

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 537/TT/2025

Coram:

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

Date of Order: 02.02.2026

In the matter of:

Petition for 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 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the Combined Assets under "Provision of Series Reactors" in the Northern Region.

And in the matter of:

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

...Petitioner

Versus

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



- 5. Himachal Pradesh State Electricity Board,**
Vidyut Bhawan,
Kumar House Complex Building II,
Shimla-171004.
- 6. Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office,
Patiala - 147001.
- 7. Haryana Power Purchase Centre,**
Shakti Bhawan, Sector-6,
Panchkula -134109 (Haryana).
- 8. Jammu Kashmir Power Corporation Limited,**
220/66/33 kV Gladni SS SLDC Building,
Narwal, Jammu.
- 9. BSES Yamuna Power Limited,**
B-Block, Shakti Kiran Building,
Near Karkadooma Court, 2nd Floor,
Karkadooma, New Delhi-110092.
- 10. BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi.
- 11. Tata Power Delhi Distribution Limited,**
33 kV Substation Building,
Hudson Lane, Kingsway Camp,
North Delhi – 110009.
- 12. Chandigarh Electricity Department,**
Chandigarh Administration,
Sector - 9, Chandigarh.
- 13. Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road, Dehradun.
- 14. North Central Railway,**
Allahabad.
- 15. New Delhi Municipal Council,**
Palika Kendra, Sansad Marg,
New Delhi-110002.

...Respondents



For Petitioner : Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vijay G., PGCIL
Shri Piyush Awasthi, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Mukesh Bhakar, 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, 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 (hereinafter referred to as “the 2019 Tariff Regulations”) and 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 period for the following assets (hereinafter referred to as “the Combined Assets”) under “Provision of Series Reactors” in the Northern Region (hereinafter referred to as “the transmission project”):

Asset-I: 1 Number of 12 Ω Series Bus Reactor at Mandola 400/220 kV (POWERGRID) Substation along with associated bays; and

Asset-II: 1 Number of 12 Ω Series Bus Reactor at Ballabhgarh 400/220 kV (POWERGRID) Substation along with associated bays, 1 Number Series Line Reactor of 12 Ω in Dadri-Mandola 400 kV, Ckt.-I and 1 Number Series Line Reactor of 12 Ω in Dadri-Mandola 400 kV, Ckt.-II.

Assets I and II were combined at the time of the determination of the transmission tariff for the 2019-24 period.

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

“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the asset covered under this petition, as per para 17 and 18 above.



b) Admit the capital cost claimed and additional capitalization incurred during 2019-24 and projected to be incurred 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 17 and 18 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 24 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 24 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 24 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 25 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 Hon'ble 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 scope of the transmission project was discussed and agreed in the 32nd Standing Committee Meeting on Transmission System Planning of Northern Region held on 31.8.2013 at NRPC, Delhi. Subsequently, the transmission



project was discussed and agreed upon for implementation in the 27th TCC Meeting and the 30th NRPC Meeting held on 27th and 28th February, 2014 respectively at Agra;

- b. The Investment Approval (IA) for the implementation of the transmission project was accorded by the Board of Directors of the Petitioner in the 332nd Meeting held on 19.8.2016 and communicated vide Memorandum dated 29.8.2016 with an estimated cost of ₹17752 lakh, including an Interest During Construction (IDC) of ₹1067 lakh (based on April 2016 price level);
- c. The scope of work covered under the transmission project is as under:

Substation:

- i. 1 Number of 12Ω Series Bus Reactor at Mandola 400/220 kV (POWERGRID) Substation along with associated bays; and
- ii. 1 Number of 12Ω Series Bus Reactor at Ballabhgarh 400/220 kV (POWERGRID) Substation along with associated bays.

Transmission Line:

- i. 1 Number Series Line Reactor of 12Ω in Dadri-Mandola 400 kV, Ckt.-I; and
- ii. 1 Number Series Line Reactor of 12Ω in Dadri-Mandola 400 kV, Ckt.-II.

The entire scope of work under the transmission project is complete and covered in the present Petition.

- d. The details of the Dates of Commercial Operation (COD) in respect of the Combined Assets are as follows:

Asset	Asset Name	COD
Asset-I	1 Number of 12Ω Series Bus Reactor at Mandola 400/220 kV (POWERGRID) Substation along with associated bays	4.11.2018
Asset-II	1 Number of 12Ω Series Bus Reactor at Ballabhgarh 400/220 kV (POWERGRID) Substation along with associated bays, 1 Number Series Line Reactor of 12Ω in Dadri-Mandola 400 kV, Ckt.-I and 1 Number Series Line Reactor of 12Ω in Dadri-Mandola 400 kV, Ckt.-II	7.12.2018
	Combined Assets (Effective COD)	26.11.2018



4. The Commission, vide order dated 4.9.2019 in Petition No. 312/TT/2018, determined the transmission tariff for Assets-I and II from the COD till 31.3.2019. Subsequently, the Commission, vide order dated 28.9.2021 in Petition No. 581/TT/2018, trued-up the transmission tariff for the 2014-19 period in respect of Assets-I and II and determined the transmission tariff for the 2019-24 period for the Combined Assets.

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

6. The Petitioner has served a copy of the Petition on the Respondents and notices regarding the filing of this Petition have 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. None of the Respondents have filed their reply to the instant Petition.

7. The hearing in the matter was held on 11.12.2025, and the order was reserved.

8. This order is issued considering the submissions made by the Petitioner vide affidavits dated 4.11.2024, 18.8.2025 and 22.12.2025.

9. Having heard the Petitioner’s representatives and perused the material available on record, we proceed to dispose of the Petition.

