

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 357/TT/2025

Coram:

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

Date of Order: 24.03.2026

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, read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, for the 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 Combined Asset under “Northern Region System Strengthening Scheme-XV” in the Northern Region.

And in the matter of:

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

...Petitioner

Versus

- 1. Uttar Pradesh Power Corporation Limited,**
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226 001, Uttar Pradesh.
- 2. Ajmer Vidyut Vitran Nigam Limited,**
Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road,
Ajmer – 305 004, Rajasthan.
- 3. Jaipur Vidyut Vitran Nigam Limited,**
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur – 302 017, Rajasthan.



- 4. Jodhpur Vidyut Vitran Nigam Limited,**
New Power House, Industrial Area,
Jodhpur – 342 003, Rajasthan.
 - 5. Himachal Pradesh State Electricity Board Limited,**
Vidyut Bhawan, Kumar House Complex Building II
Shimla - 171 004, Himachal Pradesh.
 - 6. Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office,
Patiala – 147 001, Punjab.
 - 7. Haryana Power Purchase Centre**
Shakti Bhawan, Sector-6
Panchkula – 134 109, Haryana.
 - 8. Jammu Kashmir Power Corporation Limited,**
220/66/33 kV, Gladni Sub-station SLDC Building,
Narwal, Jammu.
 - 9. BSES Yamuna Power Limited,**
B-Block, Shakti Kiran Building,
(Near Karkadooma Court),
Karkadooma 2nd Floor, New Delhi - 110 092.
 - 10. BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi.
 - 11. Tata Power Delhi Distribution Limited,**
33 kV Sub-station, Building, Hudson Lane,
Kingsway Camp, North Delhi - 110 009.
 - 12. Chandigarh Electricity Department,**
Chandigarh Administration,
Sector - 9, Chandigarh.
 - 13. Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road, Dehradun.
 - 14. North Central Railway,**
Allahabad, Uttar Pradesh.
 - 15. New Delhi Municipal Council,**
Palika Kendra, Sansad Marg,
-



New Delhi - 110 002.

16. Rajasthan Rajya Vidyut Prasaran Nigam Limited

Vidyut Bhawan, Vidyut Marg,
Jaipur – 302 005, Rajasthan.

...Respondent(s)

Parties Present: Shri Angaru Naresh Kumar, PGCIL
Shri Vivek Kumar, PGCIL
Shri Vishal Sagar, PGCIL
Shri Ranjeet Pandey, PGCIL
Shri Piyush Avasthi, PGCIL
Ms. Suchitra, PGCIL
Shri Yatin Kalra, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner / PGCIL”), 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 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 (hereinafter referred to as “the 2024 Tariff Regulations”) with respect to the following assets (hereinafter referred to as “the transmission assets/Combined Assets”) under “North Region System Strengthening Scheme-XV ” in the Northern Region (hereinafter referred to as the “the transmission project”):

Asset-1: 400 kV D/C Manesar-Neemrana Transmission Line along with associated bays;

Asset-2: 500 MVA, 400/220 kV ICT-1 at Neemrana;

Asset-3: 315 MVA, 400/220 kV ICT-2 at Neemrana;

Asset-4: 400 kV D/C Bhiwadi-Neemrana Transmission Line along with associated bays;

Asset-5: 80 MVAR Bus Reactor at the Neemrana Sub-station;



Asset-6: LILO of the 400 kV S/C Bhiwadi-Bassi Transmission Line at the Kotputli Sub-station;

Asset-7: 315 MVA 400/220 kV ICT-I & II with 2 Nos. of the 220 kV line bays at the Kotputli Sub-station;

Asset-8: 4 Numbers 220 kV line bays at Kotputli; and

Asset-9: 80 MVAR Bus Reactor at the Kotputli 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 14 and 15 above.

b) Admit the capital cost claimed and additional capitalization projected to be incurred during 2019-24.

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 14 and 15 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 21 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 21 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 21 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 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 under:

- a) Investment Approval (the IA) for implementation of the transmission project was accorded by the Board of Directors (BoD) of the Petitioner in its 218th meeting held on 11.2.2009 vide letter No. C/CP/NRSS-XV and conveyed vide dated 20.2.2009 at an estimated cost of ₹52048.00 lakh including IDC of ₹3445.00 lakh based on the 4th Quarter, 2008 price level. Subsequently, the Revised Cost Estimate (RCE) was accorded by the BoD of the Petitioner in its 326th meeting held on 9.3.2016 vide letter No. C/CP/RCE-NRSS-15 dated 11.3.2016 at an estimated cost of ₹47077.00 lakh including IDC of ₹3794.00 lakh based on the December, 2015 price level.
- b) As per the IA, the entire scope of work is completed and covered under the instant transmission project is as under:

Transmission Line:

- (i) Manesar- Neemrana 400 kV D/C line-90 km;
- (ii) Bhiwadi- Neemrana 400 kV D/C line-60 km;
- (iii) LILO of Bhiwadi-Bassi (Jaipur) 400 kV S/C line at the new 400/220 kV Kotputli Sub-station- 15 km.

Sub-stations:

- (iv) New 2x315 MVA, 400/ 220 kV Neemrana Sub-station;
- (v) New 2x315 MVA, 400/ 220 kV Kotputli Sub-station;
- (vi) Extension of 400/ 220 kV Bhiwadi Sub-station;
- (vii) Extension of 400/ 220 kV Manesar Gas Insulated Sub-station;
- (viii) Extension of 400/ 220 kV Bassi (Jaipur) Sub-station.



Reactive Compensation:

Particulars	Approximate line length	Line reactor from bus	Line reactor to bus
1. LILO of Bhiwadi-Bassi (Jaipur) 400 kV S/C line at new 400/ 220 kV Kotputli Sub-station			
Bhiwadi-Kotputli section	70	Nil	Nil
Kotputli-Jaipur section	160	Nil	50 MVAR existing line reactor to be made switchable
2. 80 MVAR Bus Reactor at Kotputli			
3. 80 MVAR Bus Reactor at Neemrana			

c) As per the IA dated 11.2.2009, transmission assets were scheduled to be put into commercial operation within 33 months from the date of the IA. The details of the scheduled date of commercial operation (SCOD), date of commercial operation (COD) of the transmission assets along with time over-run of the transmission assets covered in the instant Petition are as under:

Particulars	SCOD	COD	Time over-run
Asset-1	1.12.2011	1.6.2012	6 months
Asset-2	1.12.2011	1.4.2012	4 months
Asset-3	1.12.2011	1.12.2012	1 month
Asset-4	1.12.2011	1.1.2012	1 month
Asset-5	1.12.2011	1.4.2012	4 months
Asset-6	1.12.2011	1.4.2014	28 months
Asset-7	1.12.2011	1.4.2014	28 months
Asset-8	1.12.2011	10.9.2014	33 months and 21 days
Asset-9	19.11.2011	10.9.2014	33 months and 21 days

* COD approved under Regulation 4(3)(ii) of the 2014 Tariff Regulations.

d) The Commission, vide its order dated 21.3.2016 in Petition No. 294/TT/2015, had allowed the transmission tariff for the 2014-19 tariff period with respect to the Combined Asset (comprising Asset-1, Asset-2 and Asset-3). Further, The Commission vide its order dated 25.2.2016 in Petition No. 63/TT/2015, had allowed the transmission tariff with respect to the Combined Asset (comprising



Asset-4 and Asset-5) for the 2014-19 tariff period. The Commission vide its order dated 29.4.2016 in Petition No. 100/TT/2014, had allowed the transmission tariff with respect to Asset-6, Asset-7 and Asset-8 for the 2014-19 tariff period. Lastly, the Commission vide its order dated 30.3.2016 in Petition No. 477/TT/2014, had allowed the transmission tariff with respect to Asset-9 for the 2014-19 tariff period.

- e) Subsequently, the Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had trued-up the transmission tariff with for the 2014-19 Tariff Period and determined the transmission tariff for the 2019-24 tariff period with respect to the transmissions assets.
- f) The Petitioner has filed the instant Petition for truing up of the transmission tariff with respect to the transmission assets for the 2019-24 tariff period and the determination of transmission tariff with respect to the Combined Asset for the 2024-29 tariff period.

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

5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding filing of this Petition has also been published in the newspaper in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as “the Act”). However, no comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspaper by the Petitioner.

6. The hearing in this matter was held on 21.1.2026 and the order was reserved. This order is being passed considering the Petitioner’s submissions vide affidavit dated



4.11.2024, and the subsequent affidavits dated 14.10.2025 and 9.2.2026. None of the Respondents have filed any reply or raised any issue pertaining to the instant Petition.

7. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition in the succeeding paragraphs of this order.

