

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 194/TT/2025

Coram:

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

Date of Order: 04.02.2026

In the matter of:

Approval under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and under Regulation 15 (1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for the truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for the determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for Assets under Augmentation of Transformation Capacity at Fatehabad (PG) in the Northern Region.

And in the matter of:

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

...Petitioner

Versus

1. Uttar Pradesh Power Corporation Limited

Shakti Bhawan, 14, Ashok Marg,
Lucknow - 226 001

2. Ajmer Vidyut Vitran Nigam Limited

Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road,
Ajmer-305004 (Rajasthan)

3. Jaipur Vidyut Vitran Nigam Limited

132 Kv, Gss Rvpnl Sub- Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan)

4. Jodhpur Vidyut Vitran Nigam Limited



New Powerhouse, Industrial Area,
Jodhpur – 342 003(Rajasthan)

5. Himachal Pradesh State Electricity Board Limited

Vidyut Bhawan,
Kumar House Complex Building II,
Shimla-171 004

6. Punjab State Power Corporation Limited

The Mall, Pseb Head Office,
Patiala - 147 001

7. Haryana Power Purchase Centre

Shakti Bhawan, Sector-6,
Panchkula (Haryana) 134 109

8. Jammu Kashmir Power Corporation Limited

220/66/33 Kv Gladni SS SLDC Buliding,
Narwal, Jammu

9. BSES Yamuna Power Limited

B-Block, Shakti Kiran, Bldg. (Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi-110092

10. BSES Rajdhani Power Limited

BSES Bhawan, Nehru Place,
New Delhi

11. Tata Power Delhi Distribution Limited

33 Kv Substation, Building,
Hudson Lane, Kingsway Camp,
North Delhi - 110009

12. Chandigarh Electricity Department

Chandigarh Administration
Sector -9, Chandigarh.

13. Uttarakhand Power Corporation Limited

Urja Bhawan
Kanwali Road
Dehradun.

14. North Central Railway

Allahabad.



15. New Delhi Municipal Council

Palika Kendra, Sansad Marg,
New Delhi-110002

...Respondent(s)

Parties Present: Shri Zafrul Hasan, PGCIL
Shri A. Naresh Kumar, PGCIL
Shri Vijay G., PGCIL
Shri Arjun Malhotra, PGCIL
Shri Piyush Awasthi, PGCIL
Shri Mukesh Bhakar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and determination of the transmission for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) in respect of the following transmission assets (hereinafter referred to as “the transmission assets”) associated with Augmentation of Transformation Capacity at Fatehabad (PG) in the Northern Region:

Asset-1(a): Associated bays of “315 MVA, 400/220 kV ICT” at Fatehabad Sub-station (ICT to be shifted from Ballabgarh); and

Asset-1(b): 315 MVA, 400/132kV, ICT-III along with associated bays in GIS bays at 400 kV Silchar Sub-station;



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

“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 17 and 18 above.

b) Admit the capital cost claimed and additional capitalization projected to be incurred during 2024-29.

c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 17 and 18 above for respective block.

d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.

e) Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.

g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 24 above.

h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 24 above.

i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 24 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 25 above.

k) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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



Background

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

- a. The Investment Approval (IA) of the transmission project was accorded by the Board of Directors of the Petitioner's Company on 23.3.2017 and circulated vide Memorandum Ref no. C/CP/IA/ICT dated 24.3.2017, at an estimated cost of ₹1135 lakh including IDC of ₹72 lakh based on October 2016 price level.
- b. The scope of the work covered under the transmission project was discussed and agreed in the 36th meeting of Standing Committee on Power System Planning of Northern Region held on 13.7.2015. Subsequently, the project was also discussed and agreed in the 36th meeting of Northern Regional Power Committee held on 24.12.2015.
- c. The scope of work covered under the transmission project broadly includes:
 - (i) Extension of 400/220 kV Fatehabad Sub-station.
 - a) 315 MVA 400/220 kV Transformer: 1 number*
 - b) 400 kV ICT Bays: 1 number
 - c) 220 kV ICT Bays: 1 number

**(The ICT at Fatehabad is to be provided from the 400/220 kV, 315 MVA ICTs at Ballabgarh which are being replaced by 500 MVA, 400/220 ICTs).*

The transmission project consists two parts, i.e. the 315 MVA 400/220 kV ICT, which was shifted from Ballabgarh Sub-station to Fatehabad Sub-station (hereinafter referred to as "Asset-1(b)") and associated bays and equipment (one 400 kV ICT bay and one 220 kV ICT bay) (hereinafter referred to as "Asset-1(a)")



- d. The transmission assets were scheduled to be put into commercial operation within 30 months from the date of IA which is 24.3.2017. Accordingly, the transmission project was scheduled to be put into commercial operation (SCOD) by 24.9.2019. Asset-1(a) was put into commercial operation on 31.12.2018 and Asset-1(b) was initially put into commercial operation on 1.7.2002. However, Asset-1(b) was re-capitalized on 31.12.2018 along with Asset-1(a) at Ballabgarh Sub-station. The shifting of the ICT from Ballabgarh Sub-station to Fatehabad Sub-station was agreed in the 36th Standing Committee Meeting on Power System Planning on Northern Region (NR) held on 13.7.2015 and the 36th NRPC and 32nd TCC Meeting held on 23.12.2015
- e. The Commission in order dated 30.4.2021 in Petition No. 210/TT/2020 has already dealt with the issue of de-capitalisation of Asset-1(b) at Ballabgarh Sub-station. The Commission in order dated 30.4.2021 considered the date of decapitalisation of Asset-1(b) as 12.6.2017 and the Commission vide order dated 7.7.2021 in Petition No. 485/TT/2019 considered the date of its re-capitalisation as 31.12.2018.
- f. The transmission tariff for Asset-1(a) and Asset-1(b) from COD to 31.3.2019 was determined by Commission vide order dated 7.7.2021 in Petition No. 485/TT/2019.
- g. The transmission tariff of 2014-19 period was trued-up and transmission tariff for 2019-24 was determined by the Commission vide order dated 9.1.2024 in Petition No. 193/TT/2022
- h. The Petitioner has filed the present Petition for truing-up of the transmission tariff for the 2019-24 tariff period and the determination of



the transmission tariff for the 2024-29 tariff period for the following transmission assets implemented in the Northern Region:

