CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

PETITION NO. 219/TT/2025

Coram:

Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member
Shri Ravinder Singh Dhillon, Member

Date of Order: 14.10.2026

In the matter of:

Petition under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003, and under Regulations 15 and 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023, for the true-up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and for the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, for the 400 kV S/C Kankroli - Jodhpur Transmission Line, along with the associated bays, under "System Strengthening Scheme in South-Western Part of Northern Grid (Part-B)" in the Northern Region.

And in the matter of:

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

Versus

1. **Uttar Pradesh Power Corporation Limited,**
   Shakti Bhawan, 14, Ashok Marg,
   Lucknow-226001.

2. **Ajmer Vidyut Vitran Nigam Limited,**
   Corporate Office, Vidyut Bhawan, Panchsheel Nagar,
   Makarwali Road, Ajmer-305004 (Rajasthan).

3. **Jaipur Vidyut Vitran Nigam Limited,**
   132 kV, GSS RVPNL Substation Building,
   Caligiri Road, Malviya Nagar,
   Jaipur-302017 (Rajasthan).

4. **Jodhpur Vidyut Vitran Nigam Limited,**
New Power House, Industrial Area,
Jodhpur-342003 (Rajasthan).

5. **Himachal Pradesh State Electricity Board Limited,**
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171004.

6. **Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office,
Patiala-147001.

7. **Haryana Power Purchase Centre,**
Shakti Bhawan, Sector-6,
Panchkula-134109 (Haryana).

8. **Jammu Kashmir Power Corporation Limited,**
220/66/33 kV Gladni SS SLDC Building,
Narwal, Jammu.

9. **BSES Yamuna Power Limited,**
B-Block, Shakti Kiran Building,
Near Karkardooma Court, 2nd Floor,
Karkardooma, New Delhi-110092.

10. **BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi.

11. **Tata Power Delhi Distribution Limited,**
33 kV Substation Building, Hudson Lane,
Kingsway Camp, North Delhi-110009.

12. **Chandigarh Electricity Department,**
Chandigarh Administration, Sector-9,
Chandigarh.

13. **Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road,
Dehradun.

14. **North Central Railway,**
Allahabad.

15. **New Delhi Municipal Council,**
Palika Kendra, Sansad Marg,
New Delhi-110002. **…Respondents**

For Petitioner : Shri Zafrul Hasan, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Vishal Sagar, PGCIL
Ms. Supriya Singh, PGCIL
Shri Ashish Agrawal, PGCIL
Ms. Kirti, PGCIL

For Respondents : Shri Adarsh Tripathi, Advocate, BRPL and BYPL
Shri Ajitesh Garg, Advocate, BRPL and BYPL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) (hereinafter referred to as "the Petitioner"), a deemed transmission licensee, for the truing-up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "the 2019 Tariff Regulations"), and for the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as "the 2024 Tariff Regulations"), in respect of the following asset (hereinafter referred to as "the transmission asset") under "System Strengthening Scheme in the South-Western Part of Northern Grid (Part-B)" in the Northern Region (hereinafter referred to as "the transmission project"):

Particulars	Asset's Name	Date of Commercial Operation (COD)
Existing System	400 kV S/C Kankroli - Jodhpur Transmission Line along with associated bays	1.8.2010
Reconductoring Scheme	"Scheme to relieve High Loading of WR-NR Inter Regional Corridor (400 kV Bhinmal - Zerda Line) in the Northern Region"	

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

"

a) Approve the add-cap and de-cap claimed on account of re-conductoring works and allow the unrecovered depreciation as prayed at para-26 to 28 above.

b) *Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the asset covered under this petition, as per para 31 and 32 above.*

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 30 and 31 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 38 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 38 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 38 above.*

j) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 39 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.*

l) *Allow the unrecovered depreciation as mentioned at para-26 to 28 above.*

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 (the IA) and expenditure sanctioned for the transmission project were accorded by the Board of Directors of the Petitioner vide Memorandum dated 27.10.2006 for ₹15026 lakh, including an Interest During Construction (IDC) of ₹907 lakh, based on the 2nd Quarter, 2006 price level.

b. The scope of work for the transmission project is as follows:

400 kV S/C Kankroli - Jodhpur Transmission Line along with the associated bays.

c. The entire scope of work covered under the transmission project is complete and is covered under the instant Petition.

d. The transmission asset was put under commercial operation on 1.8.2010. The Commission, vide order dated 16.9.2011 in Petition No. 324/2010, condoned the 9-month time over-run and determined the transmission tariff for the transmission asset from the 'Date of Commercial Operation' (COD) to 31.3.2014. Thereafter, the Commission, vide order dated 29.1.2016 in Petition No. 431/TT/2014, trued-up the transmission charges for the 2009-14 tariff period and determined the transmission tariff for the 2014-19 period for the transmission asset.

e. Subsequently, the Commission, vide order dated 8.6.2021 in Petition No. 101/TT/2020, trued-up the transmission charges for the 2014-19 tariff period

and determined the transmission tariff for the 2019-24 period in respect of the transmission asset.

f. Further, the Petitioner filed Petition No. 264/TT/2025 for the determination of the transmission tariff for reconductoring of the "400 kV Jodhpur (Surpura) (RVPN) - Kankroli S/C (twin moose) Line with twin HTLS Conductor along with the OPGW installation" (hereinafter referred to as "the reconductoring works") under the "Scheme to relieve High Loading of WR-NR Inter Regional Corridor (400 kV Bhinmal - Zerda Line) in the Northern Region" (hereinafter referred to as "the reconductoring scheme"). The original project for which the reconductoring work is claimed in Petition No. 264/TT/2025 is covered under this Petition.

g. The reconductoring scheme was discussed and agreed upon at the 3rd meeting of the Northern Regional Power Committee (Transmission Planning) (NRPC(TP)) held on 19.2.2021, and at the 4th meeting of NRPC(TP) held on 5.10.2021 and 12.10.2021. It was also discussed at the 53rd meeting of the Northern Region Power Committee (NRPC) held on 29.4.2022, and at the 9th NCT meeting held on 28.9.2022, where it was recommended for implementation through the Regulated Tariff Mechanism (RTM). Subsequently, the Central Transmission Utility of India Limited (CTUIL), vide its Office Memorandum (OM) dated 15.11.2022, awarded the reconductoring scheme to the Petitioner for implementation under the RTM.

h. The IA for the reconductoring scheme was accorded by the Petitioner vide Memorandum dated 27.2.2023, at an estimated cost of ₹ 20058 lakh,

including the IDC of ₹788 lakh, based on the September 2022 price level. The scope of work under the reconductoring scheme broadly includes:

Substation:

i. Bypassing of 400 kV Kankroli – Bhinmal - Zerda Line at Bhinmal to form 400 kV Kankroli – Zerda (direct) line #

ii. Reconductoring of 400 kV Jodhpur (Surpura) (RVPN) – Kankroli S/c (twin moose) Line with twin HTLS conductor *

iii. OPGW installation on 400 kV Jodhpur (Surpura) (RVPN) – Kankroli S/C (twin moose) Line -188 km

 # With necessary arrangements for bypassing Kankroli - Zerda Line at Bhinmal with suitable switching equipment inside the Bhinmal substation.
** With minimum capacity of 1940 MVA/ckt at nominal voltage; Upgradation of existing 400 kV bay equipment each at Jodhpur (Surpura) (RVPN) and Kankroli S/S (3150 A)*

i. Petition No. 264/TT/2025 was heard along with the instant Petition on 17.4.2025. The Commission, vide Record of Proceedings (RoP) dated 17.4.2025, directed the Petitioner to file an amended Petition containing the original scheme, i.e. the subject matter, considering the cost of reconductoring works as ACE, and disposed of Petition No. 264/TT/2025.

j. In compliance with the Commission's directions vide RoP dated 17.4.2025, the Petitioner filed the amended Petition vide an affidavit dated 2.6.2025, claiming the cost of reconductoring work (including bay modification) for the transmission asset i.e. "400 kV S/C Kankroli - Jodhpur Transmission Line along with associated bays" under the original project as part of its additional capitalisation of the existing asset, rather than claiming the reconductoring tariff under a separate scheme, "Scheme to relieve High Loading of WR-NR Inter Regional Corridor (400kV Bhinmal- Zerda line) in the Northern Region".

4. The Respondents are the distribution licensees and Power Departments, mainly the beneficiaries of the Northern Region, that are procuring transmission services from the Petitioner.

5. The Petitioner has served a copy of the Petition on the Respondents, and the notices regarding the filing of this Petition have been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as "the Act"). No comments or suggestions have been received from the general public in response to the notices published in the newspapers by the Petitioner. None of the Respondents has filed their replies to the Petition, despite several opportunities given.

6. The matter was heard on 12.2.2025, 17.4.2025, 22.7.2025, and 16.9.2025, and the order was reserved on 16.9.2025.

7. This order is issued considering the submissions made by the Petitioner vide affidavits dated 29.8.2024, 2.6.2025 and 13.8.2025. Having heard the representative of the Petitioner and perused the material available on record, we proceed to dispose of the Petition.