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

8. The Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had allowed the transmission tariff with respect to the Combined Asset (Comprising Asset-1, Asset-2, Asset-3, Asset-4, Asset-5, Asset-6, Asset-7 and Asset-9) and Asset-8 separately. Accordingly, the details of the transmission charges claimed by the Petitioner with respect to the transmission assets (comprising Combined Asset and Asset-8) for the 2019-24 tariff period are as under:

Combined Asset

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1967.23	1976.69	1979.37	1979.37	1948.73
Interest on Loan	1444.28	1268.44	1092.81	921.52	752.09
Return on Equity	2324	2334.09	2336.95	2336.95	2336.95
Interest on Working Capital	146.91	137.12	127.54	127.31	144.78
O&M Expenses	1391.95	1441.47	1492.08	1545.12	1597.94
Total	7274.37	7157.81	7028.75	6910.27	6780.49

Asset-8

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	47.65	47.80	47.80	47.80	47.80
Interest on Loan	40.38	35.69	31.54	27.68	23.73
Return on Equity	52.59	52.76	52.76	52.76	52.76
Interest on Working Capital	6.04	5.71	5.39	5.47	6.35
O&M Expenses	90.04	93.20	96.48	99.84	103.36
Total	236.70	235.16	233.97	233.55	234.00



9. The details of the Interest on Working Capital (IWC) claimed by the Petitioner with respect to the transmission assets for the 2019-24 tariff period are as under:

Combined Asset

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	116.00	120.12	124.34	128.76	133.16
Maintenance Spares	208.79	216.22	223.81	231.77	239.69
Receivables	894.39	882.47	866.56	851.95	833.67
Total Working Capital	1219.18	1218.81	1214.71	1212.48	1206.52
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	146.91	137.12	127.54	127.31	144.78

Asset-8

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	7.50	7.77	8.04	8.32	8.61
Maintenance Spares	13.51	13.98	14.47	14.98	15.50
Receivables	29.10	28.99	28.85	28.79	28.77
Total Working Capital	50.11	50.74	51.36	52.09	52.88
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	6.04	5.71	5.39	5.47	6.35

Capital Cost for the 2019-24 Tariff Period

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

11. The Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had allowed the following capital cost as on 1.4.2019 and ACE with respect to the transmission assets for the 2019-24 tariff period as follows:

(₹ in lakh)				
Assets	RCE Apportioned Approved Cost	Capital Cost allowed up to 1.4.2019	ACE allowed	Capital cost as on 31.3.2024
			2019-20	
Combined Asset	46048.03	41041.09	560.00	41601.09
Asset-8	1028.60	930.36	20.00	950.36

12. The Petitioner in the instant true-up Petition has claimed the following capital cost and ACE with respect to the transmission assets for the 2019-24 tariff period:



(₹ in lakh)

Assets	RCE Approved Cost	Expenditure upto 31.3.2019	ACE Claimed					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Asset	46048.03	41116.85	256.63	101.53	0.00	0.00	0.00	41475.01
Asset-8	1028.60	930.36	5.97	0.00	0.00	0.00	0.00	936.33

13. We have considered the Petitioner's submission. We noted that the Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had allowed the capital cost of ₹41041.09 lakh and ₹930.36 lakh with respect to the Combined Asset and Asset-8 respectively, as on 31.3.2019, and thus, the same are being considered as the opening capital cost as on 1.4.2019 for the purpose of truing-up of the tariff for the 2019-24 tariff period with respect to the Combined Asset and Asset-8.

Initial Spares

14. The Petitioner has submitted that the Initial Spares have been reworked at the project level in terms of Regulations 8 of the 2009 Tariff Regulations, with respect to Asset-1 to Asset-5 and Regulations 13 of the 2014 Tariff Regulations, with respect to Asset-6 to Asset-9. It has further been submitted that the disallowed Initial Spares of ₹64.92 lakh and ₹3.36 lakh with respect to Asset-1 and Asset-6 respectively, vide order dated 27.2.2022 in Petition No. 647/TT/2020, have now been added back after considering the Initial Spares at the project level and based on the discharge of liabilities. The details of the Initial Spares claimed by the Petitioner in the instant Petition are as under:

(₹ in lakh)

Assets	Particulars	Cost for Spare Calculation (A)	Initial Spares Claimed (B)	Ceiling Limit (%) (C)	Initial Spares Allowable	Excess Initial Spares	Initial Spare disallowed in Previous order	Spare Added back
					$D = [(A-B) \times C / (100-C)]$	[B-D]		
Asset-1	Sub Station (Green Field)	3063.61	139.22	2.5	74.98	64.24	64.92	64.92



Asset-2	Sub Station (Green Field)	5309.74	33.94	2.5	135.28	-101.34	0.00	0.00
Asset-3	Sub Station (Green Field)	4652.09	45.74	2.5	118.11	-72.37	0.00	0.00
Asset-4	Sub Station (Green Field)	2141.84	30.43	2.5	54.14	-23.71	0.00	0.00
Asset-5	S/s (Green Field)	1618.95	16.55	2.5	41.09	-24.54	0.00	0.00
Asset-6	Sub Station (Green Field)	993.90	42.98	4.0	39.62	3.36	3.36	3.36
Asset-7	Sub Station (Green Field)	4314.83	150.36	4.0	173.52	-23.16	0.00	0.00
Asset-9	Sub Station (Green Field)	916.61	3.12	4.0	38.06	-34.94	0.00	0.00
Combined Asset (Asset-1 to Asset-7 and Asset-9)	Sub Station (Green Field)	23011.57	462.34		674.80	-212.46	68.28	68.28
Asset-8	Sub Station (Green Field)	614.45	0.00	4.0	25.60	-25.60	0.00	0.00
Combined Asset	Sub Station (Green Field)	23626.02	462.34		700.40	-238.06	68.28	68.28

(₹ in lakh)

Assets	Particulars	Cost for Spare Calculation (A)	Initial Spares Claimed (B)	Ceiling Limit (%) (C)	Initial Spares Allowable	Excess Initial Spares	Initial Spare disallowed in Previous order	Spare Added back
					$D = [(A-B) \times C / (100-C)]$	[B-D]		
Asset-6	Transmission Line	769.19	11.19	1.0	7.66	3.53	3.53	0.00

15. We have considered the Petitioner's submission. The Appellate Tribunal for Electricity (the APTEL) vide its judgment dated 14.9.2019 in Appeal No. 74 of 2017



observed that the Commission for the purpose of prudence check may restrict the Initial Spares to the cost of the individual asset and later at the time of truing-up allow the Initial Spares as per the ceiling limit on the overall project cost. The relevant portion of the said judgment is extracted here under:

“18.13. We do not agree with this methodology of restricting initial spares asset / element wise as adopted by the Central Commission. The Central Commission to have a prudence check on the initial spares, being restricted based on the individual asset wise cost initially, but subsequently ought to have allowed as per the ceiling limits on the overall project cost basis during the true- up.”

16. Accordingly, in accordance with the APTEL’s judgement dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares are required to be allowed based on the overall project cost. The overall project cost of the transmission assets can ideally be determined only when the transmission assets become the Combined Asset. However, in the instant Petition, the transmission assets are proposed to be combined by the Petitioner during the 2024-29 tariff period. Therefore, the claim towards the Initial Spares, based on the overall project cost in accordance with the aforesaid judgement of the APTEL can be considered only after the assets are combined during the 2024-29 tariff period.

17. We are of the view that the add-back of Initial Spares of ₹68.28 lakh (₹64.92 lakh + ₹3.36 lakh) in the capital cost as on 1.4.2019 with respect to the Combined Asset (Asset-1 to Asset-7 and Asset-9) as claimed by the Petitioner is accordingly rejected and not allowed.

Treatment of Liquidated Damages (LD)

18. The Petitioner has submitted that, the Liquidated Damages (LD) amounting to ₹20.00 lakh and ₹23.08 lakh have been recovered from the contractor up to the COD and during the FY 2019-20 with respect to Asset-5 and Asset-9, respectively. The Petitioner further submitted that the Auditor’s Certificate has been prepared on a cash



basis, and therefore, the LD recovered is required to be added back to the cash cost to the extent of the disallowance of IEDC/IDC, whichever is lower. The Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had also considered that the LD recovered, to the extent of IDC disallowed, is to be retained / held back offset the disallowed IDC/IEDC. The details of the LD recovered and added back are as follows:

Asset	IDC/IEDC disallowed	(₹ in lakh)			
		LD recovered		LD added Back	
		Up to 31.3.2019	2019-20	Up to 31.3.2019	2019-20
Asset-5	31.28	20.00	23.08	7.48	23.08
Asset-9	57.93	0.00	23.08	0.00	23.08

19. We have considered the Petitioner's submissions. The Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had rejected the claim of the Petitioner regarding the add-back of LD amounting to ₹20.00 lakh to the capital cost as on 1.4.2014 with respect to Asset-5. The relevant extract of the said order is extracted as under:

"48. In Asset-V (Part of Combined Asset-B), the Petitioner has added liquidated damages (LD) of ₹20.00 lakh recovered from the contractor/supplier to the capital cost as on 1.4.2014. The Petitioner made similar claim in Petition No.63/TT/2015 and the same was rejected by the Commission vide order dated 25.2.2016. The relevant portion of the order dated 25.2.2016 in Petition No.63/TT/2015 is extracted hereunder. Accordingly, the Petitioner's claim for adding the LD of ₹20.00 lakh to the capital cost of Asset-V is not allowed as it has already been rejected by the Commission in order dated 25.2.2016.

"18. We have considered the submissions of the petitioner w.r.t Asset-1. In Petition No.203/TT/2012, the petitioner claimed capital cost of ₹1066.53 lakh as on COD. As discussed above, IDC and IEDC amounting to ₹31.28 lakh was disallowed due to time over-run of 4 months. Thus, capital cost of ₹ 1035.25 lakh was approved vide order dated 9.5.2013 in Petition No.203/TT/2012. In the instant petition, the petitioner has claimed capital cost of ₹1055.25 lakh (by deducting ₹31.28 lakh of disallowed IDC and IEDC and including ₹20.00 lakh of LD recovered from the contractors) as on COD. The petitioner has added LD amount of ₹20.00 lakh to the capital cost as on COD without submitting any rationale for the same. The petitioner should prudently claim the LD from the contractor/supplier for any losses due to the acts and omissions of the contractor/supplier. The LD recovered in excess of disallowed IDC and IEDC should be adjusted in the capital cost and if the LD recovered is less than the IDC and IEDC it will be held back by the petitioner to offset the disallowed IDC and IEDC. In the instant case, the petitioner has added the LD recovered to the capital cost, which is departure from usual practice and is contrary to the normal accounting principles. We are of the view that the petitioner's act of adding LD amount to the capital cost is not appropriate. We are surprised how the same has been certified by the petitioner's Auditor. The petitioner is directed to desist from making such claims in future. The petitioner's claim for including the LD amount of ₹20.00 lakh to the capital cost as on COD is not allowed."



