

(₹ in lakh)

Asset-3	2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	42.09	180.29	193.96	193.96	193.96

(₹ in lakh)					
Asset-2	2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	41.96	167.80	170.42	171.09	171.37
Approved after true-up in this order	41.96	167.80	170.42	171.09	171.37

Interest on Loan (IoL)

38. The Petitioner has not claimed IoL considering PSDF grant. As the balance amount after reducing grant is being treated as equity, there is no IoL.

Return on Equity (RoE)

39. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for FY 2019-20 and 2020-21; and that the Income Tax Returns (ITR) have been filed for FY 2021-22 & 2022-23. Further, the Petitioner has submitted that the Income Tax Returns for the 2023-24 will be filed in due course.

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

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

41. 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 year-to-year basis as provided in the 2019 Tariff Regulations.

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

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

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

Financial Year	Basis considered	Total Tax & Interest paid (₹)	Assessed MAT Income under Sec 115JB (₹)	Effective Tax Percentage (in %)	Grossed up RoE [(Base rate)/(1-t)] (in %)
2022-23	Actual Tax paid	30428820993	174157629306	17.472	18.782
2023-24	Actual Tax paid	31321238737	179265331597	17.472	18.782

44. We have observed 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-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assesses), if any, imposed shall not be taken into account for the purpose of grossing up of the rate of RoE. Any under recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

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

45. Accordingly, the trued-up RoE allowed in respect of the transmission assets for the 2019-24 tariff period are as under:

(₹ in lakh)						
	Particulars	Asset-1				
		2019-20 (Pro-rata 210 Days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	2616.31	2753.61	2844.93	2853.42	2861.19
B	Additions	137.30	91.32	8.49	7.77	1.16
C	Closing Equity (A+B)	2753.61	2844.93	2853.42	2861.19	2862.35
D	Average Equity (A+C)/2	2684.96	2799.27	2849.18	2857.31	2861.77
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	289.35	525.76	535.13	536.66	537.50

(₹ in lakh)						
	Particulars	Asset-2				
		2019-20 (Pro-rata 103 Days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	3267.66	3455.72	3559.41	3567.63	3571.01
B	Additions	188.06	103.69	8.22	3.38	0.30
C	Closing Equity (A+B)	3455.72	3559.41	3567.63	3571.01	3571.31
D	Average Equity (A+C)/2	3361.69	3507.57	3563.52	3569.32	3571.16
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	177.69	658.79	669.30	670.39	670.74

(₹ in lakh)

	Particulars	Asset-3				
		2019-20 (Pro-rata 95 Days)	2020-21	2021-22	2022- 23	2023-24
	Return on Equity					
A	Opening Equity	2745.34	2889.19	2951.04	2965.76	2976.36
B	Additions	143.85	61.85	14.72	10.60	0.00
C	Closing Equity (A+B)	2889.19	2951.04	2965.76	2976.36	2976.36
D	Average Equity (A+C)/2	2817.27	2920.12	2958.40	2971.06	2976.36
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	137.35	548.46	555.65	558.02	559.02

46. The details of RoE allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020 for the transmission assets, RoE claimed by the Petitioner in the instant Petition and trued-up RoE approved in the instant order is as follows:

(₹ in lakh)

Asset-1	2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	303.05	567.70	570.45	570.45	570.45
Claimed by the Petitioner in the instant Petition	289.35	525.76	535.13	536.66	537.50
Approved after true-up in this order	289.35	525.76	535.13	536.66	537.50

(₹ in lakh)

Asset-2	2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	178.21	673.34	693.94	693.94	693.94
Claimed by the Petitioner in the instant Petition	177.69	658.79	669.30	670.39	670.74
Approved after true-up in this order	177.69	658.79	669.30	670.39	670.74

(₹ in lakh)

Asset-3	2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	137.24	556.67	571.49	571.49	571.49
Claimed by the Petitioner in the instant Petition	137.35	548.46	555.65	558.03	559.02



Asset-3	2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
Approved after true-up in this order	137.35	548.46	555.65	558.02	559.02

