

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 418/TT/2025**

**Coram:**

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

**Date of Order: 28.01.2026**

**In the matter of:**

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for the truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for the determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for “**Asset-I:** 1x500 MVA, 400/220 kV ICT along with associated transformer bays and 220 kV line bays at Itarsi Sub-station, **Asset-II:** 1x500 MVA, 400/220 kV ICT-2 along with associated bays and 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station, **Asset-III:** 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station, **Asset-IV:** 1x500 MVA, 400/220 kV ICT-1 along with associated bays at 400/220 kV Indore Sub-station, **Asset-V:** 1 number 220 kV line bay at 400/220 kV Indore Sub-station and **Asset-VI:** 1 number 220 kV line bay at 400/220 kV Indore Sub-station” under “Western Region System Strengthening Scheme-XIV” in the Western Region.

**And in the matter of:**

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

**...Petitioner**

**Versus**

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



4. **Electricity Department,**  
Vidyut Bhawan, Government of Goa,  
Panaji, Goa-403001.
5. **DNHDD Power Distribution Corporation Limited,**  
Vidyut Bhawan, 66 kV Road, Near Secretariat, Amli,  
Silvassa-396230.
6. **Chhattisgarh State Power Distribution Company Limited,**  
P.O. Sunder Nagar, Dangania, Raipur,  
Chhattisgarh-492013.

...Respondent(s)

**Parties Present:** Shri Zafrul Hassan, PGCIL  
Shri Angaru Naresh Kumar, PGCIL  
Shri Vijay G., PGCIL  
Shri Anshul Garg, PGCIL  
Shri Divyanshu Mishra, PGCIL  
Shri Piyush Avasthi, PGCIL  
Shri Arjun Malhotra, PGCIL

### **ORDER**

The instant Petition has been filed by Power Grid Corporation of India Limited, for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and the determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) in respect of the following transmission assets (hereinafter referred to as “the transmission assets/Combined Assets”) under “Western Region System Strengthening Scheme-XIV” (hereinafter referred to as “the transmission project”) in the Western Region:

**Asset-1:** 1x500 MVA, 400/220 kV ICT along with associated transformer bays and 220 kV line bays at Itarsi Sub-station;

**Asset-2:** 1x500 MVA, 400/220 kV ICT-2 along with associated bays and 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station;



**Asset-3:** 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station;

**Asset-4:** 1x500 MVA, 400/220 kV ICT-1 along with associated bays at 400/220 kV Indore Sub-station,

**Asset-5:** 1 number 220 kV line bay at 400/220 kV Indore Sub-station and

**Asset-6:** 1 number 220 kV line bay at 400/220 kV Indore Sub-station

*(The transmission assets have been combined during the 2024-29 tariff period, and a combined tariff has been claimed for the 2024-29 tariff period, and as such they have been termed as "Combined Assets" for the 2024-29 tariff period.)*

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

- a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 15 and 16 above.*
- b) Admit the capital cost claimed and additional capitalization incurred during 2019-24.*
- c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 15 and 16 above for respective block.*
- d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*
- e) Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.*
- h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.*
- i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 21 above.*



- j) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 above.*
- k) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

### **Background**

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

- a. The Petitioner was entrusted with the implementation of the transmission project and it was discussed and agreed during the 37<sup>th</sup> Standing Committee Meeting (SCM) on Power System in Western Region held on 5.9.2014. Further, the transformation capacity of 400/220 kV ICT of Itarsi Sub-station has been modified from 315 MVA to 500 MVA in the 38<sup>th</sup> SCM on Power System Planning in Western Region held on 17.7.2015. The proposal pertaining to the said modification was also discussed and agreed in the 29<sup>th</sup> Western Regional Power Committee meeting held on 24.7.2015.
- b. The Investment Approval (the IA) for the transmission project was accorded by the Board of Directors of the Petitioner's company (in its 325<sup>th</sup> meeting held on 27.1.2016) vide Memorandum Ref. No. C/CP/WRSSXIV dated 11.2.2016 at an estimated cost of ₹12067.00 lakh including an IDC of ₹758.00 lakh (based on August 2015 price level) with the broad scope of work as under:
- i. **Extension of 400/220 kV Indore (POWERGRID) Sub-station:**
- Installation of 2x500 MVA, 400/220 kV, ICTs along with associated transformer bays; and



— 220 kV Line bays: 6 numbers.

**ii. Extension of 400/220 kV Itarsi (POWERGRID) Sub-station:**

— Installation of 1x500 MVA, 400/220 kV, ICT along with associated transformer bays; and

— 220 kV Line bays: 2 numbers.

c. The transmission tariff for Asset-I from the COD (14.8.2017) to 31.3.2019 was approved by the Commission vide order dated 15.11.2018 in Petition No. 37/TT/2018. There was no time over-run in case of Asset-I.

d. The Petitioner had filed Petition No. 311/TT/2018 for approval of transmission tariff of 2x500 MVA, 400/220 kV ICTs along with associated bays and 6 numbers 220 kV line bays at 400/220 kV Indore Sub-station from the anticipated COD (1.9.2018) to 31.3.2019. However, due to the different CODs of the transmission assets, the Petitioner vide affidavit dated 21.6.2019 in Petition No. 311/TT/2018 had split the aforesaid asset into five assets as under:

| Asset No. in instant Petition | Asset Name                                                                                                             | Asset as filed in Petition No. 311/TT/2018                                                                            |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Asset-2                       | 1x500 MVA, 400/220 kV ICT-2 along with associated bays and 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station | 2x500 MVA, 400/220 kV ICTs along with associated bays and 6 numbers 220 kV line bays at 400/220 kV Indore Sub-station |
| Asset-3                       | 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station,                                                           |                                                                                                                       |
| Asset-4                       | 1x500 MVA, 400/220 kV ICT-1 along with associated bays at 400/220 kV Indore Sub-station,                               |                                                                                                                       |
| Asset-5                       | 1 number 220 kV line bay at 400/220 kV Indore Sub-station and *                                                        |                                                                                                                       |
| Asset-6                       | 1 number 220 kV line bay at 400/220 kV Indore Sub-station*                                                             |                                                                                                                       |

(\* The COD of the Asset-5 and Asset-6 had been approved under Regulation 4(3)(ii) of the 2014 Tariff Regulations.)

e. The transmission tariff of Asset-2, Asset-3, Asset-4, Asset-5 and Asset-6, (wherein referred as Asset-1, Asset-2, Asset-3, Asset-4 & Asset-5 in Petition No. 311/TT/2018) from their respective CODs (2.9.2018,



2.9.2018, 14.10.2018, 14.10.2018 and 5.12.2018) to 31.3.2019 was allowed vide order dated 21.1.2020 in Petition No. 311/TT/2018. The respective COD of Asset-1 to Asset-5 was approved under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations due to non-commissioning of the associated downstream transmission system of MPPTCL, which was expected to be completed by 2022-23.

- f. As per the IA dated 27.1.2016, the scheduled date of commercial operation (SCOD) of the transmission assets was 27.7.2018 against which Asset-2, Asset-3, Asset-4, Asset-5 and Asset-6, (wherein referred as Asset-1, Asset-2, Asset-3, Asset-4 & Asset-5 in Petition No. 311/TT/2018) were commissioned with a time over-run of 37 days, 37 days, 79 days, 79 days and 131 days respectively. The entire time over-run in case of aforementioned assets were dis-allowed vide order dated 21.1.2020 in Petition No. 311/TT/2018.
- g. The Commission, vide order dated 3.2.2022 in Petition No. 671/TT/2020, has trued-up the Annual Fixed Charges (AFC) with respect to Asset-1 to Asset-6 for the 2014-19 tariff and determined the AFC with respect to the Combined Asset (consisting of Asset-1 to Asset-4), Asset-5 and Asset-6 for the 2019-24 tariff period.
- h. The Petitioner has filed the present Petition for truing-up of the transmission tariff in respect to Combined Asset (consisting of Asset-1 to Asset-4), Asset-5 and Asset-6 for the 2019-24 tariff period and the determination of the transmission tariff with respect to Combined Asset for the 2024-29 tariff period.



- i. The details of the transmission assets covered under the instant Petition are as follows:

| Asset   | Asset Name                                                                                                             | COD        | Remarks                                                                              |
|---------|------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------|
| Asset-1 | 1x500 MVA, 400/220 kV ICT along with associated transformer bays and 220 kV line bays at Itarsi Sub-station,           | 14.8.2017  | Assets 1-4 are merged in 2019-24 tariff period with the Effective COD as 7.5.2018.   |
| Asset-2 | 1x500 MVA, 400/220 kV ICT-2 along with associated bays and 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station | 2.9.2018   |                                                                                      |
| Asset-3 | 2 numbers 220 kV line bays at 400/220 kV Indore Sub-station,                                                           | 2.9.2018   |                                                                                      |
| Asset-4 | 1x500 MVA, 400/220 kV ICT-1 along with associated bays at 400/220 kV Indore Sub-station                                | 14.10.2018 | All assets are merged during 2024-29 tariff period with the Effective COD: 18.5.2018 |
| Asset-5 | 1 number 220 kV line bay at 400/220 kV Indore Sub-station and                                                          | 14.10.2018 |                                                                                      |
| Asset-6 | 1 number 220 kV line bay at 400/220 kV Indore Sub-station                                                              | 5.12.2018  |                                                                                      |

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

5. The Petitioner has served a copy of the Petition on the Respondents and notice regarding filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. Respondent No. 1, Madhya Pradesh Power Management Company Limited (MPPMCL), has filed its reply vide affidavit dated 19.6.2025 and raised issues pertaining to the instant Petition and has raised the issues of allowing tariff for the 2024-29 tariff period after prudence check, grossing up of Return on Equity (RoE), Additional Capital Expenditure (ACE), effect of GST and Sharing of Transmission Charges. The Petitioner has filed its rejoinder to the reply of MPPMCL vide affidavit dated 22.12.2025.



6. The hearing in this matter was held on 27.11.2025 and the order was reserved. This order is issued considering the submissions made by the Petitioner vide affidavit dated 26.11.2024 and 8.12.2025.

7. Further, we have noted that MPPMCL has raised the issues of allowing tariff for the 2024-29 period after prudence check, grossing up of RoE, CGST and sharing of transmission charges in its reply repeatedly despite clear findings of the Commission in various orders including in Petition Nos. 401/TT/2024, 25/TT/2025, 1/TT/2025, 406/TT/2025, etc. Since, the issues raised by MPPMCL and the clarifications filed by the Petitioner have already been dealt with by us in the aforementioned Petitions, the same are not discussed in the instant order. The other issues raised by MPPMCL and the clarifications given by the Petitioner have been considered in the succeeding paragraphs of this order.

