

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 41/GT/2025

Coram:

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

Date of Order: 28th March, 2026

In the matter of:

Petition for truing up of tariff for the period 2019-24 and for approval of tariff for the period 2024-29 in respect of Doyang Hydroelectric Project (75 MW).

And

In the matter of:

NEEPCO Limited

Corporate Office: Brookland Compound Lower New Colony,
Shillong 793 003, Meghalaya

.... Petitioner

Vs

1. Assam Power Distribution Company Limited,
Bijulee Bhawan, Paltanbazar, Guwahati 781 001, Assam
2. Meghalaya Power Distribution Corporation Limited,
Meter Factory area, Short Round Road, Integrated Office Complex,
Shillong -793001, Meghalaya
3. Tripura State Electricity Corporation Limited,
Bidyut Bhavan, North Banamalipur, Agartala -799 001, Tripura
4. Power & Electricity Department,
Government of Mizoram, New Secretariat Complex,
Kawlphetha, Aizawl – 796001, Mizoram
5. Manipur State Power Distribution Company Limited,
Electrical Complex, Khwai Bazar, Keishampat, Imphal-795001, Manipur
6. Department of Power, Vidyut Bhawan,
Government of Arunachal Pradesh, Itanagar-791111
7. Department of Power,
Government of Nagaland, Kohima -797001
8. North Eastern Regional Power Committee,
NERPC Complex, Dong Parmaw, Lapalang,
Shillong-793006, Meghalaya



9. North Eastern Regional Load Despatch Centre,
Dongtieh, Lower Nongrah, Lapalang, Shillong -793006,
Meghalaya

...Respondents

Parties Present

Shri Nabajyoti Gogoi, NEEPCO
Shri Jayanta Majumder, NEEPCO

ORDER

This petition has been filed by the Petitioner, NEEPCO Ltd, for truing up of tariff of Doyang Hydroelectric Project (3 x 25 MW) (in short 'the generating station') for the period 2019-24 in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and conditions of Tariff) Regulations 2019, (in short 'the 2019 Tariff Regulations') and for the determination of tariff of the generating station for the period 2024-29, in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (in short, 'the 2024 Tariff Regulations'). The generating station, having an installed capacity of 75 MW, comprises three units of 25 MW capacity each, and is a 'run of the river scheme with pondage' having a Head Race Tunnel (HRT) and a Surface Powerhouse, with a corresponding reservoir. The dates of commercial operation (COD) of the units of the generating station are as under:

Units	COD
Unit I	29.6.2000
Unit II	5.7.2000
Unit III	8.7.2000

2. Petition No. 232/GT/2020 was filed by the Petitioner for approval of the tariff of the generating station for the period 2019-24, and the Commission vide its order dated 11.5.2022, approved the capital cost and the annual fixed charges, as under:

Capital Cost

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	64768.35	65174.09	65789.07	66246.77	66286.26
Admitted additional capitalization	405.75	614.97	457.71	39.49	0.00
Closing Capital Cost	65174.09	65789.07	66246.77	66286.26	66286.26

Annual Fixed Charges

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	929.13	951.79	976.84	989.08	990.11
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	3985.81	4001.80	4017.41	4023.97	4024.42
O&M Expenses	5654.57	5924.10	6206.47	6502.31	6812.24
Security Expenses	1214.00	1278.00	1350.00	1455.00	1565.00
Interest on Working Capital	373.23	362.68	352.16	367.62	383.07
Total	12156.74	12518.37	12902.88	13337.98	13774.85

Present Petition

3. In terms of Regulation 8(1) of the 2019 Tariff Regulations, the Petitioner has filed the present petition for truing-up of the tariff of the generating station as determined by the order dated 11.5.2022. Accordingly, the capital cost [as per Form 1(i)] and the annual fixed charges, claimed by the Petitioner vide affidavit dated 8.10.2025, are as under:

Capital Cost

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	64768.35	65130.21	65239.11	65471.38	66651.27
Add: Addition during the year/period	362.42	108.89	232.27	1368.34	22.78
Less: De-capitalisation during the year/period	0.56	0.00	0.00	188.45	24.28
Add: Discharges during the year/period	0.00	0.00	0.00	0.00	21.58
Closing Capital Cost	65130.21	65239.11	65471.38	66651.27	66671.36

Annual Fixed Charges

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	928.17	938.63	946.59	981.37	1018.10
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	3985.91	3994.48	4000.69	4023.99	4043.13

Interest on Working Capital	361.45	355.17	336.02	350.50	421.33
O&M Expenses	5654.57	5924.10	6206.47	6502.31	6812.24
Security Expenses	1545.96	1770.08	1453.23	1555.26	1796.50
Capital Spares	0.00	0.00	102.95	433.20	50.45
Total Annual fixed charges	12476.06	12982.45	13045.95	13846.64	14141.75

4. The Petitioner, in response to the technical validation letter dated 2.5.2025, has furnished the additional information vide affidavit dated 7.5.2025 after serving a copy on the Respondents. In compliance with the directions of the Commission vide the ROP of the hearing dated 27.5.2025, the Petitioner has filed the additional information vide affidavit dated 2.7.2025 after serving a copy on the Respondents. Thereafter, the Commission reserved its order on the petition, directing the Petitioner to submit certain additional information vide ROP of the hearing dated 26.9.2025. In compliance with the said directions, the Petitioner has filed the additional information vide affidavit dated 8.10.2025 after serving a copy on the Respondents. None of the Respondents has filed their replies in the matter. Based on the submissions and the documents on record, we proceed with truing up the tariff of the generating station for the period 2019-24, after a prudence check, as stated in the subsequent paragraphs.

Capital Cost

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

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

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

(a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*

(b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*

(c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*

(d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*

(e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*

(f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*

- (g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;
 - (h) Adjustment of revenue earned by the transmission licensee by using the 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 upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
 - (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
 - (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
 - (m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
 - (n) Expenditure on account of change in law and force majeure events; and
 - (o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;
 - (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
 - (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
 - (d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
 - (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
 - (f) and Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (4) The capital cost in case of existing or new hydro generating station shall also include:
- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
 - (b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.
- (5) 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 replacement or removal on account of obsolescence or shifting from one project to another project: Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be decapitalised only after its redeployment; Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.
 - (c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
 - (d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and
 - (e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment."

6. Clause (1) of Regulation 19 of the 2019 Tariff Regulations provides that the capital cost as determined by the Commission, after a prudence check, in accordance

with the Regulation, shall form the basis of the determination of the tariff for existing and new projects. The Petitioner has claimed the opening capital cost of Rs. 64768.35 lakh as on 1.4.2019, as allowed vide order dated 11.5.2022 in Petition No. 232/GT/2020. This has been considered the opening capital cost as on 1.4.2019, for the purpose of truing-up the tariff of the generating station, for the period 2019-24.

Additional Capital Expenditure

7. Clauses (1) and (2) of Regulation 25 and clause (1) of Regulation 26 of the 2019 Tariff Regulations provide as under:

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

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

- a) The replacement of the assets or equipment is necessary on account of change in law or Force Majeure conditions;*
- b) The replacement of such assets or equipment is necessary on account of obsolescence of technology; and*
- c) The replacement of such assets or equipment has otherwise been allowed by the Commission.*

26. Additional Capitalisation beyond the original scope

(1) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:

- (a) Liabilities to meet award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law;*
- (b) Change in law or compliance of any existing law;*
- (c) Force Majeure events.*
- (d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security.*
- (e) Deferred works relating to ash pond or ash handling system in additional to the original scope of work, on case-to-case basis:*

Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation.

(f) Usage of water from sewage treatment plant in thermal generating station.”

(2) In case of de-capitalisation of assets of a generating company or the transmission licensee, as the case may be, the original cost of such asset as on the date of decapitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised.”

8. Regulations 25 and 26 of the 2019 Tariff Regulations, *inter alia* provide that the application for determination of tariff shall be based on the admitted capital cost, including any additional capital expenditure already admitted up to 31.3.2019 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the period 2019-24. The projected additional capital allowed for the period 2019-24 vide order dated 11.5.2022 in Petition No. 232/GT/2020 and the actual expenditure claimed by the Petitioner in this petition, are as under:

	<i>(Rs. in lakh)</i>					
	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Projected additional capital expenditure in order dated 11.5.2022 in Petition No. 232/GT/2020	475.00	745.00	630.00	60.00	0.00	1910.00
Actual additional capital expenditure claimed in this petition	362.42	108.89	232.27	1368.34	22.78	2094.71

9. The Petitioner has submitted that it has claimed the additional capitalisation and de-capitalisation, as per relevant regulations under Chapter-7 of the 2019 Tariff Regulations (computation of additional capital expenditure), and the same have been capitalised during the period 2019-24, in the books of the generating stations. The Petitioner has also submitted that there are certain additional capital expenditures which were not projected earlier, but had been incurred, due to site-specific

requirements, which were essential for the safe, secure, successful and efficient operation of the generating station, and the same is required to be included as part of the capital base for the purpose of tariff. The additional capital expenditure claimed by the Petitioner under various heads, duly supported by the auditor's certificate, is as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Additional capital expenditure within the original scope	41.70	91.32	160.98	1368.34	0.00
Additional capital expenditure beyond the scope	320.72	17.57	71.30	0.00	22.78
Total Capital expenditure claimed	362.42	108.89	232.27	1368.34	22.78

10. The Petitioner has also claimed the actual additional capital expenditure in respect of some new assets/ works, which were not projected earlier and certain works/items which were allowed earlier, have not been claimed herein. The Petitioner has also submitted that after capitalisation, there have been changes in the actual completion cost and a change in the scope of works and therefore, there is a variation between the actual additional capital expenditure claimed and the projected additional capital expenditure allowed in the order dated 11.5.2022. The Petitioner has also revised its claim and resubmitted the tariff filing forms. It is observed that the Petitioner has revised the applicable sub-Regulations of the 2019 Tariff Regulations with respect to its claim on a few additional capitalisation works. However, we find no reason to deviate from the decision taken vide order dated 11.5.2022 in Petition No. 232/GT/2020 with regard to the additional capital expenditure and the de-capitalisations. Accordingly, the items/works allowed under the relevant regulations vide order dated 11.5.2022 in Petition No. 232/GT/2020 are allowed herein.

11. The Petitioner has also claimed additional capital expenditure towards the Dam Safety Monitoring System and for the Supply and installation of an automatic weather station under Regulation 26(1)(d) of the 2019 Tariff Regulations. It has been submitted that the expenditure has arisen on account of binding security and safety advisories issued under/by the Dam Safety Act/ Dam safety authorities, applicable to hydropower stations, and that the works are essential for the safe operation of the plant, preventing safety risks and ensuring compliance. The Petitioner has clarified that the expenditure has been incurred in accordance with chapters 7 and 8 of the Dam Safety Act 2021 and has furnished the relevant extracts . Considering the fact that the said additional capital expenditure incurred is towards the safety and operational reliability of the generating station, mandated under the Dam Safety Act 2021, we allow the claim under Regulation 26(1)(d) of the 2019 Tariff Regulations.

2019-20

12. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2019-20, based on the prudence check of the justification furnished by the Petitioner, is as under:

<i>(Rs. in lakh)</i>						
SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
Items already allowed vide order dated 11.5.2022 in Petition No. 232/GT/2020 on projection basis						
1	Fire Fighting Equipment: Procurement of Fire Tender 4500 Litres	41.70	25(2)(d)	Provision for procurement of fire tender 4500 litres has been accorded and approved under ADD-CAP for the block year 2014-19 for an amount Rs. 40.00 lakh, However, the work could not be completed during the control period 2014-19 due to changes in the technical specification and therefore the capacity was altered to 3500 Litres. The same was	In light of our decision in paragraph 10 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	41.70

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				allowed by CERC as Spill Over Works during 2019-24. LOI was issued on 8.8.2019, and DWO was issued on 2.9.2019. The Fire Tender was received at the site on 22.11.2019 and successfully commissioned on 26.11.2019. Replacement of this asset was allowed under Regulation 14(3)(Viii) of the 2014 Tariff Regulations as the asset will facilitate the successful and efficient operation of the plant.		
Total amount claimed		41.70				
Total amount allowed						41.70
Items additionally claimed as per site requirements						
2	Dam safety monitoring system DHEP	280.06	26 (1) (d)	All the Instrumentations which were installed for monitoring of the Dam & Spillway during the construction stage are non-functional and beyond the scope of repair. Since continuous monitoring of the Dam body and its appurtenant structure is a vital part with respect to safety, new Dam Safety Monitoring Instruments were urgently required to be installed at all the strategic locations. Therefore, for monitoring the Dam and its appurtenant structures, the following Instrumentations were installed at the Dam and its adjoining areas. Geodetic	In light of our decision in paragraph 11 of this order above, the claim is allowed .	280.06

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				Equipment: High precision servo driven, computer controlled 0.5" total station along with 25 nos. of prism mounted at Dam body. GNSS Equipment: 3 (three) nos. of GNSS receiver and geodetic antenna including power and communication components. Seismic Equipment's: 3(three) nos. of seismic accelerometer which has been incorporated with GNSS data acquisition system. Weather station: 1(one) no. of weather station sensor. Automatic water level recorder: 2(two) nos. of automatic water level sensor. These instruments installed at the Dam will not only allow the Plant to continuously monitor for the safety of the Dam but also facilitate to take remedial measures and rectification required immediately. The work was successfully completed on 19.2.2019		
3	Dam safety monitoring control Room @ HQ Shillong	9.52	26 (1) (d)	For continuous monitoring of the instrumentations installed at Project site, a control room was created at HQ, Shillong for which an expenditure was made for the work. The work was successfully completed on 3.7.2019	It is evident from the submissions of the Petitioner that the asset has been installed at the Corporate/ Regional headquarters. Considering the nature of the asset/ work, the same can be met through corporate office expenses booked under the normative O&M expenses. Hence,	0.00

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
					the claim is not allowed	
4	Downstream survey	31.15	26 (1) (d)	For every Hydel Project, a Study for Dam Break Analysis and Disaster Management Plan is necessary to conduct. However, for Doyang Hydro Power Station, this study was not conducted since its commissioning in 2000. Therefore, as per the Regulation of the National Dam Safety Authority (NDSA), the Dam Break Analysis and Disaster Management Plan of Doyang Dam was conducted through IIT, Guwahati. This study is necessary to predict the potential consequences of a dam failure and to help mitigate risks to people and property downstream of the Doyang Dam, which is located in a flood-prone area. This study will help to develop emergency response plans to reduce the impact of a dam failure.	It is evident from the submissions of the Petitioner that the expenditure is towards a study undertaken pertaining to dam break analysis. Considering the nature of the asset/ work, the same is not allowed	0.00
Total amount claimed		320.72				
Total amount allowed						280.06

13. Accordingly, the total additional capital expenditure of Rs. 321.76 lakh (Rs 41.70 lakh + Rs. 280.06 lakh) lakh is allowed for 2019-20.