TRUING-UP OF THE 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 asset are as under:

(₹ in lakh)

Existing System					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Depreciation	723.61	723.61	723.61	723.61	144.80
Interest on Loan	272.70	206.07	139.50	73.18	33.57
Return on Equity	771.35	771.35	771.35	771.35	771.35
Interest on Working Capital	33.57	30.68	27.96	27.32	22.22
O&M Expenses	160.44	166.13	171.91	177.97	184.28
Total	**1961.67**	**1897.84**	**1834.33**	**1773.43**	**1156.22**

(₹ in lakh)

Reconductoring Works	
Particulars	**2023-24**
Depreciation	247.53
Interest on Loan	321.28
Return on Equity	340.95
Interest on Working Capital	13.62
O&M Expenses	0.00
Total	**923.38**

9. The details of the combined transmission charges claimed by the Petitioner in respect of the transmission asset for the 2019-24 tariff period are as under:

(₹ in lakh)

Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Depreciation	723.61	723.61	723.61	723.61	392.33
Interest on Loan	272.70	206.07	139.50	73.18	354.85
Return on Equity	771.35	771.35	771.35	771.35	1112.30
Interest on Working Capital	33.57	30.68	27.96	27.32	35.84
O&M Expenses	160.44	166.13	171.91	177.97	184.28
Total	**1961.67**	**1897.84**	**1834.33**	**1773.43**	**2079.60**

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

(₹ in lakh)

Existing System					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
O&M Expenses	13.37	13.84	14.33	14.83	15.36
Maintenance Spares	24.07	24.92	25.79	26.70	27.64
Receivables	241.19	233.98	226.15	218.64	142.16
Total Working Capital	**278.63**	**272.74**	**266.27**	**260.17**	**185.16**
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	**33.57**	**30.68**	**27.96**	**27.32**	**22.22**

(₹ in lakh)

Reconductoring Works	
Particulars	**2023-24**
O&M Expenses	0.00
Maintenance Spares	0.00
Receivables	113.53

Reconductoring Works	
Particulars	**2023-24**
Total Working Capital	**113.53**
Rate of Interest (in %)	12.00
Interest on Working Capital	**13.62**

11. We have considered the Petitioner's submissions. The details of the combined IWC claimed by the Petitioner in respect of the transmission asset for the 2019-24 tariff period are as under:

(₹ in lakh)

Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
O&M Expenses	13.37	13.84	14.33	14.83	15.36
Maintenance Spares	24.07	24.92	25.79	26.70	27.64
Receivables	241.19	233.98	226.15	218.64	255.69
Total Working Capital	**278.63**	**272.74**	**266.27**	**260.17**	**298.69**
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	**33.57**	**30.68**	**27.96**	**27.32**	**35.84**

Capital Cost for the 2019-24 Tariff Period

12. The Commission, vide order dated 8.6.2021 in Petition No. 101/TT/2020, allowed the capital cost as on COD and ACE for the 2019-24 tariff period in respect of the transmission asset. The details of the capital cost, as allowed by the Commission vide order dated 8.6.2021 in Petition No. 101/TT/2020, are as follows:

(₹ in lakh)

Approved FR Cost	**Capital Cost allowed as on 1.4.2019**	**ACE**	**Capital Cost allowed as on 31.3.2024**
		2019-24	
15026.00	13690.17	0.00	13690.17

13. The Petitioner has claimed the following capital cost for the 2019-24 tariff period in respect of the transmission asset:

(₹ in lakh)

Particulars	Approved FR Cost	Capital Cost Claimed as on 1.4.2019	Additional Capitalisation/de-capitalisation	Total Capital Cost as on 31.3.2024
			2019-24	
Existing System	15026.00	13690.17	0.00	13690.17
Reconductoring Works	18241.66	0.00	12101.82	12101.82
Total	**33267.66**	**13690.17**	**12101.82**	**25791.99**

14. We have considered the Petitioner's submissions. The Commission approved the capital cost of ₹13690.17 lakh as on 31.3.2019 vide order dated 8.6.2021 in Petition No. 101/TT/2020, and the Petitioner has claimed the same in the instant true-up Petition. Therefore, the capital cost of ₹ 13690.17 lakh is considered as the opening capital cost as on 1.4.2019 for the truing-up of the Annual Fixed Charges (AFC) for the 2019-24 tariff period.

15. The Petitioner has not claimed any capital cost as on 1.4.2019 with regard to the reconductoring works.

Additional Capital Expenditure (ACE)

16. The Commission, vide order dated 8.6.2021 in Petition No. 101/TT/2020, did not allow any ACE for the 2019-24 tariff period.

17. The Petitioner, in the instant true-up Petition, has claimed the ACE of ₹12101.82 lakh for reconductoring the 400 kV S/C Kankroli - Jodhpur Transmission Line, along with associated bays, for the 2019-24 tariff period. The details are as follows:

(₹ in lakh)

Particulars	Regulation	Actual ACE
		2023-24
Liability for works executed post the cut-off date: Replacement of assets deployed under the original scope of the existing project after the cut-off date.	Regulation 25(2) of the 2019 Tariff Regulations	12101.82

Total		**12101.82**

18. The details of the ACE claimed by the Petitioner on account of reconductoring works and bay modification in the original transmission project are as under:

(₹ in lakh)

Particulars	**Approved Cost as per FR**	**Expenditure up to 31.3.2019**	**ACE (2019-24)**					**Capital Cost as on 31.3.2024**
			2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**	
Existing System	15026.00	13690.17						13690.17
Reconductoring Works	18241.66	0.00					12101.82	12101.82

19. The Commission, vide RoP dated 22.7.2025, directed the Petitioner to submit the justification for variation in claiming the capital cost of ₹16333.62 lakh towards reconductoring works in Petition No. 264/TT/2025, and an ACE of ₹14454.81 lakh against the same work in this Petition.

20. In response, the Petitioner, vide affidavit dated 13.8.2025, has submitted that the capital cost for the reconductoring works, as claimed in Petition No. 264/TT/2025, was based on projections because the contracts were not closed and the liabilities were not finalised. However, in the present amended true-up Petition, the ACE for the years 2023-24 and 2024-25 is claimed on the basis of actual payments made to the contractor after receipt of invoices, duly incorporating the amendments up to the end of FY 2024-25. Further, the payments have been made after submission and reconciliation of the invoices, in accordance with the relevant terms and conditions of the contract. the Petitioner has submitted that the estimated completion cost of ₹14454.81 lakh includes the ACE claimed for 2025-26, 2026-27 and 2027-28.

21. We have considered the Petitioner's submissions. It is observed that the Petitioner has claimed ACE for the reconductoring works as a new asset and split the transmission asset into two parts, i.e., the existing system and the reconductoring works, even though it has admitted that the "New Equipment", i.e., the reconductoring of the 400 kV Jodhpur (Surpura)(RVPN) - Kankroli S/C (Twin Moose) line with twin HTLS conductor along with OPGW installation, does not constitute a separate asset but is merely an upgradation of the existing asset. Since both components, namely Part-A (existing asset) and Part-B (reconductoring/ upgradation), share the same balance and lapsed useful life and have consistently been mapped as parallel streams of the same underlying asset for regulatory and accounting purposes, we are of the view that, wherever expenditure pertains to the upgradation or modification of an existing asset and is required to be claimed as ACE for that asset, maintaining two separate tariff streams for the same asset is not consistent with the applicable regulatory and accounting treatments. Hence, the financial requirements arising from such upgradations are required to be reflected in the tariff determination of the existing asset itself.

22. The ACE claimed by the Petitioner is dealt with in two parts, i.e., ACE incurred towards the liability payments and the ACE proposed to be incurred towards reconductoring works. The details are as follows:

a. **ACE towards liability payments*:***

The Petitioner has not claimed any ACE in respect of the liability payment for the transmission asset for the 2019-24 tariff period. Therefore, the ACE allowed in respect of the payments against the liabilities for the 2019-24 tariff period is "NIL".

b. ACE to be incurred towards reconductoring works:

As discussed earlier in this order, the IA for the reconductoring work was accorded by the Petitioner vide memorandum dated 27.2.2023, and the reconductoring work was completed on 20.4.2024. The Commission, vide order dated 25.10.2024 in Petition No. 94/TT/2024, observed that reconductoring is upgradation of the already existing assets and not a new asset. Hence, the expenses incurred are in the nature of additional capitalisation of the asset for which the tariff has already been approved. Therefore, the capital cost incurred towards reconductoring should be claimed as ACE under the main tariff Petition. The relevant extracts of the order dated 25.10.2024 are as follows:

"10. We are of the view that in the instance case, the petitioner carried out the stringing of new conductors on existing towers using the same RoW, and also, the Petitioner carried out the replacement of terminal bay equipment with high-rating equipment. It is further observed that reconductoring is considered as technical upgradation due to the fact that only replacement of existing conductors is taking place.