Asset	Asset Name	COD
Asset-1(a)	Associated bays of “315 MVA, 400/220 kV ICT” at Fatehabad Sub-station (ICT to be shifted from Ballabgarh)	31.12.2018
Asset-1(b)	315 MVA ICT at Fatehabad Sub-station (Only ICT shifted from Ballabgarh Sub-station under ICTIV at Ballabgarh)	Original: 1.7.2002 Recapitalization: 31.12.2018

4. The Respondents are distribution licensees, transmission licensees and power departments, which are procuring transmission services from the Petitioner, mainly beneficiaries of the Northern Region.

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

6. No Respondent has filed its reply and raised any issues pertaining to the instant Petition.

7. The hearing in this matter was held on 30.9.2025 and 11.12.2025, post the order was reserved.

8. This order is issued considering the submissions made by the Petitioner vide affidavit dated 23.9.2024 and 7.8.2025.

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



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

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

Asset-1(a)

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	41.39	51.69	51.69	51.69	51.69
Interest on Loan	41.21	43.21	38.65	37.02	35.93
Return on Equity	44.17	55.17	55.17	55.17	55.17
Interest on Working Capital	9.20	9.17	8.72	8.94	10.48
O&M Expenses	167.43	173.45	179.53	185.99	192.22
Total	303.40	332.69	333.76	338.81	345.49

Asset-1(b)

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	12.31	12.31	12.31	12.31	12.31
Interest on Loan	1.49	0.46	0.01	0.00	0.00
Return on Equity	24.17	24.17	24.17	24.17	24.17
Interest on Working Capital	0.57	0.52	0.48	0.48	0.55
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	38.54	37.46	36.97	36.96	37.03

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

Asset-1(a)

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	13.95	14.45	14.96	15.50	16.02
Maintenance Spares	25.11	26.02	26.93	27.90	28.83
Receivables	37.30	41.02	41.15	41.77	42.48
Total Working Capital	76.36	81.49	83.04	85.17	87.33
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	9.20	9.17	8.72	8.94	10.48



Asset-1(b)

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	4.74	4.62	4.56	4.56	4.55
Total Working Capital	4.74	4.62	4.56	4.56	4.55
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	0.57	0.52	0.48	0.48	0.55

Capital Cost for the 2019-24 tariff period

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

13. The Commission, vide order dated 9.1.2024 in Petition No. 193/TT/2022, has granted the transmission tariff for the 2019-24 tariff period. The details of the capital cost as allowed by the Commission in respect of instant transmission assets in the aforesaid order are as follows:

(₹ in lakh)

Asset	FR Apportioned Approved Cost	Capital Cost allowed up to 1.4.2019	ACE allowed	Capital Cost as on 31.3.2024
			2019-20	
Asset-1(a)	1134.65	588.82	390.22	979.04
Asset-1(b)	N/A	428.91	0.00	428.91

14. The Petitioner in the instant true-up Petition has claimed the following capital cost for the 2019-24 tariff period:

(₹ in lakh)

Asset	FR approved cost	Expenditure Up to 31.03.2019	ACE claimed					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1(a)	1134.65	588.82	390.22	0.00	0.00	0.00	0.00	979.04
Asset-1(b)	N/A	428.91	0.00	0.00	0.00	0.00	0.00	428.91



15. We have considered the submission of the Petitioner. It is observed that the Commission vide order dated 9.1.2024 in Petition No. 193/TT/2022 had approved the trued-up capital cost of ₹588.82 Lakh and ₹428.91 Lakh in respect of Asset-1(a) and Asset-1(b) respectively as on 31.3.2024, and thus, the same is being considered as opening capital cost in respect of instant transmission asset as per Regulation 19(1) and 19(2) of the 2019 Tariff Regulations.

Cost Over-run

16. The capital cost as on 31.3.2024 is within FR apportioned approved cost and hence there is no cost over-run.

Initial Spares

17. The Petitioner has submitted that the excess initial spares have already been reduced from capital cost in order dated 9.1.2024 in Petition No. 193/TT/2022. There is no re-calculation done as there is no change in capital cost being claimed from last order.

18. Vide technical validation letter dated 31.7.2025, the Petitioner was directed to submit the initial spares discharge statement for Asset-1(a) for the 2018-19 and 2019-20 period. In response, the Petitioner vide affidavit dated 7.8.2025 has submitted the requisite information as under:

(₹ in lakh)

Asset	Particulars	Initial Spares Claimed	Discharge of Initial Spares		
			COD	2018-19	2019-20
Asset-1(a)	Sub-station (Brown field)	77.02	45.03	25.59	6.40

19. The Petitioner has also submitted the detail of initial spares as follows:



(₹ in lakh)						
Asset	Particulars	Plant & Machinery cost (A)	Initial Spares Claimed (B)	Ceiling Limit (%) (C)	Initial Spares Worked out/allowable	Excess Initial Spares
					$D = [(A-B)*C / (100-C)]$	$E=[B-D]$
Asset-1(a)	Sub-station (Brown field)	997.13	77.02	6	58.73	18.29

20. We have considered the Petitioner's submissions. The Asset-1(a) has been commissioned during 2014-19 tariff period, the details of commercial operation date and cut-off date in respect of Asset-1(a) as per 2014 Tariff Regulations is as follows:

Asset name	Commercial Operation Date	Cut-off Date
Asset-1(a)	31.12.2018	31.3.2021

21. As per Regulation 13(d) of the 2014 Tariff Regulations, the initial spares for the transmission assets are allowed according to the respective percentage of the Plant and Machinery Cost as on the cut-off date for each individual case.

