

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 439/TT/2025

Coram:

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

Date of Order: 28.01.2026

In the matter of:

Approval under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and under Regulation 15 (1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for the truing up of Transmission Tariff for 2019-24 tariff period and determination of Transmission Tariff for 2024-29 tariff period for the Combined Asset under “System Strengthening in Southern Region – XIV” in Southern Region.

And in the matter of:

Power Grid Corporation of India Limited,
Registered Office: B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.

Corporate Centre: “Saudamini”, Plot No. 2,
Sector-29, Gurgaon-122001 (Haryana).

...Petitioner

Versus

- 1. Tamil Nadu Generation and Distribution Corporation Limited,**
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600 002.
- 2. Kerala State Electricity Board Limited,**
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram – 695004.
- 3. Electricity Department,**
Government of Goa,
Vidyuti Bhawan, Panaji, Goa 403001.
- 4. Electricity Department,**
Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai,
Pondicherry – 605001.



5. **Eastern Power Distribution Company of Andhra Pradesh Limited,**
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam, Andhra Pradesh.
6. **Southern Power Distribution Company of Andhra Pradesh Limited,**
19-13-65/A, Srinivasapuram, Tiruchanoor Road,
Tirupati – 517503, Andhra Pradesh.
7. **Andhra Pradesh Central Power Distribution Company Limited,**
Corporate Office, Beside Polytechnic College, ITI Road,
Vijayawada - 520008, Krishna District, Andhra Pradesh.
8. **Southern Power Distribution Company of Telangana Limited,**
6-1-50, Corporate Office, Mint Compound,
Hyderabad – 500063, Telangana.
9. **Northern Power Distribution Company of Telangana Limited,**
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal – 506001, Telangana.
10. **Bangalore Electricity Supply Company Limited,**
Corporate Office, K.R.Circle,
Bangalore – 560001, Karnataka.
11. **Gulbarga Electricity Supply Company Limited,**
Corporate Office, Station Main Road, Opposite Parivar Hotel,
Gulbarga (Kalburgi), Karnataka – 585102.
12. **Hubli Electricity Supply Company Limited,**
Navanagar, PB Road, Hubli, Karnataka- 580025.
13. **Mangalore Electricity Supply Company Limited,**
Corporate Office,1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore – 575004, Karnataka.
14. **Chamundeswari Electricity Supply Corporation Limited,**
Corporate Office, 29, Vijayanagara 2nd Stage,
Hinkal, Mysuru-570017, Karnataka.

...Respondents

Parties Present : Shri Mukesh Bhakar, PGCIL
Shri Zafrul Hasan PGCIL
Shri Yatin Kalra, PGCIL
Ms. Supriya Singh, PGCIL
Ms. Kirti, PGCIL
Shri Ashish Alankar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited



(hereinafter referred to as ‘PGCIL’/ ‘the Petitioner’) 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 for the determination of transmission tariff for the 2024-29 tariff period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”), for the following assets in the Southern Region (hereinafter referred to as the “transmission assets/Combined Asset”):

Asset No.	Asset Name	COD	Remark
Asset-1	Augmentation of Hosur Sub-station by 1x315MVA 400/220 kV Transformer and associated bays	1.3.2014	Assets combined during 2024-29 tariff period in the instant Petition with effective DOCO: 14.1.2019
Asset-2	400 kV Dharmapuri (Salem New)– Somanahalli 400 kV D/C Quad Line along with Bay Extensions at Dharmapuri (Salem New) and Somanahalli Sub-stations” as LA, CVT and Wave Trap) at Kurnool 765/400 kV Sub-station	30.3.2019	

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

- a) *“Approve the true-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 14 and 15 above.*
- b) *Admit the capital cost claimed, and additional capitalization incurred during 2019-24 (Arbitral award) and also allow the projected additional capitalization during 2024-29.*
- c) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 14 and 15 above for respective block.*
- d) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*

- e) *Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) *Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) *Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.*
- h) *Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.*
- i) *Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 21 above.*
- j) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 above.*
- k) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

Background

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

- (a) The Investment Approval (the IA) for implementation of the transmission assets under the transmission project was accorded by the Board of Directors (BoD) of the Petitioner in its 265th meeting dated 27.12.2011 (vide Memorandum No. C/CP/SRSS-XIV dated 27.12.2011) with an estimated cost of ₹ 29733 lakh, including IDC of ₹ 16447 lakh based on the 3rd quarter 2011 price level.
- (b) The Revised Cost Estimate-I (RCE-I) in respect of the transmission project was accorded by the BoD of the Petitioner Company in its 309th

meeting dated 29.1.2015 (vide Memorandum No. C/CP/RCE-SR dated 23.2.2015) with an estimated cost of ₹ 34679 lakh, including IDC of ₹ 3690 lakh based on the August 2014 price level.

- (c) Subsequently, Revised Cost Estimate-II (RCE-II) in respect of the transmission project was accorded by the BoD of the Petitioner Company in its 351st meeting dated 16.3.2018 (vide Memorandum No. C/CP/PA1718-12-00-RCE009 dated 28.3.2018) with an estimated cost of ₹ 53402 lakh, including IDC of ₹ 10859 lakh based on the October 2017 price level.
- (d) The scope of the transmission project was discussed and agreed upon in the 30th meeting of the Standing Committee on Power System Planning of Southern Region held on 13.4.2010. The same was further agreed upon by the Southern Regional Power Committee in its 13th meeting held on 11.5.2010. The Petitioner has been entrusted with the implementation of the transmission project “System Strengthening XIV in Southern Region”.
- (e) The scope of the transmission project is as follows:

Transmission Line

- i. Dharmapuri (Salem New) – Somanhalli 400 kV D/C Quad line

Sub-station

- i. Augmentation of Hosur Sub-station by 1x315 MVA 400/220 kV Transformer and associated bays
- ii. Extension of 400/220 kV Sub-station at Somanhalli
- iii. Extension of 400/220 kV Sub-station at Dharmapuri (Salem New)
- (f) The transmission assets under the transmission project have been completed. The Commission, vide Order dated 28.8.2020 in Petition No. 496/TT/2019, trued-up the transmission tariff for the 2014-19 tariff period

and determined the transmission tariff in respect of Asset-1 for the 2019-24 tariff period. Further, the Commission, vide Order dated 2.9.2022 in Petition no. 16/TT/2022, trued-up the transmission tariff for the 2014-19 tariff period and determined the transmission tariff in respect of the Asset-2 for the 2019-24 tariff period.