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

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



(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	562.40	581.74	604.06	620.07	621.71
Interest on Loan	544.25	497.65	469.44	450.93	418.35
Return on Equity	600.17	620.81	644.63	661.72	663.47
Interest on Working Capital	31.27	29.33	27.76	28.14	31.92
O&M Expenses	128.60	133.12	137.80	142.64	147.64
Total	1866.69	1862.65	1883.69	1903.50	1883.09

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	10.72	11.09	11.48	11.89	12.30
Maintenance Spares	19.29	19.97	20.67	21.40	22.15
Receivables	229.51	229.64	232.24	234.68	231.53
Total Working Capital	259.52	260.70	264.39	267.97	265.98
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	31.27	29.33	27.76	28.14	31.92

Capital Cost for the 2019-24 Tariff Period

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

13. The Commission, vide order dated 28.9.2021 in Petition No. 581/TT/2020, allowed the capital cost as on COD for the Combined Assets and the Additional Capital Expenditure (ACE) for the 2019-24 tariff period. The details of the capital cost as allowed by the Commission vide order 28.9.2021 are as follows:

(₹ in lakh)					
Asset	Apportioned cost as per FR	Capital cost as on 31.3.2019	ACE allowed during the 2019-24 tariff period		Capital cost as on 31.3.2024
			2019-20	2020-21	
Asset-I	4957.83	3399.78	78.96	400.00	3878.74
Asset-II	12794.18	7040.16	367.79	900.00	8307.95
Combined Assets	17752.01	10439.94*	446.75	1300.00	12186.69

*The Commission, vide order dated 28.9.2021 in Petition No. 581/TT/2020, disallowed the IDC of ₹ 0.80 lakh due to computation difference and the excess Initial Spares of ₹ 0.70 lakh as on 31.3.2019 and ₹ 70.82 lakh in the year 2019-20.



14. The Petitioner in the instant true-up Petition has claimed the following capital cost and actual ACE incurred for the 2019-24 tariff period:

Asset	FR Apportioned Approved Cost	Capital Cost claimed as on 1.4.2019	ACE Claimed				Capital Cost claimed as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	
Combined Assets	17752.01	10435.45	432.01	300.83	544.43	62.18	11774.90

15. We have considered the Petitioner's submissions. The capital cost of ₹10439.94 lakh as on 31.3.2019 as approved by the Commission vide order dated 28.9.2021 in Petition No. 581/TT/2020 for the Combined Assets is being considered as the opening capital cost as on 1.4.2019 for the purpose of truing up of the transmission tariff for the 2019-24 period in accordance with Regulation 19(3)(a) of the 2019 Tariff Regulations.

Initial Spares

16. The Petitioner has submitted that the Initial Spares for the transmission project have been calculated as per the limit specified under Regulation 13 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations"), and on the revised Auditor's Certificate. The detailed calculation of the Initial Spares, at the project level as per Regulation 13 of 2014 Tariff Regulations, is as follows:

Assets	Particulars	Cost for Spare Calculation (A)	Initial Spares Claimed (B)	Ceiling Limit (in %) (C)	Initial Spares Allowable	Excess Initial Spares
					$D = [(A-B)*C / (100-C)]$	[B-D]
Asset-I	Series	3659.34	175.02	4.0	145.18	29.84
Asset-II	Compensation	7795.95	365.98	4.0	309.58	56.40
Total	devices	11455.29	541.00	4.0	454.76	86.24

17. It is submitted that the excess Initial Spares of ₹5.19 lakh towards Substation head have been restricted from the capital cost as on 31.3.2019 {excess Initial Spares



of ₹0.70 lakh of excess Initial Spares were already disallowed vide order dated 28.9.2021 in Petition No. 581/TT/2020 and the remaining ₹4.49 lakh are also deducted from the admitted cost as on 31.3.2019}. The details of discharge of Initial Spares are as follows:

(₹ in lakh)					
Asset	Total spares Claimed	Expenditure on Initial Spares upto COD and included in Auditor's Certificate upto the COD	Expenditure on Initial Spares in 2018-19	Expenditure on Initial Spares in 2019-20	Expenditure on Initial Spares in 2020-21
Asset-I	175.02	145.22	5.15	24.65	0.00
Asset-II	365.98	303.68	5.15	46.17	10.98
Total	541.00	448.90	10.30	70.82	10.98

18. The Commission, vide Record of Proceedings (RoP) dated 11.12.2025, directed the Petitioner to provide Form-5 and a detailed reconciliation of the Initial Spares claimed in both Form-5 and Form-13.

19. Accordingly, the Petitioner, vide affidavit dated 22.12.2025, has submitted that Assets-I and II forming part of the present Petition were commissioned during the year 2018-19 as per the following details:

Asset	Asset Name	COD
Asset-I	1 Number of 12 Ω Series Bus Reactor at Mandola 400/220 kV (POWERGRID) Substation along with associated bays.	4.11.2018
Asset-II	1 Number of 12 Ω Series Bus Reactor at Ballabgharh 400/220 kV (POWERGRID) Substation along with associated bays, 01 Number Series Line Reactor of 12 Ω in Dadri-Mandola 400 kV, Ckt.-I and 1 Number Series Line Reactor of 12 Ω in Dadri-Mandola 400 kV, Ckt.-II.	7.12.2018

20. It is submitted that Form-5 contains the details of the item-wise expenditure incurred as on the COD as well as the ACE for all the equipment capitalized in an asset. Since, Assets-I and II were commissioned in the 2014-19 tariff period, they have already



undergone regulatory scrutiny vide orders dated 4.9.2019 and 28.9.2021 in Petition Nos. 312/TT/2018 and 581/TT/2020, respectively, wherein the capital cost as on the COD and the ACE have already been approved. The Petitioner has further submitted that Form-13 is specifically intended for the asset-wise spares calculation. The Assets-I and II have been combined with effect from 1.4.2019 for truing up of the tariff for the 2019-24 tariff period, hence, the claim of Initial Spares has been made at the overall project level basis, in line with the Appellate Tribunal for Electricity's (APTEL's) judgment dated 14.9.2019 in Appeal No. 74 of 2017.