2020-21

14. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2020-21, based on the prudence check of the justification furnished by the Petitioner, is as under:

(Rs. in lakh)

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
Items already allowed vide order dated 11.5.2022 in Petition No. 232/GT/2020 on projection basis						
1	Switchyard including cable connection: Procurement of Current Transformers (CTs) with CTR 600/1 to replace the existing CTs of CTR 300/1 in the outgoing feeders, bus coupler in the 132kV Switchyard, DHEP. Total CTs required to be procured with CTR 600/1 including 3nos. spare CTs will be 18 (eighteen) numbers only.	29.33	26(1)(d)	As discussed in the OCC meeting and agreed by all constituents, an important requirement for grid stability is the upgradation of CTs, which is required to increase power flow and maintain grid stability. The existing CTs of CTR 300/1 of outgoing feeders and the Bus coupler are to be replaced with CTs of CTR 600/1. The work was successfully completed on 21.2.2021	In light of our decision in paragraph 10 of this order above, the claims are allowed under Regulation 25(2)(d) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	29.33
2	T&P(special): Procurement of new turbine oil filtration unit	15.03	25(2)(d)	The existing turbine oil filtration machine is more than 20(twenty) years old, and it frequently breaks down, hampering the functioning of machines due to a guide bearing problem. In order to avoid downtime and prevent forced outage of the machine, procurement of a new turbine oil filter machine for replacing the old one is necessary. The work was successfully completed on 15.1.2021		15.03



Sl No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
3	Plant & Machinery in Generation Station: Dewatering and Drainage pump sets including control panels with automatic level controller	43.09	25(2)(d)	Ageing and prolonged use of the existing drainage and dewatering pump motor sets have led to their wear and tear, and of late, these pump motor sets are giving frequent problems necessitating repeated repairs. As such, the dewatering and drainage pump motor sets need to be replaced at the earliest in order to avoid flooding of the Power House and loss of generation in the event of failure of the existing Dewatering and Drainage motor pump sets. The work was successfully completed on 27.3.2021		43.09
4	Construction of Shed for Fire Tender Vehicle	3.87	25(2)(d)	Fire tender vehicle of 3500 ltr capacity was procured. However, due to the non-availability of a garage/shed inside the Power House Complex, immediate construction of a shed was necessary to keep the vehicle in a safe condition. The work was successfully completed on 15.5.2020. The	The Commission had allowed the expenditure towards the procurement of a Fire Tender Vehicle; however, the expenditure was not claimed and not allowed in the order dated 15.5.2020. It is noticed that the expenditure claimed does not directly pertain to the operation of the generating station. Accordingly, the claim is not allowed .	0.00

Sl No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				item is proposed for reimbursement under the head "Fire Fighting Equipment: Procurement of Fire Tender 4500 Litres" wherein ₹ 40 Lakh Allowed by CERC during 2014-19 & allowed for Spill over during 2019-24.		
Total amount claimed		91.32				
Total amount allowed						87.46
Items additionally claimed as per site requirements						
5	Dam safety monitoring control Room @ HQ Shillong	2.66	26(1)(d)	For continuous monitoring of the instrumentations installed at Project site, a control room was created at HQ, Shillong for which an expenditure was made for the work. The work was successfully completed on 3.7.2019	It is evident from the Petitioner's submissions that the asset has been installed at the Corporate/Regional headquarters. Considering the nature of the asset/work, the same can be met from corporate office expenses booked under the normative O&M expenses. Hence, the claim is not allowed	0.00
6	Supply & Inst. of Automatic Weather station	14.92	26(1)(d)	Due to Climate Change and other environmental factors, the rainfall pattern in the Catchment area of Doyang Dam has become very unpredictable. Such instances occurred during the year 2018, where there was huge inflow of water into the Doyang reservoir which	In the light of our decision in paragraph 11 of this order above, the claim is allowed .	14.92

Sl No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				was beyond the capacity of the reservoir, leading to huge discharge of water from Doyang Dam which in turn led to flooding of many low-lying areas under Golaghat District, Assam at the Downstream of Doyang Dam and also submergence of many paddy fields at the upstream of Doyang Dam. Therefore, installation of Early Warning System for Doyang Reservoir was urgently required to be taken up. The Project Authority has implemented the Early Warning System by installation of 5 (five) nos. of AWS with a dual data transmission system (Satellite & GSM/GPRS technology) to monitor rainfall in the Catchment area. With this existing system installed, there will be sufficient lead time available in an emergency for early warning to all the stakeholders.		

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				The work was successfully completed on 19.3.2021		
Total amount claimed		17.57				
Total amount allowed						14.92

15. Accordingly, the total capital expenditure of Rs. 102.37 lakh (Rs 87.46 lakh + Rs. 14.92 lakh) lakh is allowed for 2020-21.

2021-22

16. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2021-22, based on the prudence check of the justification furnished by the Petitioner, is as under:

<i>(Rs. in lakh)</i>						
SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
Items already allowed vide order dated 11.5.2022 in Petition No. 232/GT/2020 on projection basis						
1	Plant & Machinery in Generation Station: pre-loaded spring mattress for thrust bearings to be replaced for all 3 (three) units.	102.18	25(2)(c)	It has been observed that the rotor dynamic level has been affected due to the loss of spring tension of spring mattresses, thereby affecting the properties of the pre-loaded spring mattress for thrust bearing. Rotor dynamic levelling going out of prescribed value will affect the performance of Guide bearing, balancing of machine etc. In order to safeguard the machines from any mechanical abnormality, and to increase the efficiency of the machines, it is required to	In light of our decision in paragraph 10 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	102.18



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				replace the complete set of thrust bearing pre-loaded spring mattress in all three units. The work was successfully completed on 15.1.2022		
2	Transformer having rating 100 kVA & above: DGA instruments to be incorporated online in all the 3(three) Generator Transformers	54.03	26 (1) (d)	Failure of Generator Transformers is one of the severest failures in a Power Plant and has to be avoided at all costs. The incorporation of DGA (Dissolved Gas Analysis) will help in condition monitoring of GT round the clock. Based on the data, the healthiness of Generator Transformers can be ascertained, and forced outages can be reduced, resulting in reduced expenses for repairing GT. The work was successfully completed on 12.1.2022.	In light of our decision in paragraph 10 of this order above, the claim is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	54.03
Total amount claimed		156.21				
Total amount allowed						156.21
Items additionally claimed as per site requirements						
3	Construction of Barrack @ CISF Q/ Guard	9.72	26 (1) (d)	In order to secure the Armoury room of CISF, it was requested by the CISF Authority to construct one (1) no. of barrack near the Quarter guard/ Armoury room. Accordingly, the barrack was constructed to	The additional capital expenses claimed are on account of higher security and safety of the plant, as directed by the Government agencies/ statutory authorities.	9.72

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				provide necessary security round the clock by staying near the Quarter guard. The work was successfully completed on 24.5.2021	Accordingly, the claims are allowed under Regulation 26(1)(d) of the 2019 Tariff Regulations	
4	Construction of CISF Kitchen	7.55	26 (1) (d)	As per the requirement of the CISF, DHPS unit, it was necessary to construct a kitchen near their officers'/jawans' barracks. Accordingly, construction of a kitchen was taken up to facilitate the CISF personnel. The work was successfully completed on 26.5.2021.		7.55
5	Supply & Installation of Double acting Brake and control Panel	19.30	25(2)(c)	The up-gradation and replacement of the old Brake and Jack Control Panels was necessitated as the normal operation of the Generating Units was adversely hampered due to the malfunctioning of the Brake and Jack Control Panels. The old Brake and Jack Control Panels failed due to wear and tear and failure of parts; however, the control panels could not be repaired as the system had become obsolete, and spares were not available. In order to operate	Keeping in view that the expenditure incurred is on account of replacement of the Asset/works due to obsolescence of technology, the claim of the Petitioner is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under	19.30



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				the generating units safely and reliably, and to increase the overall operational efficiency of the generating units, the up-gradation and replacement of the old Brake and Jack Control Panels was required. The work was successfully completed on 10.1.2022	'Assumed Deletions'.	
6	Supply and commissioning of 11 kV Distribution panel	23.83	25(2)(a)	The 11KV distribution panel was commissioned in the early part of 1990, during the construction of DHPS. Over time, the system was giving multiple problems in the control system. The distribution panel was checked and inspected by the OEM i.e. Kirloskar Electric Company and suggested for major upgradation and retrofitting of some of the components, as the most of the components are old and non-serviceable. Accordingly, some of the major components in the control system and auxiliaries were replaced, retrofitted and upgraded with new components. The work was	It is noticed that the expenditure claimed is primarily towards the replacement of old items, which formed part of the original scope of works. Accordingly, the claim is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	23.83

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				successfully completed on 21.2.2022		
7	Procurement of Online Electrostatic Filtration Plant	15.67	25(2)(c)	Presently, there is no system for online filtration of the Turbine oil in the machine, for smooth & efficient running of the units, a new online system for online electrostatic oil filtration had to be integrated in the system. The work was successfully completed on 3.8.2021.	Keeping in view that the expenditure is on account of replacement of asset/works due to the obsolescence of technology, the claim of the Petitioner is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	15.67
Total amount claimed		76.06				
Total amount allowed						76.06

17. Accordingly, the total additional capital expenditure of Rs. 232.27 lakh (Rs 156.21 lakh + Rs. 76.06 lakh) lakh is allowed for 2021-22.

2022-23

18. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2022-23, based on the prudence check of the justification furnished by the Petitioner, is as under:

<i>(Rs. in lakh)</i>						
SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
Items already allowed vide order dated 11.5.2022 in Petition No. 232/GT/2020 on projection basis						

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
1	Water supply; sewerage & drain: Installation of Permanent water source for the use of the colonies and installation of the water purification scheme	275.28	25(2)(d)	Since the Commissioning of the plant, there has been no proper/permanent water supply scheme for providing potable water to the employees of DHEP. Presently, the Water supply is tapped from a reservoir from un-acquired land. Besides, there is no filtration scheme for purification of the raw water, thereby the quality of the water tends to fall during heavy rains due to high turbidity and silt content. The scheme for the installation of a permanent water source and the installation of a water purification scheme was approved under CERC Add. cap during the control period 2014-19. However, due to land disputes during site selection for the source, the design and drawing could not be finalised. Upon finalisation of the design, the water tank, including the filtration system, was completed on 29.8.2022	In the light of our decision in paragraph 10 of this order above, the claim is allowed under Regulation 26(1)(d) of the 2019 Tariff Regulations.	275.28



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
2	Plant & Machinery in the Generation Station: Requirement of new 220V DC battery bank-II	180.75	26(1)(d)	For 100% redundancy and as recommended by the protection team and as per the CEA guidelines, an alternative DC source, i.e. DC source II, is a must. In the event of failure of the DC control circuit, the whole DC control system will fail, leading to catastrophic shutdown of the machines. As such, procurement of 220 V DC Bank II was made. (CEA guidelines need to be attached). The work was successfully completed on 17.10.2022	In light of our decision in paragraph 10 of this order above, the claim is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	180.75
3	Fire-Fighting Equipment: Replacement of CO2 Firefighting system of 3 Numbers Generator	31.69	25(2)(d)	Provision for the replacement of the CO2 firefighting system of 3 nos. Generators were approved and accorded under ADD-CAP for the block year 2014-19 for an amount of Rs. 50.00 lakh. The work has been carried over to block year 2019-24. Initially, the OEM M/S Technico, Kolkata, was approached for the replacement of the CO2 Fire Fighting system for 3 (three) nos. Generators.	In light of our decision in paragraph 10 of this order above, the claim is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	31.69



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				Replacement of this asset was allowed under Regulation 14(3)(Viii) of the 2014 Tariff Regulations as the asset will facilitate successful and efficient operation of plant. The work was successfully completed on 24.1.2023		
4	Plant & Machinery in Generation Station: Up-gradation of Electromechanical relays to numerical relays & EM energy meters to ABT Compliant digital meters	243.79	25(2)(c) and 25(2)(d)	Provision for retrofitting of numerical relay, and ABT based Energy meter was already approved under ADD - CAP for block year 2014-19 for an amount Rs. 250.00 lakh. Detailed order No. NEEPCO/DHEP/DGM(E/M)/HGC/W-1/2018-19/288 dated 8/3/2019. The work could not be completed and had been carried over to block year 2019-24. The upgradation of this asset was allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations, as the asset will facilitate the successful and efficient operation of the plant. The work was successfully completed on 1.7.2022	In light of our decision in paragraph 10 of this order above, the claim is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt under 'Assumed Deletions'.	243.79
Total amount claimed		731.50				



