# Central Electricity Regulatory Commission
# New Delhi

**Petition No. 877/TT/2025**

**Coram:**

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

**Date of Order: 18.10.2026**

**In the matter of:**

Approval under Section 62 read with Section 79(1)(d) of 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 Condition of Tariff Regulations), 2024 for determination of the tariff for "Establishment of 765/400/220 kV Substation at Kurnool-III, Extension of 765 kV Kurnool (New) Substation, and 765 kV Kurnool III- Kurnool (New) D/C Line" under **"Transmission System for Kurnool Wind Energy Zone/Solar Energy Zone(AP) - Part-A & Part-B''**.

**And in the matter of:**

Power Grid Corporation of India Limited,
Saudamini, Plot No-2,
Sector-29, Gurgaon, Haryana-122001. …**Petitioner**

**Versus**

1. Tamil Nadu Power Distribution Corporation Limited (TNPDCL),
   NPKRR Maaligai, 144, Anna Salai,
   Chennai – 600 002.

2. Kerala State Electricity Board Ltd (KSEBL)
   Vaidyuthi Bhavanam
   Pattom, Thiruvananthapuram – 695 004

3. Electricity Department, Government of Goa
   Vidyuti Bhawan, Panaji, Goa 403001

4. Electricity Department, Govt. of Pondicherry
   137, Netaji Subash Chandra Bose Salai
   Pondicherry - 605001

5. Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL)
   P&T Colony, Seethmadhara, VISHAKHAPATNAM, Andhra Pradesh,

6. Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL)
19-13-65/A, Srinivasapuram, Tiruchanoor Road
Tirupati – 517503, Andhra Pradesh

7. Andhra Pradesh Central Power Distribution Company Limited (APCPDCL)
Corporate Office, Beside Polytechnic College, ITI Road
Vijayawada - 520 008, Krishna District, Andhra Pradesh

8. Southern Power Distribution Company of Telangana Limited (TSSPDCL)
6-1-50, Corporate Office, Mint Compound,
HYDERABAD – 500 063, Telangana

9. Northern Power Distribution Company of Telangana Limited (TSNPDCL)
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, WARANGAL – 506 001, Telangana

10. Bangalore Electricity Supply Company Ltd., (BESCOM)
Corporate Office, K.R.Circle,
BANGALORE – 560 001, Karanataka

11. Gulbarga Electricity Supply Company Ltd. (GESCOM)
Corporate Office, Station Main Road, Opp. Parivar Hotel,
Gulbarga (Kalburgi), KARNATAKA - 585102

12. Hubli Electricity Supply Company Ltd. (HESCOM)
Navanagar, PB Road, HUBLI, Karnataka- 580025
Represented by Its Managing Director

13. Mangalore Electricity Supply Company Ltd. (MESCOM)
Corporate Office,1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore – 575 004, Karnataka

14. Chamundeswari Electricity Supply Corporation Ltd. (CESC)
Corporate Office, 29, Vijayanagara 2nd Stage,
Hinkal, Mysuru-570017, KARNATAKA

15. Central Transmission Utility of India Ltd.
Saudamini, Plot No. 02,
Sector 29, Gurugram – 122001 ...Respondent(s)

**For Petitioner:** Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Ranjeet Pandey, PGCIL

Shri Ashish Alankar, PGCIL
Shri Arjun Malhotra, PGCIL
Ms. Anshul Garg, PGCIL

**For Respondents:** None

**ORDER**

The Petitioner, Power Grid Corporation of India Limited (PGCIL), has filed this Petition for tariff determination under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 (hereinafter referred to as "the Act") and Regulations 15(1)(a) and 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, 2024 (hereinafter referred to as "the 2024 Tariff Regulations") for the "Establishment of 765/400/220 kV Substation at Kurnool-III, Extension of 765 kV Kurnool (New) Substation, and 765 kV Kurnool III- Kurnool (New) D/C Line" (hereinafter referred to as the "transmission asset") under "**Transmission System for Kurnool Wind Energy Zone/Solar Energy Zone(AP) - Part-A & Part-B'**' (hereinafter referred to as "the transmission project").

2. The Petitioner has made the following prayers:

*"a) Approve the Proposed DOCO as prayed in Para 16.*
*b) Condone the delay in completion of subject asset on merit of the same as prayed in Para 17.*
*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 tariff block 2024-29 block for the asset covered under this petition, as per Para 30 above.*
*e) Allow the Initial spares claimed in Para 21 above.*
*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 2024 as per Para 30 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 94(1) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, 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 94(3) and 93(4) of Central*

*Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations,2024.*

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 2024-29 period, if any, from the beneficiaries.*

j) *Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at Para 35 above.*

k) *Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at Para 35 above.*

l) *Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 35 above.*

m) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at Para 36 above.*

n) *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.*

o) *Allow interim tariff in accordance with Regulation 10(3) of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for purpose of inclusion in the PoC charges.*

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

## Background

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

a. The subject petition covers approval of transmission tariff for the following asset under "Transmission System for Kurnool Wind Energy Zone/Solar Energy Zone (AP)-Part-A & Part-B":

| Asset | COD |
|---|---|
| Establishment of 765/400/220 kV Substation at Kurnool-III, Extension of 765 kV Kurnool (New) Substation, and 765 kV Kurnool III - Kurnool (New) D/C Line | 27.4.2025 (Proposed) |

b. The Petitioner has been entrusted with the implementation of "Transmission System for Kurnool Wind Energy Zone/Solar Energy Zone (AP) – Part-A & Part-B". The investment approval of the project was accorded by the Board of Directors of the Petitioner company vide Memorandum dated 6.3.2023 with an estimated cost of Rs. 3546.94 Crore, including IDC of Rs.165.13 Crore, at

September 2022 price level;

c. The scope of the scheme was assigned to the Petitioner under RTM by the Ministry of Power (MoP) vide its Office Memorandum dated 04.01.2019 through RTM route. The instant transmission scheme was envisaged to evacuate 4.5 GW RE potential in the Kurnool area. However, the subject scheme was put on hold due to land availability issues and uncertainty in development of RE generation projects, etc. Further, resumption of implementation of the transmission scheme associated with RE Zones in the Southern Region was discussed under the chairmanship of the Chairperson, CEA on 3.11.2022, and the Petitioner was advised to immediately take up implementation of the subject scheme with an implementation timeframe of 24 months. On 7.11.2022, resumption of implementation of the subject transmission scheme was approved in the 10th NCT meeting.

d. The scope of work covered under the transmission project "Transmission System for Kurnool Wind Energy Zone/ Solar Energy Zone (AP) – Part-A & Part-B" broadly includes:

**(i) Part A**

| Sl. No. | Scope of works |
|---|---|
| **1** | **Substation** |
| **a)** | **Establishment of 765/400/220kV Substation at Kurnool-III**<br>**765kV**<br>• 765/400 kV, 1x1500 MVA ICT : 3 nos.<br>(10x500 MVA including 1 spare unit)<br>• Transformer bay : 3 nos.<br>• Line bay : 2 nos.<br>• 330 MVAr Bus Reactor : 1 no.<br>(4x110 MVAr including one spare unit)<br>• Bus Reactor Bay : 1 no.<br>**400kV**<br>• 400/220 kV, 1x500 MVA ICT : 9 nos.<br>• Transformer bay : 12 nos.<br>• 125 MVAr Bus Reactor : 1 no.<br>• Bus Reactor Bay : 1 no.<br>**220kV**<br>• Transformer bay : 9 nos. |

| | |
|---|---|
| | • Line bay : 15 nos.<br>• Bus Sectionalizer : 2 sets<br>• Transfer Bus Coupler bay : 3 nos.<br>• Bus Coupler bay : 3 nos.<br>**Space for:**<br>i. 765/400 kV ICTs along with bays : 2 nos.<br>ii. 400/220 kV ICTs along with bays : 4 nos.<br>iii. 765 kV line bays with SLR : 6 nos.<br>iv. 400 kV line bays with SLR : 4 nos.<br>v. 220 kV line bays : 7 nos.<br><br>**Additional Space for:**<br>i. 765/400 kV ICTs along with bays : 2 nos.<br>ii. 400/220 kV ICTs along with bays : 7 nos.<br>iii. 765 kV line bays with SLR : 2 nos.<br>iv. 400 kV line bays with SLR : 4 nos.<br>v. 400 kV line bays : 2 nos.<br>vi. 220 kV line bays : 4 nos.<br>vii. 400 kV Bus Sectionalizer : 1 set<br>viii. Additional 220 kV future Bus Sectionalizer : 3 sets<br>ix. Additional future 220 kV TBC bay : 3 nos.<br>x. Additional future 220 kV BC bay : 3 nos. |
| **b)** | **Extension of 765 kV Kurnool (New) substation**<br>• 765 kV line bays : 2 nos.<br>*Note: POWERGRID to provide space for 2 Nos. of 765 kV bays at Kurnool (new)* |
| **2** | **Transmission Line** |
| | 765 kV Kurnool–III PS – Kurnool (New) D/c Line : **107.07 km** |

**(ii) Part B**

| Sl. No. | Scope of works |
|---|---|
| **1** | **Substation** |
| **a)** | **Extension of 765 kV Kurnool-III Substation**<br>• 765 kV line bays : 2 nos.<br>• 240 MVAr switchable line reactors : 2 nos.<br>(7x80 MVAr incl. one spare unit)<br>• Switchable line reactor bays : 2 nos. |
| **b)** | **Extension of 765 kV Maheshwaram Substation (GIS)**<br>• 765 kV line bays : 2 nos.<br>• 240 MVAr switchable line reactors : 2 nos.<br>(6x80 MVAr units)<br>• Switchable line reactor bays : 2 nos.<br>*Note : Two full dia has been considered at Maheshwaram (GIS) Substation* |
| **2** | **Transmission Line**<br>765 kV Kurnool- III PS – Maheshwaram (PG) D/c Line : **248.03 km** |

e. The details of the assets covered under the transmission project and the assets included in the instant petition are as follows:

| Asset | COD | Remarks |
|---|---|---|
| **Establishment of 765/400/220 kV Substation at Kurnool-III under Part - A**<br><br>**765kV**<br>765/400 kV, 3x1500 MVA ICTs (10x500 MVA including 1 spare unit)<br>03 nos. Transformer bays<br>02 nos. line bays<br>330 MVAr Bus Reactor (4x110 MVAR, including one spare unit)<br>01 no. Bus reactor bay<br><br>**400kV**<br>400/220 kV, 6x500 MVA ICTs<br>09 nos. Transformer bays<br>01 no. 125 MVAr Bus reactor<br>01 no. Bus reactor bay<br><br>**220kV**<br>06 nos. Transformer bays<br>05 nos. line bays<br>01 Set of Bus sectionalizer<br>01 Bus coupler bay | 27.04.2025 (Proposed) | *Claimed in the instant petition* |
| **Extension of 765 kV Kurnool (New) Substation under Part - A**<br>02 nos. 765 kV line bays | | |
| **765 kV Kurnool III PS- Kurnool (New) D/C Transmission Line under Part - A** | | |

f. The balance scope of works under subject project, which are presently under implementation are as follows: -

**(i) Establishment of 765/400/220 kV Substation at Kurnool-III under Part – A**

**400 kV**
400/220 kV, 3x500 MVA ICTs
03 nos. transformer bays

**220 kV**
03 nos. transformer bays
10 nos. line bays
01 Set of bus sectionalizer
03 nos. transfer bus coupler bay
02 nos. bus coupler bays

**(ii) Extension of 765 kV Kurnool-III Substation under Part-B**

**765 kV**
02 nos. line bays
02 nos. 240 MVAR switchable line reactors (7X80 MVAR incl. one spare unit)
02 nos. switchable line reactor bays

**(iii) Extension of 765 kV Maheshwaram Substation (GIS) under Part-B**

**765 kV**
02 nos. line bays
02 nos. 240 MVAR switchable line reactors (6X80 MVAR units)
02 nos. switchable line reactor bays
**Two full dia has been considered at Maheshwaram (GIS) Substation*

**(iv) 765kV Kurnool III PS – Maheshwaram (PG) D/C Transmission Line under Part - B**

4. The Respondents, mainly beneficiaries of the Southern Region, are Distribution Licensees and Power Departments procuring transmission service from the Petitioner.

5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has also been published in the newspapers in accordance with Section 64 of the Act. The Respondent No. 1, Tamil Nadu Power Distribution Corporation Limited (TNPDCL) and Respondent No.2, Kerala State Electricity Board Ltd (KSEBL), have filed their reply vide affidavits dated 17.12.2025 and 13.1.2026 and raised objections on the issue of Transmission Planning, non-maintainability of the Petition, recovery of transmission charges, time overrun, cost overrun, Interest during construction (IDC) and Incidental Expenditure During Construction (IEDC). The Petitioner has filed its rejoinder to TNPDCL's and KSEBL's replies, vide affidavits dated 13.1.2026 and 3.4.2026, respectively. The issues raised by TNPDCL and KSEBL and the clarifications provided by the Petitioner are discussed in the subsequent paragraphs of this order.

6. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 25.7.2025, its reply to the Technical Validation (TV) letter and

RoP vide affidavit dated 1.12.2025 and 22.12.2025 respectively; reply filed by TNPDCL and KSEBL vide affidavit dated 17.12.2025 and 13.1.2026; the Petitioner's rejoinder to TNPDCL's and KSEBL's reply vide affidavit dated 13.1.2026 and 3.4.2026 respectively; and the submission made by CTUCIL vide affidavit dated 9.1.2026 and 9.3.2026 respectively. The matter was heard on 19.3.2026, and the order was reserved.

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

8. The gist of the submissions made by TNPDCL in its reply is as follows:

a) The present Petition is liable to be dismissed as non-maintainable as the Petitioner has not followed the process of Transmission Planning such as deferment of the transmission elements based on the progress of implementation of generating stations as per Regulation 7(8) and (9) of Central Electricity Regulatory Commission (Planning, Coordination and Development of Economic and Efficient Inter-State Transmission System by Central Transmission Utility and other related matters) Regulations, 2018 (hereinafter referred to as the "2018 Planning Regulations").

b) The Petitioner has also not followed Stakeholder Consultation and Transparency as per Regulation 8(1) of the 2018 Planning Regulations since the instant transmission system was not deliberated in the SRPC forum and Standing Committee on Power System Planning meetings after revising the transmission system from 18.5 GW to 8 GW in Petition No. 200/MP/2019.

c) The present Petition is liable to be dismissed as non-maintainable as the Petitioner has not obtained the regulatory approval as per Regulation 6(1) of Central Electricity Regulatory Commission (Grant of Regulatory Approval for execution of Inter-State Transmission Scheme to Central Transmission Utility) Regulations, 2010.

d) The Commission, in its order dated 26.11.2021 in Petition No. 200/MP/2019, observed that in case the generating stations do not materialise as envisaged, and the transmission system is commissioned, CTUIL may seek appropriate remedies such as grants and/or subsidies from GOI/ State Governments till the associated generating stations achieve COD. CTUIL may also approach the Commission for appropriate relief and directions. Accordingly, the

Petitioner has to approach the Commission for appropriate relief and directions not for tariff determination.

9. In response, the Petitioner in its rejoinder has made the following submissions:

(a) The scheme was assigned to the Petitioner by MoP vide its Office Memorandum dated 4.11.2019 through RTM route. The instant transmission scheme was envisaged to evacuate 4.5 GW RE potential in the Kurnool area. However, the subject scheme was put on hold due to land availability issues and uncertainty in development of RE generation projects, etc. Further, resumption of implementation of the transmission scheme associated with RE Zones in Southern Region was discussed under the chairmanship of the Chairperson, CEA on 3.11.2022, and the Petitioner was advised to immediately take up implementation of the subject scheme with an implementation timeframe of 24 months. On 7.11.2022, resumption of implementation of the subject transmission scheme was approved in the 10th NCT meeting.

(b) Requirement of regulatory approval and misinterpretation of the order dated 26.11.2021 in Petition No. 200/MP/2019:

(i) TNPDCL's reliance on the order dated 26.11.2021 in Petition No. 200/MP/2019 is wholly misplaced. Further, the contention that the present tariff petition is not maintainable for lack of regulatory approval is also erroneous and liable to be rejected.

(ii) The present Petition, seeking tariff determination for commissioned assets, is a lawful invocation of the Commission's jurisdiction and cannot be characterised as non-maintainable.

(iii) MoP, in exercise of powers under Section 176 of the Electricity Act, 2003, has notified the Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021. The said Rules introduce a new, consolidated statutory framework governing:

- Transmission System Planning,
- Development and Execution of ISTS projects, and
- Recovery of Inter-State Transmission charges.

(iv) The objection of the Respondent alleging absence of regulatory approval is no longer res integra and stands conclusively settled by the Commission's

order dated 15.10.2024 in Petition No. 116/TL/2024, wherein the Commission has examined an identical objection raised by TNPDCL and observed that the CTUIL has complied with the procedure prescribed. Therefore, it cannot be faulted for not obtaining regulatory approval. The relevant portion of the order dated 15.10.2024 reads as follows:

> *"23. We have perused the 2010 Regulatory Approval Regulations, which provide as under:*
>
> *'3. Scope and applicability*
> *(1) These regulations shall apply to:*
>
> *(i) An ISTS Scheme proposed by Central Transmission Utility, for which generators have sought long term access as per the Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium Term Open Access to the Inter State Transmission and Related Matters) Regulations, 2009, and for which consultation with Central Electricity Authority and beneficiaries if already identified has been held for setting up the ISTS Scheme, but for which Power Purchase Agreements with all the beneficiaries have not been signed on the date of application.*
>
> *(ii) An ISTS Scheme for system strengthening or up gradation, identified by Central Transmission Utility to enable reliable, efficient, coordinated and economical flow of electricity within and across the region for which consultation with Central Electricity Authority and beneficiaries if identified has been held.*
>
> *(iii) ISTS Scheme proposed by CTU, for which the Central Government authorized Solar Power Park Developer has sought long term access, and for which consultation with Central Electricity Authority and beneficiaries wherever identified has been held for setting up the ISTS scheme and the Solar Power Park Developer undertakes to bear all liabilities on behalf of the solar power generators to be set up in the Solar Park.'*
>
> *We observe that the said scheme identified based on the RE potential is not covered under the 2010 Regulatory Approval Regulations. We also note that in the past, CTUIL had approached the Commission in a few cases for the grant of regulatory approval for schemes based on RE potential. The Commission, after taking note of the absence of explicit provisions for regulatory approval for the transmission system planning for RE potential, granted the regulatory approval after exercising the powers to relax, including under Petition No. 200/MP/2019.*
>
> *We also note that the Transmission System Planning Rules, as notified by the Ministry of Power, Government of India, on 1.10.2021, provide that the Inter State Transmission System projects drawn up by Central Transmission Utility shall be placed before the National Committee on Transmission constituted by the Central Government and the projects along with their timeline for implementation shall be approved by the Central Government after considering the recommendations of the National Committee on Transmission.*
>
> *We observe that the National Committee on Transmission has recommended the scheme as envisaged under the Transmission System Planning Rules 2021. Considering the above, we are of the view that CTUIL has complied with the requirements of the statutory framework in force qua the transmission system in question."*

(v) The ratio of the aforesaid order applies to the present case. The Respondent's objection is a verbatim repetition of the arguments raised and rejected by the Commission in Petition No. 116/TL/2024 and is therefore liable to be rejected outright. Further, the transmission system considered in Petition No. 116/TL/2024 is the transmission system required to evacuate power from the Bidar region of Karnataka, which was also the subject matter of Petition No. 200/MP/2019 and was treated the same way qua subject transmission assets. Therefore, the same reasoning ought to be extended to the instant case. In view of the order dated 15.10.2024 in Petition No. 116/TL/2024, the challenge to maintainability and the objection on absence of regulatory approval raised are legally untenable and deserve rejection.

