

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 564/TT/2025**

**Coram:**

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

**Date of Order: 31.01.2026**

**In the matter of:**

Petition 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 Northern Region System Strengthening Scheme-XVI.

**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 (Uttar Pradesh).
- 2. Ajmer Vidyut Vitran Nigam Limited,**  
Corporate Office, Vidyut Bhawan,  
Panchsheel Nagar, Makarwali Road,  
Ajmer – 305004 (Rajasthan).
- 3. Jaipur Vidyut Vitran Nigam Limited,**  
132 kV, GSS RVPNL Sub-station Building,  
Caligiri Road, Malviya Nagar,  
Jaipur – 302017 (Rajasthan).
- 4. Jodhpur Vidyut Vitran Nigam Limited,**  
New Power House, Industrial Area,  
Jodhpur – 342003 (Rajasthan).



- 5. Himachal Pradesh State Electricity Board,**  
Vidyut Bhawan, Kumar House Complex Building II,  
Shimla – 171004 (Himachal Pradesh).
- 6. Punjab State Power Corporation Limited,**  
The Mall, PSEB Head Office,  
Patiala - 147001 (Punjab).
- 7. Haryana Power Purchase Centre,**  
Shakti Bhawan, Sector-6,  
Panchkula - 134109 (Haryana).
- 8. Jammu Kashmir Power Corporation Limited,**  
220/66/33 kV Gladni S/S SLDC Building,  
Narwal, Jammu.
- 9. BSES Yamuna Power Limited,**  
B-Block, Shakti Kiran Building,  
Near Karkardooma Court, 2nd Floor,  
Karkardooma, 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 (Uttarakhand).
- 14. North Central Railway,**  
Allahabad.
- 15. New Delhi Municipal Council,**  
Palika Kendra, Sansad Marg, New Delhi-110002.

...Respondent(s)

**For Petitioner** : Shri Zafrul Hasan, PGCIL



**For Respondents** : None

**ORDER**

The Petitioner, Power Grid Corporation of India Limited (PGCIL) has filed this Petition for the 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 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”) for the following assets (hereinafter referred to as the “Combined Assets”) under “Northern Region System Strengthening Scheme-XVI” in the Northern Region (hereinafter referred to as the ‘transmission project’):

**Asset-I:** LILO of both circuits of 400 kV D/C Kishenpur Wagoora Transmission Line along with bays at New Wanpoh and 1 No. 315 MVA, 400/220 kV ICT-I along with associated bays at New Wanpoh and 3 Nos. 220 kV line bays;

**Asset-II:** 400/220 kV 315 MVA ICT-II along with associated bays at New Wanpoh Substation;

**Asset-III:** 400 kV 125 MVAr Bus Reactor along with associated bays at New Wanpoh Substation;

**Asset-IV:** 400 kV D/C Kishenpur- New Wanpoh Line along with associated bays at both ends.

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

*“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the asset covered under this petition, as per para 16 and 17 above.*

*b) Admit the capital cost claimed and additional capitalization incurred during 2019-24 and projected additional capitalization 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 16 and 17 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 23 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 23 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 23 above.*

*j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 24 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*

*l) 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 Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner vide Memorandum dated 6.7.2010, with an estimated cost of ₹75264 lakh, including an Interest During Construction (IDC) of ₹6331 lakh, based on the 1st Quarter 2010 price level.

b. The Revised Cost Estimate-II (RCE-II) of the transmission project was accorded by the Board of Directors of the Petitioner vide Memorandum



dated 31.3.2017 with an estimated cost of ₹75794 lakh, including the IDC of ₹12622 lakh, based on the October 2016 price level.

- c. The entire scope of the transmission project is complete and covered under the instant Petition. The details of the scope of work are as under:

**Transmission Lines:**

- i) LILO of both circuits of Kishenpur-Wagoora 400 kV D/C Line at New Wanpoh: 8 km;
- ii) Kishenpur-New Wanpoh 400 kV Line: 132 km (125 km Double circuit+7 km Multi circuit in Pir Panjal Mountain Range).

**Sub-stations:**

- i) New 2x315 MVA (7x105 MVA Single Phase Units considered), 400/220 kV New Wanpoh Substation;
- ii) Extension of 400/220 kV Kishenpur Substation.

**Reactive Compensation:**

- i) 1X125 MVar Bus Reactor at New Wanpoh.
- d. The Commission, vide order dated 9.10.2018 in Petition No.161/TT/2017, trued-up the transmission tariff in respect of Asset-I from the COD to 31.3.2014 and determined the transmission tariff for the 2014-19 period. The transmission tariff in respect of Assets-II and III from the COD to 31.3.2019 was approved by the Commission vide order dated 31.3.2016 in Petition No.111/TT/2013. The transmission tariff in respect of Asset-IV from the COD to 31.3.2019 was allowed by the Commission vide order dated 7.3.2019 in Petition No.62/TT/2018.
- e. The Commission, vide order dated 1.3.2022 in Petition No. 378/TT/2020 trued-up of the transmission tariff with respect to Assets-I, II, III and IV for the 2014-19 period and determined the Annual Fixed Charges (AFC) in respect



of the Combined Assets for the 2019-24 tariff period. Further, the Commission vide its order dated 4.7.2024 in Review Petition No. 6/RP/2023 in Petition No. 378/TT/2020, revised O&M Expenses and IWC which consequently revised AFC for the 2019-24 tariff period for the Combined Assets.

4. 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.

5. 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.

6. None of the Respondents has filed their reply to the instant Petition.

7. The hearing in this matter was held on 6.11.2025, and the order was reserved.

8. This order is issued considering the submissions of the Petitioner vide affidavits dated 7.11.2024, 2.9.2025 and 13.11.2025.

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 for the Combined Assets are as follows:



| (₹ in lakh)                 |                 |                 |                 |                 |                 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Particulars                 | 2019-20         | 2020-21         | 2021-22         | 2022-23         | 2023-24         |
| Depreciation                | 3752.61         | 3759.89         | 3766.72         | 3768.38         | 3757.66         |
| Interest on Loan            | 3422.50         | 3023.77         | 2706.56         | 2440.03         | 2169.91         |
| Return on Equity            | 4103.39         | 4112.20         | 4120.90         | 4123.51         | 4125.05         |
| Interest on Working Capital | 208.05          | 190.41          | 174.81          | 172.64          | 194.48          |
| O&M Expenses                | 882.08          | 913.34          | 945.42          | 978.87          | 1012.59         |
| <b>Total</b>                | <b>12368.63</b> | <b>11999.61</b> | <b>11714.11</b> | <b>11483.43</b> | <b>11259.69</b> |

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

| (₹ in lakh)                        |                |                |               |                |                |
|------------------------------------|----------------|----------------|---------------|----------------|----------------|
| Particulars                        | 2019-20        | 2020-21        | 2021-22       | 2022-23        | 2023-24        |
| O&M Expenses                       | 73.51          | 76.11          | 78.79         | 81.57          | 84.38          |
| Maintenance Spares                 | 132.31         | 137.00         | 141.81        | 146.83         | 151.89         |
| Receivables                        | 1520.74        | 1479.41        | 1444.25       | 1415.76        | 1384.39        |
| <b>Total Working Capital</b>       | <b>1726.56</b> | <b>1692.52</b> | <b>664.85</b> | <b>1644.16</b> | <b>1620.66</b> |
| Rate of Interest (in %)            | 12.05          | 11.25          | 10.50         | 10.50          | 12.00          |
| <b>Interest on Working Capital</b> | <b>208.05</b>  | <b>190.41</b>  | <b>174.81</b> | <b>172.64</b>  | <b>194.48</b>  |

#### **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 its order dated 1.3.2022 in Petition No. 378/TT/2020, allowed the capital cost and the Additional Capital Expenditure (ACE) in respect of the Combined Assets for the 2019-24 tariff period. The details are as follows:

| (₹ in lakh)                       |                                     |              |                                      |
|-----------------------------------|-------------------------------------|--------------|--------------------------------------|
| Apportioned Approved Capital Cost | Capital Cost allowed as on 1.4.2019 | ACE admitted | Capital Cost allowed as on 31.3.2024 |
|                                   |                                     | 2019-24      |                                      |
| 75794.00                          | 72794.73                            | 1051.58      | 73846.31                             |

14. The Petitioner has claimed the capital cost and the actual ACE incurred in respect of the Combined Assets for the 2019-24 tariff period and the details of the same are as under:



| FR<br>Apportion<br>ed<br>Approved<br>Cost | Capital<br>Cost<br>claimed<br>as on<br>1.4.2019 | ACE Claimed |         |         |         |         | (₹ in lakh)<br>Capital<br>Cost<br>claimed<br>as on<br>31.3.2024 |
|-------------------------------------------|-------------------------------------------------|-------------|---------|---------|---------|---------|-----------------------------------------------------------------|
|                                           |                                                 | 2019-20     | 2020-21 | 2021-22 | 2022-23 | 2023-24 |                                                                 |
| 75794.00                                  | 72794.74                                        | 60.13       | 252.63  | 56.28   | 36.32   | 18.54   | 73218.63                                                        |

15. We have considered the Petitioner's submissions. It is observed that the Commission vide order dated 1.3.2022 in Petition No. 378/TT/2020 approved the capital cost of ₹13238.62 lakh, ₹2613.85 lakh, ₹1087.05 lakh and ₹55779.11 lakh as on 31.3.2019 in respect of Assets-I, II, III and IV, respectively. Therefore, the total capital cost of ₹ 72718.63 lakh (₹13238.62 lakh + ₹2613.85 lakh + ₹1087.05 lakh + ₹55779.11 lakh) is being considered as the opening capital cost as on 1.4.2019 in respect of the Combined Assets for truing-up of the AFC for the 2019-24 tariff period.

