

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 485/GT/2024

Coram:

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

Date of Order: 31st March, 2026

In the matter of:

Petition for truing up of tariff for 2019-24 tariff and determination of 2024-29 tariff in respect of Koteswar Hydro Electric Project (KHEP) (4x100MW).

And

In the matter of:

THDC India Limited,
NHPC Office Complex, Sector – 33,
Faridabad (Haryana) – 121 003

... Petitioner

Vs

1. Punjab State Power Corporation Limited,
The Mall, Patiala – 147001 (Punjab)
2. Haryana Power Utilities (DHBVNL & UHBVNL),
Shakti Bhawan, Sector 6, Panchkula – 134 109 (Haryana)
3. Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14 Ashok Marg, Lucknow – 226001 (UP)
4. BSES Yamuna Power Ltd., 3rd Floor,
Shakti Kiran Building, Karkardooma, Near Court, New Delhi-110092
5. TATA Power Delhi Distribution Limited,
33 KV Grid Sub-Station Building, Hudson Lane,
Kingsway Camp, Delhi-110009
6. Engineering Dept., Chandigarh Administration,
1st Floor, UT Secretariat, Sector 9-D, Chandigarh-160009
7. Uttarakhand Power Corporation Limited,
Urja Bhawan, Kanwali Road, Dehradun-248001 (UK)



8. HPSEB Limited,
Vidyut Bhawan, Shimla-171004 (HP)
 9. Jaipur Vidyut Vitran Nigam Limited,
Vidyut Bhawan, Janpath, Jyotinagar, Jaipur-302005 (Rajasthan)
 10. Ajmer Vidyut Vitran Nigam Limited,
Old Power House, Hatthi Bhatta, Jaipur road, Ajmer-305001 (Rajasthan)
 11. Jodhpur Vidyut Vitran Nigam Limited,
New Power House, Industrial Area, Jodhpur-342003 (Rajasthan)
 12. Power Development Department,
Govt. of J&K, Civil Secretariat, Jammu -180001 (J&K)
 13. Madhya Pradesh Power Management Company Limited,
3rd Floor, Block No. 11, Shakti Bhawan, Rampur, Jabalpur- 482008 (MP)
 14. Rajasthan Urja Vikas and IT Services Nigam Limited,
Vidyut Bhawan, Jyoti Nagar, Jaipur- 302005 (Rajasthan)
 15. Jammu and Kashmir State Power Trading Company Limited,
PDD Complex, Bemina, Srinagar -190010 (J&K)
 16. Gujarat Urja Vikas Nigam Limited,
Sadar Patel, Vidyut Bhawan, Race Course, Vadodara, Gujarat -390007
 17. Bihar State Power Holding Company Limited,
5th Floor, Vidyut Bhawan, JLN Marg, Patna, Bihar-800 021
 18. New Delhi Municipal Council
Palika Kendra, Sansad Marg, New Delhi-110102
- ... Respondent(s)**

Parties Present:

Ms. Anushree Bardhan, Advocate, THDC
Shri Anand K. Ganesan, Advocate, PSPCL
Shri Amal Nair, Advocate, PSPCL
Ms. Devyani Prasad, Advocate, PSPCL
Shri Mohit K. Mudgal, Advocate, BRPL
Shri Sachin Dubey, Advocate, BRPL
Ms. Harshita Verma, Advocate, BRPL

ORDER

This petition has been filed by the Petitioner, Tehri Hydro Development Corporation Ltd (THDC), for truing up of tariff of Koteshwar Hydroelectric Project (4 x



100 MW) (in short, “the generating station”) for the period 2019-24 in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short, “the 2019 Tariff Regulations”) and for determination of tariff of the generating station for the period 2024-29, in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (in short “the 2024 Tariff Regulations”).

Background

2. The Petitioner is a joint venture company of the Government of India (GOI) and the Government of Uttar Pradesh, with GOI holding the majority and controlling shares. The generating station is a part of the Tehri Hydro Power Complex with an aggregate capacity of 2400 MW, which comprises Tehri HPP Stage-I (1000 MW), Tehri Pumped Storage Plant (1000 MW) and downstream power station Koteshwar Hydroelectric Project (400 MW) in Tehri Garhwal district in the State of Uttarakhand. The Koteshwar reservoir is designed to function as a lower reservoir for the Tehri Pumped Storage Plant and to regulate the water releases from the main Tehri reservoir for irrigation and drinking water requirements. The power allocation from the generating station had been notified on 8.8.2007 by the Ministry of Power (MOP), Government of India (GOI). The Petitioner has entered into Power Purchase Agreements with the Respondents for the capacity generated from the project. The generating station with a total capacity of 400 MW comprises four units of 100 MW each, and the dates of commercial operation of the units of the generating station are as under:

Units	COD
Unit I	1.4.2011
Unit II	26.10.2011
Unit III	13.2.2012
Unit IV	1.4.2012

3. Petition No. 245/GT/2020 was filed by the Petitioner for the truing up of tariff of the generating station for the period 2014-19, and the Commission vide its order dated 14.9.2022 approved the annual fixed charges and the capital cost of the generating station. The Commission had determined the tariff of the generating station for the period 2019-24 on the basis of projected additional capital expenditure vide order dated 3.10.2022 in Petition No. 244/GT/2020 as follows:

Capital Cost allowed

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	286012.08	287555.76	287915.47	288166.54	288171.17
Net Additional capital expenditure allowed during the year/ period	1543.67	359.72	251.07	4.63	1.25
Closing Capital Cost	287555.75	287915.47	288166.54	288171.17	288172.42

Annual Fixed Charges allowed

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	13527.67	13602.34	13625.22	13636.41	13636.81
Interest on Loan	11235.24	10050.09	8815.73	7592.94	6318.33
Return on Equity	13203.80	13248.51	13265.47	13273.30	13273.47
Interest on Working Capital	1323.48	1255.05	1187.34	1205.83	1223.05
O&M Expenses	17268.39	18091.63	18954.12	19857.71	20804.39
Total	56558.59	56247.63	55847.87	55566.19	55256.07

4. Subsequently, the Petitioner had filed Petition No. 60/GT/2024 before the Commission seeking interim truing up and revision of the tariff for the generating station for the period 2019-24 under Regulations 13(3), 76, and 77 of the 2019 Tariff Regulations, primarily to recover substantial liabilities amounting to Rs.1460.25 crore, including principal and interest arising from an arbitration award dated 17.12.2010 in a contract dispute which was upheld by the Hon'ble Delhi High Court vide its orders dated 13.12.2019, 12.7.2023, and 28.7.2023. In furtherance of the same, the Petitioner deposited the amount with the Registry of the Hon'ble High Court. Consequentially, the Commission revised the annual fixed charges and the capital cost



by allowing the additional capitalization of the principal amount of Rs. 475.70 crore for the period 2023-24 and also directed that the interest amount of Rs. 984.55 crore will be considered at the time of truing up of tariff in terms of the Regulation 13(1) of the 2019 Tariff Regulations. In terms of the above, the Commission revised the tariff of the generating station for the period 2019-24 as under:

Revised Capital Cost allowed

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening capital cost (A)	286012.08	287555.75	287915.47	288166.54	288171.17
Net Additional capital expenditure allowed during the year (B)	1543.67	359.72	251.07	4.63	47571.38
Closing capital cost (C=A+B)	287555.75	287915.47	288166.54	288171.17	335742.55

(Rs. In lakh)

Revised Annual Fixed Charges allowed

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	13527.67	13602.34	13625.22	13636.41	14762.37
Interest on loan	11235.24	10050.09	8815.73	7592.94	7822.44
Return on Equity	13203.80	13248.51	13265.47	13273.30	14700.08
O&M Expenses	17268.39	18091.63	18954.12	19857.71	20804.39
Interest on Working Capital	1323.48	1255.05	1187.34	1205.83	1276.10
Total	56558.59	56247.63	55847.87	55566.19	59365.38

(Rs. In lakh)

Present Petition

5. In terms of Regulation 13 of the 2019 Tariff Regulations, the Petitioner has filed the present petition for the true-up of the tariff of the generating station, based on the actual additional capital expenditure incurred for the period 2019-24. The capital cost and the annual fixed charges claimed by the Petitioner are as under:

Capital Cost claimed

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening capital cost	286012.08	287293.16	288064.50	288592.26	288576.05
Add: additional during the year	919.09	712.74	470.58	47.89	150219.46
Less: De – capitalisation during the year	0.81	0.86	0.00	67.40	4.08
Less: Reverse during the year	0.00	0.00	0.00	0.00	0.00

(Rs. In lakh)



Add: Discharges during the year	362.80	59.46	57.18	3.29	35.33
Closing capital cost	287293.16	288064.50	288592.26	288576.05	438826.75
Average capital cost	286652.62	287678.83	288328.38	288584.16	363701.40

Annual Fixed Charges claimed

	<i>(Rs. In lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	13616.27	13649.24	13831.74	13678.47	16901.01
Interest on loan	11193.95	10446.71	10163.33	8173.54	11334.38
Return on Equity	13190.10	13227.22	13259.06	13262.93	17710.71
Interest on Working Capital	1407.08	1319.39	1276.04	1304.01	1628.42
O&M Expenses	19175.18	19527.13	20757.26	22233.94	21670.39
Total	58582.58	58169.70	59287.43	58652.89	69244.90

6. The Petition was heard on 22.7.2025. The Petitioner, in response to the Commission's technical validation letter dated 4.7.2025, had furnished additional information vide affidavit dated 26.8.2025. The Respondents Punjab State Power Corporation Limited ("PSPCL"), Jaipur Vidyut Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam Ltd, Jodhpur Vidyut Vitaran Nigam Limited and Rajasthan Urja Vikas and IT Services Ltd (collectively referred to as "RUVITL") and BSES Rajdhani Power Limited (BRPL) have filed their respective replies to the Petition vide affidavits dated 4.8.2025, 13.5.2025 and 10.12.2025 respectively and the Petitioner has submitted its rejoinders to the said replies vide affidavits dated 17.9.2025, 1.9.2025 and 18.12.2025 respectively. Pursuant to the hearing dated 23.9.2025, the Petitioner was directed to submit certain additional information, and the Commission reserved its order in the petition. In compliance with the directions of the Commission, the Petitioner had filed the additional information vide affidavit dated 7.11.2025

7. Based on the submissions of the parties and documents available on record, we proceed for truing up of tariff for the generating station for the period 2019-24, after prudence check along with determination of tariff for the period 2024-29, in this Petition, as stated in the subsequent paragraphs.



Capital Cost

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

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) *Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;*
- (n) *Expenditure on account of change in law and force majeure events; and*
- (o) *Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*

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

- (a) *Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
- (b) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
- (c) *Capital expenditure on account of renovation and modernisation as admitted by this*



Commission in accordance with these regulations;

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

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

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

(4) The capital cost in case of existing or new hydro generating station shall also include:

(a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and

(b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.

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

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

(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project: Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be decapitalised only after its redeployment; Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.

(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and

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

9. Clause (1) of Regulation 19 of the 2019 Tariff Regulations provides that the capital cost as determined by the Commission, after a prudence check, in accordance with the Regulation, shall form the basis of the determination of the tariff for existing and new projects. The Petitioner has claimed the opening capital cost of Rs. 286012.08 lakh as allowed by the Commission vide Order dated 14.9.2022 in Petition No. 245/GT/2020. Subsequently, on account of interim truing up, the opening capital cost of Rs. 286012.08 lakh as on 1.4.2019, has been approved vide the Commission's order dated 8.11.2024 in Petition No. 60/GT/2024.



10. Accordingly, the capital cost of Rs. 286012.08 lakh has been considered as the opening capital cost as on 1.4.2019 for the purposes of truing up the tariff of the generating station, for the period 2019-24.

Additional Capital Expenditure

11. Regulations 25(1) & (2) and 26(1) of the 2019 Tariff Regulations, provide as under:

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

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

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

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

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

26. Additional Capitalisation beyond the original scope

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

- (a) Liabilities to meet award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law;*
- (b) Change in law or compliance of any existing law;*
- (c) Force Majeure events.*
- (d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security.*
- (e) Deferred works relating to ash pond or ash handling system in additional to the original scope of work, on case-to-case basis:*
Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation.
- (f) Usage of water from sewage treatment plant in thermal generating station.*



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

12. Regulations 25 and 26 of the 2019 Tariff Regulations, inter alia, provide that the application for determination of tariff shall be based on admitted capital cost, including any additional capital expenditure already admitted up to 31.3.2019 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of 2019-24. The projected additional capital expenditure allowed for the period 2019-24 in the order dated 8.11.2024 in Petition No. 60/GT/2024, and the actual expenditure claimed by the Petitioner are as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Projected additional capital expenditure allowed in order dated 8.11.2024 in Petition No. 60/GT/2024	1543.67	359.72	251.07	4.63	47571.38
Net actual additional capitalisation claimed in this Petition	1281.08	771.34	527.76	(-)16.22	150250.71

13. The Petitioner has submitted that there are certain capital expenditures, which were not projected earlier, but had been incurred by the Petitioner, due to site-specific requirements, which were essential for safe, secure, successful and efficient operation of the generating station and the same is required to be included as part of the capital base for the purpose of tariff. The additional capital expenditure claimed by the Petitioner under various heads, duly supported by an auditor's certificate, for the period 2019-24, is as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Additional capital expenditure within the original scope	0.00	0.00	0.00	0.00	146025.00

Additional capital expenditure beyond the scope	919.09	712.74	470.58	47.89	4194.46
Total Capital expenditure claimed	919.09	712.74	470.58	47.89	150219.46

14. The Petitioner has also claimed actual additional capital expenditure in respect of some new assets/ works, which were not projected earlier, and there are certain works/ items which were allowed earlier and are not claimed herein. The Petitioner, vide affidavit dated 26.8.2025, has also submitted that, after capitalisation, the actual completion cost has changed. Hence, there is a variation between the actual additional capital expenditure claimed and the projected additional capital expenditure allowed, as per the order dated 3.10.2022 in Petition No. 244/GT/2020.

15. The Respondents have mainly sought the disallowance of the additional capital expenditure works claimed by the Petitioner such as IT equipment, civil stabilisation works, safety enhancements, and arbitration-related costs under Regulations 25 and 26 of the 2019 Tariff Regulations during the period 2019-24. The Respondents, PSPCL and BRPL, in their reply, have objected to various claims as mentioned above, citing lack of justification, documentation, or compliance with regulatory thresholds, asserting many are routine O&M expenses, repetitive, or outside the original scope, and should not burden beneficiaries with inefficiencies or non-essential expenditures like recreational infrastructure. Further, PSPCL has submitted that de novo claims beyond Petition No. 244/GT/2020, including additional capital expenditure related to safety and efficiency, may be allowed if mandated by a competent government/statutory authority.

16. The Petitioner, vide its rejoinder, has responded to the said replies and has submitted that the additional capital expenditure claimed is duly supported by



documentary proofs and is in line with the order dated 3.10.2022 in Petition No. 244/GT/2020.

17. After considering the submissions of the Petitioner and the Respondents and after exercising a prudence check, the objections raised by the Respondents and the response of the Petitioner are dealt with in the subsequent paragraphs.

18. The Petitioner has claimed additional capital expenditure which was allowed by the commission vide order dated 3.10.2022 in Petition No. 244/GT/2020. The matter has been considered, based on the submissions of the Petitioner, the claimed additional capital expenditure of such nature is hereby allowed.

19. The Petitioner has also claimed additional capital expenditure, such as the construction of a check post at KHEP, a water tank at the fire station, a door frame metal detector, etc., under 26(1)(d) of the 2019 Tariff Regulations. Considering the fact that the claimed additional capitalisation of expenditure is to be incurred on account of the need for higher safety and security of the plant as advised and directed by the appropriate government agencies or statutory authorities responsible for national/internal security, the claimed capital expenditure is hereby allowed. However, claims pertaining to minor nature, such as accounting software, printer, air conditioner, etc., are hereby not allowed for capitalisation.

20. Further, the Petitioner has also claimed additional capital expenditure other than the above claims, such as a digital earth resistance tester switchyard, air conditioner, doorframe metal detector, Mahindra Bolero, rack server for the IT department, temporary sheds, etc. Since the additional capital expenditure incurred is towards assets which are minor in nature and in the nature of tools and tackles, after the cut-off date and O&M-related activities which are not permissible for capitalisation and are to be met through O&M expenses, these claims are hereby not allowed.