49. Therefore, we have considered the capital cost as on 1.4.2014 approved by the Commission vide order dated 25.2.2016 in Petition No. 63/TT/2015”

20. It is observed that the Petitioner has again claimed the add-back of LD with respect to Asset-5 and Asset-9 to the capital cost as on 1.4.2019 in the instant Petition. Therefore, the Petitioner’s claim for add-back of LD amounting to ₹20.00 lakh and ₹23.08 lakh with respect to Asset-5 and Asset-9 respectively is not allowed, as a similar claim for add-back of LD had been rejected by the Commission vide order dated 25.2.2016 in Petition No. 63/TT/2015 and the subsequent order dated 27.2.2022 in Petition No. 647/TT/2020.

21. Accordingly, the details of the capital cost as on 1.4.2019 with respect to the transmission assets is as follows:

(₹ in lakh)				
Asset Name	Capital Cost as on 31.3.2019	Additional initial spare allowed as per APTEL judgement dated 14.9.2019	Add back of LD Recovered with respect to Asset-5 and Asset-9	Capital Cost as on 1.4.2019
Combined Asset (Asset-1 to Asset-7 and Asset-9)	41041.09	0.00	0.00	41041.09
Asset-8	930.36	0.00	0.00	930.36

Additional Capital Expenditure (ACE)

22. The Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had allowed the following ACE with respect to the instant transmission assets for the 2019-24 tariff period:

(₹ in lakh)		
Asset	Particulars	ACE allowed (2019-24)
Combined Asset (Asset-1 to Asset-7 and Asset-9)	Regulation 25(1)(d) of the 2019 Tariff Regulations*	560.00
Asset-8		20.00

*Liability of Works executed prior to cut off date



23. The Petitioner has claimed the following ACE based on the actual expenditure in accordance with the 2019 Tariff Regulations with respect to the transmission assets for the 2019-24 tariff period:

(₹ in lakh)						
Asset	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset (Asset-1 to Asset-7 and Asset-9)	Regulation 25(1)(d) of the 2019 Tariff Regulations	256.63	101.53	0.00	0.00	0.00
Asset-8		5.97	0.00	0.00	0.00	0.00

24. The Petitioner has submitted that while projecting the estimated ACE, contracts had not been closed, therefore, the liabilities could not be finalized. However, in the instant true-up Petition, the ACE has been claimed on the basis of actual payments made to the contractors after receipt of the invoices and incorporating the amendments up to the end of the 2019-24 tariff period. The Petitioner further submitted that the ACE claimed pertains to undischarged liabilities towards final / withheld payments, due to contractual exigencies.

25. The Petitioner vide affidavit dated 9.2.2026 has also submitted the Liability Flow Statement (LFS) containing vendor-wise details of the ACE incurred during the 2019-24 tariff period for the transmission assets is as under:

(₹ in lakh)							
Asset No	Party name	Particular's (TL/SS)	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	Discharge		
					2019-20	2020-21	Total (19-24)
Asset-2	M/s. GE	Substation	2012	107.76	103.29	4.47	107.76
	Total			107.76	103.29	4.47	107.76

(₹ in lakh)						
Asset No	Party name	Particular's (TL/SS)	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	Discharge	
					2019-20	Total (19-24)
Asset-5	M/s. BHEL	Substation	2012	53.81	53.81	53.81
	Total			53.81	53.81	53.81



(₹ in lakh)

Asset No	Party name	Particular's (TL/SS)	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	Discharge		
					2019-20	2020-21	Total (19-24)
Asset-7	M/s. Emco & M/s. GE	Substation work	2012	148.73	51.67	97.06	148.73
	Total			148.73	51.67	97.06	148.73

(₹ in lakh)

Asset No	Party name	Particular's (TL/SS)	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	Discharge	
					2019-20	Total (19-24)
Asset-8	M/s. Emco	Substation work	2012	5.97	5.97	5.97
	Total			5.97	5.97	5.97

(₹ in lakh)

Asset No	Party name	Particular's (TL/SS)	Year of Actual Capitalization	Outstanding Liability as on 31.3.2019	Discharge	
					2019-20	Total (19-24)
Asset-9	M/s. Emco & M/s. BHEL	Substation work	2012	47.86	47.86	47.86
	Total			47.86	47.86	47.86

26. The Commission vide its ROP for the hearing dated 26.1.2026 directed the Petitioner to furnish the item-wise and party-wise break-up of the ACE allowed in the previous order vis-à-vis the ACE claimed in the instant Petition along with the justification for the variation. In response, the Petitioner vide affidavit dated 9.2.2026 has submitted the following:

(₹ in lakh)

Sl. No.	ACE		Party Name	Allowed in Previous Order					Claimed in Instant Petition				
	ASSET	Item		2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
1	Asset-I	Transmission Line Equipment	M/S IVRCL	30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Asset-II	Substation Equipment	M/S General Electric (GE)	0.00	0.00	0.00	0.00	0.00	103.29	4.47	0.00	0.00	0.00
3	Asset-III	Substation Equipment	M/S General Electric (GE)	130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Asset-IV	Transmission Line Equipment	M/S IVRCL	30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Asset-V	Substation Equipment	M/S BHEL	50	0.00	0.00	0.00	0.00	53.81	0.00	0.00	0.00	0.00
6	Asset-VI	Transmission Line Equipment	M/S IVRCL	30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Asset-VII	Substation Equipment	M/s. Emco & M/s. GE	240	0.00	0.00	0.00	0.00	51.67	97.06	0.00	0.00	0.00



8	Asset-VIII	Substation Equipment	M/s. Emco	20	0.00	0.00	0.00	0.00	5.97	0.00	0.00	0.00	0.00
9	Asset-IX	Substation Equipment	M/s. Emco & M/s. BHEL	50	0.00	0.00	0.00	0.00	47.86	0.00	0.00	0.00	0.00
			TOTAL	580.00	0.00	0.00	0.00	0.00	262.6	101.53	0.00	0.00	0.00

27. The Petitioner has submitted that the additional capitalization claimed during the 2019-24 tariff period pertains to undischarged liabilities within the original scope of work, which were discharged in the respective financial years of the 2019–24 tariff period, towards final / withheld payments due to contractual exigencies and for works executed prior to the cut-off date.

28. We have considered the Petitioner's submissions. It is observed that the Petitioner has claimed the ACE against discharged liability towards final payment/withheld payment due to contractual exigencies for works executed within the cut-off date. Therefore, the ACE claimed by the Petitioner with respect to the transmission assets are hereby allowed in terms of Regulation 25(1)(d) of the 2019 Tariff Regulations as follows:

(₹ in lakh)

Asset Name	Regulations	ACE Allowed				
		2019-20	2020-21	2021-22	2022-23	2023-24
Asset-2	Regulations 25(1)(d) of the 2019 Tariff Regulations	103.29	4.47	0.00	0.00	0.00
Asset-5		30.01*	0.00	0.00	0.00	0.00
Asset-7		51.67	97.06	0.00	0.00	0.00
Asset-9		24.06*	0.00	0.00	0.00	0.00
Combined Asset		209.03	101.53	0.00	0.00	0.00
Asset-8		5.97	0.00	0.00	0.00	0.00

*As per the Auditor Certificate after deduction of the LD recovered from the contractor during the FY 2019-20.

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



(₹ in lakh)

Asset	FR Apportioned Approved Cost	Capital cost allowed as on 31.3.2019	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	
Combined Asset (Asset-1 to Asset-7 and Asset-9)	46048.03	41041.09	209.03 *	101.53	0.00	0.00	0.00	41351.65
Asset-8	1028.60	930.36	5.97	0.00	0.00	0.00	0.00	936.33

*Excluded LD recovered from contractor with respect to Asset-5 and Asset-9.

Debt-Equity Ratio

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

Combined Asset

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	28728.76	70.00	217.39	70.00	28946.16	70.00
Equity	12312.33	30.00	93.17	30.00	12405.50	30.00
Total	41041.09	100.00	310.56	100.00	41351.65	100.00

Asset-8

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	651.25	70.00	4.18	70.00	655.43	70.00
Equity	279.11	30.00	1.79	30.00	280.90	30.00
Total	930.36	100.00	5.97	100.00	936.33	100.00

Depreciation

31. 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 depreciation rates specified in Regulation 33 of the 2019 Tariff Regulations. Accordingly,



the depreciation allowed with respect to the transmission assets for the 2019-24 tariff period is as follows:

Combined Asset

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital cost	41041.09	41250.12	41351.65	41351.65	41351.65
B	Addition during the year 2019-24 due to ACE	209.03	101.53	0.00	0.00	0.00
C	Closing Capital cost (A+B)	41250.12	41351.65	41351.65	41351.65	41351.65
D	Average Capital cost (A+C)/2	41145.61	41300.89	41351.65	41351.65	41351.65
E	Average Capital cost (90% depreciable assets) (D-F-J)	36387.54	36542.82	36593.58	36593.58	36593.58
F	Average Capital cost (100% depreciable assets)	487.08	487.08	487.08	487.08	487.08
G	Depreciable value (excluding IT equipment and software) (E*90%)	32748.78	32888.53	32934.22	32934.22	32934.22
H	Depreciable value of IT equipment and software (F*100%)	487.08	487.08	487.08	487.08	487.08
I	Total Depreciable Value (G+H)	33235.86	33375.61	33421.30	33421.30	33421.30
J	Freehold Land	4270.99	4270.99	4270.99	4270.99	4270.99
K	Weighted average rate of Depreciation (WAROD) (in %)	4.7684	4.7703	4.7709	4.7709	4.6902
L	Balance useful life at the beginning of the year (Year)	23	22	21	20	19
M	Lapsed useful life at the beginning of the year (Year)	6	7	8	9	10
N	Depreciation during the year (D*J)	1961.97	1970.17	1972.85	1972.85	1939.47
O	Cumulative Depreciation at the end of the year	1372s3.18	15693.35	17666.21	19639.06	21578.52
P	Remaining Aggregate Depreciable Value at the end of the year (I-O)	19512.68	17682.26	15755.10	13782.24	11842.78



