

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 491/TT/2025

Coram:

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

Date of Order: 02.02.2026

In the matter of:

Approval under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for truing up of the transmission tariff for the 2019-24 under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for Bus Splitting through Series Reactor (Including Series Reactor) and the other associated works and reorientation of Transmission Lines near the Wardha Sub-station under Scheme to control fault level at the Wardha Sub-station in the Western Region.

And in the matter of:

Power Grid Corporation of India Limited,
"SAUDAMINI", Plot No-2, Sector-29,
Gurgaon-122 001 (Haryana).

...Petitioner

Versus

- 1. Madhya Pradesh Power Management Company Limited,**
Shakti Bhawan, Rampur,
Jabalpur - 482 008
- 2. Maharashtra State Electricity Distribution Company Limited,**
Prakashgad, Plot No. G-9, A K Marg, Bandra (East),
Mumbai - 400 051
- 3. Gujarat Urja Vikas Nigam Limited,**
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara - 390 007
- 4. Electricity Department,**
Vidyut Bhawan, Government of Goa,
Panaji, Goa - 403 001



5. Dadra and Nagar Haveli and Daman and Diu Power Distribution Corporation Limited,

Vidyut Bhawan, 66 kV Road, Near Secretariat, Amli,
Silvassa - 396 230

6. Chhattisgarh State Power Distribution Company Limited,

P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh - 492 013

...Respondent(s)

Parties Present: Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Piyush Avasthi, PGCIL
Ms. Supriya Singh, PGCIL
Shri Ashish Agarwal, PGCIL
Shri Vishal Sagar, PGCIL
Shri Vijay G., PGCIL
Shri Amit Yadav, PGCIL
Shri Mukesh Bhakar, PGCIL
Shri Divyanshu Mishra, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Ranjit Kumar Pandey, PGCIL
Shri Ashish Alankar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “PGCIL” / “the Petitioner”), a deemed transmission licensee, for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and the determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period with respect to the Asset-1, namely Bus splitting through Series Reactor (Including Series Reactor) & other associated works and reorientation of Transmission Lines near Wardha Sub-station (hereinafter referred



to as “the transmission asset”) under Scheme to Control Fault Level at the Wardha Sub-station (hereinafter referred to as “the transmission project”) in the Western Region.

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

a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 15 and 16 above.

b) Admit the capital cost claimed, and additional capitalization incurred during 2019-24.

c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 15 and 16 above for respective block.

d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.

e) Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.

g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.

h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.

i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 21 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 above.

k) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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



Background

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

- a) The Investment Approval (the IA) of the transmission project was accorded by the competent authority, i.e., the Board of Directors (BoD) of the Petitioner vide the Memorandum dated 16.1.2020 with an estimated cost of ₹5857 lakh, including Interest During Construction (IDC) of ₹333 lakh at the June 2019 price level. Further, a revised cost estimate (RCE) of the project has been approved vide Memorandum dated 9.11.2022 with an estimated cost of ₹6576 lakh including IDC of ₹278 lakh at the June 2022 price level.
- b) The scheme was agreed upon in the 34th WRPC meeting held on 28.7.2017. Subsequently, the scheme was discussed in the 37th ECM on transmission held on 20.9.2017, wherein it was decided that CTUIL shall make a presentation describing the complexities involved in the execution of the works through the TBCB route and the decision regarding the implementation of the scheme through TBCB or RTM by the Petitioner would be taken after the presentation by CTUIL in the next meeting of the Empowered Committee. In view of the technical upgradation in the existing facility of the Petitioner, the subject scheme was agreed upon in the 2nd meeting of the Empowered Committee on Transmission (ECT) held on 6.8.2018, wherein it was decided that the scheme shall be implemented by the Petitioner under RTM.
- c) The entire scope of work covered under the transmission project has been completed and is covered in the instant Petition as under:

Sub-station:

- i. Split the 400 kV Wardha Sub-station into two sections, Section-A and Section-B;



- ii. 2 X 63 MVar line reactors at Wardha end of Wardha-Warora Pool 400 kV D/C (quad) line to be used as bus reactors at Wardha Sub-station-section A (by using the two 400 kV bays which shall be vacant in Wardha Bus Section-A after shifting of Warora pool-Wardha 400 kV D/C line from Section-A to Section -B);
- iii. Connection of 12 Ohm fault limiting reactor between Bus Section A and Bus Section B of Wardha 400 kV Bus;

{Layout of Wardha 765/400 kV Sub-station is I type with two main Bus. Bus section A and B of one main Bus will be connected through 12 Ohm fault limiting reactor and Bus Section A and B in second main Bus will remain disconnected}.
- iv. Necessary modifications at the Wardha Sub-station, like changing some elements, including CTs, if those are not designed for the 50kA fault level.

Transmission Line:

- i. Disconnection of Koradi II-Wardha 400 kV (Quad) line and Warora-Wardha 400kV (Quad) line from Wardha 400 kV bus and connecting the two lines at the outskirts of the Wardha Sub-station so as to form Warora-Koradi II 400 kV (Quad) line;
- ii. All necessary arrangements for the change in termination of Warora Pool Wardha 400 kV D/C (Quad) line by disconnecting it from Wardha 400 kV Bus Section A and terminating in vacant 400 kV bays (of Warora and Koradi II 400 kV (Quad) lines of MSETCL) at Wardha 400 kV Bus Section B.

d) The details of the COD with respect to the transmission asset is as under:

Asset-1	COD
Bus splitting through Series Reactor (Incl. Series Reactor) & other associated works and reorientation of Transmission lines near the Wardha Sub-station	25.11.2022

4. The Commission vide its order dated 31.3.2024 in Petition No. 325/TT/2023, determined the transmission tariff from COD to 31.3.2024 with respect to the transmission asset under the instant transmission project in the Western Region.