Arbitration/Court cases

THDCIL Vs M/s PCL-ILC JV matter

21. The Petitioner has claimed additional capital expenditure of Rs.1460.25 crore under Regulation 25(1)(a), 76(Power to Relax) and 77(Power to Remove Difficulty) for the year 2023-24, on account of the liability incurred owing to the Arbitral award dated 17.12.2010 read with orders dated 13.12.2019, 12.7.2023 and 28.7.2023 of the Hon'ble Delhi High Court. In this regard, the Petitioner had filed Petition No. 60/GT/2024 seeking a revision of the tariff for the generating station for the period 2019-24 through an interim true-up exercise. The Petitioner, vide the said Petition, had invoked the Commission's power to relax or remove difficulties under Regulations 76 and 77 of the 2019 Tariff Regulations.

22. In view of the amount paid and considering the financial liability upon the Petitioner, the Commission, vide order dated 8.11.2024 in Petition No. 60/GT/2024, exercising its powers under Regulation 76 of the 2019 Tariff Regulations, allowed the interim truing up of tariff. The relevant excerpt of the order dated 8.11.2024 is reproduced below:

"22. In the present case, a total amount of Rs. 1460.25 crore, which includes the Principal amount of Rs. 475 crore and the interest amount of Rs. 984.55 crore, deposited by the Petitioner as per the Arbitral award dated 13.12.2019 read with the orders of the Hon'ble Delhi High Court has been claimed by the Petitioner. It is noticed from the records that against the order dated 12.7.2023 of the learned Single Bench of the Hon'ble Delhi High Court dismissing the appeal filed by the Petitioner challenging the Arbitral award dated 17.12.2010, the Petitioner had filed an appeal before the Division Bench of the Hon'ble Delhi High Court and the same was also rejected vide judgment dated 24.4.2024. Against this judgment, the Petitioner has filed SLP before the Hon'ble Supreme Court, wherein the Hon'ble Court on 27.7.2024, stayed the execution proceedings (filed by contractor) for recovery amount and the matter is pending. The Respondents TPDDL and BRPL on the one hand referred to the pending appeal and submitted that the Petitioner only claim the expenditures after a final decision of the Hon'ble Supreme Court, they had, on the other, submitted that the burden of the interest amount paid by the Petitioner, is on account of procedural delays on the part of the Petitioner and cannot therefore be imposed on the Respondent beneficiaries. In our considered view, Regulation 25(1)(a) of the 2019 Tariff Regulations provides for the admission of the additional expenditure incurred to meet the liabilities of award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law. Since the arbitral award is pending consideration of the Hon'ble Supreme Court in the appeal filed by the Petitioner, we find no reason to entertain the submission of the Respondents that the additional cost (levy of interest) incurred is on account of the Petitioner's own fault. Nevertheless, keeping in view that the matter is being decided now, it is observed that the Petitioner has not claimed additional capitalization



for the period 2019-23 and claimed additional capitalization of Rs. 1460.25 crore in the year 2023-24. Considering the submissions and deliberations as mentioned above, we are inclined to allow the additional capitalization of only the Principal amount of Rs 475.70 crore in 2023-24 on account of meeting the liabilities of the arbitral award dated 17.12.2010 read with the orders dated 13.12.2019, 12.7.2023 and 28.7.2023 of the Hon'ble Delhi High Court, under Regulation 25(1)(a) of the 2019 Tariff Regulations. We direct accordingly. The balance amount of Rs 984.55 crore shall, however, be considered at the time of truing-up of the tariff of the generating station in the petition to be filed by the Petitioner in terms of Regulation 13(1) of the 2019 Tariff Regulations read with the relevant provisions of the Tariff Regulations."

23. The Commission had allowed the additional capitalisation to the extent of principal amount of Rs. 475.70 crore in 2023-24 for meeting the liabilities of the arbitral award read with the directions of the Hon'ble Delhi High Court, under Regulation 25(1)(a) of the 2019 Tariff Regulations. Furthermore, the Commission had granted the Petitioner liberty to approach the Commission at the time of truing up in relation to the balance amount of Rs. 984.55 crore.

24. As on date, the arbitral award is pending consideration before the Hon'ble Supreme Court in the Civil Appeal No. 8357 of 2024, preferred by the Petitioner challenging the execution proceedings filed by the contractor. The said execution proceedings have been stayed by the Hon'ble Supreme Court vide order dated 26.7.2024.

25. The Respondents, PSPCL, RUVITL and BRPL, in their replies have objected to the additional capital expenditure of Rs. 1460.25 crore sought by the Petitioner towards arbitral award and have highlighted that the Hon'ble Supreme Court is yet to take a final view in the Civil Appeal No. 8357 of 2024, and in the interregnum it would not be reasonable to pass the financial impact of arbitral award onto to the beneficiaries.

26. The Petitioner, in its rejoinder, has clarified that it has provided all the justifications along with documentary proof towards the arbitral award as part of 60/GT/2024. The Petitioner has also submitted that the Commission has provided



similar dispensation in its orders with respect to other generators. Further, the Petitioner has submitted that the claims with regard to the award of arbitration have been duly recognised under Regulation 91 of the 2024 Tariff Regulations.

27. The matter has been considered. The Commission, vide order dated 8.11.2024 in Petition No. 60/GT/2024, had allowed the principal amount of Rs. 475.70 crore (out of total claim of Rs. 1460.25 crore) in 2023-24 to meet the arbitral award and had granted an opportunity to the Petitioner to claim the remaining amount at the time of truing up of the period 2019-24.

28. It is pertinent to note that the said order had only considered Rs 475.70 crore, i.e., principal amount against the total arbitral award of Rs 1460.25 crore. However, the Petitioner had deposited the entire arbitration award of Rs. 1460.25 crore in accordance with the orders of the Hon'ble Delhi High Court (a). Rs. 450 crore vide order dated 13.12.2019, (b). Rs.1010.25 crore as per the order dated 28.7.2023 before the Registrar, Delhi High Court. As on date, the matter is pending for a final view vide Civil Appeal No. 8357 of 2024 before the Hon'ble Supreme Court.

29. However, considering the enormity of the interest payment of the entire arbitration amount as well as the pendency of the civil appeal before the Hon'ble Supreme Court, we are of the view that the interest amount cannot form part of the capital cost and is more appropriately treated as a reimbursement. Further, since the interest amount would be recoverable by the Petitioner during the period 2024-29, we deem it appropriate to allow the recovery of Rs. 984.55 Crore of interest expense in 36 monthly instalments from the beneficiaries under the powers to relax. However, the final admissibility of the arbitration amount shall remain subject to the outcome of the proceedings pending before the Hon'ble Supreme Court.

Claim settlement through CCIE mechanism (Vivad Se Vishwas)

30. The Petitioner has sought Rs. 3687.75 lakh (Rs. 3641.89 lakh as additional capital expenditure and Rs. 45.86 lakh as interest charges) under Regulation 26(1)(a) of the 2019 Tariff Regulations during the year 2023-24. In justification of the same, the Petitioner has stated that in terms of the dispute avoidance mechanism by way of constituting the Conciliation Committee of Independent Experts ("CCIE") for the settlement of disputes arising in contracts of Hydro CPSUs, the dispute between M/s Patel Engineering and the Petitioner was referred to CCIE on the request of M/s Patel Engineering.

31. In view of the said mechanism, the Petitioner has made payment of Rs. 3687.75 lakh to M/s Patel Engineering and has prayed for Rs. 3641.89 lakh as additional capital expenditure during 2023-24 and Rs. 45.86 lakh as interest charges to be allowed as additional O&M expense for the year 2023-24.

32. The Petitioner has also stated that the order dated 3.10.2022 in Petition No. 244/GT/2020 had allowed additional capital expenditure amounting to Rs.519.63 lakh for works relating to - (a) finishing work of powerhouse wall cladding, false ceiling and flooring; (b) seepage channelization and other works of MAT; (c) stabilization work of right bank dump muck pile, KHEP; (d) stabilization work of left bank slope protection works; and (e) strengthening measure of plugging of diversion tunnel. The Petitioner has submitted that the said order had granted the Petitioner liberty to claim the balance amount at the time of truing up.

33. The Respondents, PSPCL and RUVITL, in their respective replies, have objected to the claims with respect to the above works and have also submitted that the above works are considerably inflated in comparison to the amount allowed by the order dated 3.10.2022 in Petition No. 244/GT/2020. PSPCL has also highlighted that the Petitioner has not placed on record any documentary proof to demonstrate



whether the CCIE decision has been challenged or if any relief is being availed by the Petitioner. Further, the Respondent, BRPL, has submitted that the claim is made by the Petitioner over and above the O&M expense and the same may be borne from the RoE as it was part of the dispute settlement between the generator and the contractor.

34. The Petitioner has submitted that the dispute with M/s Patel Engineering had been referred to CCIE in terms of various orders and directions of MOP, which mandate diminishing of exorbitant legal costs and timely resolution of disputes. The Petitioner has further submitted that in view of the same, the dispute was mutually settled between the parties and an award dated 26.8.2023 was passed by the CCIE in this regard, after which the parties executed a settlement agreement. The Petitioner has also submitted that subsequently, the Petitioner has paid Rs. 3687.75 Lakh to M/s Patel Engineering and has prayed for its recovery as additional capital expenditure. Further, the Petitioner has submitted that the amount of Rs. 45.86 lakh pertaining to interest charged has been considered as additional O&M expenses in view of the orders issued by the Commission in various petitions where the principal amount was considered as capital expenditure and the interest amount as O&M expenses.

35. The matter has been considered. The order dated 3.10.2022 in Petition No. 244/GT/2020 had allowed additional capital expenditure pertaining to the said works upon submission of relevant documents at the time of truing up. On the prudence check, we observe that the Petitioner has provided/ and placed the details of balance civil works and other relevant documents. Accordingly, Rs. 3641.89 lakh is hereby allowed in terms of Regulation 26(1)(a) of 2019 Tariff Regulations as additional capital expenditure. Further, considering the claim regarding the Petitioner's charging of an interest amount of Rs. 45.86 lakh under the Profit and Loss statement and reimbursement of the same through additional O&M expenses, we are of the view that



the same cannot be considered as part of O&M expenses. However, considering that the interest amount of Rs. 45.86 lakh was paid to M/s Patel Engineering under the CCIE mechanism, the Commission feels it is appropriate to allow recovery of the same as a one-time payment from the beneficiaries under the power to relax. Also, considering that this expenditure is allowed in exercise of the power to relax, the expenses allowed are not made part of the annual fixed charges determined in this order. We make it clear that the above amount, which has been allowed as reimbursement, shall not be accounted as part of actual O&M expenses for the year 2023-24 and shall not be taken into consideration while framing the normative O&M expenses of this generating station for the period 2029-34.

2019-20

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

Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
Items already allowed by the Commission vide order dated 3.10.2022 in Petition No. 244/GT/2020 on projection basis						
1	14 nos. computer desktop hp600g4 mt i5 win10p 815 wifi,14 nos. ups, 02 nos. scanner, 14 nos. new printer and 01 nos. multifunction printer	10.19	25(2)(a)	"These 14 no. Computer desktop hp600g4 mt i5 win10p 815 wifi,14 no ups, 02 no. Scanner, 14 no. New printer and 01 no multifunction printer were purchased for official use by different departments at koteswar against the declared computers, ups,	In light of our decision in paragraph 18 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has been considered and dealt with under 'Assumed Deletions'.	10.19



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				printers, scanner.		
2	52 no. computer dell optimex 3060, 52 no. line interactive ups 1000v, 14 no. printer- hp laser jet pro m202dw and 29 no. epson v39 scanners	29.61	25(2)(a)	These 52 no computer dell optimex 3060, 52 no. Line interactive ups 1000v, 14 no. Printer- hp laser jet pro m202dw and 29 no. Epson v39 scanners were purchased against 52 ber declared computers and ups, 14 printers, 29 scanners procured before 2010. The cost of : 52 no computer dell optimex 3060 is rs.. 24,77,800.00/-, 52 no. Line interactive ups 1000v cost is rs. 1,73,316.23/-, 14 no. Printer- hp laser jet pro m202dw cost is rs. 2,02,216.00/- 29 no. Epson v39 scanners cost is rs. 1,08,025.02/-. Aggregated value is rs. 2961357.25/-.		29.61
3	hsd mini degausser	2.29	25(2)(a)	Essential computer hardware and software items.		2.29
4	Main access to the work power house	60.67	26(1)(c)	Tunnel lining supporting work ,diversion of drainage out through HDPE pipe, wet shot created with chain link fabric, protection layer of shot created, final layer of	In light of our decision in paragraph 18 of this order above, the claim is allowed .	60.67



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				guniting and plastering is essential and requires necessary action. Hon'ble commission vide order dated 3.10.2022 in petition no. 244/GT/2020 directed to submit the complete details of subject works at the time of truing up of tariff. In this context, it is submitted that the detailed breakup of expenditure incurred towards "balance civil works" for the period 2016-24 is annexed at annexure-a.		
5	Stabilisation work on the right bank	142.83	26(1)(c)	A slide of dumped muck material on the right bank may be an obstruction in the river flow. Due to this, the stabilisation/prot ection work of the dumped muck piles on the right bank is essential for the safe and uninterrupted operation of the power plant. The work was carried out as per the recommendatio ns of dr. P. C. Nawani, (consultant geology). The report/recommen dations of dr. P.		142.83



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				C. Nawani, (consultant geology) visit is attached as supporting documents for the claim. Hon'ble commission vide order dated 3.10.2022 in petition no. 244/GT/2020 directed to submit the complete details of subject works at the time of truing up of tariff. In this context, it is submitted that the detailed breakup of expenditure incurred towards "balance civil works" for the period 2016-24 is annexed at annexure-a.		
6	Stabilisation work of the left bank	93.00	26(1)(c)	Failure of slopes due to slide of rock mass in the left bank D/S of the dam, support and drilling grouting were necessary for keeping large mass movements under control, which are essential for safe and uninterrupted operation of the power plant. The work was carried out as per the recommendations of Dr. P. C. Nawani, (Consultant Geology). The report/recommen	In the light of our decision in paragraph 18 of this order above, the claim is allowed.	93.00



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				ndations of Dr. P. C. Nawani, (Consultant Geology) visit is attached. Hon'ble Commission vide order dated 3.10.2022 in Petition No. 244/GT/2020 directed to submit the complete details of subject works at the time of truing up of tariff. In this context, it is submitted that the detailed breakup of expenditure incurred towards "Balance Civil Works" for the period 2016-24 is annexed at Annexure-A of the petition.		
7	Strengthening measures for plugging of diversion tunnel	26.75	26(1)(c)	Failure of slopes due to slide of rock mass in the left bank D/S of the dam, support and drilling grouting were necessary for keeping large mass movements under control, which are essential for safe and uninterrupted operation of the power plant. The same work was also undertaken in the year 2018-19, and the Hon'ble commission had allowed the same vide order	It is noticed that the Commission had allowed the work vide order dated 14.9.2022 in Petition No. 245/GT/2020. Since, the claim of the Petitioner is for spill over works, the additional capital expenditure claimed is allowed .	26.75



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				dated 14.09.2022 in Petition No. 245/GT/2020 at serial no.-10. This work was continued and carried out as per the report of the expert committee of CWC. The report of CWC officers and report of team of Geology and Design department along with Consultant Geology Dr. P.C. Nawani is attached along with supporting documents. Hon'ble Commission vide order dated 3.10.2022 in Petition No. 244/GT/2020 directed to submit the complete details of the subject works at the time of truing up of tariff. In this context, it is submitted that the detailed breakup of expenditure incurred towards "Balance Civil Works" for the period 2016-24 is annexed at Annexure-a.		
8	Flooring work in the PH building	57.95	26(1)(d)	For the safety of the Power House structure, due to geological reasons and to control seepage in and around the powerhouse-	In the light of our decision in paragraph 18 of this order above, the claim is allowed .	57.95



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				cladding wall, flooring, and false ceiling, these works are necessary for safety and efficient plant operation. Hon'ble Commission vide order dated 3.10.2022 in Petition No. 244/GT/2020 directed to submit the complete details of subject works at the time of truing up of tariff. In this context, it is submitted that the detailed breakup of expenditure incurred towards "Balance Civil Works" for the period 2016-24 is annexed at Annexure-a.		
9	Supply & installation of the existing jetty	0.00 (26.14 in UDL)	26(1)(d)	For facilitating the parking of a new passenger boat, facilitating mooring and boarding onto the staff boat, extension of the existing jetty is an essential need for the project.	In light of our decision in paragraph 18 of this order above, the claim is allowed on an accrual basis. However, a tariff will be allowed upon discharge.	0.00
10	01 no of skylift machine hydraulic articulated platform 11 mtr height on tata sfc-407 by electrical deptt	16.32	26(1)(d)	Used for Electrical lines & Street Light Maintenance at KHEP. Hydraulic lifter was required to carry out maintenance work at height safely. This work is essential for the safety and efficient	In light of our decision in paragraph 18 of this order above, the claim is allowed .	16.32