Asset-8

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital cost	930.36	936.33	936.33	936.33	936.33
B	Addition during the year 2019-24 due to ACE	5.97	0.00	0.00	0.00	0.00
C	Closing Capital cost (A+B)	936.33	936.33	936.33	936.33	936.33
D	Average Capital cost (A+C)/2	933.35	936.33	936.33	936.33	936.33
E	Average Capital cost (90% depreciable assets)	909.43	912.41	912.41	912.41	912.41
F	Average Capital cost (100% depreciable assets)	23.92	23.92	23.92	23.92	23.92
G	Depreciable value (excluding IT equipment and software) (E*90%)	818.48	821.17	821.17	821.17	821.17
H	Depreciable value of IT equipment and software (F*100%)	23.92	23.92	23.92	23.92	23.92
I	Total Depreciable Value (G+H)	842.40	845.09	845.09	845.09	845.09
J	Weighted average rate of Depreciation (WAROD) (in %)	5.1051	5.1059	5.1059	5.1059	5.1059
K	Balance useful life at the beginning of the year (Year)	20	19	18	17	16
L	Lapsed useful life at the beginning of the year (Year)	4	5	6	7	8
M	Depreciation during the year (D*J)	47.65	47.81	47.81	47.81	47.81
N	Cumulative Depreciation at the end of the year	220.56	268.37	316.17	363.98	411.79
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	621.84	576.72	528.92	481.11	433.30

32. The details of depreciation allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020 for the transmission assets, depreciation claimed by the Petitioner in the instant Petition and trued-up depreciation approved in the instant order for the transmission assets are as follows:

(₹ in lakh)

Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	1971.24	1986.02	1986.02	1986.02	1980.10
Claimed by the Petitioner in the instant Petition	1967.23	1976.69	1979.37	1979.37	1948.73
Approved after trued-up in this order	1961.97	1970.17	1972.85	1972.85	1939.47



	(₹ in lakh)				
Asset-8	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	48.02	48.55	48.55	48.55	48.55
Claimed by the Petitioner in the instant Petition	47.65	47.80	47.80	47.80	47.80
Approved after trued-up in this order	47.65	47.81	47.81	47.81	47.81

Interest on Loan (IoL)

33. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio as per the prevailing Rate of Interest (RoI). We have considered the Petitioner's submissions. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. Accordingly, the trued-up IoL approved with respect to the transmission assets for the 2019-24 tariff period are as follows:

		(₹ in lakh)				
	Particulars	Combined Asset (Asset-1 to Asset-7 and Asset-9)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	28728.76	28875.08	28946.16	28946.16	28946.16
B	Cumulative Repayments up to Previous Year	11761.22	13723.19	15693.36	17666.22	19639.07
C	Net Loan-Opening (A-B)	16967.54	15151.89	13252.79	11279.94	9307.09
D	Additions	146.32	71.07	0.00	0.00	0.00
E	Repayment during the year	1961.97	1970.17	1972.85	1972.85	1939.47
F	Net Loan-Closing (C+D-E)	15151.89	13252.79	11279.94	9307.09	7367.62
G	Average Loan (C+F)/2	16059.72	14202.34	12266.37	10293.51	8337.35
H	Weighted Average Rate of Interest on Loan (in %)	8.9558	8.8825	8.8575	8.8964	8.9596
I	Interest on Loan (G*H)	1438.28	1261.52	1086.49	915.75	746.99

		(₹ in lakh)				
	Particulars	Asset-8				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	651.25	655.43	655.43	655.43	655.43
B	Cumulative Repayments up to Previous Year	172.91	220.56	268.37	316.17	363.98
C	Net Loan-Opening (A-B)	478.34	434.87	387.07	339.26	291.45
D	Additions	4.18	0.00	0.00	0.00	0.00
E	Repayment during the year	47.65	47.81	47.81	47.81	47.81
F	Net Loan-Closing (C+D-E)	434.87	387.07	339.26	291.45	243.64



	Particulars	Asset-8				
		2019-20	2020-21	2021-22	2022-23	2023-24
G	Average Loan (C+F)/2	456.61	410.97	363.16	315.35	267.55
H	Weighted Average Rate of Interest on Loan (in %)	8.8441	8.6848	8.6837	8.7757	8.8663
I	Interest on Loan (G*H)	40.38	35.69	31.54	27.67	23.72

34. The details of IoL allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020 for the transmission assets; IoL claimed by the Petitioner in the instant Petition and trued-up IoL approved in the instant order for the transmission assets are as follows:

(₹ in lakh)					
Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	1451.36	1290.84	1112.83	935.66	758.63
Claimed by the Petitioner in the instant Petition	1444.28	1268.44	1092.81	921.52	752.09
Approved after trued-up in this order	1438.28	1261.52	1086.49	915.75	746.99

(₹ in lakh)					
Asset-8	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	39.92	36.26	32.14	28.01	23.80
Claimed by the Petitioner in the instant Petition	40.38	35.69	31.54	27.68	23.73
Approved after trued-up in this order	40.38	35.69	31.54	27.67	23.72

Return on Equity (RoE)

35. 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. The income has been assessed under Minimum Alternate Tax (MAT) in terms of Section 115JB of the Income Tax Act, 1961 (IT Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITRs) for the FY 2021-22 and FY 2022-23 have already been filed and for the FY 2023-24 will be filed in due course.

36. 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

37. The Petitioner has submitted that the ITR for the FY 2023-24 has now been filed. It is further submitted that the Assessment Orders for the FYs 2019-20 and 2020-21 and ITRs for the FYs 2021-22. The revised table regarding the computation of the effective tax percentage is as under:

Financial Year	Basis Considered	Total Tax & Interest paid (₹)	Assessed MAT Income under Sec 115JB (₹)	Effective Tax Percentage (in %)	Grossed-up ROE (Base rate/(1-t)) (in %)
2019-20	Assessment Order	24526276991	140374753855	17.472	18.782
2020-21	Assessment Order	26089359008	149320965036	17.472	18.782
2021-22	Actual Tax paid	31814640406	182089288030	17.472	18.782
2022-23	Actual Tax paid	30428820993	174157629306	17.472	18.782
2023-24	Actual Tax paid	31321238737	179265331597	17.472	18.782

38. 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 calculated upon completion of the Income Tax Assessment /Re-assessment for the FYs 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.

39. 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

40. Accordingly, the details trued-up RoE approved with respect to the transmission assets for the 2019-24 tariff period are as follows:

(₹ in lakh)						
	Particulars	Combined Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	12312.33	12375.04	12405.50	12405.50	12405.50
B	Additions	62.71	30.46	0.00	0.00	0.00
C	Closing Equity (A+B)	12375.04	12405.50	12405.50	12405.50	12405.50



	Particulars	Combined Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
D	Average Equity (A+C)/2	12343.68	12390.27	12405.50	12405.50	12405.50
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)	2318.39	2327.14	2330.00	2330.00	2330.00

(₹ in lakh)

	Particulars	Asset-8				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	279.11	280.90	280.90	280.90	280.90
B	Additions	1.79	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	280.90	280.90	280.90	280.90	280.90
D	Average Equity (A+C)/2	280.00	280.90	280.90	280.90	280.90
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)	52.59	52.76	52.76	52.76	52.76

41. The details of RoE allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020 for the transmission assets, RoE claimed by the Petitioner in the instant Petition and trued-up RoE approved in the instant order for the transmission assets are as follows:

(₹ in lakh)

Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	2328.27	2344.05	2344.05	2344.05	2344.05
Claimed by the Petitioner in the instant Petition	2324.00	2334.09	2336.95	2336.95	2336.95
Approved after trued-up in this order	2318.39	2327.14	2330.00	2330.00	2330.00

(₹ in lakh)

Asset-8	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	52.98	53.55	53.55	53.55	53.55
Claimed by the Petitioner in the instant Petition	52.59	52.76	52.76	52.76	52.76
Approved after trued-up in this order	52.59	52.76	52.76	52.76	52.76



Operation & Maintenance Expenses (O&M Expenses)

42. The Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had allowed the following O&M Expenses with respect to the transmission assets for the 2019-24 tariff period:

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset	1391.95	1441.47	1492.08	1545.12	1597.94
Asset-8	90.04	93.20	96.48	99.84	103.36

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

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset	1391.95	1441.47	1492.08	1545.12	1597.94
Asset-8	90.04	93.20	96.48	99.84	103.36

44. We have considered the submissions of the Petitioner. Accordingly, the O&M Expenses with respect to the transmission assets as per norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)

Particulars		Combined Asset				
Sub-station						
	2019-20	2020-21	2021-22	2022-23	2023-24	
400 kV Bays						
Neemrana Sub-station						
2 Nos. line Bays for 400 kV D/C Manesar -Neemrana line 1 No. ICT Bay for 400/220 kV 500 MVA ICT-I 1 No. ICT Bay for 400/220 kV 315 MVA ICT-II 2 Nos. line Bays for 400 kV D/C Bhiwadi -Neemrana line 1 No. reactor Bay for 80 MVAr bus reactor						
Bhiwadi Sub-station						
2 Nos. line Bays for 400 kV D/C Bhiwadi -Neemrana line						
Kotputli Sub-station						
2 Nos. line Bays for LILO of 400 kV S/C Bhiwadi -Bassi Transmission Line at the Kotputli Sub-station 2 Nos. ICT Bay for 400/220 kV 315 MVA ICT-I & ICT-II 1 No. reactor Bay for 80 MVAr bus reactor						