(vi) TNPDCL has misconstrued the findings of the Commission in Petition No. 200/MP/2019 and has, therefore, made a misplaced submission that the Commission had rejected the proposal for the Kurnool area and had granted regulatory approval for only 8.0 GW, whereas the approval for the transmission system for the Kurnool area was put on hold due to non-receipt of the LTA applications and, as such, there had been no rejection of the regulatory approval by the Commission with respect to the subject Transmission Scheme for the Kurnool area.

(vii) The subject assets were resumed for implementation under the new planning framework put in place by the 2021 Electricity Rules. Under this new planning framework, the subject assets were directed by CEA to be implemented by the Petitioner and were approved by NCT.

(viii) It is a settled principle of tariff jurisprudence that once a transmission asset is commissioned in accordance with statutory approvals as in the present case, the transmission licensee is entitled to tariff.

(ix) Further, the similar contention raised in Petition No.200/MP/2019 was also raised in Petition No. 116/TL/2024 order by TNPDCL, which was dismissed by the Commission as NCT has recommended the implementation of the assets in Bidar area under the 2021 Electricity Transmission Rules. Since the subject assets also stand on the same

footing, the findings in the order dated 15.10.2024 in Petition No. 116/TL/2024 are applicable to the present case.

(x) The reliance placed by TNPDCL on 2018 Planning Regulations to non-suit the Petitioner by alleging that the Petition is not maintainable is also incorrect. On notification of the 2021 Electricity Transmission Rules, the planning framework has changed. The Petitioner revisited and resumed the transmission scheme for Kurnool REZ strictly under the new planning framework notified by the Government of India, not under the erstwhile regulatory regime relied upon by TNPDCL. This contention was also rejected by the Commission in its order dated 15.10.2024 in Petition No.116/TT/2024.

(xi) If the objections raised by TNPDCL are accepted, the ISTS assets would be financially stranded, which is impermissible in law and contrary to the objectives of the Electricity Act, 2003.

(xii) In view of the above, the objection of non-maintainability is devoid of merit, and the reliance on superseded regulations is legally untenable. The Petitioner, as a transmission licensee, is fully entitled to seek tariff, and the present Petition is maintainable in law and on facts.

11. We have considered the submissions of the Petitioner and TNPDCL. The Petitioner, in the capacity of CTUIL, filed Petition No. 200/MP/2019 seeking regulatory approval for the following scheme:

**4. Kurnool(AP) WEZ (3000MW) and SEZ (1500MW) :**
(i) Establishment of 3x1500 MVA, 765/400 KV and 9x500 MVA 400/220kV Pooling station at suitable location in Kurnool Distt. (Kurnool-III)
(ii) Kurnool-III Pooling station - Kurnool(new) 765 kV D/c Line
(iii) Kurnool-III PS - Maheshwaram(PG) 765 kV D/c Line
(iv) 220 kV line bays for interconnection of wind projects (15 nos)
(v) 1x330 MVAr (765kV) & 1x125MVAr (400kV) bus reactor at Kurnool-III PS
(vi) 240 MVAr Switchable line reactors at both ends of Kurnool-III PS – Maheshwaram (PG) 765 kV D/c Line

12. Taking into consideration the observations made by the Commission in its order dated 26.11.2021 in Petition No. 200/MP/2019, CTUIL withdrew the regulatory approval granted for the transmission system associated with Kurnool (AP) WEZ (3000 MW) and SEZ (1500 MW).

13. Subsequently, MoP, vide OM dated 4.11.2019, approved the scheme for evacuation of power from Renewable Energy (RE) sources from Kurnool Wind Energy Zone (3000 MW) and Solar Energy Zone, Andhra Pradesh (1500 MW), under the Regulated Tariff Mechanism (RTM). Further, CEA held a meeting on 3.11.2022 to discuss the "Implementation of Transmission system for RE zones at Ananthapuram, Kurnool, Bidar and other RE Potential Zones" and the Petitioner was advised to immediately take up the implementation of the Scheme. The relevant extract of the MoM is extracted hereunder:

> 5. Power Grid was advised to immediately take-up the implementation of the following scheme (part of 66.5 GW RE target), awarded through RTM route (under compressed time schedule)
>
> i) Transmission Scheme for evacuation of power from RE Sources in Kurnool Wind Energy Zone (3000 MW) /Solar Energy Zone (1500 MW) Part A and Part B-RTM **(allotted to Powergrid vide MoP OM dated 04.11.2019)**

14. The CEA conducted another meeting on 23.11.2022 to discuss the implementation timeframe of transmission system for RE Zones at Kurnool, wherein the timeframe was decided as 24 months from the date of allocation of the Scheme to the Petitioner by CTUIL. The design and layout of Kurnool-III Pooling Station (PS) required modification after receiving a large quantum of connectivity applications at the 400 kV level, and the 20th NCT meeting discussed and agreed to this. Subsequently, the MoP, vide OM dated 22.2.2023, approved the corresponding change in the scope of work.

15. The foregoing discussions show that the Scheme has the approval of MoP, and it was awarded to the Petitioner under the RTM and the Petitioner was directed by CEA to implement the transmission project within a period of 24 months. Further, MOP also approved the modification of Kurnool Substation. The Petitioner has implemented the transmission project in accordance with the MoP's approval and the directions of the CEA regarding the time schedule for implementation. Taking into consideration that the

transmission scheme has been approved by the MoP and it is required for evacuation of power from the RE Zones at Kurnool, we are considering approving the tariff for the transmission asset in this order.

**Determination of Annual Fixed Charges (AFC) for the 2024-29 Tariff Period**

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

**(₹ in lakh)**

| Particulars | 2025-26 (Pro-rata for 339 days) | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|---|
| Depreciation | 4826.02 | 5786.96 | 6032.08 | 6094.54 |
| Interest on Loan | 6118.93 | 6917.07 | 6771.04 | 6371.72 |
| Return on Equity | 6228.31 | 7456.72 | 7784.64 | 7870.00 |
| Interest on Working Capital | 397.10 | 460.56 | 473.95 | 479.83 |
| O&M Expenses | 3015.69 | 3413.52 | 3591.10 | 3787.34 |
| **Total** | **20586.05** | **24034.83** | **24652.81** | **24603.43** |

17. The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the transmission asset for the 2024-29 tariff period:

**(₹ in lakh)**

| Particulars | 2025-26 (Pro-rata for 339 days) | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|---|
| O&M Expenses | 270.58 | 284.46 | 299.26 | 315.61 |
| Maintenance Spares | 487.04 | 512.03 | 538.67 | 568.10 |
| Receivables | 2732.66 | 2963.20 | 3031.08 | 3033.30 |
| **Total Working Capital** | **3490.28** | **3759.69** | **3869.01** | **3917.01** |
| Rate of Interest (in %) | 12.25 | 12.25 | 12.25 | 12.25 |
| **Interest on Working Capital** | **397.10** | **460.56** | **473.95** | **479.83** |

**Date of Commercial Operation (COD)**

18. The Petitioner has claimed the deemed COD of the transmission asset as 27.4.2025 under the fourth proviso to Regulation 27(c)(i) of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023 (2023 IEGC Regulations). The Petitioner has submitted that the transmission asset could not be put to use due to delay in the commissioning of the interconnecting generating stations.

19. The Petitioner has submitted that the Petitioner has obtained CEA clearances on 24.3.2025 and no-load trial operation of the various elements of the transmission asset was completed progressively, with the last element being commissioned at 23:15 hrs on 26.4.2025. Accordingly, COD of the transmission asset is claimed w.e.f. 27.4.2025 on a deemed basis in accordance with Regulation 5 of the 2024 Tariff Regulations and Regulation 27 of the 2023 IEGC. The Petitioner has submitted that the present petition qualifies as a mismatch between the Petitioner's transmission asset and interconnecting generators. The details pertaining to readiness of the transmission asset in the instant petition and its proposed COD are as follows:-

| **Date of prior notice to RLDC** | **Date of CEA approval for energisation** | **Date of commissioning of last elements of subject asset** | **Proposed COD** |
|---|---|---|---|
| 17.9.2024, 25.2.2025, 8.4.2025 | 3.10.2024, 19.3.2025, 24.3.2025 | 26.4.2025 | 27.4.2025 |

20. The Petitioner was directed to submit "mapping of the transmission assets according to the IA vis-à-vis MoP's OM dated 22.2.2023. In response, the Petitioner has submitted the following:

## Mapping of the transmission assets according to the MoP's OM vis-à-vis IA

| Scope as per MOP's OM | | Scope as per Investment Approval | |
|---|---|---|---|
| Part-A | | Part-A | |
| | **Establishment of 765/400/220kV 3x1500 MVA,9x500MVA Pooling station at suitbale location in Kurnool Dist(Kurnool-III) with 1x330 MVAr(765kV) & 1x125MVAR(400kV) Bus Reactor** | 1 | **Substation** |
| | | a) | **Establishment of 765/400/220kV substation at Kurnool-III** |
| | | | **765kV** |
| | 3x1500MVA 76/400kV ICT | | 765/400kV, 1x1500 MVA ICTs- 3 Nos (10x500 MVA incl. 1 spare unit) |
| | 765kV ICT bay - 3nos | | Transformer bay : 3 nos. |
| | 765kV Line bays - 2nos | | Line bay : 2 nos. |
| | 330MVAR BR-1no | | 330 MVAr Bus Reactor :1no<br>(4x110 MVAr, 765kV including one spare unit) |
| | 765kV Reactor bay -1no | | Bus Reactor Reactor bay :1no |
| | | | **400kV** |
| | 9x500MVA, 400/220kV ICT | | 400/220kV, 1x500 MVA ICT : 9 nos. |
| | 400kV ICT bay -12nos | | Transformer bay : 12 nos. |
| | 1x80MVAR,125MVAR BR-1no | | 125 MVAr Bus Reactor : 1 no. |
| | 400kV Reactor bay -1no | | Bus Reactor Bay : 1 no. |
| | | | **220kV** |
| | 220kV ICT bay - 9nos | | Transformer bay : 9 nos |
| | 220kV line bays - 15nos | | Line bay : 15 nos. |

| Mapping of the transmission assets according to the MoP's OM vis-à-vis IA | | | |
|---|---|---|---|
| Scope as per MOP's OM | | Scope as per Investment Approval | |
| | | | *Bus Sectionalizer : 2 sets |
| | | | *Transfer Bus Coupler bay : 3 nos. |
| | | | *Bus Coupler bay : 3 nos. |
| | | | *Space for:<br>i. 765/400 kV ICTs along with bays : 2 nos.<br>ii. 400/220 kV ICTs along with bays : 4 nos.<br>iii. 765 kV line bays with SLR : 6 nos.<br>iv. 400 kV line bays with SLR : 4 nos.<br>v. 220 kV line bays : 7 nos. |
| | | | *Additional Space for:<br>i. 765/400 kV ICTs along with bays : 2 nos.<br>ii. 400/220 kV ICTs along with bays : 7 nos.<br>iii. 765 kV line bays with SLR : 2 nos.<br>iv. 400 kV line bays with SLR : 4 nos.<br>v. 400 kV line bays : 2 nos.<br>vi. 220 kV line bays : 4 nos.<br>vii. 400 kV Bus Sectionalizer : 1 set<br>viii. Additional 220 kV future Bus Sectionalizer : 3 sets<br>ix. Additional future 220 kV TBC bay : 3 nos.<br>x. Additional future 220 kV BC bay : 3 nos. |
| | | | ***Considered in the Investment Approval as per the requirement and the same was ratified in 20th NCT meeting** |
| | **765kV Line bays at kurnool(new)-2nos** | **1 b)** | **Extension of 765 kV Kurnool (New) substation** |
| | 765kV Line bays - 2nos | | • 765 kV line bays : 2 nos. |
| | **Kurnool-III PS -Kurnool(new) 7655kV D/c Line-100km** | **2** | **Transmission Line** |
| | | | 765 kV Kurnool–III PS – Kurnool (New) D/c Line : 107.07 km |
| **Part-B** | | **Part-B** | |
| | | **1** | **Substation** |
| | 765kV line bays at Kurnool-III(2nos) | **a)** | **Extension of 765 kV Kurnool-III Substation** |
| | | | 765 kV line bays : 2 nos. |
| | 240MVar Switchable line reactors at both ends of Kurnool-III PS-Maheswaram(PG) 765kV D/C Line along with bays | | 240 MVAr switchable line reactors : 2 nos. (7x80 MVAr incl. one spare unit) |

| Mapping of the transmission assets according to the MoP's OM vis-à-vis IA | | | |
|---|---|---|---|
| Scope as per MOP's OM | | Scope as per Investment Approval | |
| **Part-A Sl.No:1** | 1x80MVAR,765kV,1ph Switchable reactor(Spareunit) (for 240MVAr line reactor) | | Switchable line reactor bays : 2 nos. |
| | 765kV line bays atMaheswaram(PG)(2nos) | b) | **Extension of 765 kV Maheshwaram Substation (GIS)** |
| | | | 765 kV line bays : 2 nos. |
| | 240MVar Switchable line reactors at both ends of Kurnool-III PS-Maheswaram(PG) 765kV D/C Line along with bays | | 240 MVAr switchable line reactors : 2 nos. (6x80 MVAr units) |
| | | | Switchable line reactor bays : 2 nos. |
| | Kurnool- III PS – Maheshwaram (PG) 765kV D/c Line : 250 km | **2** | **Transmission Line** |
| | | | 765 kV Kurnool- III PS – Maheshwaram (PG) D/c Line : 248.03 km |

21. The Petitioner was also directed to confirm whether the other elements approved

under IA dated 7.3.2023 have been commissioned or not. Details of the COD of the individual elements. In response, the Petitioner has submitted the following:

| Status of commissioning of assets | | |
|---|---|---|
| **Description** | **DOCO** | **Status of petition** |
| | | |
| | | |
| | | |
| | | |
| 765/400kV, 1x1500 MVA ICTs (10x500 MVA incl. 1 spare unit) : 3nos | 27-04-2025 | ***Claimed in Instant Petition*** |
| Transformer bay : 3 nos. | | |
| Line bay : 2 nos. | | |
| 330 MVAr Bus Reactor :1no (4x110 MVAr, 765kV including one spare unit) | | |
| 765kV Bus Reactor Reactor bay :1no | | |
| | | |
| 400/220 kV, 500 MVA ICTs :6 nos | 27-04-2025 | ***Claimed in Instant Petition*** |
| 400/220 kV, 500 MVA ICTs :1 no | Charged on 30-10-2025 | Separate Petition will be filed |
| 400/220 kV, 500 MVA ICTs :2 nos | Under Implementation | |
| Transformer bay : 09 nos. | 27-04-2025 | ***Claimed in Instant Petition*** |
| • Transformer bay : 01 no. | Charged on 30-10-2025 | Separate Petition will be filed |
| • Transformer bay : 02 nos. | Under Implementation | |
| • 125 MVAr Bus Reactor : 1 no. | 27-04-2025 | ***Claimed in Instant Petition*** |
| • Bus Reactor Bay : 1 no. | 27-04-2025 | |
| | | |
| Transformer bay : 6 nos | 27-04-2025 | ***Claimed in Instant Petition*** |
| Transformer bay : 1 no | Charged on 30-10-2025 | Separate Petition will be filed |
| Transformer bay : 2 nos | Under Implementation | |
| Line bay : 05 nos. | 27-04-2025 | ***Claimed in Instant Petition*** |
| Line bay : 05 nos. | Charged on 29-05-2025 | Separate Petition will be filed |
| Line bay : 05 nos. | Under Implementation | |

| Status of commissioning of assets | | |
|---|---|---|
| **Description** | **DOCO** | **Status of petition** |
| Bus Sectionalizer : 1 set | 27-04-2025 | ***Claimed in Instant Petition*** |
| Bus Sectionalizer : 1 set | Under Implementation | Separate Petition will be filed |
| Transfer Bus Coupler bay : 2 nos. | Charged on 29-05-2025 | |
| Transfer Bus Coupler bay : 1 no | Under Implementation | |
| Bus Coupler bay : 1 no | 27-04-2025 | ***Claimed in Instant Petition*** |
| Bus Coupler bay : 1 no | Charged on 29-05-2025 | Separate Petition will be filed |
| Bus Coupler bay : 1 no | Under Implementation | |
| Space for:<br>i. 765/400 kV ICTs along with bays : 2 nos.<br>ii. 400/220 kV ICTs along with bays : 4 nos.<br>iii. 765 kV line bays with SLR : 6 nos.<br>iv. 400 kV line bays with SLR : 4 nos.<br>v. 220 kV line bays : 7 nos. | NA | NA |
| Additional Space for:<br>i. 765/400 kV ICTs along with bays : 2 nos.<br>ii. 400/220 kV ICTs along with bays : 7 nos.<br>iii. 765 kV line bays with SLR : 2 nos.<br>iv. 400 kV line bays with SLR : 4 nos.<br>v. 400 kV line bays : 2 nos.<br>vi. 220 kV line bays : 4 nos.<br>vii. 400 kV Bus Sectionalizer : 1 set<br>viii. Additional 220 kV future Bus Sectionalizer : 3 sets<br>ix. Additional future 220 kV TBC bay : 3 nos.<br>x. Additional future 220 kV BC bay : 3 nos. | NA | NA |
| | | |
| | | |
| • 765 kV line bays : 2 nos. | 27-04-2025 | ***Claimed in Instant Petition*** |
| | | |
| 765 kV Kurnool–III PS – Kurnool (New) D/c Line: 112.765km | Under Implementation | Separate Petition will be filed |
| | | |
| | | |
| | | |
| 765 kV line bays : 2 nos. | Charged on 03-07-2025 | |
| 240 MVAr switchable line reactors : 2 nos. (7x80 MVAr incl. one spare unit) | | |

22. The Petitioner has also submitted that a Notice as required under Regulation 21(2) of the 2023 IEGC Regulations has been issued and has requested approval of the COD of the transmission asset as 27.4.2025 as claimed, under Regulation 5 of the 2024 Tariff Regulations read with Regulation 27 of the 2023 IEGC Regulations.