21. We have considered the Petitioner's submissions. According to the APTEL's judgment dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares are to be allowed as per the ceiling on the overall project cost. The relevant extract of the APTEL's judgment dated 14.9.2019 is as follows:

"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."

22. In terms of the above, the Initial Spares are to be allowed as percentage of the project cost as a whole. The Assets-I and II under the transmission project have been combined during the 2019-24 tariff period. Hence, the Initial Spares are allowed on the basis of the overall project cost for the 2019-24 tariff period.

23. Further, as Assets-I and II were commissioned during the 2014-19 tariff period, as per the 2014 Tariff Regulations, the details of the cut-off date for Assets-I and II are as follows:

Asset	COD	Cut-off date
Asset-I	7.12.2018	31.3.2021
Asset-II	4.11.2018	31.3.2021



24. Therefore, in view of the above and as per the Auditor's Certificates submitted by the Petitioner in the instant Petition, the Initial Spares have been worked out for the Combined Assets in accordance with the APTEL's judgment dated 14.9.2019 in Appeal No. 74 of 2017 and the details of the same are as follows:

(₹ in lakh)

Asset	Particulars	Plant and Machinery Cost up to the cut-off date (A)	Initial Spares Claimed (B)	Ceiling (in %) (C)	Initial Spares Allowable $D = [(A-B)*C / (100-C)]$	Excess Initial Spares [B-D]
Asset-I	Series Compensation devices	3544.85	175.02	4	140.41	34.61
Asset-II		7259.91	365.98	4	287.25	78.73
Total		10804.76	541.00	4	427.66	113.34

25. We have computed the excess Initial Spares as ₹113.34 lakh for the Combined Assets in the instant order.

26. It is observed that the excess Initial Spare of ₹0.70 lakh has already been deducted from the trued-up capital cost during the 2014-19 tariff period. Therefore, the remaining ₹112.64 lakh shall be deducted from the capital cost as on 31.3.2019 and from the ACE of the respective assets in the 2019-24 tariff period based on the Discharge Statement (as submitted by the Petitioner) as per the following table:

(₹ in lakh)

Combined Assets	Excess Initial Spares deducted from Opening Capital Cost	Excess Initial Spares deducted from ACE	
		2019-20	2021-22
Substation	30.84	70.82	10.98
Total	30.84	70.82	10.98

27. Accordingly, the details of the capital cost allowed as on 1.4.2019 is as follows:

(₹ in lakh)

Asset	Admitted Capital Cost as on 31.3.2019	Excess Initial Spares	Capital Cost allowed as on 1.4.2019
Combined Assets	10439.94	30.84	10409.10



Additional Capital Expenditure (ACE)

28. The Commission, vide order dated 28.9.2021 in Petition No. 581/TT/2020, allowed the ACE in respect of the Combined Assets for the 2019-24 tariff period as under:

Asset	ACE allowed during 2019-24 tariff period		Total ACE
	2019-20	2020-21	
Combined Assets	446.75	1300.00	1746.75

29. Against this, the Petitioner has claimed the following ACE in respect of Assets-I and II based on the actual expenditure as per liability flow and Auditor's Certificate dated 23.8.2024 incurred in accordance with Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations:

Asset	Particulars	Regulations	₹ in lakh			
			2019-20	2020-21	2021-22	2022-23
Asset-I	Undischarged liabilities recognized to be payable at a future date and works deferred for execution	Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	150.82	126.90	0.00	0.00
	Undischarged Liability for works executed prior to cut-off date	Regulation 25(1)(d) of the 2019 Tariff Regulations.	0.00	0.00	103.49	0.00
Asset-II	Undischarged liabilities recognized to be payable at a future date and Works deferred for execution	Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations.	333.69	184.91	0.00	0.00
	Undischarged Liability for works executed prior to the cut-off date	Regulation 25(1)(d) of the 2019 Tariff Regulations.	0.00	0.00	440.94	62.18
Total			484.51	311.81	544.43	62.18

30. The Petitioner has submitted that while projecting the estimated ACE, the contracts were not closed and hence, the liabilities were not finalised. However, in the instant true-up Petition, the additional capitalization is claimed on the basis of the actual



payments made to the contractor after the receipt of the invoices from the contractor and incorporating the amendments for the 2019-24 tariff period.

31. The vendor wise details of the ACE claimed by the Petitioner for the Combined Assets are as follows:

(₹ in lakh)									
Asset	Vendor	Particulars	Outstanding liability as on COD	Discharge					Outstanding liability as on 31.3.2024
				2019-20	2020-21	2021-22	2022-23	Total	
Asset-I	M/s GE T&D and M/s Hitachi	Substation	208.19	22.28	71.42	103.49	0.00	197.19	11.00
Asset-II	M/s GE T&D and M/s Hitachi	Substation	673.37	49.28	88.05	440.94	62.18	640.45	32.92
Total			881.56	71.56	159.47	544.43	62.18	837.64	43.92

(₹ in lakh)								
Asset	Vendor	Particulars	Additional Liability Recognized (Works deferred for execution)					Total
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-I	M/s GE T&D and M/s Hitachi	Substation	128.54	55.48	0.00	0.00	0.00	184.02
Asset-II	M/s GE T&D and M/s Hitachi	Substation	284.41	96.86	0.00	0.00	0.00	381.27
Total			412.95	152.34	0.00	0.00	0.00	565.29

32. The Commission, vide RoP dated 11.12.2025, directed the Petitioner to provide the item-wise and party-wise breakup of the ACE allowed in the previous order vis-à-vis the ACE claimed in the instant Petition along with the justification for variation in the prescribed format.