22. On perusal of Form-5 submitted by the Petitioner vide affidavit dated 10.6.2019 in Petition No. 485/TT/2019, it is observed that the Petitioner has also included the expenditure ₹112.44 Lakh (₹49.81 lakh as on COD plus ₹62.63 Lakh as liabilities) against "Foundation of Structures" mentioned under Civil Works, in the Plant and Machinery Cost upto cut-off date for determination of initial spares in respect of Asset-1(a).

23. As per fourth proviso of Regulation 13(d) of 2014 Tariff Regulations, the plant and Machinery Cost as on cut-off date shall be excluding IEDC, IDC , land cost and cost of civil works. The relevant extract is as follows:

13. Initial Spares: Initial spares shall be capitalised as a percentage of the Plant and Machinery cost upto cut-off date, subject to following ceiling norms:



XXXXX

Provided that

XXXX

iv. for the purpose of computing the cost of initial spares, plant and machinery cost shall be considered as project cost as on cut-off date excluding IDC, IEDC, Land Cost and cost of civil works. The transmission licensee shall submit the breakup of head wise IDC & IEDC in its tariff application

24. Further, the Commission vide order dated 9.1.2024 in Petition No. 193/TT/2022 has also decided that the expenditure ₹11.30 Lakhs against transportation and shifting of ICT is in the nature of revenue expenditure and, therefore, the same will not be capitalised and will be allowed to be recovered as one-time expenditure directly from the beneficiaries. Therefore, as the aforesaid expenditure was not capitalised, we are of view that the same shall also be excluded from Plant and Machinery Cost for determination of initial spares in respect of Asset-1(a).

25. Therefore, in view of the above and as per Regulation 23(d) of the 2019 Tariff Regulation, the initial spares in respect of transmission assets are re-calculated as follows:

Asset	Particulars	Plan & Machinery Cost upto cut-off date (excluding IEDC, IDC, land cost and cost of civil works) (excluding expenditure against transportation and shifting of ICT)(A)	Initial Spares Claimed (B)	Ceiling Limit (in %) (C)	Allowable Initial Spares (D)	Excess Initial Spares (E)
					$D = [(A-B)*C / (100-C)]$	$E=D-B$, if $D>B$, otherwise 0



Asset-1(a)	Sub-station (Brown field)	873.39	77.02	6	50.83	26.19
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26. Therefore, as per the discharge statement submitted by the Petitioner, excess initial spares of ₹6.40 Lakhs shall be reduced from the ACE of FY 2019-20 and balance excess initial spares ₹19.79 Lakhs has to be reduced from the ACE of FY 2018-19.

27. As the transmission tariff for 2014-19 tariff period, i.e., upto 31.3.2019 has already been trued-up by the Commission vide order dated 9.1.2024 in Petition No. 193/TT/2022 and the Commission has already reduced the excess initial spares ₹11.89 Lakhs from the ACE of 2018-19 during truing up and thus, the remaining excess initial spares ₹7.90 Lakh (₹19.79 Lakhs (-) ₹11.89 Lakhs) shall be reduced from capital cost as on 31.3.2019.

28. Accordingly, the details of capital cost as on 1.4.2019 in respect of Asset-1(a) for truing up of Annual Fixed charges for 2019-24 Tariff Period is as follows:

(₹ in lakh)			
Asset Name	Capital Cost as on 31.3.2019	Disallowance of Excess initial spares	Capital Cost as on 1.4.2019
Asset-1(a)	588.82	7.90	580.92

Additional Capital Expenditure (ACE)

29. The Commission vide order dated 9.1.2024 in Petition No. 193/TT/2022 allowed ACE in respect of Asset-1(a) for the 2019-24 tariff period under Regulation 24 of the 2019 Tariff Regulations on account of balance and retention payments. The ACE allowed for the 2019-24 tariff period in the above-said order is as follows:

(₹ in lakh)	
Particulars	ACE allowed (2019-24)
Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	390.22



30. Against this, the Petitioner has claimed following ACE for the truing up of the 2019-24 tariff period based on the actual expenditure in respect of Asset-1(a) in accordance with the 2019 Tariff Regulations:

(₹ in lakh)

Particulars	ACE Claimed (2019-20)
Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	390.22

31. The Petitioner has also submitted the party-wise details of Liability Flow Statement as follows:

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-1(a)	M/s KEC Limited	Substation	208.34	208.34	0.00	0.00	0.00	0.00	208.34

(₹ in lakh)

Asset no.	Party	Particulars	Additional Liability recognised					
			2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-1(a)	M/s KEC Limited	Substation	188.28	0.00	0.00	0.00	0.00	188.28

32. We have considered the submissions made by the Petitioner in the instant Petition. It is observed that the Petitioner has claimed the ACE against discharge of liabilities on account of balance and retention payments for works executed prior to cut-off date and works deferred for execution. Therefore, as per Regulation 24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations the ACE claimed by the Petitioner is allowed as follows:



(₹ in lakh)

Asset Name	Regulations	ACE Allowed				
		2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1(a)	Regulations 24(1)(a) of the 2019 Tariff Regulations	208.34	0.00	0.00	0.00	0.00
	Regulations 24(1)(b) of the 2019 Tariff Regulations	188.28	0.00	0.00	0.00	0.00
	Less: Excess Initial Spares	6.40	0.00	0.00	0.00	0.00
Net ACE allowed		390.22	0.00	0.00	0.00	0.00

33. The capital cost and ACE allowed in respect of the transmission assets for the 2019-24 period is as follows:

(₹ in lakh)