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				operation of the power plant.		
11	01 no of fire tenders of tata xenon yodha for water mist	0.00 (13.22 in UDL)	26(1)(d)	Mini Fire tender is required by CISF for the firefighting purposes on narrow roads and sharp bends, etc., to minimise the lead time.	In light of our decision in paragraph 18 of this order above, the claim is allowed when the same is discharged.	0.00
Not Allowed in order dated 3.10.2022 in Petition No. 244/GT/2020, however, the Commission had allowed for submission of justification at the time of truing up						
12	Multipurpose hall - civil (u-800097) & electrification (u-800117)	468.92	26(1)(d), 76,77	The construction of a multipurpose hall has been done for recreation or staff engaged in O&M work at KHEP, as well as for organising different entertaining events at the Project. KHEP project is located at remote area, there is no place for entertainment of employees. therefore, it is essential to construct a community building in Project for sports and cultural activities and welfare of employees. This work was necessary for efficient plant operation.	The asset/work was not considered by the Commission vide order dated 3.10.202. Accordingly, in light of our decision in paragraph 20 of this order above, the claim is not allowed .	0.00
Additional Work						
13	Digital earth resistance tester switchyard	6.86	26(1)(b)	As per clause no. 48 (8) of Central Electricity Authority Regulations	Considering the nature of the asset as a tool and tackle. Accordingly,	0.00



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				2010 for measures relating to safety and electric supply, "Every earthing system belonging to either the supplier or the consumer shall be tested for its resistance to earth on a dry day during dry season not less than once a year and records of such tests shall be maintained and produced, if so required, before the Electrical Inspector". In view of the above, the Digital Earth Resistance Tester is procured for conducting earth resistance measurement tests of earth pits at Switchyard/Power House/Sub Station every year, and records are maintained.	in light of our decision in paragraph 20 of this order above, the claim is not allowed .	
14	04 no of 02 ton split ac 5 star for power house (all 4 unit)	2.01	26(1)(d)	ACs were required to be installed to maintain the required temperature in the UCBs of all four Units, the service station control panel & Network panel.	In light of our decision in paragraph 20 of this order above, the claim is not allowed .	0.00
15	02 nos 01 ton ac rating 5 star for service station control panel & network panel	0.61				0.00
16	Accounting software &	0.14	26(1)(d)	Purchased as per the	In light of our decision in paragraph 19	0.00



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
	thermal printer for cisf			requisition of CISF.	of this order above, the claim is not allowed .	
17	Door frame metal detector	0.95	26(1)(d)	To comply with IB Recommendation regarding security issues and as per the request of CISF, Door frame metal detectors have been purchased for security purposes (IB recommendations shall be submitted separately, as it is confidential).	In light of our decision in paragraph 19 of this order above, the claim is allowed .	0.95
Total Amount Claimed		919.09				
Total Amount Allowed						440.56

37. Based on the above, the total additional capital expenditure of Rs. 440.56 lakh is allowed for 2019-20.

2020-21

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

Sl. No.	Head of Work/ Equipment	Amount claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
Items already allowed – Spill over Works						
1	67 meter steel truss bridge at the downstream of KHEP	481.31	25(2)(d)	The old Bailey bridge, before the outlet of the diversion tunnel, was the only access from the right bank and was used by local people to communicate with their	In light of our decision in paragraph 18 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has been considered and	481.31



Sl. No.	Head of Work/ Equipment	Amount claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				respective villages. The abutment of the Old Bailey bridge was to be dismantled for the smooth flow of the water from TRC. So, it was necessary to construct an abutment to relocate the steel girder bridge situated at the downstream side of the outlet of the diversion tunnel. Road to steel girder bridge for approach to project affected villagers was essentially required to be taken up.	dealt with under 'Assumed Deletions'.	
2	Stabilisation work on the left bank of the dam	20.67	26 (1)(c)	In addition to the stabilisation work of the left bank of the dam, "Failure of slopes due to slide of rock mass in left bank D/S of Dam, support and drilling/ grouting was necessary for keeping large mass movements under control, which was very essential for safe and uninterrupted operation of the Power plant." The work was carried out as per the recommendations of Dr. P. C. Nawani, (Consultant Geology). The	In light of our decision in paragraph 18 of this order above, the claim is allowed .	20.67



Sl. No.	Head of Work/ Equipment	Amount claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				report/recommendations of Dr. P. C. Nawani, (Consultant Geology) visit is attached.		
3	Stabilisation work on the right bank of the dam	85.88	26 (1)(c)	Addition to the stabilisation work of right bank of dam- "Slide of dumped muck material at right bank would have created obstruction in river flow. Therefore stabilization /protection work of the piled up dumped muck at right bank was very essential for safe and uninterrupted operation of Power plant." The work was carried out as per the recommendations of Dr. P. C. Nawani, (Consultant Geology).		85.88
4	Finishing work on the power house	24.53	26(1)(d)	In addition to the Finishing works of the power house, i.e. finishing of floors, false ceiling, wall cladding and treatment of all seepage zones in and around the power house, were required to be taken up necessarily to protect the Power House structure. Hon'ble Commission vide order dated 3.10.2022 in Petition No.		24.53



Sl. No.	Head of Work/ Equipment	Amount claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				244/GT/2020 directed to submit the complete details of subject works at the time of truing up of tariff.		
Not considered by the Commission at the time of determination of tariff, however, liberty was given by the Commission to claim the same at the time of truing up						
5	Multipurpose hall - civil (u-800097) & electrification (u-800117)	9.10	26(1)(d), 76,77	In addition to the work, "The construction of a multipurpose hall has been done for recreation or staff engaged in O&M work at KHEP, as well as for organising different entertaining events at the Project. KHEP project is located at remote area, there is no place for entertainment of employees. therefore, it is essential to construct a community building in Project for sports and cultural activities and welfare of employees. This work is necessary for efficient plant operation."	In light of our decision in paragraph 20 of this order above, the claim is not allowed .	0.00
Additional Work						
6	Rehab exp FY 2020-21	8.52	25(1)(a)	Amount released to the Forest Department for the plantation of dwarf-sized plants around the reservoir.	Considering that the assets/ works will be in compliance with a statutory authority, the same is allowed .	8.52
7	06 Nos. OF MAHINDER BOLERO- (BS VI)-03 Nos. NON	47.77	25(1)(a)	Jeeps were procured to replace beyond-economical-repair vehicles and as per the	In light of our decision in paragraph 20 of this order above, the claim is not allowed .	0.00



Sl. No.	Head of Work/ Equipment	Amount claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
	AC and 03 Nos. AC			requirements of the Koteswar Project.		
8	02 qty godrej wall mounted cell phone locker (01 for power house and 01 for switchyard)	1.34	26(1)(d)	To comply with IB Recommendation regarding security issues.		0.00
9	Power edge r440 rack server for it department	7.67	26(1)(d)	R440 rack servers were purchased for domain servers installation in IT server room for user authentication.		0.00
10	05 air conditioner through committee purchase for CISF	2.60	26(1)(d)	Installed at CISF Conference room & Guest House.	In light of our decision in paragraph 19 of this order above, the claim is not allowed .	0.00
11	Biometric device with a metal enclosure & electromagnetic lock for it office server room	0.33	26(1)(d)	The IB officials visited KHEP in 2019 and advised installing the biometric lock system at the entry gate of the server room of the IT Department, so that entry and exit in the server room could be monitored, keeping in mind the cyber threats (IB recommendations shall be submitted separately, as it is confidential).	In light of our decision in paragraph 20 of this order above, the claim is not allowed .	0.00
12	Supply & installation of existing jetty	1.76	26(1)(d)	Payment of the GST amount after the supply and installation of the existing jetty.	In light of our decision in paragraph 19 of this order above, the claim is allowed .	1.76
13	Led video wall p-4 for	21.26	26(1)(d)	To display various	In our view, the claimed	21.26



Sl. No.	Head of Work/ Equipment	Amount claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
	power house			generations/Organisational Data along with photographs at the Machine Hall of Power House.	expenditure is necessary for the safe and efficient operation of the generating station. However, the Petitioner has not provided the supporting documents required under the said regulation. Accordingly, the claimed expenditure is allowed under regulation 26(1)(d) read with Regulation 76 of the 2019 Tariff Regulations	
Total Amount Claimed		712.74				
Total Amount Allowed						643.93

39. Based on the above, the total additional capital expenditure of Rs. 643.93 lakh is allowed for 2020-21.

2021-22

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

Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
Items already allowed – Spill over Works						
1	Strengthening measures for plugging of the diversion tunnel	47.27	26(1)(c)	In addition to the work of strengthening the measure of plugging of the diversion tunnel,	The same work was also undertaken in year 2018-19 and Hon'ble commission had allowed the same vide order dated	47.27



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				"Permanent Plug was not constructed due to the sinking of the diversion tunnel. Therefore, a 60.0 M length Access Adit tunnel was excavated over the diversion tunnel at EL 635.00 platform and after that 80 nos 300 mm dia bore holes were drilled from 635.00 mt platform to the top of Diversion tunnel. Underwater concrete sluicing inside the diversion tunnel through these holes and after that a mass of concrete grouted by stage grouting for strengthening of the plug." This work was continued and carried out as per the report of the expert committee of CWC. The report of CWC officers is attached. Hon'ble	14.9.2022 in Petition No. 245/GT/2020. Since, the work has been carried out as per the report of expert committee, the additional capital expenditure claimed is allowed.	



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				Commission vide order dated 3.10.2022 in Petition No. 244/GT/2020 directed to submit the complete details of subject works at the time of truing up of tariff. In this context, it is submitted that the detailed breakup of expenditure incurred towards "Balance Civil Works" for the period 2016-24 is annexed at Annexure-a.		
2	Stabilisation work of the right bank	31.41	26(1)(c)	In addition to the stabilisation work on the right bank, the slide of dumped muck material on the right bank would have created an obstruction in the river flow. Therefore, stabilisation/ protection work of the piled up dumped muck at the right bank was very essential for the safe and uninterrupted operation of the Power	In light of our decision in paragraph 18 of this order above, the claim is allowed .	31.41



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				Plant of Koteswar. The work was carried out as per the recommendations of Dr. P. C. Nawani, (Consultant Geology).		
3	Stabilisation work of the left bank	90.66	26(1)(c)	In addition to the stabilisation work of left bank-"During April' 2017 some kind of subsidence in between EL 685 to 560 was observed at left bank in D/s of Dam. Keeping in view the vulnerable situation of subsidence and development of cracks on slopes of left bank, team of Geology and Design along with Consultant Geology Dr. P.C. Nawani have visited the project site and suggested various slope stabilization measures in form of concrete gravity wall with micro piles boulder filled gabion wall and toe walls of R.R. Masonry etc.		90.66



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				Immediate off-loading of slump mass was also necessitated immediately. Accordingly, essential stabilization measures have been taken up at left of Koteswar HEP. This work was necessary for successful and efficient plant operation. The work was carried out as per the recommendations of Dr. P. C. Nawani, (Consultant Geology).		
4	Main access work to power house	51.51	26(1)(c)	Addition to the Main access work of power house-"Final layer of guniting and plastering was very essential for safety of Rib support to prevent from rusted of Rib structure and was required to be taken up necessary.	In light of our decision in paragraph 18 of this order above, the claim is allowed .	51.51
5	Seepage channelisation lining & other work of the main access tunnel to the power house	46.46	26(1)(c)	In addition to the other work of MAT to Power house-"Protection layer of wet shotcrete		46.46



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				was required for protection of support work of MAT, diversion of drainage out through HDPE pipe, wet shotcrete with chain link fabric, protection layer of shotcrete was very essential and was required to be taken up necessary for efficient and safe operation of plant." Hon'ble Commission vide order dated 3.10.2022 in Petition No. 244/GT/2020 directed to submit the complete details of subject works at the time of truing up of tariff. In this context, it is submitted that the detailed breakup of expenditure incurred towards "Balance Civil Works" for the period 2016-24 is annexed at Annexure-a.		
6	Construction of 04 no	46.68	26(1)(d)	As per the advice of IB for better	In light of our decision in paragraph 19 of	46.68



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
	check post at kehp			security, 04 Nos. Check Posts were constructed at different vulnerable locations at KHEP from time to time for security purposes (IB recommendations shall be submitted separately as it is confidential).	this order above, the claim is allowed .	
7	Water tank at the fire station	16.22	26(1)(d)	A water tank was required in CISF fire station at pendarsh as per Fire Wing requirement.		16.22
8	Handheld metal detector	0.18	26(1)(d)	As per IB recommendations and as per the request of CISF, HHMDs have been purchased for security purposes (IB recommendations shall be submitted separately as it is confidential).		0.18
9	CCTV system for KHEP	44.35	26(1)(d)	A CCTV network was installed at the Koteswar Project as per the recommendations of the IB letter dated 20.12.2022 (IB recommendations shall be submitted		44.35



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				separately, as they are confidential).		
Not Allowed in order dated 3.10.2022 in Petition No. 244/GT/2020; however, the Commission had allowed for submission of justification at the time of truing up						
10	Construction of shed at o&m store, dg room & turbine shed at Baharat camp	89.70	25(2)(b)	As per the requirement of the O&M store, a tin shed was constructed near the New O&M store to shift heavy-weight goods during the shifting from the old O&M store to the new O&M store. The rotor shaft and other electric equipment were shifted to near Bharat camp and kept in an open area. For the purpose of storing this equipment, a shed was manufactured as per the requirements of the O&M department. This work was necessary for safety of the plant and equipment at the Project.	In light of our decision in paragraph 20 of this order above, the claim is not allowed .	0.00
Additional Work						
11	Polycom video conferencing camera for CISF	6.15	26(1)(d)	A Polycom Video Camera was purchased for having official meetings with the	In light of our decision in paragraph 19 of this order above, the claim is not allowed .	0.00



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				approval of the competent authority.		
Total Amount Claimed		470.58				
Total Amount Allowed						374.73

41. Based on the above, the total additional capital expenditure of Rs. 374.73 lakh is allowed for 2021-22.

2022-23

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

Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
Additional Work						
1	Pro. Lay. Add. Ms pipe 300mm dia from switchy. P.h. roof at KHEP	47.89	26(1)(d)	Arrangement of additional pipes and construction of a trench in the project area from the switchyard to the Power House roof EL 570 was carried out as the previously laid pipes were not adequate for various control cables from the switchyard to the Power House, and the previous trench was also not adequate for laying cables from the switchyard to the Power House roof EL 570. Further, any incident due to fire/damage of Power House	Considering the nature of the work, it is noticed that the work was undertaken to ensure safe and reliable cable routing and to mitigate risks of fire, short circuits, or cable damage, which is for the safe plant operation. The Petitioner has not submitted supporting documents for the claim as per the requirements of the regulation. However, considering the fact that the work is for the safety of the	47.89



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				cables may lead to generation loss and intern to financial loss to the project revenues. Due to this and to prevent the generation loss additional pipes were necessary required for cable laying from switchyard to Power House roof EL 570M.SS gate & addition MS pipe was essential required for safety point of view to protect the power plant by any threats and laying of additional MS pipe to protect the various cables from switchyard to Power House during any fire/short circuit etc.	plant operation, the claim is allowed under Regulation 76 read with Regulation 26(1)(d) of the 2019 Tariff Regulations.	
Total Amount Claimed		47.89				
Total Amount Allowed						47.89

43. Based on the above, the total additional capital expenditure of Rs. 47.89 lakh is allowed for 2022-23.

2023-24

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

Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
Items already allowed – Spill over Works						



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
1	Finishing work of power house wall cladding, false ceiling & flooring (claim settlement through CCIE mechanism)	347.29	26(1)(a)	Finishing works, i.e. finishing of floors, false ceiling, wall cladding and treatment of all seepage zones in and around the power house, were required to be taken up necessarily to protect the Power House structure.	In the light of our decision in paragraph 35 of this order above, the claim is allowed .	347.29
2	Seepage channelization and other works of mat (claim settlement through CCIE mechanism)	132.84		A protection layer of wet shotcrete was required for the protection of the support work of MAT, diversion of drainage out through an HDPE pipe, wet shotcrete with chain link fabric, and a protection layer of shotcrete was essential and required to be taken up.		132.84
3	Stabilisation work of the right bank dump muck pile KHEP (claim settlement through CCIE mechanism)	727.79		A slide of dumped muck material on the right bank would have created an obstruction in the river flow. Therefore Stabilization /protection work of the piled up dumped muck at right bank was very essential for safe and uninterrupted operation of Power plant. The work was carried out as per the recommendations of Dr. P. C. Nawani, (Consultant Geology).		727.79