Particulars	Combined Asset				
	Sub-station				
	2019-20	2020-21	2021-22	2022-23	2023-24
Norms as per regulations (₹ Lakh/Bay)	32.15	33.28	34.45	35.66	36.91
O&M expenses allowed	450.10	465.92	482.30	499.24	516.74
220 kV Bays					
Neemrana Sub-station					
1 No. ICT Bay for 400/220 kV 500 MVA ICT-I 1 No. ICT Bay for 400/220 kV 315 MVA ICT-II 6 Nos. Line Bays					
Kotputli Sub-station					
2 Nos. line Bays 2 Nos. ICT Bay for 400/220 kV 315 MVA ICT-I & ICT-II					
Norms as per regulations (₹ Lakh/Bay)	22.51	23.3	24.12	24.96	25.84
O&M expenses allowed	270.12	279.60	289.44	299.52	310.08
400 kV GIS Bays					
Manesar Sub-station					
2 No's line Bays for 400 kV D/C Manesar -Neemrana line					
Norms as per regulation (₹ Lakh/Bay) *	22.505	23.296	24.115	24.962	25.837
O&M expenses allowed	45.01	46.59	48.23	49.92	51.67
400 kV Sub-station ICTs					
Neemrana Sub-station					
1 No. 400/220 kV 500 MVA ICT-I 1 No. 400/220 kV 315 MVA ICT-II					
Kotputli Sub-station					
2 No. 400/220 kV 315 MVA ICT-I & ICT-II					
Norms as per Regulations (₹ Lakh/MVA)	0.358	0.371	0.384	0.398	0.411
O&M expenses allowed	517.31	536.10	554.88	575.11	593.90
Total O&M Expenses (₹ in Lakh)	1282.54	1328.21	1374.85	1423.79	1472.39

* 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

(₹ in lakh)

Particulars	Combined Asset				
	2019-20	2020-21	2021-22	2022-23	2023-24
Double Circuit (Twin Conductor)					
400 kV D/C Manesar-Neemrana Transmission Line (Total length of Line: 67.037 KM) 400 kV D/C Bhiwadi- Neemrana Line (Total length of line: 48.428 KM) - LILo of 400 kV S/C Bhiwadi- Bassi Transmission Line at Kotputli (Total length of line: 8.722 KM)					
Norms as per Regulations (₹ Lakh/km)	0.881	0.912	0.944	0.977	1.011
O&M expenses allowed	109.41	113.26	117.23	121.33	125.55



(₹ in lakh)

Particulars	Combined Asset				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses allowed for substation	1282.54	1328.21	1374.85	1423.79	1472.39
O&M expenses allowed for the transmission line	109.41	113.26	117.23	121.33	125.55
Total O&M Expenses	1391.95	1441.47	1492.08	1545.12	1597.94

(₹ in lakh)

Particulars	Asset-8				
	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station bays					
220 kV Sub-station					
Kotputli Sub-station					
4 Nos. Line Bays					
Norms (₹ Lakh/Bay)	22.51	23.3	24.12	24.96	25.84
O&M Expenses allowed	90.04	93.20	96.48	99.84	103.36

45. Accordingly, the details of the O&M Expenses allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020 for the transmission assets, O&M Expenses claimed by the Petitioner in the instant Petition and trued-up O&M Expenses approved in the instant order with respect to the transmission assets are as follows:

(₹ in lakh)

Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	1391.95	1441.47	1492.08	1545.12	1597.94
Claimed by the Petitioner in the instant Petition	1391.95	1441.47	1492.08	1545.12	1597.94
Approved after trued-up in this order	1391.95	1441.47	1492.08	1545.12	1597.94

(₹ in lakh)

Asset-8	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	90.04	93.20	96.48	99.84	103.36
Claimed by the Petitioner in the instant Petition	90.04	93.20	96.48	99.84	103.36
Approved after trued-up in this order	90.04	93.20	96.48	99.84	103.36



Interest on Working Capital (IWC)

46. 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 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 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 the FY 2023-24.

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

(₹ in lakh)

	Particulars	Combined Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	116.00	120.12	124.34	128.76	133.16
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	208.79	216.22	223.81	231.77	239.69
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	892.28	879.92	864.09	849.55	831.01
D	Total Working Capital (A+B+C)	1217.07	1216.26	1212.24	1210.08	1203.86
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)	146.66	136.83	127.29	127.06	144.46

(₹ in lakh)

	Particulars	Asset-8				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	7.50	7.77	8.04	8.32	8.61
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	13.51	13.98	14.47	14.98	15.50
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	29.10	28.99	28.85	28.79	28.77
D	Total Working Capital (A+B+C)	50.11	50.74	51.36	52.09	52.89



	Particulars	Asset-8				
		2019-20	2020-21	2021-22	2022-23	2023-24
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)	6.04	5.71	5.39	5.47	6.35

48. The details of IWC allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020 for transmission assets, IWC claimed by the Petitioner in the instant Petition and trued-up IWC approved in the instant order for the transmission assets are as follows:

(₹ in lakh)					
Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	147.14	137.70	127.99	128.91	128.26
Claimed by the Petitioner in the instant Petition	146.91	137.12	127.54	127.31	144.78
Approved after trued-up in this order	146.66	136.83	127.29	127.06	144.46

(₹ in lakh)					
Asset-8	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	6.04	5.74	5.42	5.55	5.62
Claimed by the Petitioner in the instant Petition	6.04	5.71	5.39	5.47	6.35
Approved after trued-up in this order	6.04	5.71	5.39	5.47	6.35

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

49. Accordingly, the details of trued-up Annual Fixed Cost (AFC) approved for the 2019-24 tariff period with respect to the transmission assets are as follows:

(₹ in lakh)						
	Particulars	Combined Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	1961.97	1970.17	1972.85	1972.85	1939.47
B	Interest on Loan	1438.28	1261.52	1086.49	915.75	746.99
C	Return on Equity	2318.39	2327.14	2330.00	2330.00	2330.00
D	O&M Expenses	1391.95	1441.47	1492.08	1545.12	1597.94
E	Interest on Working Capital	146.66	136.83	127.29	127.06	144.46
F	Total (A+B+C+D+E)	7257.25	7137.13	7008.71	6890.78	6758.86



(₹ in lakh)

	Particulars	Asset-8				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	47.65	47.81	47.81	47.81	47.81
B	Interest on Loan	40.38	35.69	31.54	27.67	23.72
C	Return on Equity	52.59	52.76	52.76	52.76	52.76
D	O&M Expenses	90.04	93.20	96.48	99.84	103.36
E	Interest on Working Capital	6.04	5.71	5.39	5.47	6.35
F	Total (A+B+C+D+E)	236.70	235.17	233.98	233.55	234.00

50. The details of AFC allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020 for the transmission assets, AFC claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order for the transmission assets are as follows:

(₹ in lakh)

Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	7289.96	7200.08	7062.97	6939.76	6808.98
Claimed by the Petitioner in the instant Petition	7274.37	7157.81	7028.75	6910.27	6780.49
Approved after trued-up in this order	7257.25	7137.13	7008.71	6890.78	6758.86

(₹ in lakh)

Asset-8	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 27.2.2022 in Petition No. 647/TT/2020	237.00	237.30	236.14	235.50	234.88
Claimed by the Petitioner in the instant Petition	236.70	235.16	233.97	233.55	234.00
Approved after trued-up in this order	236.70	235.17	233.98	233.55	234.00

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

51. The Petitioner vide affidavit dated 14.10.2025, has revised the transmission tariff with respect to the Combined Asset for the 2024-29 tariff period and subsequently has claimed the following transmission charges with respect to the Combined Asset for the 2024-29 tariff period:



(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1992.56	610.57	613.56	615.47	615.48
Interest on Loan	596.95	480.33	425.13	371.4	321.46
Return on Equity	2389.71	2390.79	2390.79	2389.72	2389.72
Interest on Working Capital	130.69	111.37	113.68	115.97	118.95
O&M Expenses	1312.92	1382.13	1453.93	1529.91	1611.65
Total	6422.83	4975.19	4997.09	5022.47	5057.26

52. The Petitioner has claimed the following IWC with respect to the Combined Asset for the 2024-29 tariff period:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	109.41	115.18	121.16	127.49	134.30
Maintenance Spares	196.94	207.32	218.09	229.49	241.75
Receivables	791.86	613.38	616.08	617.52	623.50
Total Working Capital	1098.21	935.88	955.33	974.50	999.55
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	130.69	111.37	113.68	115.97	118.95

Effective Date of Commercial Operation (E-COD)

53. The Petitioner has combined all the transmission assets in the instant Petition has claimed the E-COD with respect to the Combined Asset as on 17.10.2012 since the COD for the Combined Asset (Asset-1 to Asset-7 and Asset-9) is 1.10.2012 and Asset-8 is 1.10.2014. We have considered the Petitioner's submission and worked out the E-COD as on 17.10.2012. The computation of E-COD is as follows:

Asset	Trued-up Capital Cost as on 31.3.2024 (₹ in lakh)	COD	No. of days from latest COD	Weight of cost (%)	Weighted days
Combined Asset 1 to 7 & 9	41351.65	1.10.2012	730.00	97.79	713.85
Asset-8	936.33	1.10.2014	0.00	2.21	0.00
Total	42287.98			1.00	713.85
Effective COD	17.10.2012				

54. Accordingly, E-COD has been considered for determining the lapsed useful life of the transmission project, which works out to 11 years as on 1.4.2024 (i.e., the number of completed years from E-COD).