Asset	FR Appportioned Approved Cost	Capital Cost allowed as on COD	ACE allowed for the 2019-24 tariff period					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1(a)	1134.65	580.92	390.22	0.00	0.00	0.00	0.00	971.14
Asset-1(b)	N/A	428.91	0.00	0.00	0.00	0.00	0.00	428.91

Debt-Equity ratio

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

Asset-1(a)

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	406.64	70.00	273.15	70.00	679.80	70.00
Equity	174.28	30.00	117.07	30.00	291.34	30.00
Total	580.92	100.00	390.22	100.00	971.14	100.00

Asset-1(b)



Funding	Capital Cost as on COD (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	300.24	70.00	300.24	70.00
Equity	128.67	30.00	128.67	30.00
Total	428.91	100.00	428.91	100.00

Depreciation

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

36. Asset-1(b) has completed its 12 years of life in 2015-16 and, therefore, the remaining depreciable value as on 1.4.2019 amounting to ₹110.81 lakhs has been spread over the balance useful life of the asset as per Regulation 33 (5) of the 2019 Tariff Regulations.

37. The depreciation allowed for the transmission assets for the 2019-24 tariff period is as follows:

Asset-1(a)

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital cost	580.92	971.14	971.14	971.14	971.14
B	Addition during the year 2019-24 due to ACE	390.22	0.00	0.00	0.00	0.00
C	Closing Capital cost (A+B)	971.14	971.14	971.14	971.14	971.14
D	Average Capital cost (A+C)/2	776.03	971.14	971.14	971.14	971.14
E	Average Capital cost (90% depreciable assets)	776.03	971.14	971.14	971.14	971.14
F	Average Capital cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	698.43	874.03	874.03	874.03	874.03



Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	698.43	874.03	874.03	874.03	874.03
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
K	Balance useful life at the beginning of the year (Year)	25	24	23	22	21
L	Elapsed useful life at the beginning of the year (Year)	0	1	2	3	4
M	Depreciation during the year (D*J)	40.97	51.28	51.28	51.28	51.28
N	Cumulative Depreciation at the end of the year	47.70	98.98	150.26	201.54	252.82
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	650.73	775.05	723.77	672.49	621.21

Asset-1(b)

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital cost	428.91	428.91	428.91	428.91	428.91
B	Addition during the year 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital cost (A+B)	428.91	428.91	428.91	428.91	428.91
D	Average Capital cost (A+C)/2	428.91	428.91	428.91	428.91	428.91
E	Average Capital cost (90% depreciable assets)	428.91	428.91	428.91	428.91	428.91
F	Average Capital cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	386.02	386.02	386.02	386.02	386.02
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	386.02	386.02	386.02	386.02	386.02
J	Weighted average rate of Depreciation (WAROD) (in %)	Spread-over depreciation				
K	Balance useful life at the beginning of the year (Year)	9	8	7	6	5
L	Elapsed useful life at the beginning of the year (Year)	16	17	18	19	20



Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
M	Depreciation during the year (D*J)	12.31	12.31	12.31	12.31	12.31
N	Cumulative Depreciation at the end of the year	287.52	299.83	312.14	324.45	336.76
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	98.50	86.19	73.88	61.57	49.26

38. The details of depreciation allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022 in respect of the Asset-1(a) and Asset-1(b), depreciation claimed by the Petitioner in the instant Petition and trued-up depreciation approved in the instant order are as follows:

(₹ in lakh)					
Asset-1(a)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	41.39	51.69	51.69	51.69	51.69
Claimed by the Petitioner in the instant Petition	41.39	51.69	51.69	51.69	51.69
Approved after true-up in this order	40.97	51.28	51.28	51.28	51.28

(₹ in lakh)					
Asset-1(b)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	12.31	12.31	12.31	12.31	12.31
Claimed by the Petitioner in the instant Petition	12.31	12.31	12.31	12.31	12.31
Approved after true-up in this order	12.31	12.31	12.31	12.31	12.31

Interest on Loan (IoL)

39. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest.

40. We have considered the submissions of the Petitioner. The Petitioner has submitted that in case of Asset-1(b) actual loans have already been repaid, therefore,



the weighted average rate of interest in Form-9E has been considered the same as that of Asset-1(a) in line with the order dated 9.1.2024 in Petition No. 193/TT/2022. The Commission has calculated IoL for Asset-1(a) based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations and for Asset-1(b) the rate submitted by the Petitioner as per Form-9E have been considered.

41. The trued-up IoL allowed in respect of the transmission assets is as follows:

(₹ in lakh)						
	Particulars	Asset-1(a)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	406.64	679.80	679.80	679.80	679.80
B	Cumulative Repayments upto Previous Year	6.73	47.70	98.98	150.26	201.54
C	Net Loan-Opening (A-B)	399.91	632.10	580.82	529.54	478.26
D	Additions	273.15	0.00	0.00	0.00	0.00
E	Repayment during the year	40.97	51.28	51.28	51.28	51.28
F	Net Loan-Closing (C+D-E)	632.10	580.82	529.54	478.26	426.98
G	Average Loan (C+F)/2	516.01	606.46	555.18	503.90	452.62
H	Weighted Average Rate of Interest on Loan (in %)	7.9051	7.0672	6.9056	7.2870	7.8740
I	Interest on Loan (G*H)	40.79	42.86	38.34	36.72	35.64

(₹ in lakh)						
	Particulars	Asset-1(b)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	300.24	300.24	300.24	300.24	300.24
B	Cumulative Repayments upto Previous Year	275.21	287.52	299.83	300.24	300.24
C	Net Loan-Opening (A-B)	25.03	12.72	0.41	0.00	0.00
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	12.31	12.31	0.41	0.00	0.00
F	Net Loan-Closing (C+D-E)	12.72	0.41	0.00	0.00	0.00
G	Average Loan (C+F)/2	18.87	6.56	0.20	0.00	0.00
H	Weighted Average Rate of Interest on Loan (in %)	7.9051	7.0673	6.9056	7.2870	7.8740



