CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 266/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:

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under the Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023, read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, for the determination of the transmission tariff for the 2019-24 tariff period for 3 Nos. of assets under "Fibre Optic Communication System under Expansion of Wideband Communication Network" in the Eastern Region.

And in the matter of:

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

…Petitioner

Versus

1. **Bihar State Power (Holding) Company Limited,**
   Vidyut Bhawan, Bailey Road,
   Patna – 800 001, Bihar.

2. **West Bengal State Electricity Distribution Company Limited,**
   Bidyut Bhawan, Bidhan Nagar, Block DJ, Sector-II, Salt Lake City,
   Kolkata – 700 091, West Bengal.

3. **Grid Corporation of Orissa Limited,**
   Shahid Nagar, Bhubaneswar – 751 007,
   Odisha.

4. **Damodar Valley Corporation,**
   DVC Tower, Maniktala, Civic Centre,
   VIP Road, Kolkata – 700 054, West Bengal.

5. **Power Department, Government of Sikkim,**
   Gangtok – 737 101, Sikkim.

6. Jharkhand Bijli Vitran Nigam Limited,
Engineering Building, H.E.C., Dhurwa,
Ranchi – 834 004, Jharkhand**.**

…Respondent(s)

Parties Present: Shri Satya Jha, Advocate, BSPHCL
Shri Adya Jha, Advocate, BSPHCL
Ms. Supriya Singh, PGCIL
Shri Amit Yadav, PGCIL
Shri Ashish Alankar, PGCIL
Shri Yatin Kalra, PGCIL

ORDER

The Petitioner, Power Grid Corporation of India Limited (hereinafter referred to as "the Petitioner / PGCIL") has been filed the instant Petition for the determination of the transmission tariff from the date of commercial operation (COD) to 31.3.2024 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "the 2019 Tariff Regulations") with respect to the following assets (hereinafter referred to as "the communication assets") under the scheme "Fibre Optic Communication System under Expansion of Wideband Communication Network" (hereinafter referred to as "the communication project") in the Eastern Region.

Particulars	Asset Name
Asset-I:	Jeypore - Bolangir OPGW link (288.00 km)
Asset-II:	Biharsharif - Koderma OPGW link (111.00 km)
Asset-III:	Biharsharif - Banka OPGW link (183.87 km).

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

"a) Admit the Petition filed in compliance with the Regulation 9 of the CERC Regulations.
b) Condone the delay in completion of subject assets on merit of the same being out of the control of Petitioner in line with CERC Regulations 2019 22(2) "uncontrollable factors" and approve the tariff as claimed.
c) Admit the capital cost as claimed in the Petition and approve the Additional Capitalization incurred / projected to be incurred.
d) Approve the Transmission Tariff for the tariff block 2019-24 block for the asset covered under this Petition, as per para-32 above.
e) Allow the Petitioner to include the asset, at Sl. No. 13 of the table at para 13, in the instant petition.
f) Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any

application before the Commission as provided in Tariff Regulation 2019 as per para 31 above for respective block.

g) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 70(1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and other expenditure (if any) in relation to the filing of Petition.*

h) *Allow the Petitioner to bill and recover Licensee fee and RLDC fees and charges, separately from the respondents in terms of Regulation 70(3) and 70(4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.*

i) *Allow the Petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the Beneficiaries.*

j) *Allow the Petitioner to claim the overall security expenses and consequential IOWC on that security expenses as mentioned at para 32 above.*

k) *Allow the Petitioner to claim the capital spares at the end of tariff block as per actual.*

l) *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.*

m) *Allow interim tariff in accordance with Regulation 10 (3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for purpose of inclusion in the PoC charges.*

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

Background

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

(a) The Investment Approval (the IA) for the communication project was accorded by the Board of Directors (BoD) of the Petitioner's Company, vide Memorandum No. C/CP/FO-ER dated 27.3.2012 at an estimated cost of ₹11580 lakh, including an Interest During Construction (IDC) of ₹654 lakh based on the 4th Quarter, 2011 price level.

(b) The scope of the communication project was discussed and approved in the 15th and 17th meetings of the ERPC and TCC held on 27.9.2010 to 28.9.2010 and 17.3.2011, respectively. The communication project was further ratified in the 2nd SCM of ER held on 27.8.2013.

(c) Further, the Petitioner, vide affidavit dated 8.7.2025, has submitted that the Revised Cost Estimate (RCE) of the project was accorded by the Competent

Authority, i.e., BoD, vide C/CP/PA2425-11-0T RCE019 dated 18.2.2025 for ₹10601 lakh including an IDC of ₹712 lakh.

(d) The scope of the work covered under the instant communication project is as under:

i. Installation of an estimated 1159 km of OPGW fibre optic cable on the existing EHV transmission line.

ii. Installation of an estimated 2500 km of OPGW fibre optic cable on the new/upcoming EHV transmission line.

iii. Installation of 53 nos. of terminal equipment for communication based upon Synchronous Digital Hierarchy (SDH) technology shall be installed in the substations of constituents and POWERGRID.

iv. Installation of 76 nos. of drop insert multiplexers at wide band nodes.

v. Network Management System (NMS) to monitor the network is also envisaged.

vi. 53 Nos. of DC power supplies have been envisaged at all the wideband locations. However, this requirement shall be optimised during detailed engineering.

(e) The details of Petitions filed by the Petitioner under the communication project in the Eastern Region are as under:

Sl. No.	Asset Name	COD
Scope of work already filed in Petition No. 474/TT/2020		
1	2 Nos. OPGW links under Central Sector (127 km)	1.11.2013
2	3 Nos. OPGW links under Central Sector (170.234 km)	1.3.2014
3	11 Nos. of OPGW links under Central Sector (789.635 km)	1.10.2014
4	3 Nos. OPGW links under Central Sector (112.886 km)	20.4.2015
5	5 Nos. links under Central Sector (527.751 km)	5.1.2016
6	6 Nos. links under Central Sector (562.873 km)	31.3.2016
7	7 Nos. links under Central Sector (664.53 km)	1.3.2017
Scope of work already filed in Petition No. 35/TT/2023		
8	1 No. links {Sasaram - Daltonganj} under Central Sector (196.132 km)	1.2.2018
9	1 Nos. links {Barh - Kahalgaon} under Central Sector (215.22 km)	1.2.2018
Scope of work covered in the Instant Petition		
10	**Asset-I:** Jeypore - Bolangir OPGW link (288.00 km)	19.5.2019
11	**Asset-II:** Biharsharif - Koderma OPGW link (111.00 km)	19.1.2021
12	**Asset-III:** Biharsharif - Banka OPGW link (183.87 km)	27.6.2023
Balance Scope of work to be filed subsequently		
13	Balance links {Alipurduar - Punatsangchu}	-
Remarks: • *The above table consists of the entire scope of the subject project.* • *The project is a Central Sector Scheme.*		

(f) As per the IA, the project was scheduled to be commissioned within 30 months from the date of IA, i.e., 27.3.2012. Accordingly, the details of the Scheduled Commercial Operation Date (SCOD), Date of Commercial Operation (COD), and the time overrun for the communication assets are as under:

Asset No.	Asset Name	SCOD	COD	Time Overrun (in days)
Asset-I	Jeypore - Bolangir OPGW link (288.00 km)	26.9.2014	19.5.2019	1696
Asset-II	Biharsharif - Koderma OPGW link (111.00 km)		19.1.2021	2307
Asset-III	Biharsharif - Banka OPGW link (183.87 km)		27.6.2023	3196

4. The Respondents are the Distribution Licensees, Transmission Licensees and Power Departments, primarily beneficiaries of the Eastern Region, who are procuring transmission services from the Petitioner.

5. The Petitioner has served a copy of the Petition on the Respondents, and the notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the Act). However, the Petitioner has not received any comments or suggestions from the general public in response to the aforesaid notices published in the newspapers.

6. The hearings in the instant matter were held on 29.5.2025 and 19.8.2025, and the order was reserved. This order is passed considering the Petitioner's submissions in the Petition vide affidavit dated 29.7.2024, and the subsequent affidavits dated 8.7.2025 and 2.9.2025. Further, Respondent No. 1, i.e., Bihar State Power (Holding) Company Limited (BSPHCL), filed its reply vide affidavit dated 5.8.2025, to which the Petitioner filed its rejoinder vide affidavit dated 19.8.2025. The issues raised by BSHPCL and the clarifications furnished by the Petitioner thereon have been considered in the subsequent paragraphs of this order.

7. It is observed that the Petitioner has prayed to the Commission to allow the inclusion of the asset listed at Sl. No. 13, i.e., Balance links: Alipurduar - Punatsangchhu, in the instant Petition for the purpose of determining the transmission tariff. However, the Petitioner has not submitted the requisite details pertaining to the said asset for tariff determination. Accordingly, we are not inclined to consider the said asset in the instant Petition.

8. Having heard the learned counsel of the BSHPCL and the representatives of the Petitioner and having perused the material on record, we proceed to dispose of the instant Petition in the succeeding paragraphs.

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

9. The Petitioner has claimed the following transmission charges with respect to the communication assets for the 2019-24 tariff period:

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	41.73	48.11	48.11	48.11	48.11
Interest on Loan	36.50	38.38	34.45	30.51	26.55
Return on Equity	37.15	42.82	42.82	42.82	42.82
O&M Expenses	13.21	15.20	15.20	15.20	15.20
Interest on Working Capital	2.31	2.61	2.55	2.49	2.43
Total	**130.90**	**147.12**	**143.13**	**139.13**	**135.11**

Asset-II

(₹ in lakh)

Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
Depreciation	4.85	25.41	26.23	26.48
Interest on Loan	3.99	19.56	18.12	16.56
Return on Equity	4.31	22.62	23.35	23.57
O&M Expenses	1.65	8.37	8.37	8.37
Interest on Working Capital	0.25	1.29	1.29	1.28
Total	**15.05**	**77.25**	**77.36**	**76.26**

Asset-III

(₹ in lakh)

Particulars	2023-24 (Pro-rata for 279 days)
Depreciation	26.99
Interest on Loan	23.19

Return on Equity	24.03
O&M Expenses	8.72
Interest on Working Capital	1.49
Total	**84.42**

10. The Petitioner has claimed the following Interest on Working Capital (IWC) for the communication assets for the 2019-24 tariff period:

Asset-I

(₹ in lakh)

Particulars	**2019-20 (Pro-rata for 318 days)**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
O&M Expenses	1.27	1.27	1.27	1.27	1.27
Maintenance Spares	2.28	2.28	2.28	2.28	2.28
Receivables	18.52	18.14	17.65	17.15	16.61
Total Working Capital	22.07	21.69	21.20	20.70	20.16
Rate of Interest on working capital (in %)	12.05	12.05	12.05	12.05	12.05
Interest on Working Capital	**2.31**	**2.61**	**2.55**	**2.49**	**2.43**

Asset-II

(₹ in lakh)

Particulars	**2020-21 (Pro-rata for 72 days)**	**2021-22**	**2022-23**	**2023-24**
O&M Expenses	0.70	0.70	0.70	0.70
Maintenance Spares	1.26	1.26	1.26	1.26
Receivables	9.41	9.52	9.54	9.38
Total Working Capital	11.37	11.48	11.50	11.34
Rate of Interest on working capital (in %)	11.25	11.25	11.25	11.25
Interest on Working Capital	**0.25**	**1.29**	**1.29**	**1.28**

Asset-III

(₹ in lakh)

Particulars	**2023-24 (Pro-rata for 279 days)**
O&M Expenses	0.95
Maintenance Spares	1.72
Receivables	13.62
Total Working Capital	16.29
Rate of Interest on working capital (in %)	12.00
Interest on Working Capital	**1.49**

Date of Commercial Operation ("COD")

11. The Petitioner has claimed the COD with respect to the communication assets for the 2019-24 tariff period. In support of the claimed CODs, the Petitioner has submitted the ERLDC Certificates of successful commissioning and the COD Certificate for the communication assets. The details of the same areas under:

Asset No.	Asset Name	SCOD	COD
Asset-I	Jeypore - Bolangir OPGW link (288.00 km)	26.9.2014	19.5.2019
Asset-II	Biharsharif - Koderma OPGW link (111.00 km)		19.1.2021
Asset-III	Biharsharif - Banka OPGW link (183.87 km)		27.6.2023

12. The Commission, vide its technical validation letter dated 9.5.2025, directed the Petitioner to submit the CMD Certificate and CEA Certificate with respect to the instant Petition. In response, the Petitioner, vide affidavit dated 8.7.2025, submitted that the instant Petition pertains to communication equipment/elements, for which no capacity is specified. Accordingly, the Petitioner has submitted that the requirement of the CMD Certificate is applicable to the Petitions involving communication assets having a well-defined capacity, and therefore, as a matter of practice, the CMD Certificate has not been prepared for such Petitions involving only communication systems. The Petitioner further submitted that in recent tariff orders, namely, order dated 21.4.2025 in Petition No. 1/TT/2022, order dated 18.12.2024 in Petition No. 323/TT/2023, order dated 30.5.2024 in Petition No. 194/TT/2023, the Commission had approved the COD of Communication schemes/projects based on the RLDC/ SLDC Certificates and COD letter.