33. Accordingly, the Petitioner, vide affidavit dated 22.12.2025, submitted that the details of the ACE approved by the Commission vide order dated 28.9.2021 in Petition No. 581/TT/2020 are as under:

(₹ in lakh)

S. No.	ACE	Party Name							Total
			Capital Cost as on 31.3.2019	2019-20	2020-21	2021-22	2022-23	2023-24	
1	Substation	M/s. GE T&D and Hitachi	10439.94	446.75	1300.00	0.00	0.00	0.00	12186.69

34. The details of the ACE claimed in the instant true-up Petition are as under:

(₹ in lakh)

S. No.	ACE	Party Name	(Claimed in the 2019-24 tariff period)						(Claimed in the 2024-29 tariff period)	Total
			Capital Cost as on 31.3.2019	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
1	Substation	M/s. GE T&D and M/s. Hitachi	10435.45	432.01 [#]	300.83 ^{##}	544.43	62.18	0.00	43.92 [*]	11774.90
				Claimed under Regulations 25(1)(d) of the 2019 Tariff Regulations (2022-23 & 2023-24) and Regulation 25(1)(d) of the 2024 Tariff Regulations						

[#] ₹ 17.57 lakh and disallowed excess Initial Spares of ₹ 70.07 lakh

^{##} Including disallowed excess Initial Spares of ₹ 10.98 lakh.

^{*} This amount includes ₹43.92 lakh against the liability of the original scope of work to be discharged in the FY 2024-25.

35. Further, the Petitioner has provided the following justification regarding the variation in the approved ACE vis-à-vis the ACE claimed:

(a) The ACE approved by the Commission was the proposed expenditure pertaining to the balance and retention of payments for the works within the original scope.

The ACE approved by the Commission during the 2019-24 tariff period was based



on projections. While projecting the estimated ACE, the contracts were not closed, and the liabilities were not finalized. However, in the instant true-up Petition, the ACE is claimed based on the actual payments made to the contractor after the receipt of the invoices and incorporating the amendments till the end of the 2019-24 tariff period.

- (b) The ACE claimed for the 2019-24 tariff period is on account of the undischarged liabilities of the original scope of work discharged in the respective financial years of the 2019-24 tariff period towards final payment/withheld payment due to the contractual exigencies and for works executed prior to the cut-off date.

36. We have considered the Petitioner's submissions. The ACE claimed during the 2019-24 tariff period on account of the undischarged liability towards final payment/withheld payment due to the contractual exigencies and for works executed prior to the cut-off date, i.e. 31.3.2019, works deferred for execution and undischarged liabilities recognized to be payable at a future date is permissible for the purpose of tariff under Regulations 24(1)(a), 24(1)(b) and 25(1)(d) of the 2019 Tariff Regulations.

37. In view of the above, the details of the ACE allowed for truing-up of the tariff for the 2019-24 tariff period in respect of the Combined Assets are as under:

(₹ in lakh)					
Particulars	ACE allowed				
Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
ACE allowed under Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations.	484.51	311.81	0.00	0.00	0.00
ACE allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations.	0.00	0.00	544.43	62.18	0.00
IDC Discharge	17.57	0.00	0.00	0.00	0.00
Excess Initial Spares Deducted	70.82	10.98	0.00	0.00	0.00
Total ACE allowed	431.26	300.83	544.43	62.18	0.00

38. Accordingly, the details of the trued up capital cost and the ACE allowed in respect of the Combined Assets for the 2019-24 tariff period are as follows:



(₹ in lakh)

Asset	FR Apportioned Approved Cost	Capital Cost allowed as on 1.4.2019	ACE Allowed					Capital Cost allowed as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Assets	17752.01	10409.10	431.26	300.83	544.43	62.18	0.00	11747.80

Debt-Equity Ratio

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

(₹ in lakh)

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	7286.37	70.00	937.09	70.00	8223.46	70.00
Equity	3122.73	30.00	401.61	30.00	3524.34	30.00
Total	10409.10	100.00	1338.70	100.00	11747.80	100.00

Depreciation

40. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 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.

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

(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	10409.10	10840.36	11141.19	11685.62	11747.80
B	Addition during 2019-24 due to ACE	431.26	300.83	544.43	62.18	0.00
C	Closing Gross Block (A+B)	10840.36	11141.19	11685.62	11747.80	11747.80
D	Average Gross Block (A+C)/2	10624.73	10990.77	11413.40	11716.71	11747.80



	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
E	Average Capital Cost (90% depreciable assets)	10624.73	10990.77	11413.40	11716.71	11747.80
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	9562.25	9891.69	10272.06	10545.04	10573.02
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	9562.25	9891.69	10272.06	10545.04	10573.02
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.2800	5.2800	5.2800	5.2800	5.2800
K	Balance useful life of the asset (Year)	25	24	23	22	21
L	Elapsed life at the beginning of the year (Year)	1	2	3	4	5
M	Combined Depreciation during the year (D*J)	560.99	580.31	602.63	618.64	620.28
N	Cumulative Depreciation at the end of the year	737.57	1317.88	1920.51	2539.15	3159.43
O	Remaining Aggregate Depreciable Value at the end of the year	8824.68	8573.81	8351.55	8005.89	7413.59

