

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 527/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 Regulations 15(1)(a) and 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023, for truing up of the transmission tariff for the 2019-24 period 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 the Combined Assets under the North Eastern Region Strengthening Scheme-VII in the North Eastern Region.

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No. 2,
Sector-29, Gurgaon-122001 (Haryana).

...Petitioner

Versus

- 1. Assam Power Distribution Company Limited,**
04th Floor, Bijulee Bhawan, Paltan Bazar,
Guwahati – 781001, Assam.
- 2. Meghalaya Energy Corporation Limited,**
Short Round Road, “Lumjingshai”,
Shillong – 793001, Meghalaya.
- 3. Government of Arunachal Pradesh,**
Itanagar, Arunachal Pradesh.
- 4. Power and Electricity Department,**
Government of Mizoram,
Aizawl, Mizoram.



5. Manipur State Power Distribution Corporation Limited,
Keishampat, Imphal.

6. Department of Power,
Government of Nagaland,
Kohima, Nagaland.

7. Tripura State Electricity Corporation Limited,
Vidyut Bhawan, North Banamalipur,
Agartala, Tripura (W) – 799001, Tripura.

...Respondent(s)

For Petitioner : 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 Kuman Pandey, PGCIL
Shri Ashish Alankar, PGCIL

For Respondents: None

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, seeking the true-up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”), and the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”), in respect of the following transmission assets



(hereinafter referred to as “Combined Assets”) associated with the North Eastern Region Strengthening Scheme-VII in the North Eastern Region:

Transmission Line

Asset-1: Re-conductoring of Imphal (POWERGRID)-Yurembam (Imphal Sub-station-Manipur) 132 kV S/C line with high capacity conductor [HTLS of capacity equivalent to that of Single ACSR Moose: 798 A] and Upgradation/modification of 132 kV line bay equipment for Imphal (POWERGRID) – Yurembam (Imphal Sub-station- Manipur) 132 kV S/C (HTLS) line;

Sub-stations

Asset-2: 315 MVA, 400/132 kV, ICT-III along with associated bays in GIS bays at 400 kV Silchar Sub-station;

Asset-3: 200 MVA, 400/132 kV Spare ICT at 400 kV Silchar Sub-station;

Asset-4: 31.5 MVAR, 220 kV, Bus Reactor along with associated bay at Mokokchung (POWERGRID) Sub-station;

Asset-5: 160 MVA, 220/132 kV, ICT (Spare) at Kopili Sub-station and 50 MVA, 132/33 kV, ICT (Spare) at Nirjuli Sub-station;

Asset-6: 1X80 MVA, 420 kV Reactor (Spare) and 1X63 MVA 420 kV Reactor (Spare) at Bongaigaon Sub-station;

Asset-7: 315 MVA, 400/220 kV, ICT (Spare) at Misa Sub-station;

All the above assets were combined in the 2019-24 tariff period, and a consolidated tariff was claimed for them for the 2019-24 tariff period.

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

“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 14 and 15 above.

b) Admit the capital cost claimed and additional capitalization incurred during 2019-24 and also allow the projected additional capitalization during 2024-29.

c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 14 and 15 above for respective block.

d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94



(1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.

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

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

g) Allow the petitioner to file a separate petition before Hon'ble 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 Hon'ble 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 Hon'ble 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 Commission deems fit and appropriate under the circumstances of the case and in the interest of justice."

Background

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

- a. The Investment Approval (the IA) for the transmission project was accorded by the Petitioner's Board of Directors vide Memorandum dated 26.7.2016, at an estimated cost of ₹9070 lakh, including Interest During Construction (IDC) of ₹500 lakh, based on April 2016 price levels.
- b. The administrative approval and expenditure sanction for the Revised Cost Estimate (RCE) of the transmission project were accorded by the Board of Directors of the Petitioner vide Memorandum dated 4.10.2017, for ₹9465 lakh, including an IDC of ₹459 lakh, based on April 2017 price levels.



c. The scope of work for the transmission project broadly includes:

Transmission Line

- (i) Re-conductoring of Imphal (POWERGRID) - Yurembam (Imphal S/S, Manipur) 132 kV S/C line with high-capacity conductor [HTLS of capacity equivalent to that of Single ACSR Moose: 798 A (for 45°C ambient temperature and 85°C maximum conductor temperature)]: 1 km

Sub-station Extension:

- (ii) Imphal (POWERGRID) Sub-station
 - Upgradation/modification of 132 kV line bay equipment for Imphal (POWERGRID) – Yurembam (Imphal S/S – Manipur) 132 kV S/C (HTLS) line
- (iii) Silchar Sub-station
 - 400/132 kV, 315 MVA ICT (3rd) with associated bays in GIS-400/132 kV, 200 MVA ICT (Spare)
- (iv) Mokokchung (POWERGRID) Sub-station
 - 220 kV, 31.5 MVAr bus reactor with associated bay
- (v) Kopili Sub-station:
 - 220/132 kV, 160 MVA ICT (Spare)
- (vi) Nirjuli Sub-station:
 - 132/ 33 kV, 50 MVA ICT (Spare)
- (vii) Bongaigaon Sub-station:
 - 420 kV, 80MVAr reactor (Spare)
 - 420 kV, 63MVAr reactor (Spare)
- (viii) Misa Sub-station:
 - 400/220 kV, 315 MVA ICT (Spare)

4. The transmission tariff for the transmission assets was allowed by the Commission vide order dated 10.12.2019 in Petition No. 175/TT/2018. Tariff for Asset-3, Asset-5, Asset-6, Asset-7 and Asset-8 was allowed as regional spares, based on the recommendation and approval of the 5th TCC and 15th NERPC.