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

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

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

#### **Combined Asset (Asset-1 to 4)**

| (₹ in lakh)                 |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars                 | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
| Depreciation                | 480.15         | 486.23         | 487.97         | 489.00         | 489.00         |
| Interest on Loan            | 425.26         | 366.99         | 327.76         | 308.04         | 289.18         |
| Return on Equity            | 498.98         | 505.45         | 507.30         | 508.41         | 508.41         |
| Interest on Working Capital | 57.55          | 54.34          | 51.36          | 52.35          | 60.92          |
| O&M Expenses                | 836.04         | 866.04         | 896.43         | 928.62         | 959.79         |
| <b>Total</b>                | <b>2297.98</b> | <b>2279.05</b> | <b>2270.82</b> | <b>2286.42</b> | <b>2307.30</b> |



**Asset-5**

|                             | (₹ in lakh)  |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Particulars                 | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
| Depreciation                | 16.27        | 16.44        | 16.44        | 16.44        | 16.44        |
| Interest on Loan            | 13.78        | 12.55        | 11.33        | 10.25        | 9.19         |
| Return on Equity            | 16.29        | 16.47        | 16.47        | 16.47        | 16.47        |
| Interest on Working Capital | 1.68         | 1.59         | 1.50         | 1.51         | 1.75         |
| O&M Expenses                | 22.51        | 23.30        | 24.12        | 24.96        | 25.84        |
| <b>Total</b>                | <b>70.53</b> | <b>70.35</b> | <b>69.86</b> | <b>69.63</b> | <b>69.69</b> |

**Asset-6**

|                             | (₹ in lakh)  |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Particulars                 | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
| Depreciation                | 16.33        | 16.51        | 16.51        | 16.51        | 16.51        |
| Interest on Loan            | 14.03        | 12.85        | 11.64        | 10.57        | 9.48         |
| Return on Equity            | 16.36        | 16.54        | 16.54        | 16.54        | 16.54        |
| Interest on Working Capital | 1.68         | 1.59         | 1.50         | 1.52         | 1.76         |
| O&M Expenses                | 22.51        | 23.30        | 24.12        | 24.96        | 25.84        |
| <b>Total</b>                | <b>70.91</b> | <b>70.79</b> | <b>70.31</b> | <b>70.10</b> | <b>70.13</b> |

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

**Combined Asset (Asset-1 to 4)**

|                                    | (₹ in lakh)   |               |               |               |               |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Particulars                        | 2019-20       | 2020-21       | 2021-22       | 2022-23       | 2023-24       |
| O&M Expenses                       | 69.67         | 72.17         | 74.70         | 77.39         | 79.98         |
| Maintenance Spares                 | 125.41        | 129.91        | 134.46        | 139.29        | 143.97        |
| Receivables                        | 282.54        | 280.98        | 279.96        | 281.89        | 283.68        |
| <b>Total Working Capital</b>       | <b>477.62</b> | <b>483.06</b> | <b>489.12</b> | <b>498.57</b> | <b>507.63</b> |
| Rate of Interest (in %)            | 12.05         | 11.25         | 10.50         | 10.50         | 12.00         |
| <b>Interest on Working Capital</b> | <b>57.55</b>  | <b>54.34</b>  | <b>51.36</b>  | <b>52.35</b>  | <b>60.92</b>  |

**Asset-5**

|                                    | (₹ in lakh)  |              |              |              |              |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Particulars                        | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
| O&M Expenses                       | 1.88         | 1.94         | 2.01         | 2.08         | 2.15         |
| Maintenance Spares                 | 3.38         | 3.50         | 3.62         | 3.74         | 3.88         |
| Receivables                        | 8.67         | 8.67         | 8.61         | 8.58         | 8.57         |
| <b>Total Working Capital</b>       | <b>13.93</b> | <b>14.11</b> | <b>14.24</b> | <b>14.40</b> | <b>14.60</b> |
| Rate of Interest (in %)            | 12.05        | 11.25        | 10.50        | 10.50        | 12.00        |
| <b>Interest on Working Capital</b> | <b>1.68</b>  | <b>1.59</b>  | <b>1.50</b>  | <b>1.51</b>  | <b>1.75</b>  |



**Asset-6**

|                                    | (₹ in lakh)  |              |              |              |              |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Particulars                        | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
| O&M Expenses                       | 1.88         | 1.94         | 2.01         | 2.08         | 2.15         |
| Maintenance Spares                 | 3.38         | 3.50         | 3.62         | 3.74         | 3.88         |
| Receivables                        | 8.72         | 8.73         | 8.67         | 8.64         | 8.62         |
| <b>Total Working Capital</b>       | <b>13.98</b> | <b>14.17</b> | <b>14.30</b> | <b>14.46</b> | <b>14.65</b> |
| Rate of Interest (in %)            | 12.05        | 11.25        | 10.50        | 10.50        | 12.00        |
| <b>Interest on Working Capital</b> | <b>1.68</b>  | <b>1.59</b>  | <b>1.50</b>  | <b>1.52</b>  | <b>1.76</b>  |

**Capital Cost for the 2019-24 tariff period**

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

12. The Commission vide order dated 3.2.2022 in Petition No. 671/TT/2020, had allowed the following capital cost and ACE in respect of transmission assets, viz., Combined Asset (Asset-1 to 4), Asset-5 and Asset-6 for 2019-24 tariff period as follows:

|                               | (₹ in lakh)                          |             |         |                              |
|-------------------------------|--------------------------------------|-------------|---------|------------------------------|
| Assets                        | Capital cost allowed as on 31.3.2019 | ACE allowed |         | Capital cost as on 31.3.2024 |
|                               |                                      | 2019-20     | 2020-21 |                              |
| Combined Asset (Asset-1 to 4) | 8753.99                              | 178.47      | 109.17  | 9041.63                      |
| Asset-5                       | 285.85                               | 6.50        | 17.19   | 309.54                       |
| Asset-6                       | 286.92                               | 6.69        | 17.19   | 310.80                       |

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

|         | (₹ in lakh)                          |
|---------|--------------------------------------|
| Assets  | Capital Cost allowed as on 31.3.2019 |
| Asset-1 | 8753.99                              |
| Asset-2 |                                      |
| Asset-3 |                                      |
| Asset-4 |                                      |
| Asset-5 | 285.85                               |
| Asset-6 | 286.92                               |

14. As can be seen from the above, the Petitioner has claimed the same capital cost as on 31.3.2019 of ₹8753.99 lakh, ₹285.85 lakh and ₹286.92 lakh in respect of the



Combined Asset (Asset-1 to 4), Asset-5 and Asset-6, respectively, as was allowed by the Commission vide order dated 3.2.2022 in Petition No. 671/TT/2020. Accordingly, the capital cost of ₹8753.99 lakh, ₹285.85 lakh and ₹286.92 lakh has been considered as the opening capital cost as on 1.4.2019 in respect of the Combined Asset (Asset-1 to 4), Asset-5 and Asset-6, respectively, for truing up of the AFC for the 2019-24 tariff period.

#### **Additional Capital Expenditure (ACE)**

15. The Commission vide order dated 3.2.2022 in Petition No. 671/TT/2020 had allowed the following ACE in respect of the transmission assets for the 2019-24 tariff period:

| Assets                              | ACE allowed            |                        |
|-------------------------------------|------------------------|------------------------|
|                                     | 2019-20<br>(₹ in lakh) | 2020-21<br>(₹ in lakh) |
| Combined Asset (Asset-1 to Asset-4) | 178.47                 | 109.17                 |
| Asset-5                             | 6.50                   | 17.19                  |
| Asset-6                             | 6.50                   | 17.19                  |

16. Against this, the Petitioner has claimed following ACE for truing up of the 2019-24 tariff period based on the actual expenditure in respect of the transmission assets in accordance with the 2019 Tariff Regulations:

| Particulars                                                   | Regulations                             | Assets                        | (₹ in lakh)<br>ACE Claimed |         |         |
|---------------------------------------------------------------|-----------------------------------------|-------------------------------|----------------------------|---------|---------|
|                                                               |                                         |                               | 2019-20                    | 2020-21 | 2021-22 |
| Balance and retention payments for liabilities other than IDC | 24(1)(a) of the 2019 Tariff Regulations | Combined Asset (Asset-1 to 4) | 203.38                     | 26.46   | 39.26   |
|                                                               |                                         | Asset-5                       | 6.50                       | 0.00    | 0.00    |
|                                                               |                                         | Asset-6                       | 6.69                       | 0.00    | 0.00    |

17. The Petitioner has submitted that the ACE claimed is on the basis of the actual payments made to the contractor after receipt of the final invoices from the contractor



and incorporating the amendments. The Petitioner has also submitted the detailed Liability Flow Statement and the same is as follows:

(₹ in lakh)

| Asset No. | Party                              | Particulars | Year of actual capitalisation | Liability Discharge |         |         |        |
|-----------|------------------------------------|-------------|-------------------------------|---------------------|---------|---------|--------|
|           |                                    |             |                               | 2019-20             | 2020-21 | 2021-22 | Total  |
| Asset-1   | Techno Electric and Engg. Co. Ltd. | Sub-station | 2017-18                       | 107.98              | 0.00    | 0.00    | 107.98 |
|           |                                    | PLCC        | 2017-18                       | 3.70                | 0.00    | 0.00    | 3.70   |
|           |                                    |             |                               | 111.68              | 0.00    | 0.00    | 111.68 |

(₹ in lakh)

| Asset No.    | Party                             | Particulars | Outstanding liability as on COD | Liability Discharge |         |         |         |       |
|--------------|-----------------------------------|-------------|---------------------------------|---------------------|---------|---------|---------|-------|
|              |                                   |             |                                 | 2019-20             | 2021-22 | 2022-23 | 2023-24 | Total |
| Asset-2      | Techno Electric and Engg Co. Ltd. | Sub-station | 34.03                           | 34.03               | 0.00    | 0.00    | 0.00    | 34.03 |
| <b>Total</b> |                                   |             |                                 | 34.03               | 0.00    | 0.00    | 0.00    | 34.03 |

(₹ in lakh)

| Asset No.    | Party                             | Particulars | Outstanding liability as on COD | Liability Discharge |         |         |         |       |
|--------------|-----------------------------------|-------------|---------------------------------|---------------------|---------|---------|---------|-------|
|              |                                   |             |                                 | 2019-20             | 2021-22 | 2022-23 | 2023-24 | Total |
| Asset-3      | Techno Electric and Engg Co. Ltd. | Sub-station | 12.23                           | 12.23               | 0.00    | 0.00    | 0.00    | 12.23 |
| <b>Total</b> |                                   |             |                                 | 12.23               |         |         | 0.00    | 12.23 |

(₹ in lakh)

| Asset No.    | Party                             | Particulars | Outstanding liability as on COD | Liability Discharge |         |         |         |        |
|--------------|-----------------------------------|-------------|---------------------------------|---------------------|---------|---------|---------|--------|
|              |                                   |             |                                 | 2019-20             | 2020-21 | 2021-22 | 2022-23 | Total  |
| Asset-4      | Techno Electric and Engg Co. Ltd. | Sub-station | 103.72                          | 37.99               | 26.46   | 39.26   | 0.00    | 103.72 |
| <b>Total</b> |                                   |             | 103.72                          | 37.99               | 26.46   | 39.26   | 0.00    | 103.72 |

(₹ in lakh)

| Asset No.    | Party                             | Particulars | Outstanding liability as on COD | Liability Discharge |         |         |         |       |
|--------------|-----------------------------------|-------------|---------------------------------|---------------------|---------|---------|---------|-------|
|              |                                   |             |                                 | 2019-20             | 2021-22 | 2022-23 | 2023-24 | Total |
| Asset-5      | Techno Electric and Engg Co. Ltd. | Sub-station | 6.12                            | 6.12                | 0.00    | 0.00    | 0.00    | 6.12  |
| <b>Total</b> |                                   |             | 6.12                            | 6.12                | 0.00    | 0.00    | 0.00    | 6.12  |



