

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 478/TT/2025

Coram:

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

Date of Order: 23.03.2026

In the matter of:

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for Assets under **“Green Energy Corridors: Inter-State Transmission Scheme (ISTS)- Part-D” in the Northern Region.**

And in the matter of:

**Power Grid Corporation of India Limited,
“Saudamini”, Plot No. 2,
Sector-29, Gurgaon-122001 (Haryana).**

...Petitioner

Versus

- 1. Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001.**
- 2. Ajmer Vidyut Vitran Nigam Limited,
Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road
Ajmer-305004 (Rajasthan).**
- 3. Jaipur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL Sub-station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302017 (Rajasthan).**
- 4. Jodhpur Vidyut Vitran Nigam Limited,
New Powerhouse, Industrial Area,
Jodhpur-342003 (Rajasthan).**



5. **Himachal Pradesh State Electricity Board,**
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171 004.
 6. **Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office,
Patiala-147001.
 7. **Haryana Power Purchase Centre,**
Shakti Bhawan, Sector - 6,
Panchkula-134 109.
 8. **Jammu Kashmir Power Corporation Limited,**
220/66/33 kV, GLADNI SS,
SLDC Buliding,Narwal,
Jammu.
 9. **BSES Yamuna Power Limited,**
B-Block, Shakti Kiran Building,
(Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi-110092.
 10. **BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place
New Delhi
 11. **Tata Power Delhi Distribution Limited,**
33 kV Sub-station Building,
Hudson Lane, Kingsway Camp
North Delhi-110009.
 12. **Chandigarh Electricity Department,**
Chandigarh Administration
Sector-9, Chandigarh.
 13. **Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road,
Dehradun.
 14. **North Central Railway,**
Allahabad.
 15. **New Delhi Municipal Council,**
Palika Kendra, Sansad Marg,
New Delhi-110002.
- ...Respondents

Parties Present : Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Mukesh Bhakar, PGCIL
Shri Piyush Awwasthi, PGCIL
Shri G. Vijay, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing-up of the transmission tariff for the 2019-24 period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (herein after referred to as “the 2019 Tariff Regulations”) and for the determination of the transmission tariff for the 2024-29 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 (hereinafter referred to as “the transmission assets/Combined Asset”) which have been implemented under “Green Energy Corridors: Inter-State Transmission Scheme (ISTS)- Part-D” (hereinafter referred to as “the transmission project”) in the Northern Region:

Asset-I: Combined Asset consisting of:

- a) 765 kV D/C Ajmer (New)-Bikaner (New) line along with 240 MVAR, 765 kV switchable line reactor and associated bays at Ajmer end and 330 MVAR, 765 kV switchable line reactor and associated bays at Bikaner end;
- b) 2 Nos. 765/400 kV 3*500 MVA ICT along with associated bays at Bikaner Sub-station;
- c) 1 No. 765 kV, 3*110 MVAR Bus Reactor along with associated bays at Bikaner (New) Sub-station;
- d) 1 No. of 400 kV, 125 MVAR Bus Reactor along with associated bay at Bikaner (New) Sub-station;
- e) LILO of 1 Ckt. 400 kV Bhadla (RVPNL) - Bikaner (RVPNL) D/C line at Bikaner (New) along with associated bays.

Asset-II: 765 kV D/C Bikaner (new)-Moga line along with 2 Nos. 330 MVAR, 765 kV Switchable line reactor and associated bays at Bikaner end and 2 Nos. 330 MVAR, 765 kV switchable line reactor and associated bays at Moga-end.

(The truing-up of tariff for the 2019–24 tariff period has been carried out for Asset-I and for



Asset-2 on individual basis. Accordingly, the assets are termed as “the transmission assets” for the 2019-24 period. The tariff determination for the 2024-29 tariff period has been carried out on combined basis after combining Asset-1 and Asset-2. Accordingly, Asset-1 and Asset-2 hereinafter will be referred to as “the Combined Asset” for the 2024-29 tariff period.)

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

- a) *“Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the asset covered under this petition, as per para 16 and 17 above.*
- b) *Admit the capital cost claimed, and additional capitalization incurred during 2019-24 and projected additional capitalization during 2024-29.*
- c) *Allow the initial spares as claimed in the present petition on the project level.*
- 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 Regulations, 2019 and Tariff Regulations, 2024 as per para 16 and 17 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 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.*
- 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 23 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 23 above.*
- j) *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 23 above.*
- k) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 24 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.

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) Investment Approval (IA) of the transmission project was accorded by the Board of Directors (BoD) of the Petitioner on 5.5.2016 vide Memorandum Ref.: C/CP/GEC-D dated 9.5.2016, at an estimated cost of ₹351959.00 lakh including an IDC of ₹22359.00 lakh based on December, 2015 price level.
- b) The scope of the work covered under the transmission project broadly includes:

Transmission Lines

1. Ajmer (New) – Bikaner (New) 765 kV D/C
2. Bikaner (New) – Moga (PG) 765 kV D/C
3. LILO of one circuit of 400 kV Bhadla (RVPN)–Bikaner (RVPN) D/C line at Bikaner (New)

Sub-station

a) 765/400 kV Bikaner Sub-station (New)

765 kV

Line Bays	: 4 Nos.
Transformer bays	: 2 Nos.
1500 MVA, 765/400 kV transformer	: 2 Nos.
330 MVAR Switchable Line reactor bays	: 4 Nos.
330 MVAR Switchable Line reactors	: 4 Nos.
Bus reactor bay	: 1 Nos.
330 MVAR Bus reactor	: 1 No.

400 kV

Transformer bays	: 2 Nos.
Line Bays	: 2 Nos.
Bus reactor bay	: 1 No.
125 MVAR Bus reactor	: 1 No.

b) 765/400 kV Ajmer Sub-station Extn.

765 kV

Line Bays : 2 Nos.
240 MVAR Switchable Line reactor bays : 2 Nos.
240 MVAR Switchable Line reactors : 2 Nos.

c) 765/400 kV Moga (PG) Sub-station Extn.

765 kV

Line Bays : 2 Nos.
330 MVAR Switchable Line reactor bays : 2 Nos.
330 MVAR Switchable Line reactors : 2 Nos.

Reactive Compensation

• **Line Reactors**

Sl. No	Transmission Line		
		From end (each ckt) To end (each ckt)	From end (each ckt) To end (each ckt)
1.	Ajmer (New) –Bikaner (New) 765 kV D/C line	1x240 (switchable) (each ckt.)	1x330 (switchable) (each ckt.)
2.	Bikaner (New) – Moga (PG) 765 kV D/C line	1x330 (switchable) (each ckt.)	1x330 (switchable) (each ckt.)

• **Bus Reactors**

Sl. No	Bus	Reactor (MVAR)
1.	765/400 kV Bikaner (New)	1X330 MVar (765 kV Bus) 1x125 MVar (400 kV Bus)

c) As per IA dated 5.5.2016, the transmission assets were scheduled to be commissioned within 36 months from the date of IA, i.e., by 4.5.2019. The details of the transmission assets including the scheduled commercial operation date (SCOD), date of commercial operation (COD) and time over-run are as follows:

Assets	SCOD	COD	Time over-run
Asset-I	4.5.2019	7.7.2019	64 days
Asset-II		11.3.2020	312 days

d) The entire scope of the work under the transmission project has been completed and covered in the instant Petition.

4. The Commission vide order dated 8.3.2022 in Petition No. 34/TT/2021

determined the tariff of the transmission assets for the period from their respective CODs to 31.3.2024. The Commission vide the said order, condoned the entire time over-run of 64 days and 312 days in case of Asset-I and Asset-II.

5. The Respondents, mainly from the Northern Region, includes the Distribution Licensees, Power Departments, and 'Designated inter-State Transmission Customers' that receive transmission services from the Petitioner.

6. 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 in the instant Petition.

7. The hearing in the matter was held on 11.12.2025 and the order was reserved. This order is being passed considering the Petitioner's submissions in the Petition vide affidavit dated 27.11.2024 and subsequent affidavits dated 18.8.2025, 12.11.2025 and 22.12.2025.

