

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 419/TT/2025

Coram:

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

Date of Order: 02.02.2026

In the matter of:

Approval under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for truing up of transmission tariff for the 2019-24 tariff period and determination of transmission tariff for the 2024-29 tariff period for the Combined Asset under "Western Region System Strengthening Scheme XVII" 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,
Racecourse Road, Vadodara-390007.
- 4. Electricity Department,**
Government of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, 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 Hasan, 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 Petitioner, Power Grid Corporation of India Limited (PGCIL), has filed the instant Petition, for true 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 for the following transmission assets (hereinafter referred to as “transmission assets/ Combined Asset”) under “Western Region System Strengthening Scheme XVII” in the Western Region (hereinafter referred to as the ‘transmission project”).

Asset-1: Conversion of 50 MVAR, 420 kV fixed line reactors in each circuit of Itarsi-Indore (MPPTCL) 400 kV 2XS/C lines into Switchable Line Reactors at Indore (MPPTCL) Sub-station;

Asset-2: Conversion of 50 MVAR, 420 kV fixed line reactors in 400 kV D/C Bina (PG) Shujalpur transmission line into Switchable Line Reactors at Shujalpur Sub-station;

Asset-3: Conversion of 63 MVAR, 420 kV fixed line reactors in Bhadrawati-Dhariwal 400 kV S/C line into Bus Reactor at Bhadrawati Sub-station;

Asset-4: 1 No. 500 MVA 400/220 kV ICT-3 along with associated bays at Khandwa Sub-station;

Asset-5: 2 No. 220 kV bays at Khandwa Sub-station;



- Asset-6:** 1 No. 500 MVA 400/220 kV ICT4 along with associated bays at Boisar Sub-station;
- Asset-7:** 1 No. 500 MVA 400/220 kV ICT-3 along with associated bays at Kala Sub-station;
- Asset-8:** 1 No. 500 MVA 400/220 kV ICT-3 along with associated bays at Dehgam Sub-station; and
- Asset-9:** 240 MVAR Switchable Line Reactor along with 850-ohm NGR and 765 kV Switchable Line Reactor bay (GIS) at 765/400 kV Pune (GIS) Sub-station.

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

- a) *“Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 12 and 13 above.*
- b) *Admit the capital cost claimed and additional capitalization incurred during 2019-24 and 2024-29 tariff block for the assets covered under this petition.*
- c) *Kindly allow the initial spares as claimed in the instant petition.*
- d) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.*
- e) *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.*
- f) *Allow the petitioner to bill and recover Licensee fee and RLDC fees & charges, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- g) *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.*
- h) *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 19 above.*
- i) *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 19 above.*



- j) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares as mentioned at Para 19 above.
- k) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.
- l) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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

Background

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

- a. The Investment Approval (the IA) of the transmission project was accorded by the Board of Directors of the Petitioner's Company in its 337th meeting held on 9.2.2017 and communicated vide Memorandum No. C/CP/PA1617-03-0X-IA02 dated 21.3.2017, at an estimated cost of ₹20412.00 lakh including an IDC of ₹1235.00 lakh based on October, 2016 price level.
- b. The transmission project was approved in the 39th and 41st Standing Committee meetings of the Western Region held on 30.11.2015 and 21.12.2016, respectively. Further, the transmission project was later discussed and agreed for the implementation in the 31st and 34th WRPC meeting held on 30.3.2016 and 28.7.2017 respectively.
- c. The scope of the work covered under the transmission project is as follows:

Sub-stations

(i) Pune (GIS) 765 kV Sub-station

- 1x240 MVAR Switchable Line Reactor along with 850 Ohm NGR
- 765 kV Switchable Line Reactor bay (GIS) – 01 number

(ii) Itarsi Sub-station



➤ Conversion of 50 MVAR, 420 kV Fixed Line Reactor, in each circuit of Itarsi–Indore (MPPTCL) 400 kV 2xS/C lines, into Switchable Line Reactors at Itarsi Sub-station.

(iii) Indore (MPPTCL) Sub-station

➤ Conversion of 50 MVAR, 420 kV Fixed Line Reactor, in each circuit of Itarsi–Indore (MPPTCL) 400 kV 2xS/C lines, into Switchable Line Reactors at Indore (MPPTCL) Sub-station.

(iv) Shujalpur Sub-station:

➤ Conversion of 50 MVAR, 420 kV Fixed Line Reactor, in each circuit of Bina (PG)-Shujalpur 400 kV D/C line, into Switchable Line Reactors at Shujalpur Sub-station.

(v) Bhadravati (PG):

➤ Conversion of 63 MVAR 420 kV Fixed Line Reactor in Bhadravati-Dhariwal 400 kV S/C line into Bus Reactor at Bhadravati Sub-station.
➤ 400 kV Bus Reactor Bay – 1 number

(vi) Khandwa Sub-station:

➤ Installation of 1 X 500 MVA, 400/220 kV (3rd) ICT
➤ 400 kV ICT bay – 01 number
➤ 220 kV ICT bay – 01 number
➤ 220 kV line bays- 02 numbers

(vii) Boisar Sub-station:

➤ Installation of 1 X 500 MVA, 400/220 kV (4th) ICT
➤ 400 kV ICT bay – 01 number
➤ 220 kV ICT bay – 01 number

(viii) Kala (GIS) Sub-station:

➤ Installation of 1 X 500 MVA, 400/220 kV (3rd) ICT
➤ 400 kV ICT bay – 01 number
➤ 220 kV ICT bay – 01 number

(ix) Dehgam Sub-station:

➤ Installation of 1 X 500 MVA, 400/220 kV (3rd) ICT
➤ 400 kV ICT bay – 01 number
➤ 220 kV ICT bay – 01 number



- d. Subsequent to the IA, during 43rd Standing Committee Meeting held on 11.5.2018, it was agreed to drop the conversion of Fixed Line Reactors of Indore-Itarsi 400 kV 2xS/C at Itarsi-end due to the space constraints
- e. As per the IA dated 9.2.2017, the scheduled date of commercial operation (SCOD) of the transmission assets was within 31 months from the date of approval of the IA, i.e., 9.9.2019 against which the transmission assets were commissioned on the dates mentioned below, and the entire scope of the work as per IA has been completed:

Asset No.	SCOD	COD
Asset-1	9.9.2019	3.10.2018
Asset-2		25.5.2018
Asset-3		19.7.2018
Asset-4		21.5.2018
Asset-5		5.11.2018
Asset-6		6.5.2018
Asset-7		24.11.2018
Asset-8		7.6.2018
Asset-9		24.8.2019

- f. The Commission, vide order dated 5.7.2019 in Petition No. 247/TT/2018, granted the transmission tariff for Asset-1 to Asset-8 from their respective commissioning date of operation (COD) to 31.3.2019. Further, the Commission, vide order dated 24.7.2020 in Petition No. 70/TT/2020, trued-up the transmission tariff of Asset-1 to Asset-8, for the 2014-19 tariff period and granted the tariff for the Combined Asset for 2019-24 tariff period (Asset-1 to Asset-8 were combined during the 2019-24 tariff period).
- g. The Commission, vide order dated 30.8.2022 in Petition No. 8/TT/2021, granted the transmission tariff for Asset-9 from its COD to 31.3.2024.
- a. The Petitioner has filed the present Petition for truing-up of the transmission tariff of the transmission assets for the 2019-24 tariff period and the

determination of the transmission tariff for the 2024-29 tariff period for the Combined Asset (Asset-1 to Asset-9):

Asset Nos.	SCOD	COD	Remark	Combined Asset
Asset 1	9.9.2019	3.10.2018	The tariff for the 2014-19 period was trued-up and the tariff for the 2019-24 was determined vide order dated 24.7.2020 in Petition No. 70/TT/2020 [Asset-1 to Asset-8 were combined as on 1.4.2019 with the Effective-COD (E-COD): 21.7.2018]	All the transmission assets (Asset-1 to Asset-9) have been combined as on 1.4.2024 with E-COD as 15.10.2018 as discussed in the relevant portion of the instant order.
Asset 2		25.5.2018		
Asset 3		19.7.2018		
Asset 4		21.5.2018		
Asset 5		5.11.2018		
Asset 6		6.5.2018		
Asset 7		24.11.2018		
Asset 8		7.6.2018		
Asset 9		24.8.2019	The tariff for the 2019-24 was determined vide order dated 30.8.2022 in Petition No. 8/TT/2021	

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

5. The Petitioner has served the Petition on the Respondents and notice regarding the 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. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No. 1, vide affidavit dated 14.7.2025 has filed its reply in the instant Petition and has raised the issues of allowing tariff for the 2024-29 period after prudence check, grossing up of Return on Equity (RoE), Additional Capital Expenditure (ACE), Initial Spares, effect of GST and Sharing of Transmission Charges. In response, the Petitioner vide affidavit dated 22.12.2025 has filed its rejoinder to the reply filed by MPPMCL.