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
4	Stabilisation work of left bank slope protection work (claim settlement through CCIE mechanism)	1251.80		Failure of slopes due to slide of rock mass in the left bank D/S of the Dam, support and drilling/ grouting were necessary for keeping large mass movements under control, which was very essential for safe and uninterrupted operation of the Power plant. The work was carried out as per the recommendations of Dr. P. C. Nawani, (Consultant Geology).		1251.80
5	STRENGTHENING MEASURE OF PLUGGING OF DIVERSION TUNNEL (CLAIM SETTLEMENT THROUGH CCIE MECHANISM)	1182.17		Permanent Plug was not constructed due to the sink of the diversion tunnel. Therefore, a 60.0 M length Access Adit tunnel was excavated over the diversion tunnel at EL 635.00 platform and after that, 80 nos 300 mm dia bore holes were drilled from 635.00 mt platform to the top of the diversion tunnel. Underwater concrete sluicing inside the diversion tunnel through these holes, and after that, a mass of concrete is grouted by stage grouting for the strengthening of the plug. This work was continued and		1182.17



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				carried out as per the report of the expert committee of CWC.		
6	CO2 TYPE FIRE EXTINGUISH ER	12.41	26(1)(d)	It is required to strengthen the firefighting and other rescue operations executed by the CISF Fire Wing. This is required for the safety of the power plant.	The expenditure claimed is for the safety of the plant. Accordingly, in light of our decision in paragraph 19 of this order above, the claim is allowed .	12.41
7	HIGH EXPANSION FOAM GENERATOR	1.77				1.77
8	WATER MIST & CAF FIRE EXTINGUISH ER	7.72				7.72
9	BA COMPRESOR	10.37				10.37
10	BA SET	7.93				7.93
Additional Work						
11	Rehab exp	15.50	25(1)(d)	Release of balance payments as per the recommendation of the Committee of Experts constituted by GoUK, for the investigation of the land sliding near the reservoir area due to collateral damages and rehabilitation, including left out properties.	Considering that the additional capital expenditure pertains to the release of balance payments, the claim is accordingly allowed .	15.50
12	Rehab exp	1.48	25(1)(d)	Balance Payment to Forest Division, New Tehri, towards development of green belt around Koteshwar reservoir, which was mentioned in condition No. 10 of 338 hac. of Lease Deed. Forest land transferred to Koteshwar Project by State Forest Department. These items are in the		1.48



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
				original scope of work.		
13	Tata 510sfc truck (including insurance rto exp)	13.52	25(2)(a)	Procured against BER of old TATA Truck.	In light of our decision in paragraph 20 of this order above, the claim is not allowed , and subsequently, their decapitalization is also not being considered.	0.00
14	Tata t.7 ultra truck (including insurance rto exp)	15.18	25(2)(a)	Procured against the BER of the old TATA Truck.		0.00
15	Rehab exp	18.00	26(1)(a)	Payment of Rs 18 lacs made by the Project on dt 27.09.2012 to the Rehab Directorate against the construction of Bhanso Bridge. The amount is capitalised after getting a Utilisation Certificate from the Director of Rehab.	Considering the fact that the additional capital expenditure pertains to the Payment to Rehab Directorate, the claim is allowed .	18.00
16	Construction of the boat point concrete road near the Zero Bridge at koteswar	35.54	26(1)(d)	As the Boat Point was constructed near the Zero Bridge at Koteswar, it is necessary to connect Boat Point to the main road. So, the concrete road near the Zero Bridge is constructed. This work is necessary for efficient plant operation as it is the only way to reach power house in case of road blockage.	In light of our decision in paragraph 19 of this order above, the claim is allowed .	35.54
17	Construction of approach road on both sides of the newly erected	182.56	26(1)(d)	Under Balance Civil Works, Construction and erection of "Steel Truss Bridge		182.56



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation	Justification submitted by the Petitioner	Remarks for admissibility	Amount allowed (Rs. in lakh)
	steel truss bridge at KKHEP			downstream of Dam" was also undertaken and has also been completed. Cutting of the approach road has also been done on both sides of the newly erected steel truss bridge. Construction and Protection/Treatment Works of Approach Road on both sides of the newly erected steel truss bridge at KHEP have been done.		
18	Construction of cement concrete road near jurashi nala to the reservoir for water sports	230.59	26(1)(d)	Cement concrete road is constructed to connect the jetty point at the reservoir to the main road near Jurashi nala.	In light of our decision in paragraph 20 of this order above, the claim is not allowed .	0.00
19	Component of award/settlement in tunnels, penstocks, power house & other hydraulic works- power house building	61330.50	25(1)(a)/13(3)/76/77	THDCIL deposited the full decretal amount of Rs 1460.25 crore before Registrar, Delhi High Court on dated 27.01.2020 & 31.08.2023 towards Arbitral Award dated 17.12.2010 & Hon'ble High Court, Delhi judgement dated 12.07.2023 & 28.07.2023 against Arbitral Award related to THDCIL vs PCL ILC JV matter.	In light of our decision in paragraphs 27-29 of this order above, the principal component corresponding to the arbitral award is allowed .	19979.40
20	Component of award/settlement in the dam & spillway	81774.00				26639.20
21	Component of award/settlement in tunnels, penstocks, power house & other hydraulic works- tunnel & penstocks	2920.50				951.40
Total Amount Claimed		150219.46				
Total Amount Allowed						51505.17



45. Based on the above, the total additional capital expenditure of Rs. 51505.17 lakh is allowed for 2023-24.

Discharge of liabilities

46. The Petitioner has claimed the following discharge of liabilities during the period 2019-24:

<i>(Rs. In lakh)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
362.80	59.46	57.18	3.29	35.33

47. The order dated 14.9.2022 in Petition No. 245/GT/2020 had allowed closing liability of Rs. 405.06 lakh as on 31.3.2019. Also, the Petitioner has not claimed any reversal corresponding to the opening liability of Rs. 405.06 lakh, which has been considered by the Commission.

48. The Petitioner has submitted Form 16, duly certified by an Auditor. Accordingly, on a prudence check, the assets/items allowed during the period 2019-24 and for which the liabilities are yet to be discharged are allowed. Accordingly, the discharge of liabilities during the period 2019-24 is allowed as shown under:

<i>(Rs. In lakh)</i>					
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening undischarged liabilities	405.06	192.35	132.89	77.29	73.99
Addition	150.09	0.00	1.58	0.00	0.00
Discharges of liabilities during the year (within scope)	362.80	0.23	0.85	1.71	18.01
Discharge of liabilities during the year (beyond scope)	0.00	59.23	56.33	1.58	17.32
Reversal of liabilities	0.00	0.00	0.00	0.00	0.00
Closing undischarged liabilities	192.35	132.89	77.29	73.99	38.67

De-capitalization

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



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

50. The Petitioner has claimed de-capitalisation against various assets as under:

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
0.81	0.86	0.00	67.40	4.08

51. The Petitioner has claimed the above de-capitalisation against the replacement of assets/works which are not in use, such as Jeep, Trucks, Dams and Barrages, etc. The de-capitalisation, as per books, claimed by the Petitioner, had been dealt with in the relevant paragraphs relating to the claims for additional capital expenditure, which have been considered and allowed for the respective years for the period 2019-24, in terms of the provisions of Regulation 26(2) of the 2019 Tariff Regulations. For those assets against which additional capital expenditure has not been allowed in this order, the corresponding de-capitalisation is also not being considered. Accordingly, the decapitalisation allowed against the admitted additional capital expenditure is as under:

(Rs. in lakh)					
	2019-20	2020-21	2021-22	2022-23	2023-24
De-Capitalization allowed	0.81	0.86	0.00	67.40	2.23

Assumed Deletions

De-capitalisation of items replaced under additional capitalisation

52. As per the consistent methodology adopted by the Commission in its orders, the expenditure on replacement of assets, if found justified, is allowed for the purpose of tariff, provided that the capitalisation of the said asset is followed by de-capitalisation of the gross value of the old asset. However, in certain cases where de-capitalisation

is proposed for future years, the de-capitalisation of the old asset for tariff purposes is shifted to the same year as the capitalisation of the new asset is allowed. Such de-capitalisation, which is not a book entry in the year of capitalisation, is termed 'Assumed Deletions'. Further, in the absence of the gross value of the asset being decapitalised, the same is calculated by de-escalating the gross value of the new asset @ 5% per annum till the year of capitalisation of the old asset/COD.

53. Accordingly, the amounts considered under this head are given below:

<i>(Rs. in lakh)</i>			
S.No.	Items claimed under Additional Capitalisation	Additional capitalisation claimed for new assets under replacement	Assumed Deletions Allowed
2019-20			
1	14 nos. computer desktop hp600g4 mt i5 win10p 815 wifi, 14 nos. ups, 02 nos. scanner, 14 nos. new printer and 01 nos. multifunction printer	10.19	7.98
2	52 no. computer dell optimex 3060, 52 no. line interactive ups 1000v, 14 no. printer- hp laser jet pro m202dw and 29 no. epson v39 scanners	29.61	23.20
3	hsd mini degausser	2.29	1.80
Total 2019-20		42.10	32.98
2020-21			
1	67 METER STEEL TRUSH BRIDGE AT DOWNSTREAM OF KHEP	481.31	359.16
Total 2020-21		481.31	359.16

54. Accordingly, the de-capitalisation allowed under Assumed Deletions is as under:

<i>(Rs. In lakh)</i>					
	2019-20	2020-21	2021-22	2022-23	2023-24
Assumed Deletions allowed	32.98	359.16	0.00	0.00	0.00

Exclusions

55. The Petitioner has claimed the following exclusions as per Form-9C:

<i>(Rs. In lakh)</i>					
	2019-20	2020-21	2021-22	2022-23	2023-24
Exclusions as per Form 9C	463.96	94.66	(-)124.91	(-)69.08	11.81



56. The Petitioner has submitted that the expenditure as stated in the table above, has been incurred on procurement/replacement of minor assets and capital spares, which are not allowed for the purpose of tariff, after the cut-off date of the generating stations. Accordingly, the Petitioner has put these additions under the exclusion category. The Petitioner has also de-capitalised certain amounts in the books of accounts pertaining to minor assets, as they are no longer in use on account of becoming unserviceable/obsolete.

57. We have considered the matter. It is pertinent to mention that the recovery of additional expenditure on minor assets, tools and tackles beyond the cut-off date is neither allowed to be capitalised nor is it permissible under the O&M expense. Also, the de-capitalisation of minor assets/capital spares is justifiable. Further, the positive and negative entries arising from inter-unit transfers of a temporary nature are ignored for the purpose of tariff. Accordingly, the exclusions/ignoring of positive and negative entries arising out of the minor assets, tools & tackles, inter-unit transfers and capital spares for the purposes of tariff for the period 2019-24, as claimed above, are allowed.

Additional capital expenditure allowed for the period 2019-24

58. Accordingly, the additional capital expenditure allowed for the generating station for the period 2019-24 is summarised below:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Additions allowed within the original scope	42.10	489.83	0.00	0.00	47586.98
Additions allowed beyond the original scope	398.46	154.10	374.73	47.89	3918.19
Total additions allowed (a)	440.56	643.93	374.73	47.89	51505.17
Decapitalization allowed	0.81	0.86	0.00	67.40	2.23
Assumed Deletion allowed	32.98	359.16	0.00	0.00	0.00
Less: Total Decapitalization allowed, including assumed deletions (b)	33.79	360.02	0.00	67.40	2.23
Add: Liability discharged (c)	362.80	59.46	57.18	3.29	35.33



Net Additional Capital Expenditure allowed (d)=(a)-(b)+(c)	769.57	343.36	431.90	(-)16.22	51538.26
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Capital cost allowed for the period 2019-24

59. Accordingly, the capital cost allowed for the period 2019-24 is as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost allowed (A)	286012.08	286781.65	287125.01	287556.91	287540.70
Net additional capital expenditure allowed (B)	769.57	343.36	431.90	(-)16.22	51538.26
Closing Capital Cost allowed (C=A+B)	286781.65	287125.01	287556.91	287540.70	339078.96

Debt Equity Ratio

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

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

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

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

- The generating company or the transmission licensee as the case may be shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system as the case may be.
- In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019 debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

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

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

- In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019 but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019 the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.
- Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.”



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

61. Gross normative loan and equity amounting to Rs. 220146.53 lakh and Rs. 65865.56 lakh respectively, as on 31.3.2019, as considered in the order dated 8.11.2024 in Petition No. 60/GT/2024, have been considered as the normative loan and equity as on 1.4.2019. The debt-equity ratio, as on COD, prior to 1.4.2012, was considered in the ratio of 78.30:21.70 and the debt equity ratio after COD was considered as 70:30. De-capitalisation of assets has been deducted from the corresponding loan as well as equity, taking into consideration the debt equity ratio, applied in the year in which it was capitalised.

62. The debt-equity ratio of 70:30 has been considered for the additional capitalisation during the period 2019-24 in terms of the above regulation, as under:

(Rs. in lakh)

Asset	As of 1.4.2019		Additional Capital Expenditure during 2019-24		De-capitalisation during 2019-24		As on 31.3.2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Debt	220146.53	76.97%	37471.23	70.00%	357.57	77.15%	257260.19	75.87%
Equity	65865.56	23.03%	16059.10	30.00%	105.88	22.85%	81818.78	24.13%
Total	286012.08	100.00%	53530.32	100%	463.45	100%	339078.96	100%

Return on Equity

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

“30. Return on Equity:

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

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

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

Provided further that:

i. In case of a new project the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station or transmission system is found to be declared under commercial operation without Commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO) data



telemetry communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

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

iii. in case of a thermal generating station with effect from 1.4.2020:

a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;

b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute subject to ceiling of additional rate of return on equity of 1.00%:

Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

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

31. Tax on Return on Equity:

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

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

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

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

Illustration-

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

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

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

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

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

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

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



64. In terms of the above regulations, the base rate of RoE has been considered towards equity corresponding to expenditure incurred up to 31.3.2019 and additional capital expenditure incurred within the original scope beyond the cut-off date. Further, for expenditure incurred beyond the original scope and after the cut-off date, the weighted average rate of interest on the generating station's loan has been considered as the base rate for the computation of RoE. The Petitioner, in its affidavit dated 7.11.2025, has submitted the assessment order and ITR for the period 2019-24. Based on the submissions, it is observed that the Petitioners' claim for the MAT rate is in line with the 2019 Tariff Regulations. Accordingly, the base rate of RoE has been grossed up with the MAT rate of the respective financial year for the period 2019-24. Hence, in terms of the above Regulations, RoE has been worked out as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Return on Equity on Add Cap within Original Scope					
Opening Equity (A)	65865.56	65979.70	66048.58	66048.83	66029.42
Additions due to additional capitalization (B)	12.63	146.95	0.00	0.00	14276.10
Addition due to discharge of liabilities (C)	108.84	0.07	0.25	0.51	5.40
Less: Decrease due to decapitalization (D)	7.33	78.13	0.00	19.93	0.48
Closing Equity (E)=(A)+(B)+(C)-(D)	65979.70	66048.58	66048.83	66029.42	80310.43
Average Equity (F)=(A+E)/2	65922.63	66014.14	66048.71	66039.13	73169.93
Base Rate (%) (G)	16.500%	16.500%	16.500%	16.500%	16.500%
Effective Tax Rate (%) (H)	17.472%	17.472%	17.472%	17.472%	17.472%
Effective ROE Rate (%) (I) = $G/(1-H)$	19.993%	19.993%	19.993%	19.993%	19.993%
Return on Equity (J)= (F)*(I)	13179.91	13198.21	13205.12	13203.20	14628.86
Return on Equity on Add Cap beyond Original Scope					
Normative Equity- Opening (A1)	0.00	119.54	183.54	312.85	327.69
Additions due to additional capitalization (B1)	119.54	46.23	112.42	14.37	1175.46
Addition due to discharge of liabilities (C1)	0.00	17.77	16.90	0.47	5.20
Less: Decrease due to decapitalization (D1)	0.00	0.00	0.00	0.00	0.00
Normative Equity – Closing (E1)=(A1)+(B1)+(C1)-(D1)	119.54	183.54	312.85	327.69	1508.35
Average Normative Equity (F1)=(A1+E1)/2	59.77	151.54	248.20	320.27	918.02
Base Rate (%) (G1)	9.437%	9.898%	9.941%	10.100%	8.142%
Effective Tax Rate (%) (H1)	17.472%	17.472%	17.472%	17.472%	17.472%



	2019-20	2020-21	2021-22	2022-23	2023-24
Effective ROE Rate (%) (I1) = $G1/(1-H1)$	11.434%	11.993%	12.045%	12.238%	9.866%
Return on Equity (J1)= $(F1)*(I1)$	6.83	18.17	29.90	39.20	90.57
Total Return on Equity (J+J1)	13186.75	13216.38	13235.01	13242.40	14719.44

Interest on Loan

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

“32. Interest on loan capital:

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

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

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of decapitalization of assets the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

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

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

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

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

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

66. Regulation 32(5) of the 2019 Tariff Regulations provides for the consideration of the actual loan portfolio for the computation of the weighted average rate of interest (WAROI). Accordingly, the weighted average rate of interest has been worked out on the basis of the actual loan portfolio for the respective year, applicable to the generating station. The repayment for the period 2019-24 has been considered equal to the depreciation allowed for the respective years.



67. Interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest as claimed by the Petitioner.

68. Accordingly, Interest on the loan is worked out as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Gross Normative loan - Opening (A)	220146.53	220682.42	220892.90	221195.24	221183.59
Cumulative repayment of Normative loan up to previous year (B)	93089.15	106617.67	120031.51	133762.20	147317.13
Net Normative loan - Opening (C=A-B)	127057.38	114064.75	100861.40	87433.03	73866.46
Add: Net Addition due to additional capital expenditure (D)	535.89	210.48	302.33	-11.65	36076.60
Repayment during the year (E)	13540.30	13556.01	13730.70	13587.87	12042.85
Less: Cumulative repayment adjustment on a/c of decapitalization (F)	11.78	142.18	0.00	32.94	1.09
Net Repayment (G)=(E)-(F)	13528.52	13413.83	13730.70	13554.93	12041.76
Net Loan - Closing (H=C+D-G)	114064.75	100861.40	87433.03	73866.46	97901.30
Average Normative loan (I)=(C+H)/2	120561.06	107463.07	94147.21	80649.75	85883.88
Weighted average rate of interest (J)	9.44%	9.90%	9.94%	10.10%	8.14%
Interest on Loan (K) = (I)*(J)	11376.87	10636.30	9358.94	8145.62	6992.54

Depreciation

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

“33. Depreciation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

70. Accordingly, the net cumulative depreciation amounting to Rs. 93089.15 lakh as on 31.3.2019, has been considered for the purpose of tariff. The COD of the generating station is 1.4.2012. The weighted-average rate of depreciation has been applied to determine depreciation for the year 2019-20, in line with Regulation 33(5) of the 2019 Tariff Regulations.

71. In terms of the 2014 Tariff Regulations, the useful life of a hydro generating station was 35 years. However, the 2019 Tariff Regulations stipulate that the useful life of a hydro generating station is 40 years. Accordingly, the balance useful life of the generating station as on 1.4.2019 has been considered to be 33 years in line with the 2019 Tariff Regulations.

72. Accordingly, depreciation has been computed as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost (A)	286012.08	286781.65	287125.01	287556.91	287540.70
Net Additional capital expenditure during the year (B)	769.57	343.36	431.90	-16.22	51538.26
Closing Capital Cost (C=A+B)	286781.65	287125.01	287556.91	287540.70	339078.96
Average Capital Cost (D)=(A+C)/2	286396.86	286953.33	287340.96	287548.80	313309.83
Freehold land (E)	461.78	461.78	461.78	461.78	461.78
IT Equipment & Software (F)	58.75	63.06	63.06	63.06	63.06
Rate of Depreciation (H)	4.73%	4.72%	4.78%	4.73%	3.84%
Total Depreciable Value (I=(D-E-F *90%)) + F	257347.45	257848.70	258197.57	258384.63	281569.55
Remaining Depreciable Value at the beginning of the year (J=I-Cum Dep at 'O' at the end of the previous year)	164258.30	151231.02	138166.06	124622.43	134252.42
Balance useful Life (K)	33.00	32.00	31.00	30.00	29.00
Depreciation (L=D*H)	13540.30	13556.01	13730.70	13587.87	12042.85
Cumulative Depreciation at the end of the year (M=L+Cum. Dep at 'O' at the end of previous year)	106629.45	120173.69	133762.20	147350.07	159359.98
Less: Depreciation adjustment on account of de-capitalisation (N)	11.78	142.18	0.00	32.94	1.09
Net Cumulative Depreciation at the end of the year (O)	106617.67	120031.51	133762.20	147317.13	159358.89

Operation & Maintenance Expenses

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

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

	2019 –20	2020-21	2021–22	2022–23	2023–24
KHEP	13452.46	14093.68	14765.46	15469.26	16206.61

Note: The impact in respect of revision of minimum wage, pay revision and GST if any will be considered at the time of determination of tariff.

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

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



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

74. In the present Petition, the Petitioner has claimed O&M expenses for the period 2019-24 in terms of the above Regulation and, in addition, has claimed the security expense and capital spares as per actual expenditure for the respective years

75. Considering the fact that the generating station is in operation for three or more years as on 1.4.2019, the normative O&M expenses as allowed by the order dated 3.10.2022 in Petition No. 244/GT/2020, in terms of the above Regulation, have been allowed.

Additional O&M expenses

76. As per Regulation 35(2) (a) of the 2019 Tariff Regulations, the impact in respect of revision of minimum wage, pay revision and GST, if any, will be considered at the time of determination of tariff. Also, as per Para 10.7.4 of the Statement of Objects and Reasons (SOR) to the 2019 Tariff Regulations, the impact of wage revision, minimum wages and GST has not been factored into the O&M expenses norms and shall be considered for each hydro generating stations as below:

“10.7.4 In case of hydro generating stations the O&M expenses norms are provided for each of the generating stations in absolute terms i.e. Rs. Lakh for each year. It is not practicable to derive a common impact for all the hydro generating stations on account of employees pay revision escalation in minimum wages and GST. Therefore, the Commission has decided that the impact on O&M expenses on account of employees pay revision escalation in minimum wages and GST shall be considered for each hydro generating station separately at the time of their tariff Petitioner for the tariff period 2019-24.

77. The Commission had accordingly approved the enhancement of O&M expenses for several hydro generating stations at the time of determination of tariff for the period 2019-24.

78. While filing the tariff determination petitions for the period 2019-24, the generating companies had sought additional O&M expenses towards the impact of



employee pay revision. However, the Commission observed that some entities claimed pay revision impact for 2018-19 and escalated it at 4.77% per annum, whereas other entities applied a higher escalation factor of 8%. The Commission, while determining the tariff, adopted a standard methodology and a uniform approach by considering the actual impact for 2018-19, arising out of the implementation of the Pay Commission recommendations for the PSUs (effective 1.1.2017) and escalated the same at 4.77% per annum, in line with the principles adopted in framing the normative O&M expenses for the period 2019-24 under the 2019 Tariff Regulations. In most petitions, a normative figure for the impact of the additional pay revision was determined, and in some cases, where the additional O&M expenses were not dealt with, the Petitioners were given liberty to approach the Commission at the time of true-up of tariff. However, in the present true-up petitions, it is noted that the generating companies have submitted claims based on both approaches, i.e., the above standardised norm and the actual impact. The same has been reviewed and verified. In order to ensure fairness and consistency, the Commission has maintained a uniform methodology for assessing the impact of enhanced O&M expenses. Accordingly, the impact of the wage revision for the year 2018-19 is taken as the base, and then escalated by 4.77% per year for the period 2019-24, and approved as additional O&M expense. The actual impact of pay revision claimed for the period 2019-24 has been considered by the Commission while framing the O&M expense norms for the period 2024-29. Adjustments, if any, arising from the earlier Pay Commission changes, were included in the actual O&M expenses submitted by the generating companies, which are reflected in the normative O&M expenses allowed for the period 2024-29 in terms of the 2024 Tariff Regulations for each individual generating station.



79. It is observed that the order dated 14.9.2022 in Petition No.341/MP/2020 (filed by the Petitioner seeking recovery of the impact of wage/pay revision for the 2017-19 tariff period for the generating station), had allowed an amount of Rs. 2735 lakh in 2018-19 towards impact of pay revision of the Petitioner's staff. The provisions of the 2019 Tariff Regulations, read with the Statement of Objects and Reasons (SOR) to the said regulations, provide for an annual escalation rate 4.77 % for the projected O&M expenses during the 2019-24 tariff period. Accordingly, the Commission had allowed the impact of the pay revision during the period 2019-24, and had stated that the impact of minimum wages shall be dealt with at the time of truing up.

Impact Of Pay Revision

80. The Petitioner has claimed an amount of Rs. 20681.00 lakh towards the impact of pay revision of THDCIL employees for the period 2019-24, on account of 2017 pay scale finalisation w.e.f. 1.1.2017 as under:

<i>(Rs. in lakh)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
4179.00	4007.00	4356.00	4933.00	3206.00

81. In the backdrop of our discussions in paragraphs 76-79, of this order above, and considering the actual impact due pay revision for the year 2018-19, as furnished by the Petitioner vide Petition No. 341/MP/2020 for Rs. 2735 lakh, the impact of pay revision for the period 2019-24 has been worked out as under:

<i>(Rs. in lakh)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
2865.46	3002.14	3145.34	3295.38	3452.57

Impact of revision in Minimum Wages



82. The Petitioner has also claimed the additional O&M expenses of Rs. 333.22 lakh due to the impact of the revision of minimum wages during the period 2019-24 as under:

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
53.21	58.29	62.97	87.56	71.19

83. In the backdrop of our discussions in paragraphs 76-79, of this order above, and considering the actual impact due to minimum wages for the year 2018-19, as furnished by the Petitioner vide Petition No. 341/MP/2020 for Rs. 8.92 lakh, the impact of revision in minimum wages for the period 2019-24 has been worked out as under:

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
9.35	9.79	10.26	10.75	11.26

Capital Spares

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

“35(2)(d)-

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

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

85. Regulation 35(2)(d) of the 2019 Tariff Regulations provides that the generating station shall submit the details of the actual capital spares consumed at the time of truing up the tariff, with proper justification.

86. The order dated 3.10.2022 in Petition No. 244/GT/2020 had directed that the capital spares shall be allowed on an actual consumption basis at the time of truing up of tariff, based on the actual expenses, incurred by the Petitioner.

87. The Petitioner has submitted the details of spares consumed for Rs. 374.98 lakh, and has also furnished the year of capitalisation of these spares.

88. It is pertinent to mention that the term “capital spares” has not been defined in the 2019 Tariff Regulations. The term capital spares, in our view, is a piece of equipment, or a spare part, of high cost that is maintained in inventory for use in the event that a similar piece of critical equipment fails or must be rebuilt. Keeping in view the principle of materiality and to ensure standardised practices in respect of earmarking and treatment of capital spares, the value of capital spares exceeding Rs. 1.00 lakh, on a prudence check of the details furnished by the Petitioner in the Petition, has been considered for the purpose of tariff. Based on this, the details of capital spares consumption allowed for the period 2019-24 are summarised below:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner	111.41	82.55	0.00	167.51	13.52
Less: Minor items (Less than 1 Lakh)	0.00	0.00	0.00	0.00	0.00
Net total value of capital spares considered	111.41	82.55	0.00	167.51	13.52

89. Further, we are of the view that spares do have a salvage value. Accordingly, in line with the practice of considering salvage value, presumed to be recovered by the Petitioner on sale of capital assets, on becoming unserviceable, the salvage value of 10% has been deducted from the cost of capital spares considered above for the 2019-24 Tariff period. Therefore, on a prudence check of the information furnished by the Petitioner and on applying the said ceiling limit along with deduction of the salvage value @10%, the net capital spares allowed in terms of Regulation 35(2)(d) of the 2019 Tariff Regulations are as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Net total value of capital spares considered	111.41	82.55	0.00	167.51	13.52
Less: Salvage value @ 10%	11.14	8.25	0.00	16.75	1.35
Net capital spares allowed	100.26	74.29	0.00	150.75	12.17



Security expenses

90. The Petitioner has also claimed security expenses as part of O&M expenses in terms of Regulation 35(2)(d) of the 2019 Tariff Regulations. Further, the Petitioner has submitted the Security Expenses at the actual during the period 2019-24 amounting to Rs. 26634.31 lakh for the purpose of truing up, which are as follows:

<i>(Rs. in Lakhs)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
1379.11	1285.61	1572.83	1576.62	2127.21

91. The Respondents, RUVITL and BRPL, in their reply have submitted that the Petitioner had earlier claimed Rs. 907.20 lakh as CISF security expenses for the year 2018-19 with an auditor certificate. However, during the period 2019-24, the Petitioner has significantly increased the claim to Rs. 1379.11 lakh for the year 2019-20 by including salaries of private/other security agencies and medical expenses of security personnel, without furnishing any justification or details, despite no increase in plant capacity. The Respondents have further submitted that since the petitioner has failed to submit the required assessment of security needs, work orders, agency details, manpower strength, cadre, salary break-up, or justification for engaging private agencies and claiming medical expenses which were never claimed earlier under this head, the additional claim beyond the earlier approved amount and the same should not be allowed. Further, the Respondent, PSPCL, has submitted that security expenses are allowable separately only after a prudence check and only for personnel actually deployed at the generating station for generation purposes.

92. The Petitioner in its rejoinder has submitted that it has claimed security expenses of Rs. 1379.11 lakh to Rs. 2127.21 lakh for 2019-20 to 2023-24, comprising of CISF salaries, their medical expenses, and charges for ex-servicemen security



personnel provided through Uttarakhand Purv Sainik Kalyan Nigam Limited (UPNL) at the project site and deployment of CISF is mandatory as per Intelligence Bureau recommendations owing to the strategic vulnerability of the power plant. The Petitioner has also clarified that it has submitted the detailed break-up of security expenses, and all supporting documents vide affidavit dated 26.8.2025.

93. It is observed that the security expenses claimed for the plant are in line with the plant-level accounts submitted by the Petitioner and are duly certified by the statutory auditor. The Petitioner vide affidavit dated 26.8.2025 has provided the monthly statement of security expenses for the period 2019-24 along with bills for arms and ammunition, and the recovery cost of the CISF unit and security wing stationed at KHEP. We have reviewed the submissions of the Petitioner. Since the petitioner has certified that the deployment is duly accounted for and actual security expenses have been claimed as per the provisions of the 2019 Tariff Regulations, the security expense claimed by the Petitioner is hereby allowed.

94. Accordingly, in view of the above, the year-wise total O&M expenses allowed for the generating station are as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Normative O&M expenses (A) (Regulation 35(2)(a))	13452.46	14093.68	14765.46	15469.26	16206.61
Impact of Wage revision (B)	2865.46	3002.14	3145.34	3295.38	3452.57
Impact of minimum wages (C)	9.35	9.79	10.26	10.75	11.26
Security Expenses (F)	1379.11	1285.61	1572.83	1576.62	2127.21
Capital Spares (G)	100.26	74.29	0.00	150.75	12.17
Total O&M expenses allowed	17806.64	18465.52	19493.89	20502.76	21809.81

Interest on Working Capital

95. Sub-section (c) of clause (1) of Regulation 34 of the 2019 Tariff Regulations provides as under:

“34. Interest on Working Capital:



(1) The working capital shall cover

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

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

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

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

Working Capital for Receivables

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

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
7039.76	7045.85	7031.65	6991.82	7010.19

Working capital for Maintenance Spares

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

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
2655.96	2758.68	2924.08	3052.80	3269.65

Working capital for O&M Expenses

98. Working capital for O&M expenses, including security expenses for 1 month, is worked out and allowed as under:

(Rs. in lakh)				
2019-20	2020-21	2021-22	2022-23	2023-24
1475.53	1532.60	1624.49	1696.00	1816.47

Rate of Interest on Working Capital

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

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

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

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working capital for O&M Expenses (one month of O&M Expenses)	1475.53	1532.60	1624.49	1696.00	1816.47
Working capital for Maintenance Spares (15% of operation and maintenance expense)	2655.96	2758.68	2924.08	3052.80	3269.65
Working capital for Receivables (two months of fixed cost)	7039.76	7045.85	7031.65	6991.82	7010.19
Total working capital	11171.24	11337.13	11580.22	11740.62	12096.30
Rate of Working Capital (%)	12.05%	11.25%	10.50%	10.50%	12.00%
Interest on Working Capital	1346.13	1275.43	1215.92	1232.76	1451.56

Annual Fixed Charges approved for the period 2019-24

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

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	13540.30	13556.01	13730.70	13587.87	12042.85
Interest on Loan	11376.87	10636.30	9358.94	8145.62	6992.54
Return on Equity	13186.75	13216.38	13235.01	13242.40	14719.44
Interest on Working Capital	1346.13	1275.43	1215.92	1232.76	1451.56
O&M Expenses	17806.64	18465.52	19493.89	20502.76	21809.81
Total	57256.69	57149.64	57034.46	56711.41	57016.19

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

Normative Annual Plant Availability Factor (NAPAF)

102. Regulation 50(A)(4) of the 2019 Tariff Regulations provides for the Normative Annual Plant Availability Factor (NAPAF) for hydro generating stations already in operation. Accordingly, in accordance with the said Regulation, NAPAF of 68% has been considered for this generating station.