5. Subsequently, the Commission, vide order dated 5.9.2021 in Petition No. 504/TT/2020, trued up the transmission tariff for the transmission assets for the 2014-19 tariff period and determined the transmission tariff for the Combined Assets (comprising Asset-1 to Asset-7) for the 2019-24 tariff period.



6. The Respondents are Distribution Licensees, Transmission Licensees, and Power Departments, mainly the beneficiaries in the North-Eastern Region, who procure transmission services from the Petitioner.

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

8. None of the Respondents has filed any reply or raised any issues pertaining to the instant Petition.

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

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

TRUING-UP OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD

11. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Assets are as follows:

Combined Assets

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	454.50	473.21	477.14	477.45	477.60
Interest on Loan	413.06	382.06	347.90	320.18	292.52
Return on Equity	478.73	498.50	502.69	503.02	503.18
Interest on Working Capital	37.81	36.03	33.81	34.04	39.15
O&M Expenses	402.94	417.53	432.18	447.72	462.75
Total	1787.04	1807.33	1793.72	1782.41	1775.20



12. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the Combined Assets are as follows:

Combined Assets

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	33.58	34.79	36.02	37.31	38.56
Maintenance Spares	60.44	62.63	64.83	67.16	69.41
Receivables	219.72	222.82	221.14	219.75	218.26
Total Working Capital	313.74	320.24	321.99	324.22	326.23
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	37.81	36.03	33.81	34.04	39.15

Capital cost

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

14. The Commission, vide order dated 5.9.2021 in Petition No. 504/TT/2020, allowed the capital cost as on 31.3.2019 with respect to the Combined Assets and Additional Capital Expenditure (ACE) for the 2019-24 tariff period. The details are as follows:

(₹ in lakh)

Asset	Capital cost allowed as on 31.3.2019	ACE allowed	Capital cost allowed as on 31.3.2024
		2019-24	
Combined Assets	8214.76	879.70	9094.46

15. The Petitioner in the instant true-up Petition, has claimed capital cost as on 31.3.2019 with respect to the Combined Assets and actual ACE incurred, vide the Auditor's Certificate dated 6.9.2024 for the 2019-24 tariff period as follows:

(₹ in lakh)

Asset	FR approved cost	RCE approved cost	Expenditure up to 31.3.2019	ACE claimed					Capital cost as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Assets	9070.25	9464.82	8214.76	563.35	138.56	10.24	1.39	4.24	8932.54



16. We observe that, while allowing the capital cost in the aforesaid order, the Commission noted that the estimated project cost of the Combined Assets, including ACE, was within the approved cost and, therefore, there was no cost overrun as per the apportioned approved cost. In the instant true-up Petition, the capital cost of ₹8932.54 lakh, claimed as on 31.3.2024, is within the RCE-approved cost of ₹9464.82 lakh. Accordingly, there is no cost overrun as per the apportioned approved cost.

Interest During Construction (“IDC”)

17. The Petitioner has claimed the IDC, as admitted by the Commission vide order dated 5.9.2021 in Petition No. 504/TT/2020, comprising undischarged IDC of ₹0.17 lakh for Asset-2 and ₹0.20 lakh for Asset-5, which was discharged as ACE during FY 2019-20.

Initial Spares

18. The Commission, vide its order dated 5.9.2021 in Petition No. 504/TT/2020, allowed additional Initial Spares of ₹117.21 lakh (₹5.96 lakh allowed as on 1.4.2019 and ₹111.25 lakh allowed as ACE during 2019-20) in respect of the Combined Assets as on 1.4.2019 for the 2019-24 tariff period. In the present true-up Petition, the Petitioner has submitted that the Initial Spares claimed are within the prescribed ceiling as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and the 2019 Tariff Regulations. The Commission has already allowed the same vide order dated 5.9.2021 in Petition No. 504/TT/2020.

19. We have considered the submissions of the Petitioner. It is observed that the Assets-1 to 7 were commissioned in the 2014-19 tariff period and thus, as per the 2014



Tariff Regulations, the cut-off dates in respect of these transmission assets are as follows:

Sl. No.	Assets	COD	Cut-off date
1	Asset-1	18.7.2018	31.3.2021
2	Asset-2	18.7.2018	31.3.2021
3	Asset-3	24.7.2017	31.3.2020
4	Asset-4	1.12.2018	31.3.2021
5	Asset-5	29.6.2018	31.3.2021
6	Asset-6	1.4.2018	31.3.2021
7	Asset-7	31.12.2018	31.3.2021

20. As the transmission assets covered in the instant Petition have been combined during the 2019-24 tariff period, and thus, in terms of APTEL's judgment dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares are to be allowed on the basis of the overall project cost. The relevant extract of the judgment is as under:

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

21. Accordingly, as per the Auditor's Certificate for Assets 1 to 7 submitted by the Petitioner, the details of Initial Spares worked out for the Combined Assets for the 2019-24 tariff period are as follows:

Sub-station:

(₹ in lakh)						
Asset Name	Original project cost up to the cut-off date as per the Auditor's Certificate	Norms as per 2014 Tariff Regulations (in %)	Initial Spares claimed	Allowable Initial Spares	Initial Spares allowed earlier	Additional Initial Spares allowed for Combined Assets
	(A)	(B)	(C)	$D = (A - C) * B / (100\% - B)$		
Asset-1	64.30	6.00	1.92	3.98	1.92	
Asset-2	2509.07	6.00	109.94	153.13	109.94	
Asset-3	1118.17	6.00	0.00	71.37	0.00	



Asset-4	1407.61	6.00	190.56	77.68	79.31	
Asset-5	1048.95	6.00	33.71	64.80	33.71	
Asset-6	1511.74	6.00	96.32	90.34	90.36	
Asset-7	509.89	6.00	0.00	32.55	0.00	
Total	8169.73		432.45	493.85	315.24	117.21
Additional Initial Spares of ₹117.21 lakh (₹432.45 - ₹315.24= ₹117.21) are allowed for Sub-station of the Combined Assets.						

