

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 269/TT/2025

Coram:

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

Date of Order: 06.02.2026

In the matter of:

Petition for approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003, and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023, for truing up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and for determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, for 2 Nos. 765 kV line bays along with 2 Nos. 330 MVar line reactors at Vindhyachal Pooling Station and 2 Nos. 765 kV line bays along with 2 Nos. 330 MVar line reactors at Jabalpur Pooling Station, under "Substation Extensions for Transmission System associated with Vindhyachal-V Project of NTPC (Part-B)" in the Western Region.

And

In the matter of:

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

...Petitioner

Versus

- 1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur, Jabalpur – 482008.**
- 2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, Plot No. G-9, A K Marg,
Bandra (East), Mumbai-400051.**
- 3. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara - 390007.**
- 4. Electricity Department,
Vidyut Bhawan, Government of Goa,
Panaji, Goa – 403001.**



5. DNHDD Power Distribution Corporation Limited,
Vidyut Bhawan, 66 kV Road, Near Secretariat,
Amli, Silvassa – 396230.

6. Chhattisgarh State Power Distribution Company Limited,
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh – 492013.

...Respondents

For Petitioner : Shri Zafrul Hassan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Piyush Awasthi, PGCIL
Shri Mukesh Bhakar, PGCIL
Ms. Supriya Singh, PGCIL
Shri Vishal Sagar, PGCIL
Shri Vijay G., PGCIL
Shri Arjun Malhotra, PGCIL
Shri Divyanshu Mishra, PGCIL
Shri Ashish Agarwal, PGCIL
Shri Amit Yadav, PGCIL
Shri Ranjeet Kumar Pandey, PGCIL
Shri Ashish Alankar, PGCIL
Shri Sanjeev Chaudhary, PGCIL
Shri Jyoti Kumar Bhangia, PGCIL

For Respondents : Shri Akhil Hasija, Advocate, CSPDCL
Shri Ravi Sharma, Advocate, MPPMCL
Shri Aryan Chanda, Advocate, CSPDCL

ORDER

The instant petition has been filed by the Petitioner, Power Grid Corporation of India Limited (PGCIL), a deemed transmission licensee, for the true-up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) in respect of 2 Numbers 765 kV Line Bays along with 2 Numbers 330



MVAr Line Reactors at Vindhyachal Pooling Station and 2 Numbers 765 kV Line Bays along with 2 Numbers 330 MVAr Line Reactor at Jabalpur Pooling Station (hereinafter referred to as “the transmission asset”) under “Substation Extensions for the Transmission System associated with Vindhyachal-V Project of NTPC (Part-B)” (hereinafter referred to as “the transmission system”) in the Western Region.

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 12 and 13 above.

b) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.

c) 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.

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

e) 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.

f) 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 19 above.

g) 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 19 above.

h) Allow the petitioner to file a separate petition before Hon’ble Commission for claiming the overall capital spares as mentioned at Para 19 above.

i) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.

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



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

Background

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

- a. The Investment Approval (IA) for the implementation of the transmission asset under the transmission system was accorded by the Board of Directors of the Petitioner at the 327th meeting held on 2.4.2016, vide Memorandum dated 6.4.2016, at an estimated cost of ₹28799 lakh, including an Interest During Construction (IDC) of ₹1799 lakh (based on the October 2015 price level).
- b. The scope of work as per the IA is as follows:
 - (i) Extension of 765 kV Vindhyachal Pooling Substation:
 - Line Bays: 2 Numbers;
 - 330 MVAR Line reactor: 2 Numbers;
 - Line Reactor Bay: 2 Numbers.
 - (ii) Extension of 765 kV Jabalpur Pooling Substation:
 - Line Bays: 2 Numbers;
 - 330 MVAR Line Reactor: 2 Numbers;
 - Line Reactor Bay: 2 Numbers.
- c. The entire scope of work as per the IA is complete and covered under the instant Petition. The details of the transmission asset and its Date of Commercial Operation (COD) are as follows:

Asset Name	COD
2 Numbers 765 kV Line Bays along with 2 Numbers 330 MVAR Line Reactor at Vindhyachal Pooling Station and 2 Numbers 765 kV Line Bays along with 2 Numbers 330 MVAR Line Reactor at Jabalpur Pooling Station	1.1.2019



- d. As per the IA, the transmission asset was scheduled to be commissioned on 1.7.2018, but it was put under commercial operation on 1.1.2019. Thus, there was a time overrun of 184 days due to RoW issues, which was condoned vide order dated 12.7.2019 in Petition No. 235/TT/2018.
 - e. The transmission tariff for the transmission asset for the 2014-19 tariff period was allowed vide order dated 12.7.2019 in Petition No. 235/TT/2018.
 - f. The Commission, vide order dated 20.7.2021 in Petition No. 22/TT/2020, trued up the Annual Fixed Charges (AFC) from the COD to 31.3.2019 and determined the AFC for the 2019-2024 tariff period in respect of the transmission asset.
4. The Respondents are the power departments, distribution licensees and transmission licensees, mainly the beneficiaries of the Western Region, that are procuring transmission services from the Petitioner.
5. The Petitioner has served a copy of the Petition on the Respondents, and notices regarding the filing of this Petition have been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as “the Act”). No comments or suggestions have been received from the general public in response to the notices published in the newspapers by the Petitioner.
6. The Respondent Nos. 1 and 6, i.e., Madhya Pradesh Power Management Company Limited (MPPMCL) and Chhattisgarh State Power Distribution Company Limited (CSPDCL), respectively, have filed their respective replies to the Petition vide affidavits dated 7.4.2025 and 8.7.2025. The Petitioner has filed its rejoinders to the replies of MPPMCL and CSPDCL vide affidavits dated 15.4.2025 and 26.9.2025, respectively.