8. Having heard the representatives of the Petitioner and 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 with respect to the transmission assets are as follows:

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata 269 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	5345.47	7529.65	7632.85	7667.72	7701.30
Interest on Loan	2799.19	2436.97	1972.82	3709.61	5188.16
Return on Equity	5721.67	8075.80	8205.28	8245.85	8283.23
O&M Expenses	1829.07	2575.30	2666.15	2761.50	2857.88
Interest on Working Capital	288.23	358.54	334.73	362.12	441.08
Total	15983.63	20976.26	20811.83	22746.80	24471.65

Asset-II

(₹ in lakh)

Particulars	2019-20 (Pro-rata 21 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	475.42	8663.41	8991.81	8998.83	9013.17
Interest on Loan	248.78	3295.10	2870.34	4807.91	6477.87
Return on Equity	506.27	9225.82	9575.33	9583.51	9600.42
O&M Expenses	48.53	875.36	906.03	938.00	970.74
Interest on Working Capital	20.62	333.57	315.52	342.35	417.87
Total	1299.63	22393.26	22659.03	24670.60	26480.07

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

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata 269 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	207.39	214.61	222.18	230.13	238.16
Maintenance Spares	373.30	386.30	399.92	414.23	428.68
Receivables	2673.84	2586.11	2565.84	2804.40	3008.81
Total Working Capital	3254.53	3187.02	3187.94	3448.76	3675.65
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	288.23	358.54	334.73	362.12	441.08

Asset-II

(₹ in lakh)

Particulars	2019-20 (Pro-rata 21 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	70.48	72.95	75.50	78.17	80.90
Maintenance Spares	126.86	131.30	135.90	140.70	145.61
Receivables	2784.89	2760.81	2793.58	3041.58	3255.75
Total Working Capital	2982.23	2965.06	3004.98	3260.45	3482.26
Rate of Interest (in %)	12.05	10.50	10.50	10.50	12.00
Interest on Working Capital	20.62	333.57	315.52	342.35	417.87

Capital Cost for the 2019-24 Tariff Period

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

12. The Commission vide order dated 8.3.2022 in Petition No. 34/TT/2021 had allowed the following capital cost and ACE for the 2019-24 tariff period in respect of instant transmission assets:

Assets	FR Apportioned cost	Capital cost as on COD	ACE (2019-24)					Capital cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-I	172433.23	135197.73	5926.29	17799.57	2553.21	1737.24	0.00	163214.04
Asset-II	179525.77	155592.18	1963.56	9982.38	4109.33	3063.30	0.00	174710.75

13. The Petitioner in the instant true-up Petition has claimed the capital cost and the actual ACE for the 2019-24 tariff period in respect of Asset-I and Asset-II as follows:

Assets	FR Apportioned cost	Capital cost as on COD	ACE 2019-24					Capital cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-I	172433.23	135481.65	5643.82	4594.37	195.82	1244.04	82.69	147242.39
Asset-II	179525.77	156561.84	1963.56	11466.41	512.05	201.18	399.04	171104.08

14. We have considered the Petitioner's submission. It has been observed that as per the Auditor's Certificate dated 8.10.2024, the expenditure upto the COD in respect of Asset-I and Asset-II is ₹135481.65 lakh and ₹156561.84 lakh, respectively, and thus, the same is being considered as the opening capital cost for true-up of the AFC for the 2019-24 tariff period in respect of Asset-I and Asset-II subject to further adjustments on account of the Initial Spares and IDC discharged till the COD as deliberated in

following paragraphs.

Interest During Construction (IDC)

15. The IDC claimed and as approved vide order dated 8.3.2002 in Petition No. 34/TT/2021 in comparison to IDC claimed in the instant Petition are as under:

(₹ in lakh)

Assets	Petition No. 34/TT/2021			Instant Petition
	IDC claimed	IDC disallowed due to the computational difference	IDC allowed	IDC claimed
Asset-I	4387.50	1.45	4386.05	4387.50
Asset-II	7393.31	21.07	7372.24	7393.31

16. It has been noted that the Petitioner has reclaimed the IDC disallowed due to the computational difference vide order dated 8.3.2022 in Petition No. 34/TT/2021. The claim of the Petitioner with respect to the IDC and discharge of IDC are as under:

(₹ in lakh)

Asset No.	IDC claimed	IDC discharged upto COD	IDC discharged during 2019-20	IDC discharged during 2020-21
Asset-I	4387.50	4105.03	282.47	0.00
Asset-II	7393.31	6444.72	0.00	948.59

17. The allowable IDC is being recomputed based on the information provided by the Petitioner in the instant Petition with regard to the loans deployed and applicable interest rates on the loans till the COD. Accordingly, the accrual IDC and its discharges allowed are as follows:

(₹ in lakh)

Assets	IDC claimed	IDC disallowed due to computational error	IDC undischarged as on COD	IDC discharge allowed as on COD	IDC discharged during 2019-20	IDC discharged during 2020-21
Asset-I	4387.50	2.26	358.54*	4026.70	358.54	0.00
Asset-II	7393.31	19.89	1098.72*	6274.70	0.00	1098.72

*Also includes pro-rata financing charges corresponding to undischarged IDC on COD

Incidental Expenditure During Construction (IEDC)

18. The IEDC claimed by the Petitioner as per the Auditor's Certificate remains the same as was claimed in Petition No. 34/TT/2021. The claimed IEDC was allowed without any deductions as time over-run for both the transmission assets had been condoned. It has been reported that entire amount of the IEDC for the transmission assets was discharged up to the COD. Accordingly, the IEDC claimed and considered without any deductions as on the COD for the purpose of truing-up of the tariff is as follows:

(₹ in lakh)		
Assets	IEDC claimed as per Auditor's Certificate	IEDC Allowed
Asset-I	2848.74	2848.74
Asset-II	6792.92	6792.92

Initial Spares

19. The Petitioner has submitted that the Initial Spares have been calculated as per the limit specified under Regulation 23 of the 2019 Tariff Regulations. The Initial Spares under the transmission line head for Asset-II covered in the instant Petition are in excess of the ceiling limit on individual basis by ₹521.14 lakh and Initial Spares under the Sub-station (Green field) head for Asset-I covered under the instant Petition are in excess of the ceiling limit on individual basis by ₹194.26 lakh. The same has been restricted to individual assets during the year of discharge in the 2019-24 tariff period. The details of Initial Spares submitted by the Petitioner are as follows:

(₹ in lakh)						
Assets	Particulars	Cost for Spare Calculation (A)	Initial Spares Claimed (B)	Ceiling Limit (in %) (C)	Initial Spares Allowable	Excess Initial Spares
					$D = [(A-B)*C / (100-C)]$	[B-D]
Asset-I	Transmission Line	100027.14	946.78	1.0	1000.81	-54.03
Asset-II	Transmission Line	149968.14	2015.61	1.0	1494.47	521.14
TOTAL	Transmission Line	249995.28	2962.39	1.0	2495.28	467.11

(₹ in lakh)

Assets	Particulars	Initial Spares Calculation (A)	Initial Spares Claimed (B)	Ceiling Limit (in %) (C)	Initial Spares Allowable	Excess Initial Spares
					$D = [(A-B)*C / (100-C)]$	[B-D]
Asset-I	Sub-station (Green Filed) & Communication	31988.09	1466.01	4.0	1271.75	194.26
Asset-I	Sub-station (Brown Filed) & Communication	5489.04	165.15	6.0	339.82	-174.67
Asset-II	Sub-station (Green Filed) & Communication	11570.36	270.61	4.0	470.82	-200.21
Asset-II	Sub-station (Brown Filed) & Communication	8656.82	200.46	6.0	539.77	-339.31
TOTAL	Sub-station	57704.30	2102.23		2622.17	-519.94

20. Further, the details of discharges in respect of the Initial Spares as submitted by the Petitioner are as under:

Asset	Particulars	Total Initial Spares Claimed	Expenditure on Initial Spares upto the COD and included in the Auditor's Certificate upto COD	Expenditure on Initial Spares in 2019-20 (ACE)	Expenditure on Initial Spares in 2020-21 (ACE)	Expenditure on Initial Spares in 2021-22 (ACE)
Asset-I	Transmission line	946.78	12.32	311.49	311.49	311.49
	Sub-station (Green Filed) & Communication	1466.01	265.47	393.24	807.30	0.00
	Sub-station (Brown Filed) & Communication	165.15	65.21	31.79	68.15	0.00

Asset	Particulars	Total Initial Spares Claimed	Expenditure on Initial Spares Upto COD and included in the Auditor's Certificate upto COD	Expenditure on Initial Spares in 2019-20 (ACE)	Expenditure on Initial Spares in 2020-21 (ACE)	Expenditure on Initial Spares in 2021-22 (ACE)
Asset-II	Transmission line	2015.61	662.44	451.06	479.27	422.85
	Sub-station	270.61	83.72	58.97	127.92	0.00



	(Green Filed) & Communication					
	Sub-station (Brown Filed) & Communication	200.47	61.58	43.37	95.52	0.00

21. We have considered the Petitioner's submissions. The transmission assets were put into commercial operation during the 2019-24 tariff period in accordance with the 2019 Tariff Regulations, the details of the cut-off date, in respect of the transmission assets are as follows:

Asset Name	COD	Cut-off Date
Asset-I	7.7.2019	31.7.2022
Asset-II	11.3.2020	31.3.2023

22. It has been observed that the Petitioner has claimed the Initial Spares separately for the PLCC under the head "Communication System" in the instant true-up Petition. The Commission vide order dated 8.3.2022 in Petition No. 34/TT/2021, held that the PLCC has to be considered as a part of the Sub-station and accordingly, the cost of the PLCC has to be clubbed with the cost of the Sub-station while computing the Initial Spares. The relevant extract of the order is as follows:

"64. It is further observed that the Petitioner has claimed Initial Spares separately for PLCC under the head "Communication System" in this petition. The Commission vide order dated 24.1.2021 in Petition No. 126/TT/2020 observed that PLCC is a part of Sub-station and, accordingly, did not allow separate O&M Expenses for PLCC. In view of findings of the Commission recorded in order dated 24.1.2021 in Petition No. 126/TT/2020, we are of the view that PLCC has to be considered as a part of Substation. Therefore, cost of PLCC has been clubbed with the cost of Sub-station while computing Initial Spares".