13. Further, with regard to the CEA Certificate, the Petitioner has submitted that the communication system normally operates on a 24/48-volt DC supply and, accordingly, the CEA Certificate is not ordinarily obtained for such communication systems. As per the prevailing practice, the CEA Certificate has not been obtained for the communication systems such as OPGW, SCADA, EMS, RTU, SAS, URTDSM, and NMS, etc.

14. Regulation 5 of the 2019 Tariff Regulations provides as under:

> ***"5. Date of Commercial Operation:*** *(1) The date of commercial operation of a generating station or unit thereof or a transmission system or element thereof and associated communication system shall be determined in accordance with the provisions of the Grid Code.*
>
> *(2) In case the transmission system or element thereof executed by a transmission licensee is ready for commercial operation but the interconnected generating station or the transmission system of other transmission licensee as per the agreed project implementation schedule is not ready for commercial operation, the transmission*

licensee may file petition before the Commission for approval of the date of commercial operation of such transmission system or element thereof:

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

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

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

15. We have considered the Petitioner's submissions and perused the material placed on record. It is observed that in support of its claim of COD of the instant communication assets, the Petitioner has submitted the RLDC Energisation Certificates and Self-Declaration COD Certificates. The details of the same are as follows:

Asset No. & Name	**COD**	**Supporting Documents**
Asset-I: Jeypore - Bolangir OPGW link (288.00 km)	19.5.2019	ERLDC Certificate dated 2.7.2019 certifying the successful commissioning on 18.5.2019 Notification of DOCO vide Corrigendum dated 7.1.2022
Asset-II: Biharsharif - Koderma OPGW link (111.00 km)	19.1.2021	ERLDC Certificate dated 13.7.2021 certifying the successful commissioning on 18.1.2021 Notification of DOCO vide Letter dated 24.1.2022
Asset-III: Biharsharif - Banka OPGW link (183.87 km)	27.6.2023	ERLDC Certificate dated 24.7. certifying the successful commissioning on 26.6.2023, Notification of DOCO vide Letter dated 22.8.2023

16. In view of the above, the CODs of the communication assets are allowed for the purpose of the determination of tariff, in accordance with Regulation 5(1) of the 2019 Tariff Regulations, as follows:

Asset	**Allowed COD**
Asset-I	19.5.2019
Asset-II	19.1.2021
Asset-III	27.6.2023

Capital Cost

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

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

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

(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;
(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
(e) Capitalised Initial Spares subject to the ceiling rates in accordance with these regulations;
(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
(g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;
(h) Adjustment of revenue earned by the transmission licensee by using the Asset before the date of commercial operation;
(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
(j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway.
(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
(m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
(n) Expenditure on account of change in law and force majeure events; and
(o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
……..
(5) The following shall be excluded from the capital cost of the existing and new projects:

(a) The Asset-forming part of the project, but not in use, as declared in the tariff petition;
(b) De-capitalised Asset-after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission Asset-is recommended by Regional Power Committee, such Asset-shall be decapitalised only after its redeployment;

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

(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and

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

18. The Petitioner, vide Auditor's Certificates dated 15.3.2022, 10.3.2022, and 23.1.2024, has claimed the capital cost incurred up to the COD and projected the Additional Capital Expenditure (ACE) to be incurred with respect to the communication assets as follows:

(₹ in lakh)

Asset No.	FR Apportioned Approved Cost	Expenditure up to COD as per Auditor's Certificate	Projected ACE					Estimated Completion Cost
			20-21	21-22	22-23	23-24	24-25	
Asset-I	746.43	733.49	-	-	-	-	-	733.49
Asset-II	342.69	392.53	8.52	9.48	7.76	-	-	418.29
Asset-III	476.55	564.22	-	-	-	-	7.96	572.18
Total	**1565.67**	**1690.24**	**8.52**	**9.48**	**7.76**	**0.00**	**7.96**	**1723.96**

19. It is observed that the Estimated Completion Cost of Asset-I is within the FR apportioned cost, whereas there is a cost overrun with respect to Asset-II and Asset-III.

20. The Petitioner has submitted the following salient reasons for the cost overrun/variation:

i. Through the open competitive bidding process, competitive market prices for the required product/services, based on the detailed design, are obtained, and contracts are awarded to the lowest evaluated responsive bidder on an overall basis. Prices obtained through competitive bidding may vary from the estimated cost depending on prevailing market conditions, design, and site-specific requirements. The FR cost estimate is a broad indication of estimates prepared in accordance with its prescribed procedures, generally based on the average unit rates of recently awarded contracts. The cost estimate of the

instant communication project was prepared based on the 4th quarter 2011 price level.

ii. Further, regarding the variation in the cost of individual items under the OPGW / Communication / PLCC packages, the Petitioner has submitted that the packages comprise a large number of items and were awarded through an open competitive bidding process. During the bidding process, multiple bidders quoted different rates for various BOQ items and contracts were awarded to the lowest evaluated responsive bidder based on competitive bidding. Accordingly, the item-wise unit prices in the contracts and their variation from the unit rates considered in the FR estimates were beyond the control of the Petitioner. The increase in the completion cost was also attributable to the increase in the project execution period, resulting in higher IDC and IEDC.

21. The Petitioner, in its additional submission vide affidavit dated 8.7.2025, has submitted the Revised Cost Estimates (RCE), which was accorded by the BoD vide C/CP/PA2425-11-0T-RCE019 dated 19.2.2025 at an estimated cost of ₹10601 lakh including an IDC of ₹712 lakh. The details of the RCE-based apportionment of the communication assets, along with the FR based apportionment, capital cost as on COD and the estimated completion cost as submitted by the Petitioner, are as under:

(₹ in lakh)

Asset No.	FR Apportioned Approved Cost	FR Apportioned Cost as per RCE	Capital cost claimed as on COD (As per Auditor Certificate) (Excluding IDC discharge after COD)	Notional IDC as on COD	Projected ACE						
					ACE (Including Notional IDC plus accrual IDC)						Estimated Completion Cost as per Auditor Certificate plus NIDC
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Asset-I	746.43	760.18	731.21	26.54	2.18	0.10	-	-	-	-	760.03
Asset-II	342.69	419.02	383.72	-	-	8.71	18.10	7.76	-	-	418.29
Asset-III	476.55	574.98	554.62	-	-	-	-	-	9.60	7.96	572.18
Total	**1565.67**	**1754.18**	**1669.55**	**26.54**	**2.18**	**8.81**	**18.10**	**7.76**	**9.60**	**7.96**	**1750.51**

Cost Overrun

22. The detailed comparison of the estimated completion cost vis-à-vis the approved FR / RCE cost for the instant communication assets is as follows:

(₹ in lakh)

Asset No.	Apportioned Approved Cost (FR)	Apportioned Approved Cost (RCE)	Estimated Completion Cost	Variation W.r.t. FR. (- decrease/+ increase)	Variation W.r.t. RCE (- decrease/+ increase)
(a)	(b)	(C)	(d)	(e)=(d)-(b)	(f)=(d)-(c)
Asset-I	746.43	760.18	760.03	13.60	-0.15
Asset-II	342.69	419.02	418.29	75.60	-0.73
Asset-III	476.55	574.98	572.18	95.63	-2.8

23. The Petitioner, vide affidavit dated 8.7.2025, has also submitted the variation in RCE cost of ₹106.01 crore against the approved cost of ₹115.80 crore and the details of the same are summarised as under:

Sl. no.	Variation on account of	Variation	
		(₹ in Crore)	(%)
i.	DPR to LOA for approved scope (on competitive bidding while awarding)	(-) 4.76	(-) 4.11%
ii.	Variation in quantities of approved items and addition/deletion of items	6.72	5.81%
	Other reasons (IEDC and IDC)		
a.	IEDC (incl. contingencies)	(-) 12.33	(-)10.65
b.	IDC	0.58	0.50
	Subtotal (IEDC & IDC)	(-)11.75	(-)10.15%
Grand Total		**(-)9.79**	**(-)8.45%**

24. The detailed reasons for cost variation in RCE cost vis-à-vis approved cost as submitted by the Petitioner are summarised as under:

i. DPR to LOA for approved scope {on competitive bidding while awarding} (Net decrease of ₹4.76 crore):

25. The Petitioner has submitted that the contracts for various packages under the project were awarded after obtaining approval of the Competent Authority in accordance with the DoP, to the lowest evaluated and responsive bidder, through a transparent competitive bidding process (Domestic/ Global Competitive Bidding), as applicable. The award prices represent the lowest prices offered by the bidders at the time of bidding. The Petitioner has further submitted that the contracts for the packages are firm-price

contracts in nature; accordingly, no LOA PV has been considered in the RCE of the communication project.

26. The Petitioner has submitted that the variation in prices observed during execution of the project is attributable to the market conditions prevailing at the time of bidding and award of the various packages.

ii. Variation in quantities of approved items and addition/ deletion of Items (Net increase of ₹6.72 crore: 5.81 %):

27. The Petitioner has submitted that the variation in the approved items occurred due to site-specific requirements arising during the actual execution of the works. The variation is primarily attributable to the increase in the actual executed length of optic fibre links as compared to the length envisaged in the DPR. The additional quantities were required due to loops at Joint-Box locations, splicing, sagging and wastage, etc., resulting in the final executed quantity being higher than the initially indicated quantity, which was based on the route length of the transmission lines.

28. In accordance with the DPR, installation of 3659 km of OPGW was envisaged under the project. However, during execution, the length of the links underwent changes, including addition/deletion of links based on actual site requirements, resulting in total OPGW installation of approx. 3792 km. Further, the number of SDH equipment and auxiliary power supply equipment also varied based on the actual site requirements. The Petitioner has submitted that these variations increased the project cost by ₹6.72 crores, which works out to 5.81% of the approved project cost.

iii. Variation in IDC/IEDC (Net decrease of ₹11.75 crore: (-) 10.15 %):

29. The net IDC and IEDC under the communication project have decreased by ₹11.75 crore as compared to the approved cost, which works out to (-) 10.15 %. The details of the same are as follows:

- **Decrease in IEDC**

30. As per the IA, the IEDC, including contingencies for the communication project as per the approved cost, was estimated at ₹13.21 crores. However, based on the actual fund flow considered in the RCE, the IEDC, including contingencies, works out to be ₹0.88 crore, resulting in a decrease of ₹12.33 crore.

- **Increase in IDC**

31. As per the approved DPR, the IDC for the communication project was estimated at ₹6.54 crore. However, based on the actual/ anticipated fund flow considered in the RCE, the IDC works out to ₹7.12 crore, resulting in a marginal increase of ₹0.58 crore. The Petitioner has attributed the increase primarily to the extension in the project implementation period due to unforeseen and uncontrollable reasons, with the links being commissioned progressively from September 2014 to June 2023.

32. Respondent No. 1, i.e., Bihar State Power Holding Company Limited (BSPHCL), vide affidavit dated 5.8.2025, has submitted that the Petitioner has claimed the increase in completion cost*, inter alia*, to the increase in the project implementation period due to delay in execution of the links. It has further submitted that the delay in time overrun are attributable to the Petitioner, and therefore, cannot be condoned for the reasons stated in the instant Petition. Any cost escalation arising from such delay should not be passed on to the beneficiaries and should be borne by the Petitioner.