22. Therefore, in line with the APTEL's judgment dated 14.9.2019 in Appeal No. 74 of 2017, additional Initial Spares of ₹117.21 lakh are admissible. The trued-up total of additional Initial Spares of ₹117.21 lakh is hereby allowed in respect of the Combined Assets. As per the Initial Spares discharge considered in the order dated 5.9.2021 in Petition No. 504/TT/2020, additional Initial Spares of ₹5.96 lakh were allowed as on 1.4.2019, and ₹111.25 lakh was allowed as ACE for 2019-20.

23. Accordingly, the details of capital cost in respect of the Combined Assets as on 1.4.2019 are as follows:

Asset	Capital cost approved as on 31.3.2019	Additional Initial Spares (as on 1.4.2019) in terms of the APTEL's Order	(₹ in lakh)
			Capital Cost approved as on 1.4.2019
Combined Assets	8208.81	5.96	8214.76

Additional Capital Expenditure (ACE)

24. The Commission, vide order dated 5.9.2021 in Petition No. 504/TT/2020, allowed ACE with respect to the Combined Assets for the 2019-24 tariff period under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations, on account of balance and retention payments. The details are as follows:

Admitted Capital Cost (as on 1.4.2019)	ACE allowed (2019-24)	Total Capital Cost (as on 31.3.2024)
8214.76	879.70	9094.46



25. The Petitioner has claimed the following ACE in respect of the Combined Assets, based on the actual expenditure, in accordance with Regulations 24(1)(a), 24(1)(b), and 25(1)(d) of the 2019 Tariff Regulations:

(₹ in lakh)

Particulars	Regulations	Actual ACE in 2019-24.				
		2019-20	2020-21	2021-22	2022-23	2023-24
Undischarged liabilities and payments made towards liabilities admitted for works within the original scope executed prior to the cut-off date.	Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations.	563.35*	138.56	0.00	0.00	0.00
Liability for works executed prior to the cut-off date	Regulation 25(1)(d) of the 2019 Tariff Regulations	0.00	0.00	10.24	1.39	4.24
Total		563.35*	138.56	10.24	1.39	4.24

*Includes IDC discharge of ₹0.37 lakh in FY 2019-20

26. Furthermore, the Petitioner has submitted the Liability Flow Statement, which contains the head-wise and party-wise details of the actual/estimated ACE for the respective transmission assets under Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations. The details are as follows:

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-1	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	9.89	0.00	1.78	7.31	0.8	0.00	9.89
Asset-1	M/s Apar Industries	Transmission Line	7.25	7.25	0.00	0.00	0.00	0.00	7.25



(₹ in lakh)

Asset No.	Party	Particulars	Addition liability (bill received after COD)		Total
			2019-20	2020-21	
Asset-1	M/s Sterling & Wilson Pvt. Ltd.	Substation	1.52	7.59	9.11
Asset-1	M/s Apar Industries	Transmission Line	8.79	0.00	8.79

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-2	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	132.65	12.71	31.13	0.00	0.41	4.24	48.49

(₹ in lakh)

Asset No.	Party	Particulars	Addition liability (bill received after COD)		Total
			2019-20	2020-21	
Asset-2	M/s Sterling & Wilson Pvt. Ltd.	Substation	170	44.51	214.51

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-3	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	9.89	0.00	1.78	7.31	0.8	0.00	9.89

(₹ in lakh)

Asset No.	Party	Particulars	Addition liability (bill received after COD)		Total
			2019-20	2020-21	
Asset-3	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	1.52	7.59	9.11



(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-4	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	1.64	1.64	0.00	0.00	0.00	0.00	1.64
Asset-4	M/s ABB India Limited	Sub-station	231.40	183.78	44.73	0.02	0.00	0.00	228.53

(₹ in lakh)

Asset No.	Party	Particulars	Addition liability (bill received after COD)		Total
			2019-20	2020-21	
Asset-4	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	20	0.00	20
Asset-4	M/s ABB India Limited	Sub-station	40.16	0.00	40.16

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-5	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	54.13	49.71	0.05	2.93	0.00	0.00	52.69

(₹ in lakh)

Asset No.	Party	Particulars	Addition liability (bill received after COD)		Total
			2019-20	2020-21	
Asset-5	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	26	0.00	26

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-6	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	4.30	0.00	4.30	0.00	0.00	0.00	4.30



(₹ in lakh)

Asset No.	Party	Particulars	Addition liability (bill received after COD)		Total
			2019-20	2020-21	
Asset-6	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	0.00	0.04	0.04

(₹ in lakh)

Asset No.	Party	Particulars	Outstanding liability as on COD	Liability Discharge					
				2019-20	2020-21	2021-22	2022-23	2023-24	Total
Asset-7	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	8.01	3.42	4.43	0.00	0.16	0.00	8.01

(₹ in lakh)