23. Therefore, in accordance with the order dated 8.3.2022 in Petition No. 34/TT/2021, the cost of the PLCC is being clubbed with the cost of Sub-station while computing the Initial Spares in instant true-up order.

24. Therefore, as above and as per the Auditor's Certificates submitted by the Petitioner, the Initial Spares have been re-calculated based on the actual expenditure in respect of Asset-I and Asset-II and the same are as follows:

(₹ in lakh)

Assets	Particulars	Plant and Machinery Cost (excluding IDC and IEDC, land cost & cost of civil works) up to the cut-off date	Initial Spares claimed	Norms as per the 2019 Tariff Regulations (in %)	Initial Spares allowable	Excess Initial Spares
		A	B	C	$D = (A - B) * C / (100 - C)$	$E = B - D$, if $B > D$, otherwise 0
Asset-I	Transmission line	99748.82	946.78	1	998.00	0.00
Asset-II	Transmission line	137341.96	2015.61	1	1366.93	648.68

(₹ in lakh)

Assets	Particulars	Plant and Machinery Cost (excluding IDC and IEDC, land cost & cost of civil works) up to cut-off date	Initial Spares claimed	Norms as per the 2019 Tariff Regulations	Initial Spares allowable	Excess Initial Spares
		A	B	C	$D = (A - B) * C / (100 - C)$	$E = B - D$, if $B > D$, otherwise 0
Asset-I	Sub-station (Green Field) + PLCC	31902.10	1466.01	4	1268.17	197.84
	Sub-station (Brown Field) + PLCC	5474.28	165.15	6	338.88	0.00
Asset-II	Sub-station (Green Field) + PLCC	10701.20	270.61	4	434.61	0.00
	Sub-station (Brown Field) + PLCC	8006.52	200.46	6	498.26	0.00

25. Therefore, as tabulated above and as per the Initial Spares discharge statement, the excess Initial Spares of ₹197.84 lakh towards the Sub-station of Asset-I shall be reduced from the ACE of the 2020-21 tariff period. Whereas, the excess Initial Spares of ₹225.84 lakh and ₹422.85 lakh towards the transmission line of Asset-II shall be

reduced from the ACE the 2020-21 and 2021-22 tariff period respectively.

26. Accordingly, the details of capital cost allowed as on CODs of the instant transmission assets are as under:

(₹ in lakh)					
Assets	Capital Cost as on the COD as per the Auditor's Certificate (A)	Disallowed IDC (B)	IDC discharged after COD (C)	Excess Initial Spares adjusted on COD (D)	Opening Capital Cost as on the COD (E)=(A)-(B)-(C)-(D)
Asset-I	135481.65	2.26	358.54	0	135120.85
Asset-II	156561.84	19.89	1098.72	0	155443.23

Additional Capital Expenditure (ACE)

27. The Commission vide order dated 8.3.2022 in Petition No. 34/TT/2021 had allowed the ACE in respect of Asset-I and Asset-II for the 2019-24 tariff period as follows:

(₹ in lakh)					
Assets	ACE allowed				
	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	5926.29	17799.57	2553.21	1737.24	0.00
Asset-2	1963.56	9982.38	4109.33	3063.30	0.00

28. The Petitioner has claimed the ACE based on the actual expenditure with respect to the transmission assets for the 2019-24 tariff period. The details of the same are as follows:

(₹ in lakh)							
Assets	Regulations	Projected ACE					Total ACE
		2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-I	24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations	5643.82	4594.37	195.82	-	-	11760.74
	25(1)(d) of 2019 the Tariff Regulations	-	-	-	1244.04	82.69	
Asset-II	24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations	1963.56	11466.41	512.05	201.18	-	14542.24
	25(1)(d) of 2019 the Tariff Regulations	-	-	-	-	399.04	

29. The Petitioner has submitted that the ACE claimed for the transmission assets is within the original scope of the work. The ACE approved by the Commission during the 2019-24 tariff period was based on the projections. In this regard, it may be noted that while projecting the estimated ACE, contracts were not closed, and liabilities were not finalized. However, in this true-up Petition, the ACE has been claimed based on the actual payments made to the contractors after receipt of the invoices from them and incorporating the amendments till the end of the 2019-24 tariff period. The ACE claimed in the 2019-24 tariff period is 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.

30. The liability flow statements submitted by the Petitioner vide affidavit dated 18.8.2025 and 22.12.2025 are as under:

Asset-I

(₹ in lakh)

Asset	Party name /head	Particulars	Outstanding Liability on COD	Discharged					Outstanding Liability on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	
Asset -1	Ms/ Aakar , M/s Plus Incorp, M/s A K Gupta, M/s SL Patel trust	Building and Civil works	1602.44	126.19	0.00	21.94	65.58	82.69	1306.04
	M/s Simplex, M/s Tata, M/s KPTL, M/s L&T, M/s Olectra	Transmissio n line	3828.22	810.42	1084.45	473.05	1178.46	0.00	281.84
	M.s Techno, M/s ABB, Ms GE,M/s T&R	Sub-station	2205.24	1042.57	1548.55	(385.88)	0.00	0.00	0.00
	M.s Techno	Communicati on system excluding OPGW	31.34	31.34	0.00	0.00	.00	0.00	0.00
	M.s Techno	IT Equipments	14.04	14.04	0.00	0.00	.00	0.00	0.00
	M.s Techno, M/s KSA Power	Batteries	9.89	9.89	0.00	0.00	.00	0.00	0.00
	Total		7691.17	2034.45	2633.00	109.11	1244.04	82.69	1587.88

(₹ in lakh)

Asset	Party name /head	Particulars	Additional Liability Recognized					Total
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-I	Secretary Urban Improvement trust	Freehold land	0.00	592.12	86.71	0.00	0.00	678.83
	M/s Simplex, M/s Tata, M/s KPTL, M/s L&T, M/s Olectra	Transmission line	2269.09	1369.25	0.00	0.00	0.00	3638.34
	M.s Techno, M/s ABB, Ms GE, M/s T&R	Sub-station	1334.75	0.00	0.00	0.00	0.00	1334.75
	M.s Techno	Communication system excluding OPGW	5.53	0.00	0.00	0.00	0.00	5.53
	Total		3609.37	1961.37	86.71	0.00	0.00	5657.45

Asset-II

(₹ in lakh)

Asset	Party name /head	Particulars	Outstanding Liability on COD	Discharged					Outstanding Liability on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	
Asset -II	M/s Plus Incorp, M/s A K Gupta, M/s SL Patel trust	Building and Civil works	1918.77	0.00	0.00	12.53	72.25	82.68	1751.31
	M/s Tata, M/s EMC, M/s Gupta etc.	Transmission line	9705.30	899.44	7877.21	422.85	128.93	316.36	60.51
	M.s Techno, Ms GE	Sub-station	977.84	226.54	708.25	43.05	0.00	0.00	0.00
	M.s Techno	OPGW	175.96	0.00	142.34	33.62	0.00	0.00	0.00
	M.s Techno	Communication system excluding OPGW	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	M.s Techno,	IT Equipment's	0.36	0.00	0.36	0.00	0.00	0.00	0.00
	M.s Techno,	Batteries	5.29	0.00	5.29	0.00	0.00	0.00	0.00
	Total		12783.52	1125.98	8733.45	512.05	201.18	399.04	1811.82

(₹ in lakh)

Asset	Party name /head	Particulars	Additional Liability Recognized					Total
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-II	M/s Tata, M/s EMC, M/s Gupta etc.	Transmission line	748.29	2386.99	0.000	0.00	0.00	3135.28
	M.s Techno, Ms GE	Sub-station	89.29	345.97	0.00	0.00	0.00	435.26
			837.58	2732.96	0.00	0.0	0.00	3570.54



31. We have considered the Petitioner's submissions. It has been observed that the Petitioner has claimed the ACE for the transmission assets on account of the discharge of liability/retention payments against the work executed prior to the cut-off date and for the works deferred for execution. Therefore, as per Regulation 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations, the ACE claimed by the Petitioner in respect of Asset-I and Asset-II are hereby admitted and allowed as follows:

(₹ in lakh)						
Assets	Regulation	ACE allowed				
		2019-20	2020-21	2021-22	2022-23	2023-24
Asset-I	24(1)(a) & 24(1)(b) of the 2019 Tariff Regulation	5643.82	4594.37	195.82	-	-
	25(1)(d) of the 2019 Tariff Regulation	-	-	-	1244.04	82.69
	Total ACE	5643.82	4594.37	195.82	1244.04	82.69
	Add: IDC Discharged	358.54	0	0	0	0
	Less: Excess Initial Spares	0	197.84	0	0	0
	Net ACE	6002.36	4396.53	195.82	1244.04	82.69
Asset-II	24(1)(a) & 24(1)(b) of the 2019 Tariff Regulation	1963.56	11466.41	512.05	201.18	-
	25(1)(d) of the 2019 Tariff Regulation	-	-	-	-	399.04
	Total ACE	1963.56	11466.41	512.05	201.18	399.04
	Add: IDC Discharged	0	1,098.72	0	0	0
	Less: Excess Initial Spares	0	225.84	422.85	0	0
	Net ACE	1963.56	12339.29	89.2	201.18	399.04

Treatment of Liquidated Damages

32. The Petitioner has submitted that the liquidated damages (LD) amounting to ₹949.23 lakh and ₹70.16 lakh for Asset-I in the year 2021-22 & 2022-23 and LD amounting to ₹445.48 lakh and ₹2151.40 lakh for Asset-II in the year 2021-22 & 2022-23, respectively, have been recovered from the contractors and duly adjusted in the capital cost.

33. We have considered the Petitioner's submissions. Regulation 21(4) & 21(5) of the 2019 Tariff Regulations provide as follows:

“21. Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC)
Xxxx

Xxxxx

(4) If the delay in achieving the COD is not attributable to the generating company or the transmission licensee, IDC and IEDC beyond SCOD may be allowed after prudence check and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be adjusted in the capital cost of the generating station or the transmission system, as the case may be.

(5) If the delay in achieving the COD is attributable either in entirety or in part to the generating company or the transmission licensee or its contractor or supplier or agency, in such cases, IDC and IEDC beyond SCOD may be disallowed after prudence check either in entirety or on pro-rata basis corresponding to the period of delay not condoned and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be retained by the generating company or the transmission licensee, as the case may be.”

34. The Commission vide order dated 8.3.2022 in Petition No. 34/TT/2021 has condoned the entire time over-run in commissioning of Asset-I & Asset-II and as such no IDC and IEDC was deducted on account of the time over-run.

35. Therefore, as discussed above, when the time over-run is not attributable to the project developer, or its contractors, the cost of the time over-run, i.e., IDC and IEDC has been allowed beyond the SCOD to the project developer, then LD, if any, recovered shall be adjusted in the capital cost.

36. After perusal of the documents, it has been observed that as per the Auditor's Certificate dated 8.10.2024 submitted by the Petitioner in respect of Asset-I, LD amounting to ₹949.23 lakh and ₹70.16 lakh recovered from the contractor had been reduced from the capital cost in the year 2021-22 and 2022-23. Similarly, the Auditor's Certificate dated 8.10.2024 in respect of Asset-II, the LD amounting to ₹445.48 lakh and ₹2151.40 lakh recovered from the contractor had been reduced from the capital cost in the year 2021-22 and 2022-23.

37. As discussed above, the Petitioner has already reduced the amount of the LD recovered from the capital cost through the ACE of the respective years of recovery. As such the treatment of the LD recovered by the Petitioner is in order and is in line with

the 2019 Tariff Regulations in respect of the transmission assets.

38. Therefore, the details of the total ACE allowed in respect of Asset-I and Asset-II for the 2019-24 tariff period are as follows:

(₹ in lakh)

Assets	ACE allowed				
	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-I	6002.36	4396.53	195.82*	1244.04*	82.69
Asset-II	1963.56	12339.29	89.2	201.18	399.04

*Including the adjustment of LD of ₹949.23 lakh in FY 2021-22 and ₹70.16 lakh in FY 2022-23

**Including the adjustment of LD of ₹445.48 lakh in FY 2021-22 and ₹2151.40 lakh in FY 2022-23

39. Accordingly, the details of the trued-up capital cost and the actual ACE allowed in respect of Asset-I and Asset-II for the 2019-24 tariff period are as follows:

Asset-I

(₹ in lakh)

Assets	Apportioned Approved Cost as per RCE	Opening Capital Cost allowed as on COD	ACE allowed					Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-I	172433.23	135120.85	6002.36	4396.53	195.82	1244.04	82.69	147042.29
Asset-II	179525.77	155443.23	1963.56	12339.29	89.2	201.18	399.04	170435.50

Debt-Equity Ratio

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

Asset-I

Funding	Capital Cost as on 1.4.2019/CODs		ACE during the 2019-24 tariff period (₹ in lakh)		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	94584.60	70	8345.00	70	102929.60	70
Equity	40536.26	30	3576.43	30	44112.69	30
Total	135120.85	100	11921.43	100	147042.29	100

Asset-II

Funding	Capital Cost as on 1.4.2019/CODs		ACE during the 2019-24 tariff period (₹ in lakh)		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	108810.26	70	10494.59	70	119304.85	70
Equity	46632.97	30	4497.68	30	51130.65	30
Total	155443.23	100	14992.27	100	170435.50	100

Depreciation

41. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019/COD 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 allowed in respect of the transmission assets are as follows:

Asset-I

(₹ in lakh)						
	Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	135120.85	141123.21	145519.74	145715.56	146959.60
B	Addition during the year 2019-24 due to actual ACE	6002.36	4396.53	195.82	1244.04	82.69
C	Closing Gross Block (A+B)	141123.21	145519.74	145715.56	146959.60	147042.29
D	Average Gross Block (A+C)/2	138122.03	143321.48	145617.65	146337.58	147000.95
E	Freehold land	91.25	387.31	726.73	770.08	770.08
F	Average Gross Block (90% depreciable assets)	137941.24	142837.50	144794.26	145470.83	146134.20
G	Average Gross Block (100% depreciable assets)	89.54	96.67	96.67	96.67	96.67
H	Depreciable value (excluding IT equipment and software) (F*90%)	124147.12	128553.75	130314.83	130923.75	131520.78
I	Depreciable value of IT equipment and software (G*100%)	89.54	96.67	96.67	96.67	96.67
J	Total Depreciable Value (H+I)	124236.66	128650.42	130411.50	131020.42	131617.45
K	Weighted average rate of Depreciation (WAROD) (in %)	5.26	5.25	5.24	5.24	5.24



L	Lapsed useful life at the beginning of the year (Year)	0.00	0.00	1.00	2.00	3.00
M	Balance useful life at the beginning of the year (Year)	32.00	32.00	31.00	30.00	29.00
N	Depreciation for the period/year (D*K)	5343.92	7529.43	7632.54	7667.41	7701.00
O	Cumulative depreciation at the end of period/year	5343.92	12873.35	20505.89	28173.30	35874.30
P	Remaining Aggregate Depreciable Value at the end of the year (J-O)	118892.74	115777.07	109905.61	102847.12	95743.15

Asset-II

(₹ in lakh)

	Particulars	2019-20 (Pro-rata 21 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	155443.23	157406.79	169746.08	169835.28	170036.46
B	Addition during the year 2019-24 due to actual ACE	1963.56	12339.29	89.20	201.18	399.04
C	Closing Gross Block (A+B)	157406.79	169746.08	169835.28	170036.46	170435.50
D	Average Gross Block (A+C)/2	156425.01	163576.44	169790.68	169935.87	170235.98
E	Freehold land	0.00	0.00	0.00	0.00	0.00
F	Average Gross Block (90% depreciable assets)	156399.63	163550.79	169764.76	169909.95	170210.06
G	Average Gross Block (100% depreciable assets)	25.38	25.65	25.92	25.92	25.92
H	Depreciable value (excluding IT equipment and software) (F*90%)	140759.67	147195.71	152788.29	152918.96	153189.06
I	Depreciable value of IT equipment and software (G*100%)	25.38	25.65	25.92	25.92	25.92
J	Total Depreciable Value (H+I)	140785.05	147221.36	152814.20	152944.87	153214.97
K	Weighted average rate of Depreciation (WAROD) (in %)	5.29	5.29	5.29	5.29	5.29
L	Lapsed useful life at the beginning of the year (Year)	0	0	1	2	3
M	Balance useful life at the beginning of the year (Year)	34	34	33	32	31
N	Depreciation for the period/year (D*K)	474.89	8655.03	8984.02	8991.04	9005.39
O	Cumulative depreciation at the end of period/year	474.89	9129.92	18113.94	27104.98	36110.37
P	Remaining Aggregate Depreciable Value at the end of the year (J-O)	140310.16	138091.44	134700.26	125839.89	117104.60

42. The details of the depreciation allowed vide order dated 8.3.2022 in Petition No. 34/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation



approved in the instant order in respect of the transmission assets are as follows:

Asset-I

(₹ in lakh)					
Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2020	5345.42	7874.45	8384.00	8492.38	8536.61
Claimed by the Petitioner in the instant Petition	5345.47	7529.65	7632.85	7667.72	7701.30
Approved after truing-up in this order	5343.92	7529.43	7632.54	7667.41	7701.00

Asset-II

(₹ in lakh)					
Particulars	2019-20 (Pro-rata 21 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2020	475.15	8596.02	8964.68	9148.82	9227.25
Claimed by the Petitioner in the instant Petition	475.42	8663.41	8991.81	8998.83	9013.17
Allowed after truing-up in this order	474.89	8655.03	8984.02	8991.04	9005.39

Interest on Loan (IoL)

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

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

Asset-I

(₹ in lakh)

	Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	94584.60	98786.25	101863.82	102000.89	102871.72
B	Cumulative Repayments up to Previous Year	0.00	5343.92	12873.35	20505.89	28173.30
C	Net Loan-Opening (A-B)	94584.60	93442.33	88990.47	81495.01	74698.42
D	Addition due to ACE	4201.65	3077.57	137.07	870.83	57.88
E	Repayment during the year	5343.92	7529.43	7632.54	7667.41	7701.00
F	Net Loan-Closing (C+D-E)	93442.33	88990.47	81495.01	74698.42	67055.31
G	Average Loan (C+F)/2	94013.46	91216.40	85242.74	78096.71	70876.87
H	Weighted Average Rate of Interest on Loan (in %)	4.05	2.67	2.31	4.75	7.32
I	Interest on Loan (G*H)	2798.44	2437.30	1972.52	3709.59	5188.19

Asset-II

(₹ in lakh)

	Particulars	2019-20 (Pro-rata 21 days)	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	108810.26	110184.75	118822.26	118884.70	119025.52
B	Cumulative Repayments up to Previous Year	0.00	474.89	9129.92	18113.94	27104.98
C	Net Loan-Opening (A-B)	108810.26	109709.87	109692.34	100770.76	91920.54
D	Addition due to ACE	1374.49	8637.50	62.44	140.83	279.33
E	Repayment during the year	474.89	8655.03	8984.02	8991.04	9005.39
F	Net Loan-Closing (C+D-E)	109709.87	109692.34	100770.76	91920.54	83194.48
G	Average Loan (C+F)/2	109260.06	109701.10	105231.55	96345.65	87557.51
H	Weighted Average Rate of Interest on Loan (in %)	3.96	3.00	2.73	4.99	7.39
I	Interest on Loan (G*H)	248.51	3291.91	2867.88	4803.79	6472.51

45. The details of the IoL allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021, IoL claimed in the instant Petition, and trued-up IoL in the instant order approved in respect of the transmission assets are as follows:



Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021	2980.06	4174.54	4133.54	3836.64	3497.03
Claimed by the Petitioner in the instant Petition	2799.19	2436.97	1972.82	3709.61	5188.16
Approved after truing-up in this order	2798.44	2437.30	1972.52	3709.59	5188.19

Asset-II

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2022	250.20	4381.42	4247.33	4002.63	3692.50
Claimed by the Petitioner in the instant Petition	248.78	3295.10	2870.34	4807.91	6477.87
Approved after truing-up in this order	248.51	3291.91	2867.88	4803.79	6472.51

Return on Equity (RoE)

46. The Petitioner has submitted that its Income Tax assessment has been completed and the assessment orders have been issued by the Income Tax Department 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) have been filed for FYs 2021-22, 2022-23 and 2023-24.

47. 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 rate for RoE (in %) $[(\text{Base Rate})/(1-t)]$
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

48. The assessment orders for FYs 2019-20 and 2020-21 and ITRs for FYs 2021-22, 2022-23 and 2023-24 have been submitted by the Petitioner. Accordingly, the year-wise effective tax rate and grossed-up RoE to be trued-up for the 2019-24 period as submitted by the Petitioner are 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

49. 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-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 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 Assesses), 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

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

Asset-I

(₹ in lakh)						
Sl. No.	Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	40536.26	42336.96	43655.92	43714.67	44087.88
B	Addition due to ACE	1800.71	1318.96	58.75	373.21	24.81
C	Closing Equity (A+B)	42336.96	43655.92	43714.67	44087.88	44112.69
D	Average Equity (A+C)/2	41436.61	42996.44	43685.30	43901.27	44100.28
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	Return on Equity allowed for the period/year (D*G)	5720.02	8075.59	8204.97	8245.54	8282.92

Asset-II

(₹ in lakh)						
Sl. No.	Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	46632.97	47222.04	50923.82	50950.58	51010.94
B	Addition due to ACE	589.07	3701.79	26.76	60.35	119.71
C	Closing Equity (A+B)	47222.04	50923.82	50950.58	51010.94	51130.65
D	Average Equity (A+C)/2	46927.50	49072.93	50937.20	50980.76	51070.79

E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	Return on Equity allowed for the period/year (D*G)	505.72	9216.88	9567.03	9575.21	9592.12

51. The details of the RoE allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021 for the transmission assets, RoE claimed in the instant Petition, and trued-up RoE approved in respect of the transmission assets in the instant order are as follows:

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition 34/TT/2021	5721.62	8453.24	9026.64	9147.52	9196.46
Claimed by the Petitioner in the instant Petition	5721.67	8075.80	8205.28	8245.85	8283.23
Allowed after truing-up in this order	5720.02	8075.59	8204.97	8245.54	8282.92

Asset-II

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021	506.20	9158.87	9555.87	9757.95	9844.25
Claimed by the Petitioner in the instant Petition	506.27	9225.82	9575.33	9583.51	9600.42
Allowed after truing-up in this order	505.72	9216.88	9567.03	9575.21	9592.12

Operation & Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)

Asset-I	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
	1829.07	2575.3	2666.15	2761.5	2857.88

(₹ in lakh)

Asset-II	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
	48.53	875.36	906.03	938.00	970.74

53. We have considered the Petitioner's submissions. It has been 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 have been worked out as follows:

Asset-I

(₹ in lakh)					
Particulars	2019-20 (pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Transmission Lines					
Double circuit, Sub-conductors-4 & 6					
765 kV D/C Ajmer (New)- Bikaner (New) Transmission Line (Total Length of Line: 263 km) - LILO of 1 circuit of 400 kV Badhla (RVPNL) -Bikaner (RVPNL) Transmission Line (Total Length of Line: 9.150 km)					
Norms as per Regulation (₹ lakh per km)	1.322	1.368	1.416	1.466	1.517
O&M Expenses allowed	264.43	372.30	385.36	398.97	412.85

Particulars	2019-20 (pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Sub-station					
765 kV Conventional Bays					
Ajmer (New) Sub-station					
2 Nos. line Bay for 765 kV D/C Ajmer (New)-Bikaner (New) Transmission Line 2 Nos. reactor Bay for 2x240 MVar SWL					
Bikaner (New) Sub-station					
2 Nos. line Bay for 765 kV D/C Ajmer (New)-Bikaner (New) Transmission Line 2 Nos. reactor Bay for 2x 330 MVar SWL 2 Nos. ICT Bays for 2 Nos. 765/400 kV 3x500 MVA ICTs. 1 No. reactor Bay for 330 MVar Bus reactor					
Norms as per Regulation (₹ lakh per bay)	45.01	46.60	48.23	49.93	51.68
O&M Expenses allowed	363.89	512.60	530.53	549.23	568.48
765 kV ICT					
Bikaner (New) Sub-station					
2 Nos. 765/400 kV 3x500 MVA ICTs.					
Norms as per Regulation (₹ lakh per bay)	0.491	0.508	0.526	0.545	0.564
O&M Expenses allowed	1082.61	1524.00	1578.00	1635.00	1692.00
Sub-station 400 kV:					

400 kV conventional bays					
Bikaner (New) Sub-station					
2 Nos. ICT Bays for 2Nos. 765/400 kV 3x500 MVA ICTs. 1 No. reactor Bay for 125 MVar Bus reactor 2 Nos. line Bays for LILO of 1 circuit of 400 kV Badhla (RVPNL)-Bikaner (RVPNL) Transmission Line					
Norms as per Regulation (₹ lakh per bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses allowed	118.15	166.40	172.25	178.30	184.55
Total O&M Expenses allowed	1564.65	2203.00	2280.78	2632.53	2445.03

(₹ in lakh)

Particulars	2019-20 (pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses allowed for the transmission line	264.43	372.30	385.36	398.97	412.85
O&M Expenses allowed for the Sub-station	1564.65	2203.00	2280.78	2632.53	2445.03
Total O&M Expenses allowed	1829.08	2575.30	2666.14	2761.50	2857.88

Asset-II

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Transmission Lines					
Double circuit, Sub-conductors-4 & 6					
765 kV D/C Bikaner (New) – Moga Transmission Line (Total Length of line: 367.367 km)					
Norms as per Regulation (₹ lakh per km)	1.322	1.368	1.416	1.466	1.517
O&M Expenses allowed	27.87	502.56	520.19	538.56	557.30

Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Sub-station					
765 kV Conventional Bays					
Bikaner (New) Sub-station					
2 Nos. line bays for 765 kV D/C Bikaner (New) – Moga transmission Line 2 Nos. Reactor bays for 2x330 MVar SWL					
Moga Sub-station					
2 Nos. line bays for 765 kV D/C Bikaner (New) – Moga transmission Line 2 Nos. Reactor bays for 2x330 MVar SWL					
Norms as per Regulation (₹ lakh per bay)	45.01	46.60	48.23	49.93	51.68
O&M expenses allowed	20.66	372.80	385.84	399.44	413.44

Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses allowed for transmission line	27.87	502.56	520.19	538.56	557.30
O&M Expenses allowed for substation	20.66	372.80	385.84	399.44	413.44
Total O&M Expenses allowed	48.53	875.36	906.03	938.00	970.74

54. Accordingly, the details of the O&M Expenses allowed vide order dated 8.3.2022 in Petition 34/TT/2021, O&M Expenses claimed in the instant Petition, and trued-up O&M Expenses approved in the instant order in respect of the transmission assets are as follows:

Asset- I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021	1829.08	2575.30	2666.14	2761.50	2857.88
Claimed by the Petitioner in the instant Petition.	1829.08	2575.30	2666.14	2761.50	2857.88
Approved after truing-up in this order	1829.08	2575.30	2666.14	2761.50	2857.88

Asset- II

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order 8.3.2022 in Petition No. 34/TT/2021	48.53	875.36	906.03	938.00	970.74
Claimed by the Petitioner in the instant Petition.	48.53	875.36	906.03	938.00	970.74
Allowed after truing-up in this order	48.53	875.36	906.03	938.00	970.74

Interest on Working Capital (IWC)

55. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for FY 2020-

21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for FY 2021-22 & 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.

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

Asset-I

(₹ in lakh)						
Sl. No.	Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	207.39	214.61	222.18	230.13	238.16
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	373.30	386.30	399.92	414.23	428.68
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	2673.17	2586.10	2565.73	2804.32	3008.74
D	Total Working Capital (A+B+C)	3253.86	3187.01	3187.83	3448.67	3675.58
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital allowed for the period/year (D*E)	288.18	358.54	334.72	362.11	441.07

Asset- II

(₹ in lakh)						
Sl. No.	Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	70.48	72.95	75.50	78.17	80.89
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	126.86	131.30	135.90	140.70	145.61
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	2781.94	2758.25	2791.26	3039.06	3253.07
D	Total Working Capital (A+B+C)	2979.28	2962.50	3002.67	3257.92	3479.57

E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital allowed for the period/year (D*E)	20.60	333.28	315.28	342.08	417.55

57. Accordingly, the details of the IWC allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021, IWC claimed in the instant Petition, and trued-up IWC approved in the instant order in respect of the transmission assets are as follows:

Asset-I

(₹ in lakh)					
Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021	290.95	393.14	383.70	386.43	385.97
Claimed by the Petitioner in the instant Petition.	288.23	358.54	334.73	362.12	441.08
Approved after truing-up in this order	288.18	358.54	334.72	362.11	441.07

Asset- II

(₹ in lakh)					
Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021	20.64	346.96	332.97	336.04	334.51
Claimed by the Petitioner in the instant Petition.	20.62	333.57	315.52	342.35	417.87
Approved after truing-up in this order	20.60	333.28	315.28	342.08	417.55

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

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

Asset-I

(₹ in lakh)					
Particulars	2019-20 (pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	5343.92	7529.43	7632.54	7667.41	7701.00
Interest on Loan	2798.44	2437.30	1972.52	3709.59	5188.19
Return on Equity	5720.02	8075.59	8204.97	8245.54	8282.92

O&M Expenses	1829.08	2575.30	2666.14	2761.50	2857.88
Interest on Working Capital	288.18	358.54	334.72	362.11	441.07
Total	15979.63	20976.17	20810.89	22746.15	24471.05

Asset-II

(₹ in lakh)

Particulars	2019-20 (pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	474.89	8655.03	8984.02	8991.04	9005.39
Interest on Loan	248.51	3291.91	2867.88	4803.79	6472.51
Return on Equity	505.72	9216.88	9567.03	9575.21	9592.12
O&M Expenses	48.53	875.36	906.03	938.00	970.74
Interest on Working Capital	20.60	333.28	315.28	342.08	417.55
Total	1298.24	22372.46	22640.24	24650.13	26458.30

59. The details of annual transmission charges allowed vide order dated 8.3.2022 in Petition 34/TT/2021 for the transmission assets, annual transmission charges claimed in the instant Petition, and trued-up annual transmission charges approved in respect of the transmission assets in the instant order are as follows:

Asset-I

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021	16167.14	23470.67	24594.02	24624.46	24473.95
Claimed by the Petitioner in the instant Petition	15983.63	20976.26	20811.83	22746.80	24471.65
Approved after truing-up in this order	15979.63	20976.17	20810.89	22746.15	24471.05

Asset-II

(₹ in lakh)

Particulars	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 8.3.2022 in Petition No. 34/TT/2021	1300.71	23358.63	24006.89	24183.45	24069.25
Claimed by the Petitioner in the instant Petition	1299.62	22393.26	22659.03	24670.60	26480.07
Approved after truing-up in this order	1298.24	22372.46	22640.24	24650.13	26458.30

DETERMINATION OF THE ANNUAL FIXED CHARGES FOR THE 2024-29 TARIFF PERIOD

60. The Petitioner has combined Asset-I with Asset-II for determination of the transmission tariff for the 2024-29 tariff period. 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	17027.00	17063.77	17094.27	17115.40	16730.74
Interest on Loan	10668.66	9463.74	8274.63	7029.77	5759.49
Return on Equity	17928.23	17984.65	18063.43	18102.78	18102.78
O&M Expenses	821.82	812.82	804.48	793.19	779.42
Interest on Working Capital	3308.45	3483.73	3663.41	3855.14	4063.29
Total	49754.16	48808.71	47900.22	46896.28	45435.72

61. The Petitioner has claimed following IWC 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	275.71	290.31	305.29	321.26	338.61
Maintenance Spares	496.27	522.56	549.51	578.27	609.49
Receivables	6134.08	6017.51	5905.51	5765.94	5601.66
Total Working Capital	6906.06	6830.38	6760.31	6665.47	6549.76
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	821.82	812.82	804.48	793.19	779.42

Effective Date of Commercial Operation (E-COD)

62. The Petitioner has claimed the E-COD of the Combined Asset as 17.11.2019. Based on the trued-up admitted capital cost and the actual COD of the transmission assets being combined, i.e., Asset-I and Asset-II, the E-COD of the Combined Asset has been worked out as follows:

Computation of E-COD						
Assets	COD	Admitted Cost as on 31.3.2024 (₹ in lakh)	Weight of the cost (in %)	No. of days from last COD	Weighted Days	E-COD
Asset-I	7.7.2019	147042.29	46.32	248	114.86	17.11.2019
Asset-II	11.3.2020	170435.50	53.68	0	0	

Total		317477.79	100		115	
E-COD (Latest COD-Total Weighted Days =17.11.2019)						

63. The E-COD is used to determine the lapsed life of the project as a whole, which works out as four (4) 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)

64. 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 different span of life. Therefore, the concept of WAL has been used as the useful life of the transmission project as a whole.

65. The WAL has been determined based on the admitted capital cost of individual elements as on 31.3.2024. For this purpose, the element-wise useful life as defined in the 2024 Tariff Regulations has been considered for the determination of WAL. Accordingly, the WAL in respect of the Combined Asset has been worked out as 24 years, 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)
Land (Freehold Land)	770.08		0.00	
Building & Civil works	2808.41	25	70210.36	
Transmission Lines	253899.72	35	8886490.07	
Substations	56167.20	25	1404179.98	
Comm. Sys. excluding Fiber Optic	3121.60	15	46823.99	
Fiber Optic/OPGW	487.87	15	7318.06	
LAND (Leasehold)	0.00	25	0.00	
Batteries	100.33	25	2508.13	

I. T Equipment including software UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA system	122.59	7	858.10	
TOTAL	317477.79		10418388.68	
Less Land (Freehold Land)	770.08			
Total Net of Land (Freehold Land)	316707.71		10418388.6	33

66. The 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 to be done. As discussed, the E-COD of the Combined Asset is 17.11.2019, and the lapsed life of the project as a whole, works out as four (4) 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

67. 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."