33. The Petitioner, in its rejoinder vide affidavit dated 19.8.2025, has submitted that the IDC for the project was estimated at ₹6.54 crore, whereas, based on the actual/ anticipated fund flow considered in the RCE, the IDC works out to be ₹7.12 crore, resulting in a marginal increase of ₹0.58 crore. The Petitioner has attributed the increase primarily to the extension in the project implementation period due to unforeseen and

uncontrollable reasons, with the links being commissioned progressively from September 2014 to June 2023.

34. We have considered the submissions of the Petitioner as well as BSPHCL and perused the documents placed on record. The details of the estimated completion cost with respect to the communication assets, as submitted by the Petitioner, are summarised as follows:

(₹ in lakh)

Asset No.	FR Apportioned Approved Cost	RCE Apportioned Approved Cost	Expenditure up to COD as per Auditor's Certificate	Less	Add	Projected ACE						Estimated Completion Cost
				Accrual IDC	Notional IDC	19-20	20-21	21-22	22-23	23-24	24-25	
Asset-I	746.43	760.18	733.49	2.28	26.54	2.18	0.10	-	-	-	-	**760.03**
Asset-II	342.69	419.02	392.53	8.81	-	-	8.71	18.10	7.76	-	-	**418.29**
Asset-III	476.55	574.98	564.22	9.60	-	-		-	-	9.60	7.96	**572.18**
Total	**1565.67**	**1754.18**	**1690.24**									**1750.50**

35. In view of the above, it is observed that the estimated completion cost submitted by the Petitioner based on the Auditor's Certificate with respect to the communication assets is within the RCE-approved cost. Accordingly, there is no cost overrun.

Time Overrun

36. The Petitioner has submitted that as per the IA, the transmission project was scheduled to be commissioned within 30 months from the date of the IA, i.e., by 26.9.2014. However, the communication assets were put into commercial operation as follows:

Asset	SCOD	COD	Time overrun
Asset-I	26.9.2014	19.5.2019	1696 days
Asset-II		19.01.2021	2307 days
Asset-III		27.6.2023	3196 days

37. The Petitioner has submitted the following detailed justifications for the time overrun in commissioning the transmission assets:

Asset-I:

A. Delay due to non-availability of Work-Front by OPTCL:

38. The Petitioner has submitted that the following work-fronts, required for execution of the link, were under the scope of OPTCL (Odisha Power Transmission Corporation Limited)**:**

- Sparing of fibres for repeater connectivity for the OPGW link; and
- Allocation of space for installation of the repeater station.

39. The Petitioner has submitted that the OPTCL repeatedly assured that the aforesaid activities would be completed within the stipulated timeframe. However, despite continuous follow-up, OPTCL did not make the required work-fronts available. The matter was raised and discussed on several occasions in the SCADA-O&M meetings convened by ERLDC for communication systems. The Petitioner first requested OPTCL on 1.7.2016, followed by several reminders, official communications, and submissions of agenda items before the appropriate forums. The issue was finally resolved in April 2019, and the link was commissioned on 19.5.2019.

40. Accordingly, the Petitioner has submitted that the scheduled execution of the link was adversely affected for 1005 days (July 2016 to April 2019) due to the above delay.

Asset-II:

A. Delay due to Modification of Scope of Work:

41. The Petitioner has submitted that the installation of the Biharsharif - Koderma link was approved subsequent to the approval of the communication project. The project was approved in the 15th and 17th ERPC and TCC meetings dated 28.9.2010 and 17.3.2011, respectively, whereas the aforesaid link, i.e., Asset-II, was approved in the 31st TCC and ERPC meetings held on 13th and 14th November 2015, respectively.

42. The Petitioner has further submitted that the period from the SCOD stipulated in the IA, i.e., 25.9.2014, to the date of approval of the link in the 31st ERPC and TCC meetings, i.e., 6.1.2016, constitutes an apparent delay. Accordingly, the Petitioner has claimed a time overrun of 468 days due to the modification in the scope of work.

43. The Petitioner has also submitted that, since the Biharsharif - Koderma link under Asset-II was approved vide 31st ERPC and TCC meetings, as recorded in the MoM dated 6.1.2016, the SCOD of Asset-II ought to be considered as 5.7.2018.

Asset	SCOD as per IA	Effective SCOD	COD	Delay vis-à-vis revised SCOD (in Days)
Asset-II	26.9.2014	5.7.2018	19.1.2021	930 days

B. <u>Delay due to COVID-19 Pandemic:</u>

44. The Petitioner has submitted that the COVID-19 pandemic was declared a Global pandemic by the World Health Organisation (WHO) and resulted in widespread disruption across various sectors of the global economy. The Petitioner has submitted that the pandemic and the consequent restrictions were unforeseen/ unavoidable and adversely affected the execution of projects, including the instant project.

45. The progress of works was adversely affected during the first wave of the Covid-19 pandemic due to the nationwide lockdown and restrictions imposed by the Central and State Governments. Restrictions on movement and transportation, supply chain disruptions, non-availability of labour due to illness, quarantine and migration, and restricted access to project sites significantly affected execution of the works. The contractors were unable to undertake construction activities due to pandemic restrictions. Further, several COVID-19-related challenges, including delays in the supply of equipment and materials, worker absenteeism due to illness, delays in obtaining permits, travel restrictions, and reduced work efficiency due to social distancing requirements, adversely affected the project schedule. The shortage of

engineering and technical support and disruptions in the supply chain further impacted the execution and implementation of the project. Consequently, the commissioning of the instant project was delayed due to disruptions in supply lines and construction activities.

46. Further, the Petitioner has submitted that the COVID-19 pandemic was also recognised by the Ministry of Power (MoP), vide letters dated 27.7.2020 and 12.6.2021, granting extensions of 5 months and 3 months, respectively, with respect to the SCOD. Accordingly, the Petitioner prayed that the COVID-19 pandemic be recognised as a Force Majeure event and that the period from April 2020 to August 2020, i.e., 150 days, be condoned.

Asset-III:

A. Delay due to Flood Situation in Bihar during Monsoon Season 2017:

47. The Petitioner has submitted that during the monsoon season of 2017, the State of Bihar was affected by unprecedented and severe floods, which adversely affected the execution of OPGW works. Severe waterlogging around the transmission towers hampered the execution of optical fibre laying works, resulting in the de-mobilisation of work gangs from the respective locations. The Petitioner has submitted that the situation continued for approx. 5 months, and the works could be resumed only with the onset of the winter season in December 2017. Accordingly, the Petitioner has requested that the flood situation be considered as a Force Majeure event, being unforeseen and beyond its control, and the delay for the period from August 2017 to December 2017, i.e., 150 days, be condoned.

B. Delay due to COVID-19 Pandemic:

48. The Petitioner has submitted that the progress of the works was adversely affected by both the first wave and the second wave of the COVID-19 pandemic. The

Petitioner has further submitted that the COVID-19 pandemic was recognised by the Ministry of Power (MoP), vide letters dated 27.7.2020 and 12.6.2021, granting extensions of 5 months and 3 months, respectively, with respect to the SCOD. Accordingly, the Petitioner has prayed that the COVID-19 pandemic be recognised as a Force Majeure event and that the period from April 2020 to August 2020 during the 1st wave and from May 2021 to July 2021 during the 2nd wave, i.e., a total of 240 days, be condoned.

49. BSPHCL, vide affidavit dated 5.8.2025 has submitted that the time overrun claimed by the Petitioner should not be condoned. The detailed contentions are as under:

Asset-I

- ***No responsibility or fault attributable to the Respondent for the delay allegedly caused by OPTCL***

50. The BSPHCL has submitted that the responsibility for coordinating with OPTCL and ensuring the availability of the required work front rests with the Petitioner (PGCIL), being the transmission licensee entrusted with project execution. Any delay arising from inter-agency issues between the Petitioner and OPTCL is a controllable factor under Regulation 22(1)(a) of the 2019 Tariff Regulations, which provides that delay in execution of a project attributable to the contractor, supplier or agency of the transmission licensee is controllable. Accordingly, the Petitioner cannot shift the responsibility for the delay on OPTCL. The Petitioner has also failed to demonstrate that the delay was attributable to any Force Majeure event or other uncontrollable factor.

- ***No justification for the delay of almost 2 years in approaching OPTCL***

51. BSPHCL has submitted that the IA for the project was accorded by the BoD of the PGCIL on 27.3.2012, with a scheduled completion period of 30 months, i.e., by

25.9.2014. However, the Petitioner made its first request to OPTCL only on 1.7.2016, nearly four years after the IA and almost two years after the scheduled commercial operation date (SCOD). The Petitioner has failed to explain the substantial delay in initiating coordination with OPTCL. Accordingly, the plea that the delay occurred due to non-availability of work front by OPTCL is untenable.

- ***The Petitioner has failed to justify proactive efforts with OPTCL***

52. BSPHCL has contended that the Petitioner has failed to demonstrate any proactive or timely follow-up with OPTCL. It has submitted that, except for two letters dated 12.12.2017 and 8.5.2018, the Petitioner has furnished no documentary evidence to establish continuous engagement or escalation of the matter. The record shows that the Petitioner's follow-up was inadequate and that it took no tangible steps to expedite the availability of the work front. Accordingly, the Petitioner has failed to establish that the entire period of 1005 days of delay was beyond its control. It has further submitted that, out of the total delay of 1699 days claimed by the Petitioner for Asset-I, it has provided no justification for the 694-day delay during the period from April 2014 to July 2016. Accordingly, the BSPHCL has contended that the Petitioner has failed to make out a case for condonation of the delay in commissioning of Asset-I.

Asset-II

- ***Time overrun on account of COVID-19 not condonable***

53. The Respondent has submitted that the COVID-19 pandemic, by itself, does not constitute a Force Majeure event and therefore, no extension of time overrun can be granted solely on that account. The Respondent has relied on the judgment of the Hon'ble High Court of Delhi in Halliburton Offshore Services Inc. v. Vedanta Limited & Ors. *[O.M.P. (I) (COMM.) No. 88/2020, Order dated 29.5.2020],* wherein the Hon'ble

Delhi High Court observed that Covid-19 cannot be treated as a blanket justification for non-performance.

54. The Respondent has further submitted that the Ministry of Home Affairs (MHA) vide notifications dated 15.4.2020 and 16.4.2020, specifically permitted power transmission activities during the lockdown, with progressive relaxations being allowed from May 2020 onwards. It has been contended that the Petitioner has not produced any project-specific documents to establish that the Covid-19 restrictions materially affected the execution of Asset-II. Accordingly, the delay claimed on this account is not admissible. It has been further submitted that the Petitioner's reliance on the MoP's letter dated 27.7.2020 to claim a 5-month extension is misplaced, as the said relaxation does not apply to projects with an SCOD prior to 26.3.2020. Since the SCOD of Asset-II was 26.9.2014 as per the IA, BSPHCL has contended that the said relaxation is not applicable in the instant Petition.

- ***No justification for the remaining days***

55. The Respondent has submitted that the Petitioner has failed to provide any justification for the remaining 1689 days of delay beyond the SCOD. Accordingly, the said delay is not condonable.

- ***SCOD ought to be computed from the date of Investment approval***

56. The Respondent has submitted that the 2019 Tariff Regulations do not contemplate revision of the SCOD, once determined in accordance with the IA, merely on account of a subsequent change in the scope of work. The period of time overrun claimed by the Petitioner on account of COVID-19 is also not adequately justified, and therefore, is liable to be rejected. BSPHCL has further submitted that even if the revised SCOD 5.7.2018, as claimed by the Petitioner, is considered, an unexplained delay of 930 days still remains, out of which only 150 days have been attributed to Covid-19 pandemic. Since the Petitioner has failed to justify the remaining 780 days, no case for

condonation of the said period is made out. Accordingly, it has contended that out of the total time overrun, 1689 days remain wholly unexplained.