7. This order is issued considering the Petitioner's submissions vide affidavits dated 7.10.2024 and 16.5.2025, the replies filed by MPPMCL and CSPDCL vide affidavits dated 7.4.2025 and 8.7.2025, respectively, and the Petitioner's rejoinders thereto filed vide affidavits dated 15.4.2025 and 26.9.2025. The issues raised by MPPMCL and CSPDCL, along with the clarifications furnished by the Petitioner, have been duly examined and are dealt with in the relevant sections of this order.

8. The hearing in the matter was held on 30.10.2025 through video conferencing and the order was reserved.

9. Having heard the parties and after perusal of the material available on record, we proceed to dispose of the Petition.

Truing up of the Annual Fixed Charges for the 2019-24 tariff period

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1090.38	1111.94	1086.32	1060.05	1062.57
Interest on Loan	1033.05	911.82	796.84	724.80	685.53
Return on Equity	1148.59	1171.75	1144.58	1116.79	1119.68
Interest on Working Capital	57.05	52.53	47.03	45.63	51.92
O&M Expenses	180.04	186.40	192.92	199.72	206.72
Total	3509.11	3434.44	3267.69	3146.99	3126.42

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	15.00	15.53	16.08	16.64	17.23
Maintenance Spares	27.01	27.96	28.94	29.96	31.01
Receivables	431.45	423.42	402.87	387.99	384.40
Total Working Capital	473.46	466.91	447.89	434.59	432.64
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	57.05	52.53	47.03	45.63	51.92



Capital Cost for the 2019-24 Tariff Period

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

13. The Commission, vide order dated 20.7.2021 in Petition No. 22/TT/2020, allowed the capital cost as on 1.4.2019 of ₹ 20000.72 lakh for the transmission asset.

14. CSPDCL, in its reply, has submitted that the Petitioner has placed on record a certificate from a Chartered Accountant indicating the capital cost as on 31.3.2024, which does not appear to be supported by the complete audited books of accounts or a statutory Auditor's Certificate, as mandated under Regulation 8(8) of the 2019 Tariff Regulations. It is submitted that, as per Regulation 3(6) of the 2019 Tariff Regulations, such a statutory auditor must be appointed in accordance with the provisions of the Companies Act, 2013 or any other law for the time being in force. It is further submitted that the final tariff must be subject to true-up in accordance with Regulation 9(1) of the 2019 Tariff Regulations, based on the capital expenditure and additional capital expenditure incurred, as supported by the audited financial statements and admitted after a prudence check.

15. Accordingly, CSPDCL has prayed that the present Petition be treated as provisional and that the Petitioner be directed to furnish the complete audited capital cost data, including the relevant books of account and supporting documentation, for the purpose of a prudence check. In response, the Petitioner has submitted that the objection raised by CSPDCL regarding the admissibility of the Chartered Accountant's certificate is misplaced and contrary to the provisions of the Tariff Regulations. The Petitioner has already submitted a certificate from a Chartered Accountant, and it is valid under Regulation 8(8) of the 2019 Tariff Regulations. The Auditor certifying the cost certificate satisfies the requirements of Regulation 3(6) of the 2019 Tariff



Regulations. Hence, the assertion that the certificate is invalid merely because it is not issued by a statutory auditor is unfounded and untenable.

16. It is further submitted that the contention of CSPDCL that the tariff approved by this Commission in respect of the transmission asset should be treated as provisional is misconceived and liable to be rejected and the Petitioner has already furnished all the requisite information, documents, and supporting data as mandated under the applicable Tariff Regulations, therefore, prays that the Commission should allow the truing-up of tariff for the 2019-24 tariff period.

17. We have considered the submissions of the parties. We note that, as per Regulation 20 of the 2019 Tariff Regulations, the Commission is required to conduct a prudence check on the capital cost claimed by the Petitioner. In the instant case, the Petitioner, vide Auditor's Certificate dated 28.8.2024, has claimed the capital cost and Additional Capital Expenditure (ACE) incurred for the transmission asset. Further, the Petitioner has claimed the same capital cost as on 1.4.2019 of ₹ 20000.72 lakh for the transmission asset, as was approved by the Commission vide order dated 20.7.2021 in Petition No. 22/TT/2020. Thus, the contention of CSPDCL that the Petitioner be directed to furnish the complete audited books of accounts or a statutory Auditor's Certificate to support the claim of the capital cost is not maintainable and hence, rejected.

18. Accordingly, the capital cost of ₹20000.72 lakh as on 31.3.2019 for the transmission asset is being considered the opening capital cost as on 1.4.2019 for the purpose of truing up the transmission tariff for the 2019-24 period in accordance with Regulation 19(3)(a) of the 2019 Tariff Regulations.