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
Total amount allowed						731.50
Items additionally claimed as per site requirements						
5	Supply and Installation of Instrument for Rockfill Dam & Spillway of DHEP	4.22	76&77 power to relax cl no 25(2)(a)	The expenditure was incurred towards pending final bill payment to M/s Encardio-Rite Electronics Pvt. Ltd for Supply and Installation of Instruments for Rockfill Dam and Spillway of DHEP, Nagaland which was commissioned during the year 2006.	Since the expenditure incurred is towards the pending final bill payment in respect of the works related to Instruments for Rockfill Dam and Spillway of DHEP and executed after the cut-off date, accordingly the claim of the Petitioner is allowed under Regulation 25(1)(f) and 76 of the 2019 Tariff Regulations.	4.22
6	Supply & Instal. of 28.5 MVA GT	551.25	25(2)(C)	Procurement of 1 (one) 28.5 MVA Generator Transformer was made as a replacement of failed GT-III as there was no spares GT available and also the OEM declined to supply the required spares windings etc. for repairing the failed GT owing to obsolescence of the equipment. The GT was successfully de-supplied, installed and commissioned on 29.05.2022	Keeping in view that the expenditure incurred is on account of replacement of asset/works due to obsolescence of technology, the claim of the Petitioner is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has been considered and dealt with under	551.25

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
					'Assumed Deletions'.	
7	Supply of 2 Nos. 50 HP Non-clog Submersible Pump	27.26	26(1)(d)	Provisions for protection of Power House against flooding by providing Suitable number of submersible pumps with provision for automatic starting by means of level switches at main inlet valve floor, in addition to drainage and dewatering pumps as per CEA Regulation 2010 (Technical Standards for Construction of Electrical Plants and Electric Lines), Chapter-III, Clause-39 (CEA Regulation 2022 Chapter-III, the item was capitalised on 4.7.2022	The additional capital expenses claimed are on account of the need for higher security and safety of the plant as directed by Government agencies/ statutory authorities. Accordingly, the same is allowed under Regulation 26(1)(d) of the 2019 Tariff Regulations	27.26
8	Design, Manufacturing, Testing & supply of 175KW OFAF Unit Coolers & PLC Control System	54.10	76&77 power to relax cl no 25(2)(a)	In order to avoid the failure of the existing water force heat exchanger in the Generator Transformer, a new Air force oil cooler was procured to avoid a costly outage of the Generator Transformer. The item was successfully commissioned on 15.2.2023	It is noticed that the expenditure claimed is primarily towards the replacement of old items, which formed part of the original scope of works. Accordingly, the claim is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. The de-capitalisation value of old replaced assets has	54.10

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
					been considered and dealt with under 'Assumed Deletions'.	
Total amount claimed		636.84				
Total amount allowed						636.84

19. Accordingly, the total additional capital expenditure of Rs. 1368.34 lakh (Rs 731.50 lakh + Rs. 636.84 lakh) lakh is allowed for 2022-23.

2023-24

20. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2023-24, based on the prudence check of the justification furnished by the Petitioner, is as under:

<i>(Rs. in lakh)</i>						
SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
Items additionally claimed as per site requirements						
1	Resonating Inductor Type C, Make Doble USA. Model: Type C Resonating Inductor	22.78	76&77 power to relax cl no 26(1)(d)	Test Instrument for conditioning monitoring of electrical equipment to ascertain the healthiness of the equipment and to take preventative measures whenever necessary in order to avoid unnecessary failures of equipment thereby preventing outage of the generating unit.	In our view, the additional capital expenditure claimed is in the nature of tools and tackles, accordingly, the additional capital expenditure claimed is not allowed .	0.00
Total amount claimed		22.78				
Total amount allowed						0.00

21. Accordingly, the additional capital expenditure allowed for 2023-24 is nil.

Additional capital expenditure allowed for 2019-24

22. Based on the above, the total additional capital expenditure allowed for the period 2019-24 is summarised below:

	2019-20	2020-21	2021-22	2022-23	(Rs. in lakh) 2023-24
Regulation 25- eligible for RoE at normal rate	41.70	87.46	215.01	1,065.80	0.00
Regulation 26- eligible for RoE at WAROI rate	280.06	14.92	17.26	302.54	0.00
Total	321.76	102.37	232.27	1,368.34	0.00

Discharge of Liabilities

23. The Petitioner, in the petition, has claimed the discharge of liabilities of Rs. 21.58 lakh in 2023-24. The Commission vide its order dated 31.3.2022 in Petition No. 293/GT/2019 had allowed the closing liability of Rs. 141.48 lakh as on 31.3.2019. It is observed that the Petitioner has claimed a discharge of Rs. 21.58 lakh in 2023-24 against the opening liability as of 1.4.2019, which has been considered. Additionally, the Petitioner has adjusted a reversal of Rs. 26.98 lakh in 2021-22 and Rs. 0.82 lakh in 2023-24, corresponding to the opening liability of Rs. 141.48 lakh, and the same has been considered. Accordingly, the summary of the discharge of liabilities allowed is as under:

	2019-20	2020-21	2021-22	2022-23	(Rs. in lakh) 2023-24
Opening undischarged liabilities	141.48	141.48	141.48	114.51	114.51
Addition in Liabilities	0.00	0.00	0.00	0.00	0.00
Discharges of liabilities during the year (within scope)	0.00	0.0	0.00	0.00	21.58
Reversal of liabilities	0.00	0.00	26.98	0.00	0.82
Closing undischarged liabilities	141.48	141.48	114.51	114.51	92.10

De-capitalisation

24. As regards de-capitalisation, Regulation 26 (2) of the 2019 Tariff Regulations provides as under:

“In case of de – capitalization of assets of a generating company or the transmission licensee, as the case may be, the original cost of such assets as on the date of de – capitalization shall be deducted from the value of gross fixed assets and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de – capitalization takes place with corresponding adjustments in cumulative depreciation and

cumulative repayment of loan, duly taking into consideration the year in which it was capitalized.”

25. The Petitioner has claimed the de-capitalisation of Rs 0.56 lakh in 2019-20, Rs 188.45 lakh in 2022-23 and Rs 24.28 lakh in 2023-24, against the assets/works, which are not in use. Since these assets form part of the capital cost and have been written off and are not in use, the de-capitalisation claimed by the Petitioner is allowed. However, the claim for additional capital expenditure of “Fire Fighting Equipment: Procurement of Fire Tender 4500 litres”, the de-capitalisation value of the asset as claimed by the Petitioner in 2023-24, has been considered in 2019-20 under ‘assumed deletions. Accordingly, the de-capitalisation allowed is as under:

<i>(Rs. in lakh)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
0.56	0.00	0.00	188.45	22.04

26. It is noticed that the Petitioner has not furnished the de-capitalization value against certain additional capital expenditure claimed on a replacement basis. Therefore, we have worked out their corresponding de-capitalization under the head ‘assumed deletions’ as mentioned in the relevant paragraph of the corresponding additional capital expenditure.

Assumed Deletions

27. The Commission vide technical validation letter dated 2.5.2025 had sought the value of de-capitalization of assets for which replacement had been claimed under additional capitalization. The Petitioner has stated that due to technical issues, the de-capitalisation was not done in the same year, as against the additional capitalisation and has assured that the de-capitalisation shall be done during the period 2024-29. As per the consistent methodology adopted by the Commission in various orders, the expenditure on replacement of assets, if found justified, is allowed for the purpose of tariff, provided that the capitalization of the said asset is followed by de-capitalization



of the gross value of the old asset. However, in certain cases, where the de-capitalization is proposed to be affected during the future years, to the year of capitalization of the new asset, the de-capitalization of the old asset for the purpose of tariff, is shifted to the very same year in which the capitalization of the new asset is allowed. Such de-capitalization, which is not a book entry in the year of capitalization, is termed as 'Assumed Deletions'. Further, in the absence of the gross value of the asset being decapitalized, the same is calculated by de-escalating the gross value of the new asset @ 5% per annum till the year of capitalization of the old asset/ COD. Accordingly, the amounts considered under this head are as under:

<i>(Rs. in lakh)</i>			
SI.No.	Items claimed under additional capitalisation	Additional capitalisation claimed for new assets under replacement	Assumed Deletions allowed
2019-20			
1	Fire Fighting Equipment: Procurement of Fire Tender 4500 Litres	41.70	2.24
Total		41.70	2.24
2020-21			
1	Switchyard including cable connection: Procurement of Current Transformers (CTs) with CTR 600/1 to replace the existing CTs of CTR 300/1 in the outgoing feeders, bus coupler in the 132kV Switchyard, DHEP. Total CTs required to be procured with CTR 600/1 including 3nos. spare CTs will be 18 (eighteen) numbers only.	29.33	11.05
2	T&P(special): Procurement of a new turbine oil filtration unit	15.03	5.67
3	Plant & Machinery in Generation Station: De-watering and Drainage pump sets, including control panels with automatic level controller	43.09	16.24
Total		87.45	32.96
2021-22			
1	Plant & Machinery in Generation Station: Pre-loaded spring mattress for thrust bearings to be replaced for all 3(three) units.	102.18	36.68
2	Transformer having a rating 100 KVA & above: DGA instruments to be incorporated online in all the 3(three) Generator Transformers	54.03	19.39
	Supply & Installation of Double acting Brake and control Panel	19.30	6.93



Sl.No.	Items claimed under additional capitalisation	Additional capitalisation claimed for new assets under replacement	Assumed Deletions allowed
3	Supply and commissioning of 11 KV Distribution panel	23.83	8.55
4	Procurement of Online Electrostatic Filtration Plant	15.67	5.62
Total		215.00	77.18
2022-23			
1	Plant & Machinery in Generation Station: Requirement of a new 220V DC battery bank-II	180.75	61.79
2	Fire-Fighting Equipment: Replacement of the CO2 Firefighting system of 3 Numbers Generator	31.69	10.83
3	Plant & Machinery in Generation Station: Up-gradation of Electromechanical relays to numerical relays & EM energy meters to ABT Compliant digital meters	243.79	83.34
4	Supply & Install of 28.5 MVA GT	551.25	188.45
5	Design, Mfg. Testing & supply of 175KW OFAF Unit Coolers & PLC Control System	54.10	18.50
Total		1061.58	362.90

28. Accordingly, the de-capitalisations allowed under 'Assumed Deletions' are as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
De-capitalization of items replaced under additional capitalization	2.24	32.96	77.18	362.90	0.00
De-capitalization of Capital Spares	0.00	0.00	0.00	0.00	0.00
Assumed Deletions allowed	2.24	32.96	77.18	362.90	0.00

Exclusions

29. The following exclusions have been claimed by the Petitioner:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Exclusions in additions (A)	8.28	15.40	9.81	59.39	50.30
Exclusions in Deletions (B)	0.00	0.00	0.00	15.47	10.66

Exclusions in Additions (capitalised in books but not to be considered for tariff purposes)

30. The expenditure claimed under "Exclusion in Additions" is towards the procurement/ replacement of minor assets, which are not allowed to be capitalised after the cut-off date as per the terms of the provisions of the 2019 Tariff Regulations.



Accordingly, the Petitioner has put these additions under the exclusion category. The aforesaid exclusion of positive entries, as claimed by the Petitioner, is allowed for tariff.

Exclusions in deletions (de-capitalised in books but not to be considered for tariff purposes)

31. The Petitioner has de-capitalised amounts in the books of accounts pertaining to minor assets such as computers, office equipment, furniture, fixed assets of minor value, etc., as these are not in use on account of their becoming unserviceable/obsolete. On prudence check, in terms of the 2019 Tariff Regulations, it is noted that the recovery of additional expenditure on minor assets, tools and tackles beyond the cut-off date is neither allowed to be capitalised nor is it permissible under the O&M expenses. Accordingly, the claim of the Petitioner for exclusion of negative entries arising out of the de-capitalisation of minor assets is justifiable as the decapitalised assets are the ones that were not considered in the capital base for the purpose of the tariff in the year of capitalisation, as claimed in Form-9D. Accordingly, the exclusions/ ignoring of negative entries arising from the decapitalisation of minor assets for the purpose of the tariff for the period 2019-24, as claimed above, are allowed.

Additional Capital Expenditure Allowed for 2019-24

32. Accordingly, the additional capital expenditure allowed for the period 2019-24 is as follows:

	<i>(Rs in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Additions allowed within the original scope	41.70	87.46	215.01	1065.80	0.00
Additions allowed beyond the original scope	280.06	14.92	17.26	302.54	0.00
Total additions allowed (a)	321.76	102.37	232.27	1368.34	0.00
Decapitalization allowed	0.56	0.00	0.00	188.45	22.04
Assumed Deletion allowed	2.24	32.96	77.18	362.90	0.00
Less: Total decapitalization allowed, including assumed deletions (b)	2.80	32.96	77.18	551.35	22.04
Add: Liability discharged (c)	0.00	0.00	0.00	0.00	21.58

Net additional capital expenditure allowed (d)=(a)-(b)+(c)	318.96	69.41	155.10	816.99	(-)0.46
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Capital Cost approved for then period 2019-24

33. Accordingly, the capital cost approved for the period 2019-24 is as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening capital cost approved (A)	64768.35	65087.31	65156.72	65311.82	66128.80
Net additional capital expenditure allowed (B)	318.96	69.41	155.10	816.99	(-) 0.46
Closing Capital Cost approved (C=A+B)	65087.31	65156.72	65311.82	66128.80	66128.35

Debt-Equity Ratio

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

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

Provided that:

- where equity actually deployed is less than 30% of the capital cost actual equity shall be considered for determination of tariff:
- the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
- 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.