Auxiliary Energy Consumption

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

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

104. The generating station is surface with a static excitation system with an installed capacity of 400MW. The Petitioner has submitted the Auxiliary Energy Consumption (AEC) of 1% for the generating station in accordance with the 2019 Tariff Regulations, and the same is considered and allowed.

Design Energy (DE)

105. The Petitioner has submitted that the CEA vide its letter dated 6.8.2012, has approved the annual Design Energy (DE) of the generating station as 1154.84 MU. Accordingly, in consideration of the CEA approval, the Commission vide its order dated 3.10.2022 in Petition No. 244/GT/2020 had considered the annual DE of 1154.84 MU for the generating station for the period 2019-24. Accordingly, the DE of 1154.84 MU has been considered and allowed for the period 2019-24, in this order, as per the month-wise details below:

MONTHS	PERIOD (10 DAYS MONTHLY)	DESIGN ENERGY (MUs)
April	I	29.81
	II	30.6
	III	35.61
May	I	40.11
	II	36.42
	III	42.81
June	I	40.01
	II	42.02
	III	12.6
July	I	13.6
	II	14.1
	III	20.41
August	I	52.12
	II	51.11



	III	67.73
September	I	31.51
	II	33.41
	III	20.31
	III	20.31
October	I	22.91
	II	19.61
	III	14.9
	III	14.9
November	I	18.91
	II	19.6
	III	20.31
	III	20.31
December	I	32.5
	II	33.41
	III	37.81
	III	37.81
January	I	35.8
	II	36.41
	III	41.82
	III	41.82
February	I	39.42
	II	32.01
	III	35.31
	III	35.31
March	I	35.31
	II	35.8
	III	35.71
	III	35.71
Total		1154.84

106. The RLDC Fees & charges paid by the Petitioner in terms of the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations 2015 shall be recovered from the beneficiaries. In addition, the Petitioner is entitled to the recovery of statutory taxes levies, duties cess, etc., levied by the statutory authorities, in accordance with the 2019 Tariff Regulations.

Summary

107. Accordingly, the annual fixed charges allowed vide order dated 8.11.2024 in Petition No. 60/GT/2020 and the annual fixed charges allowed in this order (after truing up exercise) for the period 2019-24 in respect of the generating station are summarised as under:

	(Rs in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual fixed charges allowed vide order dated 8.11.2024 in Petition No. 60/GT/2024	56558.59	56247.63	55847.87	55566.19	59365.38



Annual Fixed Charges Claimed	58582.58	58169.70	59287.43	58652.89	69244.90
Annual Fixed Charges allowed in this order	57256.69	57149.64	57034.46	56711.41	57016.19

108. The difference between the annual fixed charges recovered by the Petitioner in terms of the order dated 8.11.2024 in Petition No. 60/GT/2024 and the annual fixed charges determined by this order shall be adjusted in terms of the provisions of Regulation 12 & 13 of the 2019 Tariff Regulations.

DETERMINATION OF TARIFF FOR THE 2024-29 TARIFF PERIOD

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

Annual Fixed Charges claimed

	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	8293.91	8390.26	8412.34	8427.34	8432.14
Interest on Loan	15266.54	14574.52	13793.77	13003.31	12200.50
Return on Equity	22141.47	24425.38	24436.34	24437.56	24440.24
Interest on Working Capital	1730.32	1810.24	1856.34	1905.18	1957.02
O & M Expenses	24032.11	25289.35	26615.32	28013.80	29488.75
Total	71464.36	74489.74	75114.11	75787.19	76518.65

Capital Cost

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

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



- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
- (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
- (d) Capital expenditure on account of ash disposal and utilization, including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under the Perform, Achieve and Trade (PAT) scheme of the Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries;
-
- (i) Expenditure on account of change in law and force majeure events”

111. The Petitioner vide Form-1(I) of the Petition has claimed capital cost as follows:

	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Capital Cost	438826.75	441752.18	442038.28	442488.28	442538.28
Add: Addition during the year / period	2925.44	286.10	450.00	50.00	110.00
Less: De-capitalization during the year / period	0.00	0.00	0.00	0.00	0.00
Add: Discharges during the year / period	0.00	0.00	0.00	0.00	0.00
Closing Capital Cost	441752.18	442038.28	442488.28	442538.28	442648.28

112. We, in paragraph 59 of this order, have allowed the closing capital cost of Rs. 339078.96 lakh, as on 31.3.2024. Accordingly, in terms of Regulation 19 of the 2024 Tariff Regulations, the capital cost of Rs. 339078.96 lakh as on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024, for the purpose of determination of tariff for the period 2024-29.

Additional Capital Expenditure

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



accordance with the 2019 Tariff Regulations. Relevant clauses of Regulations 25 and 26 of the 2024 Tariff Regulations provide as under:

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

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

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

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

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

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

(e) Force Majeure events;

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

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

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

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

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

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

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

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

26. Additional Capitalisation beyond the original scope

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

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

(c) Force Majeure events;

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

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

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

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

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

(h) Works pertaining to Railway Infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station (excluding any transportation cost and any

other appurtenant cost paid to railways) that are not covered under Regulation 24, 25 and 27, but shall result in better fuel management and can lead to a reduction in operation costs, or shall have other tangible benefits:

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

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

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

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

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

114. The Petitioner has submitted that the projected additional capital expenditure has been claimed under the provisions of the 2024 Tariff Regulations (including discharge of liabilities) claimed by the Petitioner for the period 2024-29 is as under:

	(Rs in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Total projected additional capital expenditure to be incurred	2925.44	286.10	450.00	50.00	110.00

115. The Respondents, PSPCL, RUVITL and BRPL, in their replies have raised their following objections towards the additional capital expenditure claimed by the Petitioner - a) The claims made under Regulation 26(1)(d) of the 2024 Tariff Regulations lacks statutory directive or security advisory mandating their requirement, while the justification appears to be of routine maintenance activities/ or O&M nature; b) The claims made under Regulation 25(2)(a) of the 2024 Tariff Regulations merely state the replacement of a weak and defective unit without demonstrating that the asset has completed its useful life and has been fully depreciated, and the Petitioner has not submitted any technical assessment, test reports or depreciation records to

establish its eligibility; and, c) The claims made under Regulation 26(1)(a) of the 2024 Tariff Regulations lacks specific documentary evidence and without furnishing any formal orders, approvals, etc. Furthermore, the Petitioner has claimed "miscellaneous expenses" without providing an itemised justification.

116. The Petitioner, in its rejoinder to the replies filed by the Respondents, has provided justification and requested referencing of annexures provided along with the main Petition towards supporting documents of the claimed additional capital expenditure.

117. We have considered the matter. Based on the submissions of the parties and documents placed on record, we now examine the year-wise capital expenditure claimed by the Petitioner, on a prudence check, as stated in the subsequent paragraphs.

118. The Petitioner has claimed additional capital expenditure, such as procurements of battery banks, heat exchangers, etc., under regulation 25(2)(a) of the 2024 Tariff Regulations. It is noticed that the expenditure claimed is primarily towards the replacement of old items, which were part of the original scope of work and have completed their useful life. Accordingly, the claims of the Petitioner are allowed. However, the Petitioner has not provided de-capitalisation corresponding to the said assets, hence, the de-capitalisation value of old replaced assets has been considered and dealt under 'Assumed Deletions'.

119. The Petitioner has claimed additional capital expenditure relating to R&R expenses, digitization of R&R records, law expenses and other miscellaneous expenses under 26(1)(a) of the 2024 Tariff Regulations. It is observed that the Petitioner has not provided the segregated claims corresponding to each head and its supporting documents; accordingly, the claim of the Petitioner is not allowed.

However, the Petitioner is at liberty to approach the commission with supporting documents and segregated claims at the time of truing up.

2024-25

120. The Petitioner has claimed a total projected additional capital expenditure of Rs. 2925.44 lakh in 2024-25 under the provisions of Regulations 25 and 26 of the 2024 Tariff Regulations, as discussed below.

SI No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
New Claims						
1	2 nos. 25kL Transformer Oil Storage tanks	20.77	26(1)(d)	For oil storage for maintenance/internal inspection of Generator Transformers.	In our view, the additional capital expenditure incurred by the Petitioner is in the nature of O&M expenses. Hence, the claim of the Petitioner is not allowed . However, the Petitioner is granted liberty to claim the same with relevant supporting documents, at the time of truing up of tariff.	0.00
2	Procurement of battery bank-2	258.76	25(2)(a)	For the replacement of the weak & defective 220V 1820AH battery bank-2.	In light of our decision in paragraph 118 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has been considered and dealt	258.76
3	Procurement of Battery bank-1	265.51	25(2)(a)	For replacement of weak & defective 220V 1820AH battery bank-1.		265.51
4	Procurement of 1 set of heat	53.43	25(2)(a)	1 set for the replacement of the faulty installed		53.43



SI No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
	exchangers for GT			heat exchangers of GT.	under 'Assumed Deletions'	
5	Procurement of 1 nos. 123MVA 13.8kV/420 kV Generator Transformer	1719.97	25(2)(a)	At present, Koteswar Project have no spare Generator Transformer to use in place of the defective Generator Transformer, and the present GTs are in operation for more than ten years' time and chances of fault in another GTs may not be ruled out, considering the incidence at the site and problem faced also in one of the Generator Transformers of Tehri HPP. In view of the above and considering the urgency, it is proposed to purchase a new GT of the same rating and specifications to meet our future requirement, as also procured in Tehri HPP, to meet any exigency to reduce the revenue loss.	It is noted that the claimed asset is an additional capital spare, and as per Regulation 37(2)(c) of the 2024 Tariff Regulations, capital spares are to be allowed separately, on an actual consumption basis, as part of the additional O&M expenses. Accordingly, the asset claimed by the Petitioner under this head is not allowed . However, the Petitioner is provided liberty to claim the capital spares under Regulation 37(2)(c) of the 2024 Tariff Regulations, if consumed, at the time of true-up.	0.00
6	Procurement of Online Dry out system	75.00	25(2)(a)	For the drying of the generating transformer. During finalisation of the Preservation plan of spare GT, OMS Deptt., Rishikesh submitted the recommendations of the Consultant, Sh. Appa Sarma		0.00



SI No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
				for installing the Online dry out system for maintaining the dryness of insulating oil during storage.		
7	Implementation of Differential Protection in 400 kV Lines	45.00	26(1)(b)	In line with the NRPC Guidelines for shortlines, Implementation of Differential Protection in 400 kV Lines is being carried out along with POWERGRID.	The expenditure to be incurred is in compliance with NRPC Guidelines. Accordingly, the expense is allowed . However, the Petitioner is required to provide supporting documents for justification of the same at the time of truing-up for the tariff period 2024-29.	45.00
8	Installation of Servo Valve in Unit # 1 of Koteswar HEP	30.00	25(2)(a)	In view of the issues/problems with the existing EHT-based HMC and other spare-related issues, installation of the Servo valve-based HMC is being carried out.	In light of our decision in paragraph 117 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has been considered and dealt under 'Assumed Deletions'	30.00
9	R&R Expenses, Digitization of R&R Records, Law Expenses &	50.00	26(1)(a)	R&R is being implemented as per the decision taken by MOP/ State Govt/ Rehab Directorate, and funds are being released by	In light of our decision in paragraph 119 of this order above, the claim is not allowed .	0.00



SI No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
	Other Misc Expenses.			THDCIL accordingly.		
10	Purchasing of fire tender for CISF fire wing of KHEP	120.00	26(1)(d)	CISF Fire wing, KHEP, has one fire tender whose validity is about to expire in the next few months; after that, a tender will be required to be procured.	It has been observed that the claim asset is to be procured on a replacement basis and does not fall under 26(1)(d) of the 2024 Tariff Regulations. Further no documentary evidence has been furnished by the Petitioner in terms of Regulation 26(1)(d) of the 2024 Tariff Regulations. Accordingly, the additional capital expenditure claimed is not allowed . However, the Petitioner is granted liberty to claim the same with relevant supporting documents, at the time of truing up of tariff.	0.00
11	Construction of platform/ramp, pathway and access to jetty platform for training of the high-performance academy for water sports (H.P.A.) at	287.00	26(1)(d)	For the High Performance Academy at HEP Koteswar.	In our view, the additional capital expenditure incurred by the Petitioner is neither directly nor indirectly related to the operation of the generating station and is in the nature of O&M expenses.	0.00



SI No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation s under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
	HEP koteswar				Hence, the Petitioner's claim is not allowed .	
Total amount claimed		2925.44				652.70
Total amount allowed						

121. Based on the above, the total additional capital expenditure of Rs. 652.70 lakh is allowed in 2024-25.

2025-26

122. The Petitioner has claimed a total projected additional capital expenditure of Rs. 286.10 lakh in 2025-26 under the provisions of Regulations 25 and 26 of the 2024 Tariff Regulations, which are discussed below:

SI No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulation s under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
New Claims						
1	Procurement of CT analyser	20.00	26(1)(d)	For testing of CTs	In our view, the additional capital Expenditure claimed is in the nature of tools and tackles/O&M nature. Accordingly, the additional capital expenditure claimed is not allowed .	0.00
2	Procurement of Cables	50.00	25(2)(a)	Arranging the cables for replacement of old cables to meet eventuality due to failure of old cables.	In light of our decision in paragraph 118 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has	50.00



Sl No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
					been considered and dealt with under 'Assumed Deletions De-capitalisations'.	
3	R&R Expenses, Digitization of R&R Records, Law Expenses & Other Misc Expenses.	50.00	26(1)(a)	R&R is being implemented as per the decision taken by MOP/ State Govt/ Rehab Directorate, and funds are being released by THDCIL accordingly.	In light of our decision in paragraph 119 of this order above, the claim is not allowed .	0.00
4	Construction of a dormitory room for drivers in the proposed viewpoint cum LMV parking in front of Tripti Guest House at Koteswar	166.10	102 & 103	Providing a sufficient parking area in front of Tripti Guest House at HEP, Koteswar.	In our view, the additional capital expenditure incurred by the Petitioner does not relate to the operation of the generating station and is in the nature of O&M expenses. Hence, the Petitioner's claim is not allowed .	0.00
Total amount claimed		286.10				
Total amount allowed						50.00

123. Based on the above, the total additional capital expenditure of Rs. 50.00 lakh is allowed in 2025-26.

2026-27

104. The Petitioner has claimed a total projected additional capital expenditure of Rs. 450.00 lakh in 2026-27 under the provisions of Regulations 25 and 26 of the 2024 Tariff Regulations, which are discussed below:



Sl No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
Items already allowed – Spill over Works						
1	R&R Expenses, Digitization of R&R Records, Law Expenses & Other Misc Expenses.	50.00	26(1)(a)	R&R is being implemented as per the decision taken by MOP/ State Govt/ Rehab Directorate, and funds are being released by THDCIL accordingly.	In light of our decision in paragraph 119 of this order above, the claim is not allowed .	0.00
2	Construction of sewerage treatment plant at KHEP	400.00	26(1)(b)	For proper treatment and disposal of sewage in the residential/non-residential colony area, as per the NGT requirements, at HEP, Koteswar.	Since no documentary evidence has been furnished by the Petitioner in terms of Regulation 26(1)(b) of the 2024 Tariff Regulations, the additional capital expenditure claimed is not allowed . However, the Petitioner is granted liberty to claim the same with complete details of the subject works and the total expenditure envisaged for the same with necessary supporting documents, at the time of truing up the tariff.	0.00
Total amount claimed		450.00				
Total amount allowed						0.00