Asset-III

- ***Time overrun on account of flood situation in Bihar during the monsoon season of 2017 is not justified:***

57. The Respondent, BSPHCL, has submitted that none of the documents relied upon by the Petitioner demonstrates the existence of flooding beyond September 2017. The Petitioner has also failed to provide any detailed justification for why the work required more than 4 months to resume, and has failed to demonstrate that reasonable mitigation measures were undertaken to achieve COD within the scheduled time or to reduce the time overrun. Accordingly, the 150-day delay sought on the ground of flooding is liable to be disallowed.

- ***Time overrun on account of COVID-19 is not justified***

58. With respect to the delay attributable to COVID-19, BSPHCL has submitted that the Petitioner has claimed 240 days of time overrun comprising 150 days for 1st wave (April - August 2020) and 90 days for 2nd wave (May - July 2021). The BSPHCL further reiterated that the transmission activities were permitted during the lockdown periods and that the extensions granted by the MOP vide letters dated 27.7.2020 and 12.6.2021 are not applicable to the communication project, as its SCOD was in 2014. The Petitioner has neither established whether the project area fell within any containment zone nor demonstrated project-specific evidence demonstrating the impact of COVID-19-related restrictions on the execution of the works. Accordingly, the benefit of the aforesaid extension is not applicable to the communication project.

- ***No justification for the remaining days***

59. BSPHCL has submitted that the Petitioner has failed to provide any explanation for the remaining 2810 days of delay from the SCOD. The Petitioner has also not

furnished any detailed chronology of events or supporting documents to substantiate its claim. Accordingly, BSPHCL has submitted that the delay in commissioning of Asset–III may not be condoned.

60. The Petitioner, in its rejoinder vide affidavit dated 19.8.2025, has submitted the reasons for the time overrun with respect to the communication assets, which have already been elaborated in the Petition and are supported by documentary evidence.

Analysis and Decision

61. We have considered the Petitioner's and BSPHCL's submissions and have gone through the documents placed on record. It is observed that as per the IA dated 26.3.2012, the communication project was scheduled to be commissioned within 30 months from the date of the IA, i.e., by 26.9.2014. However, Asset-I, Asset-II, and Asset-III were put into commercial operation on 19.5.2019, 19.1.2021, and 27.6.2023, respectively. The details of the time overrun claimed by the Petitioner with respect to the communication assets are as follows:

Asset No.	Asset Name	SCOD	COD	Time Overrun
Asset-I	Jeypore - Bolangir OPGW link (288.00 km)	26.9.2014	19.5.2019	1696 Days
Asset-II	Biharsharif - Koderma OPGW link (111.00 km)		19.1.2021	2307 Days
Asset-III	Biharsharif - Banka OPGW link (183.87 km)		27.6.2023	3196 Days

62. The Petitioner has submitted the detailed justification and contended that the instant communication assets were delayed mainly on account of the following reasons:

Asset-I:

- Delay due to non- availability of the work-front to be provided by OPTCL

Asset-II:

- Delay due to modification in the scope of work
- Delay due to the COVID-19 Pandemic

Asset-III:

- Delay due to the Flood Situation in Bihar during the monsoon season of 2017
- Delay due to the COVID-19 Pandemic

63. The detailed Asset-wise reasons submitted by the Petitioner for the time overrun have been analysed as follows:

Asset-I

A. Delay due to non-availability of the work-front to be provided by OPTCL:

64. The Petitioner has submitted that the space for the installation of the repeater station, along with sparing of fibres for repeater connectivity for the OPGW link, required for execution of the instant communication link, namely Jeypore - Bolangir OPGW link, was under the scope of OPTCL. OPTCL did not provide the same within the stipulated timeframe, despite continuous follow-ups. The Petitioner made the initial request to OPTCL on 1.7.2016, followed by several reminders, official communications, and agenda submissions in the relevant forums. The issue was finally resolved in April 2019, and the link was commissioned on 19.5.2019. Accordingly, the Petitioner has claimed a time overrun of 1005 days on account of the aforesaid issue.

65. BSPHCL has submitted that the Petitioner has not provided any justification for taking up the matter with OPTCL only on 1.7.2016, i.e., almost four years after the IA dated 27.3.2012. Accordingly, the Petitioner's plea that the delay occurred due to non-availability of the work-front by OPTCL is liable to be rejected.

66. We have considered the submissions of the Petitioner as well as BSPHCL and have gone through the documents placed on record. It is observed that the Petitioner took up the matter with OPTCL regarding provision of the work-front and the timeline for completion of OPGW laying, which was under the scope of OPTCL vide letter dated 12.12.2017. It is further observed that, as per the 19th and 20th SCADA O&M Meetings held on 19.4.2017 and 15.9.2017, respectively, OPTCL had confirmed that the required

space and Power supply (48 V & AC) would be provided to POWERGRID at Bhabanipatna S/s for installation of the repeater station. The relevant extracts of the said meetings are reproduced as under:

> **19th SCADA O&M meeting held on 7.4.2017,**
> *OPTCL informed that the route diversity for redundancy would be available after commissioning of repeater station at Bhabanipatna between Jeypore-Bolangir line and FO link connectivity from Meeramundali to Bhubaneshwar SLDC Through Dubri New, jagatsingpur & Cuttack as mentioned in the JCCP flow diagram of OPTCL. OPTCL further informed that the same would be implemented by March 2018.*
> *OPTCL informed that they are taking up the matter on priority which would be getting completed by July 2017. OPTCL further informed that they are providing the required space & Power supply (48 V & AC) to Powergrid at Bhabanipatna S/s for installation of the repeater station.*
>
> ***Action by OPTCL & Power Grid***

> **20th SCADA O&M meeting held on 15.9.2017,**
> xxxx
> *In 19th SCADA O&M meet, OPTCL informed that they are taking up the matter on priority which would be getting completed by July 2017. OPTCL further informed that they are providing the required space & Power supply (48 V & AC) to Powergrid at Bhabanipatna S/s for installation of the repeater station.*
> xxxxx
> *OPTCL informed that OPGW laying work at Bhabanipatna S/s would be started from 22nd December 2017 and will be completed by end of January 2018. Powergrid informed that they will start the installation work of the repeater station at Bhabanipatna S/s after completion of OPTCL work.*
>
> ***Action by Power Grid Odisha Project & OPTCL***

67. However, as per the 21st and 23rd SCADA O&M Meetings held on 19.6.2018 and 6.3.2019, respectively, it is observed that the Petitioner was not in a position to complete the Jeypore - Bolangir link due to the delay in availability of the required space and power supply (48 V & AC), as well as OPGW (20 km) for repeater connectivity at the Bhabanipatna Sub-station from OPTCL. The relevant extracts of the said meetings are reproduced as under:

> **21st SCADA O&M meeting held on 19.6.2018,**
> *4. Completion of repeater connectivity portion 20 kM OPGW by OPTCL for commissioning of Jeypore -Bolangir OPGW link*
> *Commissioning of Jeypore -Bolangir link is held up due to non-completion of OPGW for repeater connectivity at Bhabanipatna by PTCL (20 Km) . initially Powergrid proposed to lay OPGW in that portion (20 km) but OPTCL declined for the same and confirmed that the same is covered under OPGW package of OPTCL. Matter has been discussed in several meetings such as 19th & 20th SCADA O&M meeting in which OPTCL intimated that the work will be completed by January 2018. However, the same is yet to be completed. OPTCL to expedite the OPGW work.*

OPTCL informed that supply has been completed for the repeater connectivity at Bhawanipatna by OPTCL (20 Km) . Installation of the same will be completed within July 2018.

Action: OPTCL

23rd SCADA O&M meeting held on 6.3.2019,

Xxxx

Powergrid intimated that Jeypore-Bolangir link could not be commissioned due to con completion of OPGW work in LILO at Bhabanipatna by OPTCL. The 20 Km OPGW work in the LILO portion by OPTCL is pending since July 2016 and hence requested OPTCL to take urgent necessary action for completion of the same.

OPTCL informed that supply of 48 fiber of 20 km OPGW for repeater connectivity of Jeypore -Bolangir link has been completed and laying work will completed by March 2019

Action: OPTCL

68. In view of the above, we are of the view that the time overrun in execution of the instant communication asset, due to non-availability of space and power supply (48 V & AC) at the Bhabanipatna S/s and the delay in OPGW (20 Km) laying work, which was under the scope of OPTCL, was beyond the control of the Petitioner. The Petitioner has claimed a time overrun of 1005 days from July 2016 to April 2019. However, the supporting documents submitted by the Petitioner substantiate the time overrun w.e.f. 7.4.2017 only (considered the date of the 19th SCADA O&M Meeting) on account of the aforesaid issue.

69. Accordingly, out of the total time overrun of 1005 days claimed by the Petitioner, the time overrun of 724 days from 7.4.2017 (considered as the date of the 19th SCADA O&M Meeting) to 31.3.2019 (being the last day of the month of completion indicated by OPTCL in the 23rd SCADA O&M Meeting held on 6.3.2019) on account of delay due to the non-availability of the work-front to be provided by OPTCL, is hereby condoned.

70. Further, it is observed that the justification and supporting documents submitted by the Petitioner do not substantiate the remaining time overrun of 691 days, comprising 644 days (from 25.9.2014 to 30.6.2016) and 47 days (from 2.4.2019 to 19.5.2019). Accordingly, the said time overrun of 691 days is not condoned. However, the Petitioner

is granted liberty to provide detailed justification, along with supporting documents, for the aforesaid time overrun of 691 days at the time of truing up.

Asset-II

Delay due to Modification in the scope of work

71. The Petitioner has contended that the instant link, i.e., Asset-II, was approved in the 31st TCC and ERPC Meetings held on 13.11.2015 and 14.11.2015, respectively. Further, the instant project was approved in the 15th and 17th ERPC and TCC Meetings held on 28.9.2010 and 17.3.2021, respectively. The Petitioner has submitted that the completion schedule for the subject project, as provided in the IA, is 30 months. Since the link under Asset-II was approved vide 31st ERPC and TCC Meeting dated 13.11.2015 and 14.11.2015 (MoM dated 6.1.2016), the SCOD of Asset-II is required to be considered as 5.7.2018.

72. BSPHCL has submitted that the Tariff Regulations do not permit revision of the SCOD, once determined in accordance with the IA, merely on account of a subsequent change in the scope of work.

73. We have considered the Petitioner and BSPHCL's submissions and have gone through the documents placed on record. It is observed that the proposal to add OPGW connectivity in the 400 kV Biharsharif - Koderma T/L (111 km), in lieu of the 400kV Gaya-Koderma T/L (124 km), for providing redundancy for Koderma TPS of DVC, was discussed in the 31st TCC and ERPC Meeting held on 13.11.2015 and 14.11.2015. The said OPGW link for 400 kV Biharsharif - Koderma T/L (111 km) was not part of the original scope of work. After detailed deliberations, TCC approved the proposal for "OPGW connectivity in 400 kV Biharsharif - Koderma T/L (111 km) in lieu of 400kV Gaya - Koderma T/L (124 km) for providing redundancy for Koderma TPS of DVC under MWR

package" and recommended the same for approval of ERPC and accordingly, ERPC approved the same. The relevant extracts of the said meeting are reproduced as under:

ITEM NO. B6: Provision of Additional OPGW - PRM

Provision of OPGW connectivity in 400 kV Biharsharif-Koderma T/L (111 km) in lieu of 400kV Gaya-Koderma T/L (124 km) for providing redundancy for Koderma TPS of DVC under MWR package was proposed.

In 4th PRM, members agreed to the proposal in principle and recommended for ERPC approval.

Powergrid requested for inclusion of additional OPGW installation in Barh-Gorakhpur (354 Km) and Rajarhat -Karakka (345 Km)

In 5th PRM member agreed to the proposal of additional OPGW in principle and recommended for ERPC approval

TCC may approve.