- 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.

- In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019 debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019 if the equity actually deployed as on 1.4.2019 is more than 30% of the capital cost equity in excess of 30% shall not be taken into account for tariff computation;

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

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

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

35. The gross normative loan and equity amounting to Rs. 31927.51 lakh and Rs. 32840.84 lakh, respectively as on 31.3.2019, as considered in the order dated 31.3.2022 in Petition No. 293/GT/2019, have been considered as the normative loan and equity as on 1.4.2019. Further, the debt-equity ratio of 70:30 has been considered for additional capitalisation during the period 2019-24 in accordance with Regulation 18 of the 2019 Tariff Regulations. De-capitalisation of assets, including assumed deletion, has been deducted from the corresponding loan as well as equity, taking into consideration the debt-equity ratio for de-capitalisation as 48.78:51.22 as on CoD. The details of the debt-equity ratio considered are as under:

(Rs. in lakh)

Asset	As of 1.4.2019		Additional Capital Expenditure during 2019-24		De-capitalization during 2019-24		As on 31.3.2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Debt	31927.51	49.29%	1432.43	70%	334.79	48.78%	33025.15	49.94%
Equity	32840.84	50.71%	613.90	30%	351.54	51.22%	33103.20	50.06%
Total	64768.35	100%	2046.33	100%	686.33	100.00%	66128.35	100.00%

Return on Equity

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

30. Return on Equity:

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

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

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope, excluding additional capitalization on account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%.

Provided further that:

- i. In case of a new project the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station or transmission system is found to be declared under commercial operation without Commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO) data telemetry communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;
 - ii. in case of existing generating station as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;
 - iii. in case of a thermal generating station with effect from 1.4.2020:
 - a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;
 - b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute subject to ceiling of additional rate of return on equity of 1.00%:
- Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

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

31. Tax on Return on Equity:

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

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

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

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

Illustration-

(i) In case of a generating company or a transmission licensee paying Minimum Alternate Tax (MAT) @ 21.55% including surcharge and cess: Rate of return on equity = $15.50 / (1 - 0.2155) = 19.758\%$

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

(a) Estimated Gross Income from generation or transmission business for FY 2019- 20 is Rs. 1000 crore;

(b) Estimated Advance Tax for the year on above is Rs. 240 crores;

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

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

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

of grossed up rate on return on equity after truing up shall be recovered or refunded to beneficiaries or the long-term customers as the case may be on year to year basis."

37. The Commission in its order dated 31.3.2022 in Petition 293/GT/2019 and in Order dated 11.5.2022 in Petition 232/GT/2020, had observed as follows:

"39. Ministry of Power, GOI vide letter dated 13.3.2009 had approved the financial package of this project and according to this, "the Tariff will be enhanced at the rate of 5 per cent during the Tariff period five years beginning from 2009-2010. Thereafter, the Tariff will so increase in the very first year of Tariff period beginning from 2014- 2015 to give return of 10 per cent on equity." This was recognised by the Commission in order dated 24.12.2012 in Petition No. 63/2010 for approval of Tariff of the generating station for 2009-14 period."

38. Accordingly, the Commission has considered the base rate for the computation of ROE for additional capitalisation, within the original scope, in line with the order dated 31.3.2022 in Petition No. 293/GT/2019. Further, for expenditure incurred beyond the original scope and after the cut-off date, the base rate is considered as the weighted average rate of interest of 10.00% in line with the order dated 28.9.2015 in Petition No. 458/GT/2014. The Petitioner has submitted the assessment order and ITR for the period 2019-24. Based on the submissions, it is observed that the Petitioner's claim for the MAT rate is in line with the Regulations. Accordingly, the base rate of ROE has been grossed up with the actual tax rate (MAT rate) of the respective financial year for the period 2019-24. Hence, in terms of the above Regulations 31 of the 2019 Tariff Regulations, ROE has been worked out as under:

(Rs. in lakhs)

	2019-20	2020-21	2021-22	2022-23	2023-24
RoE for additional capital expenditure claimed under original scope of work					
Opening Equity	32840.83	32851.90	32861.26	32886.23	32923.57
Additions due to additional capitalization	12.51	26.24	64.50	319.74	0.00
Addition, due to the discharge of liabilities	0.00	0.00	0.00	0.00	6.48
Less: Decrease due to decapitalization	1.43	16.88	39.53	282.40	11.29
Normative Equity-Closing	32851.90	32861.26	32886.23	32923.57	32918.76
Average Equity	32846.37	32856.58	32873.74	32904.90	32921.16
Base Rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate (%)	17.472%	17.472%	17.472%	17.472%	17.472%
ROE Rate (%)	12.117%	12.117%	12.117%	12.117%	12.117%
Return on Equity (A)	3979.99	3981.23	3983.31	3987.09	3989.06
RoE for additional capital expenditure beyond the original scope of work					

Opening Equity	0.00	84.02	88.49	93.67	184.43
Additions due to additional capitalization	84.02	4.48	5.18	90.76	0.00
Addition, due to the discharge of liabilities	0.00	0.00	0.00	0.00	0.00
Less: Decrease due to decapitalization	0.00	0.00	0.00	0.00	0.00
Normative Equity-Closing	84.02	88.49	93.67	184.43	184.43
Average Equity	42.01	86.25	91.08	139.05	184.43
Base Rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate (%)	17.472%	17.472%	17.472%	17.472%	17.472%
ROE Rate (%)	12.117%	12.117%	12.117%	12.117%	12.117%
Return on Equity (A1)	5.09	10.45	11.04	16.85	22.35
RoE Total (A+A1)	3985.08	3991.68	3994.35	4003.94	4011.40

Interest on Loan

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

32. Interest on loan capital:

(1) *The loans arrived at in the manner indicated in Regulation 18 of these Regulations shall be considered as gross normative loan for the calculation of interest on loan.*

(2) *The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.*

(3) *The repayment for each of the year of the Tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of 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 upto the date of de-capitalisation of such asset.*

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

(5) *The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized: Provided that if there is no actual loan for a particular year but normative loan is still outstanding the last available weighted average rate of interest shall be considered; Provided further that if the generating station or the transmission system as the case may be does not have actual loan then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.*

(5a) *The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.*

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

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

40. The normative loan for the project has already been repaid. The normative loan on account of admitted capital expenditure during the respective years of the period

2019-24 has been considered, after adjusting the allowed depreciation as repayment of the loan. Further, as there is no actual loan portfolio for the generating station during the tariff period, in line with the proviso to Regulation 32 (5) of the 2019 Tariff Regulations, interest on loan has been calculated on the normative average loan of the year by applying the last available weighted average rate of interest approved by the Commission. Accordingly, the necessary computation for the working of Interest on a loan is as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross opening loan (A)	31927.51	32151.37	32206.96	32331.90	33020.79
Cumulative repayment of loan up to the previous year (B)	31927.51	32151.37	32206.96	32331.90	32950.48
Net Loan Opening C= (A-B)	0.00	0.00	0.00	0.00	70.31
Addition due to additional capital expenditure (D)	223.86	55.58	124.94	688.89	4.36
Repayment of loan during the year (E)	225.55	75.88	173.45	968.89	88.85
Less: Repayment adjustment on account of de-capitalisation (F)	1.69	20.29	48.51	350.31	14.19
Net Repayment of loan during the year (G=E-F)	223.86	55.58	124.94	618.58	74.67
Net Loan Closing (H= C+D-G)	0.00	0.00	0.00	70.31	0.00
Average Loan (I= (C+H)/2)	0.00	0.00	0.00	35.15	35.15
Weighted Average Rate of Interest of loan (J)	10.00%	10.00%	10.00%	10.00%	10.00%
Interest on Loan (K= I*J)	0.00	0.00	0.00	3.52	3.52

Depreciation

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

33. Depreciation:

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

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

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

commercial operation. In case of commercial operation of the asset for part of the year depreciation shall be charged on pro rata basis.

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

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

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

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

Provided also that any depreciation not allowed 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 or the extended life.

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

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

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

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

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

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

(9) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (8) of this Regulation.

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

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

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

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

42. The 2019 Tariff Regulations stipulate that the useful life of the hydro generating station is 40 years. Accordingly, the balance useful life of the generating station as on 1.4.2019 has been considered to be 21.27 years in line with the 2019 Tariff Regulations. Since the generating station completed 12 years of operation in 2012-13, the remaining depreciable value has been spread over the balance useful life of the assets. Accordingly, depreciation has been computed as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost (A)	64768.34	65087.30	65156.71	65311.81	66128.79
Net Additional capital expenditure during year (B)	318.96	69.41	155.10	816.99	(-)0.46
Closing Capital Cost (C=A+B)	65087.30	65156.71	65311.81	66128.79	66128.34
Average Capital Cost (D)=(A+C)/2	64927.82	65122.00	65234.26	65720.30	66128.57
Rate of Depreciation (E)	Spread Over				
Total Depreciable Value (F=(D*90%))	58435.04	58609.80	58710.83	59148.27	59515.71
Remaining Depreciable Value at the beginning of the year (G=F-Cum Dep at 'L' at the end of previous year*)	19722.95	18972.11	18157.44	17701.09	17449.95
Balance useful Life (H)	21.27	20.27	19.27	18.27	17.27
Depreciation (I=G/H)	927.29	936.00	942.29	968.89	1010.45
Cumulative Depreciation at the end of the year (J=I+Cum Dep at 'L' at the end of previous year*)	39639.38	40573.69	41495.68	42416.07	43076.21
Less: Depreciation adjustment on account of de-capitalization (K)	1.69	20.29	48.51	350.31	14.19
Net Cumulative Depreciation at the end of the year (L) =(J-K)	39637.69	40553.39	41447.18	42065.76	43062.02

*Cumulative Depreciation as on 31.03.2019 is Rs. 38712.09

Operation & Maintenance Expenses

43. Regulation 35 (2) (a) of the 2019 Tariff Regulations provides as under:

“(2) Hydro Generation Station: (a) Following operations and maintenance expense norms shall be applicable for hydro generating stations which have been operational for three or more years as on 1.4.2019:

	2019-20	2020-21	2021-22	2022-23	2023-24
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<i>Doyang</i>	5654.57	5924.10	6206.47	6502.31	6812.24
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Note: The impact in respect of revision of minimum wage and GST if any will be considered at the time of determination of Tariff.

(c) In case of hydro generating stations which have not completed a period of three years as on 1.4.2019 operation and maintenance expenses for 2019-20 shall be worked out by applying escalation rate of 4.77% on the applicable operation and maintenance expenses as on 31.3.2019. The operation and maintenance expenses for subsequent years of the Tariff period shall be worked out by applying escalation rate of 4.77% per annum.

(d) The Security Expenses and Capital Spares for hydro generating stations shall be allowed separately after prudence check:

Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification."

44. In the present petition, the Petitioner has claimed O&M expenses for the period 2019-24, in terms of the above Regulations, and in addition, has claimed the Security expense and Capital spares in terms of Regulations 35(2)(c) of the 2019 Tariff Regulations. Accordingly, the total O&M expenses claimed by the Petitioner are as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Normative O&M Expenses	5654.57	5924.10	6206.47	6502.31	6812.24
Security Expenses	1545.96	1770.08	1453.23	1555.26	1796.50
Capital Spares	0.00	0.00	102.95	433.20	50.45
Total O&M Expenses	7200.53	7694.18	7762.66	8490.77	8659.18

45. Considering the fact that the normative O&M expenses claimed by the Petitioner are in line with Regulation 35 (2) (a) of the 2019 Tariff Regulations, the same is allowed.

Additional O&M expenses

46. Regulation 35(2)(d) of the 2019 Tariff Regulations provides as under:

The Security Expenses and Capital Spares for hydro generating stations shall be allowed separately after prudence check:

Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification."

Security Expenses

47. The Petitioner has also claimed Security expenses as part of the O&M expenses in terms of Regulation 35(2)(d) of the 2019 Tariff Regulations. Further, the Petitioner



has submitted the actual security expenses amounting to Rs. 8121.03 lakh during the period 2019-24, duly certified by the Auditor, are as follows:

<i>(Rs. in lakh)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
1545.96	1770.08	1453.23	1555.26	1796.50

48. The Petitioner has submitted that security expenses claimed in the present petition are based on actual entries made in the books of accounts, which have been prepared as per accounting policy and are duly certified by the statutory auditor. The Petitioner, in response to the technical validation letter dated 2.5.2025, has submitted the deployment details of CISF staff and copies of the monthly invoices against the deployment of CISF staff at the generating station. Since the Petitioner has certified that the deployment is duly accounted for and that the actual security expenses have been claimed in accordance with the provisions of the 2019 Tariff Regulations, the security expenses claimed by the Petitioner are allowed.

Capital Spares

49. As regards the claim for Capital spares, Regulation 35(2)(d) of the 2019 Tariff Regulations provides that the generating station shall submit the details of the actual capital spares consumed at the time of truing up, with proper justification. The Petitioner has submitted the details of spares consumed amounting to Rs. 586.61 lakh for the period of 2019-24. We have examined the list of spares furnished by the Petitioner. It is pertinent to mention that the term “capital spares” has not been defined in the 2019 Tariff Regulations. The term capital spares, in our view, refers to a piece of equipment, or a spare part, of high cost that is maintained in inventory for use in the event that a similar piece of critical equipment fails or must be rebuilt.