Operation & Maintenance Expenses (O&M Expenses)

47. The Petitioner in the instant true-up Petition has claimed the following O&M Expenses for Static Synchronous Compensators (STATCOM):

(₹ in lakh)					
Asset-1	2019-20 (Pro-rata for 210 days)	2020-21	2021-22	2022-23	2023-24
	116.97	211.02	218.41	226.09	234.02

(₹ in lakh)					
Asset-2	2019-20 (Pro-rata for 103 days)	2020-21	2021-22	2022-23	2023-24
	67.31	247.57	256.24	265.25	274.55

(₹ in lakh)					
Asset-3	2019-20 (Pro-rata for 95 days)	2020-21	2021-22	2022-23	2023-24
	50.88	202.89	210.00	217.38	225.0

48. We have considered the Petitioner's submissions. Proviso (vi) to Regulation 35(3)(a) of 2019 Tariff Regulations provides as under with respect to the allowable O&M Expenses to STATCOM:

“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.”

49. As per the above mentioned proviso, the O&M Expenses are to be allowed @ of 1.5% of the Original Project Cost as on the COD. However, Commission, in its order dated 5.7.2022 in Petition No. 662/TT/2020, after deliberating at length as to why the base for calculating the permissible O&M Expenses shall be Plant & Machinery (P&M) cost on the cut-off date instead of the Original Project Cost as on the COD as mandated by the

Regulation, invoked its Power to Relax, under Regulation 76 of the 2019 Tariff Regulations and allowed the O&M Expenses for the year of the COD @ 1.50% of the P&M cost on the cut-off date further reduced by cost of the Initial Spares included in the P&M cost.

50. The Petitioner in the instant truing up Petition has claimed the O&M Expenses of the transmission assets in the similar manner as was finalized by the Commission in its order dated 5.7.2022 in Petition No. 662/TT/2020, i.e, @ of 1.50% of the P&M cost on the cut-off date further reduced by cost of Initial Spares. As discussed in para 31 of this Order, the cut-off dates for Asset-1, Asset-2 and Asset-3 are 31.9.2022, 31.12.2022 and 31.12.2022 respectively. However, we observe that P&M cost as on cut-off date as considered by the Petitioner is the P&M cost as on 31.3.2025. As such, to arrive at the P&M cost as on the cut-off date, the ACE for the years after year of the cut-off date and pro rata ACE beyond the cut-off of the year in which cut-off date lies, have been reduced from the P&M cost as on 31.3.2025. After calculating the P&M cost as on the cut-off date, the amount of the Initial Spares has been further reduced from this cost to arrive at the base P&M cost as on the cut-off date for the purpose of working out the permissible O&M Expenses as per the methodology finalized by the Commission in its order dated 5.7.2022 in Petition No. 662/TT/2020.

51. Accordingly, the P&M cost as certified (₹14430.56 lakh, ₹16898.91 lakh and ₹13841.01 lakh, respectively for Asset-1, Asset-2 and Asset-3, respectively) in the respective Auditor's Certificate (which in fact is the P&M cost as on 31.3.2025) has been reduced by the cost of the Initial Spares (₹839.96 lakh, ₹ 954.42 lakh and ₹773.98 lakh for Asset-1, Asset-2 and Asset-3, respectively) included in the same, to arrive at the values

of ₹13590.60 lakh for Asset-1, ₹15944.49 lakh for Asset-2, and ₹13067.03 lakh for Asset-3. The ACE beyond the cut-off date including the pro-rated ACE in the year of the cut-off date (₹350.025 lakh for Asset-1, ₹109.37 lakh for Asset-2, and ₹99.54 lakh for Asset-3) has further been reduced to arrive at the P&M cost up to the cut-off date (excluding IDC, IEDC, land cost, cost of civil works and Initial Spares) for the transmission assets (i.e., ₹13240.57 lakh for Asset-1, ₹15835.12 lakh for Asset-2, and ₹12967.48 lakh for Asset-3). The O&M Expenses for the COD year are allowed for the transmission assets @1.5% of the P&M cost (excluding IDC, IEDC, land cost, cost of civil works and Initial Spares) for the STATCOM as on the cut-off date. The same has been escalated at the rate of 3.51% to work out the O&M Expenses for the 2019-24 tariff period.

