

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 589/TT/2025

Coram:

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

Date of Order: 28.01.2026

In the matter of:

Approval under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under Regulation 15 (1) (a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for trueing 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 Asset' under "**Common System Associated with Coastal Energen Private Limited & Ind-Bharat Power (Madras) Limited-LTOA Generation Projects in Tuticorin Area-Part-B**" in the Southern Region.

And in the matter of:

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

...Petitioner

Versus

- 1. Tamil Nadu Generation and Distribution Corporation Limited,**
NPKRR Maaligai, 800, Anna Salai,
Chennai - 600002.
- 2. Kerala State Electricity Board Limited, (KSEBL)**
Vaidyuthi Bhavanam
Pattom, Thiruvananthapuram - 695004.
- 3. Electricity Department, Government of Goa**
Vidyuti Bhawan, Panaji, Goa 403001.
- 4. Electricity Department, Government of Pondicherry**
137, Netaji Subash Chandra Bose Salai
Pondicherry – 605001.



- 5. Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL)**
P&T Colony, Seethmadhara, Vishakhapatnam, Andhra Pradesh.
- 6. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL)**
#19-13-65/A, Srinivasapuram, Tiruchanoor Road
Tirupati - 517503, Andhra Pradesh.
- 7. Andhra Pradesh Central Power Distribution Company Limited (APCPDCL)**
Corporate Office, Beside Polytechnic College, ITI Road
Vijayawada - 520 008, Krishna District, Andhra Pradesh.
- 8. Southern Power Distribution Company of Telangana Limited (TSSPDCL)**
6-1-50, Corporate Office, Mint Compound,
Hyderabad - 500 063, Telangana.
- 9. Northern Power Distribution Company of Telangana Limited (TSNPDCL)**
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal - 506 001, Telangana.
- 10. Bangalore Electricity Supply Company Limited (BESCOM)**
Corporate Office, K.R. Circle,
Bangalore - 560 001, Karnataka.
- 11. Gulbarga Electricity Supply Company Limited (GESCOM)**
Corporate Office, Station Main Road, Opp. Parivar Hotel,
Gulbarga (Kalburgi), Karnataka - 585102.
- 12. Hubli Electricity Supply Company Limited (HESCOM)**
Navanagar, PB Road, Hubli, Karnataka - 580025.
- 13. Mangalore Electricity Supply Company Limited (MESCOM)**
Corporate Office, 1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore - 575004, Karnataka.
- 14. Chamundeswari Electricity Supply Corporation Limited (CESC)**
Corporate Office, #29, Vijayanagara 2nd Stage,
Hinkal, Mysuru - 570017, Karnataka.

...Respondent(s)

Parties Present: Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vivek Kumar Singh, PGCIL



Shri Piyush Avasthi, PGCIL
Ms. Supriya Singh, PGCIL
Shri Ashish Agarwal, PGCIL
Shri Vishal Sagar, PGCIL
Shri Vijay G., PGCIL
Shri Amit Yadav, PGCIL
Shri Mukesh Bhakar, PGCIL
Shri Divyanshu Mishra, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Ranjit Kumar Pandey, PGCIL
Shri Ashish Alankar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for trueing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period in respect of the following transmission assets (hereinafter referred to as the “transmission assets”/“Combined Asset”) under “Common System Associated with Coastal Energen Private Limited & Ind-Bharat Power (Madras) Limited-LTOA Generation Projects in Tuticorin Area-Part-B” in the Southern Region

Asset-1: 400 kV Salem pooling station (Dharmapuri)-Salem 400 kV D/C quad line along with new 765/400 kV pooling station at Salem (Dharmapuri) (initially charged at 400 kV) and bay extensions at Salem 400/220 kV existing sub-Station

Asset-2: Salem Pooling Station – Madhugiri Pooling Station 765 kV S/C Line (initially charged at 400 kV) along with associated Bays & equipments at Salem PS and Madhugiri PS and 400 kV 63 MVAR line reactor at Madhugiri end only of the Salem Pooling Station – Madhugiri 765 kV S/C Line (Initially charged at 400 kV)

Asset-3: Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line (initially charged at 400 kV) along with Bay extensions at Salem PS and Tuticorin Pooling Station and 80 MVAR Line Reactors at each end of both circuits of



Tuticorin Pooling Station- Salem Pooling Station 765 kV D/C line (initially charged at 400 kV)-Asset-1

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

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

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

c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 17 and 18 above for respective block.

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

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

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

g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 24 above.

h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 24 above.

i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 24 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 25 above.

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

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



Background

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

a. The Investment Approval (I.A.) for the transmission system was accorded by the Board of Directors (BoD) of the Petitioner's company (in its 258th meeting held on 16.9.2011) circulated vide Memorandum Ref. No. C/CP/LTA Tuticorin Part-B dated 19.9.2011 at an estimated cost of ₹194013.00 lakh, including IDC of ₹12092.00 lakh (based on 1st Quarter, 2011 Price Level) with the scope of work (as nomenclatured in the said Memorandum) as follows:

I. Transmission Lines:

- Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line initially charged at 400 kV;
- Salem Pooling Station-Salem 400 kV D/C Quad Line; and
- Salem Pooling Station-Madhugiri Pooling Station 765 kV S/C Line initially charged at 400 kV.

II. Sub-Stations:

- Establishment of 765/400 kV Pooling Station at Salem (initially charged at 400 kV) Extension of 765/400 kV Tuticorin Pooling Station;
- Extension of 400/220 kV Madhugiri Pooling Station; and
- Extension of 400/220 kV Salem Substation.

III. Reactive Compensation: Line Reactors (400 kV)

- 80 MVAR Line Reactors at each end of both circuits of Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line (initially charged at 400 kV); and
- 63 MVAR line reactors at Madhugiri end only of Salem Pooling Station Madhugiri 765 kV S/C line (Initially charged at 400 kV).

b. Revised Cost Estimate-I (RCE-I) in respect of the transmission project was accorded by the BoD of the Petitioner in 337th meeting held on 9.2.2017 vide Memorandum No. C/CP/PA1617-02-0T-RCE008 dated 7.3.2017 for ₹270265.00 lakh including IDC of ₹37891.00 lakh (based on June 2016 price level). Revised Cost Estimate-II (RCE-II) of the transmission project was



accorded by the BoD of the Petitioner in its 364th meeting held on 27.03.2019 and circulated vide Memorandum No. C/CP/PA1819-12-0BI-RCE005 dated 29.3.2019 at ₹292269.00 lakh including IDC of ₹33843.00 lakh (based on October 2018 price level).