Additional Capital Expenditure (ACE)

19. The Commission, vide order dated 20.7.2021 in Petition No. 22/TT/2020, allowed the projected ACE in respect of the transmission asset for the 2019-24 tariff period



under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations, on account of the balance and retention of payments for works already executed and for unexecuted works within the cut-off date. The details of the approved ACE in respect of the transmission asset for the 2019-24 tariff period are as under:

(₹ in lakh)		
Asset	Regulations	Approved ACE
		2019-20
Transmission Asset	Regulation 24(1)(a) of the 2019 Tariff Regulations.	206.97
	Regulation 24(1)(b) of the 2019 Tariff Regulations.	513.21
	Add. un-discharged IDC	103.57
Total ACE		823.75

20. In the present true-up Petition, the Petitioner has claimed the ACE in respect of the transmission asset based on the actual expenditure, in accordance with Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations. The details are as follows:

(₹ in lakh)						
Asset	Regulations	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Asset	Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations.	767.93	54.00	(1018.49)	32.23	70.31

21. The Petitioner has submitted that, while projecting the estimated ACE, contracts were not closed and liabilities were not finalised. However, in the instant true-up Petition, the additional capitalisation is claimed on the basis of actual payments made to the contractor after receipt of the final invoices from the contractor, incorporating the amendments therein. The Petitioner, vide affidavit dated 16.5.2025, has submitted that the Liquidated Damages (LD) amounting to ₹1123.81 lakh were recovered from the contractors in the FY 2021-22, and since the Auditor's Certificate is prepared on a cash

basis, the recovered amount of LD was reduced from the ACE incurred, and the net ACE is reflected in the FY 2021-22.

22. The details of the Liability Flow Statement for the ACE claimed by the Petitioner for the 2019-24 tariff period in respect of the transmission asset are as under:

(₹ in lakh)										
Head wise/Party wise	Particulars	Year of Actual Capitalisation	Outstanding Liability as on 31.3.2019	Discharge						Outstanding Liability as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	Total (2019-24)	
Unexecuted Work										
Building and Civil Works		2018-19	-	20.05	7.15	1.97	-	-	29.17	-
Substation	M/s.GE/TECHNO/Crompton Greaves	2018-19	-	582.40	11.85	-1053.46	-	-	(459.21)	-
PLCC		2018-19	-	27.11	-	-	-	-	27.11	-
Discharge of Liability										
Building and Civil Works		2018-19	30.46	3.25	5.00	3.01	19.05	0.15	30.46	0.00
Substation	M/s. GE/TECHNO/Crompton Greaves	2018-19	187.10	28.00	30.00	30.00	13.18	70.16	171.34	15.76
PLCC		2018-19	3.55	3.55	-	-	-	-	3.55	-
Total			221.11	664.36	54.00	(1,018.48)	32.23	70.31	(197.58)	15.76

23. We have considered the Petitioner's submissions. It is observed that the Petitioner has claimed the ACE within the cut-off date as well as beyond the cut-off date, on account of the balance and retention of payments and on account of works executed prior to the cut-off date.

24. Therefore, as per Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations, the trued-up ACE on account of the balance and retention of payments within the cut-off date for works deferred for execution, and the balance and retention payments beyond the cut-off date for works executed prior to the cut-off date,

respectively, are hereby allowed in respect of the transmission asset for the 2019-24 tariff period. The details of the trued-up ACE allowed are as follows:

(₹ in lakh)

Trued-up ACE Allowed				
2019-20	2020-21	2021-22	2022-23	2023-24
767.93	54.00	(1018.48)	32.23	70.31

25. Therefore, the details of the trued-up capital cost as on 1.4.2019 and the ACE allowed in respect of the transmission asset for the 2019-24 tariff period are as follows:

(₹ in lakh)

Asset	Capital Cost allowed as on 1.4.2019	Allowed ACE					Total Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
Transmission Asset	20000.72	767.93	54.00	(1018.48)	32.23	70.31	19906.70

Debt-Equity Ratio

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

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	14000.50	70.00	(65.81)	70.00	13934.69	70.00
Equity	6000.22	30.00	(28.21)	30.00	5972.01	30.00
Total	20000.72	100.00	(94.02)	100.00	19906.7	100.00

Depreciation

27. Depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019, and thereafter up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) for the transmission asset has been computed as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.