Asset No.	Party	Particulars	Addition liability (bill received after COD)		Total
			2019-20	2020-21	
Asset-7	M/s Sterling & Wilson Pvt. Ltd.	Sub-station	38	0.00	38

27. We have considered the Petitioner's submissions. We observe that the Petitioner has claimed ACE on account of discharge of liability and unexecuted works. Therefore, the ACE claimed by the Petitioner under Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations for the 2019-24 tariff period is hereby allowed, and the details are as follows:

(₹ in lakh)

Asset	Particulars	ACE allowed for the 2019-24 tariff period					Total (2019-2024)
		2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Assets							
	T/L	16.04	0.00	0.00	0.00	0.00	16.04
	Sub-station	543.37	138.56	10.24	1.39	4.24	697.8
	IT/Software/UNMS/URTDMS/SCADA, etc.	3.94	0.00	0.00	0.00	0.00	3.94
Total		563.35	138.56	10.24	1.39	4.24	717.78



28. Accordingly, the capital cost allowed as on 31.3.2024 in respect of the Combined Assets for the 2019-24 tariff period is as follows:

Asset	RCE Approved Cost	Capital cost allowed as on 1.4.2019	ACE allowed for the 2019-24 tariff period					(₹ in lakh) Capital cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Assets	9464.82	8214.76	563.35#	138.56	10.26	1.37	4.24	8932.54

*Includes IDC discharge of ₹0.37 lakh in FY 2019-20

#Excludes additional Initial Spares of ₹117.21 lakh to be discharged in 2019-20, as the same have not been claimed by the Petitioner.

Debt-Equity Ratio

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

Combined Assets

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	5750.37	70.00	502.45	70.00	6252.82	70.00
Equity	2464.39	30.00	215.33	30.00	2679.72	30.00
Total	8214.76	100.00	717.78	100.00	8932.54	100.00

Depreciation

30. The combined cumulative depreciation as on 31.3.2019, admitted vide order dated 5.9.2021 in Petition No. 504/TT/2020 is ₹ 332.70 lakh. 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 Combined Assets as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.

31. The depreciation allowed for the Combined Assets for the 2019-24 tariff period is as follows:



Combined Assets

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital cost	8214.76	8778.11	8916.67	8926.93	8928.30
B	Addition during the year 2019-24 due to ACE	563.35	138.56	10.26	1.37	4.24
C	Closing Capital cost (A+B)	8778.11	8916.67	8926.93	8928.30	8932.54
D	Average Capital cost (A+C)/2	8496.44	8847.39	8921.80	8927.62	8930.42
E	Average Capital cost (90% depreciable assets)	8435.86	8784.84	8859.25	8865.07	8867.87
F	Average Capital cost (100% depreciable assets)	60.58	62.55	62.55	62.55	62.55
G	Depreciable value (excluding IT equipment and software) (E*90%)	7592.27	7906.36	7973.33	7978.56	7981.08
H	Depreciable value of IT equipment and software (F*100%)	60.58	62.55	62.55	62.55	62.55
I	Total Depreciable Value (G+H)	7652.85	7968.91	8035.88	8041.11	8043.63
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.35	5.35	5.35	5.35	5.35
K	Balance useful life at the beginning of the year (Year)	25	24	23	22	21
L	Elapsed useful life at the beginning of the year (Year)	0	1	2	3	4
M	Depreciation during the year (D*J)	454.50	473.22	477.15	477.46	477.60
N	Cumulative Depreciation at the end of the year	787.20	1260.42	1737.57	2215.03	2692.64
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	6865.65	6708.49	6298.30	5826.07	5351.00



32. The details of the depreciation approved vide order dated 5.9.2021 in Petition No. 504/TT/2020 in respect of the Combined Assets, the depreciation claimed by the Petitioner in the instant Petition, and the trued-up depreciation allowed in respect of the Combined Assets in the instant order are as follows:

Combined Assets	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020.	462.85	486.27	486.27	486.27	486.27
Claimed by the Petitioner in the instant Petition.	454.50	473.21	477.14	477.45	477.60
Approved after true-up in this order.	454.50	473.22	477.15	477.46	477.60

Interest on Loan (IoL)

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

34. We have considered the Petitioner's submissions. The IoL has been calculated based on the actual interest rate submitted by the Petitioner, in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Assets is as follows:

	Particulars	(₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	5750.37	6144.72	6241.71	6248.89	6249.85
B	Cumulative Repayments upto Previous Year	332.80	787.30	1260.52	1737.67	2215.13
C	Net Loan-Opening (A-B)	5417.57	5357.42	4981.19	4511.22	4034.71
D	Additions	394.35	96.99	7.18	0.96	2.97
E	Repayment during the year	454.50	473.22	477.15	477.46	477.60
F	Net Loan-Closing (C+D-E)	5357.42	4981.19	4511.22	4034.71	3560.08
G	Average Loan (C+F)/2	5387.49	5169.30	4746.20	4272.97	3797.40
H	Weighted Average Rate of Interest on Loan (in %)	7.6670	7.3908	7.3299	7.4931	7.7030
I	Interest on Loan (G*H)	413.06	382.05	347.89	320.18	292.51



35. The details of the IoL allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020, the IoL claimed by the Petitioner in the instant Petition, and the trued-up IoL allowed for the Combined Assets in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020.	424.86	411.97	375.49	338.85	300.83
Claimed by the Petitioner in the instant Petition.	413.06	382.06	347.90	320.18	292.52
Approved after true-up in this order.	413.06	382.05	347.89	320.18	292.51

Return on Equity (RoE)