6. The hearing in this matter was held on 27.11.2025 and the order was reserved. This order is passed considering the submissions made by the Petitioner vide affidavit dated 27.11.2024 and subsequent affidavit dated 12.9.2025, MPPMCL's reply vide affidavit dated 14.7.2025, and the Petitioner's rejoinder vide affidavit dated 22.12.2025.

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 the perused the material on record, we proceed to dispose of the Petition.

Truing 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 follows:

Combined Asset (Asset-1 to Asset-8)

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	627.69	677.85	689.70	693.42	694.25
Interest on Loan	603.53	539.31	490.36	474.33	460.75
Return on Equity	657.85	711.90	725.02	729.58	730.78
Interest on Working Capital	77.39	74.50	70.71	72.25	84.24
O&M Expenses	1124.02	1164.35	1205.20	1248.51	1290.41
Total	3090.48	3167.91	3180.99	3218.09	3260.43



Asset-9

(₹ in lakh)					
Particulars	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	105.25	181.69	184.19	185.34	185.64
Interest on Loan	105.26	157.83	144.62	140.75	136.33
Return on Equity	110.91	192.07	195.82	197.73	198.28
Interest on Working Capital	5.66	8.80	8.16	8.20	9.36
O&M Expenses	19.02	32.62	33.76	34.95	36.18
Total	346.10	573.01	566.55	566.97	565.79

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 Asset-8)

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	93.67	97.03	100.43	104.04	107.53
Maintenance Spares	168.60	174.65	180.78	187.28	193.56
Receivables	379.98	390.56	392.18	396.75	400.87
Total Working Capital	642.25	662.24	673.39	688.07	701.96
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	77.39	74.50	70.71	72.25	84.24

Asset-9

(₹ in lakh)					
Particulars	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	2.63	2.72	2.81	2.91	3.02
Maintenance Spares	4.73	4.89	5.06	5.24	5.43
Receivables	70.48	70.65	69.85	69.90	69.56
Total Working Capital	77.84	78.26	77.72	78.05	78.01
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	5.66	8.80	8.16	8.20	9.36

Capital Cost for the 2019-24 Tariff Period

11. The capital cost of the transmission project has been calculated in accordance with the Regulation 19(1) and 19(3) of the 2019 Tariff Regulations.

12. The details of the capital cost and Additional Capital Expenditure (ACE) allowed by the Commission vide order dated 24.7.2020 in Petition No. 70/TT/2020 and order



dated 30.8.2022 in Petition No. 8/TT/2021 in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9, respectively, for the 2019-24 tariff period are as follows:

Assets	Capital Cost as on 31.3.219 / COD	ACE allowed during 2019-24		Capital Cost as on 31.3.2024
		2019-20	2020-21	
Combined Asset (Asset-1 to Asset-8)	10885.75	2018.65	9.40	12913.80
Asset-9	3146.14	289.45	202.62	3638.21

13. The Petitioner in the instant Petition has claimed the following capital cost and ACE in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9 for the 2019-24 tariff period:

Assets	Capital Cost as on 31.3.219 / COD	ACE claimed during 2019-24					Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Asset (Asset-1 to Asset-8)	10885.75	1578.85	339.80	125.60	36.53	5.91	12972.44
Asset-9	3148.11	223.38	74.64	58.21	9.74	9.76	3523.84

14. The Petitioner has claimed the same capital cost of ₹10885.75 lakh in respect of the Combined Asset (Asset-1 to Asset-8) as approved by the Commission in order dated 24.7.2020 in Petition No. 70/TT/2020. However, due to the variation in the ACE claimed on the projection basis in the earlier Petition and the ACE claimed in the instant Petition on actual basis, the Initial Spares are required to be recomputed. The same has been dealt with in the relevant portion of this order.

15. As regards Asset-9, the Petitioner has claimed the capital cost of ₹3148.11 lakh as against the earlier allowed cost of ₹3146.14 lakh. The increase of ₹1.98 lakh (₹3148.11-₹3146.14) is on account of the IDC which was disallowed earlier and has now been added back in the instant Petition in the capital cost of Asset-9. Accordingly, we proceed



to determine the IDC in respect of Asset-9 first and then take up the issue of recalculation of the Initial Spares in respect of the Combined Asset (Asset-1 to Asset-8).

Interest During Construction (“IDC”)

16. The Petitioner has claimed the IDC in respect of Asset-9 and has submitted the Auditor’s Certificate dated 4.9.2024, 11.10.2024 and 22.10.2024 in support of the same. The Petitioner has submitted the computation of the IDC along with the year-wise details of the IDC discharged.

17. The allowable IDC has been worked out considering the information submitted by the Petitioner in respect of Asset-9. The loan details submitted in Form-9C for the 2019-24 tariff period and the IDC computation sheet have been considered for the purpose of IDC calculation on the cash basis and on an accrued basis. The details of the allowable IDC in respect of Asset-9 are as follows:

(₹ in lakh)							
Asset	IDC as per Auditor’s Certificate (A)	IDC Allowed (B)	IDC disallowed (C)	IDC allowed as on COD (cash basis) (D)	IDC Undischarged as on COD (E)=B-D	IDC Discharged During 2019-20 (F)	IDC Discharged During 2020-21 (G)
Asset-9	209.80	209.80	0.00	171.10	38.70	37.72	0.98

Initial Spares

Combined Asset (Asset-1 to Asset-8)

18. MPPMCL has submitted that the Initial Spares claimed by the Petitioner with respect to Asset 7 are beyond the ceiling limit specified in the Regulations. The Petitioner has claimed the excess Initial Spares in terms of the APTEL’s judgment dated 14.9.2019 in Appeal No. 74/2017. As per the APTEL’s judgment dated 14.9.2019, at the time of truing up, the Initial Spares are to be allowed as per the ceiling limit on the



overall project cost. Since two types of Sub-stations, i.e., AIS and GIS have different ceiling limits, they cannot be combined to obtain an overall ceiling limit as claimed by the Petitioner. Also, the spares of the GIS Sub-station are not compatible in the brownfield Sub-station as both the Sub-stations have different switchgears. Therefore, MPPMCL has requested that the ceiling limit of the Initial Spares should be applied asset-wise instead of combining the same, and the excess Initial Spares claimed by the Petitioner may be disallowed.

19. In response, the Petitioner has submitted that the Commission, vide order dated 24.7.2020 in Petition No. 70/TT/2020, had disallowed the excess Initial Spares of ₹34.81 lakh from the COD cost of Asset-7 when computed on individual asset basis and the transmission assets have been combined during the 2024-29 tariff period.

20. We have considered the Petitioner's and MPPMCL's submissions and the documents placed on records. The details of the COD and respective cut-off dates in respect of the Combined Asset (Asset-1 to Asset-8) are as follows:

Asset Nos.	COD	Cut-off date
Asset-1	3.10.2018	31.3.2021
Asset-2	25.5.2018	31.3.2021
Asset-3	19.7.2018	31.3.2021
Asset-4	21.5.2018	31.3.2021
Asset-5	5.11.2018	31.3.2021
Asset-6	6.5.2018	31.3.2021
Asset-7	24.11.2018	31.3.2021
Asset-8	7.6.2018	31.3.2021

21. The Commission, vide order dated 24.7.2020 in Petition No. 70/TT/2020, has already allowed the Initial Spares in respect of the Combined Asset (Asset-1 to Asset-8). However, as the cut-off date in respect of the individual assets falls under the 2019-24 tariff period, the Initial Spares are being re-calculated based on the actual expenditure as per the Auditor's Certificate(s) dated 22.10.2024 submitted by the

Petitioner for the 2019-24 tariff period. Therefore, as per Regulation 13(d) of the 2014 Tariff Regulations, the detail of the Initial Spares in respect of the Combined Asset (Asset-1 to Asset-8) are as follows:

(₹ in lakh)

Asset	Plant & Machinery Cost as on cut-off date)	Initial Spares claimed	Norms as per the 2019 Tariff Regulations (in %)	Initial Spares worked out as per norms	Allowable Initial Spares	Excess Initial Spares B-D, if (B>D), otherwise 0	Initial Spares allowed in 70/TT/2020	Excess Initial Spares to be disallowed
	(A)	(B)	(c)	(D)={((A-B)*C)/(100-C)}	(E)	(F)	(G)	H=G-E
1	251.14	14.25	6	15.12	14.25	0	14.25	0.00
2	188.46	12.17	6	11.25	11.25	0.92	12.17	0.92
3	232.82	12.69	6	14.05	12.69	0	12.69	0.00
4	2308.91	146.48	6	138.03	138.03	8.45	146.48	8.45
5	334.54	0.00	6	21.35	0.00	0	0.00	0.00
6	2335.5	138.50	6	140.23	138.50	0	138.50	0.00
7	3801.8	217.08	5	188.67	188.67	28.41	182.27	(6.4)
8	2830.27	158.00	6	170.57	158.00	0	158.00	0.00
Total	12283.44	699.17		699.28	661.39	37.78	664.36	2.97

22. After recalculation of the Initial Spares based on the actual expenditure, in case of Asset-2 and Asset-4, excess Initial Spares of ₹0.92 lakh and ₹8.45 lakh are required to be disallowed and in respect of Asset-7, the Initial Spare of ₹6.40 lakh are required to be allowed. Accordingly, the net impact of recalculation of the Initial Spares of an amount of ₹2.97 lakh (₹0.92 lakh + ₹8.45 lakh - ₹6.40 lakh) is reduced from the capital cost as on 31.3.2019 in respect of the Combined Asset (Asset-1 to Aset-8).