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

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	20000.72	20768.65	20822.65	19804.17	19836.39
B	Addition during 2019-24 due to ACE	767.93	54.00	-1018.48	32.23	70.31
C	Closing Gross Block (A+B)	20768.65	20822.65	19804.17	19836.39	19906.70
D	Average Gross Block (A+C)/2	20384.69	20795.65	20313.41	19820.28	19871.55
E	Average Capital Cost (90% depreciable assets)	20195.15	20605.76	20123.52	19630.39	19681.66
F	Average Capital Cost (100% depreciable assets)	138.42	138.77	138.77	138.77	138.77
G	Depreciable Value (excluding IT equipment and software) (E*90%)	18175.63	18545.18	18111.16	17667.35	17713.49
H	Depreciable Value of IT equipment and software (F*100%)	138.42	138.77	138.77	138.77	138.77
I	Total Depreciable Value (G+H)	18314.05	18683.95	18249.93	17806.12	17852.26
J	Freehold Land	51.12	51.12	51.12	51.12	51.12
K	Weighted Average Rate of Depreciation (WAROD) (in %)	5.3490	5.3470	5.3477	5.3482	5.3471
L	Balance useful life of the asset (Year)	25	24	23	22	21
M	Elapsed life at the beginning of the year (Year)	0	1	2	3	4
N	Depreciation during the year (D*K)	1090.38	1111.94	1086.31	1060.04	1062.56
O	Cumulative Depreciation at the end of the year	1341.17	2453.11	3539.41	4599.45	5662.01
P	Remaining Aggregate Depreciable Value at the end of the year	16972.88	16230.85	14710.52	13206.67	12190.25

29. The details of the depreciation approved vide order dated 20.7.2021 in Petition No. 22/TT/2020 in respect of the transmission asset; the depreciation claimed by the Petitioner in the instant true-up Petition, and the trued-up depreciation allowed in the instant order are as follows:



(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020.	1091.58	1113.03	1113.03	1113.03	1113.03
Claimed by the Petitioner in the instant true-up Petition.	1090.38	1111.94	1086.32	1060.05	1062.57
Approved after true-up in this order.	1090.38	1111.94	1086.31	1060.04	1062.56

Interest on Loan (IoL)

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

31. We have considered the Petitioner's submissions. The Interest on Loan (IoL) has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the transmission asset is as follows:

(₹ in lakh)						
	Particulars	Transmission Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	14000.50	14538.06	14575.86	13862.91	13885.47
B	Cumulative Repayments upto Previous Year	250.79	1341.17	2453.11	3539.41	4599.45
C	Net Loan-Opening (A-B)	13749.71	13196.88	12122.75	10323.50	9286.02
D	Additions	537.55	37.80	-712.94	22.56	49.22
E	Repayment during the year	1090.38	1111.94	1086.31	1060.04	1062.56
F	Net Loan-Closing (C+D-E)	13196.88	12122.75	10323.50	9286.02	8272.69
G	Average Loan (C+F)/2	13473.30	12659.81	11223.12	9804.76	8779.35
H	Weighted Average Rate of Interest on Loan (in %)	7.6674	7.2025	7.1000	7.3923	7.8085
I	Interest on Loan (G*H)	1033.05	911.83	796.84	724.80	685.53

32. The details of the IoL allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020 for the transmission asset; the IoL claimed by the Petitioner in the instant true-up Petition; and the trued-up IoL allowed in the instant order are as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020.	1051.92	988.64	909.09	829.40	740.12
Claimed by the Petitioner in the instant true-up Petition.	1033.05	911.82	796.84	724.80	685.53
Approved after true-up in this order.	1033.05	911.83	796.84	724.80	685.53

Return on Equity (RoE)

33. 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 FYs 2019- 20 and 2020-21. It is submitted that the income has been assessed under the MAT regime as per Section 115JB of the Income Tax Act, 1961 (hereinafter referred to as “the IT Act, 1961”). It is further submitted that the Income Tax Returns (ITRs) have been filed for the FYs 2021-22 and 2022-23, and the ITR for the FY 2023-24 will be filed in due course.

34. It is submitted that the Petitioner 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

35. MPPMCL, in its reply, has submitted that the Petitioner has grossed up the rate of Return on Equity (RoE) for the FYs 2019-20, 2020-21, 2021-22 and 2022-23 on the basis of the actual tax paid, and that for 2023-24 it has been grossed up on the basis of



the applicable MAT rate, surcharge and cess. Hence, a prudence check is required while truing up the tariff for the 2019-24 period.

36. The Petitioner, in its rejoinder to the reply of MPPMCL, has submitted that the ITR for FY 2023-24 has now been filed. It is further submitted that the Assessment Orders for FYs 2019-20 and 2020-21, and the ITRs for FYs 2021-22, 2022-23 and 2023-24, have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024.

The revised table regarding the computation of the effective tax percentage is as under:

Financial Year	Basis considered	Total Tax and Interest paid (in ₹)	Assessed MAT Income under Sec 115 JB (in ₹)	Effective Tax Percentage (in %)	Grossed up ROE (Base rate/(1-t) (in %))
2019-20	Assessment Order	24,52,62,76,991	1,40,37,47,53,855	17.472%	18.782%
2020-21	Assessment Order	26,08,93,59,008	1,49,32,09,65,036	17.472%	18.782%
2021-22	Actual Tax paid	31,81,46,40,406	1,82,08,92,88,030	17.472%	18.782%
2022-23	Actual Tax paid	30,42,88,20,993	1,74,15,76,29,306	17.472%	18.782%
2023-24	Actual Tax paid	31,32,12,38,737	1,79,26,53,31,597	17.472%	18.782%

37. The Petitioner has requested the Commission to allow it to claim the differential tariff on account of the trued-up RoE, based on the effective tax rate computed upon completion of the Income Tax Assessment/Re-assessment for the FYs 2019-20, 2020-21, 2021-22, 2022-23, and 2023-24, upon receipt of the respective Assessment Orders, directly from the beneficiaries, on a year-to-year basis, in accordance with the applicable Regulations.