23. We have considered the submissions of the Petitioner. Regulation 2(i-i) of the 2020 Sharing Regulations defines "Deemed COD" as follows:

*"(i-i) 'Deemed COD' means*

*(a) for the transmission system or an element thereof under the regulated tariff mechanism, COD of the transmission system or an element thereof approved by the Commission in terms of fourth Proviso to Regulation 27(1)(c)(i) of CERC (Indian Electricity Grid Code) Regulations, 2023 or proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019, or*

*(b) for the transmission system or an element thereof under the Tariff Based Competitive Bidding, deemed COD of the transmission system or an element thereof, declared by the transmission licensee, in terms of fifth Proviso to Regulation 27(1)(c)(i) of CERC (Indian Electricity Grid Code) Regulations, 2023 or declared by the transmission licensee in terms Transmission Service Agreement prior to 1.10.2023."*

24. The fourth proviso of Regulation 27(c)(i) of the 2023 IEGC Regulations provides as follows:

***"27. DECLARATION OF COMMERCIAL OPERATION (DOCO) AND COMMERCIAL OPERATION DATE (COD)***

*(c) Transmission System*

*(i) The commercial operation date in the case of an Inter-State Transmission System or an element thereof shall be the date declared by the transmission licensee on which the Transmission System or an element thereof is in regular service at 0000 hours after successful trial operation for transmitting electricity and communication signals from the sending end to the receiving end as per Regulation 23 and submission of a declaration as per clause (3) of Regulation 26 of these regulations:*

*Provided that the commercial operation date of a transmission element that is a part of the Associated Transmission System (ATS) shall be declared only after a successful trial run of the last element of the said ATS:*

*Provided further that where only some of the transmission elements of the ATS have achieved a successful trial run and the Connectivity grantee under GNA Regulations seeks commercial operation of such elements for utilization by such grantee and is agreed upon by the Central Transmission Utility, the commercial operation date of such transmission elements of the ATS may be declared by the transmission licensee as per this Regulation:*

*Provided also that where only some of the transmission element(s) of the ATS have achieved a successful trial run and if the operation of such transmission elements is certified by the concerned Regional Power Committee(s) for improving the performance, safety and security of the grid, the commercial operation date of such transmission element(s) of the ATS may be declared by the transmission licensee as per this Regulation:*

*Provided also that in case a transmission system or an element thereof executed under regulated tariff mechanism is prevented from regular service on or after the scheduled COD for reasons not attributable to the transmission licensee or its*

*supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system of other transmission licensee, the transmission licensee shall approach the Commission through an appropriate petition along with a certificate from the CTU to the effect that the transmission system is complete as per the applicable CEA Standards, for approval of the commercial operation date of such transmission system or an element thereof:*

*……"*

25. It is evident from the above provision that approval of "Deemed COD" under the fourth proviso of Regulation 27(C) (i) of the 2023 IEGC Regulations is conditional upon, inter alia, the transmission system being prevented from being put into regular service due to the delay in commissioning of the concerned generating station or the upstream/downstream transmission system of another transmission licensee, and such delay being not attributable to the transmission licensee or its suppliers/contractors.

26. The instant transmission scheme implemented under Common Transmission System (CTS) for evacuation of power from the Projected Renewable Energy potential in the Kurnool Wind Energy Zone/Solar Energy Zone was planned for evacuation from Renewable Energy projects. However, the transmission asset could not be put to use, and the power flow through it could not be achieved because the interconnecting generating stations were not ready. Therefore, the issue for consideration is whether a deemed COD of the CTS, which has been planned and implemented on the basis of projected renewable energy potential without identification of a particular generating station, can be approved under the fourth proviso to Regulation 27(c)(i) of the 2023 IEGC Regulations, as it is prevented from being put to regular service due to non-commissioning of the interconnecting generation station(s).

27. The instant transmission scheme is approved by MoP vide OM dated 4.11.2019. The relevant extracts of the same are as follows:

No. 15/3/2018-Trans-Pt(3)
Government of India
Ministry of Power
Shram Shakti Bhawan, Rafi Marg, New Delhi – 110001

Dated, 4th November, 2019

**OFFICE MEMORANDUM**

Subject: New Transmission schemes to be taken up under compressed time schedule through regulated tariff mechanism (RTM) route.

The undersigned is directed to inform that Hon'ble MoSP(IC) has approved the implementation of following transmission schemes by Power Grid Corporation of India Limited (POWERGRID), under Regulated Tariff Mechanism (RTM):

**Name of the Scheme**

**Evacuation of power from RE sources in Kurnool Wind Energy Zone (3000MW) /Solar Energy Zone (AP) (1500MW) Part A and Part B**

**Part A**

| Sl. No. | Scope of the Transmission Scheme | Capacity /km |
|---|---|---|
| 1. | Establishment of 765/400/220kV 3x1500 MVA, 9x500 MVA Pooling station at suitable location in Kurnool Distt. (Kurnool-III) with 1x330 MVAr (765kV) & 1x125MVAr (400kV) bus reactor<br><br>220kV line bays for interconnection of wind projects (15 nos)<br><br>Space for:<br>i) 765/400kV ICTs along with bays: 2 nos.<br>ii) 400/220kV ICTs along with bays: 4 nos.<br>iii) 765kV line bays: 8 nos.<br>iv) 400kV line bays: 4 nos.<br>v) 230kV line bays: 7 nos | 3x1500 MVA, 765/400kV<br>9x500MVA, 400/220kV<br>330 MVAr BR – 1<br>125 MVAr BR - 1<br><br>765kV Line bay- 2<br>765kV ICT bay-3<br>400kV ICT bay-12<br>220kV ICT bay-9<br>400kV reactor bay -1<br>220kV line bays-15<br>765kV reactor bay -1<br><br>1x600 MVA, 765/400 kV, 1-ph ICT (spare unit)<br>1x110 MVAR, 765 kV, 1 ph, Switchable reactor (spare unit) (for 330 MVAr bus reactor) & 1x80 MVAR, 765 kV, 1 ph, Switchable reactor (spare unit) (for 240 MVAr line reactor) |
| 2. | Kurnool –III PS - Kurnool(new) 765 kV D/c Line | 100km |
| 3. | 765kV lines bays at Kurnool(new) – 2nos. | 765kV line bays-2 |

*Note: PGCIL to provide space for 2nos. of 765kV bays at Kurnool (new)*

**Part B**

| Sl. No. | Scope of the Transmission Scheme | Capacity /km |
|---|---|---|
| 1. | Kurnool-III PS – Maheshwaram (PG) 765 kV D/c Line | 250km |
| 2. | 765kV lines bays at Kurnool-III (2 nos) and Maheshwaram(PG) (2 nos) | 765kV line bays-4 |
| 3. | 240 MVar Switchable line reactors at both ends of Kurnool-III PS –Maheshwaram(PG) 765 kV D/c Line along with bays | 240 MVAr Switchable line reactor -4 |

*Note: (i) PGCIL to provide space for 2nos. of 765kV bays at Maheshwaram (PG) S/s*
*(ii) PGCIL to provide space at Maheshwaram (PG) for 765kV Switchable line reactors at Maheshwram end of Kurnool-III PS –Maheshwaram (PG) 765 kV D/c Line*

2. It is requested that necessary action may be taken accordingly.

3. This issues with the approval of Competent Authority.

(Bihari Lal)
Under Secretary (Trans)
Telefax: 23325242
Email: transdesk-mop@nic.in

To,

Member (PS),
Central Electricity Authority
Sewa Bhawan, R.K. Puram
New Delhi-110066

Copy forwarded to CMD, PGCIL, Gurugram, for information and necessary action.

28. Further, the implementation of the transmission system for RE zones was

discussed at Kurnool on 23.11.2022. The relevant extract of the MoM dated 23.11.2022 is as follows:

**Minutes of the meeting held on 23.11.2022 to discuss the implementation timeframe of Transmission system for RE Zones at Kurnool.**

List of participants is at **Annex-I.**

1. A meeting was held at CEA on 03.11.2022 to discuss on "Implementation of Transmission system for RE Zones at Ananthapuram, Kurnool, Bidar and other RE Potential zones. In the meeting, the following was decided:
   i) BPCs were advised to immediately start the bidding process for the following schemes with implementation timeframe of 24 months from SPV transfer :
      a) Transmission Scheme for Solar Energy Zone in Bidar (2500 MW), Karnataka- **TBCB Route; BPC: RECPDCL; Notified in Gazette dated 27.01.2020.**
      b) Transmission Scheme for Solar Energy Zone in Ananthpuram (Ananthapur) (2500 MW) and Kurnool (1000 MW), Andhra Pradesh- **TBCB route; BPC: PFCCL; Notified in Gazette dated 27.01.2020.**
   ii) Power Grid was advised to immediately take-up the implementation of the following scheme (part of 66.5 GW RE target), awarded under compressed time schedule through regulated tariff mechanism (RTM) route.
      a) Transmission Scheme for evacuation of power from RE Sources in Kurnool Wind Energy Zone (3000 MW) /Solar Energy Zone (1500 MW) Part A and Part B- RTM **(allotted to Powergrid vide MoP OM dated 04.11.2019)**
2. National Committee on Transmission (NCT) in its 10th meeting held on 07.11.2022 has also noted the resumption of the bidding process of the aforesaid schemes. Subsequently CTUIL vide e-mail dated 14.11.2022 has requested to indicate the timeline for implementation of "Transmission Scheme for evacuation of power from RE Sources in Kurnool Wind Energy Zone (3000 MW) /Solar Energy Zone (1500 MW) Part A and Part B" allocated to POWERGRID under RTM. CEA vide e-mail dated 17.11.2022 had intimated that the scheme should be taken up in matching timeframe of the associated RE generation. However, CTUIL requested to provide firm timeline for the transmission scheme.
3. To deliberate on the matter of providing firm implementation timeframe for the above RTM scheme, a meeting was convened on 23.11.2022. In the meeting CTUIL stated that they have not received any connectivity application at Kurnool PS. Accordingly, it would not be possible for CTUIL to provide the timeframe of associated RE generation to Powergrid (the implementing agency for the Kurnool scheme). SECI is in the process of inviting location specific bids for Kurnool and the firm timeline of implementation of the transmission scheme would enable RE generators to align their generation projects in matching timeframe of the Transmission system.
4. It was deliberated that the implementation timeframe agreed for the schemes under TBCB (at Sl No. 1 (i) above) is 24 months from SPV transfer. As the Kurnool scheme inter-alia involves 765 kV D/c line of about 250 km length and has been allocated by MoP through RTM route, its implementation timeframe may be kept as 24 months from date of allocation of the scheme to POWERGRID by CTUIL. This would compress the overall timeframe of the transmission scheme by about 4 months as compared to the projects awarded under TBCB route (considering the time taken in preparation of RfP document, time involved in bidding process and the transfer of SPV to the successful bidder). Any implementation timeframe lesser than 24 months from allocation would seem unrealistic considering the scope of works of the Kurnool scheme. Further, CTUIL would coordinate with SECI/ MNRE and POWERGRID to avert the mismatch in commissioning of the transmission scheme and the associated RE generations.
5. After deliberations, it was agreed that the implementation time frame of "Transmission Scheme for evacuation of power from RE Sources in Kurnool Wind Energy Zone (3000 MW) /Solar Energy Zone (1500 MW) Part A and Part B" may be kept as 24 months from the date of allocation of the scheme to POWERGRID by CTUIL.

29. As per the above minutes, the instant transmission system is planned based on the RE potential identified at Anathapur and Kurnool and not for any particular RE generator. In response to the Commission's query, CTUIL has also submitted that the transmission assets are a part of the transmission scheme evolved based on 66.5 GW potential declared by MNRE and are part of CTS, and were considered as CTS while granting connectivity to the upcoming RE developers at Kurnool-III PS. Further, the list of

applicants granted/ agreed for connectivity at Kurnool-III PS for evacuation of power from the said RE zone indicates that connectivity has been granted to various renewable energy developers and energy storage projects, with different connectivity start dates and anticipated CODs. Thus, the transmission asset was planned to evacuate power from a pool of renewable energy projects proposed to be established in the identified renewable energy zone, and it is a CTS.

30. The Petitioner has taken up the implementation of the transmission system based on the approval and recommendations of the MoP/CEA/NCT and has obtained the Investment Approval on 6.3.2023 for the same. As per the minutes of the CEA meeting dated 24.11.2022, the or implementation schedule of the transmission asset was 24 months from the date of allocation of the scheme to the Petitioner by CTUIL.

31. The Board of Directors of the Petitioner's Company approved the Investment Approval for the transmission asset on 7.3.2023 and mentioned the date of commissioning as 2.11.2024. In the meeting held at CEA, CTUIL has stated that it is not possible for CTUIL to provide the time frame of associated RE generation to the Petitioner due to non-receipt of any connectivity application at Kurnool PS. However, it is observed that CTUIL has submitted that SAEL Industries Ltd. applied for connectivity of 600 MW with a connectivity start date of 30.4.2025.

32. Considering the implementation period of 24 months stipulated in the CEA MoM dated 24.11.2022 and the Investment Approval dated 7.3.2023, the SCOD of the instant transmission scheme is considered to be 2.11.2024. The Petitioner has claimed the deemed COD of the transmission asset as 27.4.2025. As none of the interconnected generators has commissioned their projects and as the transmission asset could not be put to use for reasons not attributable to the Petitioner, the Common transmission system (CTS) is ready for use; therefore, we approve the deemed COD of the transmission asset

as 27.4.2025 under Regulation 5(1) of the 2024 Tariff Regulations read with Regulation 27(c)(1) of the 2013 IEGC Regulations.

33. We also note Section 37(2)(c) of the 2003 Electricity Act,2003, extracted as under:

> *"(c) to ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres;"*

34. In the instant case, the transmission system has been planned for evacuation of 4500 MW at an estimated cost of ₹3,546.94 crore. In view of the statutory mandate to ensure the development of an efficient, coordinated and economical inter-State transmission system, CTUIL, as the designated system planner, is expected to exercise due diligence while assessing the necessity, phasing and economic justification of the proposed transmission systems. Accordingly, instead of merely proceeding with the implementation of the entire system, CTUIL should have considered phasing of the transmission system on the basis of the firmed up generation capacity and the timeline of the RE projects and accordingly suggest an appropriate phasing of the transmission system to the Ministry of Power (MoP). Such an approach would facilitate optimum utilisation of transmission assets and avoid creating transmission capacity substantially ahead of actual requirements.

35. Further, in future, while planning and recommending transmission schemes associated with prospective RE generation projects, CTUIL shall assess the firmed up generation capacity and shall endeavour to ensure that at least some reasonable percentage of the proposed generation capacity is firmed up before proceeding with implementation of the transmission system. This would ensure effective utilisation of the transmission assets and avoid creation of stranded or under-utilised transmission capacity.

**Time Overrun**

36. The Petitioner has submitted that as per the IA, the transmission asset was scheduled to be commissioned by 2.11.2024, against which the deemed COD of the transmission asset is claimed as 27.4.2025 under Regulation 5(1) of the 2024 Tariff Regulations read with Regulation 27(c)(1) of the 2013 IEGE Regulations. Accordingly, the time overrun is 174 days. The details of the SCOD, COD, and the time overrun, as submitted by the Petitioner, are as follows:

| SCOD | Deemed COD | Time Overrun |
|---|---|---|
| 2.11.2024 | 27.4.2025 | 174 days |

37. The Petitioner has submitted that the time overrun of 174 days in the commissioning of the transmission asset was mainly due to modification of the scope of the Kurnool-III Sub-station by CTUIL, delay in land acquisition of Kurnool-III Sub-station, Severe Right of Way (RoW) challenges along the transmission corridor, non-issuance of No Objection Certificate (NOC) by APIIC (Andhra Pradesh Industrial Infrastructure Corporation), necessitating realignment of the transmission line, work disruption due to 2024 General Elections and enforcement of the Model Code of Conduct and excessive rainfall and adverse weather conditions.

38. The Petitioner has submitted that substantial modification in the scope and layout of Kurnool-III substation was directed by CTUIL at an advanced stage, when detailed engineering had been completed, and execution was already in progress. The Petitioner has submitted that such modification involved re-arrangement of bays, development of additional land, dismantling already executed foundations, and re-engineering the civil, structural, and electrical systems, which had a consequential impact on the implementation schedule.

39. The Petitioner has further submitted that there was delay in handing over of land by the State authorities, which affected the timely commencement of works and led to deferment in subsequent project activities. The Petitioner has further submitted that the execution of the transmission line was significantly impacted by persistent ROW issues due to resistance from landowners, filing of court cases, and delay in assessment and disbursement of compensation by the district administration, resulting in stoppage of works at multiple locations for considerable periods.

40. The Petitioner has further submitted that the progress of works was adversely affected during the period of General Elections due to enforcement of Model Code of Conduct, non-availability of administrative support for resolution of RoW issues, and migration of labour, leading to shortage of manpower at site. The Petitioner has further submitted that in addition to the above, adverse site conditions such as presence of black cotton soil, which becomes highly unstable during rainy conditions, coupled with heavy and unseasonal rainfall, severely affected foundation and construction activities.

41. The Petitioner has further submitted that despite the aforesaid constraints and challenges, all efforts were made to complete the works in a time-bound manner and the transmission asset was made ready and statutory clearances were obtained; thereafter, testing and commissioning activities were carried out, and the asset was put under commercial operation with a marginal delay.

42. TNPDCL has submitted that there is a time overrun of 174 days in the commissioning of the instant asset from the SCOD to the proposed COD. However, none of the reasons cited by the Petitioner for the said delay fall within the scope of *force majeure* events as defined under the 2024 Tariff Regulations. TNPDCL requested that the Commission reject the Petitioner's request for condonation of delay and also disallow the consequent incremental cost due to increased IDC and IEDC arising from the time

overrun.

43. KSEBL has submitted that the Petitioner has not provided any supporting documents for time overrun on account of scope modification at Kurnool-III Sub-station and has not placed on record any documentary evidence to show that timely steps were taken for seeking extension of SCOD. KSEBL has further submitted that the delay claimed on account of land availability is attributable to the Petitioner, as land-related constraints were known in advance and the Petitioner has not taken adequate preparatory actions, including advance coordination with State authorities and timely follow-up action. Further, the Petitioner has not provided any analysis establishing a link between the date of possession of land and the impact on critical construction activities.

44. KSEBL has further submitted that the delay attributed to RoW issues, landowner objections and realignment of the transmission line, including approvals from APIIC, is also not supported by documentary evidence showing timely action and coordination by the Petitioner. The Petitioner has not placed on record documentary evidence of early engagement, follow-up or escalation with the concerned authorities, and certain periods in the chronology remain unexplained. KSEBL has submitted that the delay attributed to the Model Code of Conduct, manpower constraints and rainfall is not supported by site records, progress reports or other documentary evidence, and overlapping periods of delay have not been segregated by the Petitioner.

45. In response to KSEBL, the Petitioner has submitted that the original scope of works communicated on 4.1.2019 underwent substantial modification in terms of quantum and voltage level at Kurnool-III pooling station, which required redesign and reconfiguration of the substation. The Petitioner has submitted that the revised scope, including enhancement of pooling capacity, was considered in the 20th NCT meeting held on 25.6.2024 and subsequently communicated by CTUIL vide OM dated 15.7.2024,

and the same has been supported by documents placed on record. The Petitioner has submitted that the delay in commissioning the sub-station is due to such scope modification and is not attributable to the Petitioner.