	Particulars	Asset-1(b)				
		2019-20	2020-21	2021-22	2022-23	2023-24
I	Interest on Loan (G*H)	1.49	0.46	0.01	0.00	0.00

42. The details of IoL allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022 for the transmission assets; IoL claimed by the Petitioner in the instant Petition and trued-up IoL approved in the instant order are as follows:

(₹ in lakh)					
Asset-1(a)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	42.56	49.21	45.05	40.89	36.71
Claimed by the Petitioner in the instant Petition	41.21	43.21	38.65	37.02	35.93
Approved after true-up in this order	40.79	42.86	38.34	36.72	35.64

(₹ in lakh)					
Asset-1(b)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	1.54	0.53	0.02	0.00	0.00
Claimed by the Petitioner in the instant Petition	1.49	0.46	0.01	0.00	0.00
Approved after true-up in this order	1.49	0.46	0.01	0.00	0.00

Return on Equity (RoE)

43. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019- 20 and FY 2020-21 and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for FY 2021-22 and FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024).



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

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

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



beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

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

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

(₹ in lakh)

	Particulars	Asset-1(a)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	174.28	291.34	291.34	291.34	291.34
B	Additions	117.07	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	291.34	291.34	291.34	291.34	291.34
D	Average Equity (A+C)/2	232.81	291.34	291.34	291.34	291.34
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	43.73	54.72	54.72	54.72	54.72

(₹ in lakh)

	Particulars	Asset-1(b)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	128.67	128.67	128.67	128.67	128.67
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	128.67	128.67	128.67	128.67	128.67
D	Average Equity (A+C)/2	128.67	128.67	128.67	128.67	128.67
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	24.17	24.17	24.17	24.17	24.17



47. The details of RoE allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022 for the transmission assets, RoE claimed by the Petitioner in the instant Petition and true-up RoE approved in the instant order are as follows:

(₹ in lakh)					
Asset-1(a)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	44.17	55.16	55.16	55.16	55.16
Claimed by the Petitioner in the instant Petition	44.17	55.17	55.17	55.17	55.17
Approved after true-up in this order	43.73	54.72	54.72	54.72	54.72

(₹ in lakh)					
Asset-1(b)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	24.17	24.17	24.17	24.17	24.17
Claimed by the Petitioner in the instant Petition	24.17	24.17	24.17	24.17	24.17
Approved after true-up in this order	24.17	24.17	24.17	24.17	24.17

Operation & Maintenance Expenses (O&M Expenses)

48. The Commission vide order dated 9.1.2024 in Petition No. 193/TT/2022 had allowed the O&M Expenses in respect of Asset-1(a) for 2019-24 tariff period as follows:

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1(a)	167.43	173.45	179.53	185.99	192.22

49. The Petitioner in the instant true-up Petition has claimed the O&M Expenses in respect of Asset-1(a) as under:

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1(a)	167.43	173.45	179.53	185.99	192.22



50. We have considered the submission of the Petitioner. It is observed that the Petitioner has not claimed any O&M Expenses in respect of Asset-1(b). Accordingly, the O&M Expenses in respect of Asset-1(a) as per norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)					
Particulars	Asset-1(a)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station bays					
400 KV Bays					
Fatehabad substation					
• 1 No. ICT bay for 315 MVA, 400/220 kV ICT					
Norms (₹ Lakh/Bay)	32.15	33.28	34.45	35.66	36.91
O&M expenses allowed	32.15	33.28	34.45	35.66	36.91
220 kV Bays					
Fatehabad substation					
• 1 No. ICT bay for 315 MVA, 400/220 kV ICT					
Norms (₹ Lakh/Bay)	22.51	23.3	24.12	24.96	25.84
O&M expenses allowed	22.51	23.30	24.12	24.96	25.84
400 kV ICT					
Fatehabad substation					
• 1 No. 315 MVA, 400/220 kV ICT					
Norms (₹ Lakh per MVA)	0.358	0.371	0.384	0.398	0.411
O&M expenses allowed	112.77	116.87	120.96	125.37	129.47
Total O&M Expenses (₹ in Lakh)	167.43	173.45	179.53	185.99	192.22

51. Accordingly, the details of O&M Expenses allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022, O&M Expenses claimed by the Petitioner in the instant Petition and trued-up O&M Expenses approved in the instant order in respect of Asset-1(a) are as follows:

(₹ in lakh)					
Asset-1(a)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	167.43	173.45	179.53	185.99	192.22
Claimed by the Petitioner in the instant Petition	167.43	173.45	179.53	185.99	192.22
Approved after true-up in this order	167.43	173.45	179.53	185.99	192.22



Interest on Working Capital (IWC)

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

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

(₹ in lakh)

	Particulars	Asset-1(a)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	13.95	14.45	14.96	15.50	16.02
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	25.11	26.02	26.93	27.90	28.83
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	37.14	40.86	41.00	41.63	42.33
D	Total Working Capital (A+B+C)	76.20	81.33	82.89	85.03	87.18
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	9.18	9.15	8.70	8.93	10.46

(₹ in lakh)

	Particulars	Asset-1(b)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.00	0.00	0.00	0.00	0.00



	Particulars	Asset-1(b)				
		2019-20	2020-21	2021-22	2022-23	2023-24
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	4.74	4.62	4.56	4.56	4.55
D	Total Working Capital (A+B+C)	4.74	4.62	4.56	4.56	4.55
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	0.57	0.52	0.48	0.48	0.55

54. The details of IWC allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022 for the transmission assets, IWC claimed by the Petitioner in the instant Petition and trued-up IWC approved in the instant order are as follows:

(₹ in lakh)					
Asset-1(a)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	9.22	9.25	8.80	8.99	9.16
Claimed by the Petitioner in the instant Petition	9.20	9.17	8.72	8.94	10.48
Approved after true-up in this order	9.18	9.15	8.70	8.93	10.46

(₹ in lakh)					
Asset-1(b)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	0.57	0.52	0.48	0.48	0.48
Claimed by the Petitioner in the instant Petition	0.57	0.52	0.48	0.48	0.55
Approved after true-up in this order	0.57	0.52	0.48	0.48	0.55

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

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



(₹ in lakh)

	Particulars	Asset-1(a)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	40.97	51.28	51.28	51.28	51.28
B	Interest on Loan	40.79	42.86	38.34	36.72	35.64
C	Return on Equity	43.73	54.72	54.72	54.72	54.72
D	O&M Expenses	167.43	173.45	179.53	185.99	192.22
E	Interest on Working Capital	9.18	9.15	8.70	8.93	10.46
F	Total (A+B+C+D+E)	302.10	331.46	332.57	337.64	344.32

(₹ in lakh)

	Particulars	Asset-1(b)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	12.31	12.31	12.31	12.31	12.31
B	Interest on Loan	1.49	0.46	0.01	0.00	0.00
C	Return on Equity	24.17	24.17	24.17	24.17	24.17
D	O&M Expenses	0.00	0.00	0.00	0.00	0.00
E	Interest on Working Capital	0.57	0.52	0.48	0.48	0.55
F	Total (A+B+C+D+E)	38.54	37.46	36.97	36.96	37.03

56. The details of AFC allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022 for the transmission assets, AFC claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order are as follows:

(₹ in lakh)

Asset-1(a)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	304.77	338.76	340.23	342.72	344.94
Claimed by the Petitioner in the instant Petition	303.40	332.67	333.75	338.80	345.47
Approved after true-up in this order	302.10	331.46	332.57	337.64	344.32

(₹ in lakh)

Asset-1(b)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 9.1.2024 in Petition No. 193/TT/2022	38.59	37.54	36.98	36.96	36.96
Claimed by the Petitioner in the instant Petition	38.54	37.46	36.97	36.96	37.03



Asset-1(b)	2019-20	2020-21	2021-22	2022-23	2023-24
Approved after true-up in this order	38.54	37.46	36.97	36.96	37.03

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

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

Asset-1(a)

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	51.69	51.69	51.69	51.69	51.69
Interest on Loan	32.09	28.03	23.84	19.65	15.49
Return on Equity	55.17	55.17	55.17	55.17	55.17
Interest on Working Capital	7.79	8.03	8.28	8.53	8.84
O&M Expenses	132.73	139.77	146.96	154.61	163.02
Total	279.47	282.69	285.94	289.65	294.21

Asset-1(b)

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	12.32	12.31	12.32	12.31	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	24.17	24.17	24.17	24.17	24.17
Interest on Working Capital	0.54	0.54	0.54	0.54	0.36
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Total	37.03	37.02	37.03	37.02	24.53

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

Asset-1(a)

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	11.06	11.65	12.25	12.88	13.59
Maintenance Spares	19.91	20.97	22.04	23.19	24.45



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Receivables	34.46	34.85	35.25	35.61	36.27
Total Working Capital	65.43	67.47	69.54	71.68	74.31
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	7.79	8.03	8.28	8.53	8.84

Asset-1(b)

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Spares	0.00	0.00	0.00	0.00	0.00
Receivables	4.57	4.56	4.57	4.55	3.02
Total Working Capital	4.57	4.56	4.57	4.55	3.02
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	0.54	0.54	0.54	0.54	0.36

Capital Cost

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

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;



- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o).....
- (p).....

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

- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
- (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
- (d) to (h).....
- (i) Expenditure on account of change in law and force majeure events;

(4) & (5)

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

- (a) The assets forming part of the project but not in use, as declared in the tariff Petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:
 Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;
 Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
- (d).....



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

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

60. The Petitioner has claimed the following capital cost of the transmission assets during 2024-29 tariff period:

Assets	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
		2024-29	
Asset-1(a)	979.04	0.00	979.04
Asset-1(b)	428.91	0.00	428.91

61. We have considered the submission of the Petitioner. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations.

62. The Commission in instant order has approved the capital cost of ₹971.14 and ₹428.91 in respect of Asset-1(a) and Asset-1(b) respectively as on 31.3.2024 and thus the same are being considered as opening Capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

63. The Petitioner has not claimed any ACE for Asset-1(a) and Asset-1(b) for the 2024-29 tariff period.

64. We have considered the submissions of the Petitioner. As claimed by the Petitioner, the ACE allowed in respect of Asset-1(a) and Asset-1(b) as “NIL”.

65. Accordingly, the detail of capital cost and ACE in respect of Asset-1(A) and Asset-1(b) for 2024-29 Tariff Period is as follows:

Assets	Capital Cost as on 1.4.2024	ACE Allowed	Capital Cost as on 31.3.2029
		2024-29	



Asset-1(a)	971.14	0.00	971.14
Asset-1(b)	428.91	0.00	428.91

Debt-Equity ratio

66. 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 approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered:

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

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

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2024, but where debt: equity ratio has not been determined by the Commission for



determination of tariff for the period ending 31.3.2024, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

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

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

67. The debt-equity considered for the purpose of computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity ratio considered for the purpose of computation of tariff for Asset-1(a) and Asset-1(b) for the 2024-29 tariff period is as follows:

Asset-1(a)

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	679.80	70.00	679.80	70.00
Equity	291.34	30.00	291.34	30.00
Total	971.14	100.00	971.14	100.00

Asset-1(b)

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	300.24	70.00	300.24	70.00
Equity	128.67	30.00	128.67	30.00
Total	428.91	100.00	428.91	100.00

Depreciation

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

"33. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In the case of the tariff of all the units of a generating station or all elements of a transmission system including the



communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

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

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

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

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

.....