4. The Respondents include Distribution Licensees, Power Departments, and 'Designated Inter State Transmission Customers' ('DICs') that receive transmission services from the Petitioner, primarily benefiting the Southern Region.

5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (the Act). However, no comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers. None of the Respondents have filed their reply to the present Petition.

6. The hearing in the matter was held on 30.9.2025, and the Order was reserved. This Order is being passed considering the main Petition filed vide affidavit dated 7.10.2024 and an affidavit dated 18.8.2025 in which the Petitioner filed an additional submission in response to the Technical Validation letter dated 31.7.2025 of the Commission.

7. Before proceeding with the truing up of the tariff, it is important to note that the Commission in its Order dated 2.9.2022 in Petition No. 16/TT/2022 determining the tariff for Asset-2 for the 2019-24 period, directed the Petitioner to submit the CEA Energisation Certificate for the 400 kV Dharmapuri (Salem New)-Somanhalli 400 kV D/C Quad Line (a component of Asset-2) at the time of truing up of tariff for the period 2019-24. The Petitioner has submitted the same in the instant Petition. Further, regarding the Commissions direction for the CMD Certificate issued vide T.V. letter for

the assets in this Petition, the Petitioner vide its affidavit dated 18.8.2025 has submitted that the requirement to furnish this certificate for the transmission assets commissioned on or after 6.4.2016, was formally instituted vide fourth amendment to the IEGC, 2016, Accordingly, the CMD Certificate for Asset-2 , the COD of which is after 6.4.2016, has been submitted. Therefore, the Petitioner has complied with the directions of the Commission to furnish both the CEA Energisation Certificate and the CMD Certificate. Further, in response to the Commission's TV letter, the Petitioner vide affidavit 18.8.2025 submitted that all the assets under the transmission scheme have been completed and are covered under the instant Petition.

8. Now, we proceed to dispose of the Petition based on the submissions of the Petitioner.

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

9. The Petitioner has claimed the following transmission charges in respect of the transmission assets for the 2019-24 tariff period:

Asset-1

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	103.89	103.89	103.89	103.89	103.89
Interest on Loan	66.96	57.40	48.93	41.08	33.18
Return on Equity	111.84	111.84	111.84	111.84	111.84
O&M Expenses	212.45	220.05	227.77	235.91	243.90
Interest on Working Capital	13.51	12.79	12.11	12.32	14.31
Total	508.65	505.97	504.54	505.04	507.12

Asset-2

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	2384.96	2456.84	2476.95	2483.58	2485.10
Interest on Loan	2494.98	2212.12	2007.96	1899.65	1800.00
Return on Equity	2543.74	2620.73	2642.27	2649.34	2650.97
O&M Expenses	289.16	299.26	309.77	320.69	331.88
Interest on Working Capital	124.24	114.71	105.22	104.40	118.27
Total	7837.08	7703.66	7542.17	7457.66	7386.22

10. The Petitioner has claimed the following Interest on Working Capital in respect of the transmission assets for the 2019-24 tariff period:

Asset-1

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	17.70	18.34	18.98	19.66	20.32
Maintenance Spares	31.87	33.01	34.17	35.39	36.58
Receivables	62.54	62.38	62.20	62.27	62.35
Total Working Capital	112.11	113.72	115.35	117.31	119.26
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	13.51	12.79	12.11	12.32	14.31

Asset-2

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	24.10	24.94	25.81	26.72	27.66
Maintenance Spares	43.37	44.89	46.47	48.10	49.78
Receivables	963.57	949.76	929.86	919.44	908.14
Total Working Capital	1031.04	1019.59	1002.14	994.26	985.58
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	124.24	114.71	105.22	104.40	118.27

Capital Cost for the 2019-24 Tariff Period

11. The Commission, vide Order dated 28.8.2020 in Petition No. 496/TT/2019 and Order dated 2.9.2022 in Petition No. 16/TT/2022 allowed the capital cost of ₹ 1984.95 lakh for Asset-1 and capital cost of ₹ 44052.23 lakh for Asset-2, respectively, as on 31.3.2019. The Petitioner in the instant Petition has claimed the same capital cost as on 1.4.2019 in respect of the transmission assets as approved by the Commission vide Order dated 28.8.2020 in Petition No. 496/TT/2019 and Order dated 2.9.2022 in Petition No. 16/TT/2022. Accordingly, the capital cost of ₹ 1984.95 lakh for Asset-1 and capital cost of ₹ 44052.23 lakh for Asset-2, have been considered as the opening capital cost as on 1.4.2019 for the purpose of truing-up of the transmission tariff for the 2019-24 tariff period for the respective assets, in accordance with Regulation 19 of the

2019 Tariff Regulations, in the instant Petition.

Additional Capital Expenditure (ACE)

12. The Commission vide Order dated 2.9.2022 in Petition No. 16/TT/2022 had approved the ACE of ₹ 4063.58 lakh for Asset-2. Against this, in the instant true-up Petition, the Petitioner has claimed an ACE of ₹ 3007.91 lakh for Asset-2 for the 2019-24 tariff period and no ACE has been claimed in respect of Asset-1.

13. The Petitioner has submitted that the ACE incurred for Asset-2 during the 2019-24 tariff period is claimed under Regulations 24(1)(a) and 25 (1)(d) of the 2019 Tariff Regulations. Further, the Petitioner has submitted that the primary reason for variation in the approved ACE and actual ACE is that while projecting the estimated additional capitalization, contracts were not closed, and liabilities were not finalized, however, in the instant true-up Petition, the Petitioner has claimed ACE on the basis of actual payments made to the vendors, after receipt of final invoices, incorporating the amendments, and after due reconciliation in accordance with the contractual provisions.