### **Initial Spares**

16. The Petitioner has submitted that the Initial Spares claimed for the 2019-24 tariff period in respect of the Combined Assets have been considered by the Commission vide order dated 1.3.2022 in Petition No. 378/TT/2020 and no re-calculation is done in the instant true-up Petition as there is no change in the Initial Spares and capital cost being claimed since the order dated 1.3.2022.

17. We have considered the Petitioner's submissions. The Commission, vide order dated 1.3.2022 in Petition No. 378/TT/2020, allowed the additional Initial Spares of ₹76.10 lakh (₹12.14 lakh + ₹63.96 lakh) as on 1.4.2019 for the Combined Assets, in terms of the Appellate Tribunal for Electricity's (APTEL's) judgement dated 14.9.2019 in Appeal No. 74 of 2017.



18. The APTEL, vide its judgment dated 14.9.2019 in Appeal No. 74 of 2017, observed that the Commission, for the purpose of prudence check, may restrict the Initial Spares to the cost of the individual asset initially, and later, at the time of truing-up, allow the Initial Spares as per the ceiling limits, on the overall project cost. The relevant portion of the APTEL's judgment dated 14.9.2019 is extracted below:

*"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."*

19. Therefore, the details of the Initial Spares allowed for the 2019-24 tariff period in the instant order are as follows:

**(₹ in Lakh)**

| <b>Transmission Line</b>                                                                                                                                                     |                                        |                               |                                                                 |                                                                             |                                       |                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|
| <b>Asset</b>                                                                                                                                                                 | <b>Capital Cost as on Cut-off date</b> | <b>Initial Spares Claimed</b> | <b>Norms as per the 2009 and 2014 Tariff Regulations (in %)</b> | <b>Initial Spares allowable as per the 2009 and 2014 Tariff Regulations</b> | <b>Initial Spares allowed earlier</b> | <b>Initial Spares allowed for the Combined Assets</b> |
| Asset-I                                                                                                                                                                      | 1606.59                                | 0.00                          | 0.75%                                                           | 12.14                                                                       | 0                                     |                                                       |
| Asset-IV                                                                                                                                                                     | 40845.68                               | 717.25                        | 1%                                                              | 405.34                                                                      | 405.34                                |                                                       |
| <b>Total</b>                                                                                                                                                                 |                                        | <b>717.25</b>                 |                                                                 | <b>417.48</b>                                                               | <b>405.34</b>                         | <b>12.14</b>                                          |
| <b>Additional Initial Spares of ₹12.14 lakh (₹417.48 lakh - ₹405.34 lakh) are hereby allowed for the transmission line in respect of the Combined Assets as on 1.4.2019.</b> |                                        |                               |                                                                 |                                                                             |                                       |                                                       |

| <b>Substation</b> |                                        |                               |                                                                 |                                                                             |                                       |                                                       |
|-------------------|----------------------------------------|-------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|
| <b>Asset</b>      | <b>Capital Cost as on Cut-off date</b> | <b>Initial Spares Claimed</b> | <b>Norms as per the 2009 and 2014 Tariff Regulations (in %)</b> | <b>Initial Spares allowable as per the 2009 and 2014 Tariff Regulations</b> | <b>Initial Spares allowed earlier</b> | <b>Initial Spares allowed for the Combined Assets</b> |
| Asset-I           | 5223.81                                | 192.96                        | 2.50%                                                           | 129.00                                                                      | 129.00                                |                                                       |
| Asset-II          | 2357.12                                | 30.61                         | 6%                                                              | 148.50                                                                      | 30.61                                 |                                                       |
| Asset-III         | 850.37                                 | 24.94                         | 6%                                                              | 52.69                                                                       | 24.94                                 |                                                       |
| <b>Total</b>      |                                        | <b>248.51</b>                 |                                                                 | <b>330.19</b>                                                               | <b>184.55</b>                         | <b>63.96</b>                                          |



**Additional Initial Spares of ₹63.96 lakh (₹330.19 lakh - ₹184.55 lakh) are hereby allowed for the substation in respect of the Combined Assets as on 1.4.2019.**

20. Accordingly, the details of the capital cost considered for the Combined Assets as on 1.4.2019 are as follows:

**(₹ in Lakh)**

| Capital Cost approved as on 31.3.2019 | Additional Initial Spares allowed as per the APTEL's judgement dated 14.9.2019 | Capital cost allowed as on 1.4.2019 |
|---------------------------------------|--------------------------------------------------------------------------------|-------------------------------------|
| 72718.63                              | 76.10                                                                          | 72794.74                            |

**Additional Capital Expenditure (ACE)**

21. The Commission, vide its order dated 1.3.2022 in Petition No. 378/TT/2020, allowed the ACE for the 2019-24 tariff period in respect of the Combined Assets as per Regulation 25(1)(d) of the 2019 Tariff Regulations and the same is as under:

**(₹ in lakh)**

| Particulars     | ACE allowed           | Regulation                                           |
|-----------------|-----------------------|------------------------------------------------------|
|                 | 2019-24 tariff period |                                                      |
| Combined Assets | 1051.58               | Regulation 25(1) (d) of the 2019 Tariff Regulations. |

22. The Petitioner has claimed the ACE in respect of Assets-I and IV based on the actual expenditure incurred in accordance with Regulation 25(1)(d) of the 2019 Tariff Regulations, and the details of the same are as under:

**(₹ in lakh)**

| Asset        | Particulars                                                | Regulation                                          | Actual ACE   |               |              |              |              |
|--------------|------------------------------------------------------------|-----------------------------------------------------|--------------|---------------|--------------|--------------|--------------|
|              |                                                            |                                                     | 2019-20      | 2020-21       | 2021-22      | 2022-23      | 2023-24      |
| Asset-I      | Liability for the works executed prior to the cut-off date | Regulation 25(1)(d) of the 2019 Tariff Regulations. | 16.15        | 57.02         | 50.30        | 30.15        | 14.32        |
| Asset-IV     | Liability for the works executed prior to the cut-off date | Regulation 25(1)(d) of the 2019 Tariff Regulations. | 43.98        | 195.60        | 5.98         | 6.17         | 4.22         |
| <b>Total</b> |                                                            |                                                     | <b>60.13</b> | <b>252.62</b> | <b>56.28</b> | <b>36.32</b> | <b>18.54</b> |

23. The Petitioner has submitted that, while projecting the estimated ACE, the



contracts were not closed, and the liabilities were not finalised. It is submitted that the ACE claimed in the instant true-up Petition is based on the actual payments made to the vendor/contractor after receipt of the final invoices, incorporating the necessary amendments and reconciliation in accordance with the contractual provisions. The ACE claimed for the 2019-24 tariff period is on account of the undischarged liabilities towards the final payment/withheld payment due to contractual exigencies and for works executed prior to the cut-off date.

24. The Petitioner, vide affidavit dated 2.9.2025, has submitted that the spillover of the ACE beyond the earlier estimates is primarily attributable to the delayed receipt of invoices and the settlement of outstanding liabilities towards the vendors. Hence, the additional capitalisation after the cut-off date has been claimed under Regulation 25(1)(d) of the 2019 Tariff Regulations.