50. The Petitioner, in response to the technical validation letter dated 2.5.2025, has submitted that the capital spares were against the old assets, which were a part of the

capital cost. Further, the Petitioner has submitted that the gross value of the old replaced spares could not be ascertained, as these spares were fitted to the main plant at the time of installation. The Petitioner has also stated that the cost of the old spares will be ascertained considering the wholesale index and shall be decapitalised during 2024-29. However, as part of an additional submission vide affidavit dated 8.10.2025, the Petitioner has submitted that the capital spares claimed in the petition are not part of the capital cost and were procured and consumed separately. The matter has been considered. Since the capital spares claimed were not part of the capital cost, their de-capitalisation is not considered.

51. Keeping in view the principle of materiality and to ensure standardised practices in respect of earmarking and treatment of capital spares, the value of capital spares exceeding Rs. 1.00 lakh, on prudence check of the details furnished by the Petitioner in the Petition, has been considered for the purpose of tariff. Based on this, the details of capital spares consumption allowed for the period 2019-24 are summarised as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Total capital spares claimed on consumption basis	0.00	0.00	102.95	433.20	50.45
Less: Value of capital spares below Rs. 1.00 lakh disallowed on individual basis	0.00	0.00	0.00	0.00	0.00
Net total value of capital spares considered	0.00	0.00	102.95	433.20	50.45

52. Further, we are of the view that spares do have a salvage value. Accordingly, in line with the practice of considering salvage value, presumed to be recovered by the Petitioner on sale of capital assets, on becoming unserviceable, the salvage value of

10% has been deducted from the cost of capital spares considered above for the period 2019-24. Therefore, on a prudent check of the information furnished by the Petitioner and on applying the said ceiling limit along with deduction of the salvage value @10%, the net capital spares allowed in terms of Regulation 35(2)(d) of the 2019 Tariff Regulations are as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Net total value of capital spares considered	0.00	0.00	102.95	433.20	50.45
Less: Salvage value @ 10%	0.00	0.00	10.30	43.32	5.04
Net capital spares allowed	0.00	0.00	92.66	389.88	45.40

53. Based on the above, the total O&M expenses allowed are as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Normative O&M expenses (Regulation 35(2)(a))	5654.57	5924.10	6206.47	6502.31	6812.24
Security Expenses	1545.96	1770.08	1453.23	1555.26	1796.50
Capital Spares	0.00	0.00	92.66	389.88	45.40
Total O&M expenses allowed	7200.53	7694.18	7752.36	8447.45	8654.14

Interest on Working Capital

54. Regulation 34(1)(c) of the 2019 Tariff Regulations provides as under:

34. Interest on Working Capital:

(1) The working capital shall cover

(c) For Hydro generating station (Including Pumped Storage Hydro Generating Station) and transmission system:

(i) Receivables equivalent to 45 days of annual fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expense including security expenses; and

(iii) Operation and maintenance expenses, including security expenses for one month"

Receivables

55. Receivables equivalent to 45 days of annual fixed cost are worked out and allowed as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
	1536.95	1603.26	1608.35	1701.35	1737.17

Maintenance Spares

56. Maintenance spares@ 15% of O&M expenses, including security expenses, is worked out and allowed as under:

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
1080.08	1154.13	1148.96	1208.64	1291.31

O&M expenses

57. O&M expenses (for one month), including security expenses is allowed as under:

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
600.04	641.18	638.31	671.46	717.39

Rate of Interest on Working Capital

58. As regards the rate of interest on working capital, clause (3) of Regulation 34 of the 2019 Tariff Regulations provides as under:

“34(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014 or as on 1st April of the year during the Tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof as the case may be is declared under commercial operation whichever is later.” Provided that in case of truing-up the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the Tariff period 2019-24”

59. In terms of the definition of 'Bank Rate', which is defined as one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points in the 2019 Tariff Regulations, interest on working capital is worked out as under:

(Rs. in lakh)					
	2019-20	2020-21	2021-22	2022-23	2023-24
Working capital for O&M Expenses (one month of O&M Expenses)	600.04	641.18	638.31	671.46	717.39
Working capital for Maintenance Spares (15% of operation and maintenance expense)	1080.08	1154.13	1148.96	1208.64	1291.31
Working capital for Receivables (AFC for 45 days)	1536.95	1603.26	1608.35	1701.35	1737.17
Total working capital	3217.08	3398.57	3395.62	3581.45	3745.88
Rate of Working Capital (%)	12.05%	11.25%	10.50%	10.50%	12.00%
Interest on Working Capital	387.66	382.34	356.54	376.05	449.51

Annual Fixed Charges

60. Based on the above, the annual fixed charges approved for the generating station for the period 2019-24, are summarised below:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	927.29	936.00	942.29	968.89	1010.45
Interest on Loan	0.00	0.00	0.00	3.52	3.52
Return on Equity	3985.08	3991.68	3994.35	4003.94	4011.40
O&M Expenses (including capital spares and Security expense)	7200.53	7694.18	7752.36	8447.45	8654.14
Interest on Working Capital	387.66	382.34	356.54	376.05	449.51
Total AFC	12500.56	13004.20	13045.54	13799.85	14129.02

Note: All figures under each head have been rounded. The figure in total column in each year is also rounded off. As such, the sum of individual items may not be equal to the arithmetic total of the column.

Normative Annual Plant Availability Factor (NAPAF)

61. Regulation 50(A)(4) of the 2019 Tariff Regulations provides for the Normative Annual Plant Availability Factor (NAPAF) for hydro generating stations already in operation. Accordingly, in terms of the said Regulation, a NAPAF of 70% has been considered for the generating station.

Auxiliary Energy Consumption

62. Regulation 50 (c) of the 2019 Tariff Regulations provides as follows:

Type of Station	Auxiliary Energy Consumption	
	Installed Capacity above 200 MW	Installed Capacity up to 200 MW
Surface		
Rotating Excitation	0.7%	0.7%
Static	1.0%	1.2%
Underground		
Rotating Excitation	0.9%	0.9%
Static	1.2%	1.3%

63. The generating station in surface with a static excitation system with an installed capacity of 75MW. The Petitioner has submitted the Auxiliary Energy Consumption (AEC) of 1.2% for the generating station under the 2019 Tariff Regulations, and the same is allowed.

Shortfall of Energy

64. The Petitioner has submitted that the total amount of Rs. 95.77 crore is admissible towards the shortfall of energy for the period 2019-24. Further, an amount of Rs. 41.49 crore has been billed to the beneficiaries. Accordingly, the Petitioner has prayed for the recovery of the shortfall in energy charges amounting to Rs 41.77 crore, along with applicable interest.

65. We observe that the Petitioner has already recovered an amount of Rs. 41.49 crore from the beneficiaries, as against the total claim of Rs. 95.77 crore. In our view, the claims with respect to energy shortfall cannot be considered in the present petition for the truing up of tariff, as the same requires a detailed validation of the technical parameters vis-à-vis actual generation. Accordingly, the Petitioner is granted liberty to claim the same by way of a separate petition, and the same will be considered in accordance with law.

Design Energy

66. In consideration of the CEA approval, the Commission vide its order dated 11.5.2022 in Petition No. 232/GT/2020 had considered the annual Design Energy (DE) of 227.24 MU for the generating station for the period 2019-24. Accordingly, the DE of 227.24 MU has been considered and allowed for the generating station for the period 2019-24, in this order, as per the month-wise details as under:

Month	Design Energy (MU)
April	11.52
May	12.79
June	22.90
July	14.29
August	55.80
September	31.96
October	20.01
November	11.52
December	11.90
January	11.90
February	10.75
March	11.90

Total	227.24
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Summary

67. Accordingly, the annual fixed charges allowed by order dated 11.5.2022 in Petition No. 232/GT/2020 and the annual fixed charges allowed in this order (after truing up exercise) for the period 2019-24 in respect of the generating station are summarised as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Annual fixed charges allowed vide order dated 11.05.2022 in Petition No. 232/GT/2020	12156.74	12518.37	12902.88	13337.98	13774.85
Annual Fixed Charges Claimed	12476.06	12982.45	13045.95	13846.64	14141.75
Annual Fixed Charges allowed in this order	12500.56	13004.20	13045.54	13799.85	14129.02

68. The difference between the annual fixed charges recovered by the Petitioner in terms of the order dated 11.5.2022 in Petition No. 232/GT/2020 and the annual fixed charges determined by this order shall be adjusted in terms of the provisions of Regulation 12 & 13 of the 2019 Tariff Regulations.

DETERMINATION OF TARIFF FOR THE PERIOD 1.4.2024 TO 31.3.2029

69. The Petitioner, in this Petition, has also sought the approval of the tariff of the generating station for the period 2024-29, in terms of the provisions of the 2024 Tariff Regulations. Accordingly, the annual fixed charges claimed by the Petitioner for the period 2024-29 are as under:

Capital cost

(Rs. in lakh)

	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Capital Cost	66671.35	67996.35	69676.78	70876.78	70876.78
Add: Addition during the year/period	1325.00	1680.43	1200.00	0.00	0.00
Less: Decapitalisation during the year/period	0.00	0.00	0.00	0.00	0.00
Add: Discharges during the year/period	0.00	0.00	0.00	0.00	0.00
Closing Capital Cost	67996.35	69676.78	70876.78	70876.78	70876.78



Annual Fixed Charges

(Rs. in lakh)

	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1020.00	1098.09	1204.08	1285.46	1285.46
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	4096.55	4211.90	4303.44	4329.66	4329.66
Interest on Working Capital	432.74	451.68	457.89	474.44	495.06
O&M Expenses	7540.48	7982.36	8450.13	8945.31	9469.52
Annual Fixed Charges (without Security Expenses, Spares and Water Charges)	13089.77	13744.03	14415.54	15034.87	15579.70
Security Expenses	1545.96	1770.08	1453.23	1555.26	1796.50
Water Charges	0.00	0.00	0.00	0.00	0.00
Insurance Expenses	166.64	166.64	166.64	166.64	166.64
Capital Spares	0.00	60.00	0.00	0.00	0.00
Total annual fixed charges	14802.37	15740.75	16035.41	16756.77	17542.84

Capital Cost

70. Clause (1) of Regulation 19 of the 2024 Tariff Regulations provides that the capital cost as determined by the Commission, after a prudence check, in accordance with this Regulation, shall form the basis of the determination of the tariff for existing and new projects. However, capital cost for an existing project is governed as per clause (3) of Regulation 19 of the 2024 Tariff Regulations, which provides as under:

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

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

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

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

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

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

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

.....

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

71. The Commission, in this order, has allowed the closing capital cost of Rs. 66128.35 lakh, as on 31.3.2024. Accordingly, in terms of Regulation 19 of the 2024 Tariff Regulations, the capital cost of Rs. 66128.35 lakh, as on 31.3.2024, has been considered as the opening capital cost as on 1.4.2024, for the purpose of determination of tariff for the period 2024-29.

Additional Capital Expenditure

72. Clause (2) of Regulation 9 of the 2024 Tariff Regulations, provides that the application for determination of tariff shall be on admitted capital cost, including capital expenditure already admitted and incurred up to 31.3.2024 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years for the period 2024-29 along with true-up for the period 2019-24 in accordance with the 2019 Tariff Regulations. Further, Regulations 25 and 26 of the 2024 Tariff Regulations provide as under:

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

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

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

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

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

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

(e) Force Majeure events;

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

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

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

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

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

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

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

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

26. Additional Capitalisation beyond the original scope

(1) The capital expenditure, in respect of the existing generating station or the transmission system, including the communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:

(a) Payment made against award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law; (b) Change in law or compliance of any existing law;

(c) Force Majeure events;

(d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;

(e) Deferred works relating to ash pond or ash handling system or raising of ash dyke in addition to the original scope of work, on case-to-case basis:

Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation;

(f) Usage of water from the sewage treatment plant in the thermal generating station.

(g) Works required towards biomass handling system to enable biomass co-firing and towards enabling flexible operation of the generating station as may be required.

(h) Works pertaining to Railway Infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station (excluding any transportation cost and any other appurtenant cost paid to railways) that are not covered under Regulation 24, 25 and 27, but shall result in better fuel management and can lead to a reduction in operation costs, or shall have other tangible benefits:

Provided that the generating company shall have to mandatorily seek prior approval of the Commission before implementing such works based on a detailed cost-benefit analysis of such schemes;

(i) Any additional capital expenditure which has become necessary for efficient operation of generating station or transmission system as the case may be, including the works required towards projects acquired through NCLT process. The claim shall be substantiated with the technical justification and cost benefit analysis.

(2) Any claim of additional capitalisation less than Rs. 20 lakhs shall not be considered under Clause (1) of this Regulation and shall be met through normative O&M expenses.

(3) In case of de-capitalisation of assets of a generating company or the transmission licensee, as the case may be, the original cost of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised.

Provided that in cases where an asset forming part of a scheme is de-capitalised and wherein the historical value of such asset is not available, the value of de-capitalisation shall be computed by de-escalating the value of the new asset by 5% per year until the year of capitalisation of the old asset subject to a minimum of 10% of the replacement cost of the asset."