68. The capital cost as claimed by the Petitioner in respect of the Combined Asset for

the 2024-29 period is as under:

Asset	FR Apportioned approved cost	Expenditure Up to 31.3.2024	Projected ACE					(₹ in lakh) Estimated completion Cost as on 31.3.2029
			2024-25	2025-26	2026-27	2027-28	2028-29	
Combined Asset	351959.00	318346.47	603.70	1399.00	1397.00	0.00	0.00	321746.17

69. We have considered the Petitioner's submissions. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. The trued-up capital cost of ₹147042.29 lakh & ₹170435.50 lakh has been approved as on 31.3.2024 in respect of Asset-I & Asset-II, respectively. Therefore, the total capital cost ₹317477.79 lakh (₹147042.29 lakh + ₹170435.50 lakh) is being considered as the opening capital cost as on 1.4.2024 in respect of the Combined Asset for working out the tariff for the 2024-29 period subject to the admissibility of the additional Initial Spares deliberated as under.

Initial Spares

70. The Petitioner has submitted that the Initial Spares amounting to ₹54.03 lakh and ₹194.26 lakh has been added back to the Combined Asset as on 1.4.2024 in the transmission line head and Sub-station head. Since the Initial Spares are to be allowed on the basis of project cost as whole, the Petitioner has prayed to allow the same as per the APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017.

71. We have considered the Petitioner'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 the Initial Spares as per the ceiling limit on the overall project cost. The relevant portion of the said judgment is extracted here under:

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

72. Therefore, as the Petitioner has combined all the transmission assets for the 2024-29 tariff period, in accordance with the aforementioned APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares are re-calculated in respect of the Combined Asset based on overall project cost as follows:

							(₹ in lakh)
Assets	Particulars	Plant and Machinery cost (excluding IDC and IEDC, land cost & cost of civil works) up to cut-off date	Initial Spares claimed	Norms as per the 2019 Tariff Regulations (in %)	Initial Spares allowable	Initial Spares allowed earlier	Additional Initial Spares to be allowed for the combined asset
		A	B	C	$D = (A - B) * C / (100 - C)$	$E = B - D$, if $B > D$, otherwise 0	
Transmission Line							
Asset-I	Transmission line	99748.82	946.78	1	998.00	946.78	
Asset-II	Transmission line	137341.96	2015.61	1	1366.93	1366.93	
Total			2962.39		2364.93	2313.71	51.22
(Additional Initial Spares ₹51.22 lakh (₹2364.93 lakh - ₹2313.71 lakh) has been allowed in transmission line head)							
Sub-station							
Asset-I	Sub-station (Green Field) + PLCC	31902.10	1466.01	4	1268.17	1268.17	
Asset-II	Sub-station (Green Field) + PLCC	10701.20	270.61	4	434.61	270.61	
			1736.62	4	1702.78	1538.78	164.00
(Additional Initial Spares ₹164.00 lakh (₹1702.78 lakh - ₹1538.78 lakh) has been allowed in Sub-station (Green-field) head)							
Asset-I	Sub-station (Brown-field) + PLCC	5474.28	165.15	6	338.88	165.15	
Asset-II	Sub-station (Brown-field) + PLCC	8006.52	200.46	6	498.26	200.46	
Total			365.61		837.14	365.61	0.00

73. Accordingly, the total additional Initial Spares ₹215.22 lakh (₹51.22 lakh + ₹164.00 lakh) is hereby, allowed as on 1.4.2024 in respect of the Combined Asset in accordance with the APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017.

74. Accordingly, the details of the capital cost in respect of the Combined Asset as on 1.4.2024 are as follows:

(₹ in lakh)		
Capital Cost approved as on 31.3.2024	Additional Initial Spares allowed as per the APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017	Capital Cost allowed as on 1.4.2024
317477.79	215.22	317693.01

Additional Capital Expenditure

75. Regulations 24 and 25 of the 2014 Tariff Regulations provides as follows:

“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 Capitalization 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 with any existing law which is not provided for in the original scope of work;
- (c) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;
- (d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;
- (e) Force Majeure events;
- (f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and

(2) In case of replacement of assets deployed under the original scope of the existing project after 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”

76. The Petitioner has claimed the ACE in respect of the Combined Asset for the 2024-29 tariff period as follows:

(₹ in lakh)

Assets	Regulation	Projected ACE				
		2024-25	2025-26	2026-27	2027-28	2028-29
Asset-I	25(1)(d) of the 2024 Tariff Regulations	448.88	570.00	569.00	0.00	0.00
Asset-II		154.82	829.00	828.00	0.00	0.00
Combined Asset	Total	603.70	1399.00	1397.00	0.00	0.00

77. The Petitioner has submitted that the ACE projected for the 2024-29 period pertains to the undischarged liabilities towards the final or withheld payments under the Sub-station package arising from the contractual exigencies and relating to the works executed prior to the cut-off date. The ACE claimed beyond the cut-off date relates to the liability/retention payments for works within the original scope and executed before the cut-off date and is covered under Regulation 25(1)(d) of the 2024 Tariff Regulations.

78. The details of the Liability Flow Statement submitted by the Petitioner are as follows:

Asset-I

(₹ in lakh)

Party name /head	Particulars	Outstanding Liability on 31.3.2024	Discharged					Outstanding Liability on 31.3.2029
			2024-25	2025-26	2026-27	2027-28	2028-29	
Ms/ Aakar , M/s Plus Incorp, M/s A K Gupta, M/s SL Patel trust	Building and Civil works	1306.04	167.04	570.00	569.00	0.00	0.00	0.00
M/s Simplex, M/s Tata, M/s KPTL, M/s L&T, M/s Olectra	Transmi ssion line	281.84	281.84	0.00	0.00	0.00	0.00	0.00
		1587.88	448.88	570.00	569.00	0.00	0.00	0.00

Asset-II

(₹ in lakh)

Party name /head	Particulars	Outstanding Liability on 31.3.2024	Discharged					Outstanding Liability on 31.3.2029
			2024-25	2025-26	2026-27	2027-28	2028-29	
M/s Plus Incorp, M/s A K Gupta, M/s SL Patel trust	Building and Civil works	1751.31	94.31	829.00	828.00	0.00	0.00	0.00
M/s Tata, M/s EMC, M/s Gupta etc.	Transmission line	60.51	60.51	0.00	0.00	0.0	00.00	0.00
		1811.82	154.82	829.00	828.00	0.00	0.00	0.00

79. We have considered the Petitioner's submissions. It has been observed that the Petitioner has projected the ACE for discharge of the liability towards the final/retention payments against the works executed prior to the cut-off date. Therefore, as per Regulations 25(1)(d) of the 2019 Tariff Regulations, the ACE projected by the Petitioner in respect of Combined Asset is hereby allowed subject to truing up for the 2024-29 tariff period as follows:

(₹ in lakh)

Assets	Regulation	ACE allowed				
		2024-25	2025-26	2026-27	2027-28	2028-29
Asset-I	25(1)(d) of the 2024 Tariff Regulations	448.88	570.00	569.00	0.00	0.00
Asset-II		154.82	829.00	828.00	0.00	0.00
Combined Asset	Total	603.70	1399.00	1397.00	0.00	0.00

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

(₹ in lakh)

Asset	Approved Cost as per FR	Capital Cost as on 1.4.2024	ACE Allowed					Capital Cost as on 31.3.2029
			2024-25	2025-26	2026-27	2027-28	2028-29	
Combined Asset	351959.00	317693.01	603.70	1399.00	1397.00	0.00	0.00	321092.71



Debt Equity Ratio

81. 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.”

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

(₹ in lakh)						
Funding	As on 1.4.2024	ACE		As on 31.3.2029		
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	222385.11	70	2379.79	70	224764.90	70
Equity	95307.90	30	1019.91	30	96327.81	30
Total	317693.01	100	3399.70	100	321092.71	100

Depreciation

83. 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 ”

84. 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.

85. 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	317693.01	318296.71	319695.71	321092.71	321092.71
B	Addition during the year 2024-29 due to actual ACE	603.70	1399.00	1397.00	0.00	0.00
C	Closing Gross Block (A+B)	318296.71	319695.71	321092.71	321092.71	321092.71
D	Average Gross Block (A+C)/2	317994.86	318996.21	320394.21	321092.71	321092.71
E	Freehold land included in average capital cost	770.08	770.08	770.08	770.08	770.08
F	Average Gross Block (90% depreciable assets)	317102.19	318103.54	319501.54	320200.04	320200.04
G	Average Gross Block (100% depreciable assets)	122.59	122.59	122.59	122.59	122.59
H	Depreciable value (excluding IT equipment and software) (F*90%)	285391.98	286293.19	287551.39	288180.04	288180.04
I	Depreciable value of IT equipment and software (G*100%)	122.59	122.59	122.59	122.59	122.59
J	Total Depreciable Value (H+I)	285514.56	286415.78	287673.98	288302.63	288302.63
K	Weighted average rate of Depreciation (WAROD) (in %)	5.35	5.35	5.33	5.33	5.21
L	Lapsed useful life at the beginning of the year (Year)	4	5	6	7	8
M	Balance useful life at the beginning of the year (Year)	29	28	27	26	25
N	Depreciation during the year (D*K)	17017.14	17053.91	17084.42	17105.55	16721.42
O	Cumulative depreciation at the end of period/year	89001.81	106055.72	123140.14	140245.69	156967.11
P	Remaining Aggregate Depreciable Value at the end of the year (I-P)	196512.75	180360.06	164533.84	148056.94	131335.52

Interest on Loan (IoL)

86. 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."