42. The details of the depreciation approved vide order dated 28.9.2021 in Petition No. 581/TT/2020 in respect of the Combined Assets; depreciation claimed by the Petitioner in the instant true-up Petition and the trued-up depreciation allowed in the instant order are as follows:

(₹ in lakh)					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020.	563.02	609.14	643.46	643.46	643.46
Claimed by the Petitioner in the instant true-up Petition.	562.40	581.74	604.06	620.07	621.71
Approved after true-up in this order.	560.99	580.31	602.63	618.64	620.28



Interest on Loan (IoL)

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

44. The Commission, vide RoP dated 11.12.2025, directed the Petitioner to submit Form-9C along with the detailed calculations of the interest rates considered for each loan.

45. Accordingly, the Petitioner, vide affidavit dated 22.12.2025, submitted that in the tariff calculations for the 2019-24 tariff period, the Interest on Loan (IoL) has been calculated on the basis of the actual rate of interest of various loans deployed for each year and for the purpose of calculation of interest rates considered for each loan, a compendium of floating rate of interest of various loans during the 2019-24 tariff period has been submitted along with the truing-up Petition with Petition No. 829/TT/2025. The Petitioner has submitted a copy of Form-9C for the 2019-24 and 2024-29 tariff periods.

46. 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:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	7286.37	7588.25	7798.83	8179.93	8223.46
B	Cumulative Repayments upto Previous Year	176.58	737.57	1317.88	1920.51	2539.15
C	Net Loan-Opening (A-B)	7109.79	6850.68	6480.95	6259.42	5684.31
D	Additions	301.88	210.58	381.10	43.53	0.00
E	Repayment during the year	560.99	580.31	602.63	618.64	620.28
F	Net Loan-Closing (C+D-E)	6850.68	6480.95	6259.42	5684.31	5064.03



	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
G	Average Loan (C+F)/2	6980.24	6665.82	6370.19	5971.87	5374.17
H	Weighted Average Rate of Interest on Loan (in %)	7.7770	7.4469	7.3516	7.5332	7.7661
I	Interest on Loan (G*H)	542.85	496.40	468.31	449.87	417.37

47. The details of the IoL allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020 for the Combined Assets; IoL claimed by the Petitioner in the instant true-up Petition and the trued-up IoL allowed in the instant order are as follows:

(₹ in lakh)					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020.	551.37	553.55	540.06	489.33	438.37
Claimed by the Petitioner in the instant true-up Petition.	544.25	497.65	469.44	450.93	418.35
Approved after true-up in this order.	542.85	496.40	468.31	449.87	417.37

Return on Equity (RoE)

48. The Petitioner has submitted that its Income Tax Assessment has been completed, and the Assessment Orders have been issued by the Income Tax Department for the FYs 2019-20 and 2020-21; and that the Income Tax Returns (ITRs) have been filed with the Income Tax Department for the FYs 2021-22 and 2022-23 and the ITR for the FY 2023-24 will be filed in due course.

49. 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



50. We have considered the Petitioner's submissions and have gone through the record. We note that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial years under the Income Tax Act, 1961 (hereinafter referred to as "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 the 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 years, the notified MAT rates for the respective financial years shall be considered as an effective tax rate for the purpose of grossing up the Return on Equity (RoE) for truing-up the tariff for the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. The 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 from or refunded to the beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rates based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective Tax (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



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

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	3122.73	3252.11	3342.36	3505.69	3524.34
B	Additions	129.38	90.25	163.33	18.65	0.00
C	Closing Equity (A+B)	3252.11	3342.36	3505.69	3524.34	3524.34
D	Average Equity (A+C)/2	3187.42	3297.23	3424.02	3515.01	3524.34
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)	598.66	619.29	643.10	660.19	661.94

52. The details of the RoE approved vide order dated 28.9.2021 in Petition No. 581/TT/2020 for the Combined Assets; RoE claimed by the Petitioner in the instant true-up Petition and the trued-up RoE allowed in the instant order are as follows:

(₹ in lakh)					
Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020.	600.83	650.05	686.67	686.67	686.67
Claimed by the Petitioner in the instant true-up Petition.	600.17	620.81	644.63	661.72	663.47
Approved after true-up in this order.	598.66	619.29	643.10	660.19	661.94

Operation and Maintenance Expenses (O&M Expenses)

53. The Commission, vide order dated 28.9.2021 in Petition No. 581/TT/2020, allowed the Operation and Maintenance Expenses (O&M Expenses) in respect of the Combined Assets for the 2019-24 tariff period as follows:

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Assets	128.60	133.12	137.80	142.64	147.64

54. The Petitioner in the instant true-up Petition has claimed the following O&M Expenses:



(₹ in lakh)

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Assets	128.60	133.12	137.80	142.64	147.64

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV Bays					
Mandola Substation					
1 No. reactor bay for 75 MVar Bus Reactor 2 Nos. reactor bay for 2 Nos. 75 MVar series reactor for 400 kV Dadri -Mandola Ckt-I and II.					
Ballabhgarh substation					
1 No. reactor bay for 75 MVar Bus Reactor					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses allowed	128.60	133.12	137.80	142.64	147.64

56. Accordingly, the details of the O&M Expenses approved vide order dated 28.9.2021 in Petition No. 581/TT/2020; O&M Expenses claimed by the Petitioner in the instant true-up Petition and the trued-up O&M Expenses allowed in the instant order are as follows:

(₹ in lakh)

Particular	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020.	128.60	133.12	137.80	142.64	147.64
Claimed by the Petitioner in the instant true-up Petition.	128.60	133.12	137.80	142.64	147.64
Approved after true-up in this order.	128.60	133.12	137.80	142.64	147.64

Interest on Working Capital (IWC)

57. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The 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, 10.50% (SBI 1-year MCLR applicable as on 1.4.2022 of 7.00% plus 350 basis points) for 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.