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

6. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner.

7. Respondent No. 1, i.e., Madhya Pradesh Power Management Company Limited (MPPMCL) vide affidavit dated 19.6.2025, has filed its reply and raised issues pertaining to the instant Petition. In response, the Petitioner has filed its rejoinder vide affidavit dated 10.11.2025.

8. The hearing in this matter was held on 30.10.2025 and the order was reserved.

9. This order is being issued after considering the submissions made by the Petitioner vide affidavits dated 10.10.2024, 11.11.2025, the submissions made by MPPMCL vide affidavit dated 19.6.2025 and the Petitioner's rejoinder affidavit dated 10.11.2025 to MPPMCL's reply.

10. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition in the succeeding paragraphs.

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

11. The details of the trued-up transmission charges claimed by the Petitioner with respect to the transmission asset are as under:



(₹ in lakh)

Particulars	2022-23 (pro-rata 127 days)	2023-24
Depreciation	81.04	255.32
Interest on Loan	78.91	241.10
Return on Equity	85.50	266.93
Interest on Working Capital	4.22	14.85
O&M Expenses	26.46	78.71
Total	276.13	856.91

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

(₹ in lakh)

Particulars	2022-23 (pro-rata 127 days)	2023-24
O&M Expenses	6.34	6.56
Maintenance Spares	11.41	11.81
Receivables	97.84	105.36
Total Working Capital	115.59	123.73
Rate of Interest (in %)	12.14	14.85
Interest on Working Capital	4.22	14.85

Capital Cost for the 2019-24 Tariff Period

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

14. The Petitioner has claimed the following capital cost as on COD and ACE incurred with respect to the instant transmission asset for the 2019-24 tariff period in the instant true-up Petition:

(₹ in lakh)

Capital Cost claimed as on COD	ACE Claimed			Capital Cost claimed as on 31.3.2024
	2022-23	2023-24	2024-25	
4155.40	411.05	341.72	637.01	5545.18



15. The Petitioner has submitted that the Commission vide its order dated 31.3.2024 in Petition No. 325/TT/2023, an amount of ₹0.32 lakh towards disallowed IDC was deducted from the capital cost as on COD. The Petitioner in the instant Petition has reduced the said amount from the IDC discharged during the FY 2022-23. Further, the Initial Spares have been re-calculated based on the revised Plant & Machinery cost up to the cut-off date, and the differential amount of ₹6.88 lakh (₹299.54 lakh excess Initial Spares disallowed earlier less ₹292.66 lakh excess Initial Spares based on the revised Plant & Machinery Cost) has been added back to the capital cost as on COD. Accordingly, the Petitioner has claimed the capital cost as on COD as ₹4155.40 lakh (₹4148.20 - ₹0.32 lakh + ₹6.88 lakh).

16. We have considered the Petitioner's submissions. Interest During Construction (IDC) and Initial Spares are discussed in the succeeding paragraphs.

Time Overrun

17. The Commission vide its order dated 31.3.2024 in Petition No. 325/TT/2023, did not condone the time overrun of 7 days out of the total time overrun of 8 months and 7 days in the commissioning of the transmission asset. Accordingly, the Commission partially condoned the time overrun, and the IDC allowed vide the said order has been retained. The details of the same are as under:

(₹ in lakh)				
IDC Claimed (A)	IDC Disallowed due to time overrun not condoned (B)	IDC Allowable (C) = (B-A)	IDC discharged up to COD in Petition No. 325/TT/2023 (D)	IDC un- discharged as on COD (E)= (C-D)
49.09	0.32	48.77	22.67	26.10

18. We have considered the submissions made by the Petitioner regarding the time overrun of the transmission asset. The details of the IEDC claimed as per the Auditor's



Certificate, IEDC allowed, disallowed, and discharged up to the COD with respect to the transmission asset are as follows:

(₹ in lakh)

IEDC claimed (A)	IEDC disallowed due to time over-run not condoned (B)	IEDC Allowed (A)-(B)
706.16	4.61	701.55

Initial Spares

19. The Commission vide its order dated 31.3.2024 in Petition No. 325/TT/2023, had provisionally allowed the Initial Spares of ₹217.20 lakh and disallowed the excess Initial Spares of ₹299.54 lakh. The details of the same are as follows:

(₹ in lakh)

Particulars	Plant & Machinery cost for calculation of Initial Spares	Ceiling limit as per regulations (in%)	Allowable Initial Spares	Initial Spares claimed	Initial Spares disallowed
Transmission Lines	1463.62	1	14.64	5.43	-
Sub-station	3376.03	6	202.56	502.1	299.54

20. The Petitioner in the instant true-up Petition has submitted that the Initial Spares have been recalculated based on the revised Plant and Machinery Cost, and accordingly the disallowance has been revised to ₹292.66 lakh instead of ₹299.54 lakh. The differential amount of ₹6.88 lakh has been added back by the Petitioner to the capital cost up to COD.