11. In the instant case, the Petitioner has replaced the conductors of Kolhapur (PG)-Kolhapur 400 kV D/c line with HTLS conductors and claimed COD of the ckt-1 as 9.03.2023 and ckt-2 as 1.09.2023. The details of the existing transmission line and tariff approval details of the same is as follows:

Name of the transmission line	COD of the assets considered	Petition No under which Tariff is approved.
400 kV Kolhapur- Mapusa Transmission line Ckt I and Ckt II	Ckt-I of the transmission asset was put under commercial operation on 1.1.2003 and Ckt-II on 1.12.2002	Vide order dated 23.12.2021 in Petition No. 211/TT/2020 has trued-up tariff for 2014-19 and granted tariff for 2019-24 tariff Period.
LILO of 400 kV D/C Kolhapur-Mapusa at 400 kV Kolhapur GIS (New) along with associated bays and 125 MVAR Bus Reactor along with associated bays at 400 kV Kolhapur GIS (New)	12.11.2015	Vide order dated 27.9.2021 in Petition No. 208/TT/2020 has trued-up tariff for 2014-19 and granted tariff for 2019-24 tariff Period.

12. As per the above, it is observed that the petitioner first implemented 400 kV Kolhapur- Mapusa Transmission line in the year 2002/2003, and further LILO of 400 kV Kolhapur- Mapusa Transmission line at the Kolahapur (New) GIS Substation was implemented in the year 2015. The existing 400 kV Kolhapur- Mapusa Transmission line has already completed 21 years, and LILO has completed about 8 years as on 9.3.2023. Regulation 3(73) of 2019 tariff Regulations defines useful life in relation to transmission lines as 35 years. The towers installed in both assets have not completed

their useful life, and only their conductor and associated bay equipment's have been replaced under the re-conductoring scheme. We observe that the transmission assets covered in the instant Petition are not new assets. Instead, they are reconductoring and upgrading the already existing assets, which are expenses in the nature of Additional Capitalization in the assets, for which the tariff has already been approved. The Petitioner is, accordingly, directed to claim the capital cost incurred towards the Reconductoring of Kolhapur (PG) – Kolhapur 400 kV D/c line under additional capital expenditure (ACE) under Transmission System associated with System Strengthening-XVII in the Southern Region in Petition No. 208/TT/2020 while filing true-up of tariff for 2019-24 and determination of tariff for 2024-29 Period.

13. Accordingly, we deem it proper to dispose of this Petition and grant liberty to claim the subject assets as Additional Capitalization under the main tariff Petition."

Accordingly, vide RoP dated 17.4.2025, the Commission disposed of Petition No. 264/TT/2025, filed for the tariff for the reconductoring works, and directed the Petitioner to file an amended Petition for the original scheme, i.e., the subject matter, taking into account the reconductoring cost. The relevant extracts of the RoP dated 17.4.2025 are as follows:

Record of Proceedings

At the outset, the representative of the Petitioner submitted that Petition No. 219/TT/2025 pertains to the original transmission project. He submitted that as per the Commission's order in Petition No. 94/TT/2024, the reconductoring of the transmission assets forms part of the original transmission project, namely, the 400 kV S/C Kankroli - Jodhpur transmission line, and is to be considered as Additional Capital Expenditure (ACE) under the original project. He further submitted that reconductoring of the transmission assets covered under Petition No. 264/TT/2025, namely, the 400 kV Jodhpur (Surpura) (RVPN) - Kankroli S/C (twin moose) line with twin HTLS conductor and associated OPGW installation, falls within the scope of the transmission assets already covered in Petition No. 219/TT/2025, which includes the 400 kV S/C Kankroli - Jodhpur transmission line along with its associated bays. However, the Petitioner clarified that no ACE has been claimed in Petition No. 219/TT/2025.

2. After hearing the Petitioner's representative, the Commission observed that the Petitioner should claim the reconductoring work of the transmission assets mentioned in Petition No. 264/TT/2025 as ACE in Petition No. 219/TT/2025. In response, the representative of the Petitioner sought permission to withdraw Petition No. 264/TT/2025 and to file the amended Petition to Petition No. 219/TT/2025.

3. After hearing the representative of the Petitioner, the Commission permitted the Petitioner to file the amended Petition within two weeks. Accordingly, Petition No. 264/TT/2025 was disposed of.

23. In view of the above, the cost of reconductoring works is required to be treated as ACE for the existing system and cannot be treated as a new asset. Therefore, a combined tariff is worked out for the existing system and the reconductoring works for the 2019-24 tariff period. The ACE claimed by the Petitioner in respect of the reconductoring works is hereby allowed under Regulation 25(2)(d) of the 2019 Tariff Regulations and is as follows:

(₹ in lakh)

Particulars	**Additional Capital Expenditure (2019-24 Tariff Period)**					**Total (2019-24 period)**
	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**	
Additional capitalization towards reconductoring works	0.00	0.00	0.00	0.00	12101.82	12101.82

24. Accordingly, the details of the capital cost and ACE allowed for the transmission asset for the 2019-24 tariff period are as follows:

(₹ in lakh)

FR Apportioned Approved Cost as per FR	**Capital Cost allowed as on 1.4.2019**	**Allowed ACE 2019-24**	**Capital Cost as on 31.3.2024**
33267.66	13690.17	12101.82	25791.99

Debt-Equity Ratio

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

Funding	**Capital Cost as on 1.4.2019 (₹ in lakh)**	**(in %)**	**ACE in 2019-24 (₹ in lakh)**	**(in %)**	**Capital Cost as on 31.3.2024 (₹ in lakh)**	**(in %)**
Debt	9583.33	70.00	8471.27	70.00	18054.60	70.00

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Equity	4106.84	30.00	3630.55	30.00	7737.39	30.00
Total	**13690.17**	**100.00**	**12101.82**	**100.00**	**25791.99**	**100.00**

Depreciation

26. The depreciation is calculated considering the admitted capital expenditure as on 1.4.2019 and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission asset as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations. The transmission asset has completed 12 years of its useful life as on 1.4.2023 and, therefore, the remaining depreciable value adjusted with ACE has been spread across the balance useful life of the transmission asset in accordance with the 2019 Tariff Regulations.

27. The depreciation approved for the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	13690.17	13690.17	13690.17	13690.17	13690.17
B	Addition during 2019-24 due to ACE	0.00	0.00	0.00	0.00	12101.82
C	Closing Gross Block (A+B)	13690.17	13690.17	13690.17	13690.17	25791.99
D	Average Gross Block (A+C)/2	13690.17	13690.17	13690.17	13690.17	19741.08
E	Average Capital Cost (90% depreciable assets)	13690.17	13690.17	13690.17	13690.17	19741.08
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	12321.15	12321.15	12321.15	12321.15	17766.97
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
I	Total Depreciable Value (G+H)	12321.15	12321.15	12321.15	12321.15	17766.97
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.2856	5.2856	5.2856	5.2856	*Spread-over Depreciation*
K	Balance useful life of the asset	26	25	24	23	22
L	Elapsed life at the beginning of the year	8	9	10	11	12
M	**Combined Depreciation during the year (D*J)**	**723.61**	**723.61**	**723.61**	**723.61**	**392.34**
N	Cumulative Depreciation at the end of the year	6964.73	7688.34	8411.95	9135.56	9527.90
O	Remaining Aggregate Depreciable Value at the end of the year	5356.42	4632.81	3909.20	3185.59	8239.07

28. The details of the depreciation allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020 in respect of the existing system; depreciation claimed by the Petitioner in the instant true-up Petition; and the trued-up depreciation approved in the instant order for the transmission asset are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020	723.61	723.61	723.61	723.61	144.80
Claimed by the Petitioner in the instant true-up Petition	723.61	723.61	723.61	723.61	392.33
Approved after true-up in this order	723.61	723.61	723.61	723.61	392.34

Interest on Loan (IoL)

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

30. We have considered the Petitioner's submissions. The Interest on Loan (IoL) has been calculated based on the actual interest rate submitted by the Petitioner in

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

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	9583.33	9583.33	9583.33	9583.33	9583.33
B	Cumulative Repayments up to Previous Year	6241.12	6964.73	7688.34	8411.95	9135.56
C	Net Loan-Opening (A-B)	3342.21	2618.60	1894.99	1171.38	447.77
D	Additions	0.00	0.00	0.00	0.00	8471.27
E	Repayment during the year	723.61	723.61	723.61	723.61	392.34
F	Net Loan-Closing (C+D-E)	2618.60	1894.99	1171.38	447.77	8526.70
G	Average Loan (C+F)/2	2980.41	2256.80	1533.19	809.58	4487.24
H	Weighted Average Rate of Interest on Loan (in %)	9.1496	9.1310	9.0983	9.0392	7.9724
I	**Interest on Loan (G*H)**	**272.70**	**206.07**	**139.49**	**73.18**	**357.74**

31. The details of the IoL allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020 for the existing asset; IoL claimed by the Petitioner in the instant true-up Petition, and the trued-up IoL approved in the instant order for the transmission asset are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020	272.69	206.07	139.49	73.18	33.57
Claimed by the Petitioner in the instant true-up Petition	272.70	206.07	139.50	73.18	354.85
Approved after true-up in this order	272.70	206.07	139.49	73.18	357.74

Return on Equity (RoE)

32. The Petitioner has submitted that its Income Tax Assessment has been completed and that the assessment orders have been issued by the Income Tax

Department for FYs 2019-20 and 2020-21. It is further submitted that the income has been assessed under MAT as per Section 115JB of the Income Tax Act, 1961 (hereinafter referred to as "the IT Act, 1961"). It is further submitted that the Income Tax Returns (ITRs) have been filed for FYs 2021-22, 2022-23 and 2023-24.