73. The year-wise break-up of the projected additional capital expenditure claimed by the Petitioner in terms of the 2024 Tariff Regulations is as under:

	<i>(Rs. in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Within the Original scope	1175.00	1574.49	200.00	0.00	0.00
Beyond the Original scope	150.00	105.94	1000.00	0.00	0.00
Total add-cap claimed	1325.00	1680.43	1200.00	0.00	0.00

74. The Petitioner has claimed additional capital expenditure towards the Procurement of Battery banks, heat exchangers, etc., under Regulation 25(2)(a) of the 2024 Tariff Regulations. It is noted that the claimed expenditure is primarily for the replacement of old items that were part of the original scope of work and have reached the end of their useful life. Accordingly, we allow the said claims, subject to the submission of the Gross block in Form 9 (B)(i) towards the decapitalization, the depreciation recovered, and the date of put to use, duly certified by the auditor, at the time of truing-up of tariff, failing which the claim may not be considered.

75. The Petitioner has also claimed additional capital expenditure towards replacement & upgradation of 132 kV SF6 circuit breakers and installation of capacitive voltage transformer (CVT) under Regulation 25(2)(c) of the 2024 Tariff Regulations, but has not furnished the authoritative OEM confirmations, obsolescence notices or technical studies, proving that the existing equipment has become technologically obsolete. The Commission has been considering the claims under this regulation based on the support document provided for obsolescence by the OEMs or by the competent authority of the Petitioner and further, the details of the old asset which are being replaced are verified from Form 9(B)(i) wherein, the details of put to use of the asset, gross block and corresponding depreciation recovered are provided. In the present petition, the Petitioner has not provided the details in support of the



obsolescence of the asset, under Regulation 25(2)(c), including the gross block in Form 9(B)(i) towards the decapitalization. However, we allow the said claims, subject to the submission of details such as, the OEM certificate, Gross block in Form 9 (B)(i), the depreciation recovered and date of put to use, duly certified by the auditor, by the Petitioner, at the time of truing-up of tariff, failing which the claims may not be considered.

2024-25

76. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2024-25, based on a prudence check of the justification furnished by the Petitioner, is as under:

<i>(Rs. in lakh)</i>						
SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
New Claims						
1	Numerical Relay test Kit.	50.00	25(2)(c)	Periodic testing for review and calibrations of protection relays installed at Power House, will ensure safe and reliable operation of the equipment and to avoid unnecessary tripping and outage of machine. Proper functioning of the relays will ensure secure and stable operation of Grid.	In our view, the additional capital expenditure claimed is in the nature of tools and tackles, accordingly, the additional capital expenditure claimed is not allowed .	0.00
2	Replacement and upgradation of 132 KV SF6 Circuit Breakers (9 Nos)	100.00	25(2)(c)	In compliance with Grid Operational requirement the old Circuit Breaker shall be replaced with the latest model Spring-Spring Type SF6 Circuit Breakers for safe and reliable operation. Further, the old	In light of our decision in paragraph 75 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has been considered and dealt under	100.00

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				CB's have completed 28 years since the year of manufacture and 24 Years in service and are on the verge of completion its useful life that is 25 years. The existing Spring-Pneumatic Operation Type CBs has become obsolete and their repair and maintenance has become untenable due to non-availability spare and services.	'Assumed Deletions'.	
3	Replacement of Control Panel of Diversion Tunnel Gates (Emergency & Service), Spillway Radial Gates & 30 T Gantry Crane, DHPS, Doyang, Nagaland.	25.00	25(2)(a)	The Control Panel of the Hydraulic Gates of Diversion Tunnel Gates (Emergency & Service), Spillway Radial Gates & 30 T Gantry Crane, DHPS, Doyang, Nagaland were installed during the year 2000. Over the years, the condition of the Panel is in deplorable condition for which it is propose for replacement and upgradation of the Control panels for efficient operation of the Hydraulic Gates.	In the light of our decision in paragraph 74 of this order above, the claims are allowed . The de-capitalization value of old replaced assets have been considered and dealt under 'Assumed Deletions'.	25.00
4	Construction of New E-type Quarter at Permanent colony (1 block)	100.00	25(2)(a)	Most of the buildings are 35 years old and has outlived its utility period and is in a very dilapidated condition. There is acute shortage		100.00



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				of liveable quarters at DHPS project site for Powerhouse Operation and Maintenance Staffs. In view of above, it is proposed to construct new E-type building for smooth and efficient operation of Power Station.		
5	Construction of new road pavement for Office and quarters, Phase-I	300.00	25(2)(a)	Since commissioning of the plant, no major upgradation / maintenance of Roads was taken up. The project is linked by 12.41 km of internal roads which are in deplorable condition. Since DHEP is located in the remotest hilly terrain and due to its abnormal monsoon conditions, major portion of the road & drains have been badly damaged leading to undue hardship of the plant Engineers and workers. Moreover, in some portion existing culverts are damaged and in deplorable state. Due to the dilapidated condition of the road with presence of numerous potholes all along the stretch that poses threat to life of the commuters. For uninterrupted	In the light of our decision in paragraph 74 of this order above, the claim is allowed. The de-capitalization value of old replaced assets have been considered and dealt with under 'Assumed Deletions'.	300.00

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				movement and to enhance productivity of the plant timely movement of the O&M Engineers, workers, supply of spares etc., it is required to construct and rehabilitate the Road.		
6	Construction of new road pavement for approach road to Power House & Switchyard and quarters, Phase-II	600.00	25(2)(a)	Since commissioning of the plant, no major upgradation / maintenance of Roads was taken up. The project is linked by 12.41 km of internal roads which are in deplorable condition. Since DHEP is located in the remotest hilly terrain and due to its abnormal monsoon conditions, major portion of the road & drains have been badly damaged leading to undue hardship of the plant Engineers and workers. Moreover, in some portion existing culverts are damaged and in deplorable state. Due to the dilapidated condition of the road with presence of numerous potholes all along the stretch that poses threat to life of the commuters. For uninterrupted movement and to enhance	In the light of our decision in paragraph 74 of this order above, the claim is allowed. The de-capitalization value of old replaced assets have been considered and dealt under 'Assumed Deletions'.	600.00

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				productivity of the plant timely movement of the O&M Engineers, workers, supply of spares etc., it is required to construct and rehabilitate the Road.		
7	Survey for laying of new GI pipelines, construction of pump house along with all machineries and pump, GI pipes and fittings for new water source from Dam Reservoir to existing water tank for Permanent colony and colony- III (Left Bank & Right Bank)	100.00	26(1)(i)	The present water supply at DHPS is tapped from a small perineal source under Village land not acquired and it is pertinent to mentioned here that, during lean period the source gets dry and therefore sufficient supply of water to the colonies are not met during this period. Moreover, the quality of water is also not good during heavy rains as the water runs turbid with high silt contents. In comparison, the reservoir is clean in appearance even during rainy season and as such, tapping of the water from the reservoir seems to be the best option to mitigate the problem for supply of sufficient water to the colonies. The existing water source shall also be kept as an alternate source when reservoir is depleted for carrying out any	In our view, the additional capital expenditure incurred by the Petitioner does not directly relate to the operation of the generating station and is in the nature of O&M expenses. Hence, the claim of the Petitioner is not allowed .	0.00

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				major repairing works or for any emergency situation.		
8	Correction of the Hydraulic Profile of the Tail Race Channel (TRC) by excavation and providing protection wall.	50.00	26(1)(i)	The existing TRC profile requires correction to improve/ increase the output of the machine by reducing tail pool water level and improving the channel for faster outflow of the tail pool water. In fact, some improvements has been carried out and there has been improvement in the generation which will further improve on completion of the works.	As the asset/ work is considered necessary for efficient and successful operation of the generating station, the expenditure is allowed under 26(1)(i) of the 2024 Tariff Regulations. Additionally, the Petitioner is to provide a cost benefit analysis against the same at the time of truing up the tariff.	50.00
Total amount claimed		1325.00				
Total amount allowed						1175.00

77. Accordingly, the total additional capital expenditure of Rs.1175.00 lakh is allowed for 2024-25.

2025-26

78. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2025-26, based on the prudence check of the justification furnished by the Petitioner are as under:

(Rs. in lakh)						
SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
New Claims						
1	Installation of Capacitive Voltage Transformer (CVT) on all	80.00	25(2)(b) & (c)	The existing system has only one CVT installed and connected to only one single	In light of our decision in paragraph 75 of this order above,	80.00

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
	the three Phases of 4 (four) 132 kV transmission lines.			phase of the 132 KV transmission lines. Therefore, for reliable metering, Protection, and communication system and in compliance with the Regulations and CEA technical requirement, CVT in all the 3 Phases of the transmission lines shall be installed.	the claim is allowed . The de-capitalisation value of old replaced assets has been considered and dealt under 'Assumed Deletions'.	
2	Installation of oil vapour extraction system	49.43	26(1)(i)	The installation of the asset will efficiently extract oil from vapour seal of Bearing Housing and helps prevent oil ingress into the stator winding, Rotor winding, and other parts reducing maintenance time and prevent from fire and any damage to the windings and avoid Outage of machines. Thus, installation of vapour extraction system will improve operational efficiency of the units. PO already issued on 03.10.2024 to OEM i.e., M/s BHEL.	As the asset/ work is considered necessary for efficient and successful operation of the generating station, the expenditure is allowed under 26(1)(i) of the 2024 Tariff Regulations. Additionally, the Petitioner to provide cost benefit analysis against same at the time of truing up of tariff.	49.43
3	Installation of carbon Dust Extraction System.	56.51	26(1)(i)	Due to contact of carbon brush with slip ring, Carbon dust falls into the brush gear casing. This carbon dust spreads inside the machine and gets deposited on winding / pole / other parts of machine and thus	As the asset/ work is considered necessary for efficient and successful operation of the generating station, the expenditure is allowed under 26(1)(i) of the 2024 Tariff Regulations.	56.51



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				machine requires regular cleaning / maintenance. The function of carbon dust extraction system is to effectively extract the carbon dust falling from the carbon brush used in slip rings / collector. Installation of carbon dust extraction system will result in reduction in downtime of the units required for manual cleaning, since the carbon dust will be extracted automatically. It will also prevent rotor and stator winding earth fault. Thus, installation of carbon dust extraction system will improve operational efficiency of the units. PO already issued on 03.10.2024 to OEM i.e., M/s BHEL.	Additionally, the Petitioner is to provide a cost-benefit analysis against the same at the time of truing up the tariff.	
4	Construction of building in the power house premises for office/ lab/ stores/Mechanical-Electrical Workshop	35.00	24(1)(b) as per relaxation under 102	Within the power house there are rooms only for conference hall and one record room and there is no other room or building in the its premises. The power house is about 5 KM from the project offices and found to be inefficient for maintenances and operation purposes. About 4 rooms building in	The claim of the Petitioner is after the cut-off date. However, it is not clear as to whether the asset/work form part of the original scope of work of the project. Hence, the claim of the Petitioner is not allowed , at this stage. However, the Petitioner is granted liberty to claim the	0.00

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				the premises of the power house for offices, Mechanical Workshop, Electrical Workshop laboratory, special equipment stores, etc. are felt highly necessary. Petitioner pleads to Commission that the said capitalisation should have been completed within cut-off date but due to unavoidable circumstances it was not completed. So, Petitioner prays power to relax (102) to relax 24(1)(b)	expenditure under this head, with supporting documents to establish that the said works form part of original scope, at the time of truing up of tariff and the same will be considered as per the relevant regulations.	
Spill over works (already approved works by the Commission)						
5	Automation of machine: complete implementation of SCADA	1160.85	25(2)(d)	The replacement and upgradation of this assets was allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations for additional capitalization during the 2014-19 Tariff period for (Rs. 150.00 lakh+ Rs. 200 Lakh) = Rs. 350.00 Lakh. The work could not be taken up during the period 2019-24. Work order has been issued on 11/09/2024 to M/s ABB India Limited for "DCS based Auto Sequencer System, Plant Common Auxiliary System & Auto Generator Control	It is evident from the Petitioner's submission that the expenditure claimed for assets under this head, are on replacement basis which has been previously allowed by the Commission. The expenses claimed are based on the increased scope of work and the actual completion cost. In view of this, the additional capital expenditure claimed is allowed. The de-capitalisation value of old replaced assets has been considered and dealt with under	1160.85



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				(AGC) for 3x25 MW Doyang Hydro Power Station, Wokha District, Nagaland" for Rs. 1160.86 Lakh inclusive of all taxes. In view of the above, it is proposed to carry forward the work during the 2024-29 tariff period for amount Rs. 1160.86 Lakh.	'Assumed Deletions'.	
6	Plant & Machinery in Generation Station: Cooling water pipe line replacement with SS pipes	160.48	25(2)(d)	The replacement of this asset was allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations for additional capitalization during the 2014-19 tariff period for Rs. 100.00 lakh. Supply order has been issued on 12.04.2024 for an amount of 160.48 Lakh inclusive of Taxes. The work could not be taken up during the tariff period 2019-24. In view of the above, it is proposed to carry forward the work during the Tariff period 2024-29 for amount ₹ 160.48 Lakh	It is evident from the Petitioner's submission that the expenditure claimed for assets under this head is on a replacement basis, has previously been allowed by the Commission, and constitutes spill-over work. The claimed expense is based on the increased scope of work and the actual completion cost. In view of this, the additional capital expenditure claimed is allowed . The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	160.48
7	Upgradation of firefighting system, hydrant system, deluge valves, solenoids,	138.16	25(2)(d)	The upgradation of fire detection, alarm and protection system, the components like fire detection, hydrants, deluge valves, solenoids,	It is evident from the Petitioner's submission that the expenditure claimed for assets under this head, are on replacement basis	138.16

SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
	pipelines, motor panels			hydrant pipe lines, motor control panels are to upgraded to the latest system. The present existing system is more than 24 (twenty-four) years old and many components of the system have started malfunctioning which will lead to major damage due to fire. The existing fire detection, alarm and protection system has deteriorated due to normal wear and tear and requires replacement and upgradation as the old system is inadequate for handling fire emergency in the Power House. The Replacement and upgradation was allowed on replacement basis, under the Regulation 25(2)(c) of the 2019 Tariff Regulations for amount of Rs. 60.00 Lakh. However, the work could not be taken up during the Tariff period 2019-24. In order to bring the FDAP system of DHPS to workable order, the entire perceived work scope is planned in three phases with total financial involvement of Rs. 138.16 Lakh Phase -1 work	which has been previously allowed by the Commission. The claimed expense is based on increased scope of works and actual completion cost. In view of this, the additional capital expenditure claimed is allowed . The de-capitalization value of old replaced assets have been considered and dealt under 'Assumed Deletions'.	