Weighted Average Life (“WAL”)

55. The life as defined in Regulation 33 of the 2024 Tariff Regulations has been considered for the determination of the WAL. The Combined Asset comprises multiple elements such as land, building, transmission line, sub-station, and PLCC, and each element having a different useful life. Therefore, the WAL has been adopted to determine the useful life of the transmission project as a whole.

56. The WAL has been determined based on the admitted capital cost of the individual elements under the transmission project as on 17.10.2012 (E-COD) and their respective useful life as stipulated in the 2024 Tariff Regulations. The details of the same are as follows:

Particulars	Combined Asset Cost (₹ in lakh) (1)	Life as per 2019 Tariff Regulation (Years) (2)	Weighted Cost (3) =(1)x(2)	Weighted Average Life of Asset (in years) (4) =(3)/(1)
Land - Freehold	0.00	0	0.00	28.41
Batteries	144.83	10	1448.30	
Building Civil Works & Colony	2094.42	25	52360.50	
Transmission Line	14859.31	35	520075.85	
Sub Station	19995.62	25	501080.50	
PLCC	411.81	6	2882.67	
IT Equipment including software	511.00	6.67	3577.00	
	38016.99		1081424.82	28

57. The WAL as on 17.10.2012 (E-COD), as determined above, is applicable prospectively, i.e., for the 2024-29 tariff period onwards, and no retrospective adjustment of depreciation for the previous tariff period is required. As discussed in the preceding paragraphs, the E-COD of the Combined Asset is 17.10.2012, and the lapsed life of the project as a whole works out to 11 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2019 from E-COD). Accordingly, WAL has been considered to



determining the remaining useful life as on 17.10.2012, which has been worked out as 28 years.

Capital Cost

58. Regulation 19 of the 2024 Tariff Regulations provides as under:

“19. Capital Cost: (1) *The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence 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.”

59. The Petitioner has claimed the following capital cost with respect to the transmission assets during the 2024-29 tariff period:

Assets	Capital Cost claimed as on 31.3.2024	Particular	ACE/ De-cap Claimed					(₹ in lakh) Estimated Completion Cost as on 31.3.2029
			2024-25	2025-26	2026-27	2027-28	2028-29	
Combined Asset	42411.34	ACE	0.00	38.28	57.43	0.00	0.00	42411.66
		De-cap	0.00	0.00	95.39	0.00	0.00	
		Net ACE	0.00	38.28	37.96	0.00	0.00	

60. We have considered the Petitioner’s submissions. The trued-up capital cost of ₹42287.98 lakh as on 31.3.2024 has been approved by the Commission with respect to



the transmission assets in the instant order and thus, the same capital cost is being considered as the opening capital cost for the determination of the AFC as on 1.4.2024 with respect to the Combined Asset for the 2024-29 tariff period.

Initial Spares

61. The Petitioner has combined all the instant transmission assets during the 2024-29 tariff period. The Appellate Tribunal for Electricity (APTEL) vide its judgment dated 14.9.2019 in Appeal No. 74 of 2017, observed that the Commission for the purpose of prudence check, may restrict the Initial Spares to the cost of the individual asset and subsequently, at the time of truing-up allow Initial Spares in accordance with the ceiling limit based on the overall project cost. The relevant portion of the said judgment is extracted as under:

“18.13. We do not agree with this methodology of restricting initial spares asset / element wise as adopted by the Central Commission. The Central Commission to have a prudence check on the initial spares, being restricted based on the individual asset wise cost initially, but subsequently ought to have allowed as per the ceiling limits on the overall project cost basis during the true- up.”

62. In view of the above judgement, the Initial Spares are required to be allowed in accordance with the applicable norms based on the overall project cost. Accordingly, the excess Initial Spares amounting to ₹68.28 lakh (₹64.92 lakh + ₹3.36 lakh) pertaining to sub-station works are added back to the capital cost with respect to the Combined Asset as on 1.4.2024. The details of the Initial Spares re-calculated considering the total project cost are as follows:

(₹ in lakh)						
Assets	Plant and Machinery Cost (A)	Initial Spares Claimed (B)	Ceiling Limit as per Regulation 2009/2014 (%) (C)	Initial Spares Allowable $D = [(A-B) * C / (100-C)]$	Initial Spare allowed in order dated 29.07.2022 in Petition No. 647/TT/2020	Initial Spares allowed for combined asset
Substation (Green Field)						
Asset-1	3063.61	139.22	2.5	74.98	74.30	
Asset-2	5309.74	33.94	2.5	135.28	33.94	



Asset-3	4652.09	45.74	2.5	118.11	45.74	
Asset-4	2141.84	30.43	2.5	54.14	30.43	
Asset-5	1618.95	16.55	2.5	41.09	16.55	
Total	16786.23	265.88		423.60	200.96	64.92
Additional Initial Spares ₹64.92 lakh (₹265.88 lakh (-) ₹200.96 lakh) has been allowed with respect to substation (Green Field)						
Substation (Green Field)						
Asset-6	993.90	42.98	4.0	39.62	39.62	
Asset-7	4314.83	150.36	4.0	173.52	150.36	
Asset-8	614.45	0.00	4.0	25.60	0.00	
Asset-9	916.61	3.12	4.0	38.06	3.12	
Total	6839.79	196.46		276.80	193.10	3.36
Additional Initial Spares ₹ 3.36 lakh (₹196.46 lakh (-) ₹193.10 lakh) has been allowed with respect to substation (Green Field)						

(₹ in lakh)						
Assets	Cost for Spare Calculation (A)	Initial Spares Claimed (B)	Ceiling Limit (%) (C)	Initial Spares Allowable	Initial Spare allowed in order dated 29.07.2022 in Petition No. 647/TT/2020	Initial Spares allowed for combin ed asset
				$D = [(A-B)*C / (100-C)]$		
Transmission Line						
Asset-6	769.19	11.19	1.0	7.66	7.66	0.00
No Additional Initial Spares has been allowed with respect to Transmission Line						

63. Accordingly, the details of the capital cost as on 1.4.2024 with respect to the Combined Asset for the 2024-29 tariff period are as follows:

(₹ in lakh)			
Asset Name	Capital Cost as on 31.3.2024	Additional initial spare allowed as per the APTEL's judgement dated 14.9.2019	Capital Cost as on 1.4.2024
Combined Asset	42287.98	68.28	42356.26

Additional Capital Expenditure (ACE)

64. Regulations 24 and 25 of the 2024 Tariff Regulations provide as under:

“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:
- Undischarged liabilities recognized to be payable at a future date;
 - Works deferred for execution;
 - Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;
 - Liabilities to meet award of arbitration or for compliance of the directions or order



of any statutory authority or order or decree of any court of law;

(e) Change in law or compliance of 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 of 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

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

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

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

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

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

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 ₹ 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses”

65. The Petitioner vide affidavit dated 14.10.2025, has claimed the following ACE with respect to the Combined Asset for the 2024-29 tariff in accordance with the 2024 Tariff Regulations:

Assets	Regulation	Particulars	ACE/ De-cap Claimed				
			2024-25	2025-26	2026-27	2027-28	2028-29
Combined Asset	Regulation 25(2) (c) of the 2024 Tariff Regulations	ACE	0.00	38.28	57.43	0.00	0.00
		De-cap	0.00	0.00	95.39	0.00	0.00
		Net ACE	0.00	38.28	37.96	0.00	0.00

66. The Petitioner has submitted that ACE has been proposed for the 2024-29 tariff period towards upgradation of the SCADA system at the Kotputli Sub-station in accordance with Regulation 25(2)(a) and Regulation 25(2)(c) of the 2024 Tariff Regulations. The justification for the ACE proposed for the equipment being replaced at the Kotputli Sub-station is as under:

- SCADA (Supervisory Control and Data Acquisition) systems are essential for real-time monitoring and control of substation operations.
- These systems collect real-time data from field devices, including Intelligent Electronic Devices (IEDs), sensors, and other control equipment, enabling operators to monitor and control processes both locally and remotely, thereby ensuring smooth and reliable grid operations. Failure of the SCADA system may result in loss of visibility at the Regional Load Dispatch Centre (RLDC) and the remote control centre, which could significantly affect grid operation.
- SCADA systems consist of mainly Hardware and Software based components, such as Human-Machine Interfaces (HMIs), Engineering PCs, Remote Terminal Units (RTUs), and Servers, which gets obsolete.



- d) The existing system, which has been installed at the Kotputli Substation is based on the Windows 7. The Original Equipment Manufacturer (OEM) has already declared that the Windows 7 has completed its life span.
- e) No security patches and support are available for the said SCADA system and that the instant system falls under legacy category. Considering the same, it is prudent that the same is to be replaced which is mentioned in CEA (Cyber Security in Power Sector) Guidelines, 2021.
- f) Moreover, the SCADA system has completed its useful life of seven years, as stipulated under the 2024 Tariff Regulations for the 2024-29 tariff period from 1.4.2024 to 31.3.2029. Accordingly, the Petitioner has proposed upgradation of the SCADA system at the Kotputli Sub-station to enhance operational efficiency and cyber security.