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

37. The Petitioner has 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



38. We have considered the Petitioner's submissions and have also gone through the record. We observe 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) of the IT Act, 1961, defines book profit as net profit in the statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for true-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 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



39. Accordingly, the trued-up RoE allowed in respect of the Combined Assets for the 2019-24 tariff period is as follows:

(₹ in lakh)						
	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	2464.39	2633.40	2674.96	2678.04	2678.45
B	Additions	169.01	41.57	3.08	0.41	1.27
C	Closing Equity (A+B)	2633.40	2674.96	2678.04	2678.45	2679.72
D	Average Equity (A+C)/2	2548.89	2654.18	2676.50	2678.25	2679.09
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)	478.73	498.51	502.70	503.03	503.19

40. The details of the RoE approved vide order dated 5.9.2021 in Petition No. 504/TT/2020, the RoE claimed by the Petitioner in the instant Petition, and the trued-up RoE allowed for the Combined Assets in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020.	487.65	512.43	512.43	512.43	512.43
Claimed by the Petitioner in the instant Petition.	478.73	498.50	502.69	503.02	503.18
Approved after true-up in this order.	478.73	498.51	502.70	503.03	503.19

Operational and Maintenance Expenses (O&M Expenses)

41. The Petitioner has claimed the following O&M Expenses for the Combined Assets for the 2019-24 tariff period:

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Assets	402.94	417.53	432.18	447.72	462.75



42. We have considered the Petitioner's submissions. It is observed that the O&M Expenses claimed by the Petitioner in the present true-up Petition are in accordance with Regulation 35(3) of the 2019 Tariff Regulations. The O&M Expenses allowed for the Combined Assets, as per the norms specified in the 2019 Tariff Regulations, are as follows:

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV Sub-station:					
Silchar Sub-station:					
1 No. 400 kV GIS Silchar ICT_03 Main Bay.					
Norm (₹ lakh per bay)	22.505	23.296	24.115	24.962	25.837
O&M Expenses allowed	22.505	23.296	24.115	24.962	25.837
400 kV Sub-station ICT:					
Silchar Sub-station:					
1 No. 400 kV 315 MVA GIS ICT-III.					
Silchar Sub-station:					
1 No. 400 kV 200 MVA ICT.					
Misa Sub-station:					
1 No. 400 kV 315 MVA ICT.					
Norms (₹ lakh per MVA)	0.358	0.371	0.384	0.398	0.411
O&M Expenses	297.14	307.93	318.72	330.34	341.13
200 kV Sub-station:					
Mokokchung Sub-station:					
1 No. 220 kV GIS Mokokchung.					
Norm (₹ lakh per km)	15.757	16.31	16.884	17.472	18.088
O&M Expenses	15.757	16.31	16.884	17.472	18.088
200 kV Sub-station ICT:					
Kopili Sub-station:					



(₹ in lakh)

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
1 No. 220 kV 160 MVA ICT.					
Norms (₹ lakh per MVA)	0.245	0.254	0.263	0.272	0.282
O&M Expenses	39.20	40.64	42.08	43.52	45.12
132 kV & Below Sub-station:					
Silchar Sub-station:					
1 No. 400 kV Silchar ICT 3_ 132 kV Side.					
Norms (₹ lakh per MVA)	16.08	16.64	17.23	17.83	18.46
O&M Expenses	16.08	16.64	17.23	17.83	18.46
132 kV and below Sub-station ICT:					
Nirjuli Sub-station:					
1 No. 132 kV 50 MVA ICT.					
Norms (₹ lakh per MVA)	0.245	0.254	0.263	0.272	0.282
O&M Expenses	12.25	12.70	13.15	13.60	14.10
Total O&M Expenses allowed	402.93	417.52	432.18	447.72	462.74

43. Accordingly, the details of O&M Expenses approved vide order dated 5.9.2021 in Petition No. 504/TT/2020, the O&M Expenses claimed by the Petitioner in the instant Petition, and trued-up O&M Expenses allowed for the Combined Assets in this order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020.	402.93	417.52	432.18	447.72	462.74
Claimed by the Petitioner in the instant Petition.	402.94	417.53	432.18	447.72	462.75
Approved after true-up in this order.	402.93	417.52	432.18	447.72	462.74



Interest on Working Capital (IWC)

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

45. The components of the trued-up working capital and interest allowed thereon for the Combined Assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	33.58	34.79	36.01	37.31	38.56
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	60.44	62.63	64.83	67.16	69.41
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	219.72	222.82	221.15	219.75	218.26
D	Total Working Capital (A+B+C)	313.73	320.24	321.99	324.22	326.23
E	Rate of Interest for Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	37.80	36.03	33.81	34.04	39.15

46. The details of the IWC allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020, the IWC claimed by the Petitioner in the instant Petition, and the trued-up IWC allowed for Combined Assets in the instant order are as follows:



(₹ in lakh)

Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020.	38.24	36.83	36.91	37.03	37.03
Claimed by the Petitioner in the instant Petition.	37.81	36.03	33.81	34.04	39.15
Approved after true-up in this order	37.80	36.03	33.81	34.04	39.15

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

47. Accordingly, the Annual Fixed Charges allowed after the truing-up for the 2019-24 tariff period in respect of the Combined Assets are as follows:

(₹ in lakh)

	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	454.50	473.22	477.15	477.46	477.60
B	Interest on Loan	413.06	382.05	347.89	320.18	292.51
C	Return on Equity	478.73	498.51	502.70	503.03	503.19
D	O&M Expenses	402.93	417.52	432.18	447.72	462.74
E	Interest on Working Capital	37.80	36.03	33.81	34.04	39.15
F	Total (A+B+C+D+E)	1787.02	1807.33	1793.73	1782.44	1775.19