- c. The entire scope of work under the transmission project has been completed and is covered in the instant tariff Petition. The details of the scope of the work covered under various Petitions are as under:

Asset No.	Asset Name	COD	Petition No.	Remarks
Asset-1	400 kV Salem pooling station (Dharmapuri)-Salem 400 kV D/C quad line along with new 765/400 kV pooling station at Salem (Dharmapuri) (initially charged at 400 kV) and bay extensions at Salem 400/220 kV existing sub-Station	23.10.2016	Asset-1 and Asset-2 combined as on 1.4.2019 with E-COD as 19.05.2018 and covered in Petition No. 318/TT/2020	All the assets have been combined as on 1.4.2024 with E-COD as 25.05.2017 in the instant Petition.
Asset-2	Salem Pooling Station – Madhugiri Pooling Station 765 kV S/C Line (initially charged at 400 kV) along with associated Bays & equipments at Salem PS and Madhugiri PS and 400 kV 63 MVAR line reactor at Madhugiri end only of the Salem Pooling Station – Madhugiri 765 kV S/C Line (Initially charged at 400 kV)	01.11.2018		

Asset-3	Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line (initially charged at 400 kV) along with Bay extensions at Salem PS and Tuticorin Pooling Station and 80 MVAR Line Reactors at each end of both circuits of Tuticorin Pooling Station- Salem Pooling Station 765 kV D/C line (initially charged at 400 kV)-Asset-1	13.11.2016	Covered under Petition No. 679/TT/2020	
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- d. The Petitioner has filed the present Petition for truing up of the transmission tariff for the 2019-24 tariff period and the determination of the transmission tariff for the 2024-29 tariff period for the following transmission assets implemented under the Southern Region:
- e. The transmission tariff in respect of Asset-1 was allowed vide order dated 21.11.2017 in Petition No. 71/TT/2017 and the transmission tariff in respect of Asset-2 was allowed vide order dated 1.11.2019 in Petition No. 367/TT/2018 from their respective COD to 31.3.2019.
- f. The transmission tariff of Asset-3 from COD (13.11.2016) to 31.3.2019 was allowed by the Commission vide order dated 19.9.2017 in Petition No. 235/TT/2016 and vide the aforesaid order, the capital cost of 765 kV D/C Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line was restricted to ₹64027.00 lakh against the Petitioner's claim of ₹174765.03 lakh.
- g. Aggrieved by the order dated 19.9.2017 in Petition No. 235/TT/2016, the Petitioner filed Review Petition No. 40/RP/2017 along with I.A. No.

71/IA/2017. The Commission vide interim order dated 23.10.2017 in I.A. No. 71/IA/2017 allowed the Petitioner to recover tariff as per order dated 27.12.2016 (in Petition No. 235/TT/2016) wherein the Commission had allowed tariff in terms of proviso (i) of Regulation 7(7) of the 2014 Tariff Regulations for inclusion in the POC computation.

- h. Subsequently, the Commission vide order dated 6.11.2018 in Review Petition No. 40/RP/2017 allowed the transmission asset to be operated at 400 kV level and directed the Petitioner to file fresh Petition for re-determination of tariff of Asset-3 from COD to 31.3.2019.
- i. In compliance of the Commission's directions in order dated 6.11.2018 in Review Petition No. 40/RP/2017, Petition No. 105/TT/2019 was filed by the Petitioner and vide order dated 16.8.2020, transmission tariff of the transmission Asset-3 from COD to 31.3.2019 was re-determined by the Commission.
- j. The Commission vide order dated 31.12.2021 in Petition No. 679/TT/2020 trued-up the tariff from COD to 31.3.2019 and approved transmission tariff for 2019-24 tariff period for Asset-3. Furthermore, the Commission vide order dated 17.3.2022 in Petition No. 318/TT/2020 trued-up the tariff from COD to 31.3.2019 and approved transmission tariff for 2019-24 tariff period for the Combined Assets (Asset-1 and Asset-2).
- k. The Petitioner has submitted that the Commission vide order dated 17.03.2022 in Petition No. 318/TT/2020 had rejected the prayer of the Petitioner to condone the time over-run of 769 days with respect to Asset-1 which had occurred for reasons beyond the control of the Petitioner and disallowed IDC and IEDC. Subsequently, the Petitioner filed an appeal vide



DFR No. 155 of 2022 before the Appellate Tribunal for Electricity (APTEL) and the matter is pending before the APTEL.

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

5. The Petitioner has served a copy of the Petition on the Respondents and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. None of the Respondents have filed their reply in the matter despite

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

7. This order is issued considering the submissions made by the Petitioner vide affidavits dated 26.11.2024 and 10.11.2025.

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

Truing up of Annual Fixed Charges for 2019-24 tariff period

9. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Assets (Asset-1 and Asset-2) and Asset-3 are as follows:

Combined Assets (Asset-1 and Asset-2)

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	4841.29	4906.20	4957.38	4979.11	4986.88
Interest on Loan	4060.74	3585.59	3247.11	3149.66	3244.96
Return on Equity	5230.10	5299.17	5353.78	5376.97	5385.26
Interest on Working Capital	232.41	213.19	196.37	196.33	226.66



O&M Expenses	456.42	472.30	489.03	506.13	524.01
Total	14820.96	14476.45	14243.67	14208.20	14367.77

Asset-3

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	9412.57	9412.57	9412.57	9412.57	9412.57
Interest on Loan	7378.48	6454.57	5705.78	5281.33	5109.61
Return on Equity	10043.96	10043.96	10043.96	10043.96	10043.96
Interest on Working Capital	430.61	390.57	355.23	350.55	398.79
O&M Expenses	620.71	642.36	664.91	688.36	712.34
Total	27886.33	26944.03	26182.45	25776.77	25677.27

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

Combined Assets (Asset-1 and Asset-2)

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	38.04	39.36	40.75	42.18	43.67
Maintenance Spares	68.46	70.85	73.35	75.92	78.60
Receivables	1822.25	1784.77	1756.07	1751.70	1766.53
Total Working Capital	1928.75	1894.98	1870.17	1869.80	1888.80
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	232.41	213.19	196.37	196.33	226.66

Asset-3

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	51.73	53.53	55.41	57.36	59.36
Maintenance Spares	93.11	96.35	99.74	103.25	106.85
Receivables	3428.65	3321.87	3227.97	3177.96	3157.04
Total Working Capital	3573.49	3471.75	3383.12	3338.57	3323.25
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	430.61	390.57	355.23	350.55	398.79

Capital Cost for 2019-24 Tariff Period

11. The capital cost of the transmission project has been calculated in accordance with Regulation 19(1) and 19(2) of the 2019 Tariff Regulations.