67. The Commission vide its ROP for the hearing dated 26.1.2026 had directed the Petitioner to furnish the item-wise unit cost for the ACE claimed against the replacement of the asset. In response, the Petitioner vide affidavit dated 9.2.2026 has submitted the requisite information as under:

(₹ in lakh)								
Sr. No.	Project	Sub-station	Description	Qty	Unit Rate	Total Cost	ACE Proposed	
				(A)	(B)	C=(A*B)	2025-26	2026-27
1	NRSS-XV	Kotputli	SCADA	1	95.71	95.71	38.28	57.43

68. We have considered the Petitioner's submissions. It is observed that the Petitioner has projected the ACE of ₹95.71 lakh during the FY 2025-26 and FY 2026-27 on account of upgradation of the SCADA at the Kotputli Sub-station. The Petitioner has submitted that the existing SCADA system is based on the window 7, which has already been declared obsolete by the OEM. Further, the associated hardware and software components of the existing SCADA system, i.e., HMIs, Engineering PCs, RTUs and



Servers gets obsolete. The existing SCADA system has already completed its useful life of 7 years of life.

69. The proposed ACE towards replacement of the existing SCADA system pertains to the original scope of work and has been claimed beyond the cut-off date. The Petitioner has submitted that the useful life of the existing SCADA system has been completed its useful life of 7 years and the OEM has declared end-of-life for the windows 7. As per the 2024 Tariff Regulations, the useful life of IT systems, SCADA and communication system (excluding OPGW) is 7 years. Accordingly, the useful life of the SCADA system is considered as 7 years, with 15% depreciation to be allowed at the applicable rate as per Appendix-I of the 2024 Tariff Regulations. The proposed ACE towards replacement of the SCADA system is hereby allowed under 25(2) (c) of the 2024 Tariff Regulations. However, the Petitioner is directed to submit the actual ACE along with all supporting documents at the time of truing-up.

70. Accordingly, the details of the ACE allowed with respect to the Combined Asset for the 2024-29 tariff period is as follows:

Asset	Particulars	Regulation	ACE Allowed		
			2025-26	2026-27	Total
Combined Asset	Upgradation of SCADA system at Tamnar and Champs PS	25(2)(c) of the 2024 Tariff Regulations	38.28	57.43	95.71
Total			38.28	57.43	95.71

De-Capitalisation (De-cap)

71. The Petitioner in the instant Petition has proposed the de-cap of ₹95.39 lakh corresponding to the replacement of the SCADA equipment. The details of the same are as follows:



(₹ in lakh)

Year of De-capitalization	Work/Equipment proposed to be de-capitalised	Year of capitalisation of asset/equipment being decapitalised	Original book value of asset being de-capitalised	Debt Equity ratio at the time of capitalization	Cumulative depreciation corresponding to the date of de-capitalization	Cumulative repayment of loan corresponding to the date of de-capitalization
2026-27	IT Equipment	2012-14	95.39	70.00:30.00	95.39	66.77

72. We have considered the Petitioner's submissions. The de-cap proposed by the Petitioner on account of replacement of the SCADA equipment is hereby allowed for the 2024-29 tariff period, as follows:

(₹ in lakh)

Asset	Particulars	De-Cap Allowed		
		2025-26	2026-27	Total
Combined Assets	Upgradation of SCADA system at Tamnar and Champs PS	0.00	95.39	95.39
	Total	0.00	95.39	95.39

73. The details of the total ACE allowed with respect to the Combined Assets for the 2024-29 tariff period is as follows:

(₹ in lakh)

Asset Name	Particulars	2025-26	2026-27	Total
Combined Assets	ACE Allowed	38.28	57.43	95.71
	De-Cap Allowed	0.00	(95.39)	95.39
	Net ACE allowed	38.28	(37.96)	0.32

74. Accordingly, the details of the capital cost and ACE allowed with respect to the Combined Asset for the 2024-29 tariff period is as follows:

(₹ in lakh)

Asset	Capital Cost as on 1.4.2024	ACE Allowed	Capital Cost as on 31.3.2029
		2024-29	
Combined Asset	42356.26	0.32	42356.58

Debt-Equity Ratio

75. Regulation 18 of the 2024 Tariff Regulations provides as under:



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

Provided that:

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

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



76. The debt-equity ratio considered for the purpose of computation of tariff with respect to the Combined Asset for the 2024-29 tariff period under Regulation 18(3) of the 2024 Tariff Regulations is as follows:

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	ACE in 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	29649.38	70.00	0.22	70.00	29649.61	70.00
Equity	12706.88	30.00	0.10	30.00	12706.97	30.00
Total	42356.26	100.00	0.32	100.00	42356.58	100.00

Depreciation

77. Regulation 33 of the 2024 Tariff Regulations provides as under:

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

78. 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 Combined Asset as per the rates of depreciation specified in the 2024 Tariff Regulations. The Combined Asset has been completed its 12 years during the 2025-26. Accordingly, the remaining depreciable value of ₹23995.08 lakh shall be spread over the balance useful life of the asset. We observed that the Petitioner has



claimed the average useful life of the Combined Asset as 29 years. However, the same has been rectified while approving Depreciation.

79. The depreciation allowed with respect to the Combined Asset for the 2024-29 tariff period under Regulation 33 of the 2024 Tariff Regulations is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital cost	42356.26	42356.26	42394.54	42356.58	42356.58
B	Addition during the year 2024-29 due to ACE	0.00	38.28	-37.96	0.00	0.00
C	Closing Capital cost (A+B)	42356.26	42394.54	42356.58	42356.58	42356.58
D	Average Capital cost (A+C)/2	42356.26	41864.40	41911.06	41935.39	41928.95
E	Average Capital cost (90% depreciable assets) (D-F-J)	37574.27	37574.27	37574.27	37574.27	37574.27
F	Average Capital cost (100% depreciable assets)	511.00	19.14	65.80	90.13	83.69
G	Depreciable value (excluding IT equipment and software) (E*90%)	33816.84	33816.84	33816.84	33816.84	33816.84
H	Depreciable value of IT equipment and software (F*100%)	511.00	530.14	530.30	511.32	511.32
I	Total Depreciable Value (G+H)	34327.84	34346.98	34347.14	34328.16	34328.16
J	Freehold Land	4270.99	4270.99	4270.99	4270.99	4270.99
K	Weighted average rate of Depreciation (WAROD) (in %)	4.7005	Spread-over depreciation			
L	Balance useful life at the beginning of the year (Year)	17	16	15	14	13
M	Lapsed useful life at the beginning of the year (Year)	11	12	13	14	15



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
N	Depreciation during the year (D*J)	1990.96	647.86	651.05	653.10	653.10
O	Cumulative Depreciation at the end of the year	23981.27	24629.13	25184.79	25837.89	26490.98
P	Remaining Aggregate Depreciable Value at the end of the year (I-O)	10346.57	9736.99	9143.37	8490.28	7837.18

Interest on Loan (IoL)

80. Regulation 32 of the 2024 Tariff Regulations provides as under:

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

81. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and the rate of interest 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. The IoL has been allowed for the 2024-29 tariff period with respect to the Combined Asset in accordance with Regulation 32 of the 2024 Tariff Regulations, as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	29649.38	29649.38	29676.18	29649.61	29649.61
B	Cumulative Repayments up to Previous Year	21990.32	23981.28	24629.14	25213.42	25866.52
C	Net Loan-Opening	7659.06	5668.10	5047.04	4436.19	3783.09
D	Additions	0.00	26.80	40.20	0.00	0.00
E	Adjustment of normative gross loan pertaining to the de-capitalized asset	0.00	0.00	66.77	0.00	0.00
F	Repayment during the year	1990.96	647.86	651.05	653.10	653.10
G	Adjustment of cumulative repayment pertaining to the de-capitalized asset	0.00	0.00	66.77	0.00	0.00
H	Net Loan-Closing	5668.10	5047.04	4436.19	3783.09	3129.99
I	Average Loan	6663.58	5357.57	4741.61	4109.64	3456.54



J	Weighted Average Rate of Interest on Loan (%)	8.9534	8.9294	8.8559	8.8300	8.9525
K	Interest on Loan (I*J)	596.62	478.40	419.91	362.88	309.45

Return on Equity (RoE)

82. Regulation 30 and Regulation 31 of the 2024 Tariff Regulations provides as under:

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

(2) Return on equity 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."

83. The Petitioner has submitted that the MAT rate applies to it. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. Accordingly, the RoE allowed with respect to the Combined Asset for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	12706.88	12706.88	12718.36	12706.97	12706.97
B	Additions	0.00	11.48	-11.39	0.00	0.00
C	Closing Equity (A+B)	12706.88	12718.36	12706.97	12706.97	12706.97
D	Average Equity (A+C)/2	12706.88	12712.62	12712.67	12706.97	12706.97



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
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)	2386.61	2387.68	2387.69	2386.62	2386.62

Operation & Maintenance Expenses (O&M Expenses)

84. The O&M Expenses claimed by the Petitioner with respect to the Combined Asset for the 2024-29 tariff period are as follows:

(₹ in lakh)					
O&M Expenses	2024-25	2020-21	2021-22	2022-23	2023-24
	1312.92	1382.13	1453.93	1529.91	1611.65

85. Regulation 36(3)(a) and Regulation 36(4) of the 2024 Tariff Regulations provides as under:

“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



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Double Circuit (Single Conductor)</i>	0.369	0.388	0.409	0.430	0.453
<i>Multi Circuit (Bundled Conductor with four or more sub-conductor)</i>	2.266	2.385	2.510	2.642	2.781
<i>Multi Circuit (Twin & Triple Conductor)</i>	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
<i>HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)</i>	2.07	2.18	2.30	2.42	2.55
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (₹ Lakh per MW)</i>	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.

.....”