21. The Commission vide its ROP for the hearing dated 4.11.2025, directed the Petitioner to submit the reasons for the variation in the Initial Spares allowed in the previous order and the adjustment claimed in the instant Petition.

22. The Petitioner vide affidavit dated 11.11.2025, submitted that the Plant and Machinery (P&M) Cost considered in Petition No. 325/TT/2023, was based on



anticipated expenses for the 2022-23 and 2023-24 tariff period, which had already been accepted by the Commission. The details of the Initial Spares claimed by the Petitioner are as follows:

(₹ in lakh)					
Particulars	Plant & Machinery Cost for calculation of initial spares	Ceiling limit as per regulations (in%)	Allowable initial spares	Initial Spares claimed	Initial Spares disallowed
Transmission Lines	1284.18	1	12.91	5.43	NIL
Substation	3783.33	6	209.44	502.1	292.66

23. We have considered the Petitioner's submission. It is observed that the Petitioner has claimed the Initial Spares based on the actual expenditure during the 2019-24 tariff period and the expected expenditure during the 2024-29 tariff period. Accordingly, the details of the COD and the cut-of date with respect to the instant transmission asset are as follows:

Particulars	Commercial Operation Date	Cut-off Date
Asset-1	25.11.2022	30.11.2025

24. Accordingly, the Initial Spares have been allowed with respect to the transmission asset, in terms of Regulation 23 of the 2019 Tariff Regulation, Form-13 and the Auditor's Certificate in the instant Petition. The details of the same are as follows:

(₹ in lakh)					
Particulars	Plant & Machinery cost for calculation of Initial Spares	Initial Spares claimed	Ceiling limit as per regulations (in%)	Allowable Initial Spares	Excess Initial Spares
Transmission Lines	1284.18	5.43	1	12.84	-
Sub-station	3783.33	502.10	6	209.44	292.66



Capital Cost allowed as on COD

25. Accordingly, the details of the Capital Cost as on COD with respect to the instant transmission asset is as follows:

(₹ in lakh)					
Capital Cost Claimed till COD (A)	Less: Undischarged IDC (B)	Less: IDC disallowed (C)	Less: IEDC disallowed (D)	Less: Excess Initial Spares disallowed (E)	Capital Cost allowed as on COD F=A-B-C-D-E
4479.09	26.10	0.32	4.61	292.66	4155.40

Additional Capital Expenditure (ACE)

26. The Commission vide its order dated 31.3.2024 in Petition No. 325/TT/2023, had allowed ACE with respect to the transmission asset under Regulation 25(1)(d) of the 2019 Tariff Regulations for the 2019-24 tariff period and the details of the same are as under:

Particulars	ACE Allowed				
	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	0.00	0.00	0.00	851.63	712.58

27. The Petitioner in the instant true up Petition has claimed the following ACE with respect to the transmission asset based on actual expenditure in accordance with Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations:

(₹ in lakh)			
Particulars	Regulations	2022-23	2023-24
Undischarged liabilities recognized to be payable at a future date	24(1)(a) of the 2019 Tariff Regulations	70.33	96.92
Undischarged Liability for works unexecuted	24(1)(b) of the 2019 Tariff Regulations	314.63	244.81
Total		384.96	341.73



28. The vendor-wise details of the ACE claimed by the Petitioner with respect to the transmission asset are as under:

(₹ in lakh)

Particulars	Vendor-wise	Particulars	Outstanding liability as on COD	Discharge			Outstanding liability as on 31.3.2024
				2022-23	2023-24	Total	
Asset-1	M/s Siemens	Substation	502.57	54.82	96.82	151.64	350.93
	M/s Siemens	IT	0.12	0.12	-	0.12	-
		TL	125.67	-	-	-	125.67
	Comp	Transmission Line	12.99	12.99	-	12.99	-
	Comp	Transmission Line	2.40	2.40	-	2.40	-
	Elite Power	Substation	0.10	-	0.10	0.10	-
Total			643.85	70.33	96.92	167.25	476.60

(₹ in lakh)

Particulars	Vendor-wise	Particulars	Addition to Gross Block		
			2022-23	2023-24	Total
Asset-1	M/s Siemens	Sub-station	209.59	169.74	379.33
	M/s Siemens	IT	52.51	-	52.51
	M/s Siemens	Transmission Line	44.70	70.08	114.78
	Comp	Transmission Line	5.27	1.14	6.41
	Comp	Transmission Line	1.62	-	1.62
	Other Misc.	Transmission Line	0.16	3.74	3.90
	Elite Power	Substation	0.78	0.10	0.88
Total			314.63	244.81	559.44

29. MPPMCL vide affidavit dated 19.6.2025, has submitted that the additional capitalisation claimed for the 2019-24 tariff period, arises due to cost variations but remains within the approved FR cost of ₹5857.00 lakh and within the defined scope of work. MPPMCL has further submitted that the additional capitalisation earlier allowed by the Commission in its order dated 31.3.2024 in Petition No. 325/TT/2023, based on



projections. Since the IDC amount was disallowed by the Commission previously, the proposed additional capitalisation requires prudence check by the Commission.