33. 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

34. We have considered the Petitioner's submissions and have gone through the record. We note that entities covered under the MAT regime pay income tax at 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 115JB (2) of the IT Act, 1961, defines book profit as the net profit in the Statement of Profit and Loss prepared in accordance with Schedule III of the Companies Act, 2013, subject to certain 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 Return on Equity (RoE) for the truing-up of the tariff for the 2019-24 tariff period in terms of the provisions

of the 2019 Tariff Regulations. The interest imposed on any additional income tax demand as per the assessment order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing-up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be, on a year-to-year basis. Therefore, the following effective tax rates 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 and 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

35. Accordingly, the trued-up RoE approved in respect of the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	4106.84	4106.84	4106.84	4106.84	4106.84
B	Additions	0.00	0.00	0.00	0.00	3630.55
C	Closing Equity (A+B)	4106.84	4106.84	4106.84	4106.84	7737.39
D	Average Equity (A+C)/2	4106.84	4106.84	4106.84	4106.84	5922.11
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for the respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	**Return on Equity (D*G)**	**771.35**	**771.35**	**771.35**	**771.35**	**1112.29**

36. The details of the RoE allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020 for the existing asset; RoE claimed by the Petitioner in the instant true-up Petition and the trued-up RoE approved in the instant order for the transmission asset are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020	771.35	771.35	771.35	771.35	771.35
Claimed by the Petitioner in the instant true-up Petition	771.35	771.35	771.35	771.35	1112.30
Approved after true-up in this order	771.35	771.35	771.35	771.35	1112.29

Operation and Maintenance Expenses (O&M Expenses)

37. The Commission, vide order dated 8.6.2021 in Petition No. 101/TT/2020, allowed the Operation and Maintenance Expenses (O&M Expenses) for the 2019-24 tariff period, and the details of the same are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	160.43	166.13	171.91	177.96	184.28

38. The Petitioner, in the instant true-up Petition, has claimed the following O&M Expenses for the transmission asset:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	160.44	166.13	171.91	177.97	184.28

39. We have considered the Petitioner's submissions. The O&M Expenses allowed for the transmission asset, as per the norms specified in the 2019 Tariff Regulations, are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Substation Bays • **1 No. 400 kV Jodhpur bay at Kankroli S/S** • **1 No. 400 kV Kankroli bay at Jodhpur S/S**					
Norms as per Regulation (₹ per Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses allowed	**64.30**	**66.56**	**68.90**	**71.32**	**73.82**
Transmission Line- S/C (Twin Conductor): **Kankroli - Jodhpur 400 kV Single Circuit Line – 183.848 km**					
Norms as per Regulation (₹ per km)	0.503	0.521	0.539	0.558	0.578
O&M Expenses allowed	**92.48**	**95.78**	**99.09**	**102.59**	**106.26**
Transmission Line- Double Ckt (Twin Conductor): **Kankroli - Jodhpur 400 kV Double Circuit Line – 4.152 km**					
Norms as per Regulation (₹ per km)	0.881	0.912	0.944	0.977	1.011
O&M Expenses allowed	**3.66**	**3.79**	**3.92**	**4.06**	**4.20**
Total O&M Expenses allowed	**160.43**	**166.13**	**171.91**	**177.96**	**184.28**

40. Accordingly, the details of the O&M Expenses allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020; the O&M Expenses claimed by the Petitioner in the instant true-up Petition; and the trued-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020	160.43	166.13	171.91	177.96	184.28
Claimed by the Petitioner in the instant true-up Petition	160.44	166.13	171.91	177.97	184.28
Approved after true-up in this order	160.43	166.13	171.91	177.96	184.28

Interest on Working Capital (IWC)

41. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The 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 FYs 2021-22 and 2022-23 and 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

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

(₹ in lakh)

	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	13.37	13.84	14.33	14.83	15.36
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	24.07	24.92	25.79	26.69	27.64
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	241.19	233.98	226.15	218.64	256.05
D	**Total Working Capital (A+B+C)**	**278.62**	**272.74**	**266.26**	**260.17**	**299.05**
E	Rate of Interest on Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
F	**Interest on Working Capital (D*E)**	**33.57**	**30.68**	**27.96**	**27.32**	**35.89**

43. The details of the IWC allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020 for the existing system, IWC claimed by the Petitioner in the instant true-up Petition, and the trued-up IWC approved in the instant order for the transmission asset are as follows:

(₹ in lakh)

Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020	33.57	30.68	29.98	29.30	20.81
Claimed by the Petitioner in the instant true-up Petition	33.57	30.68	27.96	27.32	35.84

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved after true-up in this order	33.57	30.68	27.96	27.32	35.89

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

44. Accordingly, the AFC approved after truing-up for the 2019-24 tariff period in respect of the transmission assets are as follows:

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	723.61	723.61	723.61	723.61	392.34
B	Interest on Loan	272.70	206.07	139.49	73.18	357.74
C	Return on Equity	771.35	771.35	771.35	771.35	1112.29
D	O & M Expenses	160.43	166.13	171.91	177.96	184.28
E	Interest on Working Capital	33.57	30.68	27.96	27.32	35.89
F	**Total (A+B+C+D+E)**	**1961.66**	**1897.84**	**1834.32**	**1773.42**	**2082.54**

45. The details of the AFC allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020; the AFC claimed by the Petitioner in the instant true-up Petition; and the trued-up AFC approved in the instant order for the transmission asset are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.6.2021 in Petition No. 101/TT/2020	1961.66	1897.84	1836.35	1775.40	1154.81
Claimed by the Petitioner in the instant true-up Petition	1961.67	1897.84	1834.33	1773.43	2079.60
Approved after true-up in this order	1961.67	1897.84	1834.32	1773.42	2082.54

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

46. The Petitioner has claimed the following transmission charges in respect of the transmission asset for the 2024-29 tariff period:

(₹ in lakh)

Particulars	Existing System				
	2024-25	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Depreciation	1192.74*	92.40	92.40	92.41	92.40
Interest on Loan	17.41	4.06	0.00	0.00	0.00
Return on Equity	633.32	495.29	495.29	495.29	495.29
Interest on Working Capital	18.06	15.75	16.05	16.40	16.83
O&M Expenses	153.08	161.15	169.58	178.36	187.70
Total	**2014.61**	**768.65**	**773.32**	**782.46**	**792.22**

***Amount includes ₹1073.49 lakh of unrecovered depreciation for the de-capitalised asset.*

(₹ in lakh)

Particulars	Reconductoring Works				
	2024-25	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Depreciation	522.36	564.29	599.04	611.27	615.58
Interest on Loan	643.09	653.07	649.33	615.60	570.74
Return on Equity	702.26	754.77	796.10	809.88	814.47
Interest on Working Capital	27.81	29.36	30.44	30.24	29.79
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	**1895.52**	**2001.49**	**2074.91**	**2066.99**	**2030.58**

47. The details of the combined transmission charges claimed by the Petitioner in respect of the transmission asset for the 2024-29 tariff period are as under:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1715.10*	656.69	691.44	703.68	707.98
Interest on Loan	660.50	657.13	649.33	615.60	570.74
Return on Equity	1335.58	1250.06	1291.39	1305.17	1309.76
Interest on Working Capital	45.87	45.11	46.49	46.64	46.62
O&M Expenses	153.08	161.15	169.58	178.36	187.70
Total	**3910.13**	**2770.14**	**2848.23**	**2849.45**	**2822.80**

***Amount includes ₹1073.49 lakh of unrecovered depreciation for the de-capitalised asset.*

48. The details of the IWC claimed by the Petitioner for the 2024-29 tariff period for the transmission asset are as under:

(₹ in lakh)

Particulars	Existing System				
	2024-25	**2025-26**	**2026-27**	**2027-28**	**2028-29**
O&M Expenses	12.76	13.43	14.13	14.86	15.64
Maintenance Spares	22.96	24.17	25.44	26.75	28.16
Receivables	116.03	94.77	95.34	96.20	97.67
Total Working Capital	**151.75**	**132.37**	**134.91**	**137.81**	**141.47**
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90

Interest on Working Capital	**18.06**	**15.75**	**16.05**	**16.40**	**16.83**

(₹ in lakh)

Particulars	**Reconductoring Works**				
	2024-25	**2025-26**	**2026-27**	**2027-28**	**2028-29**
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	233.69	246.76	255.81	254.14	250.35
Total Working Capital	**233.69**	**246.76**	**255.81**	**254.14**	**250.35**
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	**27.81**	**29.36**	**30.44**	**30.24**	**29.79**

49. The combined *IWC* charges claimed by the Petitioner in respect of the transmission asset for the 2024-29 tariff period are as under:

(₹ in lakh)

Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
O&M Expenses	12.76	13.43	14.13	14.86	15.64
Maintenance Spares	22.96	24.17	25.44	26.75	28.16
Receivables	349.72	341.53	351.15	350.34	348.02
Total Working Capital	**385.44**	**379.13**	**390.72**	**391.95**	**391.82**
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	**45.87**	**45.11**	**46.49**	**46.64**	**46.62**

Capital Cost

50. 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 including integrated energy storage 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)……

(q) ……

(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;

(j)……

(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."