52. Accordingly, the O&M Expenses allowed for the transmission assets as per the norms specified in the 2019 Tariff Regulations are as under:

(₹ in lakh)					
Asset-1					
Particulars	2019-20 (Pro-rata 210 Days)	2020-21	2021-22	2022-23	2023-24
Plant and Machinery Cost up to cut-off date	13240.57	13240.57	13240.57	13240.57	13240.57
Norms (in %)	1.50	1.5527	1.6071	1.6636	1.7219
Total O&M Expenses	113.96	205.58	212.80	220.26	228.00

(₹ in lakh)					
Asset-2					
Particulars	2019-20 (Pro-rata 103 Days)	2020-21	2021-22	2022-23	2023-24
Plant and Machinery Cost up to cut-off date	15835.12	15835.12	15835.12	15835.12	15835.12
Norms (in %)	1.50	1.5527	1.6071	1.6636	1.7219
Total O&M Expenses	66.84	245.86	254.49	263.43	272.67

(₹ in lakh)

Asset-3					
Particulars	2019-20 (Pro-rata 95 Days)	2020-21	2021-22	2022-23	2023-24
Plant and Machinery Cost up to cut-off date	12967.48	12967.48	12967.48	12967.48	12967.48
Norms (in %)	1.50	1.5527	1.6071	1.6636	1.7219
Total O&M Expenses	50.49	201.34	208.41	215.72	223.29

53. The details of O&M Expenses allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020, O&M Expenses claimed by the Petitioner in the instant Petition and true-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)

Asset-1	2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	121.28	218.79	226.46	234.42	242.64
Claimed by the Petitioner in the instant Petition	116.97	211.02	218.41	226.09	234.02
Approved after true-up in this order	113.96	205.58	212.80	220.26	228.00

(₹ in lakh)

Asset-2	2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	67.92	249.81	258.56	267.65	277.03
Claimed by the Petitioner in the instant Petition	67.31	247.57	256.24	265.25	274.55
Approved after true-up in this order	66.84	245.86	254.49	263.43	272.67

(₹ in lakh)

Asset-3	2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	50.80	202.58	209.68	217.05	224.66
Claimed by the Petitioner in the instant Petition	50.88	202.89	210.00	217.38	225.00
Approved after true-up in this order	50.49	201.34	208.41	215.72	223.29



Interest on Working Capital (IWC)

54. 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 & 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.

55. The components of the working capital and interest allowed thereon for the transmission assets for the 2019-24 tariff period are as under:

(₹ in lakh)						
	Particulars	Asset-1				
		2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	16.55	17.13	17.73	18.36	19.00
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	29.79	30.84	31.92	33.04	34.20
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	108.11	112.75	115.02	116.22	117.34
D	Total Working Capital (A+B+C)	154.45	160.72	164.67	167.62	170.54
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)	10.68	18.08	17.29	17.60	20.46

(₹ in lakh)						
	Particulars	Asset-2				
		2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M	19.79	20.49	21.21	21.95	22.72

	Particulars	Asset-2				
		2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
	Expenses (O&M Expenses for one month)					
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	35.63	36.88	38.17	39.51	40.90
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	133.43	139.17	141.82	143.14	144.36
D	Total Working Capital (A+B+C)	188.85	196.54	201.20	204.60	207.99
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)	6.40	22.11	21.13	21.48	24.96

(₹ in lakh)

	Particulars	Asset-3				
		2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	16.21	16.78	17.37	17.98	18.61
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	29.18	30.20	31.26	32.36	33.49
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	111.17	115.38	117.36	118.67	119.79
D	Total Working Capital (A+B+C)	156.55	162.36	165.99	169.01	171.89
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)	4.90	18.27	17.43	17.75	20.63

56. The details of IWC allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020 for transmission assets, IWC claimed by the Petitioner in the instant Petition and true-up IWC approved in the instant order are as under:

(₹ in lakh)

Asset-1	2019-20 (Pro-rata 210 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	11.26	19.39	18.43	18.92	19.20
Claimed by the Petitioner in the instant Petition	10.81	18.30	17.50	17.82	20.73
Approved after true-up in this order	10.68	18.08	17.29	17.60	20.46

(₹ in lakh)

Asset-2	2019-20 (Pro-rata 103 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	6.46	22.73	22.04	22.60	22.92
Claimed by the Petitioner in the instant Petition	6.42	22.18	21.19	21.55	25.04
Approved after true-up in this order	6.40	22.11	21.13	21.48	24.96

(₹ in lakh)

Asset-3	2019-20 (Pro-rata 95 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020	4.91	18.61	17.99	18.45	18.70
Claimed by the Petitioner in the instant Petition	4.91	18.33	17.49	17.81	20.70
Approved after true-up in this order	4.90	18.27	17.43	17.75	20.63

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

57. Accordingly, the Annual Fixed Charges (AFC) allowed after the truing-up for the 2019-24 tariff period in respect of the transmission assets are as under:

(₹ in lakh)

	Particulars	Asset-1				
		2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
A	Depreciation	90.53	165.10	167.74	168.17	168.40
B	Interest on Loan	0.00	0.00	0.00	0.00	0.00

	Particulars	Asset-1				
		2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
C	Return on Equity	289.35	525.76	535.13	536.66	537.50
D	Interest on Working Capital	10.68	18.08	17.29	17.60	20.46
E	O&M Expenses	113.96	205.58	212.80	220.26	228.00
F	Total (A+B+C+D+E)	504.52	914.52	932.95	942.69	954.36

(₹ in lakh)

	Particulars	Asset-2				
		2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
A	Depreciation	54.47	202.05	205.38	205.69	205.78
B	Interest on Loan	0.00	0.00	0.00	0.00	0.00
C	Return on Equity	177.69	658.79	669.30	670.39	670.74
D	Interest on Working Capital	6.40	22.11	21.13	21.48	24.96
E	O&M Expenses	66.84	245.86	254.49	263.43	272.67
F	Total (A+B+C+D+E)	305.41	1128.81	1150.30	1160.99	1174.15

(₹ in lakh)

	Particulars	Asset-3				
		2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
A	Depreciation	41.96	167.80	170.42	171.09	171.37
B	Interest on Loan	0.00	0.00	0.00	0.00	0.00
C	Return on Equity	137.35	548.46	555.65	558.02	559.02
D	Interest on Working Capital	4.90	18.27	17.43	17.75	20.63
E	O&M Expenses	50.49	201.34	208.41	215.72	223.29
F	Total (A+B+C+D+E)	234.68	935.86	951.91	962.58	974.31

58. The details of AFC allowed vide order dated 5.7.2022 in Petition No. 662/TT/2020 for transmission assets, AFC claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order are as follows:

(₹ in lakh)

Asset-1					
Particulars	2019-20 (Pro-rata 210 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 665/TT/2020	529.97	983.99	995.44	1003.89	1012.38
Claimed by the Petitioner in the instant Petition	507.66	920.18	938.78	948.74	960.65



Asset-1					
Particulars	2019-20 (Pro-rata 210 Days)	2020- 21	2021- 22	2022- 23	2023- 24
Approved after true-up in this order	504.52	914.52	932.95	942.69	954.36

(₹ in lakh)

Asset-2					
Particulars	2019-20 (Pro-rata 103 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.7.2022 in Petition No. 665/TT/2020	307.32	1165.76	1213.51	1223.16	1232.86
Claimed by the Petitioner in the instant Petition	305.89	1130.59	1152.11	1162.88	1176.12
Approved after true-up in this order	305.41	1128.81	1150.30	1160.99	1174.15

(₹ in lakh)

Asset-3					
Particulars	2019-20 (Pro-rata 95 Days)	2020- 21	2021- 22	2022- 23	2023- 24
Allowed vide order dated 5.7.2022 in Petition No. 665/TT/2020	235.04	958.14	993.13	1000.96	1008.82
Claimed by the Petitioner in the instant Petition	235.10	937.48	953.56	964.31	976.09
Approved after true-up in this order	234.68	935.86	951.91	962.58	974.31