12. The Commission vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 had allowed capital cost as on



1.4.2019 of ₹92215.93 lakh and ₹178254.99 lakh for Combined Assets (Asset-1 and Asset-2) and Asset-3 respectively.

13. The Petitioner in the instant true-up Petition has claimed the same capital cost as on 1.4.2019 of ₹92215.93 lakh and ₹178254.99 lakh for Combined Assets (Asset-1 and Asset-2) and Asset-3 respectively as allowed by the Commission vide Orders dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020. Accordingly, the capital cost of ₹92215.93 lakh and ₹178254.99 lakh for Combined Assets (Asset-1 & Asset-2) and Asset-3 respectively has been considered as opening capital cost as on 1.4.2019 for the purpose of truing up of transmission tariff for the 2019-24 period in accordance with Regulation 19(3)(a) of the 2019 Tariff Regulations.

Additional Capital Expenditure (ACE)

14. The Commission vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 respectively for Combined Assets (Asset-1 & Asset-2) and Asset-3 for 2019-24 tariff period as under:

(₹ in lakh)		
Asset	ACE Allowed	Regulation
	2019-24	
Combined Assets (Asset-1 and Asset-2)	3306.92	Regulation 24(1)(a) and 24(1) (b) of the 2019 tariff regulations
Asset-3	0.00	

15. Against this, the Petitioner has claimed the following actual ACE in respect of the Combined Assets (Asset-1 & Asset-2) based on the actual expenditure in accordance with Regulations 24(1)(a), 24(1)(b) & 25(1)(d) of the 2019 Tariff Regulations.

Combined Assets (Asset-1 & Asset-2):**(₹ in lakh)**

Particulars	Regulations	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Undischarged Liability and Work Deferred for Execution	24(1)(a) & 24(1)(b) of TR,2019	860.43	1240.75	0.00	0.00	0.00
Payment made towards liability admitted for works within the original scope executed prior to the cut-off date	25(1)(d) of TR,2019	0.00	0.00	697.90	125.11	169.22
IDC Discharge		357.58	0.00	0.00	0.00	0.00
Total		1218.01	1240.75	697.9	125.11	169.22

16. The petitioner has not claimed any ACE for the period 2019-24 in respect of Asset-3

17. The Petitioner in the instant Petition has submitted the liability discharged under 24(1)(a) of 2019 Tariff regulations which is as under:

(₹ in lakh)

Party Name	Particular	Outstanding Liability as on 31.3.2019	Discharge					Total
			2019-20	2020-21	2021-22	2022-23	2023-24	
Compensation	Freehold Land	1400.95	0.00	0.00	0.00	0.00	0.00	0.00
Skipper Limited	TL	884.85	32.85	179.70	0.00	0.00	0.00	212.55
Jyoti Structures Limited	TL	589.55	38.61	0.00	550.94	0.00	0.00	589.55
IAC Electricals Private Limited	TL	99.57	0.00	99.57	0.00	0.00	0.00	99.57
Compensation	TL	1372.02	648.55	282.18	146.96	125.11	169.22	1372.02
EMC limited	SS	128.55	49.63	78.92	0.00	0.00	0.00	128.55
EDS Instruments and Systems	SS	12.23	12.23	0.00	0.00	0.00	0.00	12.23
CG Power and Industrial Solutions	SS	4.71	0.00	4.71	0.00	0.00	0.00	4.71
Siemens Limited	SS	1.93	0.00	1.93	0.00	0.00	0.00	1.93
Total		4494.36	781.87	647.01	697.90	125.11	169.22	2421.11

18. Furthermore, the Petitioner in the instant Petition has also submitted the unexecuted works under 24(1)(b) of 2019 Tariff regulations which is as under:



(₹ in lakh)

Party Name	Particular	Discharge		
		2019-20	2020-21	Total
Skipper Limited	TL	78.56	593.74	672.30
Total		78.56	593.74	672.30

19. The Commission vide RoP for hearing dated 4.11.2025 had directed the Petitioner to submit item-wise and party-wise break-up of the ACE allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 vis-à-vis the ACE claimed in the instant Petition along with justification for variation.

20. The Petitioner vide affidavit dated 10.11.2025 in response to the RoP dated 4.11.2025 has submitted that the variation in ACE allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 vis-à-vis the ACE claimed in the instant Petition is because the allowed ACE was based on projections and some of the contracts were not closed, and liabilities were not finalised during the estimation. The Petitioner in the instant Petition has claimed ACE of ₹3450.99 lakh for Asset-2 and the same is claimed based on actual payments made to the contractor after receipt of invoices from the contractor and incorporating the amendments till the end of the tariff block 2019-24. Furthermore, the Petitioner has submitted the item-wise and party-wise break-up of the ACE allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 vis-à-vis the ACE claimed in the instant Petition which is as under:

Sr.	Item-Wise	Party Name	Approved in Previous Order	Claimed in the Instant Petition				
			2019-20	2019-20	2020-21	2021-22	2022-23	2023-24
1	TL	Skipper Limited	884.85	111.41	773.44	0	0	0
2	TL	Jyothi Structures Limited	589.55	38.61	0	550.94	0	0