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

(4)

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

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

.....

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

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

.....

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



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

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

(10) XXXXXX

(11) XXXXXX

(12) XXXXXX”

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

70. Since Asset-1(b) has already completed its 12 years of life as on 1.4.2024, therefore, the remaining depreciable value amounting to ₹49.25 lakhs has been spread over the balance useful life of the asset as per clause 33 (5) of the 2024 Tariff Regulations.

71. The depreciation allowed for the transmission assets under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

Asset-1(a)

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital cost	971.14	971.14	971.14	971.14	971.14
B	Addition during the year 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital cost (A+B)	971.14	971.14	971.14	971.14	971.14
D	Average Capital cost (A+C)/2	971.14	971.14	971.14	971.14	971.14



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
E	Average Capital cost (90% depreciable assets)	971.14	971.14	971.14	971.14	971.14
F	Average Capital cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	874.03	874.03	874.03	874.03	874.03
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	874.03	874.03	874.03	874.03	874.03
J	Weighted average rate of Depreciation (WAROD) (in %)	5.2804	5.2804	5.2804	5.2804	5.2804
K	Balance useful life at the beginning of the year (Year)	20	19	18	17	16
L	Elapsed useful life at the beginning of the year (Year)	5	6	7	8	9
M	Depreciation during the year (D*J)	51.28	51.28	51.28	51.28	51.28
N	Cumulative Depreciation at the end of the year	304.10	355.38	406.66	457.94	509.22
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	569.93	518.65	467.37	416.09	364.81

Asset-1(b)

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital cost	428.91	428.91	428.91	428.91	428.91
B	Addition during the year 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital cost (A+B)	428.91	428.91	428.91	428.91	428.91
D	Average Capital cost (A+C)/2	428.91	428.91	428.91	428.91	428.91
E	Average Capital cost (90% depreciable assets)	428.91	428.91	428.91	428.91	428.91
F	Average Capital cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	386.02	386.02	386.02	386.02	386.02
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	386.02	386.02	386.02	386.02	386.02



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
J	Weighted average rate of Depreciation (WAROD) (in %)	Spread-over depreciation				
K	Balance useful life at the beginning of the year (Year)	4	3	2	1	0
L	Elapsed useful life at the beginning of the year (Year)	21	22	23	24	25
M	Depreciation during the year (D*J)	12.31	12.32	12.31	12.32	0.00
N	Cumulative Depreciation at the end of the year	349.07	361.39	373.70	386.02	386.02
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	36.95	24.63	12.32	0.00	0.00

Interest on Loan (IoL)

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

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

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

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

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

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

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

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



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

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

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

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

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

Asset-1(a)

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	679.80	679.80	679.80	679.80	679.80
B	Cumulative Repayments upto Previous Year	252.82	304.10	355.38	406.66	457.94
C	Net Loan-Opening (A-B)	426.98	375.70	324.42	273.14	221.86
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	51.28	51.28	51.28	51.28	51.28
F	Net Loan-Closing (C+D-E)	375.70	324.42	273.14	221.86	170.58
G	Average Loan (C+F)/2	401.34	350.06	298.78	247.50	196.22
H	Weighted Average Rate of Interest on Loan (in %)	7.9307	7.9430	7.9135	7.8764	7.8282



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
I	Interest on Loan (G*H)	31.83	27.81	23.64	19.49	15.36

Asset-1(b)

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	300.24	300.24	300.24	300.24	300.24
B	Cumulative Repayments upto Previous Year	300.24	300.24	300.24	300.24	300.24
C	Net Loan-Opening (A-B)	0.00	0.00	0.00	0.00	0.00
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	0.00	0.00	0.00	0.00	0.00
F	Net Loan-Closing (C+D-E)	0.00	0.00	0.00	0.00	0.00
G	Average Loan (C+F)/2	0.00	0.00	0.00	0.00	0.00
H	Weighted Average Rate of Interest on Loan (in %)	0.0000	0.0000	0.0000	0.0000	0.0000
I	Interest on Loan (G*H)	0.00	0.00	0.00	0.00	0.00

Return on Equity (RoE)

74. Regulation 30 and Regulation 31 of the 2024 Tariff Regulations provides as follows:

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

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

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

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



Provided further that:

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

.....”

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

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

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

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

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

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

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

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



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

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

76. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the transmission assets for the 2024-29 tariff period is as follows:

Asset-1(a)

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	291.34	291.34	291.34	291.34	291.34
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	291.34	291.34	291.34	291.34	291.34
D	Average Equity (A+C)/2	291.34	291.34	291.34	291.34	291.34
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	54.72	54.72	54.72	54.72	54.72

Asset-1(b)

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	128.67	128.67	128.67	128.67	128.67
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	128.67	128.67	128.67	128.67	128.67
D	Average Equity (A+C)/2	128.67	128.67	128.67	128.67	128.67
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	24.17	24.17	24.17	24.17	24.17

Operation & Maintenance Expenses (O&M Expenses)

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



(₹ in lakh)

	2024-25	2020-21	2021-22	2022-23	2023-24
O&M Expenses	132.73	139.77	146.96	154.61	163.02

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

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.346	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)	2.07	2.18	2.30	2.42	2.55
Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (₹ Lakh per 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.

.....”