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

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

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	548.32	551.03	503.17	467.00	467.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	1777.08	1786.75	1786.75	1786.75	1786.75
Interest on Working Capital	68.49	70.48	71.59	72.87	75.16
O&M Expenses	786.33	828.18	870.51	915.72	966.03
Total	3180.22	3236.44	3232.02	3242.34	3294.94

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

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	65.53	69.02	72.54	76.31	80.50
Maintenance Spares	117.95	124.23	130.58	137.36	144.90
Receivables	392.08	399.01	398.47	398.64	406.22
Total Working Capital	575.56	592.26	601.59	612.31	631.62
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	68.49	70.48	71.59	72.86	75.16

Effective Date of Commercial Operation (E-COD)

61. The Petitioner has combined the transmission assets in the instant Petition for the 2014-29 tariff period and has claimed the E-COD in respect of the Combined Asset as 20.11.2019. We have considered the Petitioner's submission and worked out the E-COD as 19.11.2019. The working of the E-COD is as under:

Assets	Trued-up Capital Cost as on 31.3.2024	COD	No. of days from COD of Asset from COD of Project	Weight of Cost (in %)	Weighted days
	(₹ in lakh)				
Asset-1	2862.35	4.9.2019	115.00	30.42	34.98
Asset-2	3571.31	20.12.2019	8.00	37.95	3.04
Asset-3	2976.36	28.12.2019	0.00	31.63	0.00
Total	9410.02			1.00	38.02
E-COD	19.11.2019				

62. E-COD is used to determine the lapsed life of the project, which works out as 4 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD).

Weighted Average Life ("WAL") of the Project

63. The life as defined in Regulation 33 of the 2024 Tariff Regulations has been considered for the determination of WAL. The Combined Asset may have multiple elements such as land, building, transmission line, sub-station, and PLCC, and each

element may have a different span of life. Therefore, the concept of WAL has been used as the useful life of the transmission system as a whole.

64. WAL has been determined based on the admitted capital cost of individual elements under the transmission system as on 19.11.2019 (COD) and their respective life as stipulated in the 2024 Tariff Regulations. Accordingly, the WAL in respect of the Combined Asset has been worked out as 24 years as under:

Particulars	Combined Assets Cost (₹ in lakh) (1)	Life as per 2024 Tariff Regulation (Years) (2)	Weighted Cost (3)=(1)x(2)	Weighted Average Life of Asset (in years) (4)=(3)/(1)
Land - Freehold	0.00	0	0.00	24 years
Land - Leasehold	0.00	0	0.00	
Building Civil Works & Colony	294.20	25	7354.94	
Transmission Line	0.00	35	0.00	
Sub Station	8555.63	25	213890.87	
PLCC	0.00	7	0.00	
IT Equipment incl. software	560.19	7	3921.31	
Total	9410.02		225167.12	24

65. The WAL as on 19.11.2019 (E-COD), as determined above, is applicable prospectively (i.e., for the 2024-29 tariff period onwards), and no retrospective adjustment of depreciation in the previous tariff period is required to be done. As discussed in the preceding paragraphs, the E-COD of the Combined Asset is 19.11.2019, and the lapsed life of the project as a whole works out as 4 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD). Accordingly, the WAL has been used to determine the remaining useful life of the Combined Asset as on 1.4.2024 which works out to be 20 years.

Capital Cost

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

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) Expenditure on account of change in law and force majeure events; and*
- (o).....*
- (p).....*

(3) The Capital cost of an existing project shall include the following:

(a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;

(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;

(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;

(d) to (h).....

(i) Expenditure on account of change in law and force majeure events;

(4) & (5)

(6) The following shall be excluded from the capital cost of the existing and new projects:

(a) The assets forming part of the project but not in use, as declared in the tariff Petition;

(b) De-capitalised Assets after the date of commercial operation on account of obsolescence;

(c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.