46. The Petitioner has further submitted that, with regard to land acquisition, continuous follow-up was undertaken with the concerned authorities and the Investment Approval was obtained after finalisation of DPR based on land particulars. The Petitioner has submitted that the delay in land acquisition, RoW issues, and APIIC approvals was due to factors beyond its control, and that it has placed necessary correspondence and joint inspections on record. The Petitioner has also submitted that the landowner objections arose subsequently and it took appropriate action thereafter. Further, the Petitioner has submitted that the Model Code of Conduct during the General Elections also affected work progress due to constraints in manpower and administrative support. Accordingly, the Petitioner has submitted that the delay in commissioning the assets was beyond its control and should be dealt with in accordance with the applicable Tariff Regulations.

47. Further, the Petitioner, vide affidavit dated 12.1.2026, has submitted that the scope of the subject scheme was allocated to it under the RTM by the MoP vide Office Memorandum dated 4.11.2019. However, the MoP put the scheme's implementation on hold due to issues related to land availability and uncertainty in the development of the associated renewable energy generation projects. The Petitioner has submitted that the issue regarding resumption of the transmission scheme associated with Renewable Energy Zones in the Southern Region was deliberated in a meeting held on 3.11.2022 under the chairmanship of the Chairperson, CEA, wherein the Petitioner was advised to take up implementation of the subject scheme on priority with an implementation timeframe of 24 months. The Petitioner further submitted that the 10th NCT meeting held

on 7.11.2022 subsequently approved resumption of implementation of the subject transmission scheme.

**Analysis and Decision**

48. As per the Investment Approval (IA) dated 6.3.2023, the SCOD of the transmission asset was 2.11.2024. However, the Petitioner has claimed a deemed COD of 27.4.2025 for the transmission asset. Thus, this amounts to a 174-day time overrun vis-à-vis the SCOD specified in the IA.

49. The Petitioner has submitted the reasons for delay in commissioning of the instant transmission asset on account of (a) Scope modification at Kurnool-III Sub-station by CTUIL (b) Delay in land acquisition of Kurnool-III Sub-station, ( c) Severe Right of Way (RoW) challenges along the transmission corridor, (d) Non-issuance of No Objection Certificate (NOC) by APIIC (Andhra Pradesh Industrial Infrastructure Corporation), necessitating realignment of the transmission line, ) (e) Work disruption due to General Elections (2024) and enforcement of the Model Code of Conduct,(f) Excessive rainfall and adverse weather conditions.

**a) Scope Modification at Kurnool-III Sub-station**

50. We have considered the submissions of the Petitioner. The Petitioner has attributed the delay in commissioning Kurnool-III PS to the subsequent modification/re-arrangement of the substation layout pursuant to an enhancement in the quantum and voltage-level configuration for pooling of power. It has been submitted that the revised arrangement involved additional land development, re-engineering of the switchyard, dismantling and re-execution of certain works, revision of drawings and other associated activities.

51. However, the Petitioner has not furnished any detailed activity-wise analysis demonstrating the manner and extent to which the revised scope affected the scheduled

commissioning date of the project. In the absence of such analysis, the mere requirement of additional or revised works cannot, by itself, establish that the entire period of time overrun was attributable to the scope modification. Further, the Petitioner continued executing the project during the relevant period, and no evidence has been furnished to establish that the revised works resulted in a complete stoppage of the substation works.

52. It is further observed that the Petitioner was aware of the proposed re-arrangement following the meeting with CTUIL held on 02.04.2024, and the matter was subsequently considered in the 20th NCT meeting held on 25.06.2024. However, the Petitioner approached CTUIL for extension of the implementation timeline only vide letter dated 05.03.2025, after a considerable lapse of time. The subsequent decision of NCT dated 17.04.2025, permitting the Petitioner to approach the Commission for an extension of the implementation timeframe, does not, by itself, establish that the entire delay in commissioning was beyond the Petitioner's control or entirely attributable to the scope modification.

53. It is also observed that, as per Form-5A submitted by the Petitioner, the various scopes of work were awarded during the period from 17.03.2023 to 18.11.2023. However, despite claiming delay due to subsequent modification/rearrangement of the scope of works, the Petitioner has not submitted any revised Form-5A reflecting any change in the scope, schedule, or date of award. This indicates that the Petitioner has not demonstrated any corresponding impact of the alleged scope modification on the execution schedule. Accordingly, the claim of time overrun on this account is not substantiated.

54. In view of the above, and in the absence of contemporaneous evidence establishing the actual impact of the scope modification on the commissioning schedule, the time overrun claimed on account of Scope Modification at Kurnool-III Sub-station is

not condoned.

**b) Land Acquisition**

55. The Petitioner has submitted that the time period from 7.11.2022 to 03.02.2023 (89 days) is impacted on account of acquisition of substation land at Kurnool-III Substation.

> *(2) The "uncontrollable factors" shall include but shall not be limited to the following:*
> *a. Force Majeure events;*
> *b. Change in law; and*
> *c. Land acquisition except* where the delay is attributable to the generating company or the *transmission licensee.*

56. As per the applicable Tariff Regulations, land acquisition is a controllable factor. In the instant case, the Petitioner initiated the land acquisition process prior to the Investment Approval. Further, as on the date of Investment Approval, i.e. 06.03.2023, the Petitioner had already acquired the requisite land for the project. Therefore, the issue of land acquisition had been substantially addressed even before the Investment Approval was accorded.

57. In view of the above, any delay in implementation of the project subsequent to 06.03.2023 cannot be attributed to delay in acquisition of land. Accordingly, the Petitioner's contention, if any, seeking condonation of time overrun on account of land acquisition is not justified, and the same cannot be considered as an uncontrollable factor.

**c) Delay on Account of Right of Way (RoW) Issues**

58. We have considered the submissions of the Petitioner regarding the delay in execution of the transmission line at Location Nos. 17/1, 17/4, 17/5, 17/6 and 18/1. The construction activities were affected by objections raised by the landowners, judicial proceedings before the Hon'ble High Court of Andhra Pradesh, the status quo order

dated 09.02.2024, the subsequent process undertaken by the District Administration to resolve compensation/ROW issues, and continued obstruction at certain locations. However, the Petitioner's claim for condonation of the entire 401-day period cannot be accepted merely on the ground that ROW issues persisted during that period. The period of delay must be examined with reference to the specific events that actually prevented execution of the works and the steps the Petitioner took to resolve such issues.

(i) The period from 14.12.2023 to 05.02.2024 (53 days) is attributable to obstruction by the landowners and their demand for higher compensation. Since the Petitioner has placed on record evidence of the obstruction, the said period is beyond the Petitioner's reasonable control and is condoned.

(ii) The period from 09.02.2024 to 24.04.2024 (75 days) is covered by the status quo order passed by the Hon'ble High Court of Andhra Pradesh. Since the Petitioner was legally restrained from proceeding with the construction activities during this period, the said period is also condoned.

(iii) The period from 25.04.2024 to 06.06.2024 coincided with the enforcement of the Model Code of Conduct in connection with the General Elections. The Petitioner has sought condonation of the time overrun attributable to this period under a separate head. Accordingly, the issue of delay arising on account of the Model Code of Conduct is being considered separately and is not included in the present head of delay.

(iv) The Petitioner continued to pursue the matter with the District Administration, including meetings, site inspections and determination of compensation. The period from 16.08.2024 to 26.09.2024, during which the matter was under active consideration of the District Administration and the compensation was determined and directed to be deposited, is considered beyond the

Petitioner's control and is condoned. However, after depositing the compensation on 26.09.2024, the ROW issues were resolved at Location Nos. 17/4 and 18/1, and foundation works were completed on 12.10.2024 and 23.10.2024, respectively. Therefore, the period after resolution of the ROW issue at these locations cannot be treated as a blanket delay for all five locations.

(v) For Location Nos. 17/1, 17/5 and 17/6, the obstruction continued even after the compensation had been deposited. The Petitioner approached the District Collector under Section 16(1) of the Indian Telegraph Act, 1885, vide its representations dated 11.11.2024, 17.12.2024 and 19.12.2024, seeking removal of the obstruction. The records establish that access to the aforesaid locations remained obstructed despite payment of compensation and that the Petitioner took timely statutory and administrative measures to remove the obstruction. The obstruction was ultimately resolved on 17.01.2025.

In view of the above, the delay from 11.11.2024 to 17.01.2025 is attributable to continued obstruction at the said locations and is beyond the Petitioner's reasonable control. Accordingly, the period from 11.11.2024 to 17.01.2025 (67 days) is condoned.

(vi) The Petitioner has claimed condonation of 164 days from 05.09.2024 to 15.02.2025 on account of ROW issues at Location Nos. 23/1 to 29/0 arising from objections raised by the landowners and the consequent administrative proceedings for resolution of the compensation dispute. The submissions of the Petitioner have been considered. It is noted that the time overrun up to 17.01.2025 has already been condoned on account of ROW issues at Location Nos. 17/1, 17/5 and 17/6. Therefore, the period from 05.09.2024 to 17.01.2025

is subsumed in the delay already condoned, and no separate condonation is required for the said period.

(vii) The Petitioner has further submitted that, even after issuance of the revised compensation order dated 10.01.2025, the landowners at Location Nos. 23/1 and 24/0 continued to obstruct the works, and the Petitioner sought police assistance to remove the obstruction. The RDO issued instructions on 15.02.2025 to provide police support, after which construction activities could commence. In view of the continued ROW obstruction and the contemporaneous correspondence and administrative intervention, the delay from 18.01.2025 to 15.02.2025, i.e. 29 days, is considered attributable to the ROW issue and is condoned.

(viii) The Petitioner has claimed condonation of time overrun from 17.10.2024 to 25.12.2024 (70 days) at Location Nos. 3/1 and 3/3. We have considered the submissions of the Petitioner. It is noted that the period from 17.10.2024 to 25.12.2024, amounting to 70 days, has already been considered and subsumed while allowing condonation of time overrun in respect of Location Nos. 17/1, 17/5 and 17/6. Therefore, the claimed time overrun of 70 days at Location Nos. 3/1 and 3/3 is not considered separately for condonation.

(ix) The Petitioner has claimed a time overrun from 10.02.2024 to 20.02.2024 (11 days) at Location Nos. 12/7 to 13/7 on account of RoW issues. We have considered the submissions of the Petitioner. The Petitioner approached the MRO vide letters dated 12.02.2024 and 14.02.2024 to resolve the RoW issue. Subsequently, the matter was escalated to the District Collector, Nandyal, vide letter dated 15.02.2024, and the issue was resolved on 20.02.2024. However, the period involved is only 11 days, during which the concerned authorities would necessarily require a reasonable period to examine and resolve the

issue. Accordingly, the said period cannot be considered as an additional delay attributable to the RoW issue. Therefore, the claimed 11-day time overrun is not condonable.

(x) The Petitioner has claimed time overrun from 05.10.2024 to 12.10.2024 (8 days) at Location No. 57/0 on account of RoW issues. We have considered the submissions of the Petitioner. The Petitioner approached the District Administration vide letter dated 05.10.2024 to resolve the RoW issue, which the District Administration resolved on 12.10.2024. However, the period involved is only 8 days, and the District Administration would necessarily require a reasonable period to examine and resolve the issue. Accordingly, the claimed 8-day period cannot be considered an additional delay attributable to the RoW issue. Therefore, the 8-day time overrun is not condonable.

Accordingly, the total time overrun of 224 days is condoned on account of RoW problems.

**Non-issuance of NOC in APIIC Corridor**

59. We observed that the issue relating to APIIC land was identified by the Petitioner on 24.04.2023 itself. Although APIIC subsequently declined to issue the NOC for construction through its land, the Petitioner has not established that the entire period from 24.04.2023 to 12.10.2023 was beyond its control. The Petitioner was aware of the land-related constraint and could have explored and finalised an alternative alignment. Further, the record indicates that the Petitioner made the formal request for NOC only in July 2023 and finalised the revised alignment on 12.10.2023 after APIIC's rejection dated 11.09.2023. The Petitioner has also not demonstrated, with adequate documentary evidence, the specific activities undertaken during the intervening period or the extent to which each delay period was directly attributable to APIIC. Accordingly, the claimed delay of 172 days from 24.04.2023 to 12.10.2023 cannot be treated in its entirety as an

uncontrollable factor and is not considered for condonation.

**d) Delay due to General Elections and Model Code of Conduct**

60. We have considered the submission of the Petitioner. The Petitioner has claimed an 84-day delay from 16.03.2024 to 06.06.2024 due to the enforcement of the Model Code of Conduct during the Lok Sabha elections. The Petitioner stated that many workers returned to their native States to cast their votes and that administrative support to resolve ROW issues was unavailable during the MCC period.

61. However, mere enforcement of the MCC cannot be considered as a sufficient ground for condoning the entire period of 84 days. The Petitioner has not furnished adequate documentary evidence to establish the exact extent of the labour shortage, the period of worker absence, the specific activities affected, and the consequent impact on the project's critical path. Further, the Petitioner has not adequately demonstrated that the ROW issues at locations 17/1, 17/4, 17/5, 17/6 and 18/1 could not have been resolved through other available means or that the same resulted in a corresponding delay in the critical activities.

62. It is also observed that the Petitioner was required to take reasonable steps to mitigate the impact of the alleged constraints, including mobilisation of alternate manpower and pursuing available mechanisms for resolution of ROW issues. In the absence of sufficient evidence establishing a direct nexus between the MCC and the claimed delay, the entire 84-day period cannot be treated as delay beyond the Petitioner's control. Accordingly, the claim for condonation of 84 days of delay on this ground is not considered justified and the said period is not condoned.

**e) Stoppage of Work Due to Local Disturbances / Law & Order Issues**

63. The Petitioner has submitted that the construction work was disrupted for 23 days

during the periods 26.08.2024 to 30.08.2024 and 15.09.2024 to 02.10.2024 due to objections by local landowners, intervention of local leaders, seizure of construction vehicles and equipment, and non-availability of construction materials.

64. We have considered the submissions of the Petitioner. The Petitioner stated that the issues were resolved through discussions with the district administration and work resumed thereafter. However, the Petitioner has not submitted sufficient evidence to establish that the said events completely prevented the Petitioner from carrying out construction activities at other available locations during the claimed period.

65. Further, the Petitioner has not established the specific impact of these events on the critical path of the project or demonstrated that the claimed 23 days were unavoidable despite taking reasonable steps to mitigate the delay.

66. In view of the above, the Petitioner has not adequately established that the claimed delay was beyond its control and could not have been avoided or minimised through proper planning and mitigation measures. Accordingly, the claimed 23 days of delay due to local obstruction, ROW issues and disruption in supply of materials are not condoned.

**f) Delay Due to Adverse Weather Conditions (Rainfall)**

67. The Petitioner has claimed a delay of 64 days on account of heavy and unseasonal rainfall in Kurnool and Nandyal districts of Andhra Pradesh. The Petitioner has submitted that the transmission line alignment passes through areas with black cotton soil and crosses irrigation canals and the Kundu River, and that rainfall resulted in waterlogging and deterioration of site conditions, thereby affecting construction activities. The Petitioner has furnished a statement indicating 64 days of disruption between April 2024 and November 2024, along with photographs of affected sites and newspaper clippings.

68. We have considered the submissions of the Petitioner. Although the occurrence of rainfall and adverse weather conditions during the relevant period is not disputed, mere occurrence of rainfall cannot, by itself, constitute sufficient justification for condonation of the entire period of claimed time overrun. The Petitioner is required to establish that the rainfall resulted in an actual and unavoidable obstruction to the execution of the critical-path activities of the transmission line and that such obstruction could not reasonably have been mitigated by appropriate planning and deployment of resources.

69. In the instant case, the Petitioner has primarily relied upon the dates of rainfall and the general site conditions arising therefrom. However, the Petitioner has not furnished sufficient contemporaneous evidence establishing, for each of the claimed 64 days, the specific construction activities that were on the critical path, the precise locations affected, the extent to which those activities were completely suspended, and the corresponding impact on the scheduled commissioning of the transmission system. The photographs and newspaper clippings establish the occurrence and general impact of rainfall but, by themselves, do not establish the quantum of delay attributable to the rainfall or demonstrate that the entire 64-day period resulted in a corresponding delay in the critical-path activities.

70. Further, the claimed period includes several intermittent rainfall events. Therefore, the Petitioner is required to demonstrate that the claimed periods do not include periods when construction activities could have been undertaken at unaffected locations or activities could have been carried out through suitable resource mobilisation and alternative work fronts.

71. Accordingly, while the adverse weather conditions may have affected the pace of construction, the Petitioner has not established that the entire 64 days constituted an

unavoidable and uncontrollable delay directly affecting the scheduled commissioning of the transmission system.

In view of the above, the 64 days of delay claimed on account of rainfall are not condoned.

**g) Delay Due to Theft incident in the vicinity of the transmission line**

72. It is observed that during the ongoing construction activities, the foundation and stringing gangs were stationed near Kowluru village, Panyam Mandal, Nandyal District, for carrying out foundation works at Tower Location 28/0 and stringing works in Section 29A/0–30A/0 of the 765 kV D/C Kurnool-III PS–Kurnool (New) transmission line. A theft incident occurred near Santhiram College, Panyam, on 19.01.2025. In connection with the said incident, the local police detained the labourers of the foundation and stringing gangs at the labour camp on 20.01.2025 and 21.01.2025 for interrogation and restricted their movement, resulting in a stoppage of construction activities at the said locations during these two days.

73. It is further observed that the Petitioner approached the Superintendent of Police and the District Collector, Nandyal, vide letter dated 21.01.2025 (Annexure-E1), and thereafter, upon intervention of the district administration and police authorities, the labourers were permitted to resume work on 22.01.2025. Accordingly, the Petitioner has claimed a two-day delay, i.e., 20.01.2025 and 21.01.2025, on account of the said incident.

74. We have considered the submissions of the Petitioner. The stoppage of work arose from a localised incident of theft in the vicinity of the work site and the consequential investigation by the local police. Although the movement of the labourers was restricted for two days, the Petitioner has not established that the said incident falls within the scope of an uncontrollable factor warranting condonation of time overrun under

the applicable provisions of the Tariff Regulations. Further, the Petitioner has not demonstrated any continuing impact of the incident on the scheduled completion of the transmission system or established that the said two-day disruption materially affected the overall project schedule.