25. The Petitioner has also submitted the Liability Flow Statement, claiming discharge of the liabilities for the 2019-24 tariff period under Regulation 25(1)(d) of the 2019 Tariff Regulations. The details are as under:

| Asset   | Party-Wise                                                                                    | Particulars              | Outstanding Liability as on 31.3.2019 | Liability Discharge |         |         |         |         |                 | Additional liability (Unexecuted work) |  | Outstanding Liability as on 31.3.2024 |
|---------|-----------------------------------------------------------------------------------------------|--------------------------|---------------------------------------|---------------------|---------|---------|---------|---------|-----------------|----------------------------------------|--|---------------------------------------|
|         |                                                                                               |                          |                                       | 2019-20             | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total (2019-24) | 2019-24                                |  |                                       |
|         |                                                                                               |                          |                                       |                     |         |         |         |         |                 |                                        |  |                                       |
| Asset-I | M/s Modern Electrical Company, M/s. Vethesta Construction and Miscellaneous petty contractors | Building and Civil Works | 234.17                                | 16.15               | 57.02   | 50.30   | 30.15   | 14.32   | 167.94          | 0.00                                   |  | 66.23                                 |



|              |                                          |                   |               |              |               |              |              |              |               |             |              |
|--------------|------------------------------------------|-------------------|---------------|--------------|---------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Asset-IV     | Land Owners                              | Land              | 29.22         | 0.00         | 29.22         | 0.00         | 0.00         | 0.00         | 29.22         | 0.00        | 0.00         |
|              | M/s Tata and Compensation (House Owners) | Transmission Line | 190.88        | 5.82         | 150.52        | 0.00         | 6.17         | 4.22         | 166.73        | 0.00        | 24.15        |
|              | M/s JSL                                  | Substation        | 60.00         | 38.16        | 15.86         | 5.98         | 0.00         | 0.00         | 60.00         | 0.00        | 0.00         |
| <b>Total</b> |                                          |                   | <b>514.27</b> | <b>60.13</b> | <b>252.62</b> | <b>56.28</b> | <b>36.32</b> | <b>18.54</b> | <b>423.89</b> | <b>0.00</b> | <b>90.38</b> |

26. We have considered the Petitioner's submissions. We observe that the Petitioner has claimed the ACE on account of the discharged liabilities. Therefore, the ACE claimed by the Petitioner under Regulation 25(1)(d) of the 2019 Tariff Regulations for the 2019-24 tariff period is hereby allowed, and the details of the same are as under:

| (₹ in lakh)     |                          |              |               |              |              |              |                 |
|-----------------|--------------------------|--------------|---------------|--------------|--------------|--------------|-----------------|
| Asset           | Particulars              | Allowed ACE  |               |              |              |              | Total (2019-24) |
|                 |                          | 2019-20      | 2020-21       | 2021-22      | 2022-23      | 2023-24      |                 |
| Combined Assets | Building and Civil Works | 16.15        | 57.02         | 50.30        | 30.15        | 14.32        | 167.94          |
|                 | Land                     | 0.00         | 29.22         | 0.00         | 0.00         | 0.00         | 29.22           |
|                 | Transmission Line        | 5.82         | 150.52        | 0.00         | 6.17         | 4.22         | 166.73          |
|                 | Substation               | 38.16        | 15.86         | 5.98         | 0.00         | 0.00         | 60.00           |
|                 | <b>Total</b>             | <b>60.13</b> | <b>252.62</b> | <b>56.28</b> | <b>36.32</b> | <b>18.54</b> | <b>423.89</b>   |

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

| (₹ in lakh)     |                                     |             |         |         |         |         |                              |
|-----------------|-------------------------------------|-------------|---------|---------|---------|---------|------------------------------|
| Asset           | Capital Cost Allowed as on 1.4.2019 | Allowed ACE |         |         |         |         | Capital Cost as on 31.3.2024 |
|                 |                                     | 2019-20     | 2020-21 | 2021-22 | 2022-23 | 2023-24 |                              |
| Combined Assets | 72794.74                            | 60.13       | 252.62  | 56.28   | 36.32   | 18.54   | 73218.63                     |

### **Debt-Equity Ratio**

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



| Funding      | Capital Cost<br>as on 1.4.2019<br>(₹ in lakh) | (in %)        | ACE in<br>2019-24<br>tariff<br>period<br>(₹ in lakh) | (in %)        | Capital Cost<br>as on<br>31.3.2024<br>(₹ in lakh) | (in %)        |
|--------------|-----------------------------------------------|---------------|------------------------------------------------------|---------------|---------------------------------------------------|---------------|
| Debt         | 50956.36                                      | 70.00         | 296.72                                               | 70.00         | 51253.08                                          | 70.00         |
| Equity       | 21838.38                                      | 30.00         | 127.17                                               | 30.00         | 21965.55                                          | 30.00         |
| <b>Total</b> | <b>72794.74</b>                               | <b>100.00</b> | <b>423.89</b>                                        | <b>100.00</b> | <b>73218.63</b>                                   | <b>100.00</b> |

### **Depreciation**

29. 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.

30. 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  |
|             | <b>Depreciation</b>                                             |          |          |          |          |          |
| A           | Opening Gross Block                                             | 72794.74 | 72854.87 | 73107.49 | 73163.77 | 73200.09 |
| B           | Addition during 2019-24 due to ACE                              | 60.13    | 252.62   | 56.28    | 36.32    | 18.54    |
| C           | Closing Gross Block (A+B)                                       | 72854.87 | 73107.49 | 73163.77 | 73200.09 | 73218.63 |
| D           | Average Gross Block (A+C)/2                                     | 72824.81 | 72981.18 | 73135.63 | 73181.93 | 73209.36 |
| E           | Average Capital Cost (90% depreciable assets)                   | 72632.86 | 72789.23 | 72943.68 | 72989.98 | 73017.41 |
| F           | Average Capital Cost (100% depreciable assets)                  | 191.95   | 191.95   | 191.95   | 191.95   | 191.95   |
| G           | Depreciable Value (excluding IT equipment and software) (E*90%) | 65369.57 | 65510.31 | 65649.31 | 65690.98 | 65715.67 |
| H           | Depreciable Value of IT equipment and software (F*100%)         | 191.95   | 191.95   | 191.95   | 191.95   | 191.95   |
| I           | Total Depreciable Value (G+H)                                   | 65561.52 | 65702.26 | 65841.26 | 65882.93 | 65907.62 |
| J           | Weighted Average Rate of Depreciation (WAROD) (in %)            | 5.1529   | 5.1519   | 5.1503   | 5.1493   | 5.1328   |
| K           | Lapsed useful life at the beginning of the                      | 2.00     | 3.00     | 4.00     | 5.00     | 6.00     |



|   |                                                                    |                |                |                |                |                |
|---|--------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|   | year (YEAR)                                                        |                |                |                |                |                |
| L | Balance useful life at the beginning of the year (YEAR)            | 31.00          | 30.00          | 29.00          | 28.00          | 27.00          |
| M | <b>Combined Depreciation during the year (D*J)</b>                 | <b>3752.62</b> | <b>3759.89</b> | <b>3766.72</b> | <b>3768.38</b> | <b>3757.65</b> |
| N | Cumulative Depreciation at the end of the year                     | 12341.61       | 16101.50       | 19868.21       | 23636.59       | 27394.25       |
| O | Remaining Aggregate Depreciable Value at the end of the year (I-N) | 53219.91       | 49600.76       | 45973.05       | 42246.34       | 38513.37       |

31. The details of the depreciation allowed vide order dated 1.3.2022 in Petition No. 378/TT/2020 in respect of the Combined Assets, depreciation claimed in the instant true-up Petition, and the trued-up depreciation approved in the instant order are as follows:

| (₹ in lakh)                                                    |                |                |                |                |                |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars                                                    | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
| Allowed vide order dated 1.3.2022 in Petition No. 378/TT/2020. | 3774.38        | 3797.58        | 3797.58        | 3797.58        | 3795.59        |
| Claimed in the instant true-up Petition.                       | 3752.61        | 3759.89        | 3766.72        | 3768.38        | 3757.66        |
| Approved after true-up in this order.                          | <b>3752.62</b> | <b>3759.89</b> | <b>3766.72</b> | <b>3768.38</b> | <b>3757.65</b> |

### Interest on Loan (IoL)

32. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio as per the prevailing Rate of Interest (RoI). The Interest on Loan (IoL) has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL approved in respect of the Combined Assets is as follows:

| (₹ in lakh) |                      |                 |          |          |          |          |
|-------------|----------------------|-----------------|----------|----------|----------|----------|
|             | Particulars          | Combined Assets |          |          |          |          |
|             |                      | 2019-20         | 2020-21  | 2021-22  | 2022-23  | 2023-24  |
|             | Interest on Loan     |                 |          |          |          |          |
| A           | Gross Normative Loan | 50956.36        | 50998.45 | 51175.29 | 51214.68 | 51240.11 |



|   |                                                  |                |                |                |                |                |
|---|--------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| B | Cumulative Repayments up to Previous Year        | 8588.99        | 12341.61       | 16101.50       | 19868.21       | 23636.59       |
| C | Net Loan-Opening (A-B)                           | 42367.37       | 38656.84       | 35073.79       | 31346.47       | 27603.51       |
| D | Additions                                        | 42.09          | 176.83         | 39.40          | 25.42          | 12.98          |
| E | Repayment during the year                        | 3752.62        | 3759.89        | 3766.72        | 3768.38        | 3757.65        |
| F | Net Loan-Closing (C+D-E)                         | 38656.84       | 35073.79       | 31346.47       | 27603.51       | 23858.84       |
| G | Average Loan (C+F)/2                             | 40512.11       | 36865.32       | 33210.13       | 29474.99       | 25731.18       |
| H | Weighted Average Rate of Interest on Loan (in %) | 8.4481%        | 8.2022%        | 8.1498%        | 8.2783%        | 8.4315%        |
| I | <b>Interest on Loan (G*H)</b>                    | <b>3422.52</b> | <b>3023.78</b> | <b>2706.56</b> | <b>2440.02</b> | <b>2169.52</b> |