30. In response, the Petitioner vide affidavit dated 10.11.2025 and submitted that the claims made by the Petitioner with respect to the additional capitalisation are in accordance with the 2019 Tariff Regulations 2019 and the 2024 Tariff Regulations. Further, the Petitioner has submitted that the IDC and IEDC disallowed by the Commission vide its order dated 31.3.2024 in Petition No. 325/TT/223 have been reduced from the completion cost claimed by the Petitioner, as evident from the table at para 13 of the Petition.

31. We have considered the Petitioner and MPPMCL's submissions. It is observed that the Petitioner has claimed the ACE on account of Balance/ Retention payments, and works deferred for execution during the 2019-24 tariff period, and thus, the ACE as per Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations with respect to the transmission asset for the 2019-24 tariff period is hereby allowed as under:

Particulars	ACE (2019-24 Tariff Period)		Remarks
	2022-23	2023-24	
ACE against discharge of liability	70.33	96.92	24(1)(a) of the 2019 Tariff Regulations and 24(1)(b) of the 2019 Tariff Regulations.
ACE against Undischarged Liability for works unexecuted	314.63	244.81	
Add: IDC discharged	26.10	-	
Total ACE	411.05	341.72	

32. Accordingly, the capital cost as on COD and trued-up ACE approved for the 2019-24 tariff period with respect to the transmission asset is as follows:

Asset	FR Apportioned Approved Cost as per RCE	Capital Cost allowed as on COD	ACE Claimed		Capital Cost claimed as on 31.3.2024
			2022-23	2023-24	
Asset-1	6576.00	4155.40	411.05	341.72	4908.17



Debt-Equity Ratio

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

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	2908.78	70.00	526.94	70.00	3435.72	70.00
Equity	1246.62	30.00	225.83	30.00	1472.45	30.00
Total	4155.40	100.00	752.77	100.00	4908.17	100.00

Depreciation

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

35. The depreciation approved with respect to the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)			
	Particulars	2022-23 (pro-rata 127 days)	2023-24
	Depreciation		
A	Opening Gross Block	4155.40	4566.45
B	Addition during 2019-24 due to ACE	411.05	341.72
C	Closing Gross Block (A+B)	4566.45	4908.17
D	Average Gross Block (A+C)/2	4360.93	4737.31
E	Average Capital Cost (90% depreciable assets)	4333.81	4683.87
F	Average Capital Cost (100% depreciable assets)	27.12	53.44
G	Depreciable Value (excluding IT equipment and software) (E*90%)	3900.42	4215.48
H	Depreciable Value of IT equipment and software (F*100%)	27.12	53.44
I	Total Depreciable Value (G+H)	3927.54	4268.92
J	Weighted average rate of Depreciation (WAROD) (in %)	5.34	5.39
K	Balance useful life of the asset	27	27
L	Elapsed life at the beginning of the year	0	0
M	Combined Depreciation during the year (D*J)	81.03	255.33



	Particulars	2022-23 (pro-rata 127 days)	2023-24
N	Cumulative Depreciation at the end of the year	81.03	336.36
O	Remaining Aggregate Depreciable Value at the end of the year	3846.51	3932.56

36. The details of depreciation allowed vide order dated 31.3.2024 in Petition No. 325/TT/2023 with respect to the transmission asset; depreciation claimed in the instant Petition and trued-up depreciation approved in the instant order are as follows:

(₹ in lakh)		
Particulars	2022-23	2023-24
Allowed vide order dated 31.3.2024 in Petition No. 325/TT/2023	84.48	286.51
Claimed by the Petitioner in the instant Petition	81.04	255.32
Approved after trued-up in this order	81.03	255.33

Interest on Loan (IoL)

37. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL approved with respect to the transmission asset is as follows:

(₹ in lakh)			
	Particulars	2022-23 (pro-rata 127 days)	2023-24
	Interest on Loan		
A	Gross Normative Loan	2908.78	3196.52
B	Cumulative Repayments up to Previous Year	0.00	81.03
C	Net Loan-Opening (A-B)	2908.78	3115.48
D	Additions	287.74	239.20
E	Repayment during the year	81.03	255.33
F	Net Loan-Closing (C+D-E)	3115.48	3099.36
G	Average Loan (C+F)/2	3012.13	3107.42
H	Weighted Average Rate of Interest on Loan (in %)	7.5289	7.7587
I	Interest on Loan (G*H)	78.91	241.10



38. The details of IoL allowed vide order dated 31.3.2024 in Petition No. 325/TT/2023 for the transmission asset; IoL claimed in the instant Petition and trued-up IoL approved in the instant order are as follows:

(₹ in lakh)		
Particular	2022-23 (pro-rata 127 days)	2023-24
Allowed vide order dated dated 31.3.2024 in Petition No. 325/TT/2023	81.23	260.07
Claimed by the Petitioner in the instant Petition	78.91	241.10
Approved after trued-up in this order	78.91	241.10

Return on Equity (RoE)

39. The Petitioner has submitted that its Income Tax Assessment has been completed for the FY 2019-20 and 2020-21 and Assessment Orders have been issued by the Income Tax Department; and income has been assessed under MAT [115JB of the Income Tax Act, 1961 (IT Act, 1961)]. The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for the FY 2021-22, 2022-23 & 2023-24.