14. The Petitioner in the instant true-up Petition has submitted the following Liability Flow Statement in respect of the transmission assets:

Asset-1 – Not submitted as the actual ACE claimed is ‘NIL’.

Asset-2

(₹ in lakh)									
Particulars	Party wise	Outstanding liability as on 31.3.2019	Liability Discharged Excluding discharge of IDC on cash basis						
			2019-20	2020-21	2021-22	2022-23	2023-24	Total	Outstanding Liability as on 31.3.2024
Building & Civil Works	Various Contractors Listed	28.05	20.26	7.79	0.00	0.00	0.00	28.05	0.00
Transmission Line		3271.48	1459.22	503.40	195.46	33.44	24.28	2215.80	1055.68
Sub-Station		103.46	45.40	35.94	22.12	0.00	0.00	103.46	0.00
Total		3402.99	1524.88	547.13	217.58	33.44	24.28	2347.31	1055.68

15. As per submissions of the Petitioner, apart from above discharges an amount of Rs. 660.60 lakh towards accrued IDC which was not paid as on 31.3.2019 has also been discharged during 2019-20 and claimed as a part of the ACE on cash basis for the year 2019-20. As such, the ACE claimed for the year 2019-20 is Rs.2185.49 lakh (1524.88+660.60) and on overall basis liability discharged during 2019-24 is 3007.91 lakh (2347.31+660.60) out of outstanding un-discharged liability of 4063.60 lakh (3402.99+660.60) as on 31.3.2019.

16. The Petitioner has submitted a detailed break-up of ACE for the transmission assets and the same is as follows:

Asset-2

Particulars	Regulations	ACE Claimed					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Balance and Retention Payments other than IDC	Regulation 24(1)(a) of the 2019 Tariff Regulations	2185.49	547.13	217.58	0.00	0.00	2950.19
	Regulation 25(1)(d) of the 2019 Tariff Regulations	0.00	0.00	0.00	33.44	24.28	57.72
Total		2185.49	547.13	217.58	33.44	24.28	3007.91

17. It is noted from the Auditor Certificate in respect of Asset-2 that the ACE claimed is net of Liquidated Damages received by the Petitioner from its contractors. The Auditor certificate clearly mentions as under:

“Note: LD was recovered from the contractor amounting to Rs.8.85. lakh and reduced from the capital cost in year 2019-20 (Rs.2.81 lakh), 2022-23 (3.55 lakh) and 2023-24 (Rs .2.49 lakhs), on its recovery”

18. It is noted from the Order dated 2.9.2022 in Petition No. 16/TT/2022 that Commission condoned entire delay of 1676 days in declaration of COD of Asset-2 and as such no deduction was made in the capital cost on account of delay. However, the Petitioner has been able to recover LD from its contractor and accordingly, the benefit of the same has been passed on to the beneficiaries as the ACE for the years in which

LD has been recovered has been claimed on net basis, i.e., after reducing the LD amount recovered.

19. We have considered the submissions of the Petitioner. The Petitioner has submitted Form-7 in respect of Asset-2, wherein it has mentioned the head-wise breakup of the actual ACE for the 2019-24 period. It is noted that the claimed actual ACE of ₹ 3007.91 lakh is supported by the Auditor Certificate and is towards discharge of liabilities recognised at the time of COD/31.3.2019, including IDC of ₹ 660.60 lakh paid on a cash basis during 2019-20. Such incurred expenditure for discharging the recognized undischarged liabilities is allowable as ACE for the purpose of tariff under Regulation 24(1)(a) [applicable up to cut-off date, i.e., 31.3.2022] and 25(1)(d) [applicable beyond cut-off date, i.e., 31.3.2022] of the 2019 Tariff Regulations. Accordingly, in consideration of the above deliberations, the trued-up ACE allowed for the 2019-24 tariff period is as follows:

(₹ in lakh)

Trued-UP ACE Allowed						
Assets	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-1	0.00	0.00	0.00	0.00	0.00	0.00
Asset-2	2185.49	547.13	217.58	33.44	24.28	3007.91

20. Accordingly, the allowed opening capital cost as on 1.4.2019 and trued up ACE for the purpose of truing up the tariff for the period 2019-24 in comparison to FR apportioned and RCE-II approved cost is as follows:

(₹ in lakh)

Assets	Allowed Opening capital cost as on 1.4.2019	Admitted ACE					Actual Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-1	1984.95	0.00	0.00	0.00	0.00	0.00	1984.95
Asset-2	44052.23	2185.49	547.13	217.58	33.44	24.28	47060.14

Debt-Equity Ratio

21. 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:

Asset-1

Funding	Capital Cost as on 1.4.2019		ACE during the 2019- 24 tariff period (₹ in lakh)	Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)		(₹ in lakh)	(in %)
Debt	1389.47	70.00	-	1389.47	70.00
Equity	595.49	30.00	-	595.49	30.00
Total	1984.95	100.00	-	1984.95	100.00

Asset-2

Funding	Capital Cost as on 1.4.2019		ACE during the 2019- 24 tariff period (₹ in lakh)	Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)		(₹ in lakh)	(in %)
Debt	30836.56	70.00	2105.54	32942.1	70.00
Equity	13215.67	30.00	902.37	14118.04	30.00
Total	44052.23	100.00	3007.91	47060.14	100.00

Depreciation

22. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and subsequent ACE allowed 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 the 2019 Tariff Regulations. Accordingly, the depreciation approved in respect of the transmission assets is as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	1984.95	1984.95	1984.95	1984.95	1984.95
B	Addition during the year 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	1984.95	1984.95	1984.95	1984.95	1984.95

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
D	Average Gross Block (A+C)/2	1984.95	1984.95	1984.95	1984.95	1984.95
E	Average Gross Block (90% depreciable assets)	1984.95	1984.95	1984.95	1984.95	1984.95
F	Average Gross Block (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	1786.46	1786.46	1786.46	1786.46	1786.46
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	1786.46	1786.46	1786.46	1786.46	1786.46
J	Weighted average rate of Depreciation (WAROD) (in %)	5.2338	5.2338	5.2338	5.2338	5.2338
K	Lapsed 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)	103.89	103.89	103.89	103.89	103.89
N	Cumulative Depreciation at the end of the year	618.47	722.36	826.25	930.14	1034.03
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	1167.99	1064.10	960.21	856.32	752.43