Deliberation in the TCC meeting

On enquiry, Powergrid updated the latest schedule of OPGW work as follows:

- *BSPTCL-The priority links (212 Kms) packages -Package awarded & 850 Kms package -bid opening on 16th Nov 2015.*
- *DVC - Bid opening and will be awarded by Nov, 2015.*
- *WB: Bid opening and will be awarded by Nov, 2015.*

TCC approved the following

- *OPGW connectivity in 400 kV Biharsharif-Koderma T/L (111 km) in lieu of 400kV Gaya-Koderma T/L (124 km) for providing redundancy for Koderma TPS of DVC under MWR package*
- *Additional OPGW installation in Barh-Gorakhpur (354 Km) and Rajarhat - Karakka (345 Km)*
- *TCC referred go ERPC for further approval.*

Deliberation in ERPC meeting
ERPC approved.

74. On perusal of the Minutes of the Meeting of the 31st TCC and ERPC Meeting held on 13.11.2015 and 14.11.2015, it is observed that as per the latest status furnished by the Petitioner during the said meeting, the OPGW work for DVC under the MWR package was at the bidding stage and had not yet been awarded. Therefore, it is observed that the instant OPGW link for connectivity in the 400 kV Biharsharif - Koderma T/L (111 km) was included in lieu of the 400kV Gaya - Koderma T/L (124 km), which was envisaged to provide redundancy for Koderma TPS of DVC under the MWR

package. Since the OPGW link in the instant transmission scheme did not affect the progress of the existing OPGW work, we are not inclined the condone the time over-run on this count.

75. In view of the above, we do not find any merit in the contentions of the Petitioner for considering the effective SCOD of Asset-II as 5.7.2018. Accordingly, the Petitioner's claimed time overrun of 468 days on account of modification of the scope of work is not condoned. Further, the justification and supporting documents submitted by the Petitioner do not substantiate the further time overrun of 1547 days (from 6.1.2016 to 31.3.2020). Accordingly, the said time overrun is also not condoned. However, the Petitioner is granted liberty to provide detailed justifications, along with supporting documents, for the aforesaid time overrun, which shall be reviewed at the time of truing up.

Delay due to the COVID-19 Pandemic

76. The Petitioner has submitted that COVID-19 was declared a Global pandemic by the WHO and resulted in widespread disruptions across various segments/ verticals of the global business/ industry. The pandemic and the consequent restrictions on movement were unforeseen and adversely affected critical supply chains, transportation, availability of workers/labour due to illness, quarantine and migration, and the issuance of requisite permits, thereby resulting in disruption and, in some cases, a complete halt of ongoing projects. The Petitioner has further submitted that supplier-delivery issues, worker absenteeism due to illness, delayed issuance of permits, travel restrictions, and loss of time or inefficiencies arising from the implementation of social-distancing measures at project sites adversely affected the project schedule, and that restoring the supply chain was a major challenge. The Petitioner has also relied upon the MoP letters dated 27.7.2020, whereby an extension of 5 months in the SCOD was

granted on account of the COVID-19 pandemic, and has accordingly claimed a time overrun of 150 days.

77. BSPHCL has submitted that the mere occurrence of the Covid-19 pandemic does not, by itself, entitle a transmission licensee to seek condonation of time overrun. The transmission licensee must demonstrate that the pandemic and the consequential restrictions directly affected project execution and prevented timely completion, despite due diligence and reasonable mitigation measures. Accordingly, BSPHCL has submitted that the time overrun claimed on account of Covid-19 should not be condoned without such substantiation.

78. We have considered the Petitioner and BSPHCL's submissions and have gone through the documents placed on record. It is observed that the MoP, vide letter dated 27.7.2020, has extended the SCOD of the inter-State communication project by 5 months on account of the COVID-19 pandemic on the scheduled completion of the instant project. The relevant extracts of the said letter are reproduced as under:

> ***Dated 27.7.2020***
> *"Sub: Extension to TSP/Transmission Licensees for completion of under construction inter- State communication projects*
>
> *Sir,*
>
> *I am directed to state that transmission utilities have pointed out that construction activities at various communication project sites have been severely affected by the nationwide lockdown measures announced since 25th march, 2020 to contain outbreak of COVID-19 and have requested for extension of Scheduled Commercial Operation (SCOD) to mitigate the issues of disruption in supply chains and manpower, caused due to outbreak of COVID- 19 pandemic.*
>
> *2. It has been, therefore, decided that;*
> i. *All inter-state transmission projects, which were under construction as on date of lock down i.e., 25th March 2020, shall get an extension of five months in respect of SCOD.*
> ii. *This order shall not apply to those projects, whose SCOD date was prior to 25th March 2020*
> iii. *Start date of Long-Term Access granted to a generator by CTU based on completion of a transmission line, whose SCOD is extended by 5 months due to COVID-19 as mentioned above at point (i), shall also be extended by 5 months."*

79. In view of the above, it is observed that as per the MoP letter dated 27.7.2020, the 5-month extension of the SCOD on account of the COVID-19 pandemic is not applicable to the instant asset, having an SCOD prior to 25.3.2020. In the instant Petition, as per the IA dated 26.3.2012, the project was scheduled to be commissioned within 30 months from the date of the IA, i.e., by 25.9.2014. Since the SCOD of the instant project was prior to 25.3.2020, the five-month extension provided under the aforesaid MoP letter is not applicable to the instant Transmission Asset. Accordingly, the Petitioner's claimed time overrun of 150 days (from April 2020 to August 2020) on account of the COVID-19 pandemic is not condoned.

80. Further, it is observed that the justification and supporting documents submitted by the Petitioner do not substantiate the remaining time overrun of 142 days for the period from 1.9.2020 to 19.1.2021. Accordingly, the total time overrun of 2307 days claimed by the Petitioner with respect to Asset-II is hereby not condoned. However, the Petitioner is granted liberty to provide detailed justifications and supporting documents for the aforesaid time overrun, which shall be reviewed at the time of truing up.

Asset-III

Delay due to the Flood Situation in Bihar during the monsoon season of 2017:

81. The Petitioner has submitted that the progress of the OPGW work was hampered due to unprecedented rainfall during the monsoon season of 2017 and accordingly, has claimed a time overrun of 150 days for the period from August 2017 to December 2017.

82. BSPHCL has submitted that the documents relied upon by the Petitioner in support of the disruption caused by flooding only indicate the occurrence of flooding in August 2017. It further submitted that the satellite imagery relied upon by the Petitioner, from an unidentifiable source, reflects flooding only up to 6.9.2017. According to BSPHCL, none of the documents placed on record by the Petitioner demonstrates that

the flooding continued beyond the said period. Further, the Petitioner has claimed that the work gangs were de-mobilised from the respective locations and could not be resumed until December 2017. The Petitioner has failed to furnish any details regarding the efforts made for their re-mobilisation or demonstrate that such re-mobilisation required more than 4 months.

83. We have considered the Petitioner and BSPHCL's submissions and have gone through the documents placed on record. It is observed that in support of its claim, the Petitioner has relied upon the *"India Disaster Report 2014-17"* issued by the National Institute of Disaster Management (NIDM), Ministry of Home Affairs, GoI as well as general information sourced from Wikipedia, to substantiate the time overrun in commissioning of Asset-III. However, the said documents are general in nature and do not substantiate the impact of the flooding on the progress of the OPGW work or establish that such impact resulted in the delay in commissioning of Asset-III. The *"India Disaster Report 2014-17"* indicates that Bihar experienced severe flooding due to a deep depression over the Bay of Bengal, resulting in heavy rainfall in several parts of Bihar from 10th to 14th August of 2017.

84. The Petitioner has submitted that the flooding situation caused severe disruption to the routine OPGW works, including severe waterlogging around the towers, which hampered the execution of optical fibre laying works. However, the Petitioner has not established, on the basis of the report or the other submissions placed on record, that the execution of the instant project was actually affected by the heavy rainfall and flooding during the relevant period. In the absence of such project-specific evidence, we are unable to determine which particular aspect of the project construction was affected.

85. Accordingly, in view of the above, we are not inclined to condone the time overrun of 153 days from 1.8.20217 to 31.12.2017, in commissioning of Asset-III as claimed by

the Petitioner on account of the flood situation in Bihar. However, the Petitioner is granted liberty to provide IMD rainfall data, supporting documents, and details of the construction activities hampered by flooding, duly correlated with the claimed time overrun. The same shall be reviewed at the time of truing-up.

Delay due to the COVID-19 Pandemic

86. The Petitioner has contended that the commissioning of Asset-III was also affected on account of the COVID-19 pandemic and has claimed an extension of 5 months and 3 months in the SCOD in accordance with the MoP, GoI letters dated 27.7.2020 and 12.6.2021, respectively.

87. We have considered the Petitioner's submissions. As discussed above with respect to time overrun claimed for Asset-II, the 5-month extension of the SCOD on account of the first wave of the COVID-19 Pandemic, as provided under the MoP letter dated 27.7.2020, is also not applicable to Asset-III.

88. Further, the MoP, GoI, vide letter dated 12.6.2021, acknowledged the impact of the second wave of the COVID-19 Pandemic on the construction activities of ISTS communication projects and accorded the extension of 3 months in the SCOD of under-construction ISTS communication projects. The relevant extracts of the said letter are reproduced as under:

> ***Dated 12.6.2021***
> *"Sub: Extension to TSP/Transmission Licensees for completion of under construction inter-State transmission projects – reg.*
>
> *Sir,*
>
> *I am directed to state that transmission utilities have approached this Ministry stating that construction activity at various transmission projects sites has been severely affected by the current second wave of COVID-19 pandemic and various measures taken by State/UT Governments to contain the pandemic; such as night curfew, imposition of section 144, weekend lockdown and complete lockdown. In this regard they have requested for extension of Scheduled Commercial Operation Date (SCOD) for the undergoing Transmission projects to mitigate the issues of disruption in supply chains and manpower, caused due to COVID-19 pandemic.*

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

i. All inter-state transmission projects, which are under construction with SCOD coming after 01 April 2021 shall get an extension of three (3) months with respect to their SCOD;
ii. The commencement date of Long-Term Access (LTA) to a generator by CTU based on completion of a transmission line, whose SCOD is extended by three (3) months due to COVID19 as mentioned above at point(i), shall also be extended by three (3) months.
3. This issue with the approval of Competent Authority."

89. In view of the above, under-construction projects having an SCOD that comes after 1.4.2021 shall be eligible for an extension of 3 months with respect to their SCOD. As per the IA dated 26.3.2012, the project was scheduled to be commissioned within 30 months from the date of the IA, i.e., 25.9.2014. Accordingly, the 3-month extension in SCOD provided under the MoP letter dated 12.6.2021 is also not applicable to Asset-III. Therefore, the time overrun of 244 days (approx. 8 months) comprising 153 days from 1.4.2020 to 31.8.2020 and 91 days from 1.4.2021 to 30.6.2021, claimed by the Petitioner for commissioning of Asset-III on account of the COVID-19 pandemic, is not condoned. Further, the justification and supporting documents submitted by the Petitioner do not substantiate the 142-day time overrun from 1.9.2020 to 19.1.2021. Accordingly, the said time overrun is not condoned either.

90. Further, it is observed that the justification and supporting documents submitted by the Petitioner do not substantiate the time overrun of 2799 days, comprising 1041 days from 25.9.2014 to 31.7.2017, 821 days from 1.1.2018 to 31.3.2020, 242 days from 1.9.2020 to 30.4.2021, 696 days from 1.8.2021 to 27.6.2023. However, the Petitioner is granted liberty to submit supporting documents along with detailed justification for the aforesaid time overrun, which shall be reviewed at the time of truing-up. Accordingly, in view of the above deliberations, the total time overrun of 2396 days claimed by the Petitioner with respect to Asset-III is not condoned.