(₹ in lakh)

| Asset No.    | Party                             | Particulars | Outstanding liability as on COD | Liability Discharge |         |         |         |             |
|--------------|-----------------------------------|-------------|---------------------------------|---------------------|---------|---------|---------|-------------|
|              |                                   |             |                                 | 2019-20             | 2021-22 | 2022-23 | 2023-24 | Total       |
| Asset-6      | Techno Electric and Engg Co. Ltd. | Sub-station | 6.12                            | 6.12                | 0.00    | 0.00    | 0.00    | 6.12        |
| <b>Total</b> |                                   |             | <b>6.12</b>                     | <b>6.12</b>         | 0.00    | 0.00    | 0.00    | <b>6.12</b> |

18. We have considered the Petitioner's submissions and perused the documents placed on records. It has been observed that the ACE claimed by the Petitioner is on account of the discharge of liability towards the balance and retention payments for the works executed within the cut-off date. Therefore, as per Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations, the ACE claimed by the Petitioner is, hereby, approved in respect of the transmission assets for the 2019-24 tariff period as follows:

(₹ in lakh)

| Combined Asset (Asset-1 to 4)                                                                              |                                         |         |             |         |         |         |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------|-------------|---------|---------|---------|
| Particulars                                                                                                | Regulations                             |         | ACE allowed |         |         |         |
|                                                                                                            |                                         |         | 2019-20     | 2020-21 | 2021-22 | 2022-23 |
| Balance and retention payments for liabilities other than IDC                                              | 24(1)(a) of the 2019 Tariff Regulations | Asset-1 | 111.68      | 0.00    | 0.00    | 0.00    |
|                                                                                                            |                                         | Asset-2 | 34.03       | 0.00    | 0.00    | 0.00    |
|                                                                                                            |                                         | Asset-3 | 12.23       | 0.00    | 0.00    | 0.00    |
|                                                                                                            |                                         | Asset-4 | 37.99       | 26.46   | 39.26   | 0.00    |
| Total ACE Allowed                                                                                          |                                         |         | 195.93      | 26.46   | 39.26   | 0.00    |
| Add: Accrual IDC discharged during 2019-20 as approved in order dated 3.2.2022 in Petition No. 671/TT/2020 |                                         |         | 7.45        | 0.00    | 0.00    | 0.00    |
| Total ACE                                                                                                  |                                         |         | 203.38      | 26.46   | 39.26   | 0.00    |

(₹ in lakh)

| Asset-5                                                                                                           |                                         |  |             |             |             |             |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--|-------------|-------------|-------------|-------------|
| Particulars                                                                                                       | Regulations                             |  | ACE allowed |             |             |             |
|                                                                                                                   |                                         |  | 2019-20     | 2020-21     | 2021-22     | 2022-23     |
| Balance and retention payments for liabilities other than IDC                                                     | 24(1)(a) of the 2019 Tariff Regulations |  | 6.12        | 0.00        | 0.00        | 0.00        |
| <b>Add: Accrual IDC discharged during 2019-20 as approved in order dated 3.2.2022 in Petition No. 671/TT/2020</b> |                                         |  | <b>0.38</b> | 0.00        | 0.00        | 0.00        |
| <b>Total ACE Allowed</b>                                                                                          |                                         |  | <b>6.50</b> | <b>0.00</b> | <b>0.00</b> | <b>0.00</b> |



(₹ in lakh)

| Asset-6                                                                                                    |                                         |             |         |         |         |       |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------|---------|---------|---------|-------|
| Particulars                                                                                                | Regulations                             | ACE allowed |         |         |         |       |
|                                                                                                            |                                         | 2019-20     | 2020-21 | 2021-22 | 2022-23 | Total |
| Balance and retention payments for liabilities other than IDC                                              | 24(1)(a) of the 2019 Tariff Regulations | 6.12        | 0.00    | 0.00    | 0.00    | 6.12  |
| Total ACE                                                                                                  |                                         | 6.12        | 0.00    | 0.00    | 0.00    |       |
| Add: Accrual IDC discharged during 2019-20 as approved in order dated 3.2.2022 in Petition No. 671/TT/2020 |                                         | 0.57        | 0.00    | 0.00    | 0.00    | 0.57  |
| Total ACE Allowed                                                                                          |                                         | 6.69        | 0.00    | 0.00    | 0.00    | 6.69  |

19. Accordingly, the details of the capital cost and ACE allowed in respect of the transmission assets for the 2019-24 period are as follows:

(₹ in lakh)

| Assets                        | Capital cost allowed as on 1.4.2019 | ACE allowed |         |         |         |         | Capital cost as on 31.3.2024 |
|-------------------------------|-------------------------------------|-------------|---------|---------|---------|---------|------------------------------|
|                               |                                     | 2019-20     | 2020-21 | 2021-22 | 2022-23 | 2023-24 |                              |
| Combined Asset (Asset-1 to 4) | 8753.99                             | 203.38      | 26.46   | 39.26   | 0.00    | 0.00    | 9023.08                      |
| Asset-5                       | 285.85                              | 6.50        | 0.00    | 0.00    | 0.00    | 0.00    | 292.34                       |
| Asset-6                       | 286.92                              | 6.69        | 0.00    | 0.00    | 0.00    | 0.00    | 293.61                       |

### Debt-Equity ratio

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

### Combined Asset (Asset-1 to 4)

| Funding      | Capital Cost as on COD (₹ in lakh) | (in %)        | ACE in 2019-24 (₹ in lakh) | (in %)        | Capital Cost as on 31.3.2024 (₹ in lakh) | (in %)        |
|--------------|------------------------------------|---------------|----------------------------|---------------|------------------------------------------|---------------|
| Debt         | 6127.80                            | 70.00         | 188.37                     | 70.00         | 6316.17                                  | 70.00         |
| Equity       | 2626.18                            | 30.00         | 80.73                      | 30.00         | 2706.91                                  | 30.00         |
| <b>Total</b> | <b>8753.98</b>                     | <b>100.00</b> | <b>269.10</b>              | <b>100.00</b> | <b>9023.08</b>                           | <b>100.00</b> |



### **Asset-5**

| Funding      | Capital Cost as on COD (₹ in lakh) | (in %)        | ACE in 2019-24 (₹ in lakh) | (in %)        | Capital Cost as on 31.3.2024 (₹ in lakh) | (in %)        |
|--------------|------------------------------------|---------------|----------------------------|---------------|------------------------------------------|---------------|
| Debt         | 200.09                             | 70.00         | 4.55                       | 70.00         | 204.64                                   | 70.00         |
| Equity       | 85.75                              | 30.00         | 1.95                       | 30.00         | 87.70                                    | 30.00         |
| <b>Total</b> | <b>285.84</b>                      | <b>100.00</b> | <b>6.50</b>                | <b>100.00</b> | <b>292.34</b>                            | <b>100.00</b> |

### **Asset-6**

| Funding      | Capital Cost as on COD (₹ in lakh) | (in %)        | ACE in 2019-24 (₹ in lakh) | (in %)        | Capital Cost as on 31.3.2024 (₹ in lakh) | (in %)        |
|--------------|------------------------------------|---------------|----------------------------|---------------|------------------------------------------|---------------|
| Debt         | 200.84                             | 70.00         | 4.68                       | 70.00         | 205.53                                   | 70.00         |
| Equity       | 86.08                              | 30.00         | 2.01                       | 30.00         | 88.08                                    | 30.00         |
| <b>Total</b> | <b>286.92</b>                      | <b>100.00</b> | <b>6.69</b>                | <b>100.00</b> | <b>293.61</b>                            | <b>100.00</b> |

### **Depreciation**

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

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

### **Combined Asset (Asset-1 to 4)**

| (₹ in lakh) |                                                |         |         |         |         |         |
|-------------|------------------------------------------------|---------|---------|---------|---------|---------|
| Sl. No.     | Particulars                                    | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| A           | Opening Capital cost                           | 8753.98 | 8957.36 | 8983.82 | 9023.08 | 9023.08 |
| B           | Addition during the year 2019-24 due to ACE    | 203.38  | 26.46   | 39.26   | 0.00    | 0.00    |
| C           | Closing Capital cost (A+B)                     | 8957.36 | 8983.82 | 9023.08 | 9023.08 | 9023.08 |
| D           | Average Capital cost (A+C)/2                   | 8855.67 | 8970.59 | 9003.45 | 9023.08 | 9023.08 |
| E           | Average Capital cost (90% depreciable assets)  | 8732.50 | 8847.37 | 8880.23 | 8899.86 | 8899.86 |
| F           | Average Capital cost (100% depreciable assets) | 123.17  | 123.22  | 123.22  | 123.22  | 123.22  |



| Sl. No. | Particulars                                                        | 2019-20       | 2020-21       | 2021-22       | 2022-23       | 2023-24       |
|---------|--------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| G       | Depreciable value (excluding IT equipment and software) (E*90%)    | 7859.25       | 7962.63       | 7992.21       | 8009.87       | 8009.87       |
| H       | Depreciable value of IT equipment and software (F*100%)            | 123.17        | 123.22        | 123.22        | 123.22        | 123.22        |
| I       | Total Depreciable Value (G+H)                                      | 7982.42       | 8085.85       | 8115.43       | 8133.09       | 8133.09       |
| J       | Weighted average rate of Depreciation (WAROD) (in %)               | 5.42          | 5.42          | 5.42          | 5.42          | 5.42          |
| K       | Balance useful life at the beginning of the year (Year)            | 25            | 24            | 23            | 22            | 21            |
| L       | Lapsed useful life at the beginning of the year (Year)             | 0             | 1             | 2             | 3             | 4             |
| M       | <b>Depreciation during the year (D*J)</b>                          | <b>480.14</b> | <b>486.23</b> | <b>487.96</b> | <b>489.00</b> | <b>489.00</b> |
| N       | Cumulative Depreciation at the end of the year                     | 866.36        | 1352.59       | 1840.55       | 2329.55       | 2818.56       |
| O       | Remaining Aggregate Depreciable Value at the end of the year (I-N) | 7116.06       | 6733.26       | 6274.88       | 5803.54       | 5314.54       |

#### **Asset-5**

(₹ in lakh)

| Sl. No. | Particulars                                                     | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|---------|-----------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| A       | Opening Capital cost                                            | 285.84       | 292.34       | 292.34       | 292.34       | 292.34       |
| B       | Addition during the year 2019-24 due to ACE                     | 6.50         | 0.00         | 0.00         | 0.00         | 0.00         |
| C       | Closing Capital cost (A+B)                                      | 292.34       | 292.34       | 292.34       | 292.34       | 292.34       |
| D       | Average Capital cost (A+C)/2                                    | 289.09       | 292.34       | 292.34       | 292.34       | 292.34       |
| E       | Average Capital cost (90% depreciable assets)                   | 279.72       | 282.97       | 282.97       | 282.97       | 282.97       |
| F       | Average Capital cost (100% depreciable assets)                  | 9.37         | 9.37         | 9.37         | 9.37         | 9.37         |
| G       | Depreciable value (excluding IT equipment and software) (E*90%) | 251.75       | 254.67       | 254.67       | 254.67       | 254.67       |
| H       | Depreciable value of IT equipment and software (F*100%)         | 9.37         | 9.37         | 9.37         | 9.37         | 9.37         |
| I       | Total Depreciable Value (G+H)                                   | 261.12       | 264.04       | 264.04       | 264.04       | 264.04       |
| J       | Weighted average rate of Depreciation (WAROD) (in %)            | 5.63         | 5.62         | 5.62         | 5.62         | 5.62         |
| K       | Balance useful life at the beginning of the year (Year)         | 24           | 23           | 22           | 21           | 20           |
| L       | Lapsed useful life at the beginning of the year (Year)          | 0            | 1            | 2            | 3            | 4            |
| M       | <b>Depreciation during the year (D*J)</b>                       | <b>16.26</b> | <b>16.44</b> | <b>16.44</b> | <b>16.44</b> | <b>16.44</b> |
| N       | Cumulative Depreciation at the end of the year                  | 22.88        | 39.32        | 55.76        | 72.19        | 88.63        |



| Sl. No. | Particulars                                                        | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------|--------------------------------------------------------------------|---------|---------|---------|---------|---------|
| O       | Remaining Aggregate Depreciable Value at the end of the year (I-N) | 238.23  | 224.72  | 208.29  | 191.85  | 175.41  |