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	44052.23	46237.71	46784.84	47002.42	47035.86
B	Addition during the year 2019-24 due to ACE	2185.48	547.13	217.58	33.44	24.28
C	Closing Gross Block (A+B)	46237.71	46784.84	47002.42	47035.86	47060.14
D	Average Gross Block (A+C)/2	45144.97	46511.28	46893.63	47019.14	47048.00
E	Average Gross Block (90% depreciable assets)	45120.97	46487.10	46869.45	46994.96	47023.82
F	Average Gross Block (100% depreciable assets)	24.00	24.18	24.18	24.18	24.18
G	Depreciable value (excluding IT equipment and software) (E*90%)	40608.87	41838.39	42182.51	42295.46	42321.44
H	Depreciable value of IT equipment and software (F*100%)	24.18	24.18	24.18	24.18	24.18
I	Total Depreciable Value (G+H)	40633.05	41862.57	42206.69	42319.64	42345.62
J	Weighted average rate of Depreciation (WAROD) (in %)	5.283	5.282	5.282	5.282	5.282



K	Elapsed useful life at the beginning of the year (Year)	0.00	1.00	2.00	3.00	4.00
L	Balance useful life at the beginning of the year (Year)	35	34	33	32	31
M	Depreciation allowed during the year (D*J)	2384.96	2456.84	2476.95	2483.58	2485.10
N	Cumulative Depreciation at the end of the year	2397.71	4854.55	7331.50	9815.08	12300.18
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	38235.16	37008.02	34875.19	32504.56	30045.44

23. The details of depreciation allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019 for Asset-1 and vide Order dated 2.9.2022 in Petition No.16/TT/2022 for Asset-2, depreciation claimed in the instant Petition, and trued-up depreciation approved in respect of the transmission assets in the instant Order are as follows:

(₹ in lakh)					
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 28.8.2020 in Petition 496/TT/2019.	103.89	103.89	103.89	103.89	103.89
Claimed by the Petitioner in the instant Petition.	103.89	103.89	103.89	103.89	103.89
Approved after truing-up in this Order.	103.89	103.89	103.89	103.89	103.89

(₹ in lakh)					
Asset-2	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 2.9.2022 in Petition no.16/TT/2022.	2384.96	2456.84	2506.35	2541.48	2541.48
Claimed by the Petitioner in the instant Petition.	2384.96	2456.84	2476.95	2483.58	2485.10
Approved after truing-up in this Order.	2384.96	2456.84	2476.95	2483.58	2485.10

Interest on Loan (IoL)

24. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and prevailing interest rate.

25. We have considered the Petitioner's submission and perused the record. 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:

Asset-1

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	1389.47	1389.47	1389.47	1389.47	1389.47
B	Cumulative Repayments up to the Previous Year	514.58	618.47	722.36	826.25	930.14
C	Net Loan-Opening (A-B)	874.89	771.00	667.11	563.22	459.33
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year (Equal to depreciation allowed during the year)	103.89	103.89	103.89	103.89	103.89
F	Net Loan-Closing (C+D-E)	771.00	667.11	563.22	459.33	355.44
G	Average Loan (C+F)/2	822.95	719.06	615.17	511.28	407.39
H	Weighted Average Rate of Interest on Loan (in %)	8.1369	7.9830	7.9537	8.0346	8.1447
I	Interest on Loan (G*H)	66.96	57.40	48.93	41.08	33.18

Asset-2

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	30836.56	32366.40	32749.39	32901.69	32925.10
B	Cumulative Repayments up to the Previous Year	12.85	2397.81	4854.65	7331.60	9815.18
C	Net Loan-Opening (A-B)	30823.71	29968.59	27894.74	25570.09	23109.92
D	Addition due to ACE	1529.836	382.991	152.306	23.408	16.996
E	Repayment during the year (Equal to depreciation allowed during the year)	2384.96	2456.84	2476.95	2483.58	2485.10
F	Net Loan-Closing (C+D-E)	29968.59	27894.74	25570.09	23109.92	20641.82
G	Average Loan (C+F)/2	30396.15	28931.66	26732.42	24340.01	21875.87
H	Weighted Average Rate of Interest on Loan (in %)	8.208	7.646	7.511	7.805	8.228
I	Interest on Loan (G*H)	2494.98	2212.11	2007.95	1899.64	1799.99

26. The details of IoL allowed vide Order dated 28.8.2020 in Petition 496/TT/2019 for Asset-1 and vide Order dated 2.9.2022 in Petition no.16/TT/2022 for Asset-2, IoL claimed in the instant Petition, and trued-up IoL approved in respect of the transmission

assets in the instant Order are as follows:

(₹ in lakh)					
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order 28.8.2020 in Petition 496/TT/2019.	67.24	58.74	50.23	41.72	33.22
Claimed by the Petitioner in the instant Petition.	66.96	57.40	48.93	41.08	33.18
Approved after truing-up in this Order.	66.96	57.40	48.93	41.08	33.18

(₹ in lakh)					
Asset-2	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 2.9.2022 in Petition no.16/TT/2022.	2535.84	2405.81	2255.21	2085.31	1871.00
Claimed by the Petitioner in the instant Petition.	2494.98	2212.12	2007.96	1899.65	1800.00
Approved after truing-up in this Order.	2494.98	2212.11	2007.95	1899.64	1799.99

Return on Equity (RoE)

27. The Petitioner has submitted that its Income Tax assessment has been completed and the Income Tax Department has issued the assessment orders for FY 2019-20 and FY 2020-21; and that its income has been assessed under MAT [115JB of the Income Tax Act, 1961 (IT Act, 1961)]. The Petitioner has further submitted that the Income Tax Returns (ITRs) for FYs 2021-22 and 2022-23 have been filed. Further, it is submitted that the Income Tax Return for 2023-24 will be filed in due course.