38. We have considered the submissions of the parties and have gone through the record. We note that the entities covered under the MAT regime are paying Income Tax

as per the MAT rates notified for the respective financial years 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) of the IT Act, 1961, defines book profit as the net profit in the Statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial years, the notified MAT rates for the respective financial years shall be considered as an effective tax rate for the purpose of grossing up the RoE for the truing up of the tariff for the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. The interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered from 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 and cess)	Effective Tax (in %)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2019-20	17.472	17.472	15.500	18.782
2020-21	17.472	17.472	15.500	18.782
2021-22	17.472	17.472	15.500	18.782
2022-23	17.472	17.472	15.500	18.782
2023-24	17.472	17.472	15.500	18.782

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

(₹ in lakh)

	Particulars	Transmission Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	6000.22	6230.60	6246.80	5941.25	5950.92
B	Additions	230.38	16.20	-305.55	9.67	21.09
C	Closing Equity (A+B)	6230.60	6246.80	5941.25	5950.92	5972.01
D	Average Equity (A+C)/2	6115.41	6238.70	6094.02	5946.08	5961.46
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)	1148.60	1171.75	1144.58	1116.79	1119.68

40. The details of the RoE approved vide order dated 20.7.2021 in Petition No. 22/TT/2020 for the transmission asset; the RoE claimed by the Petitioner in the instant true-up Petition; and the trued-up RoE allowed in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020.	1150.17	1173.38	1173.38	1173.38	1173.38
Claimed by the Petitioner in the instant true-up Petition.	1148.59	1171.75	1144.58	1116.79	1119.68
Approved after true-up in this order.	1148.60	1171.75	1144.58	1116.79	1119.68

Operation and Maintenance Expenses (O&M Expenses)

41. In the present true-up Petition, the Petitioner has claimed the following Operation and Maintenance Expenses (O&M Expenses):

(₹ in lakh)

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	180.04	186.40	192.92	199.72	206.72

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



(₹ in lakh)

Particulars	Transmission Asset				
	2019-20	2020-21	2021-22	2022-23	2023-24
765 kV Bays					
Jabalpur Pooling Station					
2 Nos. Line Bays for 765 kV Vindhyachal PS Ckt-I and II					
Vindhyachal Pooling Station					
2 Nos. Line Bays for 765 kV Jabalpur PS Ckt-I and II					
Norms (₹ lakh/bay)	45.01	46.60	48.23	49.93	51.68
Total O&M Expenses allowed	180.04	186.40	192.92	199.72	206.72

43. Accordingly, the details of the O&M Expenses approved vide order dated 20.7.2021 in Petition No. 22/TT/2020; the O&M Expenses claimed by the Petitioner in the instant true-up Petition; and the trued-up O&M Expenses allowed in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.2.2021 in Petition No. 33/TT/2020.	180.04	186.40	192.92	199.72	206.72
Claimed by the Petitioner in the instant true-up Petition.	180.04	186.40	192.92	199.72	206.72
Approved after true-up in this order.	180.04	186.40	192.92	199.72	206.72

Interest on Working Capital (IWC)

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



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

(₹ in lakh)

	Particulars	Transmission Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	15.00	15.53	16.08	16.64	17.23
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	27.01	27.96	28.94	29.96	31.01
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	431.45	423.42	402.86	387.98	384.39
D	Total Working Capital (A+B+C)	473.46	466.92	447.88	434.58	432.63
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)	57.05	52.53	47.03	45.63	51.92

46. The details of the IWC allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020 for the transmission asset; IWC claimed by the Petitioner in the instant true-up Petition and the trued-up IWC allowed in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020.	57.38	53.65	49.23	48.44	47.42
Claimed by the Petitioner in the instant true-up Petition.	57.05	52.53	47.03	45.63	51.92
Approved after true-up in this order.	57.05	52.53	47.03	45.63	51.92

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

47. Accordingly, the AFC allowed after the truing-up of tariff for the 2019-24 tariff period in respect of the transmission asset are as follows:

(₹ in lakh)						
	Particulars	Transmission Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Annual Transmission Charges					
A	Depreciation	1090.38	1111.94	1086.31	1060.04	1062.56
B	Interest on Loan	1033.05	911.83	796.84	724.80	685.53
C	Return on Equity	1148.60	1171.75	1144.58	1116.79	1119.68
D	O & M Expenses	180.04	186.40	192.92	199.72	206.72
E	Interest on Working Capital	57.05	52.53	47.03	45.63	51.92
F	Total (A+B+C+D+E)	3509.12	3434.44	3267.68	3146.98	3126.41

48. The details of the AFC allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020 for the transmission asset, the AFC claimed by the Petitioner in the instant true-up Petition, and the trued-up AFC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 20.7.2021 in Petition No. 22/TT/2020.	3531.09	3515.09	3437.65	3363.97	3280.66
Claimed by the Petitioner in the instant true-up Petition.	3509.11	3434.44	3267.69	3146.99	3126.42
Approved after true-up in this order.	3509.12	3434.44	3267.68	3146.98	3126.41