75. In view of the above-mentioned analysis, the details of SCOD, COD, time over-run claimed, and time over-run condoned/not condoned in respect of the transmission asset are summarised as follows:

| Asset | SCOD | COD | Time Over-run | Time Overrun condoned | Time Overrun not condoned |
|---|---|---|---|---|---|
| Asset-1 | 2.11.2024 | 27.4.2025 | 176 days | 176 days | Nil |

**Capital Cost**

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

> ***"19. Capital Cost:*** *(1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence 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, and in the event actual equity is in excess of 30% of the pari passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of loan in the event of actual equity being less than 30% of the funds deployed;*
> *(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
> *(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
> *(e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
> *(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
> *(g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*
> *(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
> *(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*

(j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*

(k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*

(l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*

(m) *Expenditure on account of 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.*

(p) *Expenditure required to enable flexible operation of the generating station at lower loads.*

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

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

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

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

(d) *Capital expenditure on account of ash disposal and utilization, including handling and transportation facility;*

(e) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*

(f) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

(g) *Expenditure required to enable flexible operation of the generating station at lower loads;*

(h) *Capital expenditure on account of biomass handling equipment and facilities, for cofiring; and*

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

*(4) The capital cost in case of existing or new hydro generating station shall also include:*

(a) *cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and*

(b) *cost of the developer's 10% contribution towards the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.*

(c) *For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of the Capital cost, and in case the same work is covered under budgetary support provided*

*by the Government of India, the funding of such works shall be adjusted on receipt of such funds;*

*Provided that such funds shall be allowed only if the funds are spent through Indian Governmental Instrumentality;*

*(5) For Projects acquired through NCLT proceedings under the Insolvency and Bankruptcy Code, 2016, the following shall be considered while approving Capital Costs for the determination of tariff:*

*(a) For projects already under operation, historical GFA of the project acquired or the acquisition cost paid by the generating company, whichever is lower;*

*(b) For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;*

*Provided that in the absence of any prior approved capital cost of an Appropriate Commission, the Commission shall consider the same on the basis of audited accounts subject to prudence check;*

*Provided further, that in case additional capital expenditure is required post acquisition of an already operational project, the same shall be considered under the provisions of Chapter 7 of these Regulations;*

*(c) In case any under construction project is acquired that has yet to achieve commercial operation, the acquisition cost or the actual audited cost incurred till the date of acquisition, whichever is lower, shall be considered, and;*

*(d) any additional capital expenditure incurred post acquisition of such project up to the date of commercial operation of the project in line with the investment approval of the Board of Directors of the generating company or the transmission licensees shall also be considered on a case to case basis subject to prudence check;*

*Provided that post commercial operation, additional capital expenditure shall be allowed under the provisions of Chapter 7 of these Regulations.*

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

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

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

*(c) De-capitalised Assets on account of upgradation or shifting from one project to another project:*
*Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;*
*Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.*

*(d) 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;*

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

*(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any*

*liability of repayment."*

77. The Petitioner, vide Auditor's Certificate, has claimed the following capital cost incurred as on COD and projected Additional Capital Expenditure (ACE) in respect of the transmission asset:

**(₹ in lakh)**

| Asset No. | Apportioned Approved Cost as per FR | Expenditure Up to proposed COD | Projected Expenditure | | | | Estimated completion Cost |
|---|---|---|---|---|---|---|---|
| | | | 2025-26 | 2026-27 | 2027-28 | 2028-29 | |
| **Asset-1** | 145054.53 | 114206.67 | 17188.53 | 9716.32 | 2311.50 | 819.18 | 144242.20 |

**Cost Over-run**

78. The Petitioner has submitted that the total approved cost of the transmission asset as per the IA is ₹145054.53 lakh, and the estimated completion cost is ₹144242.20 lakh; there is no cost overrun with respect to FR.

79. The reasons for item-wise cost variation between the approved cost (FR) and the estimated completion cost for the transmission asset, as submitted by the Petitioner, are as follows:

**Main Reasons for Cost Variation:**

a) **Crop, PTCC & Tree compensation (Increase of Rs.1851.99 lakh):**

The Petitioner submitted that the line length of the 765 kV Kurnool-III PS – Kurnool (New) D/C line increased from the FR estimate of 107 km to an actual line length of 112.765 km due to realignment in various stretches to avoid the APIIC Corridor, Forest Buffer Zones, and Solar & Wind Parks. This increase in line length has resulted in increased crop and tree compensation. Additionally, the Petitioner submitted that 90% of the said line passes through Nandyala District, which has very high crop yields due to irrigation and canal facilities, thereby increasing the crop compensation amount.

b) **Transmission Line (Decrease of ₹2001.19 lakh):**

The Petitioner has submitted that, although the final line length increased from 107 km (as per the FR) to 112.765 km, the number of towers decreased from 291 to 285. The Petitioner attributes this reduction to optimisation in tower spotting and an increase in the average span achieved during execution. The details of the variation in the number of towers are furnished below:

| Sl. No. | Description | Unit | Qty. as per FR | Actual Qty |
|---|---|---|---|---|
| **1** | DA Type Tower | Nos | 216 | 208 |
| **2** | DB Type Tower | Nos | 26 | 29 |
| **3** | DC Type Tower | Nos | 14 | 17 |
| **4** | DD Type Tower | Nos | 35 | 31 |

The Petitioner further submitted that the prices for transmission line packages are determined through an open competitive bidding process, with a view to discovering the most competitive market rates. The Petitioner has submitted that the cost estimates in the FR are indicative and based on the average of the latest awarded costs prevailing at the time of preparation of the FR. Accordingly, the final contract price may vary significantly from the FR estimates, which is beyond the control of the Petitioner. The Petitioner further submitted that the project cost estimates are based on the price level of September 2022.

(c) **Substation Cost including civil works (Decrease of ₹198.11 lakh):**

The Petitioner has submitted that prices for transmission line and substation packages are discovered through an open competitive bidding process, with contracts awarded to the lowest evaluated eligible bidder on an overall basis. The Petitioner submitted that variations between bid prices and FR estimates arise due to market conditions, design, and site requirements, while FR estimates are

broad and indicative, based on average rates from recently awarded contracts. The Petitioner further submitted that the project cost estimates are based on the price level of September 2022, and item-wise variations in awarded contracts are beyond its control.

(d) **Variation in IDC (Decrease of ₹280.20 lakh):**

The Petitioner has submitted that, in the FR, IDC was computed considering an interest rate of 9.70% per annum for domestic loans. However, in fact, IDC has been calculated based on the weighted average rate of interest of the deployed loans. The Petitioner further submitted that the actual IDC accrued up to COD was considered at the time of the tariff claim.

(e) **Variation in IEDC (Decrease of ₹184.82 lakh):**

The Petitioner has submitted that in the IA, IEDC and Contingency of 5% and 3% have been considered, whereas in the Auditor Certificate, IEDC has been considered based on the actual expenditure under the subject head.

80. The Respondent, KSEBL, has submitted the following:

(i) The Petitioner's justification for cost variation is not supported by adequate documentary evidence and does not meet prudence check requirements.

(ii) The increase in compensation cost lacks supporting records such as valuation and disbursement details, and the line length increase due to alignment issues is not backed by evidence of prior planning.

(iii) The reduction in tower numbers is not supported by engineering justification, and requisite details such as package-wise contract values and proof of passing on savings have not been furnished.

(iv) The substation cost variation is unsupported by bid evaluation documents, BOQ comparison, or evidence of cost control, and the marginal reduction does not establish full scope execution.

(v) No justification has been provided for the absence of cost impact despite substantial scope changes at Kurnool-III substation.

81. In response to the KSEBL's submission, the Petitioner has reiterated its justification for cost variations as submitted in the Petition.

82. The Petitioner was directed to submit justification of capital cost in comparison with the award cost as specified in the Letter of Award (LoA). In response, the Petitioner has submitted that the details of the awarded cost and estimated completion cost for the asset covered under the petition are as follows:

**(₹ in lakh)**

| **Awarded Cost (excluding Taxes & duties, IDC & IEDC)** | **Estimated Completion Cost** |
|---|---|
| 113839.10 | 144242.20 |

83. The project was awarded following an open competitive bidding process, ensuring that the lowest possible market prices were secured for the required products and services, based on detailed design specifications. Contracts were awarded to the lowest evaluated eligible bidder on an overall basis.

84. The variation from awarded cost to estimated completion cost is mainly due to taxes & duties/ F&I, IDC and IEDC and the details are as follows:

**(₹ In lakh)**

| **Description** | **Amount** |
|---|---|
| Ex-works price of Plant and Equipment | 113839.10 |
| Other Taxes & Duties, F&I | 19216.32 |
| IDC | 6453.19 |
| IEDC | 4733.59 |
| Estimated Completion Cost | 144242.20 |

85. We have considered the submissions of the Petitioner and the Respondents and have perused the documents placed on record. The FR cost of the transmission asset was ₹145054.53 lakh, whereas the estimated completion cost as on 31.03.2029 is ₹144242.20 lakh. Thus, the estimated completion cost is within the FR cost. Accordingly, there is no cost variation over and above the FR cost and, consequently, no cost overrun in respect of the transmission asset.

86. With respect to capital cost of 220 kV line bays, the same is dealt with under Sharing of Transmission charges.

**Interest During Construction (IDC) and Incidental Expenditure During Construction (IEDC)**

87. The Petitioner, vide Auditor's Certificate, has claimed IDC for the transmission asset and has also submitted the statement showing IDC claim, discharge of IDC liability up to the COD and thereafter, which is as under:

**(₹ in lakh)**

| IDC as per Auditor's Certificate | IDC discharged up to the claimed COD | IDC discharged during 2025-26 |
|---|---|---|
| 4733.59 | 4103.50 | 630.09 |

88. As discussed above, we have condoned the time overrun in commissioning the transmission asset. The IDC up to the COD has been calculated based on the loan details provided in the statement showing the discharge of IDC and Form-9C for the transmission asset. The IDC claimed and considered for the transmission asset as on the COD, for the purpose of tariff determination, subject to truing up, is as follows.

**(₹ in lakh)**

| IDC as per Auditor Certificate | IDC allowed as on COD | IDC discharged up to COD | Un-discharged IDC as on COD | IDC discharged during FY 2025-26 |
|---|---|---|---|---|
| 4733.59 | 4733.59 | 4103.50 | 630.09 | 630.09 |

89. The Petitioner has also claimed the Notional IDC of ₹496.90 lakh for the

transmission asset. We have considered the Petitioner's submission. Based on the information available on record, Notional IDC allowed, subject to truing up, is as summarised as under:

**(₹ in lakh)**

| Notional IDC Claimed | Notional IDC Allowed |
|---|---|
| 496.90 | 396.70 |

90. The Petitioner, vide Auditor's Certificate, has claimed an IEDC of ₹6453.19 lakh for the transmission asset as on the claimed COD and has submitted that the entire amount of IEDC for the transmission asset has been discharged up to the claimed COD. We have considered the Petitioner's submission, and the IEDC allowed up to the approved COD, subject to truing up, is as follows:

**(₹ in lakh)**

| IEDC claimed as per the Auditor's Certificate (A) | IEDC Allowed (A)-(B) |
|---|---|
| 6453.19 | 6453.19 |

**Initial Spares**

91. Regulation 23(d) of the 2024 Tariff Regulations provides that the Initial Spares will be capitalised as a percentage of the plant and machinery cost up to the cut-off date, subject to the following ceiling norms:

*"(d) Transmission System*

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

92. The details of Initial Spares claimed by the Petitioner in respect of the transmission asset are as follows:

| Particulars | Plan & Machinery cost (in lakh) (A) | Initial Spares Claimed (in lakh) (B) | Ceiling Limit (%) (C) | Initial Spares Worked out (in lakh) D = [(A-B) *C/(100-C)] | Excess [B-D] |
|---|---|---|---|---|---|
| SS (Green Field) | 74105.27 | 2632.88 | 4 | 2978.02 | Nil |
| TL | 52058.09 | 458.28 | 1 | 521.21 | Nil |

93. The Petitioner has further submitted that the Initial Spares claimed for the transmission asset are within the ceiling as specified in the 2024 Tariff Regulations.

94. The Commission has directed the Petitioner to submit "Reconciliation of the P&M Cost indicated in the Auditor's Certificate with the details of Form-5". In response, the Petitioner has submitted that the reconciliation of Plant & Machinery cost as per the Auditor's Certificate, Form 5 & Form-13 for Asset-1 is tabulated below:

**(₹ in lakh)**

| Particular | P&M Cost as per AC (including initial spares) | Initial spares claimed | P&M Cost as per AC (excluding initial spares) | P&M cost as per Form-5 (Part B) (including initial spares and excluding deferred works | Works deferred for execution | Total P&M cost as per Form-5 (Part B) (excluding initial spares) | P&M cost as per Form-13 (Part B) |
|---|---|---|---|---|---|---|---|
| | A | B | C=A-B | D | E | F=D-B+E | |
| TL | 52058.09 | 458.28 | 51599.81 | 47606.35 | 4451.74 | 51599.81 | 51599.81 |
| SS | 73939.92 | 2632.88 | 71307.04 | 65065.35 | 8874.57 | 71307.04 | 71307.04 |

95. We have considered the Petitioner's submissions. It is observed that the Petitioner, vide Auditor's Certificate dated 8.7.2025, has considered the Plant and Machinery Cost of ₹126163.36 lakh for the purpose of Initial Spares. However, as per Form-5 submitted by the Petitioner, the total cost (Plant and Machinery Cost excluding IDC, IEDC, Land Cost, and Cost of Civil Works) for determining Initial Spares is worked out as ₹112671.70 lakh. Therefore, the total Plant and Machinery Cost of ₹112671.70 lakh (including Initial Spares) is considered for the determination of Initial Spares for the transmission asset.

96. Therefore, as per Regulation 23(d) of the 2024 Tariff Regulations, the Initial Spares are worked out and allowed as under, subject to truing up:

**(₹ In lakh)**

| Particulars | Plant & Machinery Cost | Initial Spares claimed | Ceiling as per the 2024 Tariff Regulations (in %) | Allowable Initial Spares | Initial Spares allowed | Excess Initial Spares |
|---|---|---|---|---|---|---|
| | A | B | C | D=[(A-B) *C/ (100-C | E= if B<D, B If B>D, D | F=B-E |
| Substation (Green Field) | 65065.35 | 2632.88 | 4 | 2601.35 | 2601.35 | 31.53 |
| Transmission Line | 47606.35 | 458.28 | 1 | 476.24 | 458.28 | 0.00 |

## Capital Cost Allowed as on COD

97. Accordingly, the capital cost considered as on COD for the determination of tariff for the transmission asset is as follows:

**(₹ in lakh)**

| Capital Cost as per Auditor's Certificate | Add: Notional IDC allowed | Less: Excess Initial Spares | Less: Undischarged IDC as on COD | Capital Cost allowed as on COD |
|---|---|---|---|---|
| 114206.67 | 396.70 | 31.53 | 630.09 | 113941.75 |

## Additional Capital Expenditure (ACE)

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

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

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

- *(a) Payment made towards admitted liabilities for works executed up to the cut-off date;*
- *(b) Works deferred for execution;*
- *(c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- *(d) Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;*
- *(e) Change in law or compliance with any existing law which is not provided for in the original scope of work;*
- *(f) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part*

*of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;*

*Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and*

*(g) Force Majeure events:*

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

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

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

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

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

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

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

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

*(e) Force Majeure events;*

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

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

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

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

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

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

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

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

99. The Petitioner has submitted that since the ACE incurred/ projected to be incurred is mainly on account of the balance/ retention payments, the same is claimed under Regulations 24(1)(a) and 24(1)(b) of the 2024 Tariff Regulations. The details of ACE claimed by the Petitioner for the transmission asset are as follows:

**(₹ in lakh)**

| 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|
| 17188.53 | 9716.32 | 2311.50 | 819.18 |

100. The Petitioner has submitted the detailed Liability Flow Statement, and the same is as follows:

**(₹ in lakh)**

| Particulars | FY 2025-26 (Estimated) | | |
|---|---|---|---|
| | Due to Unexecuted Work | Due to Discharge of Liability | Total |
| Freehold Land | - | - | **-** |
| Leasehold Land | - | - | **-** |
| Building and Civil Works | 1,231.00 | (246.20) | **984.80** |
| Tr. Line | 1,668.10 | 4,337.36 | **6,005.46** |
| Sub-Station | 5,675.08 | 4,143.15 | **9,818.23** |
| OPGW | - | - | **-** |
| Communication System excl. OPGW | - | - | **-** |
| I. T Equipment incl. software, UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA System | 181.39 | 198.65 | **380.04** |
| Batteries | - | - | **-** |
| | **8,755.57** | **8,432.96** | **17,188.53** |

**(₹ in lakh)**

| Particulars | FY 2026-27 (Estimated) | | |
|---|---|---|---|
| | Due to Unexecuted Work | Due to Discharge of Liability | Total |
| Freehold Land | - | - | **-** |

| | | | |
|---|---|---|---|
| Leasehold Land | - | - | **-** |
| Building and Civil Works | 1,746.29 | (269.09) | **1,477.20** |
| Tr. Line | 2,783.64 | 219.09 | **3,002.73** |
| Sub-Station | 2,699.49 | 2,536.90 | **5,236.39** |
| OPGW | - | - | **-** |
| Communication System excl. OPGW | - | - | **-** |
| I. T Equipment incl. software, UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA System | - | - | **-** |
| Batteries | - | - | **-** |
| | **7,229.42** | **2,486.90** | **9,716.32** |

**(₹ in lakh)**

| | **FY 2027-28 (Estimated)** | | |
|---|---|---|---|
| **Particulars** | **Due to Unexecuted Work** | **Due to Discharge of Liability** | **Total** |
| Freehold Land | | - | **-** |
| Leasehold Land | - | - | **-** |
| Building and Civil Works | 250.00 | 242.40 | **492.40** |
| Tr. Line | - | 1,000.91 | **1,000.91** |
| Sub-Station | 500.00 | 318.19 | **818.19** |
| OPGW | - | - | **-** |
| Communication System excl. OPGW | - | - | **-** |
| I. T Equipment incl. software, UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA System | - | - | **-** |
| Batteries | - | - | **-** |
| | **750.00** | **1,561.50** | **2,311.50** |

**(₹ in lakh)**

| | **FY 2028-29 (Estimated)** | | |
|---|---|---|---|
| **Particulars** | **Due to Unexecuted Work** | **Due to Discharge of Liability** | **Total** |
| Freehold Land | - | - | **-** |
| Leasehold Land | - | - | **-** |
| Building and Civil Works | - | 328.27 | **328.27** |
| Tr. Line | - | - | **-** |
| Sub-Station | - | 490.91 | **490.91** |
| OPGW | - | - | **-** |

| | | | |
|---|---|---|---|
| Communication System excl. OPGW | - | - | - |
| I. T Equipment incl. software, UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA System | - | - | - |
| Batteries | - | - | - |
| | - | 819.18 | 819.18 |

101. It is observed that the Petitioner has claimed ACE under Regulations 24(1)(a) and 24(1)(b) of the 2024 Tariff Regulations for the balance/retention payments and work deferred for execution. Therefore, in accordance with Regulations 24(1)(a) and 24(1)(b) of the 2024 Tariff Regulations, the ACE claimed by the Petitioner for the transmission asset is hereby approved, and the details are as follows:

**(₹ in lakh)**

| Particulars | Regulation | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|---|---|
| Discharge of Liabilities | Regulation 24(1)(a) of the 2024 Tariff Regulations | 8432.96 | 2486.90 | 1561.50 | 819.18 |
| Unexecuted works | Regulation 24(1)(b) of the 2024 Tariff Regulations | 8755.57 | 7229.42 | 750.00 | - |
| Undischarged IDC | | 630.09 | - | - | - |
| **Total** | | **17818.62** | **9716.32** | **2311.50** | **819.18** |

102. The capital cost allowed in respect of the transmission asset for the 2024-29 tariff period is as follows:

**(₹ in lakh)**

| Capital Cost considered as on COD | ACE | | | | Estimated Completion Cost as on 31.3.2029 |
|---|---|---|---|---|---|
| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | |
| 113941.75 | 17818.62 | 9716.32 | 2311.50 | 819.18 | 144607.37 |

**Debt-Equity ratio**

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

> ***"18. Debt-Equity Ratio****: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:*
>
> *Provided that:*
>
> *i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*

*ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*

*iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.*

***Explanation-****The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.*

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

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

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

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

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

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

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

104. The Petitioner has claimed the debt-equity ratio of 70:30 as on COD and 70:30 for the ACE after the COD of the transmission asset. The debt-equity ratio of 70:30 as on COD and 70:30 for ACE after the COD has been considered for the transmission

asset in accordance with Regulation 18 of the 2024 Tariff Regulations. The details of the debt-equity ratio as on the COD and as on 31.3.2029 in respect of the transmission asset are as follows:

| Particulars | Capital Cost as on COD (₹ in lakh) | (in %) | ACE during 2024-29 (₹ in lakh) | (in %) | Capital Cost as on 31.3.2029 (₹ in lakh) | (in %) |
|---|---|---|---|---|---|---|
| Debt | 79759.23 | 70.00 | 21465.93 | 70.00 | 101225.16 | 70.00 |
| Equity | 34182.53 | 30.00 | 9199.69 | 30.00 | 43382.21 | 30.00 |
| **Total** | **113941.75** | **100.00** | **30665.62** | **100.00** | **144607.37** | **100.00** |

**Depreciation**

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

> ***"33. Depreciation:*** *(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In the case of the tariff of all the units of a generating station or all elements of a transmission system including the communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:*
>
> *Provided that the effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.*
>
> *(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, the weighted average life for the generating station or the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In 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 the 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 a reservoir in case of a 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 for Existing Projects shall be calculated annually based on the Straight Line Method and at rates specified in* ***Appendix-I*** *to these regulations for the assets of the generating station and transmission system:*

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

*Provided further that in the case of an existing hydro generating station, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix I and Appendix II to these Regulations to reduce front loading of tariff.*

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

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

*Provided further that in the case of a new hydro generating stations, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix II to these Regulations to reduce front loading of tariff.*

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

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

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

*(10) 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 (9) of this Regulation.*

*(11) Depreciation of the emission control system of an existing generating station that is yet to complete its useful life 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 the straight line method at rates specified in Appendix- I to these 66 regulations;*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of operation of such emission control system shall be spread over the balance period of thirteen years or balance operational life of generating station, whichever is lower;*

*Provided also that in case the date of operation of the emission control system is after the 20th year of commercial operation of the generating station or unit thereof, but before the completion of the useful life of the generating station, the depreciation on emission control system (ECS) shall be computed annually from the date of operation of such ECS based on the straight line method, with a salvage value of 10% and the depreciable value shall be recovered till the operational life of the generating station.*

*(12) In case the date of operation of the emission control system is subsequent to the date of completion of the useful life of generating station commercial operation of the generating station or unit thereof, depreciation of ECS shall be computed annually from the date of operation of such emission control system based on the straight line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher.*

106. The depreciation has been worked out based on the admitted capital cost as on COD and the ACE allowed during the 2024-29 tariff period. The Weighted Average Rate of Depreciation (WAROD) has been worked out and placed as an Annexure to this order, as per the depreciation rates specified in the 2024 Tariff Regulations. The depreciation allowed with respect to the transmission asset for the 2024-29 tariff period is as follows:

**(₹ in lakh)**

| | **Particulars** | **2025-26 (pro-rata for 339 days)** | **2026-27** | **2027-28** | **2028-29** |
|---|---|---|---|---|---|
| A | Opening Gross Block | 113941.75 | 131760.37 | 141476.69 | 143788.19 |
| B | Addition during the year 2024-29 due to projected ACE | 17818.62 | 9716.32 | 2311.50 | 819.18 |
| C | Closing Gross Block (A+B) | 131760.37 | 141476.69 | 143788.19 | 144607.37 |
| D | Average Gross Block (A+C)/2 | 122851.06 | 136618.53 | 142632.44 | 144197.78 |
| E | Freehold Land | 1655.05 | 1655.05 | 1655.05 | 1655.05 |
| E1 | Average Gross Block (90% depreciable assets) (D-E-F) | 120633.83 | 134210.24 | 140224.15 | 141789.49 |
| F | Average Gross Block (100% depreciable assets) | 562.18 | 753.24 | 753.24 | 753.24 |
| G | Depreciable Value (excluding IT equipment and software) (E1*90%) | 108570.45 | 120789.22 | 126201.74 | 127610.54 |
| H | Depreciable Value of IT equipment | 562.18 | 753.24 | 753.24 | 753.24 |

| | | | | | |
|---|---|---|---|---|---|
| | and software (F*100%) | | | | |
| **I** | Total Depreciable Value (G+H) | 109132.63 | 121542.46 | 126954.98 | 128363.78 |
| J | Weighted Average Rate of Depreciation (WAROD) (in %) | 4.2251 | 4.2317 | 4.2252 | 4.2226 |
| K | Lapsed useful life at the beginning of the year (In year) | 0 | 0 | 1 | 2 |
| L | Balance useful life at the beginning of the year (In year) | 29 | 29 | 28 | 27 |
| **M** | **Depreciation during the year (D*J)** | **4820.81** | **5781.35** | **6026.47** | **6088.92** |
| N | Cumulative Depreciation at the end of the year | 4820.81 | 10602.16 | 16628.63 | 22717.54 |
| O | Remaining Aggregate Depreciable Value at the end of the year (I-N) | 104311.82 | 110940.30 | 110326.35 | 105646.24 |

**Interest on Loan (IoL)**

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

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

*as the case may be, does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.*

*(6) The interest on 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."*

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

**(₹ in lakh)**

| | **Particulars** | **2025-26 (pro-rata for 339 days)** | **2026-27** | **2027-28** | **2028-29** |
|---|---|---|---|---|---|
| A | Gross Normative Loan | 79759.23 | 92232.26 | 99033.69 | 100651.74 |
| B | Cumulative Repayments up to the Previous Year | 0.00 | 4820.81 | 10602.16 | 16628.63 |
| C | Net Loan-Opening (A-B) | 79759.23 | 87411.46 | 88431.53 | 84023.11 |
| D | Additions due to ACE | 12473.03 | 6801.42 | 1618.05 | 573.43 |
| E | Repayment during the year | 4820.81 | 5781.35 | 6026.47 | 6088.92 |
| F | Net Loan-Closing (C+D-E) | 87411.46 | 88431.53 | 84023.11 | 78507.62 |
| G | Average Loan (C+F)/2 | 83585.34 | 87921.49 | 86227.32 | 81265.36 |
| H | Weighted Average Rate of Interest on Loan (in %) | 7.8736 | 7.8598 | 7.8454 | 7.8336 |
| **I** | **Interest on Loan (G*H)** | **6112.37** | **6910.43** | **6764.90** | **6365.99** |

**Return on Equity (RoE)**

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

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

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

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

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

*Provided further that:*

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

*ii. In the case of an 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, the 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:*

*a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate as specified under Regulation 45(9) of IEGC Regulations, 2023.*

*b) an additional rate of return on equity of 0.125% shall be allowed for every incremental ramp rate of 0.50% per minute achieved over and above the ramp rate specified by Central Electricity Authority, subject to the ceiling of additional rate of return on equity of 1.00%:*

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

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

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

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

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

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

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

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

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

110. The Petitioner has submitted that the MAT rate is applicable to it. Accordingly, the MAT rate applicable during the 2024-29 tariff period has been considered for the purpose of Return on Equity (RoE), which will be trued up in accordance with Regulation 31(3) of the 2024 Tariff Regulations. The RoE allowed for the transmission asset is as follows:

**(₹ in lakh)**

| | **Particulars** | **2025-26 (pro-rata for 339 days)** | **2026-27** | **2027-28** | **2028-29** |
|---|---|---|---|---|---|
| A | Opening Equity (A) | 34182.53 | 39528.11 | 42443.01 | 43136.46 |
| B | Additions (B) | 5345.59 | 2914.90 | 693.45 | 245.75 |
| C | Closing Equity (C) = (A+B) | 39528.11 | 42443.01 | 43136.46 | 43382.21 |
| D | Average Equity (D) = (A+C)/2 | 36855.32 | 40985.56 | 42789.73 | 43259.34 |
| E | Return on Equity (Base Rate) (in %) | 15.000 | 15.000 | 15.000 | 15.000 |
| F | MAT Rate for the respective year (in %) | 17.472 | 17.472 | 17.472 | 17.472 |
| G | Rate of Return on Equity (in %) | 18.176 | 18.176 | 18.176 | 18.176 |
| **H** | **Return on Equity (D*G)** | **6221.53** | **7449.39** | **7777.31** | **7862.67** |

**Operation and Maintenance Expenses (O&M Expenses)**

111. The Petitioner has claimed the Operation and Maintenance Expenses (O&M

Expenses) for the transmission asset as under:

**(₹ in lakh)**

| Particulars | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|---|
| **O&M Expenses** | 3015.69 | 3413.52 | 3591.10 | 3787.34 |

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

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

| ***Particulars*** | **2024-25** | **2025-26** | **2026-27** | **2027-28** | **2028-29** |
|---|---|---|---|---|---|
| ***Norms for sub-station Bays (Rs Lakh per bay)*** | | | | | |
| *765 kV* | *41.34* | *43.51* | *45.79* | *48.20* | *50.73* |
| *400 kV* | *29.53* | *31.08* | *32.71* | *34.43* | *36.23* |
| *220 kV* | *20.67* | *21.75* | *22.90* | *24.10* | *25.36* |
| *132 kV and below* | *15.78* | *16.61* | *17.48* | *18.40* | *19.35* |
| ***Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)*** | | | | | |
| *O&M expenditure per MVA or per MVAr (Rs Lakh per MVA or per MVAr)* | *0.262* | *0.276* | *0.29* | *0.305* | *0.322* |
| ***Norms for AC and HVDC lines (Rs Lakh per km)*** | | | | | |
| *Single Circuit (Bundled Conductor with six or more sub-conductors)* | *0.861* | *0.906* | *0.953* | *1.003* | *1.056* |
| *Single Circuit (Bundled conductor with four sub-conductors)* | *0.738* | *0.776* | *0.817* | *0.86* | *0.905* |
| *Single Circuit (Twin & Triple Conductor)* | *0.492* | *0.518* | *0.545* | *0.573* | *0.603* |
| *Single Circuit (Single Conductor)* | *0.246* | *0.259* | *0.272* | *0.287* | *0.302* |
| *Double Circuit (Bundled conductor with four or more sub-conductors)* | *1.291* | *1.359* | *1.43* | *1.506* | *1.585* |
| *Double Circuit (Twin & Triple Conductor)* | *0.861* | *0.906* | *0.953* | *1.003* | *1.056* |
| *Double Circuit (Single Conductor)* | *0.369* | *0.388* | *0.409* | *0.43* | *0.453* |
| *Multi Circuit (Bundled Conductor with four or more sub-conductor)* | *2.266* | *2.385* | *2.51* | *2.642* | *2.781* |
| *Multi Circuit (Twin & Triple Conductor)* | *1.509* | *1.588* | *1.671* | *1.759* | *1.851* |
| ***Norms for HVDC stations*** | | | | | |
| *HVDC Back-to-Back stations (Rs Lakh per MW)* | *2.07* | *2.18* | *2.30* | *2.42* | *2.55* |
| *Gazuwaka BTB (Rs Lakh/MW)* | *1.83* | *1.92* | *2.03* | *2.13* | *2.24* |
| *HVDC bipole scheme (Rs Lakh/MW)* | *1.04* | *1.10* | *1.16* | *1.22* | *1.28* |

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

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

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

*Provided further that the O&M expenses for Transmission Licensees whose*

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

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

*(c) Communication system: The operation and maintenance expenses for the ULDC or such similar scheme 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. The expenses in case of U-NMS shall be allowed on actual basis after due prudence check.*
*(d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:*

*Provided that in case of self insurance, the premium shall not exceed 0.09% of the GFA of the assets insured;*

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

*(e) On the occurrence of any change in law event affecting O&M expenses, the impact shall be allowed to the transmission licensee at the time of truing up of tariff.*

*Provided that such impact shall be allowed only in case the overall impact of such change in law event in a year is more than 5% of normative O&M expenses of the project for the year.*

*(f) In case of a transmission licensee owned by the Central or State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff."*

113. The O&M Expenses are approved for the transmission asset in accordance with Regulation 36(3)(a) of the 2024 Tariff Regulations as under:

**(₹ in lakh)**

| **Particulars** | **2025-26 (pro-rata for 339 days)** | **2026-27** | **2027-28** | **2028-29** |
|---|---|---|---|---|
| **765 kV Bays** | | | | |
| Normative O&M Expenses | 43.51 | 45.79 | 48.20 | 50.73 |
| No of Bays | 8 | 8 | 8 | 8 |
| O&M expenses allowed | 348.08 | 366.32 | 385.60 | 405.84 |
| **400 kV Bays** | | | | |

| | | | | |
|---|---|---|---|---|
| Normative O&M Expenses | 31.08 | 32.71 | 34.43 | 36.23 |
| No of Bays | 10 | 10 | 10 | 10 |
| O&M expenses allowed | 310.80 | 327.10 | 344.30 | 362.30 |
| **220 kV Bays** | | | | |
| Normative O&M Expenses | 21.75 | 22.90 | 24.10 | 25.36 |
| No of Bays | 11 | 11 | 11 | 11 |
| O&M expenses allowed | 239.25 | 251.90 | 265.10 | 278.96 |
| **765 kV ICT (MVA)** | | | | |
| Normative O&M Expenses | 0.276 | 0.29 | 0.305 | 0.322 |
| Capacity (MVA) | 4830 | 4830 | 4830 | 4830 |
| O&M expenses allowed | 1333.08 | 1400.70 | 1473.15 | 1555.26 |
| **400 kV ICT (MVA)** | | | | |
| Normative O&M Expenses | 0.276 | 0.29 | 0.305 | 0.322 |
| Capacity (MVA) | 3125 | 3125 | 3125 | 3125 |
| O&M expenses allowed | 862.50 | 906.25 | 953.13 | 1,006.25 |
| **Kurnool-III PS – Kurnool (New) D/C Line** | | | | |
| Normative O&M Expenses | 1.359 | 1.43 | 1.506 | 1.585 |
| Length in kM | 112.765 | 112.765 | 112.765 | 112.765 |
| O&M expenses allowed | 153.25 | 161.25 | 169.82 | 178.73 |
| **Total O&M expenses allowed** | **3015.67** | **3413.52** | **3591.10** | **3787.34** |

**Interest on Working Capital (IWC)**

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

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

115. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. IWC has been worked out in accordance with Regulation 34 of the 2024 Tariff Regulations. The Rate of Interest (RoI) considered is 12.25% (SBI 1-year MCLR applicable as on

1.4.2025 of 9.00% plus 325 basis points) for FY 2025-26 and 11.95% (SBI 1-year MCLR applicable as on 1.4.2026 of 8.70% plus 325 basis points) for FY 2026-27 to FY 2028-29.

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

**(₹ in lakh)**

| | Particulars | 2025-26 (pro-rata for 339 days) | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|---|---|
| A | Working Capital for O&M Expenses (O&M Expenses for one month) | 270.58 | 284.46 | 299.26 | 315.61 |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses) | 487.04 | 512.03 | 538.66 | 568.10 |
| C | Working Capital for Receivables (Equivalent to 45 days of annual transmission charges) | 2730.16 | 2959.34 | 3027.25 | 3029.49 |
| **D** | **Total Working Capital** | **3487.78** | **3755.83** | **3865.18** | **3913.20** |
| E | Rate of Interest (in %) | 12.25 | 11.95 | 11.95 | 11.95 |
| **F** | **Interest on Working Capital** | **396.82** | **448.82** | **461.89** | **467.63** |

**Annual Fixed Charges for the 2024-29 Tariff Period**

117. The transmission charges allowed for the transmission asset for the 2024-29 tariff period are as follows:

**(₹ in lakh)**

| | Particulars | 2025-26 (pro-rata for 339 days) | 2026-27 | 2027-28 | 2028-29 |
|---|---|---|---|---|---|
| A | Depreciation | 4820.81 | 5781.35 | 6026.47 | 6088.92 |
| B | Interest on Loan | 6112.37 | 6910.43 | 6764.90 | 6365.99 |
| C | Return on Equity | 6221.53 | 7449.39 | 7777.31 | 7862.67 |
| D | O&M Expenses | 3015.67 | 3413.52 | 3591.10 | 3787.34 |
| E | Interest on Working Capital | 396.82 | 448.82 | 461.89 | 467.63 |
| **F** | **Total** | **20567.20** | **24003.51** | **24621.67** | **24572.55** |

**Filing Fee and the Publication Expenses**

118. The Petitioner has sought reimbursement of the fee it paid to file the Petition and the publication expenses.

119. We have considered the Petitioner's submissions. The Petitioner shall be entitled to reimbursement of the filing fees and publication expenses in connection with the present Petition directly from the beneficiaries or long-term customers, as the case may be, on a pro-rata basis in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

**Licence Fee & RLDC Fees and Charges**

120. The Petitioner has claimed reimbursement of the license fee and RLDC Fees and Charges. The Petitioner is allowed reimbursement of the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed the recovery of the RLDC Fee and Charges under Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

**Goods and Services Tax**

121. The Petitioner has submitted that the transmission charges mentioned here do not include GST. If GST is imposed in the future, the Respondents will be responsible for paying it, and the Petitioner will charge and bill them for it separately. It is also prayed that the Petitioner may recover from the beneficiaries additional taxes, if any, paid by it on account of demands from the Government/statutory authorities.

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

**Security Expenses, Insurance and Capital Spares**

123. The Petitioner has submitted that, as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the security expenses and capital spares of more than ₹10 lakh and insurance expenses incurred through the competitive bidding for the transmission system and associated communication system may be allowed separately after a prudence

check.

124. As regards the security expenses for the transmission asset, the Petitioner has submitted that a separate Petition No. 260/MP/2020 was filed for claiming the overall security expenses and consequential Interest on Working Capital IWC on the same wherein it was proposed to consider actual security expense incurred by the Petitioner for FY 2023-24 after escalating the same at 5.25% per annum and estimated additional security expenses for new substations to be commissioned in future, for arriving at the estimated security expense for the years 2024-25, 2025-26, 2026-27, 2027-28 and 2028-29. The Commission, vide its order dated 3.8.2021, allowed the Petitioner to recover the estimated security expenses from the beneficiaries as per the provisions of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 ("2020 Sharing Regulations"). The difference, if any, 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 beneficiaries.