124. Based on the above, no additional capital expenditure is allowed in 2026-27.



2027-28

125. The Petitioner has claimed a total projected additional capital expenditure of Rs. 50.00 lakh in 2027-28 under the provisions of Regulations 25 and 26 of the 2024 Tariff Regulations, which are discussed below:

SI No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed (Rs. in lakh)
New Claims						
1	R&R Expenses, Digitization of R&R Records, Law Expenses & Other Misc Expenses.	50.00	26(1)(a)	R&R is being implemented as per the decision taken by MOP/ State Govt/ Rehab Directorate, and funds are being released by THDCIL accordingly.	In light of our decision in paragraph 119 of this order above, the claim is not allowed .	0.00
Total amount claimed		50.00				
Total amount allowed						0.00

126. Based on the above, no additional capital expenditure is allowed in 2027-28.

2028-29

127. The Petitioner has claimed a total projected additional capital expenditure of Rs. 110.00 lakh in 2028-29 under the provisions of Regulations 25 and 26 of the 2024 Tariff Regulations, which are discussed below:

SI. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed
1	Procurement of 220 V DC 300 AH Battery Bank at 400 kV Koteswar KHEP Switchyard.	60.00	25(2)(a)	For the replacement of a 220V 300 AH Battery Bank at 400 kV Koteswar KHEP Switchyard.	In light of our decision in paragraph 118 of this order above, the claim is allowed . The de-capitalisation value of old replaced assets has	60.00



Sl. No.	Head of Work/ Equipment	Amount Claimed (Rs. in lakh)	Regulations under which claimed	Justification submitted by the Petitioner	Remarks for Admissibility	Amount allowed
					been considered and dealt under 'Assumed Deletions'	
2	R&R Expenses, Digitization of R&R Records, Law Expenses & Other Misc Expenses.	50.00	26(1)(a)	R&R is being implemented as per the decision taken by MOP/ State Govt/ Rehab Directorate, and funds are being released by THDCIL accordingly.	In light of our decision in paragraph 119 of this order above, the claim is not allowed .	0.00
Total amount claimed		110.00				
Total amount allowed						60.00

128. Based on the above, the total additional capital expenditure of Rs. 60.00 lakh is allowed in 2028-29.

Discharge of liabilities

129. The Petitioner has not claimed any discharges for the generating station during the period 2024-29.

De-capitalization

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

Assumed Deletion

De-capitalisation of items replaced under additional capitalisation



131. As per the consistent methodology adopted by the Commission, expenditure on the replacement of assets, if found justified, is allowed for tariff purposes, provided that the capitalisation of the said asset is followed by the de-capitalisation of the original value of the old asset. However, in certain cases where de-capitalisation is affected in books during the following years up to the year of capitalisation of the new asset, the de-capitalisation of the old asset for tariff purposes is shifted to the very same year in which the capitalisation of the new asset is allowed. Such decapitalization, which is not a book entry in the year of capitalisation, is termed "Assumed Deletion". Further, in the absence of the asset's gross value being decapitalised, the same is calculated by de-escalating the gross value of the new asset at 5% per annum until the year of capitalisation of the old asset.

132. It is observed that the Petitioner has claimed the asset/work, such as the procurement of battery bank, heat exchangers, cables, installation of the servo valve, etc., on a replacement basis. However, the Petitioner has not furnished the de-capitalisation value of the old assets/works, which are proposed to be replaced. Accordingly, based on the above methodology, the assumed deletion considered for these assets/works is also as under:

<i>(Rs. in lakh)</i>			
Sl.No.	Items claimed under Additional Capitalisation	Additional capitalisation claimed for new assets under replacement	Assumed Deletions Allowed
2024-25			
1	Procurement of battery bank-2	258.76	158.86
2	Procurement of Battery bank-1	265.51	163
3	Procurement of 1 set heat exchangers for GT	53.43	32.80
4	Installation of Servo Valve in Unit # 1 of Koteswar HEP	30	18.42
Total 2024-25		577.70	373.07
2025-26			
1	Procurement of Cables	50.00	29.23
Total 2025-26		50.00	29.23
2028-29			



1	Procurement of 220 V DC 300 AH Battery Bank at 400 kV Koteswar KHEP Switchyard.	60.00	30.30
Total 2028-29		60.00	30.30

133. The Petitioner is directed to provide the actual decapitalization at the time of true up for the period 2024-29.

Additional capital expenditure allowed (Net) for the 2024-29 period

134. Accordingly, the additional capital expenditure allowed for the generating station for the period 2024-29 is summarised below:

	2024-25	2025-26	2026-27	2027-28	(Rs. in lakh) 2028-29
Additional capital expenditure allowed (a)	652.70	50.00	0.00	0.00	60.00
Less: De-capitalization considered (b)	373.07	29.23	0.00	0.00	30.30
Discharge of Liability (c)	0.00	0.00	0.00	0.00	0.00
Net additional capital expenditure allowed (d)=(a)-(b)+(c)	279.62	20.77	0.00	0.00	29.70

Capital Cost allowed

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

	2024-25	2025-26	2026-27	2027-28	(Rs. in lakh) 2028-29
Opening Capital Cost allowed (A)	339078.96	339358.58	339379.35	339379.35	339379.35
Additional capital expenditure within scope (B)	607.70	50.00	0.00	0.00	60.00
Additional capital expenditure beyond scope (C)	45.00	0.00	0.00	0.00	0.00
Less: De-capitalization (incl. Assumed Deletions) (D)	373.07	29.23	0.00	0.00	30.30
Discharge of Liability(E)	0.00	0.00	0.00	0.00	0.00
Net additional capital expenditure allowed (F=B+C-D+E)	279.62	20.77	0.00	0.00	29.70
Closing Capital Cost allowed (G=A+F)	339358.58	339379.35	339379.35	339379.35	339409.04

Debt-Equity Ratio

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



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

Provided that:

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

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

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or 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.”

137. Gross normative loan and equity amounting to Rs. 257260.19 lakh and Rs. 81818.78 lakh, respectively, as on 31.3.2024, as considered in paragraph 62 above, have been considered as normative loan and equity as on 1.4.2024. The normative debt-equity ratio of 70:30 has been considered for the admitted additional capital expenditure. The details of the debt-equity ratio considered are shown as under:

(Rs. in lakh)

Asset	As on 1.4.2024		Additional Capital Expenditure during 2024-29		De-capitalization during 2024-29		As on 31.3.2029	
	Amount	%	Amount	%	Amount	%	Amount	%
Debt	257260.19	75.87%	533.89	70.00%	338.73	78.30%	257455.34	75.85%
Equity	81818.78	24.13%	228.81	30.00%	93.88	21.70%	81953.71	24.15%
Total	339078.97	100%	762.70	100%	432.61	100%	339409.05	100%

Return on Equity

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

“30. Return on Equity:

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

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

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

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

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station or transmission 58 system is found to be declared under commercial operation without Commissioning of any of the Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

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

iii. in the case of a thermal generating station:

- a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate as specified under Regulation 45(9) of IEGC Regulations, 2023.
- b) an additional rate of return on equity of 0.125% shall be allowed for every incremental ramp rate of 0.50% per minute achieved over and above the ramp rate specified by Central Electricity Authority, subject to the ceiling of additional rate of return on equity of 1.00%:

31. Tax on Return on Equity:

- (1) The rate of return on equity as allowed by the Commission under Regulation 30 of these Regulations shall be grossed up with the effective tax rate of the respective financial year.



The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.

Provided that in case a generating company or transmission licensee is paying 59 Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess;

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

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

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

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

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

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

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

139. The Return on Equity (RoE) for the existing asset base and additional capital expenditure allowed in this order for asset/work, within the original scope of work, has been calculated by grossing up base RoE at the MAT rate of 17.472% as submitted by the Petitioner. Further, based on the additional capital expenditure that is beyond the original scope and allowed in this order, RoE has been calculated, considering the weighted average rate of interest of the relevant year and MAT rate. Accordingly, RoE has been worked out and allowed as under:

(Rs. in lakh)

	2024-25	2025-26	2026-27	2027-28	2028-29
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Return on Equity on Add Cap within Original Scope					
Opening Equity (A)	80310.43	80411.79	80420.44	80420.44	80420.44
Additions due to additional capitalization (B)	182.31	15.00	0.00	0.00	18.00
Addition due to discharge of liabilities (C)	0.00	0.00	0.00	0.00	0.00
Less: Decrease due to decapitalization (D)	80.96	6.34	0.00	0.00	6.58
Closing Equity (E)=(A)+(B)+(C)-(D)	80411.79	80420.44	80420.44	80420.44	80431.87
Average Equity (F)=(A+E)/2	80361.11	80416.12	80420.44	80420.44	80426.16
Base Rate (%) (G)	16.500%	16.500%	16.500%	16.500%	16.500%
Effective Tax Rate (%) (H)	17.472%	17.472%	17.472%	17.472%	17.472%
Effective ROE Rate (%) (I) = G/(1-H)	19.993%	19.993%	19.993%	19.993%	19.993%
Return on Equity (J)= (F)*(I)	16066.60	16077.59	16078.46	16078.46	16079.60
Return on Equity on Add Cap beyond Original Scope					
Normative Equity- Opening (A1)	1508.35	1521.85	1521.85	1521.85	1521.85
Additions due to additional capitalization (B1)	13.50	0.00	0.00	0.00	0.00
Addition due to discharge of liabilities (C1)	0.00	0.00	0.00	0.00	0.00
Less: Decrease due to decapitalization (D1)	0.00	0.00	0.00	0.00	0.00
Normative Equity – Closing (E1)=(A1)+(B1)+(C1)-(D1)	1521.85	1521.85	1521.85	1521.85	1521.85
Average Normative Equity (F1)=(A1+E1)/2	1515.10	1521.85	1521.85	1521.85	1521.85
Base Rate (%) (G1)	12.150%	12.500%	12.500%	12.500%	12.500%
Effective Tax Rate (%) (H1)	17.472%	17.472%	17.472%	17.472%	17.472%
Effective ROE Rate (%) (I1) = G1/(1-H1)	14.722%	15.146%	15.146%	15.146%	15.146%
Return on Equity (J1)= (F1)*(I1)	223.05	230.50	230.50	230.50	230.50
Total Return on Equity (J+J1)	16289.65	16308.09	16308.96	16308.96	16310.10

Interest on Loan

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

32. Interest on loan capital:

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

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

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

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

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

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

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

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

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

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

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

141. The salient features for the computation of interest on a loan are summarised below:

- a) The gross normative loan amounting to Rs. 257260.19 lakh as on 31.3.2024 has been considered as on 1.4.2024 as per paragraph 62.
- b) Cumulative repayment Rs.159358.89 lakh as on 31.3.2024 has been considered as on 1.4.2024;
- c) The repayments for the respective years of the period 2024-29 has been considered equal to the depreciation allowed for that year.
- d) The actual loan portfolio has been fully repaid during 2024-25. It is observed that the Petitioner has revised the interest rates for PNB and BOB in its revised tariff forms for the period 2019-24. Accordingly, the same rate of interest corresponding to these loans has been considered during 2024-25 for the calculation of WAROI, subject to truing up. Accordingly, the Commission has considered the last available WAROI of 8.14% of 2024-25 for all the respective years of the period 2024-29.

142. Accordingly, Interest on loan has been worked out as under:

	(Rs. In Lakhs)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Gross Normative loan - Opening (A)	257260.19	257424.96	257437.07	257437.07	257437.07
Cumulative repayment of Normative loan up to previous year (B)	159358.89	164378.32	169572.99	174782.95	179992.92
Net Normative loan - Opening (C=A-B)	97901.30	93046.64	87864.08	82654.11	77444.15
Add : Net Addition due to additional capital expenditure (D)	164.77	12.11	0.00	0.00	18.27



	2024-25	2025-26	2026-27	2027-28	2028-29
Repayment during the year (E) =Depreciation	5197.45	5209.05	5209.97	5209.97	5210.52
Less : Cumulative repayment adjustment on a/c of decapitalization (F)	178.02	14.38	0.00	0.00	16.30
Net Repayment (G)=(E)-(F)	5019.43	5194.67	5209.97	5209.97	5194.22
Net Loan - Closing (H=C+D-G)	93046.64	87864.08	82654.11	77444.15	72268.20
Average Normative loan (I)=(C+H)/2	95473.97	90455.36	85259.10	80049.13	74856.17
Weighted average rate of interest (J)	8.14%	8.14%	8.14%	8.14%	8.14%
Interest on Loan (K=I*J)	7773.35	7364.74	6941.67	6517.48	6094.68

Depreciation

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

“33. Depreciation:

(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In the case of the Tariff of all the units of a generating station or all elements of a transmission system including the communication system for which a single Tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units: Provided that the effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which a single Tariff needs to be determined.

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

(3) The salvage value of the asset shall be considered as 10%, and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset: Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable; Provided further that in the case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for the development of the generating station: Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of the sale of electricity under long-term power purchase agreement at regulated Tariff: Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

144. Accordingly, the cumulative depreciation amounting to Rs. 159358.89 lakh, admitted by the Commission as on 31.3.2024, has been considered for the purpose of tariff. Since the generating station completed 12 years of operation in 2023-24, the



remaining depreciable value has been spread over the balance useful life of the assets. Accordingly, depreciation has been computed, as under:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Opening Capital Cost (A)	339078.96	339358.58	339379.35	339379.35	339379.35
Net Additional capital expenditure during year (B)	279.62	20.77	0.00	0.00	29.70
Closing Capital Cost (C=A+B)	339358.58	339379.35	339379.35	339379.35	339409.04
Average Capital Cost (D)=(A+C)/2	339218.77	339368.96	339379.35	339379.35	339394.20
Freehold Land(E)	461.78	461.78	461.78	461.78	461.78
IT Equipment & Software(F)	63.06	63.06	63.06	63.06	63.06
Rate of Depreciation (G)	3.84%	3.84%	3.84%	3.84%	3.84%
Total Depreciable Value (F=(D-E-F)*90%))+ F	304887.60	305022.77	305032.12	305032.12	305045.48
Remaining Depreciable Value at the beginning of the year (G=F-Cum Dep at 'L' at the end of previous year)	145528.71	140644.45	135459.13	130249.16	125052.56
Balance useful Life (H)	28.00	27.00	26.00	25.00	24.00
Depreciation (I=G/H)	5197.45	5209.05	5209.97	5209.97	5210.52
Cumulative Depreciation at the end of the year (J=I+Cum Dep at 'L' at the end of previous year)	164556.34	169587.37	174782.95	179992.92	185203.44
Less: Depreciation adjustment on account of de-capitalisation (K)	178.02	14.38	0.00	0.00	16.30
Net Cumulative Depreciation at the end of the year (L)	164378.32	169572.99	174782.95	179992.92	185187.14

Operation & Maintenance Expenses

145. Regulation 36 (2) (a) of the 2024 Tariff Regulations provides the O&M expense norms for the hydro generating stations which have been operational for three or more years as on 1.04.2024, as given under:

“(2) Hydro Generation Station:

The following operations and maintenance expense norms shall be applicable for hydro generating stations which have been operational for three or more years as on 1.4.2024:

	(Rs. In lakh)				
	2024 – 25	2025-26	2026 – 27	2027 – 28	2028 – 29
KHEP	20749.20	21883.71	23080.25	24342.21	25673.18

- a. *In the case of the hydro generating stations declared under commercial operation on or after 1.4.2024, operation and maintenance expenses of the first year shall be fixed at 3.5% and 5.0% of the original project cost (excluding the cost of rehabilitation & resettlement works, IDC and IEDC) for stations with installed capacity exceeding 200 MW and for stations with installed capacity less than or equal to 200 MW, respectively and shall be subject to annual escalation of 5.47% per annum for the subsequent year.*



- b. In the case of hydro generating stations which have not completed a period of three years as on 1.4.2024, operation and maintenance expenses for 2024-25 shall be worked out by applying an escalation rate of 5.47% on the applicable operation and maintenance expenses as on 31.3.2024. The operation and maintenance expenses for subsequent years of the Tariff period shall be worked out by applying an escalation rate of 5.47% per annum.
- c. The Security Expenses, Capital Spares and Insurance expenses arrived through competitive bidding for hydro generating stations shall be allowed separately after prudence check: Provided that the generating station shall submit the assessment of the security requirement, capital spares and insurance expenses along with its estimated expenses, which shall be trued up based on the details of year-wise actual capital spares consumed, actual insurance and security expenses incurred with appropriate justification.”

Provided further that the value of capital spares exceeding Rs. 10 lakh shall only be considered for reimbursement at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.”