51. The Petitioner has claimed the following capital cost for the transmission asset for the 2024-29 tariff period:

(₹ in lakh)

Asset	**Apportioned Approved Cost as per FR**	**Capital Cost claimed as on 31.3.2024**	**ACE Claimed**					**Estimated Completion Cost**
			2024-25	**2025-26**	**2026-27**	**2027-28**	**2028-29**	
Existing System	15026.00	13690.17	(4899.24)	0.00	0.00	0.00	0.00	8790.93
Reconductoring Works	18241.66	12101.82	723.00	1140.99	326.00	163.00	0.00	14454.81
Total	**33267.66**	**25791.99**	**-4176.24**	**1140.99**	**326**	**163**	**0**	**23245.74**

52. We have considered the Petitioner's submissions. As discussed above, the reconductoring work has not been treated as a separate asset because it is an upgradation of the existing asset, not the implementation of a new asset. Accordingly, the AFC for the 2024-29 tariff period is being determined.

53. The capital cost has been dealt with in line with Regulation 19(3)(a) of the 2024 Tariff Regulations. The trued-up capital cost of ₹25791.99 lakh as on 31.3.2024 in respect of the transmission asset has been approved in the instant order and is

therefore treated as the opening capital cost as on 1.4.2024 for determining the AFC for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

54. Regulations 24 and 25 of the 2024 Tariff Regulations provide as follows:

> ***"24. Additional Capitalisation within the original scope and up to the cut-off date***
>
> *(1) The additional capital expenditure in respect of a new project or an existing project including integrated energy storage system incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*
>
> *(a) Payment made towards admitted liabilities for works executed up to the cut-off date;*
> *(b) Works deferred for execution;*
> *(c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
> *(d) Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;*
> *(e) Change in law or compliance with any existing law which is not provided for in the original scope of work;*
> *(f) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;*
> *Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and*
> *(g) Force Majeure events.*
>
> *Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.*
>
> *(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.*
>
> ***25. Additional Capitalisation within the original scope and after the cut-off date:***
>
> *(1) The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project including integrated energy storage system on the*

following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

(a) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority; or order or decree of any court of law;

(b) Change in law or compliance with any existing law which is not provided for in the original scope of work;

(c) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;

(d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;

(e) Force Majeure events;

(f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and

(2) In case of replacement of assets deployed under the original scope of the existing project after the cut-off date, the additional capitalization may be admitted by the Commission after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

(a) Assets whose useful life is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.

(e) The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of lease of lease hold land on case to case basis.

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

55. The Petitioner, in the instant Petition, has claimed the net ACE of (₹2546.25) lakh (additional capitalisation: ₹2352.99 lakh and de-capitalisation: ₹4899.24 lakh) incurred for the 2024-29 tariff period. The details are as follows:

(₹ in lakh)

Asset	**Particulars**	**ACE Claimed**					**Total**
		2024-25	**2025-26**	**2026-27**	**2027-28**	**2028-29**	
Existing System	De-capitalisation	(4899.24)	0.00	0.00	0.00	0.00	(4899.24)

Reconductoring Works	Additional Capitalisation	723.00	1140.99	326.00	163.00	0.00	2352.99
Total	Net ACE	**(4176.24)**	**1140.99**	**326.00**	**163.00**	**0.00**	**(2546.25)**

56. The Petitioner has submitted that the ACE projected in respect of the transmission asset for the 2024-29 tariff period is attributable to the costs incurred in carrying out the reconductoring and bay modification works and is covered under Regulation 25(2) of the 2024 Tariff Regulations.

57. The Petitioner has further submitted that de-capitalisation is claimed for the 2024-29 tariff period on account of: (a) Replacement of T/L equipment, i.e., conductors and accessories; and (b) Replacement of substation equipment, i.e., equipment requiring replacement or modification. The details of the de-capitalisation, as submitted by the Petitioner, are as follows:

Equipment/ Substation	**Year of capitalisation of asset being de-capitalised**	**Original Book Value of the asset being de-capitalised (₹ *in lakhs)***	**Debt – Equity Ratio at the time of capitalisation**	**Year of De-capitalisation**	**Cumulative depreciation corresponding to De-capitalisation (₹ *in lakhs)***	**Cumulative repayment of Loan corresponding to De-capitalisation (₹ *in lakhs)***
(FY 2024-25):						
Transmission line equipment	1.8.2010	4574.29	70:30	2024-25 (19.4.2024) *	3112.03	3112.03
Substation equipment	1.8.2010	298.34	70:30	2024-25 (19.4.2024) *	204.22	204.22
Communication System excl. OPGW equipment	1.8.2010	26.61	70:30	2024-25 (19.4.2024) *	19.58	19.58
Total -		**4899.24**			**3335.83**	**3335.83**
Remarks, if any: **19.4.2024 is the date of de-capitalisation and is 1 day before the re-capitalisation, i.e., COD (declared earlier, now revoked) of the reconductoring works, which was 20.4.2024*						

58. The Commission, vide RoP dated 22.7.2025, directed the Petitioner to submit justification for claiming the ACE for FY 2023-24 and de-capitalisation for FY 2024-25. Further, the Petitioner was directed to submit the original de-capitalisation date.

59. In response, the Petitioner, vide affidavit dated 13.8.2025, has submitted that the COD, as claimed in Petition No. 264/TT/2025, was revoked, and the present Petition was amended on the basis that the reconductoring works (including bay modification works) of an existing transmission line are to be treated as a “technical upgradation” of an existing asset, as only the existing conductor/equipment is being replaced. The capital cost incurred is being claimed as part of the additional capitalisation under the original project rather than as fresh capitalisation under a new or separate project. Since the reconductoring works (including bay modification works) were commissioned on 20.4.2024 (COD now revoked), the cost incurred up to that date includes the actual payments made to contractors for supplies and services received during FYs 2023-24 and 2024-25 (till 19.4.2024). The same has been allocated as per actual expenditure up to 31.3.2024 (FY 2023-24), actual expenditure incurred during FY 2024-25 (up to 19.4.2024 and onwards up to 31.3.2025), and projected expenditures for FYs 2025-26, 2026-27 and 2027-28. The de-capitalisation could be claimed only on the day before the reconductoring and modification of the associated bay works were completed and ready for use.

Analysis and Decision

60. We have considered the Petitioner’s submissions. As discussed earlier in this order, a combined tariff is being worked out for the existing system and the reconductoring works for the 2024-29 tariff period.

61. The Petitioner has projected the ACE for the reconductoring works for the 2024-29 tariff period. Therefore, in accordance with Regulation 25(2)(d) of the 2024 Tariff Regulations, the proposed ACE for the reconductoring works is hereby allowed as follows:

(₹ in lakh)

Particulars	ACE Allowed					Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
Additional Capitalisation towards reconductoring works	723.00	1140.99	326.00	163.00	0.00	2352.99

De-capitalisation

62. The Petitioner has proposed de-capitalisation for FY 2024-25 on account of the replacement of the transmission line equipment, pursuant to the reconductoring works of the existing system. The details of the proposed de-capitalisation for FY 2024-25 are as under:

(₹ in lakh)

Year of De-capitalization	Work/Equipment proposed to be de-capitalised	Year of capitalisation of asset/equipment being decapitalised	Original book value of asset being de-capitalised	Debt: Equity ratio at the time of capitalization	Cumulative depreciation corresponding to the date of de-capitalization	Cumulative repayment of loan corresponding to the date of de-capitalization
2024-25	Line equipment for 400 kV Jodhpur (Surpura)(RVPN) - Kankroli S/C (twin Moose) line along with	1.8.2010	4574.29	70.00:30.00	3112.03	3112.03

Year of De-capitalization	Work/Equipment proposed to be de-capitalised	Year of capitalisation of asset/equipment being decapitalised	Original book value of asset being de-capitalised	Debt: Equity ratio at the time of capitalization	Cumulative depreciation corresponding to the date of de-capitalization	Cumulative repayment of loan corresponding to the date of de-capitalization
	associated bays					
2024-25	Sub-stations equipment for 400 kV Jodhpur (Surpura)(RVPN) - Kankroli S/C (twin Moose) line along with associated bays	1.8.2010	298.34	70.00:30.00	204.22	204.2
2024-25	PLCC equipment for 400 kV Jodhpur (Surpura)(RVPN) - Kankroli S/C (twin Moose) line along with associated bays	1.8.2010	26.61	70.00:30.00	19.58	19.58