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

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	10.72	11.09	11.48	11.89	12.30
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	19.29	19.97	20.67	21.40	22.15
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	228.97	229.12	231.73	234.18	231.03
D	Total Working Capital (A+B+C)	258.98	260.18	263.88	267.46	265.48
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)	31.21	29.27	27.71	28.08	31.86

59. The details of the IWC allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020 for the Combined Assets; IWC claimed by the Petitioner in the instant true-up Petition and the trued-up IWC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020.	31.40	30.91	29.76	29.27	28.73
Claimed by the Petitioner in the instant true-up Petition.	31.27	29.33	27.76	28.14	31.92



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved after true-up in this order.	31.21	29.27	27.71	28.08	31.86

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

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

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Annual Transmission Charges					
A	Depreciation	560.99	580.31	602.63	618.64	620.28
B	Interest on Loan	542.85	496.40	468.31	449.87	417.37
C	Return on Equity	598.66	619.29	643.10	660.19	661.94
D	Interest on Working Capital	128.60	133.12	137.80	142.64	147.64
E	O & M Expenses	31.21	29.27	27.71	28.08	31.86
F	Total (A+B+C+D+E)	1862.31	1858.39	1879.55	1899.42	1879.09

61. The details of the AFC allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020 for the Combined Assets, AFC claimed by the Petitioner in the instant true-up Petition and the trued-up AFC allowed in the instant order are as follows:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Allowed vide order dated 28.9.2021 in Petition No. 581/TT/2020.	1875.23	1976.76	2037.74	1991.37	1944.86
	Claimed by the Petitioner in the instant true-up Petition.	1866.69	1862.65	1883.69	1903.50	1883.09
	Approved after true-up in this order.	1862.31	1858.39	1879.55	1899.42	1879.09

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

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

(₹ in lakh)						
Particulars	Combined Assets					
	2024-25	2025-26	2026-27	2027-28	2028-29	
Depreciation	622.87	624.03	624.03	624.03	624.03	
Interest on Loan	371.48	324.33	275.72	227.47	179.24	
Return on Equity	664.71	665.94	665.94	665.94	665.94	
Interest on Working Capital	33.17	32.96	32.70	32.39	32.28	
O&M Expenses	196.72	207.12	217.84	229.23	241.52	



Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
Total	1888.95	1854.38	1816.23	1779.06	1743.01

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

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	16.39	17.26	18.15	19.10	20.13
Maintenance Spares	29.51	31.07	32.68	34.38	36.23
Receivables	232.88	228.62	223.92	218.74	214.89
Total Working Capital	278.78	276.95	274.75	272.22	271.25
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	33.17	32.96	32.70	32.39	32.28

(₹ in lakh)

Capital Cost

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

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

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

- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;



- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o).....
- (p).....

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

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

(4) & (5)

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

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:
 Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;
 Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
- (d).....
- (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and



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

65. The Petitioner has claimed the following capital cost in respect of the Combined Assets for the 2024-29 tariff period:

Asset	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
		2024-25	
Combined Assets	11774.90	43.92	11818.82

(₹ in lakh)

66. We have considered the Petitioner’s submissions. The capital cost has been dealt with in line with Regulation 19(3)(a) of the 2024 Tariff Regulations. The trued-up capital cost of ₹11747.80 lakh as on 31.3.2024 for the Combined Assets approved in the instant order, is being considered as the opening capital cost as on 1.4.2024 for working out the transmission tariff for the 2024-29 period.

Additional Capital Expenditure (ACE)

67. Regulations 24 and 25 of the 2024 Tariff Regulations provide as follows:

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

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

- (a) *Assets whose useful life is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
- (b) *The replacement of the asset or equipment is necessary on account of a change in law or Force Majeure conditions;*
- (c) *The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) *The replacement of such asset or equipment has otherwise been allowed by the Commission.*
- (e) *The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of lease of lease hold land on case to case basis.*

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



68. The Petitioner has claimed the ACE of ₹43.92 lakh for the 2024-29 tariff period under Regulation 25(1)(d) of the 2024 Tariff Regulations. The details are as follows:

(₹ in lakh)

Asset	ACE Claimed
	2024-25
Combined Assets	43.92
Claimed under Regulation	Regulation 25(1)(d) of the 2024 Tariff Regulations.

69. The Petitioner has submitted that the projected ACE claimed for the 2024-29 tariff period is on account of the undischarged liabilities towards final payment/retention payments towards substation head due to contractual exigencies. The Petitioner has also provided the detailed Liability Flow Statement and the same is as follows:

(₹ in lakh)

Asset	Vendor	Particulars	Outstanding liability as on 31.3.2024	Discharge						Outstanding liability as on 31.3.2029
				2024-25	2025-26	2026-27	2027-28	2028-29	Total	
Asset-I	M/s GE T&D and M/s Hitachi	Substation	11.00	11.00	0.00	0.00	0.00	0.00	11.00	0.00
Asset-II	M/s GE T&D and M/s Hitachi	Substation	32.92	32.92	0.00	0.00	0.00	0.00	32.92	0.00
	Total		43.92	43.92	0.00	0.00	0.00	0.00	43.92	0.00