91. Accordingly, the details of the SCOD, COD, time overrun claimed and time overrun condoned / not condoned with respect to the communication assets are as follows:

Asset Name	SCOD	COD	Time Overrun claimed	Time Overrun worked out	Time Overrun Condoned	Time Overrun not Condoned
Asset-I	25.9.2014	19.5.2019	1696 days	1697 days	724 days	973 days
Asset-II		19.1.2021	2307 days	2308 days	00	2308 days
Asset-III		27.6.2023	3196 days	3197 days	00	3197 days

Interest During Construction (IDC)

92. The Petitioner has claimed IDC with respect to the communication assets covered under the instant Petition and has submitted the details of the IDC claimed, along with the discharge of IDC liability up to the COD and thereafter, as follows:

(₹ in lakh)

Asset No.	IDC as per the Auditor's Certificate	IDC discharged up to COD	IDC discharged during 2019-20	IDC discharged during 2020-21	IDC discharged during 2021-22	IDC discharged during 2022-23
Asset-I	44.34	42.07	2.18	0.10	-	-
Asset-II	88.17	79.36	-	0.19	8.62	-
Asset-III	140.65	131.05	-	-	-	9.60

93. We have considered the Petitioner's submissions. Since the time overrun with respect to Asset-I has been partially condoned, while the time overrun with respect to Asset-II and III has not been condoned, the IDC on a cash basis up to the COD has been worked out based on the loan details furnished in the statement of discharge of IDC liability and Form-9C with respect to the communication assets. Accordingly, the IDC claimed and considered up to the COD, along with a summary of the discharge of IDC liability up to the COD and thereafter, for the purpose of tariff determination, subject to revision at the time of truing up, is as follows:

(₹ in lakh)

Asset No.	IDC Allowed	IDC discharged up to COD	IDC discharged during 2019-20	IDC discharged during 2020-21	IDC discharged during 2021-22	IDC discharged during 2021-22
Asset-I	18.92	18.92	-	-	-	-
Asset-II	0.00	0.00	-	-	-	-
Asset-III	0.00	0.00	-	-	-	-

Notional Interest During Construction (Notional IDC)

94. The Petitioner, in the original Petition, claimed Notional IDC of ₹27.58 lakh, ₹25.33 lakh and ₹10.20 lakh with respect to Asset-I, Asset-II and Asset-III respectively, in accordance with Regulation 19(2)(b) of the 2019 Tariff Regulations.

95. Further, the Commission, vide RoP for the hearing dated 29.5.2025, directed the Petitioner to furnish the detailed computation of Notional IDC. In compliance, the Petitioner, vide affidavit dated 8.7.2025, submitted that an inadvertent arithmetic error occurred in the methodology adopted earlier for computation of Notional IDC. Accordingly, the Petitioner revised its claim of Notional IDC, as under:

(₹ in lakh)

Asset No.	Notional IDC Claimed
Asset-I	26.54
Asset-II	0.00
Asset-III	0.00

96. We have considered the Petitioner's submissions. Since the time overrun with respect to Asset-I has been partially condoned, the allowable Notional IDC has been worked out based on the information submitted by the Petitioner for the said asset. The capital expenditure, loan drawal and its repayment have been considered as claimed by the Petitioner. Accordingly, the normative loan over and above the actual loan has been computed in accordance with Regulation 19(2)(b) of the 2019 Tariff Regulations. The interest rate for computations of Notional IDC is considered based on the interest rate provided by the Petitioner, subject to truing up. Accordingly, the Notional IDC allowed with respect to the communication assets is as follows:

(₹ in lakh)

Asset No.	Notional IDC Claimed	Notional IDC Allowed	Notional IDC Disallowed
Asset-I	26.54	10.93	15.61
Asset-II	0.00	0.00	0.00
Asset-III	0.00	0.00	0.00

Incidental Expenditure During Construction (IEDC)

97. The Petitioner has claimed IEDC with respect to the communication assets based on the Auditor's Certificates and has submitted that the IEDC has been discharged up to the COD. Since the time overrun for Asset-I has been partially condoned, while the time overrun for Assets-II and III has not been condoned, the allowable IEDC has been worked out on a proportionate basis. Accordingly, the details of IEDC allowed and disallowed are as follows:

(₹ in lakh)

Asset No.	IEDC Claimed	IEDC Allowed	IEDC Disallowed	IEDC discharged up to COD
Asset-I	1.24	0.78	0.46	0.78
Asset-II	11.82	8.41	3.41	8.41
Asset-III	12.14	2.70	9.44	2.70

Initial Spares

98. The Petitioner has submitted that the Initial Spares have been claimed only for the communication / OPGW heads with respect to Asset-I and III, and that the Initial Spares claimed are within the permissible limits specified under Regulation 23(d) of the 2019 Tariff Regulations. The Petitioner has not claimed any Initial Spares for Asset-II. The details of Initial Spares claimed by the Petitioner are as under:

(₹ in lakh)

Asset No.	Initial Spares claimed as per the Auditor's Certificate	Initial Spares discharged up to COD
Asset-I	9.07	9.07
Asset-II	0.00	0.00
Asset-III	4.52	4.52

99. BSPHCL, vide affidavit dated 5.8.2025, has submitted that Regulation 23 of the 2019 Tariff Regulations provides for capitalisation of Initial Spares as a percentage of the Plant and Machinery cost, subject to the ceiling limit of 3.5% for communication

systems applicable to the instant communication project. It has submitted that Regulation 23(d) provides only the upper ceiling limit for capitalisation of the Initial Spares, subject to a prudence check, and does not grant an automatic right to claim Initial Spares up to the said ceiling limit. Accordingly, the Petitioner cannot claim capitalisation of Initial Spares merely on the ground that the amount is within the permissible limit prescribed under Regulation 23(d) of the 2019 Tariff Regulations, and has been discharged up to the respective CODs, without providing any detailed justification. BSPHCL has further submitted that the Petitioner is required to furnish item-wise details and justification demonstrating the necessity of the Initial Spares claimed.

100. The Petitioner, in its rejoinder vide affidavit dated 19.8.2025, has submitted that the Initial Spares claimed in the instant Petition are admissible in accordance with Regulation 23 (d) of the 2019 Tariff Regulations. The Petitioner has submitted that the claim is within the applicable ceiling limit of 3.50% for the PLCC / Communication / OPGW heads and that the relevant details and calculations have been furnished in the instant Petition in the prescribed forms. The Initial Spares claimed for Asset-I and Asset-III amount to ₹9.07 lakh and ₹4.52 lakh, respectively, and are within the prescribed ceiling limit. Accordingly, the Petitioner has contended that the objection raised by BSPHCL is invalid and without merit and has prayed that the Initial Spares claimed in the instant Petition be allowed.

101. We have considered the Petitioner and BSPHCL's submissions. Regulation 23(d) of the 2019 Tariff Regulations provides as under:

> *"**23. Initial Spares:** Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to the following ceiling norms:*
> *……*
> ***(d) Transmission System***
> *(i) Transmission line: 1.00%*

(ii) Transmission sub-station
- (Green Field): 4.00%
- (Brown Field): 6.00%
(iii) Series Compensation devices and HVDC Station: 4.00%
(iv) GIS Insulated Sub-station
- (Green Field): 5.00%
- (Brown Field): 7.00%
(v) Communication System: 3.50%
(vi) Static Synchronous Compensator: 6.00%
……"

102. The details of the cut-off date with respect to the communication assets, as allowed in accordance with the 2019 Tariff Regulation, are as follows:

Asset Name	Commercial Operation Date	Cut-off Date
Asset-I	19.5.2019	31.5.2022
Asset-II	19.1.2021	31.1.2024
Asset-III	27.6.2023	30.6.2026

103. The Petitioner has not claimed any Initial Spares with respect to Asset-II. Accordingly, as per the Auditor's Certificate, FORM-5 and FORM-13, submitted by the Petitioner, the Initial Spares with respect to the communication assets have been worked out in accordance with Regulation 23(d) of the 2019 Tariff Regulations and allowed as follows:

(₹ in lakh)

Asset No.	Plant and Machinery Cost as per the Auditor's Certificate (excluding IDC/IEDC, Land cost & Cost of Civil Works) (A)	Initial Spares Claimed (B)	Norms as per Regulation (in %) (C)	Allowable Initial spares (D=(A-B) *C/ (100- C))	Excess Initial Spares (F=B-E), if B> D. otherwise 0
Asset-I	687.91	9.07	3.50	24.62	0.00
Asset-II	318.30	0.00	3.50	11.54	0.00
Asset-III	419.39	4.52	3.50	15.05	0.00

104. Accordingly, the details of the capital cost allowed with respect to the communication assets as on the COD are summarised as follows:

(₹ in lakh)

Asset No.	Capital Cost as on COD as per Auditor Certificate (A)	Less: IDC discharged after COD (B)	Less: IDC disallowed due to time overrun (C)	Less: IEDC disallowed due to time overrun (D)	Add: Notional IDC (E)	Capital Cost as on COD (F=A-B-C-D+E)
Asset-I	733.49	0.00	25.42	0.46	10.93	718.53
Asset-II	392.53	0.00	88.17	3.41	0.00	300.95
Asset-III	564.22	0.00	140.65	9.44	0.00	414.13

Additional Capital Expenditure ("ACE")

105. Regulations 24 and 25 of the 2019 Tariff Regulations provide as under:

*"**24. Additional Capitalization within the original scope and up to the cut-off date***

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

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

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.

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

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

a. Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;
b. Change in law or compliance of any existing law;
c. Deferred works relating to ash pond or ash handling system in the original scope of work;
d. Liability for works executed prior to the cut-off date;
e. Force Majeure events;
f. Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and g) Raising of ash dyke as a part of ash disposal system.

(2) In case of replacement of assets deployed under the original scope of the existing project after 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. The useful life of the assets 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."

106. The Petitioner has claimed the ACE with respect to the communication assets as per the Auditor's Certificates, as follows:

(₹ in lakh)

Asset No.	Projected ACE					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Asset-I	-	-	-	-	-	-
Asset-II	-	8.52	9.48	7.76	-	-
Asset-III	-	-	-	-	-	7.96
Total	**0.00**	**8.52**	**9.48**	**7.76**	**-**	**7.96**

107. The Petitioner has submitted that the ACE incurred/ projected to be incurred with respect to the communication assets is mainly due to balance/retention payments within the original scope of work. Accordingly, the Petitioner has claimed the same under Regulation 24(1)(a) of the 2019 Tariff Regulations. The Petitioner, vide affidavit dated 8.7.2025, has also submitted the detailed Liability Flow Statements as follows:

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding Liability as on COD	Projected ACE						Outstanding as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	
Asset-II	M/s KEC M/s Commotal Etc.	Fibre Optic Cable & Accessories	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding Liability as on COD	Projected ACE						Outstanding as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	
Asset-II	M/s KEC M/s Commotal Etc.	Fibre Optic Cable & Accessories	25.76	0.00	8.52	9.48	7.73	0.00	25.76	0.00

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding Liability as on COD	Projected ACE						Outstanding as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	
Asset-III	M/s KEC M/s Commotal Etc.	Fibre Optic Cable & Accessories	7.96	0.00	0.00	0.00	0.00	0.00	0.00	7.96

108. We have considered the Petitioner's submissions. It is observed that the Petitioner has also projected ACE for FY 2024-25 with respect to Asset-III. Accordingly, the said ACE shall be dealt with in a future Petition in accordance with the relevant Tariff Regulations. It is further observed that the Petitioner has not projected any ACE with respect to Asset-I and Asset-III for the 2019-24 tariff period. However, the ACE claimed with respect to Asset-II pertains to balance/retention payments within the original scope of work. Accordingly, the ACE projected by the Petitioner with respect to Asset-II is hereby allowed in accordance with Regulation 24(1)(a) of the 2019 Tariff Regulations, as follows, subject to truing up:

Asset-I

(₹ in lakh)

Particulars	Regulation	2019-24
ACE Allowed	Regulation 24(1)(a) of the 2019 Tariff Regulations	0.00
Add: IDC Discharge		0.00
Total	**-**	**0.00**

Asset-II

(₹ in lakh)

Particulars	Regulation	2019-24
ACE Allowed	Regulation 24(1)(a) of the 2019 Tariff Regulations	25.76
Add: IDC Discharge		0.00
Total	**-**	**25.76**

Asset-III

(₹ in lakh)

Particulars	Regulation	2019-24
ACE Allowed	Regulation 24(1)(a) of the 2019 Tariff Regulations	0.00
Add: IDC Discharge		0.00
Total	**-**	**0.00**

109. Accordingly, the details of the capital cost and ACE allowed with respect to the transmission assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

Asset No.	Capital Cost allowed as on COD	ACE Allowed (2019-24)	Capital Cost as on 31.3.2024
Asset-I	718.53	-	718.53
Asset-II	300.95	25.76	326.71
Asset-III	414.13	0.00	414.13

Debt-Equity Ratio

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

> ***"18. Debt-Equity Ratio****: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:*
>
> *Provided that:*
>
> *i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*
> *ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*
> *iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.*
>
> **Explanation-**The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilized for meeting the capital expenditure of the generating station or the transmission system.
>
> *(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.*
>
> *(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:*
>
> *Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the equity actually deployed as on 1.4.2019 is more than 30% of the capital cost, equity in excess of 30%shall not be taken into account for tariff computation;*
>
> *Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulations.*

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernization 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."