79. We have considered the submission of the Petitioner. The O&M Expenses have been worked out in accordance with Regulation 36 of the 2024 Tariff Regulations and the same is shown as follows:

(₹ in lakh)					
Particulars	Asset-1(a)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station bays					
400 KV Bays					
Fatehabad substation					
• 1 No. ICT bay for 315 MVA, 400/220 kV ICT					
Norms (₹ Lakh/Bay)	29.53	31.08	32.71	34.43	36.23
Total	29.53	31.08	32.71	34.43	36.23
220 kV					
Fatehabad substation					
• 1 No. ICT bay for 315 MVA, 400/220 kV ICT					
Norms (₹ Lakh/Bay)	20.67	21.75	22.90	24.10	25.36
Total	20.67	21.75	22.90	24.10	25.36
400 kV ICT					
Fatehabad substation					
• 1 No. 315 MVA, 400/220 kV ICT					
Norms (₹ Lakh per MVA)	0.262	0.276	0.290	0.305	0.322
Total	82.53	86.94	91.35	96.08	101.43



Particulars	Asset-1(a)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Total O&M Expenses (₹ in Lakh)	132.73	139.77	146.96	154.61	163.02

Interest on Working Capital (IWC)

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

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

.....

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

- (i) Receivables equivalent to 45 days of annual fixed cost;*
- (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
- (iii) Operation and maintenance expenses, including security expenses for one month.*

(2)

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

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

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

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

82. 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 assets are as under:

Asset-1(a)



(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	11.06	11.65	12.25	12.88	13.59
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	19.91	20.97	22.04	23.19	24.45
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	34.31	34.72	35.12	35.49	36.15
D	Total Working Capital (A+B+C)	65.28	67.34	69.41	71.56	74.19
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on working capital (D*E)	7.77	8.01	8.26	8.52	8.83

Asset-1(b)

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	0.00	0.00	0.00	0.00	0.00
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	0.00	0.00	0.00	0.00	0.00
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	4.56	4.57	4.56	4.55	3.02
D	Total Working Capital (A+B+C)	4.56	4.57	4.56	4.55	3.02
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on working capital (D*E)	0.54	0.54	0.54	0.54	0.36



Annual Fixed Charges of the 2024-29 Tariff Period

83. The annual transmission charges allowed for the 2024-29 tariff period for the transmission assets are summarized as follows:

Asset-1(a)

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	51.28	51.28	51.28	51.28	51.28
Interest on Loan	31.83	27.81	23.64	19.49	15.36
Return on Equity	54.72	54.72	54.72	54.72	54.72
O&M Expenses	132.73	139.77	146.96	154.61	163.02
Interest on Working Capital	7.77	8.01	8.26	8.52	8.83
Total	278.33	281.59	284.86	288.62	293.21

Asset-1(b)

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	12.31	12.32	12.31	12.32	0.00
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	24.17	24.17	24.17	24.17	24.17
O&M Expenses	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	0.54	0.54	0.54	0.54	0.36
Total	37.02	37.03	37.02	37.03	24.53

Filing Fee and Publication Expenses

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

85. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fee paid for filing the Petition and publication expenses incurred on this count directly from the beneficiaries or long-term customers, as the case may be, in terms of Regulation 94(1) of the 2024 Tariff Regulations.



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

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

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

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

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

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

License Fee and RLDC Fees and Charges

89. The Petitioner has claimed reimbursement of the license fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.



Goods and Services Tax

90. The Petitioner submitted that under the CGST Act, 2017, implemented w.e.f. 1.7.2017, the Government of India has exempted the charges for the transmission of electricity via notification no. 12/2017 – Central Tax (Rate) dated 28.06.2017, at serial no. 25 under the heading 9969, “Transmission or distribution of electricity by an electric transmission or distribution utility,” by applying a ‘NIL’ GST rate. Hence, the transmission charges, as indicated in the instant Petition, are exclusive of the GST. Further, the Petitioner has prayed before the Commission that if the GST is levied at any rate and at any point in time in the future on the Charges for the Transmission of Electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner, and the same shall be charged and billed separately by the Petitioner. Additionally, if any further taxes are to be paid by the Petitioner on account of demands from the Government or statutory authorities, the same may be allowed to be recovered from the beneficiaries.

91. We have considered the submissions made by the Petitioner. Since, the 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

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

93. As regards the security expenses of the transmission assets, the Petitioner has submitted that it will file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and



recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36(3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the security expenses regarding the transmission assets are not claimed in the instant Petition.

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

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

96. 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.”

97. 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

98. With regard to Sharing of Transmission Charges, the Petitioner has submitted that trued-up tariff for Transmission of Electricity (Annual Fixed Cost) for the 2019-24 tariff period shall be recovered on monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers in terms of the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 and the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from time to time. Further, the Petitioner has submitted that the Tariff for Transmission of Electricity (Annual Fixed Cost) for 2024-29 shall be recovered on monthly basis in accordance with Regulation 78 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 and will be shared by the beneficiaries and long-term transmission customers in terms of Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from time to time.

99. We have considered the submissions of the Petitioner. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010



Sharing Regulations), sharing of transmission charges is governed by the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of the respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. The billing, collection, and disbursement of the transmission charges for the transmission assets shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

100. To summarise:

- a. The trued-up Annual Fixed Charges (AFC) claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order for the 2019-24 tariff period are as follows:

(₹ in lakh)

Asset-1(a)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	303.40	332.69	333.76	338.81	345.49
AFC Approved	302.10	331.46	332.57	337.64	344.32

(₹ in lakh)

Asset-1(b)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	38.54	37.46	36.97	36.96	37.03
AFC Approved	38.54	37.46	36.97	36.96	37.03

- b. Annual Fixed Charges allowed for the 2024-29 tariff period in this order for the transmission assets are as follows:



(₹ in lakh)

Asset-1(a)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	279.47	282.69	285.94	289.65	294.21
AFC allowed	278.33	281.59	284.86	288.62	293.21

(₹ in lakh)

Asset-1(b)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	37.03	37.02	37.03	37.02	24.53
AFC allowed	37.02	37.03	37.02	37.03	24.53

101. This order disposes of Petition No. 194/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