(d).....

(e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and

(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”

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

Combined Asset	Capital Cost claimed as on 31.3.2024	(₹ in lakh)	
		ACE Claimed	Estimated Completion Cost
		2024-29	
	9410.04	102.94	9512.98

68. We have considered the Petitioner's submissions. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. The element-wise capital cost (i.e., land, building, transmission line, Sub-station and PLCC) as admitted by the Commission as on 31.3.2024 for the transmission assets has been considered as the opening capital cost of the Combined Asset as on 1.4.2024 as per the following details:

(₹ in lakh)	
Element	Combined Assets
Freehold Land	0.00
Leasehold Land	0.00
Building Civil Works & Colony	294.20
Transmission Line	0.00
Sub-station	8555.63
PLCC	0.00
IT Equipment (Incl. Software)	560.19
Total	9410.02

Additional Capital Expenditure (ACE)

69. The Petitioner has claimed ₹102.94 lakh towards the projected ACE for the 2024-29 tariff period.

70. Regulation 25(1) of the 2024 Tariff Regulations provides as under:

25. Additional Capitalisation within the original scope and after the cut-off date:

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

- (a) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority, or order or decree of any court of law;*
- (b) Change in law or compliance with any existing law which is not provided for in the original scope of work;*
- (c) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*
- (d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*
- (e) Force Majeure events;*
- (f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and.....”*

71. The Commission vide RoP for hearing dated 11.3.2025 directed the Petitioner to submit the reasons for claiming ACE beyond the cut-off date for the Combined Asset.

72. In response, the Petitioner vide affidavit dated 28.3.2025 has submitted that the ACE claimed for the 2024-29 tariff period is on account of the undischarged liability for work done up to the COD/Cut-off date and has been claimed as per Regulation 25(1)(d) of the 2024 Tariff Regulations.

73. We have considered the Petitioner's submissions. Considering the fact that the claimed projected expenditure is for making payments towards the liabilities for the works within the original scope executed prior to the cut-off date, the claimed ACE is allowed under Regulations 25(1)(d) of the 2024 Tariff Regulations for the 2024-29 tariff period as under:

Asset	Capital Cost allowed as on 1.4.2024	ACE allowed for the 2024-29 tariff period					(₹ in lakh)
		Capital Cost as on 31.3.2029					
		2024- 25	2025- 26	2026- 27	2027- 28	2028- 29	
Combined Asset	9410.02	102.94	0.00	0.00	0.00	0.00	9512.96

Debt-Equity ratio

74. 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:

- 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 31.3.2024 shall be considered:

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

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

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

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

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

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

76. As observed earlier in this order, the Petitioner has submitted that the entire project is funded through PSDF grant up to 80% of accepted estimated cost. Remaining 20% is funded through the internal resources and there is no deployment of loan. Considering the fact that of the total grant of ₹37495.00 lakh *plus* ₹548.00 lakh interest received, ₹37640.20 lakh was deployed till 31.3.2024, the balance grant of ₹402.80 lakh could be utilised for the purpose of ACE during the 2024-29 period.

77. Accordingly, the debt-equity ratio considered for the purpose of computation of tariff for the Combined Asset for the 2024-29 tariff period are as under:

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	ACE in 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	0.00	0.00	0.00	0.00	0.00	0.00
Equity	9410.02	100.00	102.94	100.00	9512.96	100.00
Total	9410.02	100.00	102.94	100.00	9512.96	100.00

Depreciation

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

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

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

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

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

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

.....

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

(4)

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

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

.....

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

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

.....

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

(8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life along with proper justification and proposed life

extension. The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the depreciable value over the balance useful life of the Asset or 10 years whichever is higher.