Sr.	Item-Wise	Party Name	Approved in Previous Order	Claimed in the Instant Petition				
			2019-20	2019-20	2020-21	2021-22	2022-23	2023-24
3	TL	IAC Electricals Private Limited	99.57	0	99.57	0	0	0
4	TL	Compensation	1133.49	648.55	282.18	146.96	125.11	169.22
5	SS	EMC Ltd	181.21	49.63	78.92	0	0	
6	SS	EDS Instruments and Systems	12.23	12.23	0	0	0	0
7	SS	CG power & Industrial Co	4.71	0	4.71	0	0	0
8	SS	Siemens Limited	1.93	0	1.93	0	0	0
9	Building	EMC Limited	37.96	0	0	0	0	0
10	PLCC	EMC Limited	3.84	0	0	0	0	0
11	Accural IDC	NA	357.58	357.58	0	0	0	0
Total			3306.92	1218.01	1240.75	697.90	125.11	169.22

21. We have considered the submissions of the Petitioner. The COD of the Asset-1 and Asset-2 is approved as 23.10.2016 and 01.11.2018 and the cut-off date works out to be 31.03.2019 and 31.03.2021 for Asset-1 and Asset-2 respectively. The ACE claimed by the Petitioner for the Combined Assets, i.e. Asset-1 and Asset-2, upto the cut-off date is allowed Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations on Undischarged liabilities recognized to be payable at a future date and works deferred for execution. The ACE claimed by the Petitioner in case of Asset-1 and Asset-2 after the cut-off date is allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations on account of Liability for works executed prior to the cut-off date. The allowed ACE is summarized as follows:



(₹ in lakh)

Asset-1 and Asset-2(Combined Assets)							
Particulars	Regulations	ACE allowed					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	3450.99
Undischarged liabilities recognized to be payable at a future date and works deferred for execution	24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	1218.01	1240.75	0.00	0.00	0.00	
Liability for works executed prior to the cut-off date	25(1)(d) of the 2019 Tariff Regulations	0.00	0.00	697.9	125.11	169.22	
Total ACE Allowed		1218.01	1240.75	697.9	125.11	169.22	

22. In view of above deliberations, the capital cost and ACE allowed for truing up of the tariff for 2019-24 period in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 is 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 (Asset-1 & Asset-2)	92215.92	1218.01	1240.75	697.90	125.11	169.22	95666.91
Asset-3	178254.99	0.00	0.00	0.00	0.00	0.00	178254.99

Debt-Equity ratio

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

Combined Assets (Asset-1 & Asset-2)

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	64551.17	70.00	2417.90	70.00	66966.86	70.00
Equity	27664.75	30.00	1033.09	30.00	28700.05	30.00
Total	92215.92	100.00	3450.99	100.00	95666.91	100.00



Asset-3

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	124778.49	70.00	0.00	70.00	124778.49	70.00
Equity	53476.50	30.00	0.00	30.00	53476.50	30.00
Total	178254.99	100.00	0.00	100.00	178254.99	100.00

Depreciation

24. 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.

25. The depreciation approved for the Combined Assets (Asset-1 & Asset-2) and Asset-3 for the 2019-24 tariff period is as follows:

(₹ in lakh)						
	Combined Assets (Asset-1 & Asset-2)					
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	92215.92	93433.93	94674.68	95372.58	95497.69
B	Addition during 2019-24 due to ACE	1218.01	1240.75	697.90	125.11	169.22
C	Closing Gross Block (A+B)	93433.93	94674.68	95372.58	95497.69	95666.91
D	Average Gross Block (A+C)/2	92824.93	94054.31	95023.63	95435.14	95582.30
E	Average Capital Cost (90% depreciable assets)	92355.11	93584.44	94553.76	94965.27	95112.43
F	Average Capital Cost (100% depreciable assets)	94.42	94.47	94.47	94.47	94.47
G	Depreciable Value (excluding IT equipment and software) (E*90%)	83119.60	84225.99	85098.38	85468.74	85601.19
H	Depreciable Value of IT equipment and software (F*100%)	94.42	94.47	94.47	94.47	94.47
I	Total Depreciable Value (G+H)	83214.01	84320.46	85192.85	85563.21	85695.66
J	Freehold Land	375.40	375.40	375.40	375.40	375.40
K	Weighted average rate of Depreciation (WAROD) (in %)	5.22	5.22	5.22	5.22	5.22



Combined Assets (Asset-1 & Asset-2)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
L	Balance useful life of the asset	34	33	32	31	30
M	Elapsed life at the beginning of the year	0	1	2	3	4
N	Combined Depreciation during the year (D*J)	4841.29	4906.20	4957.38	4979.10	4986.87
O	Cumulative Depreciation at the end of the year	8853.41	13759.61	18716.99	23696.09	28682.96
P	Remaining Aggregate Depreciable Value at the end of the year	74360.60	70560.85	66475.86	61867.11	57012.69

(₹ in lakh)

Asset-3						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	178254.99	178254.99	178254.99	178254.99	178254.99
B	Addition during 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	178254.99	178254.99	178254.99	178254.99	178254.99
D	Average Gross Block (A+C)/2	178254.99	178254.99	178254.99	178254.99	178254.99
E	Average Capital Cost (90% depreciable assets)	178144.14	178144.14	178144.14	178144.14	178144.14
F	Average Capital Cost (100% depreciable assets)	110.85	110.85	110.85	110.85	110.85
G	Depreciable Value (excluding IT equipment and software) (E*90%)	160329.73	160329.73	160329.73	160329.73	160329.73
H	Depreciable Value of IT equipment and software (F*100%)	110.85	110.85	110.85	110.85	110.85
I	Total Depreciable Value (G+H)	160440.58	160440.58	160440.58	160440.58	160440.58
J	Weighted average rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
K	Balance useful life of the asset	33	32	31	30	29
L	Elapsed life at the beginning of the year	2	3	4	5	6
M	Combined Depreciation during the year (D*J)	9412.57	9412.57	9412.57	9412.57	9412.57
N	Cumulative Depreciation at the end of the year	31421.47	40834.04	50246.60	59659.17	69071.74
O	Remaining Aggregate Depreciable Value at the end of the year	129019.11	119606.54	110193.97	100781.41	91368.84

26. The details of depreciation allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 in respect of



the Combined Assets (Asset-1 & Asset-2) and Asset-3 respectively; depreciation claimed by the Petitioner in the instant Petition and trued-up depreciation approved in the instant order are as follows:

(₹ in lakh)					
Combined Assets (Asset-1 & Asset-2)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020	4896.09	4983.04	4983.04	4983.04	4983.04
Claimed by the Petitioner in the instant Petition	4841.29	4906.20	4957.38	4979.11	4986.88
Approved after true-up in this order	4841.29	4906.20	4957.38	4979.10	4986.87

(₹ in lakh)					
Asset-3	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.12.2021 in Petition No. 679/TT/2020	9412.57	9412.57	9412.57	9412.57	9412.57
Claimed by the Petitioner in the instant Petition	9412.57	9412.57	9412.57	9412.57	9412.57
Approved after true-up in this order	9412.57	9412.57	9412.57	9412.57	9412.57

Interest on Loan (IoL)

27. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest.