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				scope the Hydrant System in the Switchyard (incl. Booster Pump & Starting gear), HVWS, MVWS, Penstock Tapping and Fire Detection & Alarm System is sought to be taken up and is estimated at Rs. 6291170.00 +1368979.00 (including GST). Phase-2 Repairing / replacement of one of the two Fire Water Pumps at Power House along with the valves/switches and the MCC and Starter Panels for both Fire Water pumps are sought to be taken up in phase -2 and is estimated at Rs. 34,28,764.00 (including GST) Phase-3 Repairing / replacement of the remaining Fire Water Pump at Power House along with the valves/switches is proposed to be taken up in Phase 3 and is estimated at Rs. 27, 28, 233.00 (including GST). Tender for Phase-1 has been floated for "Fire Detection and Protection System for Doyang Hydro Power Station" on 23/8/2024 (Tender Notice enclosed as Annexure Z1) & "Procurement of		



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				Portable Fire Extinguishers" on 27/9/2024 (Tender Notice enclosed as Annexure Z2)		
Total amount claimed		1680.43				
Total amount allowed						1645.43

79. Accordingly, the total additional capital expenditure of Rs. 1645.43 lakh is allowed for 2025-26.

2026-27

80. The admissibility of the actual additional capital expenditure claimed by the Petitioner and allowed for 2026-27, based on the prudence check of the justification furnished by the Petitioner, is as under:

(Rs. in lakh)						
SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
New Claims						
1	Procurement of 1(one) no. new 28.5 MVA, 11/132 kV Generator Transformer	1000.00	26(1)(i)	Presently there is no spare GT. In order to avoid prolonged forced outages of Units and subsequent loss of generation and financial loss due to failure of Generator Transformers (GT), a new spare Generator Transformer is very much essential. Instance such as, GT of Unit-II has been repaired four times, as such next failure also cannot be ruled out. The OEM of the GTs in DHEP i.e. M/S Bharat Bijlee & M/s BHEL has recommended for	It is noticed that the asset claimed is an additional capital spare. As per Regulation 37(2)(c) of the 2024 Tariff Regulations, capital spares are to be allowed separately, on actual consumption basis, as part of the additional O&M expenses. Accordingly, the claim of the Petitioner is not allowed under this head. However, the Petitioner is granted liberty to claim the capital spares under Regulation 37(2)(c) of the 2024 Tariff	0.00



SI No.	Works/ Items	Amount claimed	Regulation	Justification by the Petitioner	Remarks for Admissibility	Amount Allowed
				procurement of a ready Spare GT.	Regulations, if consumed, at the time of truing-up of tariff.	
Spill over works						
2	Replacement of Trash rack of Intake of Doyang HE Plant	200.00	25(2)(d)	The replacement of this asset was allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations for additional capitalization during the 2014-19 Tariff period for Rs. 200.00 lakh on the ground that the asset will avoid entry of debris into the penstock which leads to the turbine of the Powerhouse as entry of unwanted debris may damage the underwater parts like runner and consequently impact the successful and efficient operation of plant. The work could not be taken up during the period 2019-24. In view of the above, it is proposed to carry forward the work during the Tariff period 2024-29 for amount Rs. 200.00 lakh. Proposal is under process and shall be completed in 2026-27.	It is evident from the Petitioner's submission that the expenditure claimed for assets under this head, are on replacement basis which has been previously allowed by the Commission and are spill-over works. The claimed expense is based on increased scope of works and actual completion cost. In view of this, the additional capital expenditure claimed is allowed . The de-capitalization value of old replaced assets have been considered and dealt under 'Assumed Deletions'.	200.00
Total amount claimed		1200.00				
Total amount allowed						200.00

81. Accordingly, the total additional capital expenditure of Rs. 200 lakhs is allowed for 2026-27.

2027-28 and 2028-29

82. No additional capital expenditure has been claimed by the Petitioner for the years 2027-28 and 2028-29.

83. Based on the above, the total additional capital expenditure allowed for the period 2024-29 is as under:

<i>(Rs. in lakh)</i>					
Regulations	2024-25	2025-26	2026-27	2027-28	2028-29
Regulation 25- eligible for RoE at normal rate	1125.00	1539.49	200.00	0.00	0.00
Regulation 26- eligible for RoE at WAROI rate	50.00	105.94	0.00	0.00	0.00
Total	1175.00	1645.43	200.00	0.00	0.00

De-capitalisation

84. The Petitioner has not claimed any decapitalization during 2024-29 for the generating station. However, we have worked out the corresponding de-capitalisation under “Assumed Deletions” for the aforesaid assets, as discussed below:

Assumed Deletions

De-capitalisation of items replaced under additional capitalization

85. As per the consistent methodology adopted by the Commission, the expenditure on the replacement of assets, if found justified, is allowed for the purpose of tariff, provided that the capitalisation of the said asset is followed by de-capitalization of the original value of the old asset. However, in certain cases where de-capitalisation is affected in the books during the following years up to the year of capitalisation of the new asset, the de-capitalisation of the old asset for the purpose of tariff is shifted to the very same year in which the capitalisation of the new asset is allowed. Such decapitalization, which is not a book entry in the year of capitalisation, is termed “Assumed deletion”. Further, in the absence of the gross value of the asset being

decapitalised, the same is calculated by de-escalating the gross value of the new asset @ 5% per annum until the year of capitalisation of the old asset.

86. It is observed that the Petitioner has claimed the assets/works, such as Replacement and upgradation of 132 kV SF6 Circuit Breakers, Replacement of Control Panel of Diversion Tunnel Gates (Emergency & Service), Spillway Radial Gates & 30 T Gantry Crane, Construction of New E- type Quarter at Permanent colony (1 block) etc., on replacement basis. However, the Petitioner has not furnished the de-capitalisation value of the old assets/works, which have been replaced. Accordingly, based on the above methodology, the assumed deletion considered for these assets/works is also, as under:

<i>(Rs. in lakh)</i>			
Sl.No.	Items claimed under Additional Capitalisation	Additional capitalisation claimed for new assets under replacement	Assumed Deletions Allowed
2024-25			
1	Replacement and upgradation of 132 kV SF6 Circuit Breakers (9 Nos)	100.00	31.007
2	Replacement of Control Panel of Diversion Tunnel Gates (Emergency & Service), Spillway Radial Gates & 30 T Gantry Crane, DHPS, Doyang, Nagaland	25.00	7.75
3	Construction of New E- type Quarter at Permanent colony (1 block)	100.00	31.001
4	Construction of new road pavement for the office and quarters, Phase-I	300.00	93.02
5	Construction of new road pavement for the approach road to the Power House & Switchyard and quarters, Phase-II	600.00	186.04
Total		1125.00	348.83
2025-26			
1	Installation of Capacitive Voltage Transformer (CVT) on all three Phases of 4 (four) 132 KV transmission lines.	80	23.62
2	Automation of the machine, complete implementation of SCADA	1160.85	342.80
3	Plant & Machinery in Generation Station: Cooling water pipeline replacement with SS pipes	160.48	47.39

4	Upgradation of firefighting system, hydrant system, deluge valves, solenoids, pipelines, motor panels	138.16	40.80
Total		1539.49	454.62
2026-27			
1	Replacement of the trash rack of the intake of Doyang HE Plant	200.00	56.25
Total		200.00	56.25

87. The Petitioner is directed to furnish the actual decapitalization values at the time of truing-up of tariff for the period 2024-29.

Discharge of Liabilities

88. The Petitioner has not claimed any liability discharges during the period 2024-29.

Additional Capital Expenditure allowed for the period 2024-29

89. Accordingly, the net additional capital expenditure allowed for the period 2024-29 is as under:

	<i>(Rs in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Additional capital expenditure within scope (A)	1125.00	1539.49	200.00	0.00	0.00
Additional capital expenditure beyond scope (B)	50.00	105.94	0.00	0.00	0.00
Less: De-capitalisation (incl. Assumed Deletions) (C)	348.83	454.62	56.25	0.00	0.00
Discharge of liabilities (D)	0.00	0.00	0.00	0.00	0.00
Net additional capital expenditure allowed (E=A+B-C+D)	826.17	1190.81	143.75	0.00	0.00

Capital Cost approved for the period 2024-29

90. Based on the above, the capital cost allowed for the purpose of the tariff, for the period 2024-29, is as under:

	<i>(Rs in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Capital Cost	66128.35	66954.52	68145.33	68289.09	68289.09
Net additional capital expenditure allowed	826.17	1190.81	143.75	0.00	0.00
Closing Capital Cost	66954.52	68145.33	68289.09	68289.09	68289.09

Debt- Equity Ratio

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

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

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

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

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

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

92. Gross normative loan and equity amounting to Rs. 33025.15 lakh and Rs. 33103.20 lakh, respectively, as on 31.3.2024, as considered above, have been considered as the normative loan and equity, as on 1.4.2024. Further, the normative debt equity ratio of 70:30 has been considered for the admitted additional capital expenditure. Since the de-capitalisation of assets has been considered on an assumed deletion basis, considering the put-to-use year as COD, the debt-equity ratio for de-

capitalisation has been considered as 48.78:51.22 as on COD. The details of the debt-equity ratio considered are as under:

(Rs. in lakh)

Asset	As on 1.4.2024		Additional Capital Expenditure during 2024-29		De-capitalisation during 2024-29		As on 31.3.2029	
	Amount	%	Amount	%	Amount	%	Amount	%
Debt	33025.15	49.94%	2114.30	70%	419.36	48.78%	34720.09	50.84%
Equity	33103.20	50.06%	906.13	30%	440.33	51.22%	33569.00	49.16%
Total	66128.35	100%	3020.43	100%	859.69	100.00%	68289.09	100.00%

Return on Equity

93. Regulation 30 and 31 of the 2024 Tariff Regulations provide as under:

30. Return on Equity:

(1) Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 18 of these Regulations.

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

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

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

Provided further that:

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

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

iii. in the case of a thermal generating station:

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

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

31. Tax on Return on Equity:

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

Provided that in case a generating company or transmission licensee is paying 59 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."

94. As mentioned earlier, the base rate allowed for the computation of ROE within the original scope of work is 10%. For grossing up of Return on Equity (ROE) during the period 2024-29, the Petitioner has applied a MAT rate of 17.472%, which is allowed. This , however, is subject to revision, if any, at the time of truing up the tariff. Further, the base rate for ROE, for the projected additional capital expenditure beyond the original scope of work allowed for the period 2024-29, has been considered as 1-year MCLR rate as on 1.4.2024, i.e. 8.65% plus 350 basis points for 2024-25 and 1-year MCLR rate as on 1.4.2025, i.e. 9% plus 350 basis points for 2025-29. Accordingly,

ROE has been worked out and allowed based on the admitted capital expenditure as under:

	(Rs in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
ROE for additional capital expenditure claimed under original scope of work					
Opening Equity	32918.76	33077.59	33306.58	33337.77	33337.77
Addition of Equity due to additional capital expenditure	337.50	461.85	60.00	0.00	0.00
Addition due to discharge of liabilities	0.00	0.00	0.00	0.00	0.00
Less: Decrease due to decapitalization	178.67	232.85	28.81	0.00	0.00
Normative Equity-Closing	33077.59	33306.58	33337.77	33337.77	33337.77
Average Equity	32998.17	33192.08	33322.17	33337.77	33337.77
Base Rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate (%)	17.472%	17.472%	17.472%	17.472%	17.472%
ROE Rate (%)	12.117%	12.117%	12.117%	12.117%	12.117%
Return on Equity (A)	3998.39	4021.88	4037.65	4039.54	4039.54
RoE for additional capital expenditure beyond the original scope of work					
Opening Equity	184.43	199.43	231.21	231.21	231.21
Addition of Equity due to additional capital expenditure	15.00	31.78	0.00	0.00	0.00
Addition due to discharge of liabilities	0.00	0.00	0.00	0.00	0.00
Less: Decrease due to decapitalization	0.00	0.00	0.00	0.00	0.00
Normative Equity-Closing	199.43	231.21	231.21	231.21	231.21
Average Equity	191.93	215.32	231.21	231.21	231.21
Base Rate (%)	12.150%	12.500%	12.500%	12.500%	12.500%
Tax Rate (%)	17.472%	17.472%	17.472%	17.472%	17.472%
ROE Rate (%)	14.722%	15.146%	15.146%	15.146%	15.146%
Return on Equity (A1)	28.26	32.61	35.02	35.02	35.02
Total ROE (A+A1)	4026.64	4054.50	4072.67	4074.56	4074.56

Interest on Loan

95. 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 de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

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

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

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

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

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

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

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

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

96. The normative loan for the project has already been repaid. However, the normative loan corresponding to the admitted capital expenditure, during the respective years of the tariff period, has been considered, after adjusting for any decapitalization and assumed deletions. Further, as there is no actual loan portfolio for the generating station during the tariff period, interest on loan has been calculated on the normative average loan for the year, applying the last available weighted average rate of interest, in line with the proviso to Regulation 32 (5) of the 2024 Tariff Regulations. Accordingly, Interest on loan has been worked out as under:

(Rs. in lakh)

	2024-25	2025-26	2026-27	2027-28	2028-29
Gross opening loan (A)	33025.15	33677.49	34607.53	34720.09	34720.09
Cumulative repayment of loan up to previous year (B)	33025.15	33677.49	34488.05	34720.09	34720.09
Net Loan Opening C= (A-B)	0.00	0.00	119.48	0.00	0.00
Addition due to additional capital expenditure (D)	652.34	930.04	112.56	0.00	0.00
Repayment of loan during the year (E)	880.20	1108.53	269.34	0.00	0.00
Less: Repayment adjustment on account of de-capitalization (F)	227.86	297.96	37.31	0.00	0.00
Net Repayment of loan during the year (G=E-F)	652.34	810.56	232.04	0.00	0.00
Net Loan Closing (H= C+D-G)	0.00	119.48	0.00	0.00	0.00
Average Loan (I= (C+H)/2)	0.00	59.74	59.74	0.00	0.00

	2024-25	2025-26	2026-27	2027-28	2028-29
Weighted Average Rate of Interest of loan (J)	10.00%	10.00%	10.00%	10.00%	10.00%
Interest on Loan (K= I*J)	0.00	5.97	5.97	0.00	0.00

Depreciation

97. 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 further that in the case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for the development of the generating station: Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of the sale of electricity under long-term power purchase agreement at regulated Tariff: Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

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

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

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

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

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

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

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

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

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

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

(10) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (9) of this Regulation.