63. We have considered the Petitioner's submissions and perused the records. We direct the Petitioner to proportionately adjust the de-capitalisation, along with the corresponding ACE for the reconductoring works, and to submit a revised Form-10B reflecting the cumulative depreciation in respect of such de-capitalisation at the time of truing-up. The details of the ACE and the de-capitalisation allowed are as follows:

(₹ in lakh)

Particulars	ACE Allowed					Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
ACE allowed towards reconductoring works	723.00	1140.99	326.00	163.00	0.00	2352.99
De-capitalization	(4899.24)	0.00	0.00	0.00	0.00	(4899.24)
Net ACE	**(4176.24)**	**1140.99**	**326.00**	**163.00**	**0.00**	**(2546.25)**

64. Accordingly, the details of the capital cost and ACE allowed in respect of the transmission asset for the 2024-29 tariff period are as under**:**

(₹ in lakh)

Apportioned Approved cost	Capital Cost as on 1.4.2024	ACE (2024-29)	Capital Cost as on 31.3.2029
		2024-29	
33267.66	25791.99	(2546.25)	23245.74

Debt-Equity Ratio

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

> *"**18. Debt-Equity Ratio:** (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:*
>
> *Provided that:*
> *i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*
> *ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*
> *iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.*
>
> ***Explanation.-**The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.*
>
> *(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or the approval of the competent authority in other cases regarding the infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the*

capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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

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

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

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

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

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

(7) Any expenditure incurred for the energy storage system during the tariff period, as may be admitted by the Commission as additional capital expenditure of the generating station or transmission system for the determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation."

66. The debt-equity ratio considered for the purpose of computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity ratio allowed for the determination of tariff for the transmission asset for the 2024-29 tariff period is as follows:

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 tariff period (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	18054.60	70.00	-1782.38	70.00	16272.23	70.00
Equity	7737.39	30.00	-763.88	30.00	6973.51	30.00
Total	**25791.99**	**100.00**	**-2546.25**	**100.00**	**23245.74**	**100.00**

Depreciation

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

> ***"33. Depreciation:*** *(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In the case of the tariff of all the units of a generating station or all elements of a transmission system including the communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:*
>
> *Provided that the effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which a single tariff needs to be determined.*
>
> *(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, the weighted average life for the generating station or the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In the case of commercial operation of the asset for a part of the year, depreciation shall be charged on a pro rata basis.*
>
> *(3) The salvage value of the asset shall be considered as 10%, and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset:*
>
> *Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;*
>
> *…….*
>
> *Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.*
>
> *(4) ……*
>
> *(5) Depreciation for Existing Projects shall be calculated annually based on the*

Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:

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

……

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

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

……

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

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

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

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx

(13) Xxxxx"

68. The Commission, vide RoP dated 22.7.2025, directed the Petitioner to submit the actual date of de-capitalisation. In response, the Petitioner, vide affidavit dated 13.8.2025, has stated that the de-capitalisation date considered is 19.4.2024.

69. Further, the Petitioner was directed by the Commission to submit the basis for treatment of the unrecovered depreciation. In response, the Petitioner has submitted that the reconductoring work was carried out in accordance with the deliberations and approvals of the various statutory planning forums. As a result, the Petitioner de-capitalised the cost of the equipment replaced on account of reconductoring in the year 2024-25. It is submitted that the Petitioner was required to replace the equipment and the conductors with HTLS as part of the system upgradation. The details of the computation of the unrecovered depreciation are as follows:

(₹ in lakh)

Financial Year	De-capitalisation amount (A)	Cumulative Depreciation corresponding to de-capitalisation (B)	Unrecovered Depreciation (C=(A)*90%-B)
2024-25	4899.24	3335.83	1073.49

70. Depreciation has been calculated based on the admitted capital expenditure as on 1.4.2024, and thereafter up to 31.3.2029. The WAROD for the transmission asset has been calculated in accordance with the depreciation rates specified in the 2024 Tariff Regulations. Since the transmission asset has completed 12 years of its useful life as on 31.3.2023, the remaining depreciable value, adjusted for de-capitalisation and ACE as on 1.4.2024, has been spread over the balance of the transmission asset's useful life in accordance with the 2024 Tariff Regulations.

71. The depreciation allowed for the transmission asset, as per 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
	Depreciation					
A	Opening Gross Block	25791.99	21615.75	22756.74	23082.74	23245.74
B	Addition during 2024-29 due to ACE	-4176.24	1140.99	326.00	163.00	0.00

Sl. No	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
C	Closing Gross Block (A+B)	21615.75	22756.74	23082.74	23245.74	23245.74
D	Average Gross Block (A+C)/2	23703.87	22186.25	22919.74	23164.24	23245.74
E	Average Capital Cost (90% depreciable assets)	23703.87	22186.25	22919.74	23164.24	23245.74
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	21333.48	19967.62	20627.77	20847.82	20921.17
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	21333.48	19967.62	20627.77	20847.82	20921.17
J	Weighted Average Rate of Depreciation (WAROD) (in %)	Spread-over depreciation				
K	Balance useful life of the asset	21	20	19	18	17
L	Elapsed life at the beginning of the year	13	14	15	16	17
M	**Combined Depreciation during the year (D*J)**	**641.60**	**657.98**	**692.72**	**704.95**	**709.26**
N	Cumulative Depreciation at the end of the year	6808.11	7466.08	8158.80	8863.75	9573.01
O	Remaining Aggregate Depreciable Value at the end of the year	12320.72	12501.54	12468.96	11984.07	11348.16

Unrecovered Depreciation due to Reconductoring Works:

72. The Petitioner has made the following submissions regarding the unrecovered depreciation:

a) The reconductoring works were carried out in accordance with the deliberations and approvals of the various statutory planning forums. The reconductoring of the 400 kV Jodhpur (Surpura) (RVPN) - Kankroli S/C (twin moose) line with twin HTLS conductor, along with OPGW installation, was discussed and agreed at the 3rd meeting of the Northern Regional Power Committee (Transmission Planning) {NRPC(TP)} held on 19.2.2021, the 4th meeting of the Northern Regional Power Committee (Transmission Planning) {NRPC(TP)} held on

5.10.2021, and the 12.10.2021 meeting, respectively. The scheme was also discussed at the 53rd meeting of the Northern Region Power Committee (NRPC) held on 29.4.2022 and at the 9th NCT meeting held on 28.09.2022. The scheme was recommended for implementation through the RTM mode. Subsequently, CTUIL, vide its OM dated 15.11.2022, awarded the subject scheme for implementation under the Regulated Tariff Mechanism (RTM) by Powergrid (implementing agency).

b) The Petitioner has been entrusted with the implementation of "Scheme to relieve High Loading of WR-NR Inter Regional Corridor (400 kV Bhinmal- Zerda line) in Northern Region". The Investment Approval of the project was accorded by the Committee on Investment on Projects vide Memorandum dated 27.2.2023 at an estimated cost of ₹20058.00 lakh, including Interest During Construction (IDC) of ₹788.00 lakh based on September 2022 price level.

c) Considering the decisions made by the above statutory planning forums, the old conductors of the transmission line, i.e., 400 kV Jodhpur (Surpura) (RVPN) - Kankroli S/C (twin moose) line, were replaced with twin HTLS conductors along with OPGW installation, and the Petitioner de-capitalised the cost of the equipment and old conductors, which were replaced from the gross block of the tariff block 2024-29 on account of reconductoring in FY 2024-25. Since the Petitioner was required to replace the conductors with Twin HTLS as part of the system upgradation, one-time recovery of the under-mentioned unrecovered depreciation be allowed:

    I. Depreciation, as an element of the tariff, is allowed at the applicable rate over the asset's useful life, covering up to 90% of the asset's value

(excluding land). Depreciation is a crucial tariff element that recovers the investment cost. Upon de-capitalisation of the asset, the depreciation associated with that asset ceases. Thus, unrecovered depreciation for the remainder of the asset's useful life is the sole means of recouping the investment value.

II. The reconductoring of the transmission line was not due to any deficiency, default, or failure attributable to the Petitioner. The replacement was necessitated by system upgradation requirements approved in a statutory planning forum. As a transmission licensee, the Petitioner is required only to implement the upgradation and replacement schemes as planned and approved by these forums. Therefore, the Petitioner should not be deprived of its legitimate right to recover the capital investment already made, in the form of unrecovered depreciation, in accordance with the principles established under the Act and the Tariff Regulations framed under it.