28. We have considered the submissions of the Petitioner. 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 (Asset-1 & Asset-2) and Asset-3 is as follows:

(₹ in lakh)						
	Particulars	Combined Assets (Asset-1 & Asset-2)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	64551.17	65405.98	66274.51	66763.04	66850.61



	Particulars	Combined Assets (Asset-1 & Asset-2)				
		2019-20	2020-21	2021-22	2022-23	2023-24
B	Cumulative Repayments upto Previous Year	4012.12	8853.41	13759.61	18716.99	23696.09
C	Net Loan-Opening (A-B)	60539.05	56552.57	52514.89	48046.04	43154.52
D	Additions	854.81	868.53	488.53	87.58	118.45
E	Repayment during the year	4841.29	4906.20	4957.38	4979.10	4986.87
F	Net Loan-Closing (C+D-E)	56552.57	52514.89	48046.04	43154.52	38286.10
G	Average Loan (C+F)/2	58545.81	54533.73	50280.47	45600.28	40720.31
H	Weighted Average Rate of Interest on Loan (in %)	6.9360	6.5750	6.4580	6.9071	7.9689
I	Interest on Loan (G*H)	4060.75	3585.58	3247.10	3149.64	3244.97

(₹ in lakh)

	Particulars	Asset-3				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	124778.49	124778.49	124778.49	124778.49	124778.49
B	Cumulative Repayments upto Previous Year	22008.90	31421.47	40834.04	50246.60	59659.17
C	Net Loan-Opening (A-B)	102769.59	93357.02	83944.45	74531.88	65119.32
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	9412.57	9412.57	9412.57	9412.57	9412.57
F	Net Loan-Closing (C+D-E)	93357.02	83944.45	74531.88	65119.32	55706.75
G	Average Loan (C+F)/2	98063.30	88650.73	79238.17	69825.60	60413.03
H	Weighted Average Rate of Interest on Loan (in %)	7.5242	7.2809	7.2008	7.5636	8.4578
I	Interest on Loan (G*H)	7378.46	6454.59	5705.81	5281.36	5109.59

29. The details of IoL allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 respectively; IoL claimed by the Petitioner in the instant Petition and trued-up IoL approved in the instant order are as follows:



(₹ in lakh)					
Combined Assets (Asset-1 & Asset-2)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020	4159.89	3887.06	3521.28	3356.09	3232.95
Claimed by the Petitioner in the instant Petition	4060.74	3585.59	3247.11	3149.66	3244.96
Approved after true-up in this order	4060.75	3585.58	3247.10	3149.64	3244.97

(₹ in lakh)					
Asset-3	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.12.2021 in Petition No. 679/TT/2020	7415.80	6635.04	5887.01	5465.82	5119.20
Claimed by the Petitioner in the instant Petition	7378.48	6454.57	5705.78	5281.33	5109.61
Approved after true-up in this order	7378.46	6454.59	5705.81	5281.36	5109.59

Return on Equity (RoE)

30. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019- 20 and FY 2020-21 and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for FY 2021-22 and FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024).

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

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



Year	Claimed effective tax rate (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2023-24	17.472	18.782

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

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



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

33. Accordingly, the trued-up RoE approved in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 for the 2019-24 tariff period is as follows:

(₹ in lakh)						
	Particulars	Combined Assets (Asset-1 & Asset-2)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	27664.75	28027.95	28400.17	28609.54	28647.07
B	Additions	363.20	372.22	209.37	37.53	50.77
C	Closing Equity (A+B)	28027.95	28400.17	28609.54	28647.07	28697.84
D	Average Equity (A+C)/2	27846.35	28214.06	28504.86	28628.31	28672.46
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	5230.10	5299.16	5353.78	5376.97	5385.26

(₹ in lakh)						
	Particulars	Asset-3				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	53476.50	53476.50	53476.50	53476.50	53476.50
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	53476.50	53476.50	53476.50	53476.50	53476.50
D	Average Equity (A+C)/2	53476.50	53476.50	53476.50	53476.50	53476.50
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	10043.96	10043.96	10043.96	10043.96	10043.96

34. The details of RoE allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 respectively; RoE claimed by

the Petitioner in the instant Petition and trued-up RoE approved in the instant order are as follows:

(₹ in lakh)					
Combined Assets (Asset-1 & Asset-2)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020	5289.16	5382.33	5382.33	5382.33	5382.33
Claimed by the Petitioner in the instant Petition	5230.10	5299.17	5353.78	5376.97	5385.26
Approved after true-up in this order	5230.10	5299.16	5353.78	5376.97	5385.26

(₹ in lakh)					
Asset-3	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.12.2021 in Petition No. 679/TT/2020	10043.96	10043.96	10043.96	10043.96	10043.96
Claimed by the Petitioner in the instant Petition	10043.96	10043.96	10043.96	10043.96	10043.96
Approved after true-up in this order	10043.96	10043.96	10043.96	10043.96	10043.96

Operation & Maintenance Expenses (O&M Expenses)

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

Combined Assets (Asset-1 & Asset-2)

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	456.42	472.30	489.03	506.13	524.01

Asset-3

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	620.71	642.36	664.91	688.36	712.34

36. We have considered the submissions of the Petitioner. The O&M Expenses allowed for the Combined Assets (Asset-1 & Asset-2) and Asset-3 as per norms specified in the 2019 Tariff Regulations are as follows:



(₹ in lakh)