Capital Cost allowed as on COD/1.4.2019

23. Accordingly, the details of the capital cost in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9 as on 1.4.2019 for truing up of the Annual Fixed Charges for the 2019-24 tariff period are as follows:

(₹ in lakh)			
Assets	Capital Cost as on 31.3.2019	Adjustment due to re-calculation of Initial spares based on actual expenditure as per Auditor's Certificates dated 22.10.2024	Capital Cost as on 1.4.2019
Combined Asset (Asset-1 to Asset-8)	10885.75	(2.97)	10882.78

(₹ in lakh)			
Asset	Capital Cost allowed as on COD	Additional IDC allowed as on COD in instant order	Capital Cost as on 1.4.2019
Asset-9	3146.14	1.97	3148.11

Additional Capital Expenditure (ACE)

24. The Petitioner has claimed the following ACE in respect of the transmission assets based on the actual expenditure in accordance with the below-mentioned Regulations:

(₹ in lakh)						
Assets	Particulars	ACE claimed during the 2019-24 tariff period				
		2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset (Asset-1 to Asset-8)	Balance and retention payments for liabilities	1578.85*	339.80	125.60	36.53	5.91
Claimed under Regulation		24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations		25(1)(d) of the 2019 Tariff Regulations		
Asset-9		223.38^	74.64^	58.21	9.74	9.76
Claimed under Regulation		24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations		24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations	25(1)(d) of the 2019 Tariff Regulations	

*Includes IDC discharge of ₹0.17 lakh in respect of Asset-1, and Initial Spares discharge of ₹3.67 lakh in respect of Asset-3

^Includes IDC discharge of ₹37.72 lakh during FY 2019-20 and ₹0.98 lakh during FY 2020-21



25. With regard to the variation in the ACE as allowed by the Commission vide the aforesaid orders vis-à-vis claimed by the Petitioner in the instant Petition for the Combined Asset (Asset-1 to Asset-8) and Asset-9, the Petitioner has submitted that while projecting the estimated ACE, contracts were not closed, and liabilities were not finalized. However, in the instant true-up Petition, the ACE has been claimed on the basis of the actual payments made to the contractor after receipt of the final invoices from the contractor and incorporating the amendments till the end of the 2019-24 tariff period. The Petitioner has submitted that the ACE claimed is on account of the undischarged liability towards the final payment/withheld payment due to the contractual exigencies and for works executed prior to the cut-off date.

26. The Petitioner has further submitted the Liability Flow Statement (containing the head-wise and party-wise details of the actual ACE incurred during the 2019-24 tariff period for the transmission assets) is as follows:

(₹ in lakh)

Asset-1									
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge of Liability					Outstanding Liability as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	total 2019-24	
Godrej & Boyce Mfg. Co. Ltd.	Sub-station	2018-19	86.68	56.99	19.40	8.44	1.85	86.68	
Civil Works	Civil	2018-19	4.52			4.52		4.52	0.00
Total			91.20	56.99	19.40	12.96	1.85	91.20	0.00

(₹ in lakh)

Asset-2								
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge of Liability				Outstanding Liability as on 31.3.2024
				2019-20	2020-21	2021-22	total 2019-24	
Godrej & Boyce Mfg. Co. Ltd.	Sub-station	2018-19	132.62	47.64	35.09	49.88	132.61	0.00
Godrej & Boyce Mfg. Co. Ltd.	IT	2018-19	3.94	3.94			3.94	0.00
Total			136.56	51.58	35.09	49.88	136.55	0.00

(₹ in lakh)

Asset-3							
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge			Outstanding Liability as on 31.3.2024
				2019-20	2021-22	total 2019-24	
Unexecuted work							
Godrej & Boyce	Sub-station	2018-19		59.60	0.00	59.6	



Godrej & Boyce	Civil	2018-19		49.29	0.00	49.29	
Discharge of Liability				0.00	0.00	0.00	
Godrej & Boyce	Sub-station	2018-19	0.00	0.00	0.00	0.00	
Godrej & Boyce	Civil	2018-19	1.80	0.00	1.80	1.80	0.00
Total			1.80	108.89	1.80	110.69	0.00

(₹ in lakh)

Asset-4								
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge				Outstanding Liability as on 31.3.2024
				2019-20	2021-22	2022-23	total 2019-24	
Unexecuted work							0.00	
Godrej & Boyce Mfg. Co. Ltd.	Substation	2018-19					0.00	
							0.00	
Discharge of Liability							0.00	
Godrej & Boyce Mfg. Co. Ltd.	Substation	2018-19	187.07	173.25	13.29	0.53	187.07	
							0.00	
Total			187.07	173.25	13.29	0.53	187.07	

(₹ in lakh)

Asset-5					
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	2019-20	Outstanding Liability as on 31.3.2024
Unexecuted work					
Godrej & Boyce Mfg. Co. Ltd.	Substation	2018-19			
Godrej & Boyce Mfg. Co. Ltd.	PLCC				
Discharge of Liability					
Godrej & Boyce Mfg. Co. Ltd.	Substation	2018-19		48.71	48.71
Godrej & Boyce Mfg. Co. Ltd.	PLCC	2018-19		4.42	4.42
Total				53.13	53.13

(₹ in lakh)

Asset-6									
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge					Outstanding Liability as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	total 2019-24	
Unexecuted work								0	
Godrej & Boyce Mfg. Co. Ltd.	Substation	2018-19						0	
								0	
Discharge of Liability								0	
Godrej & Boyce Mfg. Co. Ltd.	Substation	2018-19	190.20	161.62	17.68	2.58	8.32	190.20	
								0	
Total			190.20	161.62	17.68	2.58	8.32	190.20	

(₹ in lakh)

Asset-7										
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge of Liability						Outstanding Liability as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	Total 2019-24	
Godrej & Boyce Mfg. Co. Ltd.	Sub-station	2018-19	838.49	678.32	140.08	20.10			838.49	
Civil Wroks	Civil	2018-19	100.15	10.87	13.65	25.00	25.83	4.48	79.83	20.32
Total			938.64	689.19	153.73	45.10	25.83	4.48	918.32	20.32

(₹ in lakh)

Asset-8										
Headwise/Party-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge of Liability						Outstanding Liability as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	total 2019-24	
Godrej & Boyce Mfg. Co. Ltd.	Sub-station	2018-19	395.69	280.36	113.9			1.43	395.69	
Total			395.69	280.36	113.9	0	0	1.43	395.69	



(₹ in lakh)

Asset-9										
Headwise/Part y-wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2019	Discharge						Outstandin g Liability as on 31.3.2024
				2019- 20	2020- 21	2021- 22	2022- 23	2023- 24	Total 2019- 24	
Unexecuted work										
GE T&D and others	Civil	2019-20		2.75	52.01	53.64			108.40	
GE T&D and others	Sub- station	2019-20		26.80		4.57			31.37	
Hyosung & L&T	IT	2019-20		0.00					0	
									0	
Discharge of Liability									0	
GE T&D and others	Civil	2019-20	242.11	3.99			12.87	9.76	26.62	215.49
GE T&D and others	Sub- station	2019-20	169.23	151.15	21.21		-3.13		169.23	
Hyosung & L&T	IT	2019-20	1.40	0.97	0.43				1.40	
Total			412.74	185.66	73.65	58.21	9.74	9.76	337.02	215.49

27. The Petitioner, in the instant Petition, has submitted that in respect of Asset-9, the Liquidated Damage (LD) was recovered from the contractor amounting to ₹17.40 lakh and ₹3.13 lakh in FY 2021-22 and FY 2022-23, respectively. The Petitioner has submitted that the said LDs recovered from the contractor in respect of Asset-9 has already been adjusted in the ACE claimed as per the accounting procedures.

28. In response to the Commission's query regarding the LD as recovered w.r.t. Asset-9, the Petitioner vide affidavit dated 12.9.2025 in addition to the above-mentioned submissions, has submitted that the LD amounting to ₹20.53 lakh was recovered from the contractor in respect of Asset-9. The Petitioner has further submitted that the details of the LD w.r.t. the transmission assets have specifically been recorded in the Auditor's Certificate. The details of the LD recovered from the contractor are as follows:

(₹ in lakh)

Year	LD recovered year-wise in Asset-9
2021-22	17.40
2022-23	3.13
Total	20.53

29. With respect to the ACE claimed by the Petitioner for the 2019-24 tariff period, it has been observed that the Petitioner has claimed the ACE in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9 on account of the undischarged liability towards the final payment/withheld payment due to the contractual exigencies and for the works



executed prior to the cut-off date. The Petitioner, has further submitted that the LD recovered from the contractor in respect of Asset-9, has already been adjusted in the ACE claimed as per the accounting procedures.