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

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

(₹ in lakh)					
Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1106.64	1098.43	1086.23	1073.22	1013.91
Interest on Loan	604.09	516.70	429.81	348.21	270.02
Return on Equity	1122.11	1122.55	1122.55	1122.55	1122.55
Interest on Working Capital	64.20	63.95	63.66	63.39	62.88
O&M Expenses	511.20	538.36	565.96	595.40	627.96
Total	3408.24	3339.99	3268.21	3202.77	3097.32



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

(₹ in lakh)

Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	42.60	44.86	47.16	49.62	52.33
Maintenance Spares	76.68	80.75	84.89	89.31	94.19
Receivables	420.19	411.78	402.93	393.78	381.86
Total Working Capital	539.47	537.39	534.98	532.71	528.38
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	64.20	63.95	63.66	63.39	62.88

Capital Cost

51. 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 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 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.”

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

Asset	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost as on 31.3.2029
		2024-25	
Transmission Asset	19906.70	15.77	19922.47

53. MPPMCL, in its reply, has requested that the tariff for the 2024-29 tariff period may be allowed only after admitting the cost as on 31.3.2024, after a prudence check.

54. The Petitioner, in its rejoinder, has not given a specific reply to this averment of MPPMCL.

55. We have considered the submissions of the parties. The capital cost has been dealt with in accordance with Regulation 19(3)(a) of the 2024 Tariff Regulations. The trued-up capital cost of ₹19906.70 lakh for the transmission asset as on 31.3.2024, approved in the instant order, is considered as the opening capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

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

57. The Petitioner has claimed the ACE of ₹15.77 lakh for the instant transmission asset for the 2024-29 tariff period under Regulation 25(1)(d) of the 2024 Tariff Regulations, on account of undischarged liabilities recognized to be payable at a future date for the work executed prior to the cut-off date. The same is as follows:

Asset	(₹ in lakh)	
	Claimed ACE	
	2024-25	
Transmission Asset	15.77	

58. The Liability Flow Statement submitted by the Petitioner for the transmission asset for the 2024-29 tariff period is as under:

(₹ in lakh)						
Head wise/Party wise	Particulars	Year of Actual Capitalisation	Outstanding Liability as on 31.3.2024	Discharge		Outstanding Liability as on 31.3.2029
				2024-25	Total (2024-29)	
Discharge of Liability						
Sub-Station	M/s. GE/TECHNO/Crompton Greaves	2018-19	15.76	15.76	15.76	0.00
Total			15.76	15.76	15.76	0.00

59. The Commission, vide Technical Validation (TV) letter dated 1.5.2025, directed the Petitioner to provide reasons for claiming ACE beyond the cut-off date. In response, the Petitioner, vide affidavit dated 16.5.2025, submitted that the transmission asset was commissioned on 1.1.2019 with the cut-off date as 31.3.2022. It is submitted that claiming of the ACE beyond the cut-off date is on account of substation and building



and civil works to be paid for the works executed within the cut-off date, and the same has been claimed in accordance with Regulation 25(1)(d) of the 2024 Tariff Regulations.

60. We have considered the Petitioner's submissions. It is observed that the ACE claimed by the Petitioner for the year 2024-25 is beyond the cut-off date, however, it is for the works in the original scope executed within the cut-off date. Therefore, as per Regulation 25(1)(d) of the 2024 Tariff Regulations, the projected ACE of ₹15.76 lakh is hereby allowed for the 2024-29 tariff period subject to truing up. The details of the same are as follows:

(₹ in lakh)

Particulars	Regulation	ACE allowed
		2024-25
Un-discharged Liabilities for works executed prior to the cut-off date;	Regulation 25(1)(d) of the 2024 Tariff Regulations	15.76

61. The total capital expenditure as on 31.3.2029 is within the apportioned approved cost of ₹ 28799 lakh. Accordingly, the ACE for the 2024-29 tariff period and the capital cost as on 31.3.2029 for the transmission asset are allowed as follows:

(₹ in lakh)

Asset	Capital Cost admitted as on 1.4.2024 (A)	ACE allowed for 2024-29 (B)	Capital Cost allowed as on 31.3.2029 (C=A+B)
		2024-25	
Transmission Asset	19906.70	15.76	19922.46

Debt-Equity Ratio

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

“18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:



- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:
- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

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

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

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

Provided that in the case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or is completing its useful life during 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.”



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

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 tariff period (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	13934.69	70.00	11.03	70.00	13945.72	70.00
Equity	5972.01	30.00	4.73	30.00	5976.74	30.00
Total	19906.70	100.00	15.76	100.00	19922.46	100.00

Depreciation

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

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

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

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

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

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

.....

Provided also that any depreciation disallowed on account of lower



availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

(4)

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

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

.....

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

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

.....