48. The details of the AFC allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020, the AFC claimed by the Petitioner in the instant Petition, and the trued-up AFC allowed for the Combined Assets in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 5.9.2021 in Petition No. 504/TT/2020.	1816.53	1865.01	1843.28	1822.29	1799.30
Claimed by the Petitioner in the instant Petition.	1787.04	1807.33	1793.72	1782.41	1775.20
Approved after true-up in this order.	1787.02	1807.33	1793.73	1782.44	1775.19



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

49. The Petitioner has claimed the following transmission charges with respect to the Combined Assets for the 2024-29 tariff period:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	480.05	477.95	473.00	473.00	473.00
Interest on Loan	258.09	223.11	186.11	150.97	116.06
Return on Equity	505.79	508.28	508.28	508.28	508.28
Interest on Working Capital	32.81	33.05	33.20	33.43	33.89
O&M Expenses	331.65	349.33	367.15	386.19	407.48
Total	1608.39	1591.72	1567.74	1551.87	1538.71

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	27.64	29.11	30.60	32.18	33.96
Maintenance Spares	49.75	52.40	55.07	57.93	61.12
Receivables	198.29	196.24	193.28	190.80	189.71
Total Working Capital	275.68	277.75	278.95	280.91	284.78
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	32.81	33.05	33.20	33.43	33.89

Capital Cost

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

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

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

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

(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;



- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
 - (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
 - (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
 - (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
 - (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;
 - (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
 - (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
 - (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
 - (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
 - (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
 - (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
 - (n) Expenditure on account of change in law and force majeure events; and
 - (o).....
 - (p).....
- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;
 - (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
 - (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
 - (d) to (h).....
 - (i) Expenditure on account of change in law and force majeure events;
- (4) and (5)
- (6) The following shall be excluded from the capital cost of the existing and new projects:
- (a) The assets forming part of the project but not in use, as declared in the tariff Petition;
 - (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
 - (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:
- Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;
- Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
- (d).....



- (e) *Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and*
- (f) *Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”*

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

Assets	Capital cost claimed as on 31.3.2024	Projected ACE Claimed					(₹ in lakh)
		2024-25	2025-26	2026-27	2027-28	2028-29	Estimated Completion Cost as on 31.3.2029
Combined Assets	8932.54	88.47	0.00	0.00	0.00	0.00	9021.01

53. We have considered the submissions of the Petitioner. The trued-up capital cost of ₹8932.54 lakh for the Combined Assets as on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024 with respect to the Combined Assets for working out the tariff for the 2024-29 tariff period in accordance with Regulation 19(3) of the 2024 Tariff Regulations.

Additional Capital Expenditure (ACE)

54. Regulations 24 and 25 of the 2024 Tariff Regulations provide 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) Payment made towards admitted liabilities for works executed up to the cut-off 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) Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance with 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) 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 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 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”

55. The Petitioner has claimed ₹88.47 lakh towards ACE for the 2024-29 tariff period.

The Petitioner has submitted that the ACE claimed for the 2024-29 tariff period is on account of payment made towards the liability admitted for works executed within the original scope prior to the cut-off date. The Petitioner has further submitted that the ACE has been claimed for the 2024-29 tariff period under Regulation 25(1)(d) of the 2024 Tariff Regulations.

56. We have considered the Petitioner's submissions and have allowed the ACE claimed under Regulation 25(1)(d) of the 2024 Tariff Regulations. The ACE allowed for the 2024-29 tariff period for the Combined Assets, subject to true-up, is as follows:

(₹ in lakh)

Particulars	Regulations	ACE allowed in the 2024-29 tariff period				
		2024-25	2025-26	2026-27	2027-28	2028-29
Undischarged liability and payment made towards liability admitted for works within the original scope executed prior to the cut-off date.	Regulation 25(1)(d) of the 2024 Tariff Regulations.	88.47	0.00	0.00	0.00	0.00
Total		88.47	0.00	0.00	0.00	0.00

57. Accordingly, the details of the capital cost allowed as on 31.3.2024 and 31.3.2029 for the Combined Assets are as follows:

(₹ in lakh)

Asset	FR Approved cost	RCE Approved cost	Capital cost allowed as on 1.4.2024	ACE allowed for the 2024-29 tariff period					Capital cost as on 31.3.2029
				2024-25	2025-26	2026-27	2027-28	2028-29	
Combined Assets	9070.25	9464.82	8932.54	88.47	0.00	0.00	0.00	0.00	9021.01



Debt-Equity Ratio

58. Regulation 18 of the 2024 Tariff Regulations reads as follows:

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

Provided that:

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

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

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

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

59. The debt-equity ratio considered for the purpose of computation of tariff in respect of the Combined Assets for the 2024-29 tariff period, as allowed under Regulation 18(3) of the 2024 Tariff Regulations, is as follows:

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	ACE in 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	6252.88	70.00	61.93	70.00	6314.81	70.00
Equity	2679.66	30.00	26.54	30.00	2706.20	30.00
Total	8932.54	100.00	88.47	100.00	9021.01	100.00

Depreciation

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

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

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

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

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

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

.....

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

(4)

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



assets of the generating station and transmission system:

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

.....

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

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

.....

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

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

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

(10) Xxxxxx

(11) Xxxxxx

(12) Xxxxxx”

61. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. The WAROD has been worked out for the Combined Assets as per the depreciation rates specified in the 2024 Tariff Regulations.