30. Therefore, as per Regulation 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations, the details of the ACE allowed on account of the undischarged liability towards the final payment/withheld payment due to the contractual exigencies and for the works executed prior to the cut-off date, in respect of Combined Asset (Asset-1 to Asset-8) and Asset-9 for 2019-24 Tariff Period are as follows:

(₹ in lakh)

Asset	Regulations	ACE allowed during the 2019-24 tariff period				
		2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset (Asset-1 to Asset-8)	24(1)(a) and 24(1)(b) of 2019 Tariff Regulation	1575.01	339.80	0.00	0.00	0.00
	25(1)(d) of 2019 Tariff Regulation	0.00	0.00	125.61	36.53	5.91
	Add: IDC Discharge in respect of Asset-1	0.17	0.00	0.00	0.00	0.00
	Add: Initial Spare Discharge in respect of Asset-3	3.67	0.00	0.00	0.00	0.00
Total ACE		1578.85	339.80	125.60	36.53	5.91

(₹ in lakh)

Asset	Regulations	ACE allowed during the 2019-24 tariff period				
		2019-20	2020-21	2021-22	2022-23	2023-24
Asset-9	24(1)(a) and 24(1)(b) of 2019 Tariff Regulation	185.66	73.65	58.21	0.00	0.00
	25(1)(d) of 2019 Tariff Regulation	0.00	0.00		9.74	9.76
	Add: IDC Discharge	37.72	0.98	0.00	0.00	0.00
Total ACE		223.38	74.63	58.21	9.74	9.76

31. Accordingly, the details of the capital cost and the trued-up ACE allowed in respect of in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9 for the 2019-24 tariff period are as follows:



(₹ in lakh)

Assets	Capital Cost as on 1.4.2019 / COD	ACE allowed during 2019-24					Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Asset (Asset-1 to Asset-8)	10882.78	1578.85	339.80	125.60	36.53	5.91	12969.47
Asset-9	3148.11	223.38	74.64	58.21	9.74	9.76	3523.84

Debt-Equity ratio

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

Combined Asset (Asset-1 to Asset-8)

Funding	Capital Cost as on 31.3.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	7617.95	70.00	1460.68	70.00	9078.63	70.00
Equity	3264.83	30.00	626.01	30.00	3890.84	30.00
Total	10882.78	100.00	2086.69	100.00	12969.47	100.00

Asset-9

Funding	Capital Cost as on 31.3.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	2203.68	70.00	263.01	70.00	2466.69	70.00
Equity	944.43	30.00	112.72	30.00	1057.15	30.00
Total	3148.11	100.00	375.73	100.00	3523.84	100.00

Depreciation

33. 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.



34. The depreciation approved for the transmission assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

Combined Asset (Asset-1 to Asset-8)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital cost	10882.78	12461.63	12801.43	12927.03	12963.56
B	Addition during the year 2019-24 due to ACE	1578.85	339.80	125.60	36.53	5.91
C	Closing Capital cost (A+B)	12461.63	12801.43	12927.03	12963.56	12969.47
D	Average Capital cost (A+C)/2	11672.20	12631.53	12864.23	12945.29	12966.51
E	Average Capital cost (90% depreciable assets)	11538.06	12495.42	12728.12	12809.18	12830.40
F	Average Capital cost (100% depreciable assets)	134.14	136.11	136.11	136.11	136.11
G	Depreciable value (excluding IT equipment and software) (E*90%)	10384.26	11245.88	11455.31	11528.26	11547.36
H	Depreciable value of IT equipment and software (F*100%)	134.14	136.11	136.11	136.11	136.11
I	Total Depreciable Value (G+H)	10518.40	11381.99	11591.42	11664.38	11683.47
J	Weighted average rate of Depreciation (WAROD) (in %)	5.3764	5.3650	5.3601	5.3554	5.3529
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	Depreciation during the year (D*J)	627.54	677.69	689.54	693.27	694.09
N	Cumulative Depreciation at the end of the year	923.52	1601.21	2290.74	2984.01	3678.10
O	Remaining Aggregate Depreciable Value at the end of the year	9594.88	9780.78	9300.67	8680.36	8005.38

(₹ in lakh)

Asset-9						
Sl. No.	Particulars	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Capital cost	3148.11	3371.49	3446.13	3504.34	3514.08
B	Addition during the year 2019-24 due to ACE	223.38	74.64	58.21	9.74	9.76
C	Closing Capital cost (A+B)	3371.49	3446.13	3504.34	3514.08	3523.84



Asset-9						
Sl. No.	Particulars	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
D	Average Capital cost (A+C)/2	3259.80	3408.81	3475.24	3509.21	3518.96
E	Average Capital cost (90% depreciable assets)	3205.81	3353.79	3420.00	3453.97	3463.72
F	Average Capital cost (100% depreciable assets)	53.99	55.02	55.24	55.24	55.24
G	Depreciable value (excluding IT equipment and software) (E*90%)	2885.23	3018.41	3078.00	3108.57	3117.35
H	Depreciable value of IT equipment and software (F*100%)	53.99	55.02	55.24	55.24	55.24
I	Total Depreciable Value (G+H)	2939.22	3073.43	3133.24	3163.81	3172.59
J	Weighted average rate of Depreciation (WAROD) (in %)	5.347	5.3298	5.3000	5.2814	5.2753
K	Balance useful life at the beginning of the year (Year)	25	25	24	23	22
L	Lapsed useful life at the beginning of the year (Year)	0	0	1	2	3
M	Depreciation during the year (D*J)	105.25	181.68	184.19	185.34	185.64
N	Cumulative Depreciation at the end of the year	105.25	286.93	471.12	656.46	842.09
O	Remaining Aggregate Depreciable Value at the end of the year	2833.97	2786.50	2662.12	2507.36	2330.50

35. The details of the depreciation allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020 for the Combined Asset (Asset-1 to Asset-8) and order dated 30.8.2022 in Petition No. 8/TT/2021 for Asset-9,, and depreciation claimed by the Petitioner in the instant Petition and the trued-up depreciation approved in the instant order are as follows:



(₹ in lakh)

Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020	636.80	687.41	687.60	687.60	687.60
Claimed by the Petitioner in the instant Petition	627.69	677.85	689.70	693.42	694.25
Approved after true-up in this order	627.54	677.69	689.54	693.27	694.09
Asset-9	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.8.2022 in Petition No. 8/TT/2021	106.29	188.82	193.88	193.88	193.88
Claimed by the Petitioner in the instant Petition	105.25	181.69	184.19	185.34	185.64
Approved after true-up in this order	105.25	181.68	184.19	185.34	185.64

Interest on Loan (IoL)

36. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. 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 approved in respect of the transmission assets is as follows:

(₹ in lakh)

Particulars		Combined Asset (Asset-1 to Asset-8)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	7617.95	8723.14	8961.00	9048.92	9074.49
B	Cumulative Repayments upto Previous Year	295.98	923.52	1601.21	2290.74	2984.01
C	Net Loan-Opening (A-B)	7321.97	7799.62	7359.79	6758.18	6090.48
D	Additions	1105.20	237.86	87.92	25.57	4.14
E	Repayment during the year	627.54	677.69	689.54	693.27	694.09
F	Net Loan-Closing (C+D-E)	7799.62	7359.79	6758.18	6090.48	5400.53
G	Average Loan (C+F)/2	7560.79	7579.71	7058.98	6424.33	5745.51
H	Weighted Average Rate of Interest on Loan	7.9802	7.1135	6.9450	7.3816	8.0174



Particulars		Combined Asset (Asset-1 to Asset-8)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	(in %)					
I	Interest on Loan (G*H)	603.37	539.18	490.25	474.22	460.64

(₹ in lakh)

Particulars		Asset-9				
		2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	2203.68	2360.04	2412.29	2453.04	2459.86
B	Cumulative Repayments upto Previous Year	0.00	105.25	286.93	471.12	656.46
C	Net Loan-Opening (A-B)	2203.68	2254.79	2125.36	1981.92	1803.40
D	Additions	156.37	52.25	40.75	6.82	6.83
E	Repayment during the year	105.25	181.68	184.19	185.34	185.64
F	Net Loan-Closing (C+D-E)	2254.79	2125.36	1981.92	1803.40	1624.60
G	Average Loan (C+F)/2	2229.23	2190.07	2053.64	1892.66	1714.00
H	Weighted Average Rate of Interest on Loan (in %)	7.8195	7.2066	7.0421	7.4367	7.9538
I	Interest on Loan (G*H)	105.26	157.83	144.62	140.75	136.33

37. The details of the IoL allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020 for the Combined Asset (Asset-1 to Asset-8) and order dated 30.8.2022 in Petition No. 8/TT/2021 for Asset-9, and the IoL claimed by the Petitioner in the instant Petition and the trued-up IoL approved in the instant order are as follows:

(₹ in lakh)

Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020	637.91	641.86	585.26	528.39	471.49
Claimed by the Petitioner in the instant Petition	603.53	539.31	490.36	474.33	460.75
Approved after true-up in this order	603.37	539.18	490.25	474.22	460.64
Asset-9	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.8.2022 in Petition No. 8/TT/2021	108.62	181.91	172.28	156.74	141.14



Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	105.26	157.83	144.62	140.75	136.33
Approved after true-up in this order	105.26	157.83	144.62	140.75	136.33

Return on Equity (RoE)

38. 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 the FY 2021-22, FY 2022-23, and FY 2023-24.