86. We have considered the Petitioner’s submission. The O&M Expenses have been worked out with respect to the Combined Asset for the 2024-29 tariff period in accordance with Regulation 36 of the 2024 Tariff Regulations is as follows:

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station bays					
400 kV Bays					
Neemrana Sub-station					



Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
2 Nos. line Bays for 400 kV D/C Manesar -Neemrana line 1 No. ICT Bay for 400/220 kV 500 MVA ICT-I 1 No. ICT Bay for 400/220 kV 315 MVA ICT-II 2 Nos. line Bays for 400 kV D/C Bhiwadi -Neemrana line 1 No. reactor Bay for 80 MVA bus reactor Bhiwadi Substation 2 Nos. line Bays for 400 kV D/C Bhiwadi -Neemrana line Kotputli substation 2 Nos. line Bays for LILO of 400 kV S/C Bhiwadi -Bassi Transmission Line at Kotputli 2 Nos. ICT Bay for 400/220 kV 315 MVA ICT-I & ICT-II 1 No. reactor Bay for 80 MVA bus reactor					
Norms as per Regulations (₹ Lakh/Bay)	29.53	31.08	32.71	34.43	36.23
O&M expenses allowed for Substation	413.42	435.12	457.94	482.02	507.22
220 kV Bays					
Neemrana Substation 1 No. ICT Bay for 400/220 kV 500 MVA ICT-I 1 No. ICT Bay for 400/220 kV 315 MVA ICT-II 6 Nos. Line Bays Kotputli substation 2 Nos. line Bays 2 Nos. ICT Bay for 400/220 kV 315 MVA ICT-I & ICT-II 4 Nos. Line Bays					
Norms as per Regulations (₹ Lakh/Bay)	20.67	21.75	22.90	24.10	25.36
O&M expenses allowed for Substation	330.72	348.00	366.40	385.60	405.76
400 kV GIS Bays					
Manesar Sub-station 2 Nos. line Bays for 400 kV D/C Manesar -Neemrana line					
Norms as per Regulations (₹ Lakh/Bay)*	20.67	21.76	22.90	24.10	25.36
O&M expenses allowed for Substation	41.34	43.51	45.79	48.20	50.72
400 kV Sub-station ICTs					
Neemrana Substation 1 No. 400/220 kV 500 MVA ICT-I 1 No. 400/220 kV 315 MVA ICT-II Kotputli Sub-station 2 Nos. 400/220 kV 315 MVA ICT-I & ICT-II					
Norms as per Regulations (₹ Lakh/MVA)	0.262	0.276	0.290	0.305	0.322



Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M expenses allowed for Transformer And Reactor	378.59	398.82	419.05	440.73	465.29
400 kV Reactors Neemrana Sub-station 1 No. 80 MVAR bus reactor Kotputli Sub-station 1 No. reactor Bay for 80 MVAR bus reactor					
Norms as per Regulations (₹ Lakh/MVAR)	0.262	0.276	0.290	0.305	0.322
O&M expenses allowed	41.92	44.16	46.4	48.8	51.52
Total O&M expenses allowed	1205.99	1269.62	1335.59	1405.35	1480.51

*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

(₹ in lakh)

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Double Circuit (Twin Conductor) 400 kV D/C Manesar-Neemrana Transmission Line (Total length of Line : 67.037 KM) 400 kV D/C Bhiwadi- Neemrana Line (Total length of line : 48.428 KM) - LILLO of 400 kV S/C Bhiwadi- Bassi Transmission Line at Kotputli (Total length of line : 8.722 KM)					
Norms as per Regulations (₹lakh/km)	0.861	0.906	0.953	1.003	1.056
O&M Expenses allowed	106.93	112.51	118.35	124.56	131.14

(₹ in lakh)

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses allowed for sub-station	1205.99	1269.62	1335.59	1405.35	1480.51
O&M Expenses allowed for transmission line	106.93	112.51	118.35	124.56	131.14
Total O&M Expenses allowed	1312.92	1382.13	1453.93	1529.91	1611.65

Interest on Working Capital (IWC)

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

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

.....

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

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



(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.”

88. 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 the FY 2024-25 and 12.25% (SBI 1-year MCLR applicable as on 1.4.2025 of 9.00% plus 325 basis points) for the FY 2025-26 to FY 2028-29.

89. The components of the working capital and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period with respect to the Combined 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)	109.41	115.18	121.16	127.49	134.30
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	196.94	207.32	218.09	229.49	241.75
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	791.23	617.83	620.15	621.19	626.75
D	Total Working Capital (A+B+C)	1097.57	940.32	959.40	978.17	1002.81
E	Rate of Interest for working capital	11.90	12.25	12.25	12.25	12.25



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	(in %)					
F	Interest on working capital (D*E)	130.61	115.19	117.53	119.83	122.84

Annual Fixed Charges for the 2024-29 Tariff Period

90. The AFC allowed with respect to the Combined Asset for the 2024-29 tariff period are as follows:

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1990.96	647.86	651.05	653.10	653.10
Interest on Loan	596.62	478.40	419.91	362.88	309.45
Return on Equity	2386.61	2387.68	2387.69	2386.62	2386.62
O&M Expenses	1312.92	1382.13	1453.93	1529.91	1611.65
Interest on Working Capital	130.61	115.19	117.53	119.83	122.84
Total	6417.72	5011.26	5030.11	5052.34	5083.66

Filing Fee and Publication Expenses

91. 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.

92. We have considered the Petitioner's submissions. The Petitioner is entitled to recover 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)

93. 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 by the Commission 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.



94. 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.”

95. 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

96. 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

97. The Petitioner submitted that the Transmission Charges claimed herein are exclusive of GST, and in case GST is levied on the transmission of electricity in the future, the same shall be additionally paid by the Respondent(s) and be charged and billed separately by the Petitioner. It is also prayed that the additional taxes, if any, are paid by the Petitioner on account of the demand from the Government / Statutory Authorities, and may allow the same to be recovered from the beneficiaries.



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

Security Expenses, Insurance and Capital Spares

99. 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 and associated communication systems shall be allowed separately after a prudence check.

100. The Petitioner has submitted that a separate Petition will be filed 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 Combined Asset are not claimed in the instant Petition.

101. 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 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.

102. The Petitioner has not claimed capital spares for the transmission assets in the instant Petition for the 2024-29 tariff period. Accordingly, the Petitioner has submitted that 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.

103. 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 under:

"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."

104. 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

105. The Petitioner has submitted that the Commission vide its order dated 27.2.2022 in Petition No. 647/TT/2020, had directed that 50% of the transmission charges up to the COD of the downstream system for 2 Nos. of the 220 kV bays at the Kotputli Sub-station, falling under the scope of M/s RRVPNL, shall be borne by RRVPNL. Accordingly, the transmission tariff for the 2019-24 tariff period with respect to Asset-8, up to 31.10.2023 shall be borne by M/s RRVPNL. Thereafter, with effect from 1.11.2023 charges will be billed under the transformer component in accordance with Regulation 57 of 2019 Tariff



Regulations, and shall be shared by the beneficiaries and long-term transmission customers in terms of the 2020 Sharing Regulations, as amended from time to time.

106. The Petitioner has submitted that the truing-up of the tariff for the 2019-24 tariff period will be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations, and will be shared by the beneficiaries and long-term transmission customers. Further, the tariff for the 2024-29 tariff period will be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

107. We have considered the Petitioner's submission. The Commission vide its order dated 29.7.2022 in Petition No. 647/TT/2020, had stated that 50% of the transmission charges with respect to Asset-8 shall be included in the PoC charges w.e.f. 11.1.2018. The remaining 50% of the transmission charges shall be borne by the Rajasthan Discoms till the associated downstream transmission line under the scope of Rajasthan Discoms are put into commercial operation. Thereafter, it same will be included in the PoC charges. The relevant portion of the said order is extracted as under:

"131. We have considered the submissions of the Petitioner. As stated above, the Commission in order dated 29.4.2016 in Petition No. 100/TT/2014 held that the transmission charges of four number of line bays at Kotputli Sub-station included in Asset-C3 from 10.9.2014 shall be borne by beneficiary DISCOM till execution of their downstream system. Two of the four-line bays at Kotputli Sub-station have been put into commercial operation on 11.1.2018. Therefore, the transmission charges approved for Asset-VIII in this order shall be borne Rajasthan Discoms from 10.9.2014 to 10.1.2018. As two of the line bays have been charged and put into commercial operation 11.1.2018, 50% of the tariff allowed in this order for Asset-VIII shall be included in the PoC from 11.1.2018 and the remaining 50% of the transmission charges shall be borne by Rajasthan Discoms till the associated downstream transmission line under the scope of Rajasthan Discoms are put into commercial operation. Thereafter, it will be included in the PoC charges."

108. Therefore, in line with the findings of the said order dated 29.7.2022 in Petition No. 647/TT/2020, the 50% of the AFC with respect to Asset-8, as determined in the instant order, shall be borne by the Rajasthan Discoms till the associated downstream



transmission line under their scope is put into commercial operation. Thereafter, the same shall be included for sharing in accordance with the provisions of Regulation 5 to 8 of the 2020 Sharing Regulations.

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

110. To Summarise:

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

(₹ in lakh)					
Combined Asset (Asset-1 to Asset-7 and Asset-9)					
AFC	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed	7274.37	7157.81	7028.75	6910.27	6780.49
Approved	7257.25	7137.13	7008.71	6890.78	6758.86



(₹ in lakh)

Asset-8					
AFC	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed	236.70	235.16	233.97	233.55	234.00
Approved	236.70	235.17	233.98	233.55	234.00

- b) The details of AFC claimed by the Petitioner in the instant Petition and AFC allowed in the instant order with respect to the Combined Asset for the 2024-29 tariff period are as follows:

(₹ in lakh)

Combined Asset					
AFC	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed	6422.83	4975.19	4997.09	5022.47	5057.26
Allowed	6417.72	5011.26	5030.11	5052.34	5083.66

111. This order disposes of the Petition No. 357/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