70. We have considered the Petitioner's submissions. It is observed that the Petitioner has claimed the ACE on account of undischarged liabilities towards final payment/withheld payment against the works executed prior to the cut-off date and thus, as per Regulation 25(1)(d) of the 2024 Tariff Regulations, the details of the ACE allowed in respect of the Combined Assets for the 2024-29 tariff period, subject to true-up, are as follows:

(₹ in lakh)

Asset Name	Particulars	Regulation	ACE Allowed				
			2024-25	2025-26	2026-27	2027-28	2028-29
Combined	Payment made	Regulation	43.92	0.00	0.00	0.00	0.00



Asset Name	Particulars	Regulation	ACE Allowed				
			2024-25	2025-26	2026-27	2027-28	2028-29
Assets	towards liability admitted for works within the original scope executed prior to the cut-off date	25(1)(d) of the 2024 Tariff Regulations					

71. Accordingly, the details of the capital cost and the ACE allowed in respect of the Combined Assets for the 2024-29 tariff period are as follows:

(₹ in lakh)			
Asset	Capital Cost allowed as on 1.4.2024 (A)	ACE allowed for the 2024-29 tariff period (B)	Capital Cost allowed as on 31.3.2029 (C=A+B)
Combined Assets	11747.80	43.92	11791.72

Debt-Equity Ratio

72. Regulation 18 of the 2024 Tariff Regulations provides as follows:

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

Provided that:

- 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 the approval of the competent authority in other cases regarding the infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.



(3) In the case of the generating station and the transmission system, including the communication system declared under commercial operation prior to 1.4.2024, 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 or 1.4.2024 or is completing its useful life during the 2024-29 tariff period, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

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

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

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

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

73. The debt-equity ratio is 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.

Thus, the debt-equity ratio allowed for computation of tariff in respect of the Combined Assets for the 2024-29 tariff period 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	8223.46	70.00	30.74	70.00	8254.21	70.00
Equity	3524.34	30.00	13.18	30.00	3537.52	30.00
Total	11747.80	100.00	43.92	100.00	11791.72	100.00

Depreciation

74. 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) Xxxxx

(11) Xxxxx

(12) Xxxxx”

75. 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 in accordance with the rates of depreciation specified in the 2024 Tariff Regulations.

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Depreciation					
A	Opening Gross Block	11747.80	11791.72	11791.72	11791.72	11791.72
B	Addition during 2024-29 due to ACE	43.92	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	11791.72	11791.72	11791.72	11791.72	11791.72
D	Average Gross Block (A+C)/2	11769.76	11791.72	11791.72	11791.72	11791.72
E	Average Capital Cost (90% depreciable assets)	11769.76	11791.72	11791.72	11791.72	11791.72
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
G	Depreciable Value (excluding IT equipment and software) (E*90%)	10592.78	10612.55	10612.55	10612.55	10612.55
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	10592.78	10612.55	10612.55	10612.55	10612.55
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.2800	5.2800	5.2800	5.2800	5.2800
K	Balance useful life of the asset	20	19	18	17	16
L	Elapsed life at the beginning of the year	6	7	8	9	10
M	Combined Depreciation during the year (D*J)	621.44	622.60	622.60	622.60	622.60
N	Cumulative Depreciation at the end of the year	3780.87	4403.47	5026.07	5648.67	6271.27
O	Remaining Aggregate Depreciable Value at the end of the year	6811.91	6209.08	5586.48	4963.88	4341.28

Interest on Loan (IoL)

77. 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.”

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	8223.46	8254.21	8254.21	8254.21	8254.21
B	Cumulative Repayments upto Previous Year	3159.43	3780.87	4403.47	5026.07	5648.67
C	Net Loan-Opening (A-B)	5064.03	4473.34	3850.74	3228.14	2605.54
D	Additions	30.74	0.00	0.00	0.00	0.00
E	Repayment during the year	621.44	622.60	622.60	622.60	622.60
F	Net Loan-Closing (C+D-E)	4473.34	3850.74	3228.14	2605.54	1982.94



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
G	Average Loan (C+F)/2	4768.68	4162.04	3539.44	2916.84	2294.24
H	Weighted Average Rate of Interest on Loan (in %)	7.7719	7.7745	7.7717	7.7800	7.7944
I	Interest on Loan (G*H)	370.62	323.58	275.08	226.93	178.82

Return on Equity (RoE)

79. 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."

80. The Petitioner has submitted that the MAT rate applies to it.

81. We have considered the Petitioner's submissions and have gone through the record. We have considered the applicable MAT rates 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
	Return on Equity					
A	Opening Equity	3524.34	3537.52	3537.52	3537.52	3537.52
B	Additions	13.18	0.00	0.00	0.00	0.00



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
C	Closing Equity (A+B)	3537.52	3537.52	3537.52	3537.52	3537.52
D	Average Equity (A+C)/2	3530.93	3537.52	3537.52	3537.52	3537.52
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)	663.18	664.42	664.42	664.42	664.42

Operation and Maintenance Expenses (O&M Expenses)

82. The O&M Expenses claimed by the Petitioner for the Combined Assets 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	196.72	207.12	217.84	229.22	241.52

83. The norms specified under Regulation 36(3)(a) 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
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
<i>Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)</i>					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Double Circuit (Bundled conductor with four or more sub-conductors)</i>	1.291	1.359	1.430	1.506	1.585
<i>Double Circuit (Twin & Triple Conductor)</i>	0.861	0.906	0.953	1.003	1.056
<i>Double Circuit (Single Conductor)</i>	0.369	0.388	0.409	0.430	0.453
<i>Multi Circuit (Bundled Conductor with four or more sub-conductor)</i>	2.266	2.385	2.510	2.642	2.781
<i>Multi Circuit (Twin & Triple Conductor)</i>	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
<i>HVDC Back-to-Back stations (₹ Lakh per MW)</i>	2.07	2.18	2.30	2.42	2.55
<i>Gazuwaka BTB (₹ Lakh/MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (₹ Lakh/MW)</i>	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.