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

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

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

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

		(₹ in lakh)				
	Particulars	Combined Asset (Asset-1 to Asset-8)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	3264.83	3738.49	3840.43	3878.11	3889.07
B	Additions	473.66	101.94	37.68	10.96	1.77
C	Closing Equity (A+B)	3738.49	3840.43	3878.11	3889.07	3890.84



	Particulars	Combined Asset (Asset-1 to Asset-8)				
		2019-20	2020-21	2021-22	2022-23	2023-24
D	Average Equity (A+C)/2	3501.66	3789.46	3859.27	3883.59	3889.95
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	657.68	711.74	724.85	729.42	730.61

(₹ in lakh)

	Particulars	Asset-9				
		2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	944.43	1011.45	1033.84	1051.30	1054.22
B	Additions	67.01	22.39	17.46	2.92	2.93
C	Closing Equity (A+B)	1011.45	1033.84	1051.30	1054.22	1057.15
D	Average Equity (A+C)/2	977.94	1022.64	1042.57	1052.76	1055.69
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	110.91	192.07	195.82	197.73	198.28

42. The details of the RoE allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020 for the Combined Asset (Asset-1 to Asset-8) and order dated 30.8.2022 in Petition No. 8/TT/2021 for Asset-9, the RoE claimed by the Petitioner in the instant Petition and the trued-up RoE approved in the instant order are as follows:

(₹ in lakh)

Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020	670.22	727.36	727.62	727.62	727.62
Claimed by the Petitioner in the instant Petition	657.85	711.90	725.02	729.58	730.78
Approved after true-up in this order	657.68	711.74	724.85	729.42	730.61
Asset-9	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.8.2022 in Petition No. 8/TT/2021	111.97	199.29	205.00	205.00	205.00



Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	110.91	192.07	195.82	197.73	198.28
Approved after true-up in this order	110.91	192.07	195.82	197.73	198.28

Operation & Maintenance Expenses (O&M Expenses)

43. The details of the O&M Expenses allowed by the Commission vide order dated 24.7.2020 in Petition No. 70/TT/2020 and order dated 30.8.2022 in Petition No. 8/TT/2021 in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9, respectively, for the 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	Combined Asset (Asset-1 to Asset-8)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	1124.48	1164.82	1205.67	1248.99	1290.88

(₹ in lakh)

Particulars	Asset-9				
	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	19.02	32.62	33.76	34.95	36.18

44. The Petitioner, in the instant true-up Petition, has claimed the following O&M Expenses for the transmission assets:

(₹ in lakh)

Particulars	Combined Asset (Asset-1 to Asset-8)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	1124.02	1164.35	1205.20	1248.51	1290.41

(₹ in lakh)

Particulars	Asset-9				
	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	19.02	32.62	33.76	34.95	36.18

45. We have considered the Petitioner's submissions. It has been observed that the Petitioner has not claimed the O&M Expenses against the communication system/PLCC in instant true-up Petition for the 2019-24 tariff period.



46. Therefore, as per Regulation 35(3)(a) of the 2019 Tariff Regulations, the O&M Expenses in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9 have been worked out and approved as follows:

Particulars	Combined Asset (Asset-1 to Asset-8)				
	2019-20	2020-21	2021-22	2022-23	2023-24
(₹ in lakh) 400 kV Bays Indore Sub-station 2 Nos. reactor bays for 2x50 MVAR Switchable Line Reactors Shujalpur Sub-station 2 Nos. reactor bays for 2x50 MVAR Switchable Line Reactors Bhadravati Sub-station 1 No. Reactor bay for 63 MVAR Bus Reactor Khandwa Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-3 Boisar Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-4 Dehgam Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses (₹ in lakh)	257.20	266.24	275.60	285.28	295.28
220 kV Bays Khandwa Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-3 2 Nos. bays Boisar Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-4 Dehgam Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay)	22.51	23.3	24.12	24.96	25.84
O&M Expenses (₹ in lakh)	112.55	116.50	120.60	124.80	129.20
400 kV ICT Khandwa Sub-station 1 No. 400/220 kV 500 MVA ICT-3 Boisar Sub-station 1 No. 400/220 kV 500 MVA ICT-4 Kala Sub-station 1 No. for 400/220 kV 500 MVA ICT-3 Dehgam Sub-station 1 No. 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/MVA)	0.358	0.371	0.384	0.398	0.411
O&M Expenses (₹ in lakh)	716.00	742.00	768.00	796.00	822.00



Particulars	Combined Asset (Asset-1 to Asset-8)				
	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV GIS Bays Kala Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay) *	22.51	23.30	24.12	24.96	25.84
O&M Expenses (₹ in lakh)	22.51	23.30	24.12	24.96	25.84
220 kV GIS Bays Kala Sub-station 1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay) *	15.76	16.31	16.88	17.47	18.09
O&M Expenses (₹ in lakh)	15.76	16.31	16.88	17.47	18.09
Total O&M Expenses (₹ in lakh)	1124.02	1164.35	1205.20	1248.51	1290.41

*O&M Expenses for the GIS bays shall be allowed by multiplying 0.7 of the O&M Expenses with the normative O&M Expenses for bays

(₹ in lakh)

Particulars	Asset-9				
	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
765 kV GIS Bays Pune Sub-station 1 No. reactor bay for 240 MVAR SLR with 850-ohm NGR					
Norms (₹ lakh/Bay)*	31.51	32.62	33.76	34.95	36.18
O&M Expenses (₹ in lakh)	19.02	32.62	33.76	34.95	36.18

*O&M Expenses for the GIS bays shall be allowed by multiplying 0.7 of the O&M Expenses with the normative O&M Expenses for bays

47. The details of the O&M Expenses allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020 for the Combined Asset (Asset-1 to Asset-8) and order dated 30.8.2022 in Petition No. 8/TT/2021 for Asset-9, respectively, the O&M claimed by the Petitioner in the instant Petition and the trued-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)					
Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020	1124.48	1164.82	1205.67	1248.99	1290.88



Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	1124.02	1164.35	1205.20	1248.51	1290.41
Approved after true-up in this order	1124.02	1164.35	1205.20	1248.51	1290.41
Asset-9	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.8.2022 in Petition No. 8/TT/2021	19.02	32.62	33.76	34.95	36.18
Claimed by the Petitioner in the instant Petition	19.02	32.62	33.76	34.95	36.18
Approved after true-up in this order	19.02	32.62	33.76	34.95	36.18

Interest on Working Capital (IWC)

48. 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 the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for the FY 2021-22, 10.50% (SBI 1-year MCLR applicable as on 1.4.2022 of 7.00% plus 350 basis points) for the 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.

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

		(₹ in lakh)				
		Combined Asset (Asset-1 to Asset-8)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	93.67	97.03	100.43	104.04	107.53
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	168.60	174.65	180.78	187.28	193.56
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission	379.92	390.51	392.12	396.70	400.82



Particulars		Combined Asset (Asset-1 to Asset-8)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	charges)					
D	Total Working Capital (A+B+C)	642.19	662.19	673.33	688.02	701.91
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	77.38	74.50	70.70	72.24	84.23

(₹ in lakh)

Particulars		Asset-9				
		2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	2.63	2.72	2.81	2.91	3.01
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	4.73	4.89	5.06	5.24	5.43
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	70.47	70.64	69.85	69.90	69.56
D	Total Working Capital (A+B+C)	77.83	78.26	77.73	78.05	78.00
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	5.66	8.80	8.16	8.20	9.36

50. The details of the IWC allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020 for the Combined Asset (Asset-1 to Asset-8) and order dated 30.8.2022 in Petition No. 8/TT/2021 for Asset-9, respectively, IWC claimed by the Petitioner in the instant Petition and the trued-up IWC approved in the instant order are as follows:

(₹ in lakh)

Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020	78.25	81.82	82.76	83.79	84.63
Claimed by the Petitioner in the instant Petition	77.39	74.50	70.71	72.25	84.24
Approved after true-up in this order	77.38	74.50	70.70	72.24	84.23



Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-9	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.8.2022 in Petition No. 8/TT/2021	5.74	9.34	8.77	8.61	8.43
Claimed by the Petitioner in the instant Petition	5.66	8.80	8.16	8.20	9.36
Approved after true-up in this order	5.66	8.80	8.16	8.20	9.36

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

51. Accordingly, the Annual Fixed Charges (AFC) approved after the truing-up for the 2019-24 tariff period in respect of the transmission assets are as follows:

(₹ in lakh)

Particulars		Combined Asset (Asset-1 to Asset-8)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	627.54	677.69	689.54	693.27	694.09
B	Interest on Loan	603.37	539.18	490.25	474.22	460.64
C	Return on Equity	657.68	711.74	724.85	729.42	730.61
D	O&M Expenses	1124.02	1164.35	1205.20	1248.51	1290.41
E	Interest on Working Capital	77.38	74.50	70.70	72.24	84.23
F	Total (A+B+C+D+E)	3089.99	3167.46	3180.54	3217.66	3259.98

(₹ in lakh)

Particulars		Asset-9				
		2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
A	Depreciation	105.25	181.68	184.19	185.34	185.64
B	Interest on Loan	105.26	157.83	144.62	140.75	136.33
C	Return on Equity	110.91	192.07	195.82	197.73	198.28
D	O & M Expenses	19.02	32.62	33.76	34.95	36.18
E	Interest on Working Capital	5.66	8.80	8.16	8.20	9.36
F	Total (A+B+C+D+E)	346.10	573.01	566.55	566.97	565.79

52. The details of the AFC allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020 for the Combined Asset (Asset-1 to Asset-8) and order dated 30.8.2022 in Petition No. 8/TT/2021 for Asset-9, respectively, the AFC claimed by the Petitioner in the instant Petition and the trued up AFC approved in the instant order are as follows:



(₹ in lakh)

Combined Asset (Asset-1 to Asset-8)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 24.7.2020 in Petition No. 70/TT/2020	3147.66	3303.26	3288.91	3276.38	3262.21
Claimed by the Petitioner in the instant Petition	3090.48	3167.91	3180.99	3218.09	3260.43
Approved after true-up in this order	3089.99	3167.46	3180.54	3217.66	3259.98
Asset-9	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.8.2022 in Petition No. 8/TT/2021	351.64	611.98	613.69	599.18	584.63
Claimed by the Petitioner in the instant Petition	346.10	573.01	566.55	566.97	565.79
Approved after true-up in this order	346.10	573.01	566.55	566.97	565.79

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

53. The Petitioner has combined all the transmission assets covered under the project in the 2024-29 period and has claimed the transmission tariff for the 'Combined Asset'.

54. The Petitioner has claimed the following transmission charges in respect of the Combined Asset for the 2024-29 tariff period:

(₹ in lakh)

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	888.36	886.44	863.60	862.71	859.40
Interest on Loan	538.15	473.54	402.45	331.98	261.91
Return on Equity	938.10	944.75	944.75	944.75	944.75
Interest on Working Capital	77.87	79.24	80.15	81.41	83.16
O&M Expenses	990.55	1043.08	1096.76	1153.85	1216.54
Total	3433.03	3427.05	3387.71	3374.70	3365.76

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

(₹ in lakh)

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	82.55	86.92	91.40	96.15	101.38



Maintenance Spares	148.58	156.46	164.51	173.08	182.48
Receivables	423.25	422.51	417.66	414.92	414.96
Total Working Capital	654.38	665.89	673.57	684.15	698.82
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	77.87	79.24	80.15	81.41	83.16

Effective Date of Commercial Operation (E-COD)

56. The Petitioner has combined the transmission assets in the instant Petition and has claimed the E-COD in respect of the Combined Asset as 14.10.2018. We have considered the Petitioner's submission and worked out the E-COD as 14.10.2018. The working of the E-COD is as under:

Assets	Trued-up Capital cost as on 31.3.2024	COD	No. of days from COD of Asset from COD of Project	Weight of cost (in %)	Weighted days
	(₹ in lakh)				
Combined Asset (Asset-1 to Asset-8)	12969.47	21.7.2018	399.00	78.63	313.75
Asset-9	3523.84	24.8.2019	0.00	21.37	0.00
Total	16493.31		399.00	100	313.75
E-COD	14.10.2018				

57. 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 the E-COD).

Weighted Average Life ("WAL") of the Project

58. The life as defined in Regulation 33 of the 2024 Tariff Regulations has been considered for determination of the 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 WAL has been used as the useful life of the transmission system as a whole.



59. WAL has been determined based on the admitted capital cost of the individual elements under the transmission system as on 14.10.2018 (E-COD) and their respective life as stipulated in the 2024 Tariff Regulations. Accordingly, the WAL in respect of the Combined Asset has been worked out as 25 years as follows:

Particulars	Combined Asset Cost (₹ in lakh) (1)	Life as per 2024 Tariff Regulation (Years) (2)	Weighted Cost (3)=(1)x(2)	Weighted Average Life of Asset (in years) (4)=(3)/(1)
Building Civil Works & Colony	502.07	25	12551.78	24.76
Transmission Line	0.00	35	0.00	
Sub Station	15771.87	25	394296.65	
PLCC	28.02	7	196.14	
IT Equipment incl. software	191.35	7	1339.46	
Total	16493.31		408384.03	25

60. The WAL as on 14.10.2018 (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 above, the E-COD of the Combined Asset is 14.10.2018, and the lapsed life of the project works out as 5 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 14.10.2018 to be 25 years.

Capital Cost

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

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30%



of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;

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

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

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

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

(g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;

(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;

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

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

(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;

(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;

(m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;

(n) Expenditure on account of change in law and force majeure events; and

(o).....

(p).....

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

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

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

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

(d) to (h).....

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

(4) & (5)

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

(a) The assets forming part of the project but not in use, as declared in the tariff petition;



(b) De-capitalised Assets after the date of commercial operation on account of obsolescence;

(c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

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

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

(d).....

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

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

62. The Petitioner has claimed the following capital cost for the Combined Asset during the 2024-29 tariff period:

(₹ in lakh)					
Asset	Expenditure Up to 31.3.2024	Initial Spares added on overall project cost as per the APTEL's judgment dated 14.9.2019	Expenditure as on 1.4.2024	ACE (2024-29)	Estimated Completion Cost as on 31.3.2029
Combined Asset	16496.28	34.81	16531.09	235.81	16766.90

63. We have considered the Petitioner's submissions. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. It has been observed that the trued-up capital cost is ₹12969.47 lakh and ₹3523.84 lakh as on 31.3.2024 in respect of the Combined Asset (Asset-1 to Asset-8) and Asset-9 respectively, has been approved in instant order and thus, the total capital cost ₹16493.31 lakh (₹12969.47 lakh + ₹3523.84 lakh) is being considered as the opening capital cost for the determination of the AFC in respect of the Combined Asset for the 2024-29 tariff period.



Initial Spares

64. The Petitioner has submitted that the Initial Spares of ₹34.81 lakh against Asset-7 have been disallowed by the Commission when the Initial Spares were computed on individual asset basis in Petition No. 70/TT/2020. However, when the Initial Spares are calculated on overall project basis as per the APTEL judgment dated 14.9.2019, the Initial Spares are within ceiling limit on overall project basis. Therefore, ₹34.81 lakh have been added back to the capital cost on 1.4.2024 (i.e., when all the transmission assets in the project are combined) by the Petitioner. The detail of Initial Spares claimed by the Petitioner are as follows:

Assets	Total Plant & Machinery cost as on cut-off date	Initial Spares claimed	Norms as per the 2014/ 2019 Tariff Regulations	Initial Spares worked out as per norms	Excess Initial Spares
	(₹ in lakh)	(₹ in lakh)	(%)	(₹ in lakh)	(₹ in lakh)
	(A)	(B)	(C)	(D)={ (A-B) *C } / (100- C)	(F)
Asset-1	251.14	14.25	6.00	15.12	0.00
Asset-2	224.10	12.17	6.00	13.53	0.00
Asset-3	223.96	12.69	6.00	13.49	0.00
Asset-4	2308.91	146.48	6.00	137.49	0.00
Asset-5	334.54	0.00	6.00	21.35	0.00
Asset-6	2353.47	138.50	6.00	141.38	0.00
Asset-8	2905.83	158.00	6.00	175.39	0.00
Sub-total	8601.95	482.09	6.00	517.75	0.00
Asset-7	3801.80	217.08	5.00	188.67	0.00
Asset-9	2711.68	86.37	7.00	197.60	0.00
Total	15115.43	785.54		904.55	0.00

65. MPPMCL has submitted that the Initial Spares of ₹34.81 lakh claimed against Asset-7 was disallowed by the Commission vide order dated 24.7.2022 in Petition No. 70/TT/2020. However, the Petitioner has added ₹34.81 lakh back to the capital cost on 1.4.2024. This action by the Petitioner, i.e., adding the earlier disallowed Initial Spares



to the capital cost, is not justifiable and, therefore, the addition of ₹34.81 lakh may be disallowed.

66. In response, the Petitioner has submitted that all the transmission assets have been combined during the 2024-29 tariff period and, therefore, in line with the APTEL's judgment dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares are now claimed based on the overall project cost and it is found that the total Initial Spares based on overall completion cost are within the ceiling limit as per the Tariff Regulations. Therefore, based on the revised completion cost of the individual assets and considering the overall project completion cost in line with the APTEL's judgment, the Initial Spares have been recalculated and the additional Initial Spares of ₹34.81 lakh have been added back to the cost of the Combined Asset as on 31.3.2024 and requested to allow the Initial Spares as claimed in the Petition.