28. The Petitioner has further submitted that it has paid/liable to pay the income tax at 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 (in %) [(Base Rate)/(1-t)]
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782
2022-23	17.472	18.782
2023-24	17.472	18.782

29. The assessment orders for FYs 2019-20 and 2020-21, and ITRs for FYs 2021-

22, 2022-23 have been submitted by the Petitioner. Further, the Income Tax Return for FY 2023-24 has now been filed, and accordingly, the revised computation of the effective tax percentage is as under:

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

30. The Petitioner has requested to allow it to claim the differential tariff on account of the trued-up ROE based on the effective tax rate calculated on completion of Income Tax assessment/re-assessment for FYs 2021-22, 2022-23 and 2023-24 on receipt of the respective assessment orders, directly from the beneficiaries on a year-to-year basis as provided in the regulation.

31. We have considered the Petitioner's submissions and have also gone through the record. We note that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the Statement of Profit and Loss prepared in accordance with Schedule-II of the Companies Act, 2013 subject to some additions and deductions as mentioned in the IT Act, 1961.

32. 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 of the RoE for truing up of 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 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 rates 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 't'(in %)	Base rate of RoE (in %)	Grossed-up rate for RoE [(Base Rate)/(1- t)] (in%)
2019-20	17.472	17.472	15.50	18.782
2020-21	17.472	17.472	15.50	18.782
2021-22	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782

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

Asset-1

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	595.48	595.48	595.48	595.48	595.48
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	595.48	595.48	595.48	595.48	595.48
D	Average Equity (A+C)/2	595.48	595.48	595.48	595.48	595.48
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (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)	111.84	111.84	111.84	111.84	111.84

Asset-2

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	13215.67	13871.31	14035.45	14100.73	14110.76
B	Addition due to ACE	655.64	164.14	65.27	10.03	7.28
C	Closing Equity (A+B)	13871.31	14035.45	14100.73	14110.76	14118.04



D	Average Equity (A+C)/2	13543.49	13953.38	14068.09	4105.74	14114.40
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (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)	2543.74	2620.72	2642.27	2649.34	2650.97

34. The details of RoE allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019 for Asset-1 and vide Order dated 2.9.2022 for Asset-2 in Petition No.16/TT/2022, RoE claimed in the instant Petition, and trued-up RoE approved in the instant Order in respect of the transmission assets are as follows:

(₹ in lakh)					
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order 28.8.2020 in Petition No. 496/TT/2019.	111.84	111.84	111.84	111.84	111.84
Claimed by the Petitioner in the instant Petition.	111.84	111.84	111.84	111.84	111.84
Approved after truing-up in this Order.	111.84	111.84	111.84	111.84	111.84

(₹ in lakh)					
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 2.9.2022 in Petition No.16/TT/2022.	2543.74	2620.72	2673.64	2711.13	2711.13
Claimed by the Petitioner in the instant Petition.	2543.74	2620.72	2642.27	2649.34	2650.97
Approved after truing-up in this Order.	2543.74	2620.72	2642.27	2649.34	2650.97

Operation and Maintenance Expenses (O&M Expenses)

35. The Petitioner has claimed the following O&M Expenses for the 2019-24 tariff period in the instant truing-up Petition:

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	212.45	220.05	227.77	235.91	243.90

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-2	289.16	299.26	309.77	320.69	331.88

36. We have considered the Petitioner's submissions. It is observed that the O&M Expenses claimed by the Petitioner in the instant true-up Petition are as per Regulation 35(3) of the 2019 Tariff Regulations. The O&M Expenses approved for the transmission asset, as per norms specified in the 2019 Tariff Regulations, are as follows:

Asset-1

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station: 400 kV bays at Hosur Sub-station					
Norms as per Regulation (₹ lakh per bay)	32.15	33.28	34.35	35.66	36.91
1 no. of 400 kV bay at Hosur Sub-station					
O&M allowed (i)	32.15	33.28	34.35	35.66	36.91
Sub-station: 200 kV bays					
Norms as per Regulation (₹ lakh per bay)	22.51	23.30	24.12	24.96	25.84
3 No. of 220 kV Bays at Hosur Sub-station (1 No ICT bay and 2 no. of TANTRANSCO feeder bays)					
O&M allowed (ii)	67.53	69.90	72.36	74.88	77.52
Sub-station -400 kV ICT of 315 MVA Capacity					
Norms as per Regulation (₹ lakh per MVA)	0.358	0.371	0.384	0.398	0.411
1 No. of 315 MVA ICT at Hosur					
O&M allowed (iii)	112.77	116.87	120.96	125.37	129.47
Total O&M Expenses approved (i+ii+iii)	212.45	220.05	227.77	235.91	243.90

Asset-2

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station: 400 kV bays of: Dharmapuri - Somanhalli Bay 1 and 2 (400 kV) Somanhalli - Dharmapuri Bay 1 and 2 (400 kV)					
Norms as per Regulation (₹ lakh per bay)	32.15	33.28	34.45	35.66	36.91
4 No. of 400 kV bays					
O&M Expenses allowed (i)	128.60	133.12	137.80	142.64	147.64
Transmission line- Dharmapuri- Somanhalli line (4 Sub-conductors)					
Norms as per Regulation (₹ lakh per km)	1.322	1.368	1.416	1.466	1.517



line length in (km)	121.45	121.45	121.45	121.45	121.45
O&M Expenses allowed (ii)	160.56	166.14	171.97	178.05	184.24
Total O&M expenses approved (i+ii)	289.16	299.26	309.77	320.69	331.88

37. Accordingly, the details of O&M Expenses allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019 for Asset-1 and vide Order dated 2.9.2022 in Petition No.16/TT/2022 for Asset-2, O&M claimed in the instant Petition, and trued-up O&M approved in the instant Order in respect of the transmission assets are as follows:

(₹ in lakh)					
Asset- 1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019.	212.53	220.13	227.85	235.99	243.98
Claimed by the Petitioner in the instant Petition.	212.45	220.05	227.77	235.91	243.90
Approved after truing-up in this Order	212.45	220.05	227.77	235.91	243.90

(₹ in lakh)					
Asset- 2	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 2.9.2022 in Petition No.16/TT/2022	289.16	299.26	309.77	320.69	331.88
Claimed by the Petitioner in the instant Petition.	289.16	299.26	309.77	320.69	331.88
Approved after truing-up in this Order	289.16	299.26	309.77	320.69	331.88