111. We have considered the Petitioner's submissions. Accordingly, the debt-equity ratio considered for the purpose of computation of tariff with respect to the transmission asset for the 2019-24 tariff period is as follows:

Asset-I

(₹ in lakh)

Funding	Capital Cost as on COD		ACE allowed in 2019-24		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	502.97	70.00	0.00	70.00	502.97	70.00
Equity	215.56	30.00	0.00	30.00	215.56	30.00
Total	**718.53**	**100.00**	**0.00**	**100.00**	**718.53**	**100.00**

Asset-II

(₹ in lakh)

Funding	Capital Cost as on COD		ACE allowed in 2019-24		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	210.66	70.00	18.03	70.00	228.70	70.00
Equity	90.28	30.00	7.73	30.00	98.01	30.00
Total	**300.95**	**100.00**	**25.76**	**100.00**	**326.71**	**100.00**

Asset-III

(₹ in lakh)

Funding	Capital Cost as on COD		ACE allowed in 2019-24		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	289.89	70.00	0.00	70.00	289.89	70.00
Equity	124.24	30.00	0.00	30.00	124.24	30.00
Total	**414.13**	**100.00**	**0.00**	**100.00**	**414.13**	**100.00**

Depreciation

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

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

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

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

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

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

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

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

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

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

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

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

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

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

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

(9) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same,

depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (8) of this Regulation.

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

a) twenty-five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or

b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or

c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life."

113. The depreciation has been worked out based on the admitted capital expenditure as on COD, and thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) at Annexure-I has been worked out for the transmission asset as per the depreciation rates specified in the 2019 Tariff Regulations. Accordingly, the depreciation allowed for the communication assets under Regulation 33 of the 2019 Tariff Regulations for the 2019-24 tariff period is as follows:

Asset-I

(₹ in lakh)

	Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	718.53	718.53	718.53	718.53	718.53
B	Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	718.53	718.53	718.53	718.53	718.53
D	Average Gross Block (A+C)/2	718.53	718.53	718.53	718.53	718.53
E	Average Gross Block (90% depreciable assets)	718.53	718.53	718.53	718.53	718.53
F	Average Gross Block (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	646.68	646.68	646.68	646.68	646.68
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)	646.68	646.68	646.68	646.68	646.68
J	Weighted average rate of Depreciation (WAROD) (in %)	6.33	6.33	6.33	6.33	6.33
K	Elapsed useful life at the beginning of the year (Year)	0.00	0.00	1.00	2.00	3.00
L	Balance useful life at the beginning of the year (Year)	15.00	15.00	14.00	13.00	12.00
M	**Depreciation during the year (D*J)**	**39.52**	**45.48**	**45.48**	**45.48**	**45.48**

N	Cumulative Depreciation at the end of the year	39.52	85.00	130.48	175.97	221.45
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	607.16	561.68	516.19	470.71	425.23

Asset-II

(₹ in lakh)

	Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
A	Opening Gross Block	300.95	309.47	318.95	326.71
B	Addition during the year 2019-24 due to projected ACE	8.52	9.48	7.76	0.00
C	Closing Gross Block (A+B)	309.47	318.95	326.71	326.71
D	Average Gross Block (A+C)/2	305.21	314.21	322.83	326.71
E	Average Gross Block (90% depreciable assets)	305.21	314.21	322.83	326.71
F	Average Gross Block (100% depreciable assets)	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	274.69	282.79	290.55	294.04
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	274.69	282.79	290.55	294.04
J	Weighted average rate of Depreciation (WAROD) (in %)	6.33	6.33	6.33	6.33
K	Elapsed useful life at the beginning of the year (Year)	0.00	0.00	1.00	2.00
L	Balance useful life at the beginning of the year (Year)	15.00	15.00	14.00	13.00
M	**Depreciation during the year (D*J)**	**3.81**	**19.89**	**20.44**	**20.68**
N	Cumulative Depreciation at the end of the year	3.81	23.70	44.14	64.82
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	270.88	259.09	246.41	229.22

Asset-III

(₹ in lakh)

	Particulars	2023-24 (Pro-rata for 279 days)
A	Opening Gross Block	414.13
B	Addition during the year 2019-24 due to projected ACE	0.00
C	Closing Gross Block (A+B)	414.13
D	Average Gross Block (A+C)/2	414.13
E	Average Gross Block (90% depreciable assets)	414.13
F	Average Gross Block (100% depreciable assets)	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	372.71
H	Depreciable value of IT equipment and software (F*100%)	0.00
I	Total Depreciable Value (G+H)	372.71
J	Weighted average rate of Depreciation (WAROD) (in %)	6.33
K	Elapsed useful life at the beginning of the year (Year)	0.00
L	Balance useful life at the beginning of the year (Year)	15.00
M	**Depreciation during the year (D*J)**	**19.98**
N	Cumulative Depreciation at the end of the year	19.98
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	352.73

Interest on Loan (IoL)

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

> ***"32. Interest on loan capital:*** *(1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered as gross normative loan for calculation of interest on loan.*
>
> *(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.*
>
> *(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.*
>
> *(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.*
>
> *(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:*
>
> *Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;*
>
> *Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.*
>
> *(5a) The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.*
>
> *(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*
>
> *(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing."*

115. We have considered the Petitioner's submissions. We have considered the Weighted Average Rate of Interest (WAROI) on the loan based on the prevailing interest rate as on the COD. The Petitioner has prayed that any change in interest rate due to the floating rate of interest applicable, if any, during the 2019-24 tariff period be adjusted at the time of true-up. Accordingly, the floating rate of interest, if any, will be considered

while truing-up the tariff for the 2019-24 tariff period. Accordingly, the IoL has been allowed with respect to the communication assets for the 2019-24 tariff period in accordance with Regulation 32 of the 2019 Tariff Regulations, as follows:

Asset-I

(₹ in lakh)

	Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	502.97	502.97	502.97	502.97	502.97
B	Cumulative Repayments up to Previous Year	0.00	39.52	85.00	130.48	175.97
C	Net Loan-Opening (A-B)	502.97	463.45	417.97	372.49	327.00
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	39.52	45.48	45.48	45.48	45.48
F	Net Loan-Closing (C+D-E)	463.45	417.97	372.49	327.00	281.52
G	Average Loan (C+F)/2	483.21	440.71	395.23	349.75	304.26
H	Weighted Average Rate of Interest on Loan (in %)	8.23	8.23	8.24	8.25	8.25
I	**Interest on Loan (G*H)**	**34.56**	**36.28**	**32.56**	**28.84**	**25.09**

Asset-II

(₹ in lakh)

	Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
A	Gross Normative Loan	210.67	216.63	223.27	228.70
B	Cumulative Repayments up to Previous Year	0.00	3.81	23.70	44.14
C	Net Loan-Opening (A-B)	210.67	212.82	199.57	184.56
D	Addition due to ACE	5.96	6.64	5.43	0.00
E	Repayment during the year	3.81	19.89	20.44	20.68
F	Net Loan-Closing (C+D-E)	212.82	199.57	184.56	163.88
G	Average Loan (C+F)/2	211.74	206.19	192.06	174.22
H	Weighted Average Rate of Interest on Loan (in %)	7.52	7.43	7.34	7.42
I	**Interest on Loan (G*H)**	**3.14**	**15.31**	**14.11**	**12.93**

Asset-III

(₹ in lakh)

	Particulars	2023-24 (Pro-rata for 279 days)
A	Gross Normative Loan	289.89
B	Cumulative Repayments up to Previous Year	0.00
C	Net Loan-Opening (A-B)	289.89
D	Addition due to ACE	0.00
E	Repayment during the year	19.98
F	Net Loan-Closing (C+D-E)	269.91
G	Average Loan (C+F)/2	279.90
H	Weighted Average Rate of Interest on Loan (in %)	8.04
I	**Interest on Loan (G*H)**	**17.16**

Return on Equity (RoE)

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

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

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

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope, excluding additional capitalization on account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to 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 Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;

iii. in case of a thermal generating station, with effect from 1.4.2020:

a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;

b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

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

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

***"31. Tax on Return on Equity.** (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.*

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

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

Where "t" is the effective tax rate in accordance with clause (1) of this Regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess.

Illustration-

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

Rate of return on equity = 15.50/(1-0.2155) = 19.758%

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

(a) Estimated Gross Income from generation or transmission business for FY 2019-20 is ₹ 1,000 crore;

(b) Estimated Advance Tax for the year on above is ₹ 240 crore;

(c) Effective Tax Rate for the year 2019-20 = ₹ 240 Crore/₹ 1000 Crore = 24%;

(d) Rate of return on equity = 15.50/ (1-0.24) = 20.395%.

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed-up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long-term customers, as the case may be, on year to year basis."

117. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner's submission and have gone through the record. The Petitioner has claimed Return on Equity (RoE) considering base rate of 15.50% and effective tax rate of 17.47% for the 2019-24 tariff period; the same has been considered, subject to truing-up. Accordingly, the RoE allowed with respect to the communication assets for the 2019-24 tariff period, in accordance with Regulation 31 of the 2019 Tariff Regulation, are as under:

Asset-I

(₹ in lakh)

	Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	215.56	215.56	215.56	215.56	215.56
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	215.56	215.56	215.56	215.56	215.56
D	Average Equity (A+C)/2	215.56	215.56	215.56	215.56	215.56
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	**Return on Equity (D*G)**	**35.18**	**40.49**	**40.49**	**40.49**	**40.49**

Asset-II

(₹ in lakh)

	Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
A	Opening Equity	90.29	92.84	95.69	98.01
B	Addition due to ACE	2.56	2.84	2.33	0.00
C	Closing Equity (A+B)	92.84	95.69	98.01	98.01
D	Average Equity (A+C)/2	91.56	94.26	96.85	98.01
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78
H	**Return on Equity (D*G)**	**3.39**	**17.70**	**18.19**	**18.41**

Asset-III

(₹ in lakh)

	Particulars	2023-24 (Pro-rata for 279 days)
A	Opening Equity	124.24
B	Addition due to ACE	0.00
C	Closing Equity (A+B)	124.24
D	Average Equity (A+C)/2	124.24
E	Return on Equity (Base Rate) (in %)	15.50
F	Tax Rate applicable (in %)	17.47
G	Rate of Return on Equity (in %)	18.78
H	**Return on Equity (D*G)**	**17.79**

Operation and Maintenance Expenses (O&M Expenses)

118. The Petitioner has claimed the following O&M Expenses with respect to the communication assets for the 2019-24 tariff period:

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
Original Project Cost	761.03	761.03	761.03	761.03	761.03
Norms (in %)	2.00	2.00	2.00	2.00	2.00
O&M Expenses	13.21	15.20	15.20	15.20	15.20

Asset-II

(₹ in lakh)

Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
Original Project Cost	418.29	418.29	418.29	418.29
Norms (in %)	2.00	2.00	2.00	2.00
O&M Expenses	1.65	8.37	8.37	8.37

Asset-III

(₹ in lakh)

Particulars	2023-24 (Pro-rata for 279 days)
Original Project Cost	572.18
Norms (in %)	2.00
O&M Expenses	8.72

119. Regulation 35(4) of the 2019 Tariff Regulations provides as under:

> ***"35. Operation and Maintenance Expenses:***
> ***(4) Communication system:*** *The operation and maintenance expenses for the communication system shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up."*

120. We have considered the Petitioner's submissions. The O&M Expenses have been worked out as per Regulation 35(4) of the 2019 Tariff Regulations for the communication assets, subject to the prudence check based on the actuals at the time of truing-up.