Particulars	Combined Assets (Asset-1 & Asset-2)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Single Circuit (Bundles conductors with 4 sub-conductors) – Salem PS – Madhugiri PS 765 kV S/C Line					
Norms (₹ lakh/km)	0.755	0.781	0.809	0.837	0.867
Length in km	245.65	245.65	245.65	245.65	245.65
O&M expenses allowed for Transmission Line(i)	185.47	191.85	198.73	205.61	212.98
Double Circuit (Bundles conductors with 4 sub-conductors) – Salem 400 kV D/C Quad Line along with new 765/400 kV Pooling station at Salem					
Norms (₹ lakh/km)	1.322	1.368	1.416	1.466	1.517
Length in km	59.043	59.043	59.043	59.043	59.043
O&M expenses allowed for Transmission Line(ii)	78.05	80.77	83.60	86.56	89.57
400kV Sub-Station – Salem: Salem 400 kV D/C Quad Line along with new 765/400 kV Pooling station at Salem, Dharampuri: Bays at Salem new for Salem-Salem 400 kV D/C T/L, Dharampuri: Salem PS-Madhugiri PS 765 kV Line, Madhugiri Tumkur: Salem PS-Madhugiri PS 765 kV Line					
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
O&M expenses allowed for Sub-stations(iii)	192.90	199.68	206.70	213.96	221.46
Total O&M Expenses allowed(i+ii+iii) (₹ in lakh)	456.42	472.30	489.04	506.13	524.01

(₹ in lakh)

Particulars	Asset-3				
	2019-20	2020-21	2021-22	2022-23	2023-24
Double Circuit (Bundles conductors with 4 sub-conductors) – 765 kV Tuticorin-Salem D/C Transmission Line					
Norms (₹ lakh/km)	1.322	1.368	1.416	1.466	1.517
Length in km	372.25	372.25	372.25	372.25	372.25
O&M expenses allowed for Transmission Line(i)	492.11	509.24	527.11	545.72	564.70
400kV Sub-Station – Tuticorin: Bays for Tuticorin-Salem, Salem: Bays for Tuticorin-Salem					
Norms (₹ lakh/bay)	32.15	33.28	34.45	35.66	36.91
O&M expenses allowed for Sub-stations(ii)	128.60	133.12	137.80	142.64	147.64
Total O&M Expenses allowed (i+ii)(₹ in lakh)	620.71	642.36	664.91	688.36	712.34



37. Accordingly, the details of O&M Expenses allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 respectively; O&M claimed by the Petitioner in the instant Petition and trued-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)					
Combined Assets (Asset-1 & Asset-2)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020	456.42	472.3	489.04	506.13	524.01
Claimed by the Petitioner in the instant Petition	456.42	472.30	489.03	506.13	524.01
Approved after true-up in this order	456.42	472.30	489.04	506.13	524.01

(₹ in lakh)					
Asset-3	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.12.2021 in Petition No. 679/TT/2020	620.71	642.36	664.91	688.36	712.34
Claimed by the Petitioner in the instant Petition	620.71	642.36	664.91	688.36	712.34
Approved after true-up in this order	620.71	642.36	664.91	688.36	712.34

Interest on Working Capital (IWC)

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



39. The components of the working capital and interest allowed thereon for the Combined Assets (Asset-1 & Asset-2) and Asset-3 for 2019-24 are as follows:

(₹ in lakh)						
	Particulars	Combined Assets (Asset-1 & Asset-2)				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	38.04	39.36	40.75	42.18	43.67
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	68.46	70.85	73.36	75.92	78.60
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	1822.25	1784.76	1756.07	1751.69	1766.53
D	Total Working Capital (A+B+C)	1928.75	1894.97	1870.18	1869.79	1888.80
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	232.41	213.18	196.37	196.33	226.66

(₹ in lakh)						
	Particulars	Asset-3				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	51.73	53.53	55.41	57.36	59.36
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	93.11	96.35	99.74	103.25	106.85
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	3428.64	3321.87	3227.98	3177.96	3157.04
D	Total Working Capital (A+B+C)	3573.48	3471.75	3383.12	3338.58	3323.25
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	430.60	390.57	355.23	350.55	398.79



40. The details of IWC allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 respectively; IWC claimed by the Petitioner in the instant Petition and trued-up IWC approved in the instant order are as follows:

(₹ in lakh)

Combined Assets (Asset-1 & Asset-2)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020	235.62	219.67	200.68	199.16	197.71
Claimed by the Petitioner in the instant Petition	232.41	213.19	196.37	196.33	226.66
Approved after true-up in this order	232.41	213.18	196.37	196.33	226.66

(₹ in lakh)

Asset-3	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.12.2021 in Petition No. 679/TT/2020	431.17	393.11	357.6	352.97	348.42
Claimed by the Petitioner in the instant Petition	430.61	390.57	355.23	350.55	398.79
Approved after true-up in this order	430.60	390.57	355.23	350.55	398.79

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

41. Accordingly, the Annual Fixed Charges allowed after the truing-up for the 2019-24 tariff period in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 are as follows:

(₹ in lakh)

	Particulars	Combined Assets (Asset-1 & Asset-2)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	4841.29	4906.20	4957.38	4979.10	4986.87
B	Interest on Loan	4060.75	3585.58	3247.10	3149.64	3244.97
C	Return on Equity	5230.10	5299.16	5353.78	5376.97	5385.26



	Particulars	Combined Assets (Asset-1 & Asset-2)				
		2019-20	2020-21	2021-22	2022-23	2023-24
D	O & M Expenses	456.42	472.30	489.04	506.13	524.01
E	Interest on Working Capital	232.41	213.18	196.37	196.33	226.66
F	Total (A+B+C+D+E)	14820.96	14476.43	14243.67	14208.17	14367.77

(₹ in lakh)

	Particulars	Asset-3				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	9412.57	9412.57	9412.57	9412.57	9412.57
B	Interest on Loan	7378.46	6454.59	5705.81	5281.36	5109.59
C	Return on Equity	10043.96	10043.96	10043.96	10043.96	10043.96
D	O & M Expenses	620.71	642.36	664.91	688.36	712.34
E	Interest on Working Capital	430.60	390.57	355.23	350.55	398.79
F	Total (A+B+C+D+E)	27886.31	26944.05	26182.47	25776.80	25677.25