87. The Weighted Average Rate of Interest (WAROI) on loans 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 are as follows:

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	222385.11	222807.70	223787.00	224764.90	224764.90

B	Cumulative Repayments up to Previous Year	71984.67	89001.81	106055.72	123140.14	140245.69
C	Net Loan-Opening (A-B)	150400.44	133805.89	117731.28	101624.76	84519.21
D	Addition due to ACE	422.59	979.30	977.90	0.00	0.00
E	Repayment during the year	17017.14	17053.91	17084.42	17105.55	16721.42
F	Net Loan-Closing (C+D-E)	133805.89	117731.28	101624.76	84519.21	67797.79
G	Average Loan (C+F)/2	142103.16	125768.58	109678.02	93071.98	76158.50
H	Weighted Average Rate of Interest on Loan (in %)	7.50	7.52	7.54	7.55	7.55
I	Interest on Loan (G*H)	10661.79	9458.55	8270.25	7026.31	5753.33

Return on Equity (RoE)

88. 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:

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

(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."

89. The Petitioner has submitted that MAT rate applies to it. We have considered the Petitioner's submission and have gone through the record. The Petitioner has claimed the RoE considering the 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.

90. 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	95307.90	95489.01	95908.71	96327.81	96327.81
B	Addition due to ACE	181.11	419.70	419.10	0.00	0.00
C	Closing Equity (A+B)	95489.01	95908.71	96327.81	96327.81	96327.81
D	Average Equity (A+C)/2	95398.46	95698.86	96118.26	96327.81	96327.81
E	Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
F	Tax Rate applicable (%)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (%)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (Pre-tax) (D*G)	17917.74	17974.16	18052.93	18092.29	18092.29

Operation and Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses Claimed	3308.46	3483.73	3663.42	3855.14	4063.28

92. 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-
<i>Norms for sub-station Bays (Rs Lakh per bay)</i>					
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
<i>Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)</i>					
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
<i>Norms for AC and HVDC lines (Rs Lakh per km)</i>					

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 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..... ”

93. The O&M expenses allowed for the Combined Asset in line with the Regulation 36(3) of 2024 Tariff Regulations are as under:

(₹ in lakh)					
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
Transmission Lines					
Double circuit, Sub-conductors-4 & 6					
765 kV D/C Ajmer (New)- Bikaner (New) Transmission Line (Total Length of Line: 263 km) - LILO of 1 circuit of 400 kV Badhla (RVPNL)-Bikaner (RVPNL) Transmission line (Total Length of Line: 9.150 km) 765 kV D/C Bikaner (New) – Moga transmission Line (Total Length of line : 367.367 km)					
Norms as per Regulation (₹ lakh per km)	1.291	1.359	1.43	1.506	1.585
O&M Expenses allowed	825.62	869.10	914.51	963.11	1013.63

(₹ in lakh)					
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station					
765 kV Conventional Bays					
Ajmer (New) Sub-station					
2 Nos. line Bay for 765 KV D/C Ajmer (New)- Bikaner (New) Transmission Line 2 No. reactor Bay for 2x240 MVar SWL					
Bikaner (New) Sub-station					
2 Nos. line bays for 765 kV D/C Bikaner (New) – Moga transmission Line 2 Nos. Reactor bays for 2x330 MVar SWL 2 Nos. line Bay for 765 kV D/C Ajmer (New)-Bikaner (New) Transmission Line 2 Nos. reactor Bay for 2x 330 MVar SWL 2 Nos. ICT Bays for 2 Nos. 765/400 kV 3x500 MVA ICTs. 1 No. reactor Bay for 330 MVar Bus reactor					
Moga Sub-station					
2 Nos. line bays for 765 kV D/C Bikaner (New) – Moga transmission Line 2 Nos. Reactor bays for 2x330 MVar SWL					
Norms as per Regulation (₹ lakh per bay)	41.340	43.510	45.790	48.200	50.730
O&M Expenses allowed	785.46	826.69	870.01	915.80	963.87
765 kV ICT					
Bikaner (New) Sub-station					
2 Nos. 765/400 kV 3x500 MVA ICTs.					
Norms as per Regulation (₹ lakh per MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses allowed	786.00	828.00	870.00	915.00	966.00
765 kV Reactor					
Ajmer (New) Sub-station					
2 Nos. 765 kV 240 MVar SWL					

Bikaner (New) Sub-station 2 Nos. 765 kV 330 MVar SWL 2 Nos. 765 kV 330 MVar SWL 1 No. 765 kV 330 MVar Bus reactor Moga Sub-station 2 No. 765 kV 330 MVar SWL 400 kV Reactor Bikaner (New) Sub-station 1 No. 400 kV 125 MVar Bus reactor					
Norms as per Regulation (₹ lakh per MVAR)	0.262	0.276	0.290	0.305	0.322
No. of Units (MVAR)	2790	2790	2790	2790	2790
O&M Expenses allowed	763.73	804.54	845.35	889.08	938.63
400 kV conventional bays Bikaner (New) Sub-station 2 Nos. ICT Bays for 2No's 765/400 kV 3x500 MVA ICTs. 1 No. reactor Bay for 125 MVar Bus reactor 2 Nos. line Bays for LILO of 1 circuit of 400 kV Badhla (RVPNL)-Bikaner (RVPNL) Transmission line					
Norms as per Regulation (₹ lakh per bay)	29.530	31.080	32.710	34.430	36.230
O&M Expenses allowed	147.65	155.40	163.55	172.15	181.15
Total O&M allowed	2482.84	2614.63	2748.91	2892.03	3049.65

(₹ in lakh)					
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses allowed for the transmission line	825.62	869.10	914.51	963.11	1013.63
O&M Expenses allowed for the Sub-station	2482.84	2614.63	2748.91	2892.03	3049.65
Total O&M Expenses allowed	3308.46	3483.73	3663.42	3855.14	4063.28

Interest on Working Capital (IWC)

94. 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.”

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

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	275.70	290.31	305.28	321.26	338.61
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	496.27	522.56	549.51	578.27	609.49
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	6130.67	6017.31	5905.37	5765.88	5601.28
D	Total Working Capital (A+B+C)	6902.64	6830.18	6760.17	6665.41	6549.38
E	Rate of Interest for working capital (in %)	11.90	12.25	12.25	12.25	12.25
F	Interest on Working Capital (D*E)	821.41	836.70	828.12	816.51	802.30

Annual Fixed Charges for the 2024-29 Tariff Period

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	17017.14	17053.91	17084.42	17105.55	16721.42
Interest on Loan	10661.79	9458.55	8270.25	7026.31	5753.33
Return on Equity	17917.74	17974.16	18052.93	18092.29	18092.29
O&M Expenses	3308.46	3483.73	3663.42	3855.14	4063.28
Interest on Working Capital	821.41	836.70	828.12	816.51	802.30
Total	49726.54	48807.05	47899.14	46895.80	45432.63

Filing Fee and Publication Expenses

97. The Petitioner has sought reimbursement of the fee paid by it for filing the Petition and publication expenses in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

98. 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)

99. 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 the additional O&M Expenses through a separate Petition at the end of the tariff period.

100. 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.”

101. 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

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

Goods and Services Tax

103. 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 the Petitioner be allowed to charge and bill it separately. The Petitioner further prayed 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.

104. 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

105. 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.

106. 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.

107. 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.

108. The Petitioner has not claimed the 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

the capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

109. 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."

110. 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

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

112. 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 2010 Sharing Regulations and with effect from 1.11.2020 (after repeal of the 2010 Sharing Regulations), sharing of transmission charges is governed by the 2020 Sharing Regulations. 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.

113. To summarize:

- a) The trued-up AFC claimed and the AFC approved in respect of Asset-I and Asset-II for the 2019-24 tariff period are as follows:

Asset-I

Particulars	(₹ in lakh)				
	2019-20 (Pro-rata for 269 days)	2020-21	2021-22	2022-23	2023-24
AFC Claimed	15983.63	20976.26	20811.83	22746.80	24471.65
AFC Approved	15979.63	20976.17	20810.89	22746.15	24471.05

Asset-II

Particulars	(₹ in lakh)				
	2019-20 (Pro-rata for 21 days)	2020-21	2021-22	2022-23	2023-24
AFC Claimed	1299.63	22393.26	22659.03	24670.60	26480.07
AFC Approved	1298.24	22372.46	22640.24	24650.13	26458.30

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

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	49754.16	48808.71	47900.22	46896.28	45435.72
AFC Allowed	49726.54	48807.05	47899.14	46895.80	45432.63

114. This order disposes of Petition No. 478/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