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

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

41. MPPMCL vide affidavit dated 19.6.2025, has submitted that the Petitioner has sought truing up of the transmission tariff for the 2019–24 tariff period under Regulation 13 of the 2019 Tariff Regulations. It has grossed-up the Return on Equity (RoE) on the



basis of actual tax paid for the FY 2019-20 to FY 2022-23, and on the basis of the prevailing MAT rate (including surcharge and cess) for the FY 2023-24. Accordingly, a prudence check is required by the Commission. In response, the Petitioner vide affidavit dated 10.11.2025, has submitted that the RoE claimed in the instant Petition are in accordance with the provisions of the 2019 Tariff Regulations and 2024 Tariff Regulations.

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



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

43. Accordingly, the trued-up RoE approved with respect to the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)			
	Particulars	2022-23 (pro-rata 127 days)	2023-24
	Return on Equity		
A	Opening Equity	1246.62	1369.94
B	Additions	123.32	102.52
C	Closing Equity (A+B)	1369.94	1472.45
D	Average Equity (A+C)/2	1308.28	1421.19
E	Return on Equity (Base Rate) (in %)	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782
H	Return on Equity (D*G)	85.50	266.93

44. The details of RoE allowed vide order dated 31.3.2024 in Petition No. 325/TT/2023 for the transmission asset; RoE claimed in the instant Petition and trued-up RoE approved in the instant order are as follows:

(₹ in lakh)		
Particulars	2022-23 (pro-rata 127 days)	2023-24
Allowed vide order dated dated 31.3.2024 in Petition No. 325/TT/2023	89.67	301.79
Claimed by the Petitioner in the instant Petition	85.50	266.93
Approved after trued-up in this order	85.50	266.93

Operation & Maintenance Expenses (O&M Expenses)

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



(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-1	0.00	0.00	0.00	26.46	78.71

46. We have considered the Petitioner's submissions. The O&M Expenses allowed for the transmission asset as per norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)		
Particulars	2022-23 (pro-rata 127 days)	2023-24
<u>Wardha Sub-station:</u>		
2 Nos. 400kV bays for the 12 Ohm Series Reactor		
Norms (₹ lakh/Bay)	35.66	36.91
O&M expenses allowed for Sub-stations	24.82	73.82
<u>Transmission Lines:</u>		
- Waroro (PWTL)-Wardha D/C Line (Bundle Conductor with Four Sub-Conductor) - 1.145 Km - Koradi – Warora Bypass D/C Line (Bundle Conductor with Four Sub-Conductor) - 2.077 Km		
Norms (₹ lakh/Km)	1.466	1.517
O&M expenses allowed for Sub-stations	1.64	4.89
Total O&M Expenses allowed	26.46	78.71

47. Accordingly, the details of O&M Expenses allowed vide order dated 31.3.2024 in Petition No. 325/TT/2023 with respect to the transmission asset; O&M claimed in the instant Petition and trued-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)		
Particulars	2022-23 (pro-rata 127 days)	2023-24
Allowed vide order dated dated 31.3.2024 in Petition No. 325/TT/2023	26.46	78.70
Claimed by the Petitioner in the instant Petition	26.46	78.71
Approved after trued-up in this order	26.46	78.71

Interest on Working Capital (IWC)

48. IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR



applicable as on 1.4.2019 of 8.55% plus 350 basis points) for the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for the FY 2021-22 & FY 2022-23 and 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for the FY 2023-24.

49. The components of the working capital and interest allowed thereon with respect to the transmission asset for the 2019-24 tariff period are as follows:

(₹ in lakh)			
	Particulars	2022-23 (pro-rata 127 days)	2023-24
	Interest on Working Capital		
A	Working Capital for O&M Expenses (O&M Expenses for one month)	6.34	6.56
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	11.41	11.81
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	97.84	105.36
D	Total Working Capital (A+B+C)	115.58	123.72
E	Rate of Interest for working capital (in %)	10.50	12.00
F	Interest on working capital (D*E)	4.22	14.85

50. The details of IWC allowed vide order dated 31.3.2024 in Petition No. 325/TT/2023 for the transmission asset; IWC claimed in the instant Petition and trued-up IWC approved in the instant order are as follows:

(₹ in lakh)		
Particular	2022-23 (pro-rata 127 days)	2023-24
Allowed vide order dated dated 31.3.2024 in Petition No. 325/TT/2023	4.35	16.12
Claimed by the Petitioner in the instant Petition	4.22	14.85
Approved after trued-up in this order	4.22	14.85



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

51. Accordingly, the Annual Fixed Charges approved after the truing-up for the 2019-24 tariff period with respect to the transmission asset are as follows:

(₹ in lakh)			
	Particulars	2022-23 (pro-rata 127 days)	2023-24
	Annual Transmission Charges		
A	Depreciation	81.03	255.33
B	Interest on Loan	78.91	241.10
C	Return on Equity	85.50	266.93
D	Interest on Working Capital	4.22	14.85
E	O & M Expenses	26.46	78.71
F	Total (A+B+C+D+E)	276.12	856.91

52. The details of AFC allowed vide order dated 31.3.2024 in Petition No. 325/TT/2023 for transmission asset, AFC claimed in the instant Petition and trued-up AFC approved in the instant order are as follows:

(₹ in lakh)		
Particulars	2022-23 (pro-rata 127 days)	2023-24
Allowed vide order dated dated 31.3.2024 in Petition No. 325/TT/2023	286.20	943.19
Claimed by the Petitioner in the instant Petition	276.13	856.91
Approved after trued-up in this order	276.12	856.91