III. The Commission has acknowledged that the difficulty being faced by the transmission licensees related to the unrecovered depreciation arising for no fault of the licensee and has accordingly provided a suitable mechanism for its recovery under Regulation 35(1) of the 2024 Tariff Regulations. Therefore, the unrecovered depreciation of ₹1073.49 lakh may be allowed under Regulation 35(1) of the 2024 Tariff Regulations.

73. We have considered the Petitioner's submissions and perused the record. Regulation 35 of the 2024 Tariff Regulations provides as follows:

"35. De-Commissioning

(1) In case a generating station or unit thereof, or a transmission system including communication systems or element thereof after it is certified by CEA or CTU or any other statutory authority, that any asset cannot be operated or needs to be replaced on account of environmental concerns or safety issues or system upgradation or a combination of these factors not attributable to generating company or a transmission licensee, the unrecovered depreciable value may be allowed to be recovered on a case-to-case basis after duly adjusting the salvage value or realisation value, whichever is higher, post disposal of such project:

Provided that the manner of recovery, including a number of instalments in which such unrecovered depreciation will be allowed, shall be specified by the Commission on a case-to-case basis;

Provided further that no carrying cost shall be allowed on any delay associated with such recovery."

74. We note that, as per Regulation 35 of the 2024 Tariff Regulations, if any transmission system, including a communication system, or any element is replaced on account of environmental concerns, safety issues, system upgradation, or a combination of these factors, and the replacement is certified by the Central Electricity Authority (CEA) or CTUIL, the unrecovered depreciation is allowable after adjusting for the salvage value or the realisation value, whichever is higher, post disposal of the project. The unrecovered depreciation, including the number of instalments, shall be recovered as specified by the Commission, and no carrying cost shall be allowed for any delay associated with such recovery.

75. The reconductoring has been approved by the 3rd meeting of the Northern Regional Power Committee (Transmission Planning) {NRPC(TP)} held on 19.2.2021, 4th meeting of the Northern Regional Power Committee (Transmission Planning) {NRPC(TP)} held on 5.10.2021 and 12.10.2021, respectively. The scheme was also discussed at the 53rd meeting of the Northern Region Power Committee (NRPC) held on 29.4.2022 and at the 9th NCT meeting held on 28.9.2022. Taking into account the recommendations of NRPC, CTUIL, and NCT, we allow the recovery of the unrecovered

depreciation. The Petitioner has claimed cumulative depreciation of ₹1073.49 lakh up to 31.3.2025. The de-capitalisation was carried out mid-year as a negative ACE. Accordingly, the benefit of half a year's depreciation is allowed in the tariff for the de-capitalised asset. Therefore, depreciation amounting to ₹25.56 lakh (90%*4899.24-3335.83)/(2*21)) pertaining to the de-capitalised asset has been allowed during FY 2024-25. Accordingly, the unrecovered depreciation works out to be ₹1047.93 lakh (₹1073.49 lakh - ₹25.56 lakh) as on 31.3.2025.

76. The Petitioner is directed to submit complete documentary evidence in support of the recovery of the unrecovered depreciable value, including details of the disposal of the asset and the computation of the salvage value or realisation value, whichever is higher. The said documents shall be furnished for consideration at the time of true-up. No carrying cost shall be admissible for any delay associated with such recovery. The claim for unrecovered depreciation is allowed as a one-time recovery.

77. The details of unrecovered depreciation of the de-capitalised asset are as follows:

(₹ in lakh)

Unrecovered Depreciation of the De-capitalised Asset		
Sl No.	**Particulars**	**2024-25**
A	Gross Block of Decapitalised Asset	4899.24
B	Depreciable Value (A*90%)	4409.32
C	Cumulative Depreciation already recovered as submitted in Form 10-B	3335.83
D	Depreciation allowed during the year ((B-C)/(2*Balance Useful Life))	25.56
E	Cumulative depreciation at the end of the year (C+D)	3361.39
F	Remaining Aggregate Depreciable Value at the end of the year (B-E)	1047.93

Interest on Loan (IoL)

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

> ***"32. Interest on loan capital:*** *(1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered gross normative loans for the calculation of interest on loans.*
>
> *(2) The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.*
>
> *(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.*
>
> *(4) Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.*
>
> *(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio:*
>
> *Provided that if there is no actual loan outstanding for a particular year but the normative loan is still outstanding, the last available weighted average rate of interest of the loan portfolio for the project shall be considered;*
>
> *Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of interest of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered;*
>
> *Provided that the rate of interest on the loan for the installation of the emission control system commissioned subsequent to date of commercial operation of the generating station or unit thereof, shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered, subject to a ceiling of 14%;*
>
> *Provided further that if the generating company or the transmission licensee, as the case may be, does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.*
>
> *Provided also that if the generating company or the transmission licensee, as the case may be, has availed a part or entire loan, during construction period or operation period, from a related party at a rate of interest higher than the rate of*

interest charged by recognised financial or lending institutions not classified as related party, the rate of interest shall be —

a) the weighted average rate of interest calculated based on the existing loan portfolio, excluding part of the loan availed from a related party; or

b) lower of actual or 1-year SBI MCLR plus 205 basis points, where the entire loan is availed from a related party; and

c) reduced by restructuring or re-financing the loan within a period of one year from the date of commercial operation for the new project or from the date of notification of this regulation for the existing project.

Clarification: (1) The meaning of related party will be considered as per sub-section 76 of Section 2 of the Companies Act, 2013. (2) The recognised financial or lending institutions means scheduled commercial banks, all-India financial institutions regulated by the Reserve Bank of India, and Government-owned Non-Banking Financial Companies.

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

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

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

(₹ in lakh)

S. No	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	18054.60	15131.24	15929.93	16158.13	16272.23
B	Cumulative Repayments up to Previous Year	9527.90	6808.11	7466.08	8158.80	8863.75
C	Net Loan-Opening	8526.70	8323.13	8463.85	7999.33	7408.48
D	Additions	506.10	798.69	228.20	114.10	0.00
E	Adjustment of normative gross loan pertaining to the de-capitalised asset	3429.47	0.00	0.00	0.00	0.00

F	Repayment during the year	641.60	657.98	692.72	704.95	709.26
G	Adjustment of cumulative repayment pertaining to the de-capitalised asset	3335.83	0.00	0.00	0.00	0.00
H	Net Loan-Closing (C+D-E-F+G)	8323.13	8463.85	7999.33	7408.48	6699.22
I	Average Loan	8424.92	8393.49	8231.59	7703.90	7053.85
J	Weighted Average Rate of Interest on Loan (in %)	7.8630	7.8583	7.8704	7.8737	7.8565
K	**Interest on Loan**	662.45	659.59	647.86	606.58	554.19

Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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

…….……

(4)……..."

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

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

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

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

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

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

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

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

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

81. The Petitioner has submitted that the MAT rate applies to it.

82. 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 transmission asset for the 2024-29 tariff period is as follows:

(₹ in lakh)

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	7737.39	6484.51	6826.81	6924.61	6973.51
B	Additions	-1252.87	342.30	97.80	48.90	0.00
C	Closing Equity (A+B)	6484.51	6826.81	6924.61	6973.51	6973.51
D	Average Equity (A+C)/2	7110.95	6655.66	6875.71	6949.06	6973.51
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	**Return on Equity (D*G)**	**1335.58**	**1250.07**	**1291.40**	**1305.17**	**1309.76**

Operation and Maintenance Expenses (O&M Expenses)

83. The O&M Expenses claimed by the Petitioner for the transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	153.08	161.15	169.58	178.36	187.70

84. The norms specified under Regulations 36(3)(a) and 36(4) of the 2024 Tariff Regulations provide as follows:

> *"**36. Operation and Maintenance Expenses:***
> *…*
> ***(3) Transmission system:** (a) The following normative operation and maintenance expenses shall be admissible for the transmission system:*

Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Norms for sub-station Bays (Rs Lakh per bay)					
765 kV	*41.34*	*43.51*	*45.79*	*48.20*	*50.73*
400 kV	*29.53*	*31.08*	*32.71*	*34.43*	*36.23*
220 kV	*20.67*	*21.75*	*22.90*	*24.10*	*25.36*

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
132 kV and below	*15.78*	*16.61*	*17.48*	*18.40*	*19.35*
Norms for Transformers/ Reactors (Rs Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAr (Rs Lakh per MVA or per MVAr)	*0.262*	*0.276*	*0.290*	*0.305*	*0.322*
Norms for AC and HVDC lines (Rs Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	*0.861*	*0.906*	*0.953*	*1.003*	*1.056*
Single Circuit (Bundled conductor with four or more sub-conductors)	*0.738*	*0.776*	*0.817*	*0.860*	*0.905*
Single Circuit (Twin & Triple Conductor)	*0.492*	*0.518*	*0.545*	*0.573*	*0.603*
Single Circuit (Single Conductor)	*0.246*	*0.259*	*0.272*	*0.287*	*0.302*
Double Circuit (Bundled conductor with four or more sub-conductors)	*1.291*	*1.359*	*1.430*	*1.506*	*1.585*
Double Circuit (Twin & Triple Conductor)	*0.861*	*0.906*	*0.953*	*1.003*	*1.056*
Double Circuit (Single Conductor)	*0.369*	*0.388*	*0.409*	*0.430*	*0.453*
Multi Circuit (Bundled Conductor with four or more sub-conductor)	*2.266*	*2.385*	*2.510*	*2.642*	*2.781*
Multi Circuit (Twin & Triple Conductor)	*1.509*	*1.588*	*1.671*	*1.759*	*1.851*
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per MW)	*2.07*	*2.18*	*2.30*	*2.42*	*2.55*
Gazuwaka BTB (Rs Lakh/MW)	*1.83*	*1.92*	*2.03*	*2.13*	*2.24*
HVDC bipole scheme (Rs Lakh/MW)	*1.04*	*1.10*	*1.16*	*1.22*	*1.28*

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

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

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

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

Provided also that the O&M expenses of the transmission system of Bhakra Beas Management Board shall be allowed based on past year data on a case-by-case basis at the time of the determination of tariff.