42. The details of AFC allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020 and vide order dated 31.12.2021 in Petition No. 679/TT/2020 in respect of the Combined Assets (Asset-1 & Asset-2) and Asset-3 respectively, AFC claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order are as follows:

(₹ in lakh)

Combined Assets (Asset-1 & Asset-2)	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 17.3.2022 in Petition No. 318/TT/2020	15037.18	14944.4	14576.36	14426.74	14320.03
Claimed by the Petitioner in the instant Petition	14820.96	14476.45	14243.67	14208.20	14367.77
Approved after true-up in this order	14820.96	14476.43	14243.67	14208.17	14367.77

(₹ in lakh)

Asset-3	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 31.12.2021 in Petition No. 679/TT/2020	27924.20	27127.03	26366.04	25963.66	25636.48
Claimed by the Petitioner in the instant Petition	27886.33	26944.03	26182.45	25776.77	25677.27
Approved after true-up in this order	27886.31	26944.05	26182.47	25776.80	25677.25



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

43. The Petitioner has claimed the following transmission charges in respect of the 'Combined Asset' [comprising of Combined Assets (Asset-1 & Asset-2) and Asset-3] for the 2024-29 tariff period:

Particulars	('Combined Asset')				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	14419.13	14390.97	14390.97	14362.00	14360.05
Interest on Loan	7184.36	6012.09	4806.30	3617.21	2443.47
Return on Equity	15473.87	15513.34	15513.34	15513.34	15513.34
Interest on Working Capital	600.90	586.18	570.91	554.19	541.12
O&M Expenses	1133.73	1193.26	1255.62	1321.91	1391.54
Total	38811.99	37695.84	36537.14	35368.65	34249.52

44. The details of IWC claimed by the Petitioner for the 2024-29 tariff period for the 'Combined Asset' [comprising of Combined Assets (Asset-1 & Asset-2) and Asset-3] are as under:

Particulars	('Combined Asset')				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	94.48	99.44	104.64	110.16	115.96
Maintenance Spares	170.06	178.99	188.34	198.29	208.73
Receivables	4785.04	4647.43	4504.58	4348.60	4222.54
Total Working Capital	5049.58	4925.86	4797.56	4657.05	4547.23
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	600.90	586.18	570.91	554.19	541.12

Effective Date of Commercial Operation (E-COD)

45. The Petitioner has combined all the transmission assets, viz., Combined Assets (Asset-1 & Asset-2) and Asset-3 in the instant Petition. COD for Combined Asset (Asset-1 & Asset-2) is 19.5.2018 and that for Asset-3 is 13.11.2016. Petitioner has claimed the E-COD in respect of the 'Combined Asset' as 25.5.2017. We have considered the Petitioner's submission and allowed the E-COD as 24.5.2017, based on the computation as under:



Asset	Trued-up Capital Cost as on 31.3.2024 (₹ in lakh)	COD	No. of days from COD of Asset from COD of Project	Weight of cost (in %)	Weighted days
Asset 1 and Asset-2	95666.91	19.5.2018	-552.00	34.92%	-192.79
Asset-3	178254.99	13.11.2016	0.00	65.08%	0.00
Total	273921.90			1.00	-192.79
Effective COD	24.5.2017				

46. E-COD has been used to determine the lapsed life of the project, which works out as 6 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD).

Weighted Average Life (“WAL”) of the Project

47. The life as defined in Regulation 33 of the 2024 Tariff Regulations has been considered for the determination of WAL. The ‘Combined Asset’ may have multiple elements such as land, building, transmission line, Sub-station, and PLCC, and each element may have a different span of life. Therefore, the concept of WAL has been used as the useful life of the transmission system as a whole.

48. WAL has been determined based on the admitted capital cost of individual elements under the transmission system as on 31.3.2024 and their respective life as stipulated in the 2024 Tariff Regulations. Accordingly, WAL in respect of the ‘Combined Asset’ has been worked out as 35 years as follows:

Particulars	Combined Asset Cost (₹ in lakh) (1)	Life as per 2024 Tariff Regulation (Years) (2)	Weighted Cost (3)=(1)x(2)	Weighted Average Life of Asset (in years) (4)=(3)/(1)
Land - Freehold	0.00	0	0.00	34.577 years, rounded off to 35 years
Land - Leasehold	0.00	0	0.00	
Building Civil Works & Colony	3168.60	25	79215.00	
Transmission Line	262724.85	35	9195369.75	
Sub Station	7241.56	25	181039.00	



Particulars	Combined Asset Cost (₹ in lakh) (1)	Life as per 2024 Tariff Regulation (Years) (2)	Weighted Cost (3)=(1)x(2)	Weighted Average Life of Asset (in years) (4)=(3)/(1)
PLCC	206.16	7	1443.12	
IT Equipment incl. software	205.32	7	1437.24	
	273546.49		9458504.11	35

49. WAL as on 24.5.2017 (E-COD), as determined above, is applicable prospectively (i.e., for the 2024-29 tariff period onwards), and no retrospective adjustment of depreciation in the previous tariff period is required to be done. As discussed in the preceding paragraphs, the E-COD of the 'Combined Asset' is 24.5.2017, and the lapsed life of the project as a whole works out as 6 years as on 1.4.2024 (i.e., the number of completed years as on 1.4.2024 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 1.4.2024 to be 29 years.

Capital Cost

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

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

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

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



- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o).....
- (p).....

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

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

(4) & (5)

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

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:
 Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;



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

(d).....

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

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

51. The Petitioner has claimed the following capital cost of the ‘Combined Asset’ during 2024-29 tariff period:

Asset	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
		2024-25	
‘Combined Asset’	273921.91	1400.95	275322.86

52. We have considered the submissions of the Petitioner. The capital cost has been dealt in line with Regulation 19(3) (a) of the 2024 Tariff Regulations. The trued-up capital cost of ₹273921.90 lakh for ‘Combined Asset’ as on 31.3.2024 is considered as opening capital cost as on 1.4.2024 for working out the tariff for 2024-29 tariff period.