.....”

84. We have considered the Petitioner's submissions. The O&M Expenses 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
400 kV Bays					
Mandola Substation					
1 No. reactor bay for 75 MVAR Bus Reactor 2 Nos. reactor bay for 2 Nos. 75 MVAR series reactor for 400 kV Dadri -Mandola Ckt-I and II.					
Ballabhgarh substation					
1 No. reactor bay for 75 MVAR Bus Reactor					
Norms (₹ lakh/Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses allowed	118.12	124.32	130.84	137.72	144.92
400 kV Reactors					
Mandola Substation					
1 No. 75 MVAR Bus Reactor 2 Nos. 75 MVAR series reactor for 400 kV Dadri -Mandola Ckt-I and II.					
Ballabhgarh substation					
1 No. 75 MVAR Bus Reactor					
Norms (₹ lakh/MVAR)	0.262	0.276	0.290	0.305	0.322
O&M Expenses allowed	78.60	82.80	87.00	91.50	96.60
Total O&M Expenses allowed	196.72	207.12	217.84	229.22	241.52

Interest on Working Capital (IWC)

85. 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 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.”

86. The Petitioner has considered the rate of the IWC as 11.90% as on 1.4.2024. The 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 FYs 2024-25 to 2028-29.

87. The components of the working capital and the interest allowed thereon as per Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period in respect of the Combined Assets are as under:

(₹ 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)	16.39	17.26	18.15	19.10	20.13
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	29.51	31.07	32.68	34.38	36.23
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	232.41	228.16	223.47	218.30	214.47
D	Total Working Capital (A+B+C)	278.31	276.49	274.30	271.79	270.82
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)	33.12	32.90	32.64	32.34	32.23

Annual Fixed Charges for the 2024-29 Tariff Period

88. The AFC allowed for the 2024-29 tariff period are summarized as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	621.44	622.60	622.60	622.60	622.60
Interest on Loan	370.62	323.58	275.08	226.93	178.82
Return on Equity	663.18	664.42	664.42	664.42	664.42



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Interest on Working Capital	196.72	207.12	217.84	229.22	241.52
O&M Expenses	33.12	32.90	32.64	32.34	32.23
Total	1885.08	1850.62	1812.58	1775.51	1739.59

Filing Fee and Publication Expenses

89. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it is entitled to the 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.

90. We have considered the Petitioner's submissions. The Petitioner is allowed the 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 as per Regulation 94(1) of the 2024 Tariff Regulations.

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

91. The Petitioner has submitted that as per Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the Central Transmission Utility of India Limited (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.

92. 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.”

93. 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 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.

Licence Fee and RLDC Fees and Charges

94. The Petitioner has claimed reimbursement of the licence fee and 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

95. The Petitioner has submitted that the transmission charges claimed herein are exclusive of the Goods and Services Tax (GST), and in case GST is levied on transmission of electricity 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, the same may be allowed to be recovered from the beneficiaries.

96. We have considered the Petitioner’s submissions. Since GST is not levied on the transmission services at present, we are of the view that the Petitioner’s prayer on this count is premature.



Security Expenses, Insurance and Capital Spares

97. The Petitioner has submitted that a separate Petition shall 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. It is submitted that the Petitioner has not claimed the security expenses for the Combined Assets in the instant Petition. The Petitioner has submitted that it has not claimed the insurance expenses in the instant Petition and it shall 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 expenses for the FYs 2024-25, 2025-26, 2026-27, 2027-28, and 2028-29. The Petitioner has submitted that it has not claimed the capital spares for the Combined Assets in the instant Petition for the 2024-29 tariff period and it shall file a separate Petition claiming the capital spares consumed and consequential IWC thereon on an actual basis for the 2024-29 tariff period as per the 2024 Tariff Regulations. It is submitted that the Petitioner has filed Petition No. 45/MP/2024, claiming therein the capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

98. 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;

Provided that the self-insurance premium shall be transferred to a separate fund for utilization to meet the claims, and the expenditure incurred or amount utilized from the self-insurance fund shall be made available to the Commission as and when directed.”

99. 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 and 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

100. The Petitioner has submitted that the transmission charges for the 2019-24 tariff period shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers as per the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 (hereinafter referred to as “the 2010 Sharing Regulations”) and/or the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 (hereinafter referred to as “the 2020 Sharing Regulations”) . It is submitted that 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.



101. We have considered the Petitioner's submissions. We note that with effect from 1.11.2020, i.e., after the 2010 Sharing Regulations were repealed, the sharing of transmission charges is governed by the 2020 Sharing Regulations. Therefore, the billing, collection, and disbursement of the transmission charges for the Combined Assets shall be recovered in terms of the 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.

102. To summarise:

- a) The details of the AFC claimed by the Petitioner in the instant Petition and trued-up AFC allowed in the instant order for the Combined Assets are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	1866.69	1862.65	1883.69	1903.50	1883.09
AFC Allowed	1862.31	1858.39	1879.55	1899.42	1879.09

- b) The AFC allowed for the 2024-29 tariff period for the Combined Assets are follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	1888.95	1854.38	1816.23	1779.06	1743.01
AFC Allowed	1885.08	1850.62	1812.58	1775.51	1739.59

103. This order disposes of Petition No. 537/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