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

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

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

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx”

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

(₹ in lakh)



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Depreciation					
A	Opening Gross Block	19906.70	19922.46	19922.46	19922.46	19922.46
B	Addition during 2024-29 due to ACE	15.76	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	19922.46	19922.46	19922.46	19922.46	19922.46
D	Average Gross Block (A+C)/2	19914.58	19922.46	19922.46	19922.46	19922.46
E	Average Capital Cost (90% depreciable assets)	19724.69	19732.57	19732.57	19732.57	19732.57
F	Average Capital Cost (100% depreciable assets)	138.77	138.77	138.77	138.77	138.77
G	Depreciable Value (excluding IT equipment and software) (E*90%)	17752.22	17759.31	17759.31	17759.31	17759.31
H	Depreciable Value of IT equipment and software (F*100%)	138.77	138.77	138.77	138.77	138.77
I	Total Depreciable Value (G+H)	17890.99	17898.08	17898.08	17898.08	17898.08
J	Freehold Land	51.12	51.12	51.12	51.12	51.12
K	Weighted Average Rate of Depreciation (WAROD) (in %)	5.5569	5.5136	5.4523	5.3870	5.0893
L	Balance useful life of the asset	20	19	18	17	16
M	Elapsed life at the beginning of the year	5	6	7	8	9
N	Depreciation during the year (D*K)	1106.64	1098.45	1086.23	1073.23	1013.91
O	Cumulative Depreciation at the end of the year	6768.64	7867.09	8953.32	10026.55	11040.46
P	Remaining Aggregate Depreciable Value at the end of the year	11122.35	10031.00	8944.77	7871.54	6857.63

Interest on Loan (IoL)

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

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

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

(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account



cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

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

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

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

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

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

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

(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.”

67. The WAROI on loans 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 at the time of true-up. Accordingly, the floating rate of interest, if any, will be considered while truing-up the tariff for the 2024-29 tariff period. The IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed for the 2024-29 tariff period in respect of the transmission asset is as follows:



(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	13934.69	13945.73	13945.73	13945.73	13945.73
B	Cumulative Repayments upto Previous Year	5662.01	6768.64	7867.09	8953.32	10026.55
C	Net Loan-Opening (A-B)	8272.69	7177.09	6078.64	4992.41	3919.18
D	Additions	11.04	0.00	0.00	0.00	0.00
E	Repayment during the year	1106.64	1098.45	1086.23	1073.23	1013.91
F	Net Loan-Closing (C+D-E)	7177.09	6078.64	4992.41	3919.18	2905.27
G	Average Loan (C+F)/2	7724.89	6627.87	5535.53	4455.80	3412.23
H	Weighted Average Rate of Interest on Loan (in %)	7.8201	7.7959	7.7645	7.8147	7.9134
I	Interest on Loan (G*H)	604.09	516.70	429.80	348.21	270.02

Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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



.....”

“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.”

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



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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	5972.01	5976.74	5976.74	5976.74	5976.74
B	Additions	4.73	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	5976.74	5976.74	5976.74	5976.74	5976.74
D	Average Equity (A+C)/2	5974.38	5976.74	5976.74	5976.74	5976.74
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)	1122.11	1122.55	1122.55	1122.55	1122.55

Operation and Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	511.20	538.36	565.96	595.40	627.96

72. The norms specified under Regulation 36(3)(a) of the 2024 Tariff Regulations provide as follows:

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (Rs Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (Rs Lakh per MVA or MVAR)					



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

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

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

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

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

*(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.
.....”*



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

Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Jabalpur Pooling Station					
• 2 Nos. Line Bays for 765 kV Vindhyachal PS Ckt-I and II					
Vindhyachal Pooling Station					
• 2 Nos. Line Bays for 765 kV Jabalpur PS Ckt-I and II					
Norms (₹ lakh/bay)	41.34	43.51	45.79	48.20	50.73
O&M Expenses allowed	165.36	174.04	183.16	192.80	202.92
Jabalpur Pooling Station					
• 2 Nos. 765 kV 330 MVAR Line Reactors for 765 kV Vindhyachal PS – Jabalpur PS Ckt-I and II					
Vindhyachal Pooling Station					
• 2 Nos. 765 kV 330 MVAR Line Reactors for 765 kV Vindhyachal PS – Jabalpur PS Ckt-I and II					
Norms (₹ lakh/MVAR)	0.262	0.276	0.29	0.305	0.322
O&M Expenses allowed	345.84	364.32	382.80	402.60	425.04
Total O&M Expenses allowed	511.20	538.36	565.96	595.40	627.96

Interest on Working Capital (IWC)

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

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

.....

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

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

(2)

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

Provided that in case of truing-up, the rate of interest on working capital shall be



considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.

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

75. The Petitioner has considered the rate of the IWC as 11.90% as on 1.4.2024. The 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 the FYs 2024-25 to 2028-29.

76. The components of the working capital and the interest allowed thereon as per 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	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	42.60	44.86	47.16	49.62	52.33
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	76.68	80.75	84.89	89.31	94.19
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	420.19	411.78	402.93	393.78	381.86
D	Total Working Capital (A+B+C)	539.47	537.40	534.99	532.71	528.39
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)	64.20	63.95	63.66	63.39	62.88



Annual Fixed Charges for the 2024-29 Tariff Period

77. The AFC allowed concerning the transmission asset for the 2024-29 tariff period are summarized as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1106.64	1098.45	1086.23	1073.23	1013.91
Interest on Loan	604.09	516.70	429.80	348.21	270.02
Return on Equity	1122.11	1122.55	1122.55	1122.55	1122.55
O & M Expenses	511.20	538.36	565.96	595.40	627.96
Interest on Working Capital	64.20	63.95	63.66	63.39	62.88
Total	3408.24	3340.01	3268.21	3202.77	3097.32

Filing Fee and Publication Expenses

78. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. It is submitted that the Petitioner is entitled to the reimbursement of the filing fee and the expenses incurred on publication of notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as the case may be, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

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

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

80. The Petitioner has submitted that, as per Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the Central Transmission Utility of India Limited (CTUIL) may be allowed separately through a separate regulation. It is 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.