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

126. The Petitioner has not claimed capital spares for the transmission asset in the instant Petition for the 2024-29 tariff period. The Petitioner stated that it will file a separate Petition for the capital spares consumed and the consequential IWC thereon, on an actual basis, for the 2024-29 tariff period, as per the 2024 Tariff Regulations. The

Petitioner has also submitted that it has filed Petition No. 45/MP/2024, claiming therein capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

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

> *"36(3)*
>
> *(d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:*
>
> *Provided that in case of self insurance, the premium shall not exceed 0.12% of the GFA of the assets insured;*
>
> *Provided that the transmission licensee shall submit the along with estimated security expenses based on assessment of the security requirement, capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals along with appropriate justification for incurring the same and along with confirmation that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization."*

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

**Sharing of Transmission Charges**

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

130. TNPDCL has submitted that the Petitioner stated that the power flow in the transmission asset could not be achieved because the inter-connecting generating stations were not ready; therefore, the transmission asset, despite being declared under commercial operation, is not presently providing any benefit to the beneficiaries. In the absence of generation and injection of electricity at the generator end, for which the transmission system was conceived, the transmission asset cannot be put to use and, accordingly, the distribution licensees and consumers ought not to be burdened with payment of transmission charges. TNPDCL has further submitted that, under Regulation 13(3) of the 2020 Sharing Regulations, when the COD of a generating station is delayed while the associated transmission system has achieved COD, the generator shall be liable to pay transmission charges to the extent of the Long-Term Access granted. Therefore, the Commission may direct the Petitioner to recover transmission charges for the instant asset from the concerned generator for the period from the asset's actual COD until the generator's date of commercial operation.

131. In response, the Petitioner, vide affidavit dated 12.1.2026, has made the following submissions:

(i) The contentions of TNPDCL seeking denial of transmission charges on the ground of non-readiness of generating stations are misconceived and liable to be rejected. The Petitioner is an Inter-State Transmission Licensee, and the transmission asset has been planned, approved and implemented in accordance with the directions of the competent authorities under the applicable transmission planning framework, and therefore, the entitlement to recover transmission charges cannot be made contingent upon readiness of generating stations.

(ii) Upon declaration of COD, a transmission licensee acquires a statutory and indefeasible right to recover transmission charges based on the admitted capital cost, and such recovery is not dependent upon actual power flow or utilisation of the transmission system.

(iii) The Commission, vide RoP dated 3.12.2025, had sought clarification from CTUIL regarding the liability of RE generators to bear transmission charges in case of mismatch between COD of transmission system and generation. In response, CTUIL has clarified that in terms of Regulation 13(7) of the 2020 Sharing Regulations, where connectivity has been granted to RE generators on an augmented system without an Associated Transmission System, the generators are liable to pay transmission charges from the start date of connectivity at the rate of ₹3,000/MW/month till achievement of COD. It has also been clarified that generators are liable to pay the Yearly Transmission Charges (YTC) for terminal bays that have achieved COD during the mismatch period, and such charges are to be disbursed to the transmission licensee. Further, any balance transmission charges of the commissioned system are to be recovered in accordance with Regulations 11 and 12 of the 2020 Sharing Regulations.

132. The Commission vide RoP for hearing dated 3.12.2025 has directed the CTUIL to furnish certain information. In response, the Petitioner vide affidavit dated 9.1.2026 has submitted the reply. The details of the same are as follows:

| **Information sought from CTUIL** | **Reply from CTUIL** |
|---|---|
| *a) Confirm whether the instant transmission system is part of the ATS or part of the CTS?* | Transmission elements covered in the instant Petition are a part of the transmission scheme for "Evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" which was evolved based on 66.5 GW potential declared by MNRE. Accordingly, the elements in the instant petition are part of the CTS, and the same |

| | | |
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| | | has been considered as CTS while granting connectivity to the RE developers at Kurnool-III PS. |
| b) | *If it is a part of the CTS, confirm whether the RE generators are liable to pay the transmission charges for the mismatch in RE generation vis-à-vis the COD of the transmission system sought under the fourth proviso to Regulation 27(1)(c) of 2023 IEGC Regulations?* | As per Regulation 13(7) of the 2020 Sharing Regulations, for a Connectivity granted to an RE Generator on an augmented system with no Associated Transmission System (ATS), the generator shall be liable to pay transmission charges from the start date of such Connectivity at the rate of ₹3,000/MW/month until the generator achieves COD. Upon receipt of such payment, the amount shall be adjusted against the monthly transmission charges payable by all drawee DICs, in accordance with the applicable provisions of the 2020 Sharing Regulations.<br><br>Further, the generator is also liable to pay YTC of the terminal bays that have achieved COD from the start date of such Connectivity until the generator achieves COD. The said transmission charges for the mismatch period shall be disbursed to the transmission licensee that has implemented the terminal bays.<br><br>Therefore, the generators in the instant matter are liable to pay the transmission charges at the rate of ₹3,000/MW/month where the connectivity is granted on CTS, along with the YTC of the terminal bay until the generator achieves COD. The balance transmission charges, if any, of CTS that have been commissioned may be allowed to be recovered from the charges collected under Regulation 11 and Regulation 12 of the 2020 Sharing Regulations and paid to the concerned transmission licensee in line with the decision of the Commission in other matters.<br><br>Accordingly, the Commission may examine whether it has to exercise powers under Regulation 27 of the 2020 Sharing Regulations, read with the "Power to Relax" provision, to issue suitable directions for ensuring equitable recovery of transmission charges of the transmission system that has achieved COD. |
| c) | *The instant transmission scheme is implemented for the integration of an additional 4.5 GW of RE at the Kurnool-III PS. Confirm whether CTUIL has granted connectivity to various generators for this capacity? If so, submit a list of the RE generators that applied for connectivity and the respective start date of connectivity for each RE generators.* | Connectivity for 4300 MW has been granted/ agreed for grant to various RE developers at Kurnool-III PS with "Transmission system for evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B".<br>Further, in addition to the above, connectivity corresponding to 3500 MW has been granted at Kurnool-III PS along with the scheme "Transmission system strengthening at Kurnool-III PS for integration of additional RE generation projects".<br>Details of the applicants granted/ agreed to receive connectivity at Kurnool-III PS along with the scheme "Transmission system for evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" are submitted. |
| d) | *Clarify whether the instant transmission assets can serve their* | "Transmission system for evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" was developed for evacuation of power from potential RE generation in Kurnool REZ. As per the |

| | | |
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| | *intended purpose without the commissioning of the 765 kV Kurnool-III PS – Maheswaram (PG) line?* | evolved transmission scheme, Kurnool-III PS is being integrated with ISTS through 2 nos. of 765kV D/C lines viz., Kurnool-III-Kurnool (new) 765 kV D/C line and Kurnool-III-Maheshwaram 765 kV D/C line. Further, Anantapur PS, being established as a part of "Transmission scheme for Solar Energy Zone in Ananthpuram (2500 MW) and Kurnool (1000 MW), Andhra Pradesh", is being integrated with Kurnool-III PS at 400 kV level through Ananthpuram PS - Kurnool-III PS 400 kV (quad) D/C line. Accordingly, in case of delay of 765 kV Kurnool-III PS – Maheswaram (PG) line, Kurnool-III PS along with Kurnool-III-Kurnool (new) 765 kV D/C line shall facilitate evacuation of power from generation projects at Kurnool-III and Anantapur PS as per the margins available in the ISTS grid. |
| *e)* | *As per the IA, the instant Petition covers a total of 26 Nos. of 220 kV line bays. Confirm whether these bays are associated with any RE generator(s), if so, submit a list of the associated generators and the start date of connectivity for RE generator(s).* | The Transmission scheme was identified and taken-up for implementation based on the declared RE potential at Kurnool. Considering 4.5 GW injection at 220 kV, 15 nos. of 220 kV bays were evolved, and space provision for an additional 11 nos. of 220 kV line bays was kept to facilitate RE integration commensurate with maximum pooling station capacity of 7.5 GW as per Transmission Planning Criteria. Presently, 9 nos. of 220 kV bays have been allocated/ agreed for allocation to various RE developers at Kurnool-III PS. Details of the applicants allocated/ agreed for allocation of 9 nos. of 220 kV bays at Kurnool-III PS are as follows.<br>Details of applications (generators) allocated / agreed for allocation of 220 kV terminal line bays at Kurnool-III PS with scheme "Transmission system for evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B"<br><br>Sl. No. \| Connectivity application no. \| Applicant name \| Generation Type \| Connectivity granted (MW) \| Bays allocated under ISTS \| Connectivity start date<br>1. \| 2200000150 \| AMP Energy Green Pvt. Ltd. \| Hybrid \| 150 \| 1 no. at 220 kV \| 28-Jun-25<br>2. \| 2200000229 \| AMP Energy Green Pvt. Ltd. \| Hybrid \| 200 \| Sharing with 2200000150 \| 31-Mar-27<br>3. \| 2200000231 \| Amp Energy C&I Twelve Pvt. Ltd. \| Solar \| 100 \| 1 no. at 220 kV \| 30-Jun-25<br>4. \| 2200000236 \| Hero Solar Energy Pvt. Ltd. \| Hybrid \| 270 \| 1 no. at 220 kV \| 31-Dec-26<br>5. \| 2200000329 \| SAEL Industries Ltd. \| Solar \| 300 \| 1 no. at 220 kV \| 30-Apr-25<br>6. \| 2200000330 \| SAEL Industries Ltd. \| Solar \| 300 \| 1 no. at 220 kV \| 30-Apr-25<br>7. \| 2200000383 \| Hero Solar Energy Pvt. Ltd. \| Hybrid \| 270 \| 1 no. at 220 kV \| 30-Jun-26<br>8. \| 2200000543 \| Amplus Everest Solar Pvt. Ltd. \| Hybrid \| 130 \| 1 no. at 220 kV \| 31-Dec-26<br>9. \| 2200000544 \| Amplus Ilfa Solar Pvt. Ltd. \| Hybrid \| 130 \| Sharing with 2200000543 \| 31-Dec-26<br>10. \| 2200002277 \| Solar Energy Corporation of India Ltd # \| Standalone ESS \| 600 \| 2 no. at 220 kV \| 31-Jan-27 |
| *f)* | *Present status of commissioning the associated generation system.* | Status of commissioning of the associated generation system is as follows: |

| Sl. No. | Connectivity application no. | Applicant name | Generation Type | Connectivity granted (MW) | Connectivity start date | Anticipated/Actual CoD |
|---|---|---|---|---|---|---|
| 1. | 2200000150 | AMP Energy Green Pvt. Ltd. | Hybrid | 150 | 28-Jun-25 | Anticipated CoD: 31.05.2026 |
| 2. | 2200000229 | AMP Energy Green Pvt. Ltd. | Hybrid | 200 | 31-Mar-27 | Anticipated CoD: 100MW: 27.10.2026 100MW: 31.12.2026 |
| 3. | 2200000158 | Adani Renewable Energy Forty Two Ltd.# | Standalone ESS | 600 | 1-Jul-26 | Anticipated CoD: Gen(500MW): 31.12.2026 Drawl(600MW): 30.09.2026 |
| 4. | 2200000231 | Amp Energy C&I Twelve Pvt. Ltd. | Solar | 100 | 30-Jun-25 | Anticipated CoD: 30.06.2026 |
| 5. | 2200000236 | Hero Solar Energy Pvt. Ltd. | Hybrid | 270 | 31-Dec-26 | Anticipated CoD: 154.5MW: 27.10.2026 154.5MW: 31.12.2026 |
| 6. | 2200000329 | SAEL Industries Ltd. | Solar | 300 | 30-Apr-25 | Actual CoD: 200.9MW: 01.12.2025 (Commissioned) Anticipated CoD: 54.1MW: 15.01.2026 45MW: 28.02.2026 |
| 7. | 2200000330 | SAEL Industries Ltd. | Solar | 300 | 30-Apr-25 | Anticipated CoD: 150MW: 15.02.2026 100MW: 31.03.2026 50MW: 31.05.2026 |
| 8. | 2200000383 | Hero Solar Energy Pvt. Ltd. | Hybrid | 270 | 30-Jun-26 | Anticipated CoD: 13.05.2026 |
| 9. | 2200000508 | Adani Renewable Energy Fifty One Ltd.# | PSP | 1250 | 1-Jan-28 | Anticipated CoD: Gen(1000MW): 31.12.2028 Drawl(1250MW): 30.09.2028 |
| 10. | 2200000543 | Amplus Everest Solar Pvt. Ltd. | Hybrid | 130 | 31-Dec-26 | Anticipated CoD: 31.12.2026 |
| 11. | 2200000544 | Amplus Iifa Solar Pvt. Ltd. | Hybrid | 130 | 31-Dec-26 | Anticipated CoD: 31.12.2026 |
| 12. | 2200002277 | Solar Energy Corporation of India Ltd. * | Standalone BESS | 600 | 31.01.2027 | |
| | | **Total** | | **4300** | | |

# Connectivity granted to the applicants along with scheme "Transmission system for evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" however, terminal line bays at Kurnool-III PS are under implementation as part of the scheme "*Transmission system strengthening at Kurnool-III PS for integration of additional RE generation projects*"

**Agreed for grant.*

133. The Commission, vide RoP for the hearing dated 13.1.2026, has directed the CTUIL to furnish certain information. In response, the Petitioner, vide affidavit dated 9.3.2026, has submitted the reply. The details of the same is as follows:

<table>
<tr><th>Information Sought from CTUIL</th><th>Reply from CTUIL</th></tr>
<tr><td>(i) As per the information furnished by CTUIL, the total connectivity granted is 4300 MW, and the year-wise start dates of connectivity are as follows:
<table>
<tr><td>Financial Year</td><td>Total Connectivity granted (MW)</td></tr>
<tr><td>2025</td><td>850 MW</td></tr>
<tr><td>2026</td><td>1400 MW</td></tr>
<tr><td>2027</td><td>800 MW</td></tr>
<tr><td>2028</td><td>1250 MW</td></tr>
<tr><td>Total</td><td>4300 MW</td></tr>
</table>
The Petitioner commissioned 3X1500 MVA (4500 MVA) ICTs at Kurnool and 6X500 MVA (3000 MVA) ICTs at Kurnool on 27.4.2025. Based on the above, the CTUIL is directed to submit the corrective action taken in accordance with Regulation 11.3 of the GNA Regulations.</td><td>The transmission scheme “Evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B” was identified based on l the declared RE potential of 4.5 GW at Kurnool. The transmission scheme was allocated to the Petitioner by MoP vide OM dated 4.11.2019. However, based on the inputs received from SECI that the Government of Andhra Pradesh has put the land allocation on hold, implementation of the subject transmission scheme was put on hold.<br>Subsequently, a meeting was held on 3.11.2022 at CEA to discuss on “Implementation of Transmission system for RE zones at Anantpur, Kurnool, Bidar and other RE potential zones”, wherein SECI stated that implementation of the associated transmission system for evacuation of power from Anantpur, Bidar and Kurnool RE zones (part of 66.5 GW RE target) needs to be taken up on priority. Based on discussions, it was decided that the Transmission scheme for evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B” may immediately be taken up for implementation. Further, a meeting was held on 23.11.2022 to discuss the implementation timeframe of Transmission system for RE zones at Kurnool. wherein it was decided that the implementation timeframe of the subject transmission scheme shall be 24 months from the date of allocation of the scheme to the Petitioner by CTUIL. During the meeting, CTU informed that they have not received any connectivity application at Kurnool PS.<br>Subsequently, applications were received at Kurnool-III PS, and the same were granted connectivity as per the start date sought by the entities in the applications, with the availability of the transmission system required for connectivity.</td></tr>
<tr><td>(ii) As per the fourth proviso to Regulation 27(c)(i) of the 2023</td><td>CTUIL has not certified the deemed COD of the transmission assets covered in this Petition. However, in compliance with the</td></tr>
</table>

| | |
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| *IEGC Regulations, the deemed COD can be granted only on account of delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system of another transmission licensee. Without any specific generator for the delay, how did CTUIL certify the deemed COD of the assets covered in this Petition?* | requirement of the Fourth proviso to Regulation 27(1)(c)(i) of the IEGC 2023 Regulations to apply for approval of COD by transmission licensee through appropriate petition, CTUIL has issued a Certificate towards completion of Transmission System as per applicable CEA standards. |
| *(iii) The present status of Anantpuram PS - Kurnool-III PS transmission line.* | The transmission line has been charged for the first time on 26.12.2025 and is presently kept in charged condition for anti-theft purposes. |
| *(iv) Only 9 nos. 220 kV line bays are allocated to RE Generators. Has CTUIL taken any corrective action as per Regulation 11.3 of the GNA Regulations for the utilisation of the remaining 220 kV line bays?* | The transmission scheme "Evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" was identified and taken up for implementation based on declared RE potential of 4.5 GW at Kurnool. Considering 4.5 GW injection at 220 kV, 9 nos. of 500, 400/220 kV ICTs and 15 nos. of 220 kV bays were evolved in the subject scheme. Further, based on the additional potential declared by SECI, space provisions were kept at Kurnool-III PS to facilitate RE integration commensurate with maximum pooling station capacity of 7.5 GW as per Transmission Planning Criteria.<br>Subsequently, CTU received a large number of connectivity applications at 400 kV level at Kurnool-III PS. Applications for 2650 MW were granted at 220 kV and 5350 MW at 400 kV through 9 nos. of 220 kV bays and 8 nos. of 400 kV bays. For injection of 2650 MW at 220 kV, 7x500 MVA ICTs were required. Accordingly, a meeting was conducted between CTU and the Petitioner on 2.4.2024 wherein detailed analysis was carried out for utilisation of transmission infrastructure at Kurnool-III. As per the deliberations held in the meeting, certain modifications were suggested for utilisation of all elements at Kurnool-III PS, which were agreed to in the 20th NCT meeting held on 25.6.2024.<br>With the above modifications, 2x500 MVA ICTs and 5 nos. of 220 kV bays can be operated separately and utilised in future for integration of RE by suitable system strengthening and interconnection to other |

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| | ISTS substations. Moreover, the balance 1 no. of 220 kV bay at Kurnool-III PS can be utilised for grant of connectivity to RE developers under non-solar hours. |
| *(v) As per the CTUIL, the generator is also liable to pay the Yearly Transmission Charges (YTC) for the terminal bays that have achieved COD, from the start date of such connectivity until the generator achieves COD. Clarify whether the terminal bays at Kurnool-III PS are part of CTS or are generator-specific. If they are part of ATS, provide the basis for such bifurcation, including the relevant provisions of the 2020 Sharing Regulations.* | The transmission scheme "Evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" was identified and taken up for implementation based on declared RE potential of 4.5 GW at Kurnool. All the transmission elements in the subject transmission scheme, including the terminal line bays at Kurnool-III PS for interconnection of RE developers, were taken up for implementation without receipt of connectivity applications. Subsequently, upon receipt of connectivity applications, bays were allocated to RE developers for grant of connectivity to ISTS.<br>As per the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (hereinafter referred to as the "2022 GNA Regulations), terminal bays implemented for generators are not part of the ATS and have been implemented exclusively for the generators only. Accordingly, in the instant case, the Terminal Bay(s) at the ISTS sub-station within the scope of the transmission licensee have achieved COD, whereas the COD of the Connectivity Grantee has not been achieved on or before the start date of Connectivity. Therefore, the Connectivity Grantee shall be liable to pay the YTC for the Terminal Bay(s) corresponding to the connectivity capacity that has not achieved COD, in accordance with Regulation 13(3) of the 2020 Sharing Regulations. |
| *(vi) Provide the methodology for arriving at the transmission charges liability at the rate of ₹3,000/MW/month. Additionally, confirm whether this is the same across all CTS schemes.* | The connectivity granted under CTS schemes is generally treated as an augmented system without ATS. Accordingly, if connectivity is granted to a Connectivity Grantee on an augmented system with no ATS, and the COD of such Grantee is delayed beyond the start date of connectivity, the Connectivity Grantee shall, for the corresponding delayed capacity, be liable to pay transmission charges from the start date of such connectivity at the rate of Rs. 3000/MW/month, in addition to the YTC of terminal bays that have achieved COD. |
| *(vii) As per the CTUIL, evacuation is possible even without commissioning of the 765 kV* | The connectivity of about 4300 MW has been granted to various RE developers at Kurnool-III under the transmission scheme |