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

53. The Petitioner has claimed the following transmission charges with respect to the transmission asset for the 2024-29 tariff period:

(₹ in lakh)					
Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	280.96	297.59	297.59	297.59	297.59
Interest on Loan	247.32	241.19	221.84	203.73	179.60
Return on Equity	294.50	312.45	312.45	312.45	312.45
Interest on Working Capital	14.97	15.54	15.40	15.25	15.10
O&M Expenses	63.22	66.54	70.03	73.71	77.56
Total	900.97	933.31	917.31	902.73	882.30



54. The details of the IWC claimed by the Petitioner with respect to the transmission asset for the 2024-29 tariff period are as under:

(₹ in lakh)

Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	5.27	5.55	5.84	6.14	6.46
Maintenance Spares	9.48	9.98	10.50	11.06	11.63
Receivables	111.08	115.07	113.09	110.99	108.78
Total Working Capital	125.83	130.60	129.43	128.19	126.87
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	14.97	15.54	15.40	15.25	15.10

55. MPPMCL vide affidavit dated 19.6.2025, has requested that the tariff determination for the 2024-29 tariff period be undertaken only after admitting the capital cost as on 31.3.2024, subject to prudence verification of the available records. In response, the Petitioner vide affidavit dated 10.11.2025, submitted that the claims made are in accordance with the provisions of the 2019 Tariff Regulations and the 2024 Tariff Regulations.

56. We have considered the Petitioner's and MPPMCL's submissions and determined the transmission tariff for the 2024-29 tariff period accordingly in the succeeding paragraphs.

Capital Cost

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

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

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

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

(b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-*



- passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
 - (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
 - (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
 - (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
 - (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*
 - (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
 - (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
 - (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
 - (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
 - (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
 - (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;*
 - (n) Expenditure on account of change in law and force majeure events; and*
 - (o).....*
 - (p).....*

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

- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;*
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
- (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*
- (d) to (h).....*
- (i) Expenditure on account of change in law and force majeure events;*
- (4) & (5)*

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

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;*
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;*



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

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

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

(d).....

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

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

58. The Petitioner has claimed the following capital cost with respect to the transmission asset during the 2024-29 tariff period:

(₹ in lakh)			
Particulars	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost as on 31.3.2029
		2024-25	
Asset-1	4908.17	637.01	5545.18

59. We have considered the Petitioner's submissions. The trued-up capital cost of ₹4908.17 lakh as on 31.3.2024 for the transmission asset has been considered as opening capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period in accordance with Regulation 19(3) (a) of the 2024 Tariff Regulations.

Additional Capital Expenditure (ACE)

60. Regulations 24 and 25 of the 2024 Tariff Regulations provides as under:

“24. Additional Capitalisation within the original scope and up to the cut-off date:

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

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*



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

(f) *For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;*

Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and

(g) *Force Majeure events:*

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

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

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

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

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

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

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

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

(e) *Force Majeure events;*

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

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

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

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

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

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

Provided that any claim of additional capitalization with respect to the replacement



of assets under the original scope and on account of obsolescence of technology, less than ₹ 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses”

61. The Petitioner has claimed ACE of ₹637.01 lakh for the 2024-29 tariff period under Regulation 25(1)(d) of the 2024 Tariff Regulations:

(₹ in lakh)		
Particulars	ACE Claimed	Claimed under Regulation
Transmission asset	2024-25	25(1)(d) of the 2024 Tariff Regulations
	637.01	

62. The Petitioner has submitted that the actual ACE to be incurred during the 2024-29 tariff period shall be finalized after the closing of the contract and may be higher or lower than the estimated ACE prepared and submitted. It has been further submitted that the payments during the 2024-29 tariff period shall be made after submission of invoice and reconciliation, in accordance with the relevant contractual clause as per provisions of the contract.

63. The Petitioner has submitted the following vendor-wise details of ACE claimed for the transmission asset:

(₹ in lakh)									
Head-wise /Party-wise	Particulars # HEAD	Outstanding Liability as on 1.4.2024	Liability discharge						
			2024-25	2025-26	2026-27	2027-28	2028-29	Total	
M/s Siemens	Sub-station	350.93	308.43	NIL					308.43
M/s Siemens	PLCC	0.00	NIL						-
M/s Siemens	IT	0.00	-						
M/s Siemens	Transmission Line	125.67	168.17						168.17
Comp	Transmission Line	0.00	NIL						-
Comp	Transmission Line	0.00							-
Estimated	Civil	0.00							-



Other Misc.	Transmis sion Line	0.00			-
2100058847 Elite Power	Sub- station	0.00			-
Total		476.60	476.60	-	476.60

(₹ in lakh)

Head-wise /Party-wise	Particulars # HEAD		Addition to Gross Block					
		2024- 25	2025- 26	2026- 27	2027- 28	2028- 29	Total	
M/s Siemens	SS	NIL	NIL					-
M/s Siemens	PLCC							-
M/s Siemens	IT							-
M/s Siemens	TL	91.60						91.60
Comp	TL	30.08						30.08
Comp	TL	18.72						18.72
Estimated	Civil	20.00						20.00
Other Misc.	TL	NIL						-
2100058847 Elite Power	SS							-
Total		160.40	-					160.40