67. In response to the Commission's direction, the Petitioner vide affidavit dated 12.9.2025 submitted the following details of the Initial Spares Discharge Statement for Asset-7:

(₹ in lakh)				
Asset Name	Initial Spares as per Auditor's Certificate	Spares Discharged up to COD (A)	Spare Discharged in 2018-19 after COD (B)	Total (A+B)
Asset-7: 1 No. 500 MVA 400/220 kV ICT-3 along with associated bays at Kala Sub-station (COD: 24.11.2018)	217.08	0.00	217.08	217.08

68. MPPMCL vide affidavit dated 14.7.2025 has submitted that the Initial Spares claimed by the Petitioner with respect to Asset-7 are beyond the ceiling limit specified in the Regulations. MPPMCL submitted that the Petitioner has claimed excess Initial Spares in terms of the APTEL judgment dated 14.9.2019 in Appeal No. 74 of 2017. As



per the APTEL judgment dated 14.9.2018, at the time of truing up, Initial Spares are to be allowed as per the ceiling limits on the overall project cost. Since two types of Sub-stations i.e. AIS and GIS have different ceiling limits, they cannot be combined to obtain an overall ceiling limit as claimed by the Petitioner. Also, the spares of GIS sub-station are not compatible in brownfield sub-station as both the sub-stations have different switchgears. Therefore, MPPMCL has requested that the ceiling of Initial Spares should be applied asset-wise instead of combining the same, and the excess Initial Spares claimed by the Petitioner may be disallowed.

69. We have considered the Petitioner's and MPPMCL's submissions. The APTEL vide its judgment dated 14.9.2019 in Appeal No. 74 of 2017 had observed that the Commission for the purpose of prudence check may restrict the Initial Spares to the cost of the individual asset and later at the time of truing-up allow Initial Spares as per the ceiling limit on the overall project cost. The relevant portion of the said judgment is extracted here under:

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

70. We are of the view that the instant transmission assets were commissioned during the 2014-19 and 2019-24 tariff periods and, accordingly, the norms specified for the Initial Spares in the 2014 Tariff Regulations and the 2019 Tariff Regulations are applicable for computation of the allowable Initial Spares. Therefore, as per Regulation 13 (d) of 2014 Tariff Regulations and Regulation 23(d)(vi) of the 2019 Tariff Regulations, the detail of Initial Spares worked out in accordance with the APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017 is as follows:



(₹ in lakh)

Assets	Plant & machinery cost as on cut-off date)	Initial Spares claimed	Norms as per the 2014/2019 Tariff Regulations (in %)	Initial Spares worked out as per norms	Allowable Initial Spares (B, if B<D, otherwise D	Initial Spares allowed earlier	Allowable additional Initial Spares
	(A)	(B)	(C)	(D)={ (A-B) *C } / (100- C)	(F)	(G)	H=G-F
1	251.14	14.25	6	15.12		14.25	
2	188.46	12.17	6	11.25		11.25	
3	232.82	12.69	6	14.05		12.69	
4	2308.91	146.48	6	138.03		138.03	
5	334.54	0.00	6	21.35		0.00	
6	2335.5	138.50	6	140.23		138.50	
7	3801.8	217.08	5	188.67		188.67	
8	2830.27	158.00	6	170.57		158.00	
9	2711.68	86.37	7	197.60		86.37	
Total	14995.12	785.54		896.88	785.54	747.76	37.78

{Additional Initial Spares ₹37.78 lakh (₹785.54 lakh (-) ₹747.76 lakh) has been allowed in respect of the Combined Asset}

71. Therefore, the additional Initial Spares of ₹37.78 lakh are considered and allowed in respect of the Combined Asset as on 1.4.2024 in accordance with the APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017.

72. Accordingly, the details of the capital cost allowed as on 1.4.2024 in respect of the Combined Asset is as under:

(₹ in lakh)

Asset	Trued-up Capital Cost as on 31.3.2024	Additional Initial Spares (as on 1.4.2024) in terms of the APTEL's Judgment dated 14.9.2019	Capital Cost as on 31.03.2024
Combined Asset	16493.31	37.78	16531.09

Additional Capital Expenditure (ACE)

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

"24. Additional Capitalisation within the original scope and upto the cut-off date:

(1) The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original



scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (a) Undischarged liabilities recognized to be payable at a future date;
- (b) Works deferred for execution;
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;
- (e) Change in law or compliance of any existing law which is not provided for in the original scope of work;
- (f) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;
Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and
- (g) Force Majeure events:

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

(2) The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.

25. Additional Capitalisation within the original scope and after the cut-off date

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

- (a) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority; or order or decree of any court of law;
- (b) Change in law or compliance of any existing law which is not provided for in the original scope of work;
- (c) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;
- (d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;
- (e) Force Majeure events;
- (f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and

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

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



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

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

74. The Petitioner has claimed ₹235.81 lakh as the ACE during FY2024-25 under Regulation 25(1)(d) of the 2024 Tariff Regulations towards the un-discharged liabilities for the work done prior to the cut-off date and the same has been allowed as under:

Asset		ACE allowed during the 2024-29	
		2024-25	
Combined Asset		235.81	

(₹ in lakh)

75. The Petitioner has also submitted the details of the Liability Flow Statement for the 2024-29 tariff period and the same are as follows:

Asset-7										
Headwise/ Party-wise	Particulars	Year of actual capitalis ation	Outstanding Liability as on 31.3.2024	Discharge of Liability						Outstandi ng Liability as on 31.3.2029
				2024- 25	2025- 26	2026- 27	2027- 28	2028- 29	Total 2024-29	
Godrej & Boyce Mfg. Co. Ltd.	Substation	2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Civil Works	Civil	2018-19	20.32	20.32	0.00	0.00	0.00	0.00	20.32	0.00
Total			20.32	20.32	0.00	0.00	0.00	0.00	20.32	0.00

(₹ in lakh)

Asset-9										
Head wise/Party- wise	Particulars	Year of actual capitalisation	Outstanding Liability as on 31.3.2024	Discharge						Outstanding Liability as on 31.3.2024
				2024- 25	2025- 26	2026- 27	2027- 28	2028 -29	Total 2024- 29	
GE T&D and others	Civil	2019-20	215.49	215.49	0.00	0.00	0.00	0.00	215.49	0.00
Total			215.49	215.49	0.00	0.00	0.00	0.00	215.49	0.00

(₹ in lakh)

76. We have considered the Petitioner's submissions. It has been observed that the Petitioner has projected the ACE in respect of Asset-7 and Asset-9 (Part of the



Combined Asset) on account of the payment towards the un-discharged liabilities for the work done prior to the cut-off date for the 2024-29 tariff period.

77. Therefore, as per Regulation 25(1)(d) of 2024 Tariff Regulation, the details of the ACE allowed on account of the payment towards the un-discharged liabilities for the work done prior to the cut-off date in respect of the Combined Asset for the 2024-29 tariff period is as follows:

(₹ in lakh)

Asset	ACE allowed during 2024-29				
	2024-25	2025-26	2026-27	2027-28	2028-29
Combined Asset	235.81	0.00	0.00	0.00	0.00

78. Accordingly, the details of the capital cost and the ACE allowed in respect of the Combined Asset for the 2024-29 tariff period are as under:

(₹ in lakh)

Asset	Capital Cost as on 1.4.2024	ACE allowed during 2024-29	Capital Cost as on 31.3.2029
Combined Asset	16531.09	235.81	16766.90

Debt-Equity ratio

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

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

Provided that:

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

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



such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.

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

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2024, 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 96 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."

80. 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 as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	11571.76	70.00	165.07	70.00	11736.83	70.00



Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Equity	4959.33	30.00	70.74	30.00	5030.07	30.00
Total	16531.09	100.00	235.81	100.00	16766.90	100.00

Depreciation

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

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

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

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

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

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

.....

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

(4)

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

Provided that the remaining depreciable value as on 31st March of the



year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets.

.....

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

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

.....

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

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

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

(10) Xxxxx

(11) Xxxx

(12) Xxxx”

82. 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.