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

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

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

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	9410.02	9512.96	9512.96	9512.96	9512.96
B	Addition during the year 2019-24 due to ACE	102.94	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	9512.96	9512.96	9512.96	9512.96	9512.96
D	Average Capital Cost (A+C)/2	9461.49	9512.96	9512.96	9512.96	9512.96
E	Average Capital Cost (90% depreciable assets)	8901.30	8952.77	8952.77	8952.77	8952.77
F	Average Capital Cost (100% depreciable assets)	560.19	560.19	560.19	560.19	560.19
G	Depreciable value (excluding IT equipment and software) (E*90%)	8011.17	8057.50	8057.50	8057.50	8057.50
H	Depreciable value of IT equipment and software (F*100%)	560.19	560.19	560.19	560.19	560.19
I	Total Depreciable Value (G+H)	8571.36	8617.68	8617.68	8617.68	8617.68
J	Weighted average rate of Depreciation (WAROD) (in %)	5.80	5.79	5.22	4.91	4.91
K	Lapsed useful life at the beginning of the year (Year)	4	5	6	7	8
L	Balance useful life at the beginning of the year (Year)	20	19	18	17	16

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
M	Aggregate Depreciable Value	8571.36	8617.68	8617.68	8617.68	8617.68
N	Depreciation during the year (D*J)	548.31	551.03	496.30	467.00	467.00
O	Cumulative Depreciation at the end of the year	2904.24	3455.27	3951.57	4418.57	4885.57
P	Remaining Aggregate Depreciable Value at the end of the year	5667.12	5162.41	4666.12	4199.12	3732.12

Interest on Loan (IoL)

81. In view of the PSDF grant, the Petitioner has not claimed IoL. As the balance amount after reducing the grant is being treated as equity, there is no IoL. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2024-29 tariff period may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of true up.

Return on Equity (RoE)

82. Regulation 30 and Regulation 31 of the 2024 Tariff Regulations provides 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 for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;*

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

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



Provided further that:

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

.....”

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

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

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

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

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

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

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

Provided that in case a generating company or transmission licensee is paying tax under Section 115BAA, the generating company or the transmission licensee, as the case

may be, shall true up the grossed up rate of return on equity at the end of every financial year with the tax rate including surcharge and cess as specified under Section 115BAA.

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

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

84. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the Combined Asset for the 2024-29 tariff period is as under:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	9410.02	9512.96	9512.96	9512.96	9512.96
B	Additions	102.94	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	9512.96	9512.96	9512.96	9512.96	9512.96
D	Average Equity (A+C)/2	9461.49	9512.96	9512.96	9512.96	9512.96
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	1777.06	1786.72	1786.72	1786.72	1786.72

Operation & Maintenance Expenses (O&M Expenses)

85. The O&M Expenses claimed by the Petitioner for the Combined Asset for the 2024-29 tariff period are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
400 kV Sub-station					
Normative Rate of O&M Expenses as per Regulations (per bay)	29.53	31.08	32.71	34.43	36.23
No. of Units	6	6	6	6	6
O&M Expenses Claimed	177.18	186.48	196.26	206.58	217.38
400 kV Sub-station Reactor					
Normative Rate of O&M Expenses as per Regulations (per MVAR)	0.262	0.276	0.290	0.305	0.322
No. of Units	3	3	3	3	3
O&M Expenses Claimed	609.15	641.7	674.25	709.14	748.65

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
SSC					
Normative Rate of O&M Expenses as per Regulations	0.00	0.00	0.00	0.00	0.00
Original project cost as on COD (₹ in lakh)	0.00	0.00	0.00	0.00	0.00
O&M Expenses Claimed	0.00	0.00	0.00	0.00	0.00
Total	786.33	828.18	870.51	915.72	966.03

86. The norms specified under Regulation 36(3)(a) of the 2024 Tariff Regulations provides as under:

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.346	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)	2.07	2.18	2.30	2.42	2.55

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (₹ Lakh per MW)</i>	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.

.....”

87. We have considered the Petitioner’s submissions. The O&M Expenses have been worked out in accordance with Regulation 36 of the 2024 Tariff Regulations and the same are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
400 kV Sub-station					
Norms (₹ lakh per bay)	29.53	31.08	32.71	34.43	36.23
No. of Units	6	6	6	6	6
O&M Expenses	177.18	186.48	196.26	206.58	217.38
400kV Sub-station Reactor					
Norms (₹ lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
No. of Units (775 MVAR capacity at each Sub-station)	3	3	3	3	3
O&M Expenses	609.15	641.7	674.25	709.14	748.65



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Total O&M Expense allowed	786.33	828.18	870.51	915.71	966.03

Interest on Working Capital (IWC)

88. Regulation 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations specify as follows:

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

.....