Interest on Working Capital (IWC)

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

39. The components of the working capital and interest allowed thereon for the transmission assets are as follows:

Asset-1

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	17.70	18.34	18.98	19.66	20.33
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	31.87	33.01	34.17	35.39	36.59
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	62.54	62.38	62.20	62.27	62.35
D	Total Working Capital (A+B+C)	112.11	113.73	115.35	117.31	119.26
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)	13.51	12.79	12.11	12.32	14.31

Asset-2

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	24.10	24.94	25.81	26.72	27.66
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	43.37	44.89	46.47	48.10	49.78
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	963.58	949.76	929.86	919.44	908.14
D	Total Working Capital (A+B+C)	1031.05	1019.59	1002.14	994.26	985.58
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)	124.24	114.70	105.22	104.40	118.27

40. The details of IWC allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019 for Asset-1 and vide Order dated 2.9.2022 in Petition No.16/TT/2022 for Asset-2, IWC claimed in the instant Petition, and trued-up IWC approved in the instant Order in respect of the transmission assets are as follows:

	(₹ in lakh)				
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019.	13.52	12.80	12.99	13.20	13.41
Claimed by the Petitioner in the instant Petition.	13.51	12.79	12.11	12.32	14.31
Approved after truing-up in this Order.	13.51	12.79	12.11	12.32	14.31

	(₹ in lakh)				
Asset-2	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 2.9.2022 in Petition No.16/TT/2022.	124.86	117.43	109.26	108.40	105.75
Claimed by the Petitioner in the instant Petition.	124.24	114.71	105.22	104.40	118.27
Approved after truing-up in this Order.	124.24	114.70	105.22	104.40	118.27

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

41. Accordingly, the trued-up Annual Fixed Charges allowed for the 2019-24 tariff period in respect of the transmission assets are as follows:

	(₹ in lakh)				
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	103.89	103.89	103.89	103.89	103.89
Interest on Loan	66.96	57.40	48.93	41.08	33.18
Return on Equity	111.84	111.84	111.84	111.84	111.84
O&M Expenses	212.45	220.05	227.77	235.91	243.90
Interest on Working Capital	13.51	12.79	12.11	12.32	14.31
Total	508.65	505.97	504.54	505.04	507.12

	(₹ in lakh)				
Asset-2	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	2384.96	2456.84	2476.95	2483.58	2485.10
Interest on Loan	2494.98	2212.11	2007.95	1899.64	1799.99
Return on Equity	2543.74	2620.72	2642.27	2649.34	2650.97
O&M Expenses	289.16	299.26	309.77	320.69	331.88
Interest on Working Capital	124.24	114.70	105.22	104.40	118.27
Total	7837.08	7703.65	7542.17	7457.65	7386.21

42. The details of annual transmission charges allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019 for Asset-1 and vide Order dated 2.9.2022 in Petition No.16/TT/2022 for Asset-2, annual transmission charges claimed in the instant Petition, and trued-up annual transmission charges approved in the instant Order in

respect of the transmission assets are as follows:

(₹ in lakh)					
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 28.8.2020 in Petition No. 496/TT/2019	509.02	507.39	506.80	506.65	506.34
Claimed by the Petitioner in the instant Petition	508.65	505.97	504.54	505.04	507.12
Approved after truing-up in this Order	508.65	505.97	504.54	505.04	507.12

(₹ in lakh)					
Asset-2	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 2.9.2022 in Petition No.16/TT/2022	7878.56	7900.06	7854.23	7767.01	7561.24
Claimed by the Petitioner in the instant Petition	7837.08	7703.66	7542.17	7457.66	7386.22
Approved after truing-up in this Order	7837.08	7703.65	7542.17	7457.65	7386.21

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

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	2630.88	2657.53	2655.12	2651.28	2631.98
Interest on Loan	1650.95	1458.19	1243.09	1029.14	808.20
Return on Equity	2793.23	2822.98	2822.98	2822.98	2822.98
O&M Expenses	448.98	472.64	497.27	523.43	551.16
Interest on Working Capital	124.68	123.67	121.49	119.09	116.99
Total	7648.72	7535.01	7339.95	7145.92	6931.31

44. The Petitioner has claimed the following Interest on Working Capital in respect of the Combined Asset for the 2024-29 tariff period:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	37.42	39.39	41.44	43.62	45.93
Maintenance Spares	67.35	70.90	74.59	78.51	82.67
Receivables	942.99	928.97	904.93	878.60	854.55
Total Working Capital	1047.76	1039.26	1020.96	1000.73	983.15
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	124.68	123.67	121.49	119.09	116.99

Effective Date of Commercial Operation (E-COD)

45. The Petitioner has claimed E-COD of the Combined Asset as of 14.1.2019. Based on the trued-up admitted capital cost and actual COD of all the transmission assets, E-COD has been worked out as follows:

Computation of E-COD						
Asset	COD	Admitted Cost as on 31.3.2024 (₹ in lakh)	Weight of the cost (%)	No. of days from last COD	Weighted Days	E-COD
Asset-1	1.3.2014	1984.95	4.05	1855	75	14-01-2019
Asset-2	30.3.2019	47060.14	95.95	0	0	
Total		49045.09	100		75	
E-COD (Latest COD-Total Weighted Days =14-1-2019)						

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

Weighted Average Life (WAL)

47. Regulation 33 of the 2024 Tariff Regulations has been considered for the determination of WAL. The Combined Asset may have multiple elements such as land, buildings, 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 project as a whole.

48. WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2024 and their respective useful life as stipulated in the 2019 Tariff Regulations. For this purpose, the element-wise useful life as specified in the 2019 Tariff Regulations, prevailing at the time of the actual COD of the individual assets, has not been considered. Useful life, as defined in the 2024 Tariff Regulations, has been considered in determining WAL. Accordingly, WAL in respect of the Combined Asset has been worked out as 34 years, the details are as follows:

Particulars	Combined Asset Cost (₹ in lakh) (1)	Life in Years (2)	Weighted Cost (3) = (1)x(2)	Weighted Average Life of Asset (in years) (4) = (3)/(1)
Building and Civil works	201.78	25	5044.5	
Transmission Lines	45439.42	35	1590379.7	
Sub-stations	3225.42	25	80635.5	
Comm. Sys. excluding Fiber Optic	154.29	15	2314.35	
I. T Equipment including software UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA system	24.18	7	169.26	
	49045.09		1678543.31	34

49. WAL as on 1.4.2024, as determined above, shall be applied prospectively, i.e., for the 2024-29 tariff period, and no retrospective adjustment of depreciation for the 2019-24 tariff period (previous tariff period) is required. As discussed, E-COD of the Combined Asset is 14.1.2019, and the lapsed life of the project as a whole works out as five (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 of the Combined Asset as on 31.3.2024 as 29 years.

Capital Cost

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

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- (e) Capitalised initial spares subject to the ceiling rates in accordance with these

regulations;

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

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

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

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

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

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

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

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

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

(o)

(p)

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

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

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

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

(d) to (h)

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

(4)

(5)

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

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

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

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

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

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

(d)

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

(f) Any grant received from the Central or State Government or any statutory body

or authority for the execution of the project that does not carry any liability of repayment.”

51. The trued-up capital cost of ₹ 49045.09 lakh (₹ 1984.95 lakh for asset-1 and ₹ 47060.14 lakh for asset-2) has been allowed by the Commission for the Combined Asset as on 31.3.2024. Therefore, the capital cost of ₹49045.09 lakh as on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024 for the purpose of determination of transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

Additional Capital Expenditure

52. The Petitioner has claimed an ACE of Rs. 1055.68 lakh in the year 2024-25 in respect of the Combined asset for the 2024-29 tariff period. It is observed that this expenditure has been claimed under Regulation 25(1)(d), i.e., “Additional Capital Expenditure incurred/projected to be incurred for making payment made towards liability admitted for works within the original scope executed prior to the cut-off date”. In this regard, it is observed from the Liability Flow Statement submitted by the Petitioner that this amount claimed during the year 2024-25 was recognized as a part of the liability existing as on 1.4.2019, i.e., before the cut-off date (31.3.2022) under the sub-head “Compensation-Crop/Tree” which is a part of the major head “Transmission Line” and the same is allowed. Accordingly, the ACE of ₹1055.68 lakh is allowed under Regulation 25(1)(d) of the 2024 Tariff Regulations.

53. The capital cost allowed in respect of the Combined Asset as on 1.4.2024 and as on 31.3.2029 is as under:

Assets	Allowed Opening Capital Cost as on 1.4.2024	Admitted ACE	Allowed Capital Cost as on 31.3.2029
		2024-25	
Combined Asset	49045.09	1055.68	50100.77



Debt Equity Ratio

54. 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 utilized for meeting the capital expenditure of the generating station or the transmission system.

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

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

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

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

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

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2024 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life

extension shall be serviced in the manner specified in clause (1) of this Regulation.

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

55. The debt-equity ratio for the 2024-29 tariff period is being dealt with in accordance with Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity ratio considered for computation of tariff for the 2024-29 period in respect of the Combined Asset is as follows:

Funding	Capital Cost as on 1.4.2024		Capital Cost as on 31.3.2029	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	34331.56	70	35070.54	70
Equity	14713.53	30	15030.23	30
Total	49045.09	100	50100.77	100

Depreciation

56. 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-capitalized asset during its useful service ”

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

58. 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)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	49045.09	50100.77	50100.77	50100.77	50100.77
B	Addition during the year 2024-29 due to projected ACE	1055.68	0	0	0	0
C	Closing Gross Block (A+B)	50100.77	50100.77	50100.77	50100.77	50100.77
D	Average Gross Block (A+C)/2	49572.93	50100.77	50100.77	50100.77	50100.77
E	Average Gross Block (90% depreciable assets)	49548.75	50076.59	50076.59	50076.59	50076.59
F	Average Gross Block (100% depreciable assets)	24.18	24.18	24.18	24.18	24.18
G	Depreciable value (excluding IT equipment and software) (E*90%)	44593.88	45068.93	45068.93	45068.93	45068.93
H	Depreciable value of IT equipment and software (F*100%)	24.18	24.18	24.18	24.18	24.18
I	Total Depreciable Value (G+H)	44618.06	45093.11	45093.11	45093.11	45093.11
J	Weighted average rate of Depreciation (WAROD) (in %)	5.31	5.30	5.30	5.29	5.25
K	Lapsed 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)	29	28	27	26	25
M	Depreciation during the year (D*J)	2630.88	2657.53	2655.12	2651.28	2631.98
N	Cumulative Depreciation at the end of the year	15965.09	18622.62	21277.74	23929.02	26561.00
O	Remaining Aggregate Depreciable Value at the end of the year	28652.97	26470.49	23815.37	21164.09	18532.11

Interest on Loan (IoL)

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

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

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

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

cumulative depreciation recovered up to the date of de-capitalisation of such asset.

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

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

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

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

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

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

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

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

60. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and the rate of interest prevailing as on 1.4.2024. The IoL has been calculated based on the actual interest rates of various loans deployed for each year in accordance with the 2024 Tariff Regulations. The IoL allowed in respect of the Combined Asset is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	34331.56	35070.54	35070.54	35070.54	35070.54
B	Cumulative Repayments up to Previous Year	13334.21	15965.09	18622.62	21277.74	23929.02
C	Net Loan-Opening (A-B)	20997.35	19105.45	16447.92	13792.80	11141.52
D	Addition due to ACE	738.98	0.00	0.00	0.00	0.00
E	Repayment during the year	2630.88	2657.53	2655.12	2651.28	2631.98

F	Net Loan-Closing (C+D-E)	19105.45	16447.92	13792.80	11141.52	8509.54
G	Average Loan (C+F)/2	20051.40	17776.68	15120.36	12467.16	9825.53
H	Weighted Average Rate of Interest on Loan (in %)	8.2336	8.203	8.221	8.255	8.226
I	Interest on Loan (G*H)	1650.95	1458.19	1243.09	1029.14	808.20

Return on Equity (RoE)

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

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

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;

(2) 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:

Rate of pre-tax return on equity = 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.”

62. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner's submission and have gone through the record. The Petitioner has claimed Return on Equity (RoE) considering base rate of 15.500% and effective tax rate of 17.472%, for the 2024-29 tariff period, the same has been considered, subject to truing up.

63. Accordingly, the RoE allowed in respect of the Combined Asset for the 2024-29 tariff period, in accordance with Regulation 31 of the 2024 Tariff Regulations, is as follows:

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	14713.53	15030.23	15030.23	15030.23	15030.23
B	Addition due to ACE	316.704	0	0	0	0
C	Closing Equity (A+B)	15030.23	15030.23	15030.23	15030.23	15030.23
D	Average Equity (A+C)/2	14871.88	15030.23	15030.23	15030.23	15030.23
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Grossed-up Rate of Return on Equity (in %)	18.782	18.782	18.78	18.78	18.78
H	Return on Equity (D*G)	2793.24	2822.98	2822.98	2822.98	2822.98

Operation and Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	448.98	472.64	497.27	523.43	551.16

65. Regulation 36(3) of the 2024 Tariff Regulations provides as follows:

“36. Operation and Maintenance Expenses:

.....

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

Particulars	2024-	2025-	2026-	2027-	2028-
Norms for sub-station Bays (Rs Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (Rs Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453



Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

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

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of Sub-station 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 "

66. We have considered the Petitioner's submissions. The O&M Expenses for the 2024-29 tariff period have been worked out as per the norms specified in the 2024 Tariff Regulations. The O&M Expenses allowed in respect of the Combined Asset for the 2024-29 tariff period, as per Regulation 36 of the 2024 Tariff Regulations, are as follows:

O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station:400 kV bays					
Norms as per Regulation (₹ lakh per bay)	29.53	31.08	32.71	34.43	36.23
5 No. of 400 kV Bays					
O&M allowed (i)	147.65	155.4	163.55	172.15	181.15
Sub-station:200 kV bays					
Norms as per Regulation (₹ lakh per bay)	20.67	21.75	22.90	24.10	25.36
3 No. of 220 kV Bays					
O&M allowed (ii)	62.01	65.25	68.7	72.3	76.08

Sub-station -400 kV ICT of 315 MVA Capacity at Hosur Sub-station					
Norms as per Regulation (₹ lakh per MVA)	0.262	0.276	0.290	0.305	0.322
1 No. of 315 MVA ICT					
O&M allowed (iii)	82.53	86.94	91.35	96.075	101.43
Transmission Line- Dharmapuri- Somanhalli line (Double Circuit with 4 Sub-conductors)					
Norms as per Regulation (₹ lakh per km)	1.291	1.359	1.430	1.506	1.585
Line length in (km)	121.45	121.45	121.45	121.45	121.45
O&M allowed (iv)	156.79	165.05	173.67	182.90	192.50
Total O&M Expenses allowed (i+ii+iii+iv)	448.98	472.64	497.27	523.43	551.16

Interest on Working Capital (IWC)

67. Regulations 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations provide 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.

.....

(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.”

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

69. 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:

Sl. No.	Particulars	(₹ in lakh)				
		2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	37.42	39.39	41.44	43.62	45.93
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	67.35	70.90	74.59	78.51	82.67
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	942.99	928.94	904.93	881.04	854.55
D	Total Working Capital (A+B+C)	1047.76	1039.23	1020.96	1003.17	983.15
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)	124.68	123.67	121.49	119.38	116.99

Annual Fixed Charges for the 2024-29 Tariff Period

70. The transmission charges allowed in respect of the Combined Asset for the 2024-29 tariff period are as follows subject to truing up:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	2630.88	2657.53	2655.12	2651.28	2631.98
Interest on Loan	1650.95	1458.19	1243.09	1029.14	808.20
Return on Equity	2793.24	2822.98	2822.98	2822.98	2822.98
O&M Expenses	448.98	472.64	497.27	523.43	551.16
Interest on Working Capital	124.68	123.67	121.49	119.38	116.99
Total	7648.72	7535.01	7339.95	7146.20	6931.31

Filing Fee and Publication Expenses

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

72. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fees paid for filing the Petition and publication expenses incurred on this count directly from the beneficiaries or long-term customers, as the case may

be in terms of Regulation 94(1) of the 2024 Tariff Regulations.

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

73. 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.

74. 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.”

75. 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 a regulation is notified and issued by the Commission.

License Fee and RLDC Fees and Charges

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

77. 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 will be additionally paid by the Respondents, and the Petitioner will be allowed to charge and bill it separately. Petitioner further prays that in case any additional taxes are paid by the Petitioner on account of the demand from the Government/ statutory authorities, the Commission may allow the same to be recovered from the beneficiaries.

78. We have considered the submissions of the Petitioner. 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

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

80. As regards the security expenses of the Combined Asset, the Petitioner has submitted that it will file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36(3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the security expenses regarding the Combined asset are not claimed in the instant Petition.

81. 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 FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated insurance expense for FYs 2024-25, 2025-



26, 2026-27, 2027-28, and 2028-29.

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

83. 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."

84. 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 of security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on an estimated basis in terms of the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission Charges

85. 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. 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.

86. The billing, collection and disbursement of the transmission charges in respect of the transmission assets 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.

87. To summarize:

- a) The trued-up Annual Fixed Charges (AFC) approved in respect of the transmission assets for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Asset-1	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	508.65	505.97	504.54	505.04	507.12
AFC Approved	508.65	505.97	504.54	505.04	507.12

(₹ in lakh)					
Asset-2	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	7837.08	7703.66	7542.17	7457.66	7386.22
AFC Approved	7837.08	7703.65	7542.17	7457.65	7386.21

- b) The AFC allowed in respect of the Combined Asset for the 2024-29 tariff period, subject to true up, are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	7648.72	7535.01	7339.95	7145.92	6931.31
AFC Allowed	7648.72	7535.01	7339.95	7146.20	6931.31

88. This Order disposes of Petition No. 439/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member