146. The Petitioner has claimed total O&M expenses for the period 2024-29 as under:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Normative O&M expenses Regulation 36(2) (a)	20749.20	21883.71	23080.25	24342.21	25673.18
Estimated Security Expenses (b)	2243.57	2366.29	2495.73	2632.24	2776.23
Consumption of Capital Spares (c)	75.00	75.00	75.00	75.00	75.00
Estimated Insurance Expenditures (d)	964.35	964.35	964.35	964.35	964.35
Total O&M Expenses Claimed (a+b+c+d)	24032.11	25289.35	26615.32	28013.80	29488.75

147. As the Petitioner has claimed normative O&M expenses in accordance with Regulation 36(2) of the 2024 Tariff Regulations as above, the same is allowed. However, as per Regulation 36(2)(c) of the 2024 Tariff Regulations, Security Expenses, Capital Spares and Insurance expenses are also required to be considered at the time of determination of tariff for the period 2024-29. Accordingly, the allowable expenses, in addition to normative O&M expenses allowable, in accordance with Regulation 36(2)(c) of the 2024 Tariff Regulations, are dealt with in the following paragraphs.



Security expenses:

148. The Petitioner has submitted that it has claimed the estimated security expenses for the period 2024-29 based on actual security expenditure during 2023-24 by escalating @ 5.47 % from 2024-25 onwards.

149. We have considered the claim of the Petitioner, and accordingly, the approved security expense for 2023-24 (Rs. 2127.21 lakh) is escalated @ 5.47% (rate considered for escalating the normative O&M expense) each year to arrive at the O&M expenses for the 2024-29 period. The Petitioner is directed to submit the actual expenditure incurred on security expenses at the time of truing up. Accordingly, the estimated security expenses allowed for 2024-29, subject to true-up, are as under:

	<i>(Rs. in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Estimated Security Expenses	2243.57	2366.29	2495.73	2632.24	2776.23

Capital spares

150. The Petitioner has claimed Rs. 75 lakh for each of the years during the period 2024-29. Further, the Petitioner has submitted that the amount has been arrived at by averaging the capital spares consumed during the period 2024-29, and that the actual figures will be submitted at the time of truing up based on actual consumption.

151. The matter has been considered. Accordingly, the claim of the Petitioner is not allowed and shall be considered at the time of truing up the tariff based on the actual consumption basis.

Insurance expenses:

152. The Petitioner has submitted that the Insurance expenses for the year 2024-25 are based on the cost of insurance awarded on the basis of competitive bidding and the same have been considered for the balance period 2025-29. The Petitioner has also submitted a project-wise break up of Insurance premiums paid for the year 2024-25 and a copy of the insurance invoice for the same.



153. The matter has been considered. Based on the actual amount of insurance premium paid by the Petitioner for 2024-25, the same has been projected for each year for the period 2024-29. The Petitioner is directed to submit the actual expenditure on account of insurance expenses at the time of truing up. Accordingly, the estimated insurance expenses allowed for 2024-29, subject to true-up, are as under:

	(Rs. In Lakhs)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Estimated Insurance Expenses	964.35	964.35	964.35	964.35	964.35

154. Accordingly, the year-wise O&M expenses allowed for the generating station are as under:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Normative O&M expenses (Regulation 35(2)(a)) (A)	20749.20	21883.71	23080.25	24342.21	25673.18
Security Expenses (B)	2243.57	2366.29	2495.73	2632.24	2776.23
Capital Spares (C)	0.00	0.00	0.00	0.00	0.00
Insurance (D)	964.35	964.35	964.35	964.35	964.35
Total O & M expenses, including Security charges (E=A+B+C+D)	23957.12	25214.35	26540.33	27938.80	29413.76

Interest on Working Capital

155. Regulation 34(1)(d) of Tariff Regulations provides as under:

“34. Interest on Working Capital:

(1) The working capital shall cover

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

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

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

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

156. The Petitioner has claimed Interest on working capital in terms of the above regulations as under:

	(Rs. in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Working capital for O&M Expenses (1 month of O&M Expenses) (A)	1597.93	1627.26	1729.77	1852.83	1805.87
Working capital for Maintenance Spares (15% of O&M expense) (B)	2876.28	2929.07	3113.59	3335.09	3250.56



Working capital for Receivables (AFC for 45 days) (C)	7202.78	7171.61	7309.41	7231.18	8513.72
Total working capital (D=A+B+C)	11676.99	11727.94	12152.77	12419.10	13570.14
Rate of Working Capital (%) (E)	12.050%	11.250%	10.500%	10.500%	12.000%
Interest on Working Capital (F=D*E)	1407.08	1319.39	1276.04	1304.01	1628.42

Working Capital for Receivables

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

<i>(Rs. in lakh)</i>				
2024-25	2025-26	2026-27	2027-28	2028-29
6742.00	6861.89	6979.88	7087.13	7244.04

Working Capital for Maintenance Spares

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

<i>(Rs. in lakh)</i>				
2024-25	2025-26	2026-27	2027-28	2028-29
3593.57	3782.15	3981.05	4190.82	4412.06

Working Capital for O&M expenses

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

<i>(Rs. in lakh)</i>				
2024-25	2025-26	2026-27	2027-28	2028-29
1996.43	2101.20	2211.69	2328.23	2451.15

Rate of Interest

160. Regulation 34(3) of the 2024 Tariff Regulations provides as under:

“34(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2024 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 bank rate as on 1st April of each of the financial year during the Tariff period 2024-29.”



161. In terms of Regulations 34(3) and 3(66) of the 2024 Tariff Regulations, the rate of interest on working capital shall be considered as 11.90% (i.e. One-year SBI MCLR of 8.65% as on 1.4.2024 plus 325 basis points) for the period 2024-29. Further, the aforesaid rate of interest is subject to truing up based on one-year SBI MCLR as on 1st April of the respective years of the period 2024-29. The tariff of the generating station is being determined in the year 2025-26, and one-year SBI MCLR as on 1.4.2024 (i.e. 8.65%) and 1.4.2025 (i.e. 9.00%) are available. Hence, in order to safeguard against additional interest burden due to excess/ under recovery of tariff, we deem it prudent to consider the rate of interest on working capital for the year 2024-25 as 11.90% and for the period 2025-29 as 12.25% (i.e. One year SBI MCLR of 9.00% as on 1.4.2025 plus 325 bps), subject to truing up. Accordingly, interest on working capital is computed as under:

162. Accordingly, interest on working capital is worked out and allowed as under:

	<i>(Rs. in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Working capital for O&M Expenses (1 month of O&M Expenses)	1996.43	2101.20	2211.69	2328.23	2451.15
Working capital for Maintenance Spares (15% of O&M expense)	3593.57	3782.15	3981.05	4190.82	4412.06
Working capital for Receivables (AFC for 45 days)	6742.00	6861.89	6979.88	7087.13	7244.04
Total working capital	12331.99	12745.24	13172.62	13606.18	14107.25
Rate of Working Capital (%)	11.90%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	1467.51	1561.29	1613.65	1666.76	1728.14

Annual Fixed Charges approved for the period 2024-29

163. Based on the above, the annual fixed charges approved for the generating station for the period 2024- 29 are summarised as under:

	<i>(Rs. in lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	5197.45	5209.05	5209.97	5209.97	5210.52
Interest on Loan	7773.35	7364.74	6941.67	6517.48	6094.68
Return on Equity	16289.65	16308.09	16308.96	16308.96	16310.10
Interest on Working Capital	1467.51	1561.29	1613.65	1666.76	1728.14
O&M Expenses	23957.12	25214.35	26540.33	27938.80	29413.76



	2024-25	2025-26	2026-27	2027-28	2028-29
Total	54685.08	55657.53	56614.57	57641.97	58757.20

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

Normative Annual Plant Availability Factor (NAPAF)

164. The Petitioner has claimed NAPAF of 66% in accordance with Regulation 71 (A) (4) of the 2024 Tariff Regulations, which provides the Normative Annual Plant Availability Factor (NAPAF) for hydro generating stations already in operation. Accordingly, in terms of the said Regulation, NAPAF of 66% has been considered for this generating station.

Design Energy (DE)

165. The order dated 3.10.2022 in Petition No. 244/GT/2020, had considered the annual Design Energy (DE) of 1154.84 Million units (MU) for this generating station. Accordingly, the same has been considered for the generating station for the period 2024-29 as per the month-wise details as under:

MONTHS	PERIOD (10 DAYS MONTHLY)	DESIGN ENERGY (MU)
April	I	29.81
	II	30.6
	III	35.61
May	I	40.11
	II	36.42
	III	42.81
June	I	40.01
	II	42.02
	III	12.6
July	I	13.6
	II	14.1
	III	20.41
August	I	52.12
	II	51.11
	III	67.73
September	I	31.51
	II	33.41
	III	20.31
October	I	22.91
	II	19.61
	III	14.9



MONTHS	PERIOD (10 DAYS MONTHLY)	DESIGN ENERGY (MU)
November	I	18.91
	II	19.6
	III	20.31
December	I	32.5
	II	33.41
	III	37.81
January	I	35.8
	II	36.41
	III	41.82
February	I	39.42
	II	32.01
	III	35.31
March	I	35.31
	II	35.8
	III	35.71
TOTAL		1154.84

Statutory Charges

Water Tax

166. The Petitioner has submitted that the issue pertaining to the validity of the Uttarakhand Water Tax on Electricity Generation Act, 2012 ("Water Tax Act") is pending disposal before the Hon'ble High Court of Uttarakhand vide Special Appeal No. 149 of 2021 ("Special Appeal"). The Petitioner states that the arguments in the matter are being heard by the Hon'ble High Court as on the date of filing of this petition.

167. The Petitioner has filed Petition No. 302/MP/2022 on 13.9.2022 ("CIL Petition") before the Commission under Section 79(1)(f) of the Electricity Act, 2003, seeking approval of "Change in Law" and compensation for the financial impact of the Uttarakhand Water Tax on the generating station. The Petitioner has also submitted that the tariff proposals made in this petition are exclusive of any statutory taxes, levies, duties, cess, environmental cess or any other kind of imposition(s) whatsoever imposed/charged by any Government (Central/State) and/or any other local bodies/authorities/ regulatory authorities in relation to generation of electricity including auxiliary consumption or any other types of consumption including water, transmission of power, environmental protection, sale or on supply of power/energy,



and/or in respect of any of its installations associated with generating stations and/or on transmission system and the same is to be borne and additionally be paid by the Respondents to the Petitioner and the same may be permitted to be charged in the monthly bills raised by the Petitioner on the Respondents in proportion to Annual Capacity Charges payable by the Respondents.

168. The Respondents, PSCPCL, RUVITL and BRPL in their replies, have objected to the expenditure sought by the Petitioner in relation to the Water Tax. The Respondents have submitted that the Special Appeal has been heard and reserved for final order by the Hon'ble High Court as on 17.6.2025. In view of the same, the Respondents have prayed that the Petitioner may not be allowed to recover Water Tax dues from the beneficiaries till the time a final order is passed by the Hon'ble High Court. The Petitioner, in its rejoinder to the said replies, has submitted that it may be allowed to recover Water Tax dues from the beneficiaries, since it is regularly making the payment of Water Tax dues to the Government of Uttarakhand.

169. The matter has been considered. In relation to recovery of Water Tax dues, we point out that all the beneficiaries except one have made the payments towards water tax, relevant excerpts of RoP dated 28.4.2025 in Petition No. 302/MP/2022 are reproduced:

"During the hearing, the learned counsel for the Petitioner submitted that in compliance with the directions of the Hon'ble High Court of Uttarakhand, the Petitioner is making regular payments towards water tax, and in case of any non-recovery, the same will result in cash flow problems for the project. He also pointed out that, except for the Respondent PSCPCL, all other beneficiaries have made the payments towards the Water tax invoices. Accordingly, the learned counsel submitted that the IA filed by it for modification of the interim order dated 27.7.2023 may be allowed, thereby permitting the Petitioner to take coercive action against the Respondent.

170. We further note that the hearing in the said Petition has been adjourned by the Commission vide RoP dated 18.9.2025, in light of the pending status of the Special Appeal. The parties in Petition No. 302/MP/2022 have been granted liberty by the



Commission to mention the matter as and when the final order of the Hon'ble High Court is passed in Special Appeal:

"At the outset, the learned counsels appearing for the Respondents submitted that since the Hon'ble High Court of Uttarakhand has reserved its orders in the Special Appeal No. 149/2021 filed by THDC, challenging the constitutional validity of the Uttarakhand Water Tax on Electricity Generation Act, 2012, these petitions may be taken up for hearing, after a final decision of the Hon'ble Court in the said appeal. This was not objected to by the learned counsel for the Petitioner.

2.... However, the parties are at liberty to mention for the listing of these petitions, in case the said appeal is disposed of before the aforementioned date."

171. From perusal of RoP's passed in CIL Petition, it is observed that currently the Petitioner is recovering Water Tax dues from its beneficiaries, except PSPCL, and consequently making the payment of Water Tax to the Government of Uttarakhand. *Per contra*, the Special Appeal preferred before the Hon'ble High Court, whereby the legality of the Water Tax Act has been challenged by the Petitioner, was reserved on 17.6.2025, and the final order is awaited. In view of this background, we deem it appropriate to await the final order in said Special Appeal.

Green Cess

172. The Petitioner has also claimed Rs. 8447.48 lakhs towards the green cess imposed by the State of Uttarakhand vide notification dated 3.1.2015 ("notification") as a contingent liability. The Petitioner has stated that the tariff proposals made by it are exclusive of any statutory taxes, cess, levies, duties, etc., and has prayed that it may be allowed/ permitted to recover the said taxes, cess, etc., from its beneficiaries by issuing monthly bills.

173. The Petitioner has submitted that it has challenged the notification before the Hon'ble High Court of Uttarakhand vide Petition No. WPMS No. 469 of 2016 and the same is pending disposal as of the date.

174. The matter has been considered. Keeping in view the pendency of WPMS No. 469 of 2016, whereby the validity of the green cess has been challenged by the



Petitioner, we deem it proper to await the decision of the Hon'ble High Court in the matter. The Petitioner is at liberty to approach the Commission vide a separate Petition under Regulation 56 of 2019 Tariff Regulations as and when the final decision in WPMS No. 469 of 2016 is rendered by the Hon'ble High Court.

Application Fee and Publication Expenses

175. The Petitioner has sought the reimbursement of fees paid by it for filing the tariff petition in terms of CERC (Payment of Fee) Regulations, 2012 (as amended). The Petitioner has also submitted that the filing fee in respect of the remaining years of tariff period 2024-29 will be remitted by the Petitioner by 30th April of the respective year in compliance with the above Regulation. The Petitioner has also sought reimbursement of publication expenses for the notice of tariff petition in the newspapers in accordance with the CERC (Conduct of Business) Regulations, 2023. In terms of Regulation 94 of the 2024 Tariff Regulations, the Petitioner shall be entitled to the reimbursement of filing fees and publication expenses in connection with the present petition, directly from the beneficiaries, on a pro-rata basis.

176. The Petitioner has also sought the reimbursement of statutory charges imposed by the State and Central Government. Accordingly, in terms of Regulation 77 of the 2024 Tariff Regulations, the Petitioner is entitled to the reimbursement of statutory charges by considering normative parameters specified in the 2024 Tariff Regulations directly from the beneficiaries.

177. The RLDC Fees & charges paid by the Petitioner in terms of the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations 2019 shall be recovered from the beneficiaries in line with Regulation 94(3) of the 2024 Tariff Regulations. In addition, the Petitioner is entitled to the recovery of charges determined under CERC (Sharing



of Interstate Transmission Charges & losses) Regulations, 2020, as amended from time to time in line with Regulation 78 of the 2024 Tariff Regulations.

178. Accordingly, the annual fixed charges for the period 2024-29 allowed are as shown as under:

	<i>(Rs. In lakh)</i>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Annual fixed charges claimed	71464.36	74489.74	75114.11	75787.19	76518.65
Annual fixed charges allowed	54685.08	55657.53	56614.57	57641.97	58757.20

179. The annual fixed charges allowed hereinabove for the 2024-29 period are subject to truing up, under Regulation 13 of the 2024 Tariff Regulations.

180. Petition No. 485/GT/2024 is disposed of in terms of the above.

Sd/-
(Ravinder Singh Dhillon)
Member

Sd/-
(Harish Dudani)
Member

Sd/-
(Ramesh Babu V.)
Member

Sd/-
(Jishnu Barua)
Chairperson