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| *Kurnool-III – Maheshwaram line. Confirm whether the intended quantum can be evacuated without leading to congestion or curtailment?* | for "Evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B".<br>As per the Commission's Regulations, entities which have been granted connectivity and GNA is yet to become effective, such entities are eligible to get its power scheduled partly or fully subject to availability of transmission system by treating such access as deemed T-GNA.<br>Accordingly, with the availability of transmission elements under the instant Petition, generation entities granted connectivity at Kurnool-III PS and Anantapur PS, which are ready for commissioning, may schedule their power under T-GNA as per the GNA Regulations subject to margins available in the transmission system. |
| (viii) *Clarify whether the delay/mismatch between the COD of the transmission assets and the COD of RE generators is attributable to generators or to transmission implementation/system planning, with proper supporting documents.* | The transmission scheme "Evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" was identified based on declared RE potential declared RE potential of 4.5 GW at Kurnool and was taken-up for implementation without receipt of connectivity applications as per the decision in the meeting held on 3.11.2022 at CEA to discuss on "Implementation of Transmission system for RE zones at Anantpur, Kurnool, Bidar and other RE potential zones", and meeting held on 23.11.2022 to discuss the implementation timeframe of Transmission system for RE zones at Kurnool. Further, as per the decision in the meeting, the implementation timeframe of the subject transmission scheme was 24 months from the date of allocation of the scheme to the Petitioner by CTUIL, i.e. November 2024.<br>Subsequently, applications were received at Kurnool-III PS wherein applicants requested connectivity from various dates starting from April 2025 onwards. Accordingly, applicants were granted connectivity as per the start date sought by the applicants, with the availability of the transmission system required for connectivity, i.e. "Transmission system for evacuation of power from RE sources in Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (AP) (1500 MW) Part A & Part B" and "ISTS Network Expansion scheme in WR & SR for export of surplus |

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| | power during high RE scenario in Southern Region. |

134. We have considered the submission of the Petitioner and TNPDCL. The COD of the transmission asset is approved as 27.4.2025. The details of the elements covered in the transmission asset are as follows:

| **Elements** |
|---|
| **Establishment of 765/400/220 kV Substation at Kurnool-III under Part - A**<br>**765kV**<br>765/400 kV, 3x1500 MVA ICTs (10x500 MVA including 1 spare unit)<br>03 nos. Transformer bays<br>02 nos. line bays<br>330 MVAr Bus Reactor (4x110 MVAR, including one spare unit)<br>01 no. Bus reactor bay<br><br>**400kV**<br>400/220 kV, 6x500 MVA ICTs<br>09 nos. Transformer bays<br>01 no. 125 MVAr Bus reactor<br>01 no. Bus reactor bay<br><br>**220kV**<br>06 nos. Transformer bays<br>05 nos. line bays<br>01 Set of Bus sectionalizer<br>01 Bus coupler bay |
| **Extension of 765 kV Kurnool (New) Substation under Part - A**<br>02 nos. 765 kV line bays |
| **765 kV Kurnool III PS - Kurnool (New) D/C Transmission Line under Part - A** |

135. Based on the above-mentioned system, 5 no. of 220 kV line bays implemented by the Petitioner are associated with RE generators and not part of ATS, and the remaining transmission elements are considered part of the CTS.

136. Regulation 13(3) of the 2020 Sharing Regulations provides as follows:

> *"(3) Where COD of a Connectivity grantee other than Renewable Power Park Developer has not been achieved on or before start date of Connectivity in terms of GNA Regulations, and the Associated Transmission System has achieved COD, which is not earlier than start date of Connectivity, the Connectivity Grantee shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to Connectivity capacity which has not achieved COD;*

*"Provided further that where the Terminal Bay(s) at the ISTS sub-station in the scope of the transmission licensee have achieved COD and the COD of a Connectivity grantee (COD of generation capacity within the Renewable Power Park in case Connectivity Grantee is Renewable Power Park Developer) has not been achieved, on or before start date of Connectivity of the Connectivity Grantee, the Connectivity Grantee shall pay Yearly Transmission Charges for the Terminal Bay(s) corresponding to the Connectivity capacity which has not achieved COD:"*

137. Regulation 13(7) of the 2020 Sharing Regulations provides as follows:

*"(7) Where Connectivity is granted to a Connectivity grantee other than Renewable Power Park Developer, on margins of existing system or on augmented system with no ATS, and if the COD of such Grantee is delayed beyond start date of connectivity, the Connectivity grantee shall, corresponding to the capacity that is delayed, pay transmission charges from the start date of such Connectivity at the rate of Rs. 3000/ MW /month;*

*Provided that where a Connectivity grantee is Renewable Power Park Developer and the generation capacity within the Renewable Power Park has not declared COD on or before start date of Connectivity in terms of GNA Regulations, the Renewable Power Park Developer shall pay transmission charges from the start date of such Connectivity at the rate of Rs. 3000/MW/month corresponding to generation capacity which have not achieved COD:*

*Explanation: - Such amount received in a billing month, shall be reimbursed to the drawee DICs in proportion to their share in the first bill in the following billing month."*

138. Regulation 13(12) of the 2020 Sharing Regulations provides as follows:

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

*(a) The inter-State transmission licensee shall be paid 50% of YTC of its inter-State transmission system for a period of six (6) months from the date of deemed COD or till the commencement of actual power flow, whichever is earlier.*

*(b) The inter-State transmission licensee shall be paid 100% of YTC of its inter-State transmission system from the seventh ($7^{th}$) month tillcommencement of actual power flow, in case actual power flow does not commence within a period of 6 months from the date of deemed COD.*

*(c) The charges under sub-clauses (a) and (b) of this Clause shall be disbursed from charges collected in terms of Clause (3) of Regulation 12 of these regulations:*

*Provided that in case of shortfall in the collection in terms of Clause (3) of Regulation 12 of these regulations, to meet the requirement of payment under sub-clauses (a) and (b) of this Regulation, the balance shall be paid from charges collected under T-GNA and $TGNA_{RE}$ in terms of Clause (3) of Regulation 11 of these Regulations:*

*Provided further that in case of shortfall in charges collected under T-GNA and $TGNA_{RE}$ to meet the requirement of payment under sub-clauses (a) and (b) of this Regulation, the balance shall be paid from Deviation and Ancillary Service Pool Account under DSM Regulations.*

(d) *Sub-clause (a), (b) and (c) of this Clause shall not be applicable for transmission elements covered under Transformer component (as defined under Regulation 7 of these regulations) which shall be billed to respective drawee DIC of the State from the date of deemed COD. In case of non-availability of separate Yearly Transmission Charges of such transmission elements covered under transformer component, the same shall be worked out by CTU in terms of Regulation 7(1) of these regulations.*

(e) *In case an inter-State transmission licensee is responsible for the delay in commencement of power flow in the inter-State transmission system of another inter-State transmission licensee which has achieved deemed COD, inter-State transmission licensee of the delayed inter-State transmission system shall pay 50% of YTC of its transmission system OR 50% of YTC of the transmission system which has achieved deemed COD, whichever is lower, till its delayed inter-State transmission system achieves COD:*

*Provided that the liability of the delayed inter-State transmission licensee under this Clause shall not be affected, notwithstanding any provisions to the contrary in the Transmission Service Agreement or any other Agreement in force between the parties:*

*Provided further that if the delayed inter-State transmission licensee is levied liquidated damages for delay in completion of the transmission system in terms of the Transmission Service Agreement entered into with CTUIL, the amount of liquidated damages paid by such inter-State transmission licensee to CTU shall be offset to the extent of liability of the delayed inter-State transmission licensees in terms of this Clause and the balance amount, if any, shall be credited into Regional Transmission Deviation account under Clause (3) of Regulation 12 of these regulations.*

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

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

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

(g) *The billing and collection of the charges in terms of sub-clauses (e) and (f) of this Clause shall be made in accordance with Clause (3) of Regulation 15 of these regulations.*

(h) *The charges collected as per sub-clause (g) of this Clause shall be reimbursed in terms of Clause (3) of Regulation 12 of these regulations.*

(i) *In case of inter-State transmission system under Tariff based Competitive Bidding, the first contract year shall commence from the date when such transmission licensee starts receiving 100% of YTC under sub-clause (b) of this Clause or under Regulations 5 to 8 of these regulations."*

139. It is noted that the Petitioner has created the transmission system to evacuate

Power from Kurnool Wind Energy Zone (3000 MW)/ Solar Energy Zone (1500 MW), which totals about 4500 MW. However, the year-wise connectivity granted is as follows:

| Financial year | Total Connectivity Granted (MW) | Details of RE Generators |
|---|---|---|
| 2025-26 | 850 MW | (i) SAEL Industries Ltd (300 MW)<br>(ii) SAEL Industries Ltd (300 MW)<br>(iii) AMP Energy Green Pvt Ltd (150 MW)<br>(iv) Amp Energy C&I Twelve Pvt. Ltd (100 MW) |
| 2026-27 | 1400 MW | (i) Hero Solar Energy Pvt. Ltd. (270 MW)<br>(ii) Adani Renewable Energy Forty-Two Ltd. (600 MW)<br>(iii) Hero Solar Energy Pvt. Ltd (270 MW)<br>(iv) Amplus Everest Solar Pvt. Ltd (130 MW)<br>(v) Amplus Everest Solar Pvt. Ltd (130 MW) |
| 2027-28 | 2050 MW | (i) AMP Energy Green Pvt. Ltd (200 MW)<br>(ii) Adani Renewable Energy Fifty-One Ltd (1250 MW)<br>(iii) Solar Energy Corporation of India Ltd (600 MW) |

140. Based on the above, the question that arises for our consideration is how the transmission charges of the transmission asset under the instant petition shall be recovered. The deemed COD of the transmission asset is approved as 27.4.2025. The recovery of the transmission charges from 27.04.2025 shall be in terms of Regulation 13(12) of the 2020 Sharing Regulations.

141. The transmission asset includes 5 nos. of 220 kV terminal line bays for the RE generators which have been granted connectivity at Kurnool-III pooling station. In terms of Regulation 13(3) of the 2020 Sharing Regulations, if the Terminal Bay(s) at the ISTS sub-station in the scope of the transmission licensee have achieved COD and the COD of a Connectivity grantee has not been achieved, the Connectivity Grantee is liable to pay YTC for the Terminal Bay(s) corresponding to the Connectivity capacity which has not achieved COD. Accordingly, the YTC for the terminal 220 kV line bays shall be recovered in terms of Regulation 13(12) of the 2020 Sharing Regulations from the date of deemed COD till the start date of connectivity of the RE generator to whom connectivity has been provided at that particular 220 kV bay. From the date of connectivity, the same

shall be borne by the RE generator till achievement of COD by the generator. In case the YTC of line bay are not available, the YTC for such elements shall be worked out and provided by the Central Transmission Utility, apportioning the YTC approved by the Commission for the integrated project, based on indicative capital cost. The YTC in respect of the terminal bay(s) corresponding to the Connectivity capacity that have achieved COD shall be included for determination of transmission charges of DICs in accordance with Regulations 5 to 8 of the 2020 Sharing Regulations.

142. Further, in terms of Regulation 13(7) of the 2020 Sharing Regulations, where Connectivity is granted to a Connectivity Grantee on an augmented system with no ATS, and if the COD of such Grantee is delayed beyond the start date of connectivity, the Connectivity Grantee shall, corresponding to the capacity that is delayed, pay transmission charges from the start date of such Connectivity at the rate of Rs. 3000/ MW /month. The transmission asset under the instant petition is augmentation without ATS. Accordingly, the Connectivity Grantee, having been granted connectivity considering the transmission asset, shall be liable to pay transmission charges from the start date of such Connectivity at the rate of Rs. 3000/ MW /month corresponding to the capacity not commissioned.

143. As discussed above, the recovery of the transmission charges for the assets covered in the instant transmission assets is as follows:

**(a) <u>Sharing of Transmission Charges of 5 no. of 220 kV line bays:</u>**

The sharing of transmission charges for the 5 no. of 220 kV line bays is as follows:

Illustration:

| Name of the RE Generator | Start date of Connectivity | COD considered | Sharing of Transmission charges |
|---|---|---|---|
| XXXX | 30.04.2025 | 27.04.2025 | The transmission charges from 27.04.2025 to 29.04.2025 shall be recovered in terms of Regulation 13(12) of the 2020 Sharing Regulations.<br>XXXX is liable to pay transmission charges from 30.04.2025 till COD of the generation and thereafter, the transmission charges shall be shared as per Regulations 5 to 8 of the Sharing Regulations. |

**(b) The Recovery of transmission charges of the Common Transmission System (CTS) is as follows:**

| RE Generator | Connectivity granted (MW) | Start date of Connectivity | Liability for payment of charges of RE Generator under Regulation 13(7) of the 2020 Sharing Regulations | Recovery of the Transmission Charges |
|---|---|---|---|---|
| SAEL Industries Ltd. | 600 | 30.04.2025 | SAEL shall be liable to pay ₹3,000/MW/month for the 600 MW capacity from 30.04.2025 until the COD of the generating station. | The recovery of the transmission charges from 27.04.2025 shall be in terms of Regulation 13(12) of the 2020 Sharing Regulations. |
| AMP Energy Green Pvt Ltd | 150 | 28.06.2025 | AMP Energy Green Pvt. Ltd shall be liable to pay ₹3,000/MW/month for the 150 MW capacity from 28.06.2025 until the COD of the generating station. | |
| AMP Energy C&I Twelve Green Pvt Ltd | 100 | 30.06.2025 | AMP Energy C&I Twelve Green Pvt. Ltd. shall be liable to pay ₹3,000/MW/month for the 100 MW capacity from 30.06.2025 until the COD of the generating station. | |
| Hero Solar Energy Pvt Ltd. | 270 | 30.06.2026 | Hero Solar Energy Pvt. Ltd. shall be liable to pay ₹3,000/MW/month for the 270 MW capacity from 30.06.2026 until the COD of the generating station. | |
| Adani Renewable Energy Forty-Two Ltd. | 600 | 01.07.2026 | Adani Renewable Energy Forty-Two Ltd. shall be liable to pay ₹3,000/MW/month for the 670 MW capacity from 01.07.2026 | |

| | | | |
|---|---|---|---|
| | | | until the COD of the generating station under its control. |
| Hero Solar Energy Pvt Ltd | 270 | 31.12.2026 | Hero Solar Energy Pvt. Ltd. shall be liable to pay ₹3,000/MW/month for the 270 MW capacity from 31.12.2026 until the COD of the generating station. |
| Amplus Everest Solar Pvt Ltd | 130 | 31.12.2026 | Amplus Everest Solar Pvt. Ltd. Shall be liable to pay ₹3,000/MW/month for the 130 MW capacity from 31.12.2026 until the COD of the generating station der its control. |
| Amplus lifa Solar Pvt Ltd. | 130 | 31.12.2026 | Amplus Lifa Solar Pvt. Ltd. shall liable to pay ₹3,000/MW/month for the 130 MW capacity from 31.12.2026 until the COD of the generating station under its control. |
| Solar Energy Corporation of India Ltd. | 600 | 31.01.2027 | Solar Ltd. shall be liable to pay ₹3,000/MW/month for the 600 MW capacity from 31.01.2027 until the COD of the generating station under its control. |
| AMP Energy Green Pvt Ltd | 200 | 31.03.2027 | AMP Energy Green Pvt Ltd. shall be liable to pay ₹3,000/MW/month for the 200 MW capacity from 31.03.2027 until the COD of the generating station under its control. |
| Adani Renewable Energy fifty-One ltd. | 1250 | 1.01.2028 | Adani Renewable Energy fifty-One ltd. shall be liable to pay ₹3,000/MW/month for the 1250 MW capacity from 10.1.2028 until the COD of the generating station under its control. |

144. The Petitioner's prayer for grant of interim tariff in accordance with Regulation 10(3) of the 2024 Tariff Regulations has become infructuous, as tariff for the transmission asset for the 2025-29 period is granted in accordance with the 2024 Tariff Regulations in this order.

145. To summarise, the Annual Fixed Charges (AFC) claimed and allowed in respect of the transmission asset for the 2024-29 tariff period are as follows:

**(₹ in lakh)**

| **Particulars** | **2025-26 (pro-rata for 339 days)** | **2026-27** | **2027-28** | **2028-29** |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **AFC Claimed** | 20586.05 | 24034.83 | 24652.81 | 24603.43 |
| **AFC Allowed** | 20567.20 | 24003.51 | 24621.67 | 24572.55 |

146. The Annexure to this order forms part of the order.

147. This order disposes of Petition No. 877/TT/2025 in terms of the above findings and discussions.

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

**ANNEXURE**

**Asset-I**

**(₹ in lakh)**

| Capex | Admitted Capital Cost as on COD | Projected ACE | | | | | Admitted Capital Cost as on 31.3.2029 | Dep Rate | Annual Depreciation | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | | | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Land - Freehold | 1655.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1655.05 | 0.00% | 0.00 | 0.00 | 0.00 | 0.00 |
| Building | 1039.86 | 0.00 | 990.63 | 1477.20 | 492.40 | 328.27 | 4328.36 | 3.34% | 51.27 | 92.49 | 125.38 | 139.09 |
| Transmission Line | 46554.78 | 0.00 | 6266.63 | 3002.73 | 1000.91 | 0.00 | 56825.05 | 4.22% | 2096.84 | 2292.42 | 2376.90 | 2398.02 |
| Substation | 63799.54 | 0.00 | 10176.31 | 5236.39 | 818.19 | 490.91 | 80521.33 | 4.22% | 2907.06 | 3232.27 | 3360.02 | 3387.64 |
| OPGW | 273.73 | 0.00 | 1.54 | 0.00 | 0.00 | 0.00 | 275.27 | 6.33% | 17.38 | 17.42 | 17.42 | 17.42 |
| PLCC | 182.62 | 0.00 | 1.02 | 0.00 | 0.00 | 0.00 | 183.65 | 15.00% | 27.47 | 27.55 | 27.55 | 27.55 |
| IT Equipment | 371.12 | 0.00 | 382.12 | 0.00 | 0.00 | 0.00 | 753.24 | 15.00% | 84.33 | 112.99 | 112.99 | 112.99 |
| Batteries | 65.05 | 0.00 | 0.36 | 0.00 | 0.00 | 0.00 | 65.42 | 9.50% | 6.20 | 6.21 | 6.21 | 6.21 |
| **Total** | **113941.75** | **0.00** | **17818.62** | **9716.32** | **2311.50** | **819.18** | **144607.37** | | **5190.54** | **5781.35** | **6026.47** | **6088.92** |
| | | | | | | | | **Avg. Gross Block** | **122851.06** | **136618.53** | **142632.44** | **144197.78** |
| | | | | | | | | **WAROD** | **4.23%** | **4.23%** | **4.23%** | **4.22%** |