62. The depreciation allowed for the Combined Assets under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening capital cost	8932.54	9021.01	9021.01	9021.01	9021.01



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
B	Addition during the year 2024-29 due to ACE	88.47	0.00	0.00	0.00	0.00
C	Closing capital cost (A+B)	9021.01	9021.01	9021.01	9021.01	9021.01
D	Average capital cost (A+C)/2	8976.78	9021.01	9021.01	9021.01	9021.01
E	Average capital cost (90% depreciable assets)	8914.23	8958.46	8958.46	8958.46	8958.46
F	Average capital cost (100% depreciable assets)	62.55	62.55	62.55	62.55	62.55
G	Depreciable value (excluding IT equipment and software) (E*90%)	8022.80	8062.61	8062.61	8062.61	8062.61
H	Depreciable value of IT equipment and software (F*100%)	62.55	62.55	62.55	62.55	62.55
I	Total Depreciable Value (G+H)	8085.35	8125.16	8125.16	8125.16	8125.16
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.35	5.30	5.24	5.24	5.24
K	Elapsed useful life at the beginning of the year (Year)	5	6	7	8	9
L	Balance useful life at the beginning of the year (Year)	20	19	18	17	16
N	Depreciation during the year (D*J)	480.05	477.95	473.01	473.01	473.01
O	Cumulative Depreciation at the end of the year	3172.69	3650.88	4123.89	4596.90	5069.91
P	Remaining Aggregate Depreciable Value at the end of the year	4912.66	4474.28	4001.27	3528.26	3055.25

Interest on Loan (IoL)

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

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

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



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

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

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

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

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

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

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

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

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

64. 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, if any, applicable during the 2024-29 tariff period, may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of true-up. The IoL allowed for the 2024-29 tariff period in respect of the Combined Assets in accordance with Regulation 32 of the 2024 Tariff Regulations is as follows:



(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	6252.88	6314.81	6314.81	6314.81	6314.81
B	Cumulative Repayments upto Previous Year	2692.74	3172.79	3650.74	4123.75	4596.76
C	Net Loan-Opening (A-B)	3560.14	3142.02	2664.06	2191.05	1718.04
D	Additions	61.93	0.00	0.00	0.00	0.00
E	Repayment during the year	480.05	477.95	473.01	473.01	473.01
F	Net Loan-Closing (C+D-E)	3142.02	2664.06	2191.05	1718.04	1245.03
G	Average Loan (C+F)/2	3351.08	2903.04	2427.56	1954.55	1481.54
H	Weighted Average Rate of Interest on Loan (in %)	7.7015	7.6854	7.6662	7.7235	7.8336
I	Interest on Loan (G*H)	258.08	223.11	186.10	150.96	116.06

Return on Equity (RoE)

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

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

(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.”

66. The Petitioner has submitted that the MAT rate applicable to it. We have considered the Petitioner’s submissions and have gone through the record. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the Combined Assets for the 2024-29 tariff period is as follows:



(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	2679.66	2706.20	2706.20	2706.20	2706.20
B	Additions	26.54	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2706.20	2706.20	2706.20	2706.20	2706.20
D	Average Equity (A+C)/2	2692.93	2706.20	2706.20	2706.20	2706.20
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT rate for the 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)	505.79	508.28	508.28	508.28	508.28

Operation and Maintenance Expenses (O&M Expenses)

67. The O&M Expenses claimed by the Petitioner with respect to the Combined Assets for the 2024-29 tariff period are as follows:

(₹ in lakh)					
O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
	331.65	349.33	367.14	386.18	407.49

68. The norms specified under Regulations 36(3)(a) and 36(4) of the 2024 Tariff Regulations provide as follows:

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)	2.07	2.18	2.30	2.42	2.55
Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (₹ Lakh per MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

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

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

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



Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
400 kV Sub-station:					
Silchar Sub-station:					
1 No. 400 kV GIS Silchar ICT_03 Main Bay.					
Norm (₹ lakh per bay)	20.671	21.756	22.897	24.101	25.361
O&M Expenses	20.671	21.756	22.897	24.101	25.361
400 kV Sub-station ICT:					
Silchar Sub-station:					
1 No. 400 kV 315 MVA GIS ICT-III.					
Silchar Sub-station:					
1 No. 400 kV 200 MVA ICT.					
Misa Sub-station:					
1 No. 400 kV 315 MVA ICT.					
Norms (₹ lakh per MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses	217.46	229.08	240.70	253.15	267.26
200 kV Sub-station:					
Mokokchung Sub-station:					
1 No. 220 kV GIS Mokokchung.					
Norm (₹ lakh per km)	14.469	15.225	16.030	16.870	17.752
O&M Expenses	14.469	15.225	16.030	16.870	17.752
200 kV Sub-station ICT:					
Kopili Sub-station:					
1 No. 220 kV 160 MVA ICT.					
Norms (₹ lakh per MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses	50.17	52.85	55.54	58.41	61.66
200 kV Sub-station Reactor:					
Mokokchung Sub-station:					
1 No. 220 kV 31.5 MVAR Reactor.					



Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
Norms (₹ lakh per MVAR)	0.262	0.276	0.290	0.305	0.322
O&M Expenses	8.25	8.69	9.14	9.61	10.14
132 kV & Below Sub-station:					
Silchar Sub-station:					
1 No. 400 kV Silchar ICT 3_ 132 KV Side.					
Norms (₹ lakh per MVA)	15.780	16.610	17.480	18.400	19.350
O&M Expenses	15.780	16.610	17.480	18.400	19.350
132 kV and below Sub-station ICT:					
Nirjuli Sub-station:					
1 No. 132 kV 50 MVA ICT.					
Norms (₹ lakh per MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses	13.10	13.80	14.50	15.25	16.10
Total O&M Expenses allowed	331.65	349.33	367.14	386.18	407.49

Interest on Working Capital (IWC)

70. Regulations 34(1)(d), 34(3), and 34(4) of the 2024 Tariff Regulations specify as follows:

“34. Interest on Working Capital: (1) The working capital shall cover:

.....

(d) For Hydro generating station (including Pumped Storage Hydro generating station) and Transmission System:

- (i) Receivables equivalent to 45 days of annual fixed cost;
- (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and
- (iii) Operation and maintenance expenses, including security expenses for one month.

(2)

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

Provided that in case of triung-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.”

71. 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 FY 2024-25 to FY 2028-29.

72. The components of the working capital and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period in respect of the Combined Assets are as 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)	27.64	29.11	30.60	32.18	33.96
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	49.75	52.40	55.07	57.93	61.12
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	198.29	196.24	193.28	190.80	189.71
D	Total Working Capital (A+B+C)	275.68	277.75	278.95	280.91	284.79
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)	32.81	33.05	33.19	33.43	33.89

Annual Fixed Charges of the 2024-29 Tariff Period

73. The Annual Transmission Charges allowed with respect to the Combined Assets for the 2024-29 tariff period for the Combined Assets are summarized as follows:



(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	480.05	477.95	473.01	473.01	473.01
Interest on Loan	258.08	223.11	186.10	150.96	116.06
Return on Equity	505.79	508.28	508.28	508.28	508.28
O&M Expenses	331.65	349.33	367.14	386.18	407.49
Interest on Working Capital	32.81	33.05	33.19	33.43	33.89
Total	1608.38	1591.72	1567.73	1551.86	1538.72

Filing Fee and Publication Expenses

74. The Petitioner has claimed reimbursement of the fee it paid for filing the Petition and of publication expenses. The Petitioner has further submitted that it is entitled to reimbursement of the filing fee and the expenses incurred on publication of notices in the application for approval of tariff, directly from the beneficiaries or the long-term customers, as the case may be, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

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

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

76. 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 a regulation, the expenses of the CTUIL will be borne by the Petitioner and recovered by the Petitioner as additional O&M Expenses through a separate Petition at the end of the tariff period.



77. Regulation 99 of the 2024 Tariff Regulations, which provides as under:

“99. Special Provisions relating to Central Transmission Utility of India Ltd. (CTUIL): The fees 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.”

78. 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

79. 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

80. The Petitioner has submitted that under the CGST Act, 2017, implemented with effect from 1.7.2017, the Government of India has exempted the charges for the transmission of electricity vide Notification No. 12/2017 – Central Tax (Rate) dated 28.6.2017, at Serial No. 25 under heading 9969, “Transmission or distribution of electricity by an electric transmission or distribution utility,” by applying a NIL GST rate. Accordingly, the transmission charges indicated in the instant Petition are exclusive of GST. The Petitioner has prayed the Commission that if GST is levied at any rate and at



any point in time in the future on transmission charges of electricity, the same shall be borne and additionally paid by the Respondent(s) to the Petitioner, and the same shall be charged and billed separately by the Petitioner. Additionally, if any further taxes are to be paid by the Petitioner on account of demands from the Government or statutory authorities, the same may be allowed to be recovered from the beneficiaries.

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

Security Expenses, Insurance and Capital Spares

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

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

84. The Petitioner has submitted that it has not claimed Insurance Expenses in the instant Petition and further submitted that it shall file a separate Petition for claiming the overall insurance expenses, and consequential Interest on Working Capital (IWC) on the same, considering the actual Insurance Expenses incurred by it for FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated Insurance Expense for FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.



85. The Petitioner has not claimed Capital Spares for the Combined Assets in the instant Petition for the 2024-29 tariff period. According to the Petitioner, it shall 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 further 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.

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

"36(3)

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

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

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

87. 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

88. The Petitioner has submitted that the trued-up transmission tariff for the 2019-24 tariff period shall be recovered on a monthly basis in accordance with Regulation 57 of



the 2019 Tariff Regulations, and shall be shared by the beneficiaries and long-term transmission customers in terms of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, and the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 (hereinafter referred to as “the 2020 Sharing Regulations”), as amended from time to time for the applicable periods. Further, the Petitioner has submitted that the transmission tariff for the 2024-29 period shall 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 in terms of the 2020 Sharing Regulations, as amended from time to time.

89. We have considered the submissions of the Petitioner. The billing, collection, and disbursement of the transmission charges for the Combined Assets shall be recovered in terms of provisions of the 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.

90. To summarise:

- a. The trued-up Annual Fixed Charges (AFC) claimed by the Petitioner in the instant Petition and trued-up AFC allowed concerning the Combined Assets in the instant order for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Combined Assets					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC claimed	1787.04	1807.33	1793.72	1782.41	1775.20
AFC allowed	1787.02	1807.33	1793.73	1782.44	1775.19



b. The AFC claimed by the Petitioner, and AFC allowed in respect of the Combined Assets for the 2024-29 tariff period in this order are as follows:

Combined Assets					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC claimed	1608.39	1591.72	1567.74	1551.87	1538.71
AFC allowed	1608.38	1591.95	1567.71	1551.84	1538.70

91. This order disposes of Petition No. 527/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