#### **Asset-6**

(₹ in lakh)

| Sl. No. | Particulars                                                        | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|---------|--------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| A       | Opening Capital cost                                               | 286.92       | 293.61       | 293.61       | 293.61       | 293.61       |
| B       | Addition during the year 2019-24 due to ACE                        | 6.69         | 0.00         | 0.00         | 0.00         | 0.00         |
| C       | Closing Capital cost (A+B)                                         | 293.61       | 293.61       | 293.61       | 293.61       | 293.61       |
| D       | Average Capital cost (A+C)/2                                       | 290.27       | 293.61       | 293.61       | 293.61       | 293.61       |
| E       | Average Capital cost (90% depreciable assets)                      | 280.90       | 284.23       | 284.23       | 284.23       | 284.23       |
| F       | Average Capital cost (100% depreciable assets)                     | 9.37         | 9.38         | 9.38         | 9.38         | 9.38         |
| G       | Depreciable value (excluding IT equipment and software) (E*90%)    | 252.81       | 255.81       | 255.81       | 255.81       | 255.81       |
| H       | Depreciable value of IT equipment and software (F*100%)            | 9.37         | 9.38         | 9.38         | 9.38         | 9.38         |
| I       | Total Depreciable Value (G+H)                                      | 262.18       | 265.19       | 265.19       | 265.19       | 265.19       |
| J       | Weighted average rate of Depreciation (WAROD) (in %)               | 5.62         | 5.62         | 5.62         | 5.62         | 5.62         |
| K       | Balance useful life at the beginning of the year (Year)            | 24           | 23           | 22           | 21           | 20           |
| L       | Lapsed useful life at the beginning of the year (Year)             | 0            | 1            | 2            | 3            | 4            |
| M       | <b>Depreciation during the year (D*J)</b>                          | <b>16.33</b> | <b>16.51</b> | <b>16.51</b> | <b>16.51</b> | <b>16.51</b> |
| N       | Cumulative Depreciation at the end of the year                     | 20.98        | 37.48        | 53.99        | 70.50        | 87.00        |
| O       | Remaining Aggregate Depreciable Value at the end of the year (I-N) | 241.20       | 227.70       | 211.20       | 194.69       | 178.18       |

23. The details of the depreciation allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 in respect of the transmission assets, depreciation claimed by the Petitioner in the instant Petition and trued up depreciation approved in the instant order are as follows:

(₹ in lakh)

| Combined Asset (Asset-1 to 4)                                 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 479.48  | 488.86  | 489.51  | 489.51  | 489.51  |
| Claimed by the Petitioner in the instant Petition             | 480.15  | 486.23  | 487.97  | 489.00  | 489.00  |
| Approved after true-up in this order                          | 480.14  | 486.23  | 487.96  | 489.00  | 489.00  |



| (₹ in lakh)                                                   |                |                |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Asset-5</b>                                                | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 16.26          | 16.90          | 17.36          | 17.36          | 17.36          |
| Claimed by the Petitioner in the instant Petition             | 16.27          | 16.44          | 16.44          | 16.44          | 16.44          |
| Approved after true-up in this order                          | 16.26          | 16.44          | 16.44          | 16.44          | 16.44          |

| (₹ in lakh)                                                   |                |                |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Asset-6</b>                                                | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 16.33          | 16.97          | 17.43          | 17.43          | 17.43          |
| Claimed by the Petitioner in the instant Petition             | 16.33          | 16.51          | 16.51          | 16.51          | 16.51          |
| Approved after true-up in this order                          | 16.33          | 16.51          | 16.51          | 16.51          | 16.51          |

### **Interest on Loan (IoL)**

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

25. We have considered the Petitioner's submissions. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the transmission assets are as follows:

### **Combined Asset (Asset-1 to 4)**

| (₹ in lakh) |                                                  |                |                |                |                |                |
|-------------|--------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|             | <b>Particulars</b>                               | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|             | <b>Interest on Loan</b>                          |                |                |                |                |                |
| A           | Gross Normative Loan                             | 6127.80        | 6270.17        | 6288.69        | 6316.17        | 6316.17        |
| B           | Cumulative Repayments upto Previous Year         | 386.22         | 866.36         | 1352.59        | 1840.55        | 2329.55        |
| C           | Net Loan-Opening (A-B)                           | 5741.58        | 5403.81        | 4936.10        | 4475.62        | 3986.62        |
| D           | Additions                                        | 142.37         | 18.52          | 27.48          | 0.00           | 0.00           |
| E           | Repayment during the year                        | 480.14         | 486.23         | 487.96         | 489.00         | 489.00         |
| F           | Net Loan-Closing (C+D-E)                         | 5403.81        | 4936.10        | 4475.62        | 3986.62        | 3497.61        |
| G           | Average Loan (C+F)/2                             | 5572.70        | 5169.96        | 4705.86        | 4231.12        | 3742.11        |
| H           | Weighted Average Rate of Interest on Loan (in %) | 7.6311         | 7.0984         | 6.9648         | 7.2804         | 7.7277         |
| I           | <b>Interest on Loan (G*H)</b>                    | <b>425.26</b>  | <b>366.99</b>  | <b>327.75</b>  | <b>308.04</b>  | <b>289.18</b>  |



**Asset-5**

(₹ in lakh)

|   | Particulars                                      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24     |
|---|--------------------------------------------------|--------------|--------------|--------------|--------------|-------------|
|   | <b>Interest on Loan</b>                          |              |              |              |              |             |
| A | Gross Normative Loan                             | 200.09       | 204.64       | 204.64       | 204.64       | 204.64      |
| B | Cumulative Repayments upto Previous Year         | 6.62         | 22.88        | 39.32        | 55.76        | 72.19       |
| C | Net Loan-Opening (A-B)                           | 193.47       | 181.75       | 165.32       | 148.88       | 132.45      |
| D | Additions                                        | 4.55         | 0.00         | 0.00         | 0.00         | 0.00        |
| E | Repayment during the year                        | 16.26        | 16.44        | 16.44        | 16.44        | 16.44       |
| F | Net Loan-Closing (C+D-E)                         | 181.75       | 165.32       | 148.88       | 132.45       | 116.01      |
| G | Average Loan (C+F)/2                             | 187.61       | 173.54       | 157.10       | 140.66       | 124.23      |
| H | Weighted Average Rate of Interest on Loan (in %) | 7.3445       | 7.2321       | 7.2105       | 7.2862       | 7.3966      |
| I | <b>Interest on Loan (G*H)</b>                    | <b>13.78</b> | <b>12.55</b> | <b>11.33</b> | <b>10.25</b> | <b>9.19</b> |

**Asset-6**

(₹ in lakh)

|   | Particulars                                      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24     |
|---|--------------------------------------------------|--------------|--------------|--------------|--------------|-------------|
|   | <b>Interest on Loan</b>                          |              |              |              |              |             |
| A | Gross Normative Loan                             | 200.84       | 205.53       | 205.53       | 205.53       | 205.53      |
| B | Cumulative Repayments upto Previous Year         | 4.65         | 20.98        | 37.48        | 53.99        | 70.50       |
| C | Net Loan-Opening (A-B)                           | 196.19       | 184.55       | 168.04       | 151.54       | 135.03      |
| D | Additions                                        | 4.68         | 0.00         | 0.00         | 0.00         | 0.00        |
| E | Repayment during the year                        | 16.33        | 16.51        | 16.51        | 16.51        | 16.51       |
| F | Net Loan-Closing (C+D-E)                         | 184.55       | 168.04       | 151.54       | 135.03       | 118.52      |
| G | Average Loan (C+F)/2                             | 190.37       | 176.30       | 159.79       | 143.28       | 126.78      |
| H | Weighted Average Rate of Interest on Loan (in %) | 7.3718       | 7.2882       | 7.2866       | 7.3782       | 7.4786      |
| I | <b>Interest on Loan (G*H)</b>                    | <b>14.03</b> | <b>12.85</b> | <b>11.64</b> | <b>10.57</b> | <b>9.48</b> |

26. The details of the IoL allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 for the transmission assets; IoL claimed by the Petitioner in the instant Petition and trued-up IoL approved in the instant order are as follows:

(₹ in lakh)

| <b>Combined Asset (Asset-1 to 4)</b>                          | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 431.84         | 401.23         | 368.38         | 332.71         | 293.35         |
| Claimed by the Petitioner in the instant Petition             | 425.26         | 366.99         | 327.76         | 308.04         | 289.18         |
| Approved after true-up in this order                          | 425.26         | 366.99         | 327.75         | 308.04         | 289.18         |



| (₹ in lakh)                                                   |         |         |         |         |         |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Asset-5                                                       | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 13.84   | 13.22   | 12.45   | 11.21   | 9.92    |
| Claimed by the Petitioner in the instant Petition             | 13.78   | 12.55   | 11.33   | 10.25   | 9.19    |
| Approved after true-up in this order                          | 13.78   | 12.55   | 11.33   | 10.25   | 9.19    |

| (₹ in lakh)                                                   |         |         |         |         |         |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Asset-6                                                       | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 14.07   | 13.46   | 12.71   | 11.52   | 10.21   |
| Claimed by the Petitioner in the instant Petition             | 14.03   | 12.85   | 11.64   | 10.57   | 9.48    |
| Approved after true-up in this order                          | 14.03   | 12.85   | 11.64   | 10.57   | 9.48    |

### **Return on Equity (RoE)**

27. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019- 20 and FY 2020-21 and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for FY 2021-22 and FY 2022-23 and for FY 2023-24, ITR filing of is pending.