33. The details of the IoL allowed vide order dated 1.3.2022 in Petition No. 378/TT/2020 for the Combined Assets, IoL claimed in the instant true-up Petition, and the trued-up IoL approved in the instant order are as follows:

| (₹ in lakh)                                                    |                |                |                |                |                |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars                                                    | 2019-20        | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
| Allowed vide order dated 1.3.2022 in Petition No. 378/TT/2020. | 3473.41        | 3178.69        | 2857.31        | 2533.39        | 2204.60        |
| Claimed in the instant true-up Petition.                       | 3422.50        | 3023.77        | 2706.56        | 2440.03        | 2169.91        |
| Approved after true-up in this order.                          | <b>3422.52</b> | <b>3023.78</b> | <b>2706.56</b> | <b>2440.02</b> | <b>2169.52</b> |

### **Return on Equity (RoE)**

34. The Petitioner has submitted that its Income Tax Assessment for the FYs 2019-20 and 2020-21 has been completed and the Assessment Orders have been issued by the Income Tax Department. It is submitted that the income has been assessed under the MAT regime as per Section 115JB of the Income Tax Act, 1961 (hereinafter referred to as "the IT Act, 1961"). It is further submitted that the Income Tax Returns (ITRs) have been filed for the FYs 2021-22, and 2022-23 and the ITR for the FY 2023-24 will be filed in due course.

35. It is submitted that the Petitioner 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:

| <b>Year</b> | <b>Claimed effective tax rate<br/>(in %)</b> | <b>Grossed-up RoE<br/>[(Base Rate)/(1-t)]<br/>(in %)</b> |
|-------------|----------------------------------------------|----------------------------------------------------------|
| 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                                                   |

36. The Petitioner has requested to allow it to claim the differential tariff on account of the trued-up Return on Equity (RoE) based on the effective tax rates calculated on completion of the Income Tax Assessment/Re-assessment for the FYs 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on receipt of the respective Assessment Orders, directly from the beneficiaries, on a year to year basis, as provided in the regulations.

37. 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 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 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 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 rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

| Year    | Notified MAT rates<br>(in %)<br>(inclusive of<br>surcharge and cess) | Effective<br>Tax (in %) | Base rate of<br>RoE<br>(in %) | Grossed-up RoE<br>[(Base Rate)/(1-t)]<br>(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                                          |

38. 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        |
|             | <b>Return on Equity</b>             |                 |                |                |                |                |
| A           | Opening Equity                      | 21838.38        | 21856.42       | 21932.21       | 21949.09       | 21959.99       |
| B           | Additions                           | 18.04           | 75.79          | 16.88          | 10.90          | 5.56           |
| C           | Closing Equity (A+B)                | 21856.42        | 21932.21       | 21949.09       | 21959.99       | 21965.55       |
| D           | Average Equity (A+C)/2              | 21847.40        | 21894.31       | 21940.65       | 21954.54       | 21962.77       |
| 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           | <b>Return on Equity (D*G)</b>       | <b>4103.38</b>  | <b>4112.19</b> | <b>4120.89</b> | <b>4123.50</b> | <b>4125.05</b> |

39. The details of the RoE allowed vide order dated 1.3.2022 in Petition No. 378/TT/2020 for the Combined Assets, RoE claimed in the instant true-up Petition, and the trued-up RoE approved 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 1.3.2022 in Petition No. 378/TT/2020. | 4131.31        | 4160.94        | 4160.94        | 4160.94        | 4160.94        |
| Claimed in the instant true-up Petition.                       | 4103.39        | 4112.20        | 4120.90        | 4123.51        | 4125.05        |
| Approved after true-up in this order.                          | <b>4103.38</b> | <b>4112.19</b> | <b>4120.89</b> | <b>4123.50</b> | <b>4125.05</b> |

**Operation and Maintenance Expenses (O&M Expenses)**

40. The Commission, vide order dated 4.7.2024 in Review Petition No. 6/RP/2023 in Petition No. 378/TT/2020, allowed the Operation and Maintenance Expenses (O&M Expenses) in respect of the Combined Assets for the 2019-24 tariff period and the details of the same are as follows:

| (₹ in lakh)  |         |         |         |         |         |
|--------------|---------|---------|---------|---------|---------|
| Particulars  | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| O&M Expenses | 656.54  | 679.61  | 703.50  | 728.13  | 753.66  |

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

| (₹ in lakh)  |         |         |         |         |         |
|--------------|---------|---------|---------|---------|---------|
| Particulars  | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| O&M Expenses | 882.08  | 913.34  | 945.42  | 978.87  | 1012.59 |

42. The Petitioner has submitted that ICT-I and ICT- II under the transmission project are commissioned at the New Wanpoh Substation. It is further submitted that the Petitioner at the time of filing of Petition No. 378/TT/2020 seeking true-up of the tariff for the 2014-19 tariff period and determination of tariff for the 2019-24 tariff period, inadvertently missed the claim for O&M Expenses for the ICTs based on the MVA capacity, even though the same was permitted by the 2019 Tariff Regulations. It is submitted that this inadvertent error occurred for the reason that there was no



separate norm for claiming the O&M Expenses for the ICTs based on the MVA capacity in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and the same has been introduced in the 2019 Tariff Regulations. Hence, the O&M Expenses for the ICTs are claimed in the instant true-up Petition.

43. It is further submitted that since the O&M Expenses for the ICTs based on the MVA capacity are being incurred by the Petitioner, an inadvertent error should not prejudice the claims of the Petitioner to pray for allowing the O&M Expenses in the instant true-up Petition. It is submitted that the Commission, vide order dated 4.7.2024, in Review Petition No. 6/RP/2023, allowed the Petitioner to claim these O&M Expenses at the time of truing-up of tariff.

44. We have considered the Petitioner's submissions. It is observed that the Petitioner, in the instant true-up Petition, has claimed the O&M Expenses for ICT-I and ICT-II at New Wanpoh Substation for the 2019-24 tariff period. These O&M Expenses were not allowed by the Commission vide order dated 1.3.2022 in Petition No. 378/TT/2020. The same were also not allowed vide order dated 4.7.2024 in Review Petition No. 6/RP/2023 in Petition No. 378/TT/2020 as the Petitioner had not claimed the same in the original Petition. However, the Commission, vide order dated 4.7.2024, accorded liberty to the Petitioner to place the issue before the Commission at the time of truing-up of tariff for the 2019-24 tariff period for consideration in accordance with the law. The relevant extracts of the order dated 4.7.2024 are as follows:

"xxxxxxx

*"10. We have perused the Investment Approval (IA) of the transmission project accorded by*



the Board of Directors of the Petitioner vide Memorandum No. C/CP/NRSS-XVI dated 6.7.2010. It is observed that the New Wanpoh sub-station is an AIS sub-station. We further notice that the Review Petitioner has claimed the O&M Expenses for the eight 220 kV bays, considering them as AIS in summary of tariff. However, inadvertently, the Review Petitioner in Form-2 submitted that four bays are GIS bays. Taking into consideration the fact that all the eight bays in the New-Wanpoh sub-station are AIS bays, which was inadvertently mentioned by the Review Petitioner in Form-2 as GIS bays, we revise the O&M Expenses for the four bays at the New Wanpoh sub-station as per the norms for AIS bays in the 2019 Tariff Regulations.

11. As regards the Review Petitioner's prayer for the grant of liberty to claim the O&M Expenses for the ICTs covered in Assets-I and II at the New Wanpoh sub-station based on the MVA capacity at the time of truing up, we are of the view that such liberty cannot be granted at the review stage, especially when the Review Petitioner has failed to make correct claim as per the provisions of the applicable regulations and there is no error on the face of the record in this regard in order dated 1.3.2022 in Petition No. 378/TT/2020. However, the Review Petitioner may place this issue before the Commission at the stage of truing up for consideration in accordance with law."