83. 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	16531.09	16766.90	16766.90	16766.90	16766.90
B	Addition during the year 2024-29 due to ACE	235.81	0	0	0	0
C	Closing Capital cost (A+B)	16766.90	16766.90	16766.90	16766.90	16766.90
D	Average Capital cost (A+C)/2	16649.00	16766.90	16766.90	16766.90	16766.90
E	Average Capital cost (90% depreciable assets)	16457.64	16575.55	16575.55	16575.55	16575.55
F	Average Capital cost (100% depreciable assets)	191.35	191.35	191.35	191.35	191.35
G	Depreciable value (excluding IT equipment and software) (E*90%)	14811.88	14917.99	14917.99	14917.99	14917.99
H	Depreciable value of IT equipment and software (F*100%)	191.35	191.35	191.35	191.35	191.35
I	Total Depreciable Value (G+H)	15003.23	15109.35	15109.35	15109.35	15109.35
J	Weighted average rate of Depreciation (WAROD) (in %)	5.336	5.258	5.151	5.145	5.126
K	Elapsed useful life at the beginning of the year (Year)	5	6	7	8	9
L	Balance useful life at the beginning of the year (Year)	20	19	18	17	16
M	Depreciation during the year (D*J)	888.36	881.60	863.60	862.68	859.39
N	Cumulative Depreciation at the end of the year	5408.55	6290.16	7153.76	8016.44	8875.83
O	Remaining Aggregate Depreciable Value at the end of the year	9594.68	8819.19	7955.59	7092.91	6233.52

Interest on Loan (IoL)

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

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

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

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



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

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

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

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

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

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

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

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

85. 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 the 2024-29 tariff period in respect of the Combined Asset is as under:



(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	11571.76	11736.83	11736.83	11736.83	11736.83
B	Cumulative Repayments upto Previous Year	4520.19	5408.55	6290.16	7153.76	8016.44
C	Net Loan-Opening (A-B)	7051.57	6328.28	5446.67	4583.07	3720.39
D	Additions	165.07	0.00	0.00	0.00	0.00
E	Repayment during the year	888.36	881.60	863.60	862.68	859.39
F	Net Loan-Closing (C+D-E)	6328.28	5446.67	4583.07	3720.39	2861.00
G	Average Loan (C+F)/2	6689.92	5887.47	5014.87	4151.73	3290.70
H	Weighted Average Rate of Interest on Loan (in %)	8.0451	8.0475	8.0342	8.0071	7.9729
I	Interest on Loan (G*H)	538.21	473.79	402.90	332.43	262.36

Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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



.....”

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

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

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

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

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

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

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

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

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

87. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner’s submissions and have gone through the record. 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	4959.33	5030.07	5030.07	5030.07	5030.07
B	Additions	70.74	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	5030.07	5030.07	5030.07	5030.07	5030.07
D	Average Equity (A+C)/2	4994.70	5030.07	5030.07	5030.07	5030.07
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	938.10	944.75	944.75	944.75	944.75

Operation & Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)					
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
	990.55	1043.08	1096.76	1153.85	1216.54

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

“36. Operation and Maintenance Expenses:

...

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

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



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

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

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

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

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

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of substation bays, transformer capacity of the transformer/reactor/Static Var Compensator/Static Synchronous Compensator (in MVA/MVAR) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA/MVAR and per km respectively.
.....”



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

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
400 kV Bays					
Indore Sub-station					
2 Nos. reactor bays for 2x50 MVAR Switchable Line Reactors					
Shujalpur Sub-station					
2 Nos. reactor bays for 2x50 MVAR Switchable Line Reactors					
Bhadravati Sub-station					
1 No. Reactor bay for 63 MVAR Bus Reactor					
Khandwa Sub-station					
1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Boisar Sub-station					
1 No. ICT bay for 400/220 kV 500 MVA ICT-4					
Dehgam Sub-station					
1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses (₹ in lakh)	236.24	248.64	261.68	275.44	289.84
220 kV Bays					
Khandwa Sub-station					
1 No. ICT bay for 400/220 kV 500 MVA ICT-3 2 Nos. Line bays					
Boisar Sub-station					
1 No. ICT bay for 400/220 kV 500 MVA ICT-4					
Dehgam Sub-station					
1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay)	20.67	21.75	22.90	24.10	25.36
O&M Expenses (₹ in lakh)	103.35	108.75	114.50	120.50	126.80
400 kV ICT					
Khandwa Sub-station					
1 No. 400/220 kV 500 MVA ICT-3					
Boisar Sub-station					
1 No. 400/220 kV 500 MVA ICT-4					
Kala Sub-station					
1 No. 400/220 kV 500 MVA ICT-3					
Dehgam Sub-station					
1 No. 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses (₹ in lakh)	524.00	552.00	580.00	610.00	644.00
400 kV GIS Bays					



Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Kala Sub-station					
• 1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay)*	20.671	21.756	22.897	24.101	25.361
O&M Expenses (₹ in lakh)	20.67	21.76	22.90	24.10	25.36
220 kV GIS Bays					
Kala Sub-station					
• 1 No. ICT bay for 400/220 kV 500 MVA ICT-3					
Norms (₹ lakh/Bay)*	14.469	15.225	16.030	16.870	17.752
O&M Expenses (₹ in lakh)	14.47	15.23	16.03	16.87	17.75
765 kV GIS Reactor					
Pune Sub-station					
• 1 No. 240 MVAR SLR with 850-ohm NGR					
Norms (₹ lakh/MVAR)	0.262	0.276	0.290	0.305	0.322
O&M Expenses (₹ in lakh)	62.88	66.24	69.60	73.20	77.28
765 kV GIS Bays					
Pune Sub-station					
1 No. reactor bay for 240 MVAR SLR with 850 ohm NGR					
Norms (₹ lakh/Bay)*	28.938	30.457	32.053	33.740	35.511
O&M Expenses (₹ in lakh)	28.94	30.46	32.05	33.74	35.51
Total O&M Expenses (₹ in lakh)	990.55	1043.07	1096.76	1153.85	1216.54

*O&M Expenses for the GIS bays shall be allowed by multiplying 0.7 of the O&M Expenses with the normative O&M Expenses for bays

91. Accordingly, the details of the O&M Expenses allowed in respect of the Combined Asset for the 2024-29 tariff period are as follows:

	(₹ in lakh)				
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
	990.55	1043.08	1096.76	1153.85	1216.54

Interest on Working Capital (IWC)

92. 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.”

93. The Petitioner has considered the rate of 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 the FY 2024-25 to FY 2028-29.

94. 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)	82.55	86.92	91.40	96.15	101.38
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	148.58	156.46	164.51	173.08	182.48
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	423.26	421.94	417.72	414.98	415.01
D	Total Working Capital (A+B+C)	654.39	665.32	673.63	684.21	698.87
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)	77.87	79.17	80.16	81.42	83.17



Annual Fixed Charges of the 2024-29 Tariff Period

95. The Annual Fixed Charges (AFC) allowed for the 2024-29 tariff period in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	888.36	881.60	863.60	862.68	859.39
Interest on Loan	538.21	473.79	402.90	332.43	262.36
Return on Equity	938.10	944.75	944.75	944.75	944.75
O&M Expenses	990.55	1043.07	1096.76	1153.85	1216.54
Interest on Working Capital	77.87	79.17	80.16	81.42	83.17
Total	3433.09	3422.39	3388.18	3375.14	3366.21

Filing Fee and Publication Expenses

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

97. We have considered the Petitioner's submissions. The Petitioner is entitled, under Regulation 94(1) of the 2024 Tariff Regulations, 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.

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

98. 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.

99. 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.”

100. 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.

Licence Fee and RLDC Fees and Charges

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

Goods and Services Tax

102. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.



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

Security Expenses, Insurance and Capital Spares

104. The Petitioner has submitted that a separate Petition will be filed for 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 instant transmission assets are not claimed in the instant Petition.

105. 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 IWC on the same, considering the actual Insurance Expenses incurred by it for the FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated Insurance Expense for the FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.

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



107. 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."

108. 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

109. The Petitioner has submitted that the truing-up of the tariff for the 2019-24 tariff period shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers for the instant transmission assets. The Petitioner has further submitted that thereafter, the sharing of transmission charges will be governed by the applicable Sharing Regulations. Further, the tariff for the 2024-29 tariff period will be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff



Regulations and will be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

110. We have considered the Petitioner's submissions. 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, the 2010 Sharing Regulations have been repealed and sharing of transmission charges is now governed by the provisions of 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 Sharing Regulations and shall be recovered from the concerned DICs under Regulation 15(2)(b) of the 2020 Sharing Regulations. Billing, collection, and disbursement of the transmission charges for the Combined Asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

111. To summarise:

- a. The trued-up Annual Transmission Charges claimed and approved for the 2019-24 tariff period in respect of the transmission assets are as follows:

(₹ in lakh)

Combined Asset (Asset-1 to Asset-8)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	3090.48	3167.91	3180.99	3218.09	3260.43
AFC Approved	3089.99	3167.46	3180.54	3217.66	3259.98

(₹ in lakh)

Asset-9					
Particulars	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
AFC Claimed	346.10	573.01	566.55	566.97	565.79



Asset-9					
Particulars	2019-20 (pro-rata 221 days)	2020-21	2021-22	2022-23	2023-24
AFC Approved	346.10	573.01	566.55	566.97	565.79

b. The Annual Transmission Charges claimed and allowed in respect of the Combined Asset for the 2024-29 tariff period in this order are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	3433.03	3427.05	3387.71	3374.70	3365.76
AFC Allowed	3433.09	3422.39	3388.18	3375.14	3366.21

112. This order disposes of the Petition No. 419/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