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

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



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

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



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

(₹ in lakh)

|   | Particulars                         | Combined Asset (Asset-1 to 4) |               |               |               |               |
|---|-------------------------------------|-------------------------------|---------------|---------------|---------------|---------------|
|   |                                     | 2019-20                       | 2020-21       | 2021-22       | 2022-23       | 2023-24       |
| A | Opening Equity                      | 2626.18                       | 2687.19       | 2695.13       | 2706.91       | 2706.91       |
| B | Additions                           | 61.01                         | 7.94          | 11.78         | 0.00          | 0.00          |
| C | Closing Equity (A+B)                | 2687.19                       | 2695.13       | 2706.91       | 2706.91       | 2706.91       |
| D | Average Equity (A+C)/2              | 2656.69                       | 2691.16       | 2701.02       | 2706.91       | 2706.91       |
| E | Return on Equity (Base Rate) (in %) | 15.500                        | 15.500        | 15.500        | 15.500        | 15.500        |
| F | MAT Rate for respective year (in %) | 17.472                        | 17.472        | 17.472        | 17.472        | 17.472        |
| G | Rate of Return on Equity (in %)     | 18.782                        | 18.782        | 18.782        | 18.782        | 18.782        |
| H | <b>Return on Equity (D*G)</b>       | <b>498.98</b>                 | <b>505.45</b> | <b>507.31</b> | <b>508.41</b> | <b>508.41</b> |

(₹ in lakh)

|   | Particulars                         | Asset-5      |              |              |              |              |
|---|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
|   |                                     | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
| A | Opening Equity                      | 85.75        | 87.70        | 87.70        | 87.70        | 87.70        |
| B | Additions                           | 1.95         | 0.00         | 0.00         | 0.00         | 0.00         |
| C | Closing Equity (A+B)                | 87.70        | 87.70        | 87.70        | 87.70        | 87.70        |
| D | Average Equity (A+C)/2              | 86.73        | 87.70        | 87.70        | 87.70        | 87.70        |
| E | Return on Equity (Base Rate) (in %) | 15.500       | 15.500       | 15.500       | 15.500       | 15.500       |
| F | MAT Rate for respective year (in %) | 17.472       | 17.472       | 17.472       | 17.472       | 17.472       |
| G | Rate of Return on Equity (in %)     | 18.782       | 18.782       | 18.782       | 18.782       | 18.782       |
| H | <b>Return on Equity (D*G)</b>       | <b>16.29</b> | <b>16.47</b> | <b>16.47</b> | <b>16.47</b> | <b>16.47</b> |

(₹ in lakh)

|   | Particulars                         | Asset-6      |              |              |              |              |
|---|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
|   |                                     | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
| A | Opening Equity                      | 86.08        | 88.08        | 88.08        | 88.08        | 88.08        |
| B | Additions                           | 2.01         | 0.00         | 0.00         | 0.00         | 0.00         |
| C | Closing Equity (A+B)                | 88.08        | 88.08        | 88.08        | 88.08        | 88.08        |
| D | Average Equity (A+C)/2              | 87.08        | 88.08        | 88.08        | 88.08        | 88.08        |
| E | Return on Equity (Base Rate) (in %) | 15.500       | 15.500       | 15.500       | 15.500       | 15.500       |
| F | MAT Rate for respective year (in %) | 17.472       | 17.472       | 17.472       | 17.472       | 17.472       |
| G | Rate of Return on Equity (in %)     | 18.782       | 18.782       | 18.782       | 18.782       | 18.782       |
| H | <b>Return on Equity (D*G)</b>       | <b>16.36</b> | <b>16.54</b> | <b>16.54</b> | <b>16.54</b> | <b>16.54</b> |



31. The details of the RoE allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 for the transmission assets, RoE claimed by the Petitioner in the instant Petition and trued-up RoE approved in the instant order is as follows:

|                                                               | (₹ in lakh)    |                |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Combined Asset</b>                                         | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 498.28         | 506.38         | 509.45         | 509.45         | 509.45         |
| Claimed by the Petitioner in the instant Petition             | 498.98         | 505.45         | 507.30         | 508.41         | 508.41         |
| Approved after true-up in this order                          | 498.98         | 505.45         | 507.31         | 508.41         | 508.41         |

|                                                               | (₹ in lakh)    |                |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Asset 5</b>                                                | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 16.29          | 16.96          | 17.44          | 17.44          | 17.44          |
| Claimed by the Petitioner in the instant Petition             | 16.29          | 16.47          | 16.47          | 16.47          | 16.47          |
| Approved after true-up in this order                          | 16.29          | 16.47          | 16.47          | 16.47          | 16.47          |

|                                                               | (₹ in lakh)    |                |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Asset 6</b>                                                | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 16.35          | 17.03          | 17.51          | 17.51          | 17.51          |
| Claimed by the Petitioner in the instant Petition             | 16.36          | 16.54          | 16.54          | 16.54          | 16.54          |
| Approved after true-up in this order                          | 16.36          | 16.54          | 16.54          | 16.54          | 16.54          |

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

32. The Petitioner in the instant true-up Petition has claimed the following O&M Expenses:

|                                      | (₹ in lakh)    |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b>                   | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
| <b>Combined Asset (Asset-1 to 4)</b> |                |                |                |                |                |
| O&M Expenses                         | 836.04         | 866.04         | 896.43         | 928.62         | 959.79         |
| <b>Asset-5</b>                       |                |                |                |                |                |
| O&M Expenses                         | 22.51          | 23.30          | 24.12          | 24.96          | 25.84          |
| <b>Asset-6</b>                       |                |                |                |                |                |
| O&M Expenses                         | 22.51          | 23.30          | 24.12          | 24.96          | 25.84          |



33. We have considered the Petitioner's submissions. As per Regulation 35(3)(a) of 2019 Tariff Regulations, the details of the O&M Expenses worked out and allowed for the transmission assets are as follows:

**Combined Asset (Asset-1 to 4)**

| (₹ in lakh)                                                                                                                                                                             |               |               |               |               |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Particulars                                                                                                                                                                             | 2019-20       | 2020-21       | 2021-22       | 2022-23       | 2023-24       |
| <b>400 kV Bays</b>                                                                                                                                                                      |               |               |               |               |               |
| <b>Itarsi Sub-station:</b>                                                                                                                                                              |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>1 No. ICT bay for 400/220 kV 500 MVA ICT</li> </ul>                                                                                              |               |               |               |               |               |
| <b>Indore Sub-station:</b>                                                                                                                                                              |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>2 Nos. ICT bays for 400/220 kV, 2x500 MVA of ICT -1 &amp; 2</li> </ul>                                                                           |               |               |               |               |               |
| Normative Rate of O&M Expenses as per Regulation                                                                                                                                        | 32.15         | 33.28         | 34.45         | 35.66         | 36.91         |
| <b>O&amp;M Expenses allowed</b>                                                                                                                                                         | <b>96.45</b>  | <b>99.84</b>  | <b>103.35</b> | <b>106.98</b> | <b>110.73</b> |
| <b>220 kV Bays</b>                                                                                                                                                                      |               |               |               |               |               |
| <b>Itarsi Sub-station:</b>                                                                                                                                                              |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>1 No. ICT bay for 400/220 kV 500 MVA ICT</li> <li>1 No. Itarsi MPPTCL Downstream bay</li> <li>1 No. Hoshangabad MPPTCL Downstream bay</li> </ul> |               |               |               |               |               |
| <b>Indore Sub-station:</b>                                                                                                                                                              |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>2 Nos. Line bays</li> <li>2 Nos. ICT bays for 400/220 kV, 2x500 MVA of ICT -1 &amp; 2</li> <li>2 Nos. Line bays</li> </ul>                       |               |               |               |               |               |
| Normative Rate of O&M Expenses as per Regulation                                                                                                                                        | 22.51         | 23.3          | 24.12         | 24.96         | 25.84         |
| <b>O&amp;M Expenses allowed</b>                                                                                                                                                         | <b>202.59</b> | <b>209.70</b> | <b>217.08</b> | <b>224.64</b> | <b>232.56</b> |
| <b>400 kV ICT</b>                                                                                                                                                                       |               |               |               |               |               |
| <b>Itarsi Sub-station:</b>                                                                                                                                                              |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>1 No. 400/220 kV 500 MVA ICT</li> </ul>                                                                                                          |               |               |               |               |               |
| <b>Indore Sub-station:</b>                                                                                                                                                              |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>2 No. 400/220 kV 500 MVA ICT 1 &amp; 2</li> </ul>                                                                                                |               |               |               |               |               |
| Normative Rate of O&M Expenses as per Regulation                                                                                                                                        | 0.358         | 0.371         | 0.384         | 0.398         | 0.411         |
| <b>O&amp;M Expenses allowed</b>                                                                                                                                                         | <b>537.00</b> | <b>556.50</b> | <b>576.00</b> | <b>597.00</b> | <b>616.50</b> |
| <b>Total O&amp;M Expenses allowed</b>                                                                                                                                                   | <b>836.04</b> | <b>866.04</b> | <b>896.43</b> | <b>928.62</b> | <b>959.79</b> |

**Asset-5**

| (₹ in lakh)                                                      |         |         |         |         |         |
|------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Particulars                                                      | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| <b>220 kV Bays</b>                                               |         |         |         |         |         |
| <b>Indore Sub-station</b>                                        |         |         |         |         |         |
| <ul style="list-style-type: none"> <li>1 No. Line Bay</li> </ul> |         |         |         |         |         |
| Normative Rate of O&M Expenses as per Regulation                 | 22.51   | 23.30   | 24.12   | 24.96   | 25.84   |



| Particulars                           | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| O&M Expenses allowed                  | 22.51        | 23.30        | 24.12        | 24.96        | 25.84        |
| <b>Total O&amp;M Expenses allowed</b> | <b>22.51</b> | <b>23.30</b> | <b>24.12</b> | <b>24.96</b> | <b>25.84</b> |

#### **Asset-6**

(₹ in lakh)

| Particulars                                      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|--------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>220 kV Bays</b>                               |              |              |              |              |              |
| <b>Indore Sub-station</b>                        |              |              |              |              |              |
| • 1 No. Line Bay                                 |              |              |              |              |              |
| Normative Rate of O&M Expenses as per Regulation | 22.51        | 23.3         | 24.12        | 24.96        | 25.84        |
| O&M Expenses allowed                             | 22.51        | 23.3         | 24.12        | 24.96        | 25.84        |
| <b>Total O&amp;M Expenses allowed</b>            | <b>22.51</b> | <b>23.30</b> | <b>24.12</b> | <b>24.96</b> | <b>25.84</b> |

34. The details of the O&M Expenses allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020, O&M Expenses claimed by the Petitioner in the instant Petition and true-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)

| Combined Asset (Asset-1 to 4)                                 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 836.04  | 866.04  | 896.43  | 928.62  | 959.79  |
| Claimed by the Petitioner in the instant Petition             | 836.04  | 866.04  | 896.43  | 928.62  | 959.79  |
| Approved after true-up in this order                          | 836.04  | 866.04  | 896.43  | 928.62  | 959.79  |

(₹ in lakh)

| Asset-5                                                       | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 22.51   | 23.30   | 24.12   | 24.96   | 25.84   |
| Claimed by the Petitioner in the instant Petition             | 22.51   | 23.30   | 24.12   | 24.96   | 25.84   |
| Approved after true-up in this order                          | 22.51   | 23.30   | 24.12   | 24.96   | 25.84   |

(₹ in lakh)

| Asset-6                                                       | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 22.51   | 23.30   | 24.12   | 24.96   | 25.84   |
| Claimed by the Petitioner in the instant Petition             | 22.51   | 23.30   | 24.12   | 24.96   | 25.84   |
| Approved after true-up in this order                          | 22.51   | 23.30   | 24.12   | 24.96   | 25.84   |



### **Interest on Working Capital (IWC)**

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

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

### **Combined Asset (Asset-1 to 4)**

(₹ in lakh)

|   | Particulars                                                                                               | 2019-20       | 2020-21       | 2021-22       | 2022-23       | 2023-24       |
|---|-----------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| A | Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 69.67         | 72.17         | 74.70         | 77.39         | 79.98         |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 125.41        | 129.91        | 134.46        | 139.29        | 143.97        |
| C | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 282.54        | 280.98        | 279.96        | 281.89        | 283.68        |
| D | <b>Total Working Capital (A+B+C)</b>                                                                      | <b>477.61</b> | <b>483.06</b> | <b>489.13</b> | <b>498.57</b> | <b>507.64</b> |
| E | Rate of Interest for working capital (in %)                                                               | 12.05         | 11.25         | 10.50         | 10.50         | 12.00         |
| F | <b>Interest on Working Capital (D*E)</b>                                                                  | <b>57.55</b>  | <b>54.34</b>  | <b>51.36</b>  | <b>52.35</b>  | <b>60.92</b>  |