64. We have considered the Petitioner's submission. We observed that the Petitioner has claimed the projected ACE during the FY 2024-29, on account of Un-discharged liabilities towards final / withheld payments due to contractual exigencies, for works executed prior to the cut-off date. Therefore, as per Regulation 25(1)(d) of the 2024 Tariff Regulations, the ACE projected by the Petitioner with respect to the transmission asset for the 2024-29 tariff period is hereby allowed subject to truing up and the details of same are as follows:

(₹ in lakh)

Particulars	Regulations	2024-25
Un-discharged liabilities for work done up to DOCO date	25(1)(d) of the 2024 Tariff Regulations	637.00

65. Accordingly, the details of the capital cost and ACE allowed with respect to the transmission asset for the 2024-29 tariff period are as follows:



Particulars	Capital Cost admitted as on 1.4.2024 (A)	ACE allowed for 2024-29 (B)	Capital Cost allowed as on 31.3.2029 (C=A+B)
Asset-1	4908.17	637.00	5545.17

Debt-Equity Ratio

66. 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:

- 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.

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

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

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

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

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



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

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

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

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE (2024-29)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	3435.72	70.00	445.90	70.00	3881.62	70.00
Equity	1472.45	30.00	191.10	30.00	1663.55	30.00
Total	4908.17	100.00	637.00	100.00	5545.17	100.00

Depreciation

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

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

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

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

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



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

.....

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

(4)

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

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

.....

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

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

.....

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

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

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

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx”



69. We have considered the Petitioner's submissions. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. The WAROD has been worked out considering the depreciation rates for the transmission asset specified in the 2024 Tariff Regulations. The depreciation allowed for the transmission asset under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Depreciation					
A	Opening Gross Block	4908.17	5545.17	5545.17	5545.17	5545.17
B	Addition during 2024-29 due to ACE	637.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	5545.17	5545.17	5545.17	5545.17	5545.17
D	Average Gross Block (A+C)/2	5226.68	5545.17	5545.17	5545.17	5545.17
E	Average Capital Cost (90% depreciable assets)	5173.24	5491.74	5491.74	5491.74	5491.74
F	Average Capital Cost (100% depreciable assets)	53.44	53.44	53.44	53.44	53.44
G	Depreciable Value (excluding IT equipment and software) (E*90%)	4655.91	4942.57	4942.57	4942.57	4942.57
H	Depreciable Value of IT equipment and software (F*100%)	53.44	53.44	53.44	53.44	53.44
I	Total Depreciable Value (G+H)	4709.35	4996.01	4996.01	4996.01	4996.01
J	Weighted average rate of Depreciation (WAROD) (in %)	5.38%	5.37%	5.37%	5.37%	5.37%
K	Balance useful life of the asset	26	25	24	23	22
L	Elapsed life at the beginning of the year	1	2	3	4	5
M	Combined Depreciation during the year (D*J)	280.97	297.60	297.60	297.60	297.60
N	Cumulative Depreciation at the end of the year	617.32	914.92	1212.52	1510.11	1807.71
O	Remaining Aggregate Depreciable Value at the end of the year	4092.03	4081.09	3783.49	3485.89	3188.29



Interest on Loan (IoL)

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

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

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

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

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

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

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

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

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

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

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

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



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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	3435.72	3881.63	3881.63	3881.63	3881.63
B	Cumulative Repayments up to Previous Year	336.36	617.32	914.92	1212.52	1510.11
C	Net Loan-Opening (A-B)	3099.36	3264.30	2966.71	2669.11	2371.52
D	Additions	445.91	0.00	0.00	0.00	0.00
E	Repayment during the year	280.97	297.60	297.60	297.60	297.60
F	Net Loan-Closing (C+D-E)	3264.30	2966.71	2669.11	2371.52	2073.92
G	Average Loan (C+F)/2	3181.83	3115.51	2817.91	2520.31	2222.72
H	Weighted Average Rate of Interest on Loan (in %)	7.7728	7.7417	7.8723	8.0834	8.0800
I	Interest on Loan (G*H)	247.32	241.19	221.83	203.73	179.60

Return on Equity (RoE)

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

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



hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

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

Provided further that:

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

.....”

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

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

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

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

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

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

Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB, the generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return



on equity at the end of every financial year with the applicable MAT rate including surcharge and cess.

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

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

73. The Petitioner has submitted that the MAT rate is applicable to the Petitioner. Accordingly, the applicable MAT rate has been considered for the purpose of RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed with respect to the transmission asset for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	1472.45	1663.55	1663.55	1663.55	1663.55
B	Additions	191.10	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	1663.55	1663.55	1663.55	1663.55	1663.55
D	Average Equity (A+C)/2	1568.00	1663.55	1663.55	1663.55	1663.55
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	294.50	312.45	312.45	312.45	312.45

Operation & Maintenance Expenses (O&M Expenses)

74. The O&M Expenses claimed by the Petitioner with respect to the transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	63.22	66.54	70.03	73.71	77.57

75. Regulation 36(3)(a) of the 2024 Tariff Regulations provide as under:



“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single	0.346	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per	2.07	2.18	2.30	2.42	2.55
Gazuwaka HVDC Back-to-Back station (₹ Lakh	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (₹ Lakh per MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

Provided further that the O&M expenses for Transmission Licensees whose transmission asset are located solely in NE Region (including Sikkim), States of



Uttarakhand, Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh, district of Darjeeling of West Bengal shall be worked out by multiplying 1.50 to the normative O&M expenses prescribed above.