Xxxxxxx"

45. Therefore, in view of the above and as per Regulation 35(3) of the 2019 Tariff Regulation, the O&M Expenses allowed in respect of the Combined Assets for the 2019-24 tariff period are as follows:

| Particulars                                                                                                                                                                                                                                                                                                                                               | Combined Assets |         |         |         |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|
|                                                                                                                                                                                                                                                                                                                                                           | 2019-20         | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| <b>Transmission Line: Double Circuit (Twin &amp; Triple Conductor)</b>                                                                                                                                                                                                                                                                                    |                 |         |         |         |         |
| <ul style="list-style-type: none"> <li>• LILO of both Ckt. of 400 kV D/C (Twin) Kishenpur-Wagoora Transmission Line. – (Total length of Line: 4.376 km)</li> <li>• 400 kV D/C (Twin) Kishenpur-New Wanpoh Line (Total length of line: 135.02 km)</li> </ul>                                                                                               |                 |         |         |         |         |
| Norms as per the Regulation (₹ lakh/km)                                                                                                                                                                                                                                                                                                                   | 0.881           | 0.912   | 0.944   | 0.977   | 1.011   |
| O&M Expenses Allowed.                                                                                                                                                                                                                                                                                                                                     | 122.81          | 127.13  | 131.59  | 136.19  | 140.93  |
| <b><u>400 kV Bays</u></b>                                                                                                                                                                                                                                                                                                                                 |                 |         |         |         |         |
| <b>New Wanpoh Substation:</b>                                                                                                                                                                                                                                                                                                                             |                 |         |         |         |         |
| <ul style="list-style-type: none"> <li>• 1 No. reactor bay for 125 MVAr Bus Reactor.</li> <li>• 2 Nos. ICT bay for 400/220 kV 2x315 MVA ICT-I and II.</li> <li>• 2 Nos. line bays for 400 kV D/C (Twin) Kishenpur-New Wanpoh Line.</li> <li>• 4 Nos. line bays for LILO of both Ckt. of 400 kV D/C (Twin) Kishenpur-Wagoora Transmission Line.</li> </ul> |                 |         |         |         |         |
| <b><u>Kishanpur Substation:</u></b>                                                                                                                                                                                                                                                                                                                       |                 |         |         |         |         |



|                                                                                                                                     |               |               |               |               |                |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|
| <ul style="list-style-type: none"> <li>2 Nos. line bays for 400 kV D/C (Twin) Kishenpur-New Wanpoh Line.</li> </ul>                 |               |               |               |               |                |
| Norms as per the Regulation (₹ lakh/bay)                                                                                            | 32.15         | 33.28         | 34.45         | 35.66         | 36.91          |
| O&M Expenses allowed                                                                                                                | 353.65        | 366.08        | 378.95        | 392.26        | 406.01         |
| <b>220 kV bays:</b>                                                                                                                 |               |               |               |               |                |
| <b>New Wanpoh Substation:</b>                                                                                                       |               |               |               |               |                |
| <ul style="list-style-type: none"> <li>2 Nos. ICTs bay for 400/220 kV 2x315 MVA ICT-I and II.</li> <li>6 Nos. line bays.</li> </ul> |               |               |               |               |                |
| Norms as per the Regulation (₹ lakh/bay)                                                                                            | 22.51         | 23.30         | 24.12         | 24.96         | 25.84          |
| O&M Expenses allowed                                                                                                                | 180.08        | 186.4         | 192.96        | 199.68        | 206.72         |
| <b><u>ICTs</u></b>                                                                                                                  |               |               |               |               |                |
| <b><u>New Wanpoh Substation:</u></b>                                                                                                |               |               |               |               |                |
| <ul style="list-style-type: none"> <li>2 Nos. 400/220 kV, 315 MVA ICT-I and II.</li> </ul>                                          |               |               |               |               |                |
| Norms as per the Regulation (₹ lakh/MVA)                                                                                            | 0.358         | 0.371         | 0.384         | 0.398         | 0.411          |
| O&M Expenses allowed                                                                                                                | 225.54        | 233.73        | 241.92        | 250.74        | 258.93         |
| <b>Total O&amp;M Expenses allowed</b>                                                                                               | <b>882.08</b> | <b>913.34</b> | <b>945.42</b> | <b>978.87</b> | <b>1012.59</b> |

46. Accordingly, the details of the O&M Expenses allowed vide order dated 4.7.2024 in Review Petition No. 6/RP/2023, O&M Expenses claimed in the instant true-up Petition, and the trued-up O&M Expenses approved in the instant order are as follows:

| (₹ in lakh)                                                         |               |               |               |               |                |
|---------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|
| Particulars                                                         | 2019-20       | 2020-21       | 2021-22       | 2022-23       | 2023-24        |
| Allowed vide order dated 4.7.2024 in Review Petition No. 6/RP/2023. | 656.54        | 679.61        | 703.50        | 728.13        | 753.66         |
| Claimed by the Petitioner in the instant true-up Petition.          | 882.08        | 913.34        | 945.42        | 978.87        | 1012.59        |
| Approved after true-up in this order.                               | <b>882.08</b> | <b>913.34</b> | <b>945.42</b> | <b>978.87</b> | <b>1012.59</b> |

#### **Interest on Working Capital (IWC)**

47. 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 FYs 2021-22 and 2022-23 and 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for the FY 2023-24. The components of the working capital and interest allowed thereon in respect of 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       |
|   | <b>Interest on Working Capital</b>                                                                       |                 |               |               |               |               |
| A | Working Capital for O&M Expenses (O&M Expenses for one month)                                            | 73.51           | 76.11         | 78.78         | 81.57         | 84.38         |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses)                                             | 132.31          | 137.00        | 141.81        | 146.83        | 151.89        |
| C | Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost/Annual Transmission Charges) | 1520.74         | 1479.40       | 1444.24       | 1415.76       | 1384.34       |
| D | <b>Total Working Capital (A+B+C)</b>                                                                     | 1726.55         | 1692.52       | 1664.84       | 1644.17       | 1620.61       |
| E | Rate of Interest for Working Capital (in %)                                                              | 12.05%          | 11.25%        | 10.50%        | 10.50%        | 12.00%        |
| F | <b>Interest on Working Capital (D*E)</b>                                                                 | <b>208.05</b>   | <b>190.41</b> | <b>174.81</b> | <b>172.64</b> | <b>194.47</b> |

48. The details of the IWC allowed vide order dated 4.7.2024 in Review Petition No.6/RP/2023 for the Combined Assets; IWC claimed in the instant true-up Petition, and the trued-up IWC approved in the instant order are as follows:

|                                                                     |  | (₹ in lakh) |         |         |         |         |
|---------------------------------------------------------------------|--|-------------|---------|---------|---------|---------|
| Particulars                                                         |  | 2019-20     | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 4.7.2024 in Review Petition No. 6/RP/2023. |  | 199.73      | 184.29  | 168.54  | 165.22  | 161.46  |
| Claimed in the instant true-up Petition.                            |  | 208.05      | 190.41  | 174.81  | 172.64  | 194.47  |



|                                       |               |               |               |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Approved after true-up in this order. | <b>208.05</b> | <b>190.41</b> | <b>174.81</b> | <b>172.64</b> | <b>194.47</b> |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|

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

49. Accordingly, the trued-up AFC allowed for the 2019-24 tariff period in respect of the Combined Assets are as follows:

| S. No. | Particulars                 | Combined Assets |                 |                 |                 |                 |
|--------|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|        |                             | 2019-20         | 2020-21         | 2021-22         | 2022-23         | 2023-24         |
| A      | Depreciation                | 3752.62         | 3759.89         | 3766.72         | 3768.38         | 3757.65         |
| B      | Interest on Loan            | 3422.52         | 3023.78         | 2706.56         | 2440.02         | 2169.52         |
| C      | Return on Equity            | 4103.38         | 4112.19         | 4120.89         | 4123.50         | 4125.05         |
| D      | O & M Expenses              | 882.08          | 913.34          | 945.42          | 978.87          | 1012.59         |
| E      | Interest on Working Capital | 208.05          | 190.41          | 174.81          | 172.64          | 194.47          |
| F      | <b>Total (A+B+C+D+E)</b>    | <b>12368.65</b> | <b>11999.61</b> | <b>11714.40</b> | <b>11483.41</b> | <b>11259.28</b> |

50. The details of the AFC allowed vide order dated 4.7.2024 in Review Petition No. 6/RP/2023 for the Combined Assets, AFC claimed in the instant true-up Petition, and the trued-up AFC approved in the instant order are as follows:

| Particulars                                                        | Combined Assets |                 |                 |                 |                 |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                    | 2019-20         | 2020-21         | 2021-22         | 2022-23         | 2023-24         |
| Allowed vide order dated 4.7.2024 in Review Petition No. 6/RP/2023 | 12235.37        | 12001.11        | 11687.87        | 11385.26        | 11076.25        |
| Claimed in the instant true-up Petition                            | 12368.63        | 11999.61        | 11714.41        | 11483.43        | 11259.69        |
| Approved after true-up in this order                               | <b>12368.65</b> | <b>11999.61</b> | <b>11714.40</b> | <b>11483.41</b> | <b>11259.28</b> |