(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.

……..

***(4) Integrated Energy storage system:** The operation and maintenance expenses on account of integrated energy storage systems in coal, lignite or gas-based thermal generating stations or the transmission system, as the case may be, shall be 2.0% of the admitted capital expenditure (excluding IDC and IEDC) as on the date of commercial operation, which shall be escalated annually @ 5.25% during the first two years of operation;*

Provided that the generating company or the transmission licensee, as the case may be, shall file the details of the operation and maintenance expenses for each financial year for consideration of the Commission and wherever required, the Commission may revise the operation & maintenance expenses through separate order either by its own motion or application filed by the generating company or the transmission licensee, as the case may be."

85. We have considered the Petitioner's submissions. The O&M Expenses have been worked out for the transmission asset in accordance with Regulation 36 of the 2024 Tariff Regulations and the same are as follows:

(₹ in lakh)

Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Substation Bays – 2 Nos. 400 kV (Conventional) • **1 No. Jodhpur bay at Kankroli Substation** • **1 No. Kankroli bay at Jodhpur Substation**					
Norms as per Regulation (₹ per Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses allowed	59.06	62.16	65.42	68.86	72.46
Transmission Line- S/C (Twin Conductor): **Kankroli - Jodhpur 400 kV Single Circuit Line – 183.848 km**					
Norms as per Regulation (₹ per km)	0.492	0.518	0.545	0.573	0.603
O&M Expenses allowed	90.45	95.23	100.20	105.34	110.86
Transmission Line- Double Ckt (Twin Conductor): **Kankroli - Jodhpur 400 kV Double Circuit Line – 4.152 km**					
Norms as per Regulation (₹ per km)	0.861	0.906	0.953	1.003	1.056

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses allowed	3.57	3.76	3.96	4.16	4.38
Total O&M Expenses allowed	**153.09**	**161.15**	**169.57**	**178.37**	**187.70**

Interest on Working Capital (IWC)

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

> ***"34. Interest on Working Capital****: (1) The working capital shall cover:*
> *……*
> *(d) For Hydro generating station (including Pumped Storage Hydro generating station) and Transmission System:*
> *(i) Receivables equivalent to 45 days of annual fixed cost;*
> *(ii)Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
> *(iii)Operation and maintenance expenses, including security expenses for one month.*
>
> *(2) ……*
>
> *(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024-29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:*
>
> *Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.*
>
> *(4) Interest on working capital shall be payable on a normative basis, notwithstanding that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency."*

87. The Petitioner has submitted that it has computed IWC for the 2024-29 period considering the SBI Base Rate plus 325 basis points as on 1.4.2024. The Petitioner has considered the IWC rate as 11.90%. The IWC is worked out in accordance with Regulation 34 of the 2024 Tariff Regulations. The Rate of Interest (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, 12.25% (SBI 1-year MCLR applicable as on 1.4.2025 of 9.00% plus

325 basis points) for FY 2025-26 and 11.95% (SBI 1-year MCLR applicable as on 1.4.2026 of 8.70% plus 325 basis points) for FY 2026-27 to FY 2028-29.

88. 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 transmission asset are as follows:

(₹ 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)	12.76	13.43	14.13	14.86	15.64
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	22.96	24.17	25.44	26.76	28.16
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	349.97	342.16	351.30	349.55	346.28
D	**Total Working Capital (A+B+C)**	**385.69**	**379.76**	**390.87**	**391.17**	**390.08**
E	Rate of Interest on Working Capital (in %)	11.90	12.25	11.95	11.95	11.95
F	**Interest on Working Capital (D*E)**	**45.90**	**46.52**	**46.69**	**46.73**	**46.60**

Annual Fixed Charges for the 2024-29 Tariff Period

89. The AFC allowed for the 2024-29 tariff period in respect of the transmission asset is summarised as follows:

(₹ in lakh)

Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Depreciation	641.60	657.98	692.72	704.95	709.26
Interest on Loan	662.45	659.59	647.86	606.58	554.19
Return on Equity	1335.58	1250.07	1291.40	1305.17	1309.76
O&M Expenses	153.09	161.15	169.57	178.37	187.70
Interest on Working Capital	45.90	46.52	46.69	46.73	46.60
Total	**2838.61**	**2775.31**	**2848.25**	**2841.79**	**2807.51**

Filing Fee and Publication Expenses

90. The Petitioner has claimed the reimbursement of the fee paid by it for filing the Petition and publication expenses in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

91. We have considered the Petitioner's submissions. The Petitioner is entitled to the 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, in terms of Regulation 94(1) of the 2024 Tariff Regulations.

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

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

93. Regulation 99 of the 2024 Tariff Regulations provides as under:

> ***"99. Special Provisions relating to Central Transmission Utility of India Ltd. (CTUIL)****: The fees 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."*

94. 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 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

95. The Petitioner has claimed the reimbursement of the license fee and 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 under Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

96. The Petitioner has submitted that the transmission charges claimed herein are exclusive of the Goods and Services Tax (GST), and in case GST is levied on transmission of electricity in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is prayed that, if the Petitioner pays additional taxes on account of demands from the Government/Statutory Authorities, the Commission may allow the same to be recovered from the beneficiaries.

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

Security Expenses, Insurance and Capital Spares

98. The Petitioner has submitted that it has not claimed any security expenses for the transmission asset in the instant Petition. It is submitted that a separate Petition will

be filed for the truing-up of the security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of the security expenses from 1.4.2024 to 31.3.2029 under Regulation 36(3)(d) of the 2024 Tariff Regulations.

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

100. It is further submitted that the Petitioner has not claimed the capital spares for the transmission asset for the 2024-29 tariff period in the instant Petition and shall file a separate Petition claiming 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 the capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

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

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

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

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

Provided that the self-insurance premium shall be transferred to a separate fund for utilization to meet the claims, and the expenditure incurred or amount utilized from the self-insurance fund shall be made available to the Commission as and when directed."

102. 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 and 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

103. The Petitioner has submitted that the trued-up tariff for the 2019-24 tariff period shall be recovered monthly in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers. It is submitted that the tariff for the 2024-29 tariff period shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers as per the Central Electricity Regulatory Commission (Sharing of Inter-state Transmission Charges and Losses) Regulations, 2020 (hereinafter referred to as "the 2020 Sharing Regulations").

104. We have considered the Petitioner's submissions. We note that with effect from 1.11.2020, the sharing of transmission charges is governed by the 2020 Sharing

Regulations. Accordingly, the liabilities of the DICs for arrears of the transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of the respective Tariff Regulations and shall be recovered from the concerned DICs through the second bill as per Regulation 15(2)(b) of the 2020 Sharing Regulations. The billing, collection, and the disbursement of the transmission charges for the transmission asset shall be recovered in terms of the 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.

105. To summarise:

a. The details of the trued-up AFC claimed by the Petitioner in the instant Petition, and the trued-up AFC approved in the instant order for the transmission asset are as follows:

(₹ in lakh)

Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
AFC Claimed	1961.67	1897.84	1834.33	1773.43	2079.60
AFC Approved	1961.67	1897.84	1834.32	1773.42	2082.54

b. The details of the AFC allowed for the 2024-29 tariff period for the transmission asset in this order are as follows:

(₹ in lakh)

Particulars	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
AFC Claimed	3910.13	2770.14	2848.23	2849.45	2822.80
AFC allowed	2838.61	2775.31	2848.25	2841.79	2807.51

c. The details of the unrecovered depreciation claimed and allowed for the 2024-29 tariff period for the transmission asset are as follows:

(₹ in lakh)

Particulars	2024-25
Unrecovered Depreciation Claimed	1073.49
Unrecovered Depreciation Allowed	1047.93

106. This order disposes of Petition No. 219/TT/2025, in terms of the above discussions and findings.

sd/-	**sd/-**	**sd/-**	**sd/-**
(Ravinder Singh Dhillon)	**(Harish Dudani)**	**(Ramesh Babu V.)**	**(Jishnu Barua)**
Member	**Member**	**Member**	**Chairperson**