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

76. We have considered the Petitioner’s submissions. The O&M Expenses for the 2024-29 tariff period have been worked out in accordance with Regulation 36 of the 2024 Tariff Regulations, and the same are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<u>Wardha Sub-station:</u>					
2 Nos. of 400kV bays for 12 Ohm Series Reactor					
Norms (₹ lakh/Bay)	29.53	31.08	32.71	34.43	36.23
O&M expenses allowed	59.06	62.16	65.42	68.86	72.46
<u>Transmission Lines:</u>					
- Waroro (PWTL)-Wardha D/C Line (Bundle Conductor with Four Sub- Conductor)- 1.145 Km - Koradi – Warora Bypass D/C Line (Bundle Conductor with Four Sub- Conductor)- 2.077 Km					
Norms (₹ lakh/km)	1.29	1.36	1.43	1.51	1.59
O&M expenses allowed for	4.16	4.38	4.61	4.85	5.11
Total O&M Expenses allowed	63.22	66.54	70.03	73.71	77.57

Interest on Working Capital (IWC)

77. Regulations 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations specify 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 expenses including security expenses; and
(iii) Operation and maintenance expenses, including security expenses for one month.

(2)

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

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

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

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

79. The components of the working capital and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period with respect to the transmission asset are as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	5.27	5.54	5.84	6.14	6.46
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	9.48	9.98	10.50	11.06	11.64
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	111.08	115.07	113.09	110.99	108.78
D	Total Working Capital (A+B+C)	125.83	130.59	129.43	128.19	126.88
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on Working Capital (D*E)	14.97	15.54	15.40	15.25	15.10



Annual Fixed Charges for the 2024-29 Tariff Period

80. The Annual Fixed Charges allowed with respect to the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	280.97	297.60	297.60	297.60	297.60
Interest on Loan	247.32	241.19	221.83	203.73	179.60
Return on Equity	294.50	312.45	312.45	312.45	312.45
O&M Expenses	63.22	66.54	70.03	73.71	77.57
Interest on Working Capital	14.97	15.54	15.40	15.25	15.10
Total	900.98	933.32	917.31	902.74	882.31

Filing Fee and Publication Expenses

81. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses in terms of Regulation 94(1) of the 2024 Tariff Regulations.

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

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

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

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



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

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

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

License Fee and RLDC Fees and Charges

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

Goods and Services Tax

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



88. MPPMCL vide affidavit dated 19.6.2025, has submitted that the demand of the Petitioner at this stage is premature and need not to be considered at this juncture. In response, the Petitioner vide affidavit dated 10.11.2025, has submitted that MPPMCL had repeatedly raised issues concerning the levy of GST in multiple tariff Petitions filed by the Petitioner. It has been submitted that, in the interest of brevity and to avoid repetition, the Petitioner seeks liberty to adopt and reiterate its submissions already made in its rejoinders filed in various tariff Petitions, including but not limited to Petition Nos. 401/TT/2024, 25/TT/2025, 26/TT/2025 and others. The Petitioner has further submitted that it craves leave to rely upon the said submissions in the present proceedings as well.

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

Security Expenses, Insurance and Capital Spares

90. The Petitioner has submitted that a separate Petition will be filed for truing up of Security Expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36 (3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the Security Expenses with respect to the transmission asset are not claimed in the instant Petition.

91. The Petitioner has also submitted that it has not claimed Insurance Expenses in the instant Petition and has submitted that it will file a separate Petition for claiming the overall insurance expenses and consequential IWC on the same, considering the actual Insurance Expenses incurred by it for the FY 2023-24 after escalating the same at



5.25% per annum to arrive at the estimated Insurance Expense for the FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.

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

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

"36(3)

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

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

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

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



Sharing of Transmission Charges

95. The Petitioner has submitted that the transmission charges for the 2019-24 tariff period will be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers. Further, the tariff for the 2024-29 tariff period will be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

96. MPPMCL vide affidavit dated 19.6.2025, has submitted that truing up of the transmission tariff is to be considered in accordance with the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (Sixth Amendment) Regulations, 2019, till the Central Electricity Regulatory Commission Sharing Regulations, 2020 come into force and later on as per the Central Electricity Regulatory Commission Sharing Regulations, 2020, as amended from time to time.

97. The Petitioner vide affidavit dated 10.11.2025, has submitted that the claims are in accordance with the relevant provisions of the 2024 Tariff Regulations.

98. We have considered the Petitioner and MPPMCL's submissions. With effect from 1.11.2020, sharing of transmission charges is governed by the relevant provisions of the 2020 sharing regulations. Accordingly, the billing, collection, and disbursement of the transmission charges for the transmission asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.



99. **To Summarise:**

a) The trued-up AFC claimed by the Petitioner and approved in the instant order with respect to the transmission asset for the 2019-24 tariff period are as follows:

(₹ in lakh)		
AFC	2022-23	2023-24
Claimed	276.13	856.91
Approved	276.12	856.91

b) The AFC claimed by the Petitioner and allowed in the instant order with respect to the transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)					
AFC	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed	900.97	933.31	917.31	902.73	882.30
Allowed	900.98	933.32	917.31	902.74	882.31

100. This order disposes of Petition No. 491/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