### **Asset-5**

(₹ in lakh)

|   | Particulars                                                                                               | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|---|-----------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| A | Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 1.88         | 1.94         | 2.01         | 2.08         | 2.15         |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 3.38         | 3.50         | 3.62         | 3.74         | 3.88         |
| C | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 8.67         | 8.67         | 8.61         | 8.58         | 8.57         |
| D | <b>Total Working Capital (A+B+C)</b>                                                                      | <b>13.92</b> | <b>14.11</b> | <b>14.24</b> | <b>14.41</b> | <b>14.60</b> |
| E | Rate of Interest for working capital (in %)                                                               | 12.05        | 11.25        | 10.50        | 10.50        | 12.00        |
| F | <b>Interest on Working Capital (D*E)</b>                                                                  | <b>1.68</b>  | <b>1.59</b>  | <b>1.50</b>  | <b>1.51</b>  | <b>1.75</b>  |



**Asset-6**

(₹ in lakh)

|   |                                                                                                           | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|---|-----------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| A | Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 1.88         | 1.94         | 2.01         | 2.08         | 2.15         |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 3.38         | 3.50         | 3.62         | 3.74         | 3.88         |
| C | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 8.72         | 8.73         | 8.67         | 8.64         | 8.62         |
| D | <b>Total Working Capital (A+B+C)</b>                                                                      | <b>13.97</b> | <b>14.16</b> | <b>14.30</b> | <b>14.47</b> | <b>14.65</b> |
| E | Rate of Interest for working capital (in %)                                                               | 12.05        | 11.25        | 10.50        | 10.50        | 12.00        |
| F | <b>Interest on Working Capital (D*E)</b>                                                                  | <b>1.68</b>  | <b>1.59</b>  | <b>1.50</b>  | <b>1.52</b>  | <b>1.76</b>  |

37. The details of the IWC allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 for transmission assets, IWC claimed by the Petitioner in the instant Petition and trued-up IWC approved in the instant order are as follows:

(₹ in lakh)

| <b>Combined Asset (Asset-1 to 4)</b>                          | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 57.63   | 54.85   | 51.94   | 52.69   | 53.28   |
| Claimed by the Petitioner in the instant Petition             | 57.55   | 54.34   | 51.36   | 52.35   | 60.92   |
| Approved after true-up in this order                          | 57.55   | 54.34   | 51.36   | 52.35   | 60.92   |

(₹ in lakh)

| <b>Asset-5</b>                                                | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 1.68    | 1.61    | 1.53    | 1.55    | 1.56    |
| Claimed by the Petitioner in the instant Petition             | 1.68    | 1.59    | 1.50    | 1.51    | 1.75    |
| Approved after true-up in this order                          | 1.68    | 1.59    | 1.50    | 1.51    | 1.75    |

(₹ in lakh)

| <b>Asset-6</b>                                                | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 1.68    | 1.62    | 1.54    | 1.56    | 1.57    |
| Claimed by the Petitioner in the instant Petition             | 1.68    | 1.59    | 1.50    | 1.52    | 1.76    |
| Approved after true-up in this order                          | 1.68    | 1.59    | 1.50    | 1.52    | 1.76    |

**Trued-up Annual Fixed Charges (AFC) for the 2019-24 Tariff Period**

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



(₹ in lakh)

|   | Particulars                 | Combined Asset (Asset-1 to 4) |                |                |                |                |
|---|-----------------------------|-------------------------------|----------------|----------------|----------------|----------------|
|   |                             | 2019-20                       | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
| A | Depreciation                | 480.14                        | 486.23         | 487.96         | 489.00         | 489.00         |
| B | Interest on Loan            | 425.26                        | 366.99         | 327.75         | 308.04         | 289.18         |
| C | Return on Equity            | 498.98                        | 505.45         | 507.31         | 508.41         | 508.41         |
| D | O&M Expenses                | 836.04                        | 866.04         | 896.43         | 928.62         | 959.79         |
| E | Interest on Working Capital | 57.55                         | 54.34          | 51.36          | 52.35          | 60.92          |
| F | <b>Total (A+B+C+D+E)</b>    | <b>2297.97</b>                | <b>2279.05</b> | <b>2270.81</b> | <b>2286.42</b> | <b>2307.30</b> |

(₹ in lakh)

|   | Particulars                 | Asset-5      |              |              |              |              |
|---|-----------------------------|--------------|--------------|--------------|--------------|--------------|
|   |                             | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
| A | Depreciation                | 16.26        | 16.44        | 16.44        | 16.44        | 16.44        |
| B | Interest on Loan            | 13.78        | 12.55        | 11.33        | 10.25        | 9.19         |
| C | Return on Equity            | 16.29        | 16.47        | 16.47        | 16.47        | 16.47        |
| D | O&M Expenses                | 22.51        | 23.30        | 24.12        | 24.96        | 25.84        |
| E | Interest on Working Capital | 1.68         | 1.59         | 1.50         | 1.51         | 1.75         |
| F | <b>Total (A+B+C+D+E)</b>    | <b>70.52</b> | <b>70.35</b> | <b>69.85</b> | <b>69.63</b> | <b>69.69</b> |

(₹ in lakh)

|   | Particulars                 | Asset-6      |              |              |             |              |
|---|-----------------------------|--------------|--------------|--------------|-------------|--------------|
|   |                             | 2019-20      | 2020-21      | 2021-22      | 2022-23     | 2023-24      |
| A | Depreciation                | 16.33        | 16.51        | 16.51        | 16.51       | 16.51        |
| B | Interest on Loan            | 14.03        | 12.85        | 11.64        | 10.57       | 9.48         |
| C | Return on Equity            | 16.36        | 16.54        | 16.54        | 16.54       | 16.54        |
| D | O&M Expenses                | 22.51        | 23.30        | 24.12        | 24.96       | 25.84        |
| E | Interest on Working Capital | 1.68         | 1.59         | 1.50         | 1.52        | 1.76         |
| F | <b>Total (A+B+C+D+E)</b>    | <b>70.91</b> | <b>70.79</b> | <b>70.31</b> | <b>70.1</b> | <b>70.13</b> |

39. The details of the AFC allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 for the transmission assets, AFC claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order are as follows:

(₹ in lakh)

| Combined Asset (Asset-1 to 4)                                 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 2303.27 | 2315.36 | 2315.71 | 2312.98 | 2305.38 |
| Claimed by the Petitioner in the instant Petition             | 2297.98 | 2279.05 | 2270.82 | 2286.42 | 2307.30 |
| Approved after true-up in this order                          | 2297.97 | 2279.05 | 2270.81 | 2286.42 | 2307.30 |

(₹ in lakh)

| Asset-5                                                       | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 70.58   | 71.99   | 72.90   | 72.52   | 72.12   |



| <b>Asset-5</b>                                    | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|---------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Claimed by the Petitioner in the instant Petition | 70.53          | 70.35          | 69.86          | 69.63          | 69.69          |
| Approved after true-up in this order              | 70.52          | 70.35          | 69.85          | 69.63          | 69.69          |

(₹ in lakh)

| <b>Asset-6</b>                                                | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Allowed vide order dated 3.2.2022 in Petition No. 671/TT/2020 | 70.95          | 72.37          | 73.31          | 72.97          | 72.56          |
| Claimed by the Petitioner in the instant Petition             | 70.91          | 70.79          | 70.31          | 70.10          | 70.13          |
| Approved after true-up in this order                          | 70.91          | 70.79          | 70.31          | 70.10          | 70.13          |

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

40. The Petitioner has claimed the following transmission charges in respect of the Combined Asset consisting of the Combined Asset (Asset-1 to 4), Asset-5 and Asset-6 for the 2024-29 tariff period:

(₹ in lakh)

| <b>Particulars</b>          | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b> | <b>2028-29</b> |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Depreciation                | 528.42         | 516.32         | 507.12         | 506.78         | 495.92         |
| Interest on Loan            | 267.09         | 225.49         | 184.92         | 147.80         | 115.35         |
| Return on Equity            | 541.42         | 541.42         | 541.42         | 541.42         | 541.42         |
| Interest on Working Capital | 50.44          | 51.26          | 52.18          | 53.29          | 54.66          |
| O&M Expenses                | 708.96         | 746.49         | 785.03         | 825.89         | 870.65         |
| <b>Total</b>                | <b>2096.33</b> | <b>2080.98</b> | <b>2070.67</b> | <b>2075.18</b> | <b>2078.00</b> |

41. The details of the IWC claimed by the Petitioner for the 2024-29 tariff period for the Combined Asset are as under:

(₹ in lakh)

| <b>Particulars</b>                 | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b> | <b>2028-29</b> |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| O&M Expenses                       | 59.08          | 62.21          | 65.42          | 68.82          | 72.55          |
| Maintenance Spares                 | 106.34         | 111.97         | 117.75         | 123.88         | 130.60         |
| Receivables                        | 258.45         | 256.56         | 255.29         | 255.15         | 256.19         |
| <b>Total Working Capital</b>       | <b>423.87</b>  | <b>430.74</b>  | <b>438.46</b>  | <b>447.85</b>  | <b>459.34</b>  |
| Rate of Interest (in %)            | 11.90          | 11.90          | 11.90          | 11.90          | 11.90          |
| <b>Interest on Working Capital</b> | <b>50.44</b>   | <b>51.26</b>   | <b>52.18</b>   | <b>53.29</b>   | <b>54.66</b>   |



### **Effective Date of Commercial Operation (E-COD)**

42. The Petitioner has combined the all the transmission assets in the instant Petition during the 2024-29 tariff period and has claimed the E-COD in respect of the Combined Asset as 18.5.2018 as on the COD.

43. We have considered the Petitioner's submissions and allowed the E-COD as 18.5.2018 after prudence check.

| Assets       | Trued-up<br>Capital<br>cost as on<br>31.3.2024 | COD        | No. of days<br>from COD<br>of Asset<br>from COD<br>of Project | Weight of cost<br>(in %) | Weighted days |
|--------------|------------------------------------------------|------------|---------------------------------------------------------------|--------------------------|---------------|
|              | (₹ in lakh)                                    |            |                                                               |                          |               |
| Asset-1 to 4 | 9023.08                                        | 8.5.2018   | 211.00                                                        | 93.90                    | 198.13        |
| Asset-5      | 292.34                                         | 14.10.2018 | 52.00                                                         | 3.04                     | 1.58          |
| Asset-6      | 293.61                                         | 5.12.2018  | 0.00                                                          | 3.06                     | 0.00          |
| <b>Total</b> | <b>9609.03</b>                                 |            |                                                               | <b>1.00</b>              | <b>199.72</b> |
| <b>E-COD</b> | <b>18.5.2018</b>                               |            |                                                               |                          |               |

44. E-COD is used to determine the lapsed life of the project, which works out as 5 years as on 1.4.2024 (i.e., the number of the completed years as on 1.4.2024 from E-COD).