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

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

| Particulars      | Combined Assets |         |         |         |         |
|------------------|-----------------|---------|---------|---------|---------|
|                  | 2024-25         | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Depreciation     | 3776.29         | 3778.04 | 3740.74 | 3719.92 | 3719.92 |
| Interest on Loan | 1852.66         | 1532.42 | 1205.20 | 891.44  | 594.53  |



|                             |                 |                 |                 |                |                |
|-----------------------------|-----------------|-----------------|-----------------|----------------|----------------|
| Return on Equity            | 4128.12         | 4130.67         | 4130.67         | 4130.67        | 4130.67        |
| Interest on Working Capital | 180.08          | 177.21          | 173.69          | 170.32         | 168.46         |
| O&M Expenses                | 808.02          | 850.55          | 894.80          | 941.63         | 991.72         |
| <b>Total</b>                | <b>10745.17</b> | <b>10468.89</b> | <b>10145.10</b> | <b>9853.98</b> | <b>9605.30</b> |

52. The Petitioner has claimed the following IWC in respect of the Combined Assets for the 2024-29 tariff period:

| Particulars                        | Combined Assets |                |                |                |                |
|------------------------------------|-----------------|----------------|----------------|----------------|----------------|
|                                    | 2024-25         | 2025-26        | 2026-27        | 2027-28        | 2028-29        |
| O&M Expenses                       | 67.34           | 70.88          | 74.57          | 78.47          | 82.64          |
| Maintenance Spares                 | 121.20          | 127.58         | 134.22         | 141.24         | 148.76         |
| Receivables                        | 1324.75         | 1290.69        | 1250.77        | 1211.56        | 1184.22        |
| <b>Total Working Capital</b>       | <b>1513.29</b>  | <b>1489.15</b> | <b>1459.56</b> | <b>1431.27</b> | <b>1415.62</b> |
| Rate of Interest (in %)            | 11.90           | 11.90          | 11.90          | 11.90          | 11.90          |
| <b>Interest on Working Capital</b> | <b>180.08</b>   | <b>177.21</b>  | <b>173.69</b>  | <b>170.32</b>  | <b>168.46</b>  |

### **Capital Cost**

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

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

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

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



*prior to the date of commercial operation as specified under Regulation 6 of these regulations;*

*(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*

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

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

*(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*

*(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*

*(m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;*

*(n) Expenditure on account of change in law and force majeure events; and*

*(o).....*

*(p).....*

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

*(a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;*

*(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*

*(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*

*(d) to (h).....*

*(i) Expenditure on account of change in law and force majeure events;*

*(4) & (5) .....*

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

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

*(b) De-capitalised Assets after the date of commercial operation on account of obsolescence;*

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

*Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be 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.”*

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

| (₹ in lakh)            |                             |                                        |                                           |
|------------------------|-----------------------------|----------------------------------------|-------------------------------------------|
| Cost as per the RCE-II | Expenditure as on 31.3.2024 | Projected ACE in 2024-29 tariff period | Estimated Completion Cost as on 31.3.2029 |
|                        |                             | 2024-25                                |                                           |
| 75794.00               | 73218.63                    | 90.38                                  | 73309.01                                  |

55. We have considered the Petitioner's submissions. The trued-up capital cost of ₹73218.63 lakh as on 31.3.2024 for the Combined Assets has been approved by the Commission in the instant order and thus, the same is being considered as the opening capital cost as on 1.4.2024 in respect of the Combined Assets for the 2024-29 tariff period in accordance with Regulation 19(3)(a) of the 2024 Tariff Regulations.

#### **Additional Capital Expenditure (ACE)**

56. 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 the cut-off date, the additional capitalization may be admitted by the Commission after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

- (a) *Assets whose useful life is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
- (b) *The replacement of the asset or equipment is necessary on account of a change in law or Force Majeure conditions;*
- (c) *The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) *The replacement of such asset or equipment has otherwise been allowed by the Commission.*

*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.”*

57. The Petitioner has claimed an ACE of ₹90.38 lakh for the 2024-29 tariff period under Regulation 25(1)(d) of the 2024 Tariff Regulations. The details of the same are as under:

(₹ in lakh)

| Asset    | Particulars                                                      | Regulation                                         | ACE Claimed  |
|----------|------------------------------------------------------------------|----------------------------------------------------|--------------|
|          |                                                                  |                                                    | 2024-25      |
| Asset-I  | Balance and retention of payments for liabilities other than IDC | Regulation 25(1)(d) of the 2024 Tariff Regulations | 66.23        |
| Asset-IV | Balance and retention of payments for liabilities other than IDC | Regulation 25(1)(d) of the 2024 Tariff Regulations | 24.15        |
|          |                                                                  | <b>Total</b>                                       | <b>90.38</b> |

58. The Petitioner has submitted that the projected ACE claimed in the 2024-29 tariff period is on account of undischarged liability towards final payment/withheld payment towards substation head due to contractual exigencies and for works executed prior to the cut-off date.

59. The Petitioner has also submitted the Liability Flow Statement for the ACE claimed for the 2024-29 tariff period and the details of the same are as follows:

(₹ in lakh)

| Asset   | Party-Wise            | Particulars      | Outstanding Liability as on 31.3.2024 | Liability Discharge |         |         |         |         |                 | Additional liability (Unexecuted work) 2024-29 | Outstanding Liability as on 31.3.2029 |
|---------|-----------------------|------------------|---------------------------------------|---------------------|---------|---------|---------|---------|-----------------|------------------------------------------------|---------------------------------------|
|         |                       |                  |                                       | 2024-25             | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total (2024-29) |                                                |                                       |
| Asset-I | M/s Modern Electrical | Building & Civil | 66.23                                 | 66.23               | -       | -       | -       | -       | 66.23           | -                                              | -                                     |



|          |                                                        |                     |              |              |   |   |   |   |              |   |   |
|----------|--------------------------------------------------------|---------------------|--------------|--------------|---|---|---|---|--------------|---|---|
|          | Co. Vethesta Constructi on & Misc. Petty Contractor s. | Work s              |              |              |   |   |   |   |              |   |   |
| Asset-IV | Land Owners                                            | Land                | -            | -            | - | - | - | - | -            | - | - |
|          | M/s Tata & Compensa tion (House Owners)                | Tran smis sion Line | 24.15        | 24.15        | - | - | - | - | 24.15        | - | - |
|          | M/s JSL                                                | Subs tation         | -            | -            | - | - | - | - | -            | - | - |
|          | <b>Total</b>                                           |                     | <b>90.38</b> | <b>90.38</b> | - | - | - | - | <b>90.38</b> | - | - |

60. We have considered the Petitioner's submissions. We observe that the Petitioner has projected the ACE of ₹90.38 lakh for the FY 2024-25 against the discharge of outstanding liabilities as on 1.4.2024 in respect of Assets-I and IV. Therefore, as per Regulation 25(1)(d) of the 2024 Tariff Regulations, the ACE projected by the Petitioner against the discharge of liability in respect of Assets-I and IV is here by allowed for the 2024-29 tariff period.

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

| Capital Cost admitted as on 1.4.2024 | ACE Allowed |         |         |         |         | Capital Cost allowed as on 31.3.2029 |
|--------------------------------------|-------------|---------|---------|---------|---------|--------------------------------------|
|                                      | 2024-25     | 2025-26 | 2026-27 | 2027-28 | 2028-29 |                                      |
| 73218.63                             | 90.38       | 0.00    | 0.00    | 0.00    | 0.00    | 73309.01                             |

### **Debt-Equity Ratio**

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

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



*Provided that:*

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

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

*(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or 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 the communication system declared under commercial operation prior to 1.4.2024, the debt-equity ratio allowed by the Commission for the determination of tariff for the period ending 31.3.2024 shall be considered:*

*Provided that in case of a generating station or a transmission system, including a communication system which has completed its useful life as on 1.4.2024 or is completing its useful life during the 2024-29 tariff period, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;*

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

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

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

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



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

| (₹ in lakh)  |                                               |               |                                  |               |                                                |               |
|--------------|-----------------------------------------------|---------------|----------------------------------|---------------|------------------------------------------------|---------------|
| Funding      | Capital Cost<br>as on 1.4.2024<br>(₹ in lakh) | (In %)        | ACE in<br>2024-29<br>(₹ in lakh) | (In %)        | Capital Cost<br>as on 31.3.2029<br>(₹ in lakh) | (In %)        |
| Debt         | 51253.08                                      | 70.00         | 63.27                            | 70.00         | 51316.35                                       | 70.00         |
| Equity       | 21965.55                                      | 30.00         | 27.11                            | 30.00         | 21992.66                                       | 30.00         |
| <b>Total</b> | <b>73218.63</b>                               | <b>100.00</b> | <b>90.38</b>                     | <b>100.00</b> | <b>73309.01</b>                                | <b>100.00</b> |

### **Depreciation**

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

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

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

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

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

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

.....