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

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

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

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

(2)

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

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

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

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

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	65.53	69.02	72.54	76.31	80.50
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	117.95	124.23	130.58	137.36	144.90
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	392.08	399.01	397.60	398.64	406.22
D	Total Working Capital (A+B+C)	575.56	592.25	600.72	612.31	631.63
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)	68.49	70.48	71.49	72.86	75.16

Annual Fixed Charges of the 2024-29 Tariff Period

91. The annual transmission charges allowed for the 2024-29 tariff period for the Combined Asset are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	548.31	551.03	496.30	467.00	467.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	1777.06	1786.72	1786.72	1786.72	1786.72
O&M Expenses	786.33	828.18	870.51	915.71	966.03
Interest on Working Capital	68.49	70.48	71.49	72.86	75.16
Total	3180.19	3236.41	3225.01	3242.29	3294.91

Filing Fee and Publication Expenses

92. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it is entitled to the

reimbursement of the filing fee and the expenses incurred on publication of notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as the case may be, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

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

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

94. 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.

95. 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.”

96. 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

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

98. 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.

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

Security Expenses, Insurance and Capital Spares

100. The Petitioner has submitted that as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the security expenses and capital spares of more than ₹10 lakh and

insurance expenses arrived through the competitive bidding for the transmission system shall be allowed separately after prudence check.

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

102. The Petitioner has also submitted that it has not claimed insurance expenses in the instant Petition and has submitted that it shall file a separate Petition for claiming the overall insurance expenses and consequential IWC on the same, considering the actual insurance expenses incurred by it for 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.

103. The Petitioner has not claimed capital spares for the Combined Asset 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.

104. We have considered the Petitioner's submissions and have perused the record. We deem it proper here to refer to Regulation 36(3) (d) of the 2024 Tariff Regulations which provides as under:

"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."

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

Sharing of Transmission Charges

106. With regard to sharing of the transmission charges, the Petitioner has submitted that truing up of tariff for the transmission of electricity (AFC) for the 2019-24 tariff period shall be recovered on monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers in terms of Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 and Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from time to time for the applicable periods. Further, the Petitioner has

submitted that the tariff for the transmission of electricity (AFC) for the 2024-29 will be recovered on monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers in terms of Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from time to time.

107. We have considered the Petitioner's submissions. The billing, collection and disbursement of the transmission charges for the transmission assets/ Combined Asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

108. **To Summarise:**

- a. The trued-up AFC claimed by the Petitioner in the instant Petition and trued-up AFC allowed in the instant order for the 2019-24 tariff period are as under:

(₹ in lakh)

Asset-1					
Particulars	2019-20 (Pro-rata 210 days)	2020-21	2021-22	2022-23	2023-24
AFC Claimed	507.66	920.18	938.78	948.74	960.65
AFC Allowed	504.52	914.52	932.95	942.69	954.36

(₹ in lakh)

Asset-2					
Particulars	2019-20 (Pro-rata 103 days)	2020-21	2021-22	2022-23	2023-24
AFC Claimed	305.89	1130.59	1152.11	1162.88	1176.12
AFC Allowed	305.41	1128.81	1150.30	1160.99	1174.15

(₹ in lakh)

Asset-3					
Particulars	2019-20 (Pro-rata 95 days)	2020-21	2021-22	2022-23	2023-24
AFC Claimed	235.10	937.48	953.56	964.31	976.09
AFC Allowed	234.68	935.86	951.91	962.58	974.31

b. AFC claimed and allowed for the 2024-29 tariff period in this order for the

Combined Asset are as under:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	3180.22	3236.44	3232.02	3242.34	3294.94
AFC allowed	3180.19	3236.41	3225.01	3242.29	3294.91

109. This order disposes of Petition No. 475/TT/2024 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member