81. 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.”

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

License Fee and RLDC Fees and Charges

83. The Petitioner has claimed reimbursement of the licence fee and RLDC fees and charges. The Petitioner is allowed reimbursement of the licence 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

84. The Petitioner has submitted that the transmission charges claimed herein are exclusive of the Goods and Services Tax (GST). In case GST is levied on the transmission of electricity in the future, the same shall be additionally paid by the Respondents and charged and billed separately by the Petitioner. It is prayed that, if



any additional taxes are paid by the Petitioner on account of the demand from the Government/Statutory Authorities, the same may be allowed to be recovered from the beneficiaries.

85. MPPMCL, in its reply, has submitted that the Petitioner's demand is premature and need not be considered at this juncture.

86. In its reply, CSPDCL has submitted that the transmission or distribution of electricity by an electricity transmission or distribution utility is exempt from GST, and that such claims are admissible only upon submission of tax invoices and payment records, which have not been filed in the present case. Hence, such claims, if any, be deferred for consideration at the true-up stage, subject to the submission of tax invoices, payment records, and statutory returns evidencing the actual incidence of tax.

87. The Petitioner, in its respective rejoinders to the replies of MPPMCL and CSPDCL, has reiterated its submissions made in the Petition.

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

Security Expenses, Insurance and Capital Spares

89. The Petitioner has submitted that, as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the security expenses, insurance and capital spares of more than ₹10 lakh for the transmission system shall be allowed separately after a prudence check. It is submitted that these expenses are not claimed in the instant Petition.

90. The Petitioner has submitted that it shall file a separate Petition for the truing up of the security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the



2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36(3)(d) of the 2024 Tariff Regulations.

91. It is submitted that the Petitioner shall file a separate Petition claiming the overall insurance expenses and the 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.

92. It is further submitted that the Petitioner shall file a separate Petition claiming 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 the capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations .

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

"36(3)

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

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

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

Provided that the self-insurance premium shall be transferred to a separate fund for utilization to meet the claims, and the expenditure incurred or



amount utilized from the self-insurance fund shall be made available to the Commission as and when directed.”

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

Sharing of Transmission Charges

95. The Petitioner has submitted that the trued-up tariff for the 2019-24 tariff period shall be recovered monthly in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers. It is submitted that the tariff for the 2024-29 tariff period shall be recovered monthly 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”).

96. MPPMCL, in its reply, has submitted that the truing up of transmission tariff should be done in light of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Sixth Amendment) Regulations, 2019, until the 2020 Sharing Regulations came into force, and thereafter as per the 2020 Sharing Regulations, as amended from time to time.

97. In its rejoinder, the Petitioner has not given any specific reply to this submission of MPPMCL.

98. CSPDCL, in its reply, has submitted that the allocation of transmission charges to CSPDCL, if any, is governed by the Central Electricity Regulatory Commission



(Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter referred to as “the 2010 Sharing Regulations”), as amended from time to time, and shall be determined strictly as per the finalized list of designated ISTS customers under the applicable Sharing Regulations, irrespective of the disclosures made in the present Petition. It is submitted that for the period prior to the coming into force of the 2020 Sharing Regulations, i.e., until 1.11.2020, the sharing of transmission charges shall be governed by the provisions of the 2010 Sharing Regulations, as amended from time to time, including the Sixth Amendment Regulations, 2019, and for the period thereafter, the applicable provisions of the 2020 Sharing Regulations, as amended up to date, shall govern the computation and apportionment of charges. It is further submitted that the Petitioner is bound to compute the liability of the beneficiaries in accordance with the correct regulatory mechanism in force during the relevant period.

99. In response, the Petitioner has submitted that the liability to pay the transmission charges shall be determined strictly in accordance with the Sharing Regulations applicable and in force during the relevant period.

100. We have considered the submissions of the parties. The billing, collection and disbursement of the transmission charges for the transmission asset shall be recovered in terms of the provisions of the 2020 Sharing Regulations, as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

101. To summarise:

(a) The details of the AFC claimed by the Petitioner in the instant Petition and the trued-up AFC approved in the instant order for the transmission asset for the 2019-24 tariff period are as follows:



(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	3509.11	3434.44	3267.69	3146.99	3126.42
AFC Approved	3509.12	3434.44	3267.68	3146.98	3126.41

(b) The AFC claimed and allowed for the 2024-29 tariff period for the transmission asset in this order are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	3408.24	3339.99	3268.21	3202.77	3097.32
AFC Approved	3408.24	3340.01	3268.21	3202.77	3097.32

102. This order disposes of Petition No. 269/TT/2025, in terms of the above discussions and findings.

Sd/-
(Harish Dudani)
Member

Sd/-
(Ramesh Babu V.)
Member