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

(4) .....



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

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

*.....*

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

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

*.....*

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

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

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

*(10) Xxxxx*

*(11) Xxxxx*

*(12) Xxxxx”*

65. We have considered the Petitioner's submissions. The WAROD is computed for the Combined Assets considering the rates of depreciation specified in the 2024 Tariff Regulations. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024, and thereafter, up to 31.3.2029. Accordingly, 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        |
|             | <b>Depreciation</b>                                               |                |                |                |                |                |
| A           | Opening Gross Block                                               | 73218.63       | 73309.01       | 73309.01       | 73309.01       | 73309.01       |
| B           | Addition during the year 2024-29 due to projected ACE             | 90.38          | 0.00           | 0.00           | 0.00           | 0.00           |
| C           | Closing Gross Block (A+B)                                         | 73309.01       | 73309.01       | 73309.01       | 73309.01       | 73309.01       |
| D           | Average Gross Block (A+C)/2                                       | 73263.82       | 73309.01       | 73309.01       | 73309.01       | 73309.01       |
| E           | Average Gross Block (90% depreciable assets)                      | 73071.87       | 73117.06       | 73117.06       | 73117.06       | 73117.06       |
| F           | Average Gross Block (100% depreciable assets)                     | 191.95         | 191.95         | 191.95         | 191.95         | 191.95         |
| G           | Depreciable Value (excluding IT equipment and software) (E*90%)   | 65764.68       | 65805.35       | 65805.35       | 65805.35       | 65805.35       |
| H           | Depreciable Value of IT equipment and software (F*100%)           | 191.95         | 191.95         | 191.95         | 191.95         | 191.95         |
| I           | Total Depreciable Value (G+H)                                     | 65956.63       | 65997.30       | 65997.30       | 65997.30       | 65997.30       |
| J           | Weighted Average Rate of Depreciation (WAROD) (in %)              | 5.1544         | 5.1536         | 5.0892         | 5.0743         | 5.0743         |
| K           | Lapsed useful life at the beginning of the year (YEAR)            | 7.00           | 8.00           | 9.00           | 10.00          | 11.00          |
| L           | Balance useful life at the beginning of the year (YEAR)           | 26.00          | 25.00          | 24.00          | 23.00          | 22.00          |
| M           | <b>Depreciation during the year (D*J)</b>                         | <b>3776.29</b> | <b>3778.04</b> | <b>3730.83</b> | <b>3719.92</b> | <b>3719.92</b> |
| N           | Cumulative Depreciation at the end of the year                    | 31170.54       | 34948.57       | 38679.40       | 42399.32       | 46119.23       |
| O           | Remaining Aggregate Depreciable Value at the end of the year(I-N) | 34786.10       | 31048.73       | 27317.90       | 23597.99       | 19878.07       |

### **Interest on Loan (IoL)**

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

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

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



*gross normative loan.*

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

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

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

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

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

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

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

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

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

67. The WAROI on loans has been considered on the basis of the rates 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. Accordingly, 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       |
|             | <b>Interest on Loan</b>                          |                |                |                |               |               |
| A           | Gross Normative Loan                             | 51253.08       | 51316.35       | 51316.35       | 51316.35      | 51316.35      |
| B           | Cumulative Repayments up to Previous Year        | 27394.25       | 31170.54       | 34948.57       | 38679.40      | 42399.32      |
| C           | Net Loan-Opening (A-B)                           | 23858.84       | 20145.81       | 16367.78       | 12636.95      | 8917.03       |
| D           | Addition due to ACE                              | 63.27          | 0.00           | 0.00           | 0.00          | 0.00          |
| E           | Repayment during the year                        | 3776.29        | 3778.04        | 3730.83        | 3719.92       | 3719.92       |
| F           | Net Loan-Closing (C+D-E)                         | 20145.81       | 16367.78       | 12636.95       | 8917.03       | 5197.12       |
| G           | Average Loan (C+F)/2                             | 22002.32       | 18256.79       | 14502.36       | 10776.99      | 7057.07       |
| H           | Weighted Average Rate of Interest on Loan (in %) | 8.4183%        | 8.3913%        | 8.3100%        | 8.2735%       | 8.4202%       |
| I           | <b>Interest on Loan (G*H)</b>                    | <b>1852.21</b> | <b>1531.99</b> | <b>1205.14</b> | <b>891.64</b> | <b>594.22</b> |

### **Return on Equity (RoE)**

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

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

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

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

*Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-*



year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as on 1st April of the year, subject to a ceiling of 14%;

Provided further that:

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

.....”

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

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

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

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

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

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

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

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



*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.”*

69. The Petitioner has submitted that the MAT rate applies to it. Accordingly, the applicable MAT rates have been considered for the purpose of computing the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed in respect of 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        |
|             | <b>Return on Equity</b>                 |                |                |                |                |                |
| A           | Opening Equity                          | 21965.55       | 21992.66       | 21992.66       | 21992.66       | 21992.66       |
| B           | Addition due to ACE                     | 27.11          | 0.00           | 0.00           | 0.00           | 0.00           |
| C           | Closing Equity (A+B)                    | 21992.66       | 21992.66       | 21992.66       | 21992.66       | 21992.66       |
| D           | Average Equity (A+C)/2                  | 21979.10       | 21992.66       | 21992.66       | 21992.66       | 21992.66       |
| E           | Return on Equity (Base Rate)            | 15.50%         | 15.50%         | 15.50%         | 15.50%         | 15.50%         |
| F           | Tax Rate applicable                     | 17.472%        | 17.472%        | 17.472%        | 17.472%        | 17.472%        |
| G           | Rate of Return on Equity (Pre-tax)      | 18.782%        | 18.782%        | 18.782%        | 18.782%        | 18.782%        |
| H           | <b>Return on Equity (Pre-tax) (D*G)</b> | <b>4128.12</b> | <b>4130.66</b> | <b>4130.66</b> | <b>4130.66</b> | <b>4130.66</b> |

#### **Operation and Maintenance Expenses (O&M Expenses)**

70. The O&M Expenses claimed by the Petitioner in respect of 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 | 808.02  | 850.55  | 894.80  | 941.63  | 991.72  |

71. Regulation 36(3)(a) of the 2024 Tariff Regulations provides as under:

**“36. Operation and Maintenance Expenses:**

...

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



| <b>Particulars</b>                                                   | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>2027-28</b> | <b>2028-29</b> |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Norms for sub-station Bays (Rs Lakh per bay)</b>                  |                |                |                |                |                |
| 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          |
| <b>Norms for Transformers/ Reactors (Rs Lakh per MVA or MVAR)</b>    |                |                |                |                |                |
| O&M expenditure per MVA or per MVAR<br>(Rs Lakh per MVA or per MVAR) | 0.262          | 0.276          | 0.290          | 0.305          | 0.322          |
| <b>Norms for AC and HVDC lines (Rs Lakh per km)</b>                  |                |                |                |                |                |
| Single Circuit (Bundled Conductor with six or more sub-conductors)   | 0.861          | 0.906          | 0.953          | 1.003          | 1.056          |
| Single Circuit (Bundled conductor with four or more sub-conductors)  | 0.738          | 0.776          | 0.817          | 0.860          | 0.905          |
| Single Circuit (Twin & Triple Conductor)                             | 0.492          | 0.518          | 0.545          | 0.573          | 0.603          |
| Single Circuit (Single Conductor)                                    | 0.246          | 0.259          | 0.272          | 0.287          | 0.302          |
| Double Circuit (Bundled conductor with four or more sub-conductors)  | 1.291          | 1.359          | 1.430          | 1.506          | 1.585          |
| Double Circuit (Twin & Triple Conductor)                             | 0.861          | 0.906          | 0.953          | 1.003          | 1.056          |
| Double Circuit (Single Conductor)                                    | 0.369          | 0.388          | 0.409          | 0.430          | 0.453          |
| Multi Circuit (Bundled Conductor with four or more sub-conductor)    | 2.266          | 2.385          | 2.510          | 2.642          | 2.781          |
| Multi Circuit (Twin & Triple Conductor)                              | 1.509          | 1.588          | 1.671          | 1.759          | 1.851          |
| <b>Norms for HVDC stations</b>                                       |                |                |                |                |                |
| HVDC Back-to-Back stations (Rs Lakh per MW)                          | 2.07           | 2.18           | 2.30           | 2.42           | 2.55           |
| Gazuwaka BTB (Rs Lakh/MW)                                            | 1.83           | 1.92           | 2.03           | 2.13           | 2.24           |
| HVDC bipole scheme (Rs Lakh/MW)                                      | 1.04           | 1.10           | 1.16           | 1.22           | 1.28           |

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

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

*Provided that the O&M expenses of  $\pm 500$  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.