### **Weighted Average Life ("WAL") of the Project**

45. The life as defined in Regulation 33 of the 2024 Tariff Regulations has been considered for the determination of WAL. The Combined Asset may have multiple elements such as land, building, transmission line, sub-station, and PLCC, and each element may have a different span of life. Therefore, the concept of the WAL has been used as the useful life of the transmission system as a whole.

46. The WAL has been determined based on the admitted capital cost of the individual elements under the transmission system as on 31.3.2024 and their respective



life as stipulated in the 2024 Tariff Regulations. Accordingly, WAL in respect of the Combined Asset has been worked out as 24 years as follows:

| Particulars                | Combined Asset Cost<br>(₹ in lakh)<br>(1) | Life as per the 2024 Tariff Regulation<br>(Years)<br>(2) | Weighted Cost<br>(3)=(1)x(2) | Weighted Average Life of Asset<br>(in years)<br>(4)=(3)/(1) |
|----------------------------|-------------------------------------------|----------------------------------------------------------|------------------------------|-------------------------------------------------------------|
| Sub-station                | 9392.39                                   | 25                                                       | 234809.84                    |                                                             |
| PLCC                       | 74.67                                     | 7                                                        | 522.66                       |                                                             |
| IT Equipment incl software | 141.97                                    | 7                                                        | 993.80                       |                                                             |
| <b>Total</b>               | <b>9609.03</b>                            |                                                          | <b>236326.29</b>             | <b>24</b>                                                   |

47. The WAL as on 18.5.2018 (E-COD), as determined above, is applicable prospectively (i.e., for the 2024-29 tariff period onwards), and no retrospective adjustment of depreciation in the previous tariff period is required to be done. As discussed in the preceding paragraphs, the E-COD of the Combined Asset is 18.5.2018, and the lapsed life of the project as a whole works out as 4 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD). Accordingly, the WAL has been used to determine the remaining useful life as on 1.4.2024 to be 19 years.

### **Capital Cost**

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

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

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

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

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

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



- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o).....
- (p).....

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

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

(4) & (5) .....

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

- (a) The assets forming part of the project but not in use, as declared in the tariff Petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:



*Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;*

*Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.*

*(d).....*

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

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

49. The trued-up capital cost ₹9023.08 lakh, ₹292.34 lakh and, ₹293.61 lakh as on 31.3.2024 has been approved by the Commission in instant order in respect of Combined Asset (Asset-1 to 4), Asset-5 and Asset-6 respectively, and thus, the capital cost ₹9609.03 lakh (₹9023.08 lakh + ₹292.34 lakh + ₹293.61 lakh ) is being considered as the opening capital cost as on 1.4.2024 in respect of the Combined Asset for determination of the AFC for the 2024-29 tariff period.

#### **Additional Capital Expenditure (ACE)**

50. The Petitioner in the instant Petition has not claimed any ACE for the 2024-29 tariff period.

#### **Debt-Equity ratio**

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

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

*Provided that:*

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*



- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

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

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

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

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

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

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

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

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

52. The debt-equity ratio considered for the purpose of computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations.



The debt-equity ratio considered for the purpose of computation of tariff for the Combined Asset for the 2024-29 tariff period is as follows:

| Funding      | Capital Cost<br>as on 1.4.2024<br>(₹ in lakh) | (in %)        | Capital Cost<br>as on 31.3.2029<br>(₹ in lakh) | (in %)        |
|--------------|-----------------------------------------------|---------------|------------------------------------------------|---------------|
| Debt         | 6726.35                                       | 70.00         | 6726.35                                        | 70.00         |
| Equity       | 2882.68                                       | 30.00         | 2882.68                                        | 30.00         |
| <b>Total</b> | <b>9609.03</b>                                | <b>100.00</b> | <b>9609.03</b>                                 | <b>100.00</b> |

### **Depreciation**

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

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

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

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

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

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

.....

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

(4) .....



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

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

*.....*

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

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

*.....*

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

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

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

*(10) Xxxxxx*

*(11) Xxxxxx*

*(12) Xxxxxx”*

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



55. The depreciation allowed for the Combined Asset under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

| (₹ in lakh) |                                                                 |               |               |               |               |               |
|-------------|-----------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Sl. No.     | Particulars                                                     | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29       |
| A           | Opening Capital cost                                            | 9609.03       | 9609.03       | 9609.03       | 9609.03       | 9609.03       |
| B           | Addition during the year 2024-29 due to ACE                     | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |
| C           | Closing Capital cost (A+B)                                      | 9609.03       | 9609.03       | 9609.03       | 9609.03       | 9609.03       |
| D           | Average Capital cost (A+C)/2                                    | 9609.03       | 9609.03       | 9609.03       | 9609.03       | 9609.03       |
| E           | Average Capital cost (90% depreciable assets)                   | 9467.06       | 9467.06       | 9467.06       | 9467.06       | 9467.06       |
| F           | Average Capital cost (100% depreciable assets)                  | 141.97        | 141.97        | 141.97        | 141.97        | 141.97        |
| G           | Depreciable value (excluding IT equipment and software) (E*90%) | 8520.35       | 8520.35       | 8520.35       | 8520.35       | 8520.35       |
| H           | Depreciable value of IT equipment and software (F*100%)         | 141.97        | 141.97        | 141.97        | 141.97        | 141.97        |
| I           | Total Depreciable Value (G+H)                                   | 8662.32       | 8662.32       | 8662.32       | 8662.32       | 8662.32       |
| J           | Weighted average rate of Depreciation (WAROD) (in %)            | 5.50          | 5.35          | 5.28          | 5.23          | 5.16          |
| K           | Lapsed useful life at the beginning of the year (Year)          | 20            | 19            | 18            | 17            | 16            |
| L           | Balance useful life at the beginning of the year (Year)         | 5             | 6             | 7             | 8             | 9             |
| N           | <b>Depreciation during the year (D*J)</b>                       | <b>528.42</b> | <b>516.32</b> | <b>507.12</b> | <b>502.34</b> | <b>495.92</b> |
| O           | Cumulative Depreciation at the end of the year                  | 3687.01       | 4203.32       | 4710.44       | 5212.78       | 5708.70       |
| P           | Remaining Aggregate Depreciable Value at the end of the year    | 4975.32       | 4459.00       | 3951.88       | 3449.54       | 2953.62       |

### **Interest on Loan (IoL)**

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

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

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



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

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

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

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

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

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

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

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

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

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



Tariff Regulations. The IoL allowed for 2024-29 tariff period in respect of the Combined Asset is as follows:

| (₹ in lakh) |                                                  |         |         |         |         |         |
|-------------|--------------------------------------------------|---------|---------|---------|---------|---------|
|             | Particulars                                      | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| A           | Gross Normative Loan                             | 6726.35 | 6726.35 | 6726.35 | 6726.35 | 6726.35 |
| B           | Cumulative Repayments upto Previous Year         | 2994.19 | 3522.60 | 4038.92 | 4546.04 | 5048.38 |
| C           | Net Loan-Opening (A-B)                           | 3732.16 | 3203.75 | 2687.43 | 2180.31 | 1677.97 |
| D           | Additions                                        | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| E           | Repayment during the year                        | 528.42  | 516.32  | 507.12  | 502.34  | 495.92  |
| F           | Net Loan-Closing (C+D-E)                         | 3203.75 | 2687.43 | 2180.31 | 1677.97 | 1182.05 |
| G           | Average Loan (C+F)/2                             | 3467.95 | 2945.59 | 2433.87 | 1929.14 | 1430.01 |
| H           | Weighted Average Rate of Interest on Loan (in %) | 7.7016  | 7.6553  | 7.5978  | 7.6704  | 8.0912  |
| I           | Interest on Loan (G*H)                           | 267.09  | 225.49  | 184.92  | 147.97  | 115.70  |

### **Return on Equity (RoE)**

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

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

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

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

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

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station



or transmission system is found to be declared under commercial operation without commissioning of any of the Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

.....”

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

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

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

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

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

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

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

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

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



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

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

| (₹ in lakh) |                                     |               |               |               |               |               |
|-------------|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
|             | Particulars                         | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29       |
| A           | Opening Equity                      | 2882.68       | 2882.68       | 2882.68       | 2882.68       | 2882.68       |
| B           | Additions                           | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          |
| C           | Closing Equity (A+B)                | 2882.68       | 2882.68       | 2882.68       | 2882.68       | 2882.68       |
| D           | Average Equity (A+C)/2              | 2882.68       | 2882.68       | 2882.68       | 2882.68       | 2882.68       |
| E           | Return on Equity (Base Rate) (in %) | 15.500        | 15.500        | 15.500        | 15.500        | 15.500        |
| F           | MAT Rate for respective year (in %) | 17.472        | 17.472        | 17.472        | 17.472        | 17.472        |
| G           | Rate of Return on Equity (in %)     | 18.782        | 18.782        | 18.782        | 18.782        | 18.782        |
| H           | <b>Return on Equity (D*G)</b>       | <b>541.42</b> | <b>541.42</b> | <b>541.42</b> | <b>541.42</b> | <b>541.42</b> |

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

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

| (₹ in lakh)  |         |         |         |         |         |
|--------------|---------|---------|---------|---------|---------|
| Particulars  | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| O&M Expenses | 708.96  | 746.49  | 785.03  | 825.89  | 870.65  |

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

#### ***"36. Operation and Maintenance Expenses:***

...

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

| Particulars                                        | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|----------------------------------------------------|---------|---------|---------|---------|---------|
| <b>Norms for sub-station Bays (₹ Lakh per bay)</b> |         |         |         |         |         |
| 765 kV                                             | 41.34   | 43.51   | 45.79   | 48.20   | 50.73   |



| <b>Particulars</b>                                                  | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b> | <b>2028-29</b> |
|---------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| 400 kV                                                              | 29.53          | 31.08          | 32.71          | 34.43          | 36.23          |
| 220 kV                                                              | 20.67          | 21.75          | 22.90          | 24.10          | 25.36          |
| 132 kV and below                                                    | 15.78          | 16.61          | 17.48          | 18.40          | 19.35          |
| <b>Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)</b>    |                |                |                |                |                |
| O&M expenditure per MVA or per MVAR<br>(₹ Lakh per MVA or MVAR)     | 0.262          | 0.276          | 0.290          | 0.305          | 0.322          |
| <b>Norms for AC and HVDC lines (₹ Lakh per km)</b>                  |                |                |                |                |                |
| Single Circuit (Bundled Conductor with six or more sub-conductors)  | 0.861          | 0.906          | 0.953          | 1.003          | 1.056          |
| Single Circuit (Bundled conductor with four sub-conductors)         | 0.738          | 0.776          | 0.817          | 0.860          | 0.905          |
| Single Circuit (Twin & Triple Conductor)                            | 0.492          | 0.518          | 0.545          | 0.573          | 0.603          |
| Single Circuit (Single Conductor)                                   | 0.346          | 0.259          | 0.272          | 0.287          | 0.302          |
| Double Circuit (Bundled conductor with four or more sub-conductors) | 1.291          | 1.359          | 1.430          | 1.506          | 1.585          |
| Double Circuit (Twin & Triple Conductor)                            | 0.861          | 0.906          | 0.953          | 1.003          | 1.056          |
| Double Circuit (Single Conductor)                                   | 0.369          | 0.388          | 0.409          | 0.430          | 0.453          |
| Multi Circuit (Bundled Conductor with four or more sub-conductor)   | 2.266          | 2.385          | 2.510          | 2.642          | 2.781          |
| Multi Circuit (Twin & Triple Conductor)                             | 1.509          | 1.588          | 1.671          | 1.759          | 1.851          |
| <b>Norms for HVDC stations</b>                                      |                |                |                |                |                |
| HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)    | 2.07           | 2.18           | 2.30           | 2.42           | 2.55           |
| Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)                  | 1.83           | 1.92           | 2.03           | 2.13           | 2.24           |
| HVDC bipole scheme (₹ Lakh per MW)                                  | 1.04           | 1.10           | 1.16           | 1.22           | 1.28           |

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

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

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

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

*(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of substation bays, transformer*



capacity of the transformer/reactor/Static Var Compensator/Static Synchronous Compensator (in MVA/MVAr) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA/MVAr and per km respectively.