(11) Depreciation of the emission control system of an existing generating station that is yet to complete its useful life or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on the straight line method at rates specified in Appendix- I to these Regulations;

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

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

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

98. Depreciation has been worked out by considering the admitted capital expenditure of Rs. 66128.34 lakh, as on 31.3.2024, and the accumulated depreciation of Rs. 43062.02 lakhs, up to 31.3.2024. Since the generating station completed 12 years of operation in 2012-13, the remaining depreciable value has been spread over the balance useful life of the assets. Depreciation, calculated in terms of the above regulation, is as under:

	(Rs in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Capital Cost (A)	66128.34	66954.51	68145.32	68289.08	68289.08
Net Additional Capital Expenditure during year (B)	826.17	1190.81	143.75	0.00	0.00
Closing Capital Cost (C=A+B)	66954.51	68145.32	68289.08	68289.08	68289.08
Average Capital Cost (D) = (A+C) /2	66541.42	67549.92	68217.20	68289.08	68289.08
Total Depreciable Value (E=D * 90%)	59887.28	60794.93	61395.48	61460.17	61460.17
Remaining Depreciable Value at the beginning of the year (F=E-K of the previous year)	16825.26	16926.59	16716.58	15647.09	14467.90
Balance useful Life (G)	16.27	15.27	14.27	13.27	12.27
Depreciation (H=F/G)	1034.16	1108.53	1171.50	1179.18	1179.18
Cumulative Depreciation at the end of the year (I=H+ K of the Previous year)	44096.19	44976.86	45850.39	46992.26	48171.45
Less: Depreciation adjustment on account of de-capitalization (J)	227.86	297.96	37.31	0.00	0.00
Net Cumulative Depreciation at the end of the year (K)	43868.33	44678.89	45813.08	46992.26	48171.45

Operation & Maintenance Expenses

99. Regulation 36 (2) (a) of the 2024 Tariff Regulations provides for the O&M expense norms for hydro generating stations, which have been operational for three or more years as on 1.4.2024, as shown below:

“(2) Hydro Generation Station: (a) Following operations and maintenance expense norms shall be applicable for hydro generating stations which have been operational for three or more years as on 1.4.2024:

	2024-25	2025-26	2026-27	2027-28	2028-29
Doyang	7540.48	7982.36	8450.13	8945.31	9469.52

- In the case of the hydro generating stations declared under commercial operation on or after 1.4.2024, operation and maintenance expenses of the first year shall be fixed at 3.5% and 5.0% of the original project cost (excluding the cost of rehabilitation & resettlement works, IDC and IEDC) for stations with installed capacity exceeding 200 MW and for stations with installed capacity less than or equal to 200 MW, respectively and shall be subject to annual escalation of 5.47% per annum for the subsequent year.*
- In the case of hydro generating stations which have not completed a period of three years as on 1.4.2024, operation and maintenance expenses for 2024-25 shall be worked out by applying an escalation rate of 5.47% on the applicable operation and maintenance expenses as on 31.3.2024. The operation and maintenance expenses for subsequent years of the Tariff period shall be worked out by applying an escalation rate of 5.47% per annum.*

100. The Petitioner has claimed O&M expenses for the period 2024-29, in terms of the above regulations. In addition, it has claimed Security expenses and Capital spares. Accordingly, the total O&M expenses claimed by the Petitioner are as under:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Normative O&M expenses	7540.48	7982.36	8450.13	8945.31	9469.52
Additional O&M expenses					
Security expenses	1545.96	1770.08	1453.23	1555.26	1796.50
Capital Spares	0.00	60.00	0.00	0.00	0.00
Insurance expenses	166.64	166.64	166.64	166.64	166.64
Total O&M expenses claimed	9253.08	9979.08	10070.00	10667.21	11432.66

101. The normative O&M expenses claimed by the Petitioner are in accordance with Regulation 36 (2) of the 2024 Tariff Regulations and are therefore allowed.

Additional O&M expenses

102. Regulation 36(2)(c) of the 2024 Tariff Regulations provides as under:

“The Security Expenses, Capital Spares and Insurance expenses arrived through competitive bidding for hydro generating stations shall be allowed separately after prudence check: Provided that the generating station shall submit the assessment of the security requirement, capital spares and insurance expenses along with its estimated expenses, which shall be trued up based on the details of year-wise actual capital spares consumed, actual insurance and security expenses incurred with appropriate justification. Provided further that the value of capital spares exceeding Rs. 10 lakh shall only be considered for reimbursement at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.”

Capital Spares

103. The Petitioner has submitted the details of capital spares claimed for the year 2025-26. Since capital spares are to be allowed on an actual consumption basis, the same shall be considered at the time of truing up of tariff, based on the actual expenses incurred and submission of the relevant details by the Petitioner, in terms of the said regulations.

Security Expenses

104. The Petitioner has claimed Security expenses as under:

(Rs. in lakh)				
2024-25	2025-26	2026-27	2027-28	2028-29



1545.96	1770.08	1453.23	1555.26	1796.50
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105. It is observed that the Petitioner has claimed Security expenses for 2024-29 based on the actual security expenses incurred during the respective years of 2019-24. Accordingly, the same has been considered and allowed. However, the Petitioner is directed to submit the actual security expenses incurred for the subsequent years, duly audited, at the time of truing up the tariff.

Insurance Expenses

106. The Petitioner has claimed Insurance expenses in terms of Regulation 36(2)(c) of the 2024 Tariff Regulations, as under:

<i>(Rs. in lakh)</i>				
2024-25	2025-26	2026-27	2027-28	2028-29
166.64	166.64	166.64	166.64	166.64

107. It is observed that the Insurance expenses claimed by the Petitioner during the period 2024-29 are on the basis of the actual insurance premium incurred for the year 2024-25. Accordingly, the claim towards insurance expenses is allowed. However, the Petitioner is directed to submit the actual insurance expenses incurred for subsequent years, duly audited, at the time of truing up the tariff.

108. Based on the above, the year-wise O&M expenses allowed for the generating station for the period 2024-29 are as under:

	<i>(Rs. in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Normative O&M expenses	7540.48	7982.36	8450.13	8945.31	9469.52
Security Expenses	1545.96	1770.08	1453.23	1555.26	1796.50
Capital Spares	0.00	0.00	0.00	0.00	0.00
Insurance Expenses	166.64	166.64	166.64	166.64	166.64
Total O&M Expenses allowed	9253.08	9919.08	10070.00	10667.21	11432.66

Interest on Working Capital

109. Sub-section (d) of Clause (1) of Regulation 34 of the 2024 Tariff Regulations provides 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 expense including security expenses; and
 (iii) Operation and maintenance expenses including security expenses for one month”

110. As regards the rate of interest on working capital, clause (3) and (4) of Regulation 34 of the 2024 Tariff Regulations provide as under:

“(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate 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 true-up the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the Tariff period 2019-24.”

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

Receivables

111. Receivables equivalent to 45 days of the annual fixed cost are worked out as under:

(Rs. in lakh)				
2024-25	2025-26	2026-27	2027-28	2028-29
1823.15	1924.19	1953.78	2025.49	2129.68

Maintenance Spares

112. Maintenance spares@ 15% of O&M expenses, including security expenses, is worked out as under:

(Rs. in lakh)				
2024-25	2025-26	2026-27	2027-28	2028-29
1387.96	1487.86	1510.50	1600.08	1714.90

O&M expenses (one month)

113. O&M expenses, including security expenses, for one month, are allowed as under:

(Rs. in lakh)				
2024-25	2025-26	2026-27	2027-28	2028-29
771.09	826.59	839.17	888.93	952.72

Rate of Interest on working capital

114. In terms of Regulation 34(3) of the 2024 Tariff Regulations, the rate of interest on working capital shall be considered as 11.90% for the period 2024-29. As the tariff of the generating station is being determined during 2025-26, the one-year SBI-MCLR as on 1.4.2024 (i.e., 11.90%) and 1.4.2025 (i.e., 12.25%). Hence, in order to safeguard against additional interest burden due to excess/under recovery of tariff, we deem it prudent to consider the rate of interest on working capital for the year 2024-25 as 11.90% (i.e., One-year SBI MCLR of 8.65% as on 1.4.2024 plus 325 bps) and for the period 2025-29 as 12.25% (i.e., One-year SBI MCLR of 9.00% as on 1.4.2025 plus 325 bps).

115. Accordingly, interest on working capital is allowed as under:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Working capital for O&M Expenses (1 month of O&M Expenses)	771.09	826.59	839.17	888.93	952.72
Working capital for Maintenance Spares (15% of O&M expense)	1387.96	1487.86	1510.50	1600.08	1714.90
Working capital for Receivables (AFC for 45 days)	1823.15	1924.19	1953.78	2025.49	2129.68
Total Working capital	3982.20	4238.64	4303.45	4514.50	4797.30
Rate of Working Capital (%)	11.90%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	473.88	519.23	527.17	553.03	587.67

Annual Fixed Charges approved for the period 2024-29

116. Accordingly, the annual fixed charges approved for the generating station for the period 2024- 29 are summarised below:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1034.16	1108.53	1171.50	1179.18	1179.18
Interest on Loan	0.00	5.97	5.97	0.00	0.00
Return on Equity	4026.64	4054.50	4072.67	4074.56	4074.56
Interest on Working Capital	473.88	519.23	527.17	553.03	587.67
O&M Expenses	9253.08	9919.08	10070.00	10667.21	11432.66
Total Annual Fixed Charges	14787.77	15607.31	15847.31	16473.98	17274.06

Note: All figures under each head have been rounded. The figure in total column in each year is also rounded. As such the sum of

individual items may not be equal to the arithmetic total of the column.

117. The annual fixed charges approved as above are subject to truing-up, in terms of Regulation 13 of the 2024 Tariff Regulations.

Normative Annual Plant Availability Factor (NAPAF)

118. Regulation 71(A)(4) of the 2024 Tariff Regulations provides for the NAPAF for hydro generating stations already in operation. Accordingly, in terms of the said Regulation, NAPAF of 65% has been considered for the generating station.

Design Energy

119. The Commission vide its order dated 11.5.2022 in Petition No. 232/GT/2020, had considered the annual Design Energy (DE) of 227.24 MUs for the generating station. This DE has been considered for the generating station for the period 2024-29, per the month- wise details as under:

Months	Design Energy (MU)
April	11.52
May	12.79
June	22.90
July	14.29
August	55.80
September	31.96
October	20.01
November	11.52
December	11.90
January	11.90
February	10.75
March	11.90
Total	227.24

Application filing fee and publication expenses

120. The Petitioner has sought the reimbursement of fees paid by it for filing the petition and for publication expenses and has submitted that the reimbursement of the same is in accordance with Regulation 94 of the 2024 Tariff Regulations. In view of the above, the Petitioner shall be entitled to the reimbursement of the filing fees and publication expenses in connection with the filing of this petition, directly from the

beneficiaries, on a pro-rata basis, in accordance with Regulation 94 of the 2024 Tariff Regulations.

121. The RLDC Fees & Charges paid by the Petitioner in terms of the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations 2015 shall be recovered from the beneficiaries. In addition, the Petitioner is entitled to recovery of statutory taxes, levies, duties cess, etc., levied by the statutory authorities in accordance with the 2024 Tariff Regulations.

Summary

122. The annual fixed charges claimed and allowed for the period 2024-29 are summarised below:

	<i>(Rs. in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Annual fixed charges claimed	14802.37	15740.75	16035.41	16756.77	17542.84
Annual fixed charges allowed	14787.77	15607.31	15847.31	16473.98	17274.06

123. Petition No. 41/GT/2025 is disposed of in terms of the above.

Sd/-
(Ravinder Singh Dhillon)
Member

Sd/-
(Harish Dudani)
Member

Sd/-
(Ramesh Babu V.)
Member

Sd/-
(Jishnu Barua)
Chairperson