.....”

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

| (₹ in lakh)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |         |         |         |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|
| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Combined Assets |         |         |         |         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2024-25         | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| <b>Transmission Line: Double Circuit (Twin &amp; Triple Conductor)</b> <ul style="list-style-type: none"> <li>• LILO of both Ckt. of 400 kV D/C (Twin) Kishenpur-Wagoora Transmission Line. – (Total length of Line: 4.376 km)</li> <li>• 400 kV D/C (Twin) Kishenpur-New Wanpoh Line (Total length of Line: 135.02 km)</li> </ul>                                                                                                                                                                                                                                      |                 |         |         |         |         |
| Norms as per the Regulation (₹ lakh/km)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0.861           | 0.906   | 0.953   | 1.003   | 1.056   |
| O&M Expenses allowed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 120.02          | 126.29  | 132.84  | 139.81  | 147.20  |
| <b><u>400 kV Bays</u></b><br><b>New Wanpoh Substation:</b> <ul style="list-style-type: none"> <li>• 1 No. reactor bay for 125 MVAr Bus Reactor.</li> <li>• 2 Nos. ICT bay for 400/220 kV 2x315 MVA ICT-I and II.</li> <li>• 2 Nos. line bays for 400 kV D/C (Twin) Kishenpur-New Wanpoh Line.</li> <li>• 4 Nos. line bays for LILO of both Ckt. Of 400 kV D/C (Twin) Kishenpur-Wagoora Transmission Line.</li> </ul> <b>Kishanpur Substation:</b> <ul style="list-style-type: none"> <li>• 2 Nos. line bays for 400 kV D/C (Twin) Kishenpur-New Wanpoh Line.</li> </ul> |                 |         |         |         |         |
| Norms as per the Regulation (₹ lakh/bay)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 29.53           | 31.08   | 32.71   | 34.43   | 36.23   |
| O&M Expenses allowed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 324.83          | 341.88  | 359.81  | 378.73  | 398.53  |
| <b><u>220 kV bays:</u></b><br><b>New Wanpoh Substation:</b> <ul style="list-style-type: none"> <li>• 2 Nos. ICTs bay for 400/220 kV 2x315 MVA ICT-I and II.</li> <li>• 6 Nos. line bays.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                     |                 |         |         |         |         |
| Norms as per the Regulation (₹ lakh/bay)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 20.67           | 21.75   | 22.90   | 24.10   | 25.36   |



| Particulars                                                                                                                                    | Combined Assets |               |               |               |               |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|---------------|---------------|---------------|
|                                                                                                                                                | 2024-25         | 2025-26       | 2026-27       | 2027-28       | 2028-29       |
| O&M Expenses allowed                                                                                                                           | 165.36          | 174.00        | 183.20        | 192.80        | 202.88        |
| <b>ICTs</b><br><b><u>New Wanpoh Substation:</u></b> <ul style="list-style-type: none"> <li>2 Nos. 400/220 kV, 315 MVA ICT-I and II.</li> </ul> |                 |               |               |               |               |
| Norms as per the Regulation (₹ lakh/MVA)                                                                                                       | 0.262           | 0.276         | 0.290         | 0.305         | 0.322         |
| O&M Expenses allowed                                                                                                                           | 165.06          | 173.88        | 182.70        | 192.15        | 202.86        |
| <b>Reactor</b><br><b><u>New Wanpoh Substation:</u></b> <ul style="list-style-type: none"> <li>1 No. 125 MVAr Bus Reactor</li> </ul>            |                 |               |               |               |               |
| Norms as per the Regulation (₹ lakh/MVAr)                                                                                                      | 0.262           | 0.276         | 0.290         | 0.305         | 0.322         |
| O&M Expenses allowed                                                                                                                           | 32.75           | 34.50         | 36.25         | 38.13         | 40.25         |
| <b>Total O&amp;M Expenses allowed (₹ in lakh)</b>                                                                                              | <b>808.02</b>   | <b>850.55</b> | <b>894.80</b> | <b>941.62</b> | <b>991.72</b> |

73. Therefore, the details of the O&M Expenses allowed in respect of 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 | 808.02  | 850.55  | 894.80  | 941.63  | 991.72  |

### **Interest on Working Capital (IWC)**

74. 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.”*

75. The Petitioner has considered the rate of 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.

76. The components of the working capital and 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 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)                                              | 67.33         | 70.88         | 74.57         | 78.47         | 82.64         |
| B           | Working Capital for Maintenance Spares (15% of O&M Expenses)                                               | 121.20        | 127.58        | 134.22        | 141.24        | 148.76        |
| C           | Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost / Annual Transmission Charges) | 1324.69       | 1290.63       | 1249.52       | 1211.58       | 1184.18       |
| D           | <b>Total Working Capital (A+B+C)</b>                                                                       | 1513.23       | 1489.09       | 1458.31       | 1431.29       | 1415.58       |
| E           | Rate of Interest for Working Capital (in %)                                                                | 11.90%        | 11.90%        | 11.90%        | 11.90%        | 11.90%        |
| F           | <b>Interest on Working Capital (D*E)</b>                                                                   | <b>180.07</b> | <b>177.20</b> | <b>173.54</b> | <b>170.32</b> | <b>168.45</b> |

#### **Annual Fixed Charges of the 2024-29 Tariff Period**

77. The AFC allowed in respect of 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        |
| Depreciation                | 3776.29         | 3778.04         | 3730.83         | 3719.92        | 3719.92        |
| Interest on Loan            | 1852.21         | 1531.99         | 1205.14         | 891.64         | 594.22         |
| Return on Equity            | 4128.12         | 4130.66         | 4130.66         | 4130.66        | 4130.66        |
| O&M Expenses                | 808.02          | 850.55          | 894.80          | 941.62         | 991.72         |
| Interest on Working Capital | 180.07          | 177.20          | 173.54          | 170.32         | 168.45         |
| <b>Total</b>                | <b>10744.71</b> | <b>10468.44</b> | <b>10134.97</b> | <b>9854.16</b> | <b>9604.97</b> |

### **Filing Fee and Publication Expenses**

78. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has 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.

79. 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, in terms of Regulation 94(1) of the 2024 Tariff Regulations.

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

80. 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 and 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.

81. 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.”***

82. 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.

### **License Fee and RLDC Fees and Charges**

83. The Petitioner has claimed reimbursement of the license 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**

84. The Petitioner has submitted that the transmission charges claimed herein are exclusive of the Goods and Service Tax (GST), and in case GST is levied on transmission of electricity in the future, the same will be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is prayed that the additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/Statutory Authorities, may be allowed to be recovered from the beneficiaries.

85. 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**

86. The Petitioner has not claimed any security expenses for the Combined Assets in the instant Petition. The Petitioner has submitted that a separate Petition shall be filed for truing-up of the security expenses for the 2019-24 tariff period under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of the security expenses for the 2024-29 tariff period under Regulation 36(3)(d) of the 2024 Tariff Regulations.

87. It is submitted that the Petitioner 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 FYs 2024-25, 2025-26, 2026-27, 2027-28, and 2028-29.

88. It is further submitted that the Petitioner 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. The Petitioner has also submitted that it has filed Petition No. 45/MP/2024, claiming therein the capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

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

"36(3)



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

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

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

*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.”*

90. 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 an estimated basis, as per the 2024 Tariff Regulations for the 2024-29 tariff period.

### **Sharing of Transmission Charges**

91. 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. Further, the tariff for the 2024-29 tariff period will be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

92. We have considered the Petitioner's submissions. We note that with effect from 1.11.2020, i.e., after the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 (2010 Sharing



Regulations) were repealed, the sharing of transmission charges is governed by the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 (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.

93. To Summarise,

- i) The trued-up AFC claimed by the Petitioner and approved in the instant order in respect of 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  |
| AFC Claimed  | 12368.63 | 11999.61 | 11714.41 | 11483.43 | 11259.69 |
| AFC Approved | 12368.65 | 11999.61 | 11714.40 | 11483.41 | 11259.28 |

- ii) The AFC claimed by the Petitioner and allowed in the instant order in respect of 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 |
| Claimed in the instant Petition | 10745.17 | 10468.89 | 10145.10 | 9853.98 | 9605.30 |
| Allowed in the instant order    | 10744.71 | 10468.44 | 10134.97 | 9854.16 | 9604.97 |

94. This order disposes of Petition No. 564/TT/2025, in terms of the above discussions and findings.

**sd/-**  
**(Harish Dudani)**  
**Member**

**sd/-**  
**(Ramesh Babu V.)**  
**Member**