.....”

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

| (₹ in lakh)                                                                                                                                                                                                      |               |               |               |               |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Particulars                                                                                                                                                                                                      | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29       |
| <b>400 kV Bays</b>                                                                                                                                                                                               |               |               |               |               |               |
| <b>Itarsi Sub-station:</b>                                                                                                                                                                                       |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>1 No. ICT bay for 400/220 kV 500 MVA ICT</li> </ul>                                                                                                                       |               |               |               |               |               |
| <b>Indore Sub-station:</b>                                                                                                                                                                                       |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>2 No. ICT bay for 400/220 kV 500 MVA ICT-1 &amp; ICT-2</li> </ul>                                                                                                         |               |               |               |               |               |
| Normative Rate of O&M Expenses as per Regulation                                                                                                                                                                 | 29.53         | 31.08         | 32.71         | 34.43         | 36.23         |
| <b>O&amp;M Expenses allowed</b>                                                                                                                                                                                  | <b>88.59</b>  | <b>93.24</b>  | <b>98.13</b>  | <b>103.29</b> | <b>108.69</b> |
| <b>220 kV Bays</b>                                                                                                                                                                                               |               |               |               |               |               |
| <b>Itarsi Sub-station:</b>                                                                                                                                                                                       |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>1 No. ICT bay for 400/220 kV 500 MVA ICT</li> <li>1 No. Itarsi MPPTCL Downstream bay</li> <li>1 No. Hoshangabad MPPTCL Downstream bay</li> </ul>                          |               |               |               |               |               |
| <b>Indore Sub-station:</b>                                                                                                                                                                                       |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>1 No. Line Bay</li> <li>1 No. Line Bay</li> <li>2 Nos. Line bays</li> <li>2 Nos. ICT bay for 400/220 kV 500 MVA ICT-1 &amp; ICT-2</li> <li>2 Nos. of Line bays</li> </ul> |               |               |               |               |               |
| Normative Rate of O&M as per Regulation                                                                                                                                                                          | 20.67         | 21.76         | 22.90         | 24.10         | 25.36         |
| <b>O&amp;M Expenses allowed</b>                                                                                                                                                                                  | <b>227.37</b> | <b>239.25</b> | <b>251.90</b> | <b>265.10</b> | <b>278.96</b> |
| <b>400 kV ICT</b>                                                                                                                                                                                                |               |               |               |               |               |
| <b>Itarsi Sub-station:</b>                                                                                                                                                                                       |               |               |               |               |               |
| 1 No. 400/220 kV 500 MVA ICT                                                                                                                                                                                     |               |               |               |               |               |
| <b>Indore Sub-station:</b>                                                                                                                                                                                       |               |               |               |               |               |
| <ul style="list-style-type: none"> <li>2 No. 400/220 kV 500 MVA ICT-1 &amp; ICT-2</li> </ul>                                                                                                                     |               |               |               |               |               |
| Normative Rate of O&M as per Regulation                                                                                                                                                                          | 0.262         | 0.276         | 0.29          | 0.305         | 0.322         |
| O&M Expenses allowed                                                                                                                                                                                             | 393.00        | 414.00        | 435.00        | 457.50        | 483.00        |
| <b>Total Expenses allowed</b>                                                                                                                                                                                    | <b>708.96</b> | <b>746.49</b> | <b>785.03</b> | <b>825.89</b> | <b>870.65</b> |



### **Interest on Working Capital (IWC)**

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

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

*.....*

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

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

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

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

***(2) .....***

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

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

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

65. The Petitioner has considered the rate of the IWC as 11.90% as on 1.4.2024.

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

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



| (₹ in lakh) |                                                                                                           |         |         |         |         |         |
|-------------|-----------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
|             | Particulars                                                                                               | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| A           | Working Capital for O&M Expenses (O&M Expenses for one month)                                             | 59.08   | 62.21   | 65.42   | 68.82   | 72.55   |
| B           | Working Capital for Maintenance Spares (15% of O&M Expenses)                                              | 106.34  | 111.97  | 117.75  | 123.88  | 130.60  |
| C           | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 258.45  | 256.56  | 255.29  | 254.61  | 256.24  |
| D           | Total Working Capital (A+B+C)                                                                             | 423.88  | 430.74  | 438.46  | 447.32  | 459.39  |
| E           | Rate of Interest for working capital (in %)                                                               | 11.90   | 11.90   | 11.90   | 11.90   | 11.90   |
| F           | Interest on working capital (D*E)                                                                         | 50.44   | 51.26   | 52.18   | 53.23   | 54.67   |

### **Annual Fixed Charges of the 2024-29 Tariff Period**

67. The annual transmission charges allowed for the 2024-29 tariff period for the Combined Asset are as follows:

| (₹ in lakh)                 |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars                 | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        |
| Depreciation                | 528.42         | 516.32         | 507.12         | 502.34         | 495.92         |
| Interest on Loan            | 267.09         | 225.49         | 184.92         | 147.97         | 115.70         |
| Return on Equity            | 541.42         | 541.42         | 541.42         | 541.42         | 541.42         |
| O&M Expenses                | 708.96         | 746.49         | 785.03         | 825.89         | 870.65         |
| Interest on Working Capital | 50.44          | 51.26          | 52.18          | 53.23          | 54.67          |
| <b>Total</b>                | <b>2096.33</b> | <b>2080.98</b> | <b>2070.67</b> | <b>2070.85</b> | <b>2078.36</b> |

### **Filing Fee and Publication Expenses**

68. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses.

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



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

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

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

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

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

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

### **License Fee and RLDC Fees and Charges**

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



Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

### **Goods and Services Tax**

74. The Petitioner submitted that the transmission charges claimed herein are exclusive of GST, and in case if GST is levied at any rate and at any point in time in the future on the Charges for the Transmission of Electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner, and the same shall be charged and billed separately by the Petitioner. Additionally, if any further taxes are to be paid by the Petitioner on account of demands from the Government or statutory authorities, the same may be allowed to be recovered from the beneficiaries.

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

### **Security Expenses, Insurance and Capital Spares**

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

77. As regards the security expenses of the transmission assets/ Combined Assets, the Petitioner has submitted that it will file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36(3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the



security expenses regarding the transmission assets/ Combined Asset are not claimed in the instant Petition.

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

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

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

**"36(3)**

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

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

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



*capitalisation or consumption of stores and spares and renovation and modernization.”*

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

### **Sharing of Transmission Charges**

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

83. We have considered the Petitioner's submissions. It has been observed that the Commission vide order dated 3.2.2022 in Petition No. 671/TT/2020 had held that the



transmission charges in respect of Asset-2 to Asset-6 from their respective CODs to the commissioning of the downstream system shall be borne by MPPTCL and thereafter, the same shall be shared under PoC mechanism. The relevant extract of the said order is as follows:

*“100. In line of the afore-stated decision, we are of the considered view that the transmission charges with respect to Asset-II to Asset-VI shall be shared as follows:*

- a) In case of Asset-II, from 2.9.2018 (COD) up to 9.12.2018 (one day before actual charging of downstream system) to be borne by MPPTCL and thereafter from 10.12.2018 (date of power flow) onwards, to be shared under POC mechanism.*
- b) In case of Asset-III, from 2.9.2018 (COD) up to 11.12.2018 (one day before actual charging of downstream system) to be borne by MPPTCL and thereafter from 12.12.2018 (date of power flow) onwards, to be shared under POC mechanism.*
- c) In case of Asset-IV, from 14.10.2018 (COD) up to 9.12.2018 (one day before actual charging of downstream system) to be borne by MPPTCL and thereafter from 10.12.2018 (date of power flow) onwards, to be shared under POC mechanism.*
- d) In case of Asset-V, from 14.10.2018 (COD) up to commissioning of downstream system under the scope of MPPTCL to be borne by MPPTCL and thereafter will be shared under POC mechanism.*
- e) In case of Asset-VI, from 5.12.2018 (COD) up to commissioning of downstream system under the scope of MPPTCL to be borne by MPPTCL and thereafter will be shared under POC mechanism.*

*101. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission systems was governed by the provisions of the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of transmission charges is governed by the 2020 Sharing Regulations. Accordingly, the liabilities of DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection and disbursement of the transmission charges for subsequent period shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations.”*

84. Therefore, in line with aforementioned order, the transmission charges with respect to Asset-1 to Asset-4, shall be shared under the PoC mechanism, whereas the transmission charges in respect of Asset-5 and Asset-6 from their respective CODs (i.e., 14.10.2018 and 5.12.2018, respectively), up to the commissioning of downstream



system under the scope of MPPTCL to be borne by MPPTCL and, thereafter, shall be shared under the PoC mechanism.

85. With effect from 1.7.2011, the sharing of transmission charges for the inter-State transmission systems was governed by the provisions of the 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of the transmission charges is governed by the 2020 Sharing Regulations. Accordingly, the liabilities of the DICs for arrears of the transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of the respective Tariff Regulations and Sharing Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. The billing, collection and disbursement of the transmission charges for the transmission assets/ Combined Asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

86. To summarise:

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

|                    | <b>Combined Asset (Asset-1 to 4)</b> |                |                |                |                |
|--------------------|--------------------------------------|----------------|----------------|----------------|----------------|
| <b>Particulars</b> | <b>2019-20</b>                       | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> |
| AFC Claimed        | 2297.98                              | 2279.05        | 2270.82        | 2286.42        | 2307.30        |
| AFC Approved       | 2297.97                              | 2279.05        | 2270.81        | 2286.42        | 2307.30        |



(₹ in lakh)

|              | Asset-5 |         |         |         |         |
|--------------|---------|---------|---------|---------|---------|
| Particulars  | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| AFC Claimed  | 70.53   | 70.35   | 69.86   | 69.63   | 69.69   |
| AFC Approved | 70.52   | 70.35   | 69.85   | 69.63   | 69.69   |

(₹ in lakh)

|              | Asset-6 |         |         |         |         |
|--------------|---------|---------|---------|---------|---------|
| Particulars  | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| AFC Claimed  | 70.91   | 70.79   | 70.31   | 70.10   | 70.13   |
| AFC Approved | 70.91   | 70.79   | 70.31   | 70.10   | 70.13   |

b. The AFC claimed for the 2024-29 tariff period with respect to the Combined Asset and allowed in the instant order are as follows:

(₹ in lakh)

| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|-------------|---------|---------|---------|---------|---------|
| AFC Claimed | 2096.33 | 2080.98 | 2070.67 | 2075.18 | 2078.00 |
| AFC allowed | 2096.33 | 2080.98 | 2070.67 | 2070.85 | 2078.36 |

87. This order disposes of Petition No. 418/TT/2025, in terms of the above discussions and findings.

sd/-  
(Harish Dudani)  
Member

sd/-  
(Ramesh Babu V.)  
Member