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
Original Project Cost	718.53	718.53	718.53	718.53	718.53
Norms (in %)	2.00	2.00	2.00	2.00	2.00
O&M Expenses	12.49	14.37	14.37	14.37	14.37

Asset-II

(₹ in lakh)

Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
Original Project Cost	326.71	326.71	326.71	326.71
Norms (in %)	2.00	2.00	2.00	2.00
O&M Expenses	1.29	6.53	6.53	6.53

Asset-III

(₹ in lakh)

Particulars	2023-24 (Pro-rata for 279 days)
Original Project Cost	422.08
Norms (in %)	2.00
O&M Expenses	6.44

Interest on Working Capital (IWC)

121. Regulations 34(1)(c), 34(3), 34(4) and 3(7) of the 2019 Tariff Regulations provide as under:

> ***"34. Interest on Working Capital:*** *(1) The working capital shall cover:*
> ***……***
> ***(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:***
> *i. Receivables equivalent to 45 days of annual fixed cost;*
> *ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
> *iii. Operation and maintenance expenses, including security expenses for one month.*
> *……..*
>
> *(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:*
>
> *Provided that in case of truing-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.*
>
> *(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency."*
>
> ***"3. Definitions. -*** *In these regulations, unless the context otherwise requires: -*
>
> *(7) '**Bank Rate**' means the one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;"*

122. The Petitioner has considered the IWC rate as 12.05% as on 1.4.2019, 11.25% as on 1.4.2020, and 12.00% as on 1.4.2023 for transmission Asset-I, Asset-II and Asset-III, respectively. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) on Working Capital is considered as 12.05% (State Bank of India's 1-year Marginal Cost of Funds based Lending Rate (MCLR) of 8.55% as on 1.4.2019, plus additional 350 basis points) for the FY 2019-20, 11.25% (State Bank of India's 1-year Marginal Cost of Funds based Lending Rate (MCLR) of 7.75% as on 1.4.2020, plus additional 350 basis points) for the FY 2020-21, 10.50% (State Bank of India's 1-year Marginal Cost of Funds based Lending Rate

(MCLR) of 7.00% as on 1.4.2021, plus additional 350 basis points) for the FY 2021-22 & 2022-23 and 12.00% (State Bank of India's 1-year Marginal Cost of Funds based Lending Rate (MCLR) of 8.50% as on 1.4.2023, plus additional 350 basis points) for the FY 2023-24. The components of the Working Capital and interest allowed thereon under Regulation 34 of the 2019 Tariff Regulations for the 2019-24 tariff period with respect to the communication assets are as under:

Asset-I

(₹ in lakh)

	Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	1.04	1.20	1.20	1.20	1.20
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	1.87	2.16	2.16	2.16	2.16
C	Working Capital for Receivables (Equivalent to 45 days of AFC)	15.24	17.13	16.64	16.18	15.70
D	**Total Working Capital (A+B+C)**	**18.15**	**20.48**	**20.00**	**19.53**	**19.06**
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	**Interest on Working Capital (D*E)**	**2.19**	**2.30**	**2.10**	**2.05**	**2.29**

Asset-II

(₹ in lakh)

	Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.11	0.54	0.54	0.54
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.19	0.98	0.98	0.98
C	Working Capital for Receivables (Equivalent to 45 days of AFC)	1.46	7.44	7.42	7.33
D	**Total Working Capital (A+B+C)**	**1.76**	**8.97**	**8.95**	**8.85**
E	Rate of Interest for working capital (in %)	11.25	10.50	10.50	12.00
F	**Interest on Working Capital (D*E)**	**0.20**	**0.94**	**0.94**	**1.06**

Asset-III

(₹ in lakh)

	Particulars	2023-24 (Pro-rata for 279 days)
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.54
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.97
C	Working Capital for Receivables (Equivalent to 45 days of AFC)	7.70
D	**Total Working Capital (A+B+C)**	**9.20**

E	Rate of Interest for working capital (in %)	12.00
F	**Interest on Working Capital (D*E)**	**1.10**

Annual Fixed Charges for the 2019-24 Tariff Period

123. The AFC allowed with respect to the communication assets for the 2019-24 tariff period are as under:

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	39.52	45.48	45.48	45.48	45.48
Interest on Loan	34.56	36.28	32.56	28.84	25.09
Return on Equity	35.18	40.49	40.49	40.49	40.49
O&M Expenses	12.49	14.37	14.37	14.37	14.37
Interest on Working Capital	2.19	2.30	2.10	2.05	2.29
Annual Fixed Charges	**123.94**	**138.92**	**135.00**	**131.23**	**127.72**

Asset-II

(₹ in lakh)

Particulars	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
Depreciation	3.81	19.89	20.44	20.68
Interest on Loan	3.14	15.31	14.11	12.93
Return on Equity	3.39	17.70	18.19	18.41
O&M Expenses	1.29	6.53	6.53	6.53
Interest on Working Capital	0.20	0.94	0.94	1.06
Annual Fixed Charges	**11.83**	**60.37**	**60.21**	**59.61**

Asset-III

(₹ in lakh)

Particulars	2023-24 (Pro-rata for 279 days)
Depreciation	19.98
Interest on Loan	17.16
Return on Equity	17.79
O&M Expenses	6.44
Interest on Working Capital	1.10
Annual Fixed Charges	**62.47**

Filing Fee and Publication Expenses

124. The Petitioner has sought reimbursement of the fee paid for filing the Petition and the publication expenses of the instant Petition. The Petitioner has further submitted that it will be entitled to the reimbursement of the filing fee and the expenses incurred on publication of notices in the application for approval of tariff directly from the

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

125. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fees paid for filing the Petition and publication expenses incurred on this account directly from the beneficiaries or long-term customers, as the case may be in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

License Fee and RLDC Fees and Charges

126. The Petitioner has claimed reimbursement of the licence fee, RLDC Fees and Charges. We have considered the Petitioner's submissions. The Petitioner is allowed the reimbursement of the licence fee in accordance with Regulation 70(4) of the 2019 Tariff Regulations for the 2019-24 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries under Regulation 70(3) of the 2019 Tariff Regulations for the 2019-24 tariff period.

Goods and Services Tax

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

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

Security Expenses and Insurance Expenses

129. The Petitioner has submitted that a separate Petition No. 260/MP/2020 was filed as per Regulation 35(3)(c) of the 2019 Tariff Regulations before the Commission for

claiming the overall Security Expenses and consequential IWC, wherein, it was proposed to consider the actual Security Expense incurred by the Petitioner for the FY 2018-19 after escalating the same at 3.51% per annum and Estimated Additional Security Expense for the FY 2019-20, FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24. The Petitioner has further submitted that any difference between the Estimated Security Expenses and Actual Security Expenses, calculated as per the audited accounts, on a year-to-year basis, may be allowed to be recovered/ refunded from the beneficiaries.

130. We have considered the Petitioner's submissions. The Petitioner has claimed consolidated security expenses for all the communication assets, on a projected basis for the FY 2019-24 tariff period, based on the actual security expenses incurred in FY 2018-19 in Petition No. 260/MP/2020. The Commission, vide order dated 3.8.2021 in Petition No. 260/MP/2020, has approved security expenses for the period from 1.4.2019 to 31.3.2024. Therefore, security expenses will be shared in terms of the order dated 3.8.2021 in Petition No. 260/MP/2020. Further, the difference, if any, between the Estimated Security Expenses and Actual Security Expenses will be dealt with at the time of truing-up.

Capital Spares

131. The Petitioner has not claimed capital spares for the transmission asset in the instant Petition for the 2019-24 tariff period. The Petitioner has filed Petition No. 45/MP/2024, claiming therein capital spares for the 2019-24 tariff period in accordance with the 2019 Tariff Regulations, and has sought reimbursement thereof at the end of the tariff period. Accordingly, the claim for capital spares, if any, shall be considered in accordance with the applicable provisions of the 2019 Tariff Regulations.

132. We have considered the Petitioner's submissions and have perused the documents placed on record. Presently, Petition No. 45/MP/2024 is at the hearing stage before the Commission. Accordingly, the issue relating to the claim for capital spares shall be considered and dealt with in the said Petition in accordance with the applicable provisions of the 2019 Tariff Regulations.

Sharing of Transmission Charges

133. The Petitioner has submitted that the determination of the transmission tariff for the 2019-24 tariff period will be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations, and will be shared by the beneficiaries and long-term transmission customers according to the 2020 Sharing Regulations, as amended from time to time.

134. We have considered the Petitioner's submissions. With effect from 1.11.2020, the sharing of transmission charges is governed by the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020. Accordingly, the billing, collection, and disbursement of the transmission charges with respect to the communication assets shall be recovered in terms of the provisions of the 2020 Sharing Regulations (as amended from time to time) as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period.

Interim Tariff

135. The Petitioner has prayed to allow the interim tariff, in accordance with Regulation 10(3) of the 2019 Tariff Regulations, to be included in the point-of-connection charges.

136. We have considered the Petitioner's submissions. Since we have determined the transmission tariff for the communication assets in this order, the prayer for the interim tariff becomes redundant.

137. **To Summarise:**

a) The details of the AFC claimed in the instant Petition and allowed with respect to the transmission asset for the 2019-24 tariff period are as follows:

Asset-I

(₹ in lakh)

AFC	2019-20 (Pro-rata for 318 days)	2020-21	2021-22	2022-23	2023-24
Claimed	130.90	147.12	143.13	139.13	135.11
Allowed	123.94	138.92	135.00	131.23	127.72

Asset-II

(₹ in lakh)

AFC	2020-21 (Pro-rata for 72 days)	2021-22	2022-23	2023-24
Claimed	15.05	77.25	77.36	76.26
Allowed	11.83	60.37	60.21	59.61

Asset-III

(₹ in lakh)

AFC	2023-24 Pro-rata for 127 days)
Claimed	84.42
Allowed	62.47

138. The Annexure-I to this order forms part of the order.

139. This order disposes of Petition No. 266/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**

Annexure-I

Asset-I

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Allowed ACE					Admitted Capital Cost as on 31-03-2024	Dep Rate	Annual Depreciation				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Comm. System other than OPGW	46.07	0.00	0.00	0.00	0.00	0.00	46.07	6.33%	2.53	2.92	2.92	2.92	2.92
Fiber Optic/ OPGW	672.46	0.00	0.00	0.00	0.00	0.00	672.46	6.33%	36.98	42.57	42.57	42.57	42.57
Total	**718.53**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**718.53**		**39.52**	**45.48**	**45.48**	**45.48**	**45.48**
								Avg. Gross Block	**718.53**	**718.53**	**718.53**	**718.53**	**718.53**
								WAROD	**6.33%**	**6.33%**	**6.33%**	**6.33%**	**6.33%**

Asset-II

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Allowed ACE					Admitted Capital Cost as on 31-03-2024	Dep Rate	Annual Depreciation				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Fiber Optic/ OPGW	300.95	0.00	8.52	9.48	7.76	0.00	326.71	6.33%	0.00	19.32	19.89	20.44	20.68
Total	**300.95**	**0.00**	**8.52**	**9.48**	**7.76**	**0.00**	**326.71**		**0.00**	**19.32**	**19.89**	**20.44**	**20.68**
								Avg. Gross Block	**-**	**305.21**	**314.21**	**322.83**	**326.71**
								WAROD	**-**	**6.33%**	**6.33%**	**6.33%**	**6.33%**

Asset-III

(₹ in lakh)

Capex	Admitted Capital Cost as on COD	Allowed ACE					Admitted Capital Cost as on 31-03-2024	Dep Rate	Annual Depreciation				
		2019-20	2020-21	2021-22	2022-23	2023-24			2019-20	2020-21	2021-22	2022-23	2023-24
Fiber Optic/ OPGW	414.13	0.00	0.00	0.00	0.00	0.00	414.13	6.33%	0.00	0.00	0.00	0.00	26.21
Total	**414.13**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**414.13**		**0.00**	**0.00**	**0.00**	**0.00**	**26.21**
								Avg. Gross Block	**-**	**-**	**-**	**-**	**414.13**
								WAROD	**-**	**-**	**-**	**-**	**6.33%**