Additional Capital Expenditure (ACE)

53. The Regulations 24 and 25 of the 2024 Tariff Regulations provides as follows:

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

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

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law which is not provided for in the original scope of work;*



- (f) *For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;
Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and*
- (g) *Force Majeure events:*

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

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

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

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

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

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

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

Provided that any claim of additional capitalization with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less



than ₹ 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses”

54. The Petitioner in the instant Petition has claimed ACE of ₹1400.95 lakh in the 2024-29 tariff period under Regulation 25(1)(a) & 25(1)(d) of the 2024 Tariff Regulations:

(₹ in lakh)		
Particulars	Regulation	ACE Claimed
		2024-25
Payment against Arbitration and Payment made towards liability admitted for works within the original scope executed prior to the cut-off date	25(1)(a) & 25(1)(d) of TR,2024	1400.95
Total		1400.95

55. The Petitioner has submitted that the ACE claimed in 2024-25 pertains to payments made to landowners as directed by the Revenue Divisional Officer (RDO) vide order dated 29.4.2024, towards land acquisition for the Dharmapuri Substation. The RDO has instructed the Petitioner to deposit compensation amounting to ₹1400.95 in compliance with the Hon'ble Supreme Court's Order for disbursement to the concerned landowners through the LAC Court.

56. The Petitioner in the instant Petition has also submitted the Liability Flow Statement:

(₹ in lakh)					
Party Name	Particular	Outstanding Liability as on 31.3.2024	Discharge		Outstanding Liability as on 31.3.2029
			2024-25	Total	
Compensation	Freehold Land	1400.95	1400.95	1400.95	0.00
Total		1400.95	1400.95	1400.95	0.00

57. We have considered the submissions of the Petitioner in the instant Petition. The Petitioner vide letter dated 29.04.2024 has mentioned about deposit of compensation and the same is extracted as under:





पावरग्रिड
POWERGRID

पावर ग्रिड कॉर्पोरेशन ऑफ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)

Ref: SR-II/DPI/SS/LAND COMPENSATION/2024

Date: 29.04.2024

To
Revenue Divisional Officer
Dharmapuri District.

Sub: Intimation of Deposit of enhanced land compensation payment for land acquired by POWERGRID, Dharmapuri for 50 Nos land owners – reg.

Ref. No. You're Letter Roc.No.7650/2011/A5, Dated: 08.04.2024

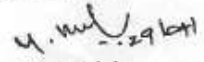
Respected Madam,

With reference to the above, it is to kindly inform that an amount of Rs.14,00,95,255/- (Rupees Fourteen crore Ninety five thousand two hundred and fifty five only) towards enhanced land compensation has been credited in Account Number 7045511990, Indian Bank, Dharmapuri in the name of Sub Collector Land Acquisition through RTGS vide UTR NO: SBINR12024042918892715, Dated:29.04.2024, in line with Supreme Court order for 50 Nos of land owners (Copy of Email Correspondence is attached) .

This is for further submission to District Sub Court, Dharmapuri for disbursement of enhanced Land Compensation to the individual landowners in the way of DD/Cheque.

Thanking you

Yours faithfully,
For and behalf of POWERGRID


(M.Balu)
Senior Deputy General
Manager



58. The ACE claimed during the year 2024-25 is beyond the cut-off date is allowed on account of payment made towards compensation under Regulation 25(1)(d) of the 2024 Tariff Regulations. The Petitioner is directed to submit the Hon'ble Supreme Court's order dated 12.01.2024 at the time of truing-up.

59. Accordingly, the allowed ACE is summarized as follows:



(₹ in lakh)		
Particulars	Regulation	ACE allowed
		2024-25
Payment against Arbitration and Payment made towards liability admitted for works within the original scope executed prior to the cut-off date	25(1)(d) of the 2024 Tariff Regulations	1400.95
Total		1400.95

60. The total capital expenditure as on 31.3.2029 is within the apportioned approved RCE-II of ₹292269.00 lakh. Accordingly, ACE for the 2024-29 tariff period and the capital cost as on 31.3.2029 for the 'Combined Asset' is allowed as follows:

(₹ in lakh)			
Asset	Capital Cost admitted as on 1.4.2024	ACE Allowed	Capital Cost allowed as on 31.3.2029
		2024-25	
'Combined Asset'	273921.90	1400.95	275322.85

Debt-Equity ratio

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

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

Provided that:

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

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

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



(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2024, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered:

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

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

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

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

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

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

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	191745.32	70.00	980.67	70.00	192725.99	70.00
Equity	82176.58	30.00	420.29	30.00	82596.86	30.00
Total	273921.90	100.00	1400.95	100.00	275322.85	100.00

Depreciation

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



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

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

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

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

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

.....

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

(4)

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

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

.....

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

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

.....



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

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

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

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx”

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

65. The depreciation allowed for the ‘Combined Asset’ under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

(₹ in lakh)						
‘Combined Asset’						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Depreciation					
A	Opening Gross Block	273921.90	275322.85	275322.85	275322.85	275322.85
B	Addition during 2024-29 due to ACE	1400.95	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	275322.85	275322.85	275322.85	275322.85	275322.85
D	Average Gross Block (A+C)/2	274622.38	275322.85	275322.85	275322.85	275322.85
E	Average Capital Cost (90% depreciable assets)	273341.18	273341.18	273341.18	273341.18	273341.18
F	Average Capital Cost (100% depreciable assets)	205.32	205.32	205.32	205.32	205.32
G	Depreciable Value (excluding IT equipment and software) (E*90%)	246007.06	246007.06	246007.06	246007.06	246007.06



‘Combined Asset’						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
H	Depreciable Value of IT equipment and software (F*100%)	205.32	205.32	205.32	205.32	205.32
I	Total Depreciable Value (G+H)	246212.38	246212.38	246212.38	246212.38	246212.38
J	Freehold Land	1075.88	1776.35	1776.35	1776.35	1776.35
K	Weighted average rate of Depreciation (WAROD) (in %)	5.25	5.23	5.23	5.22	5.22
L	Balance useful life of the asset	29	28	27	26	25
M	Elapsed life at the beginning of the year	6	7	8	9	10
N	Combined Depreciation during the year (D*J)	14419.14	14390.98	14390.98	14360.93	14360.06
O	Cumulative Depreciation at the end of the year	112173.84	126564.82	140955.80	155316.73	169676.79
P	Remaining Aggregate Depreciable Value at the end of the year	134038.54	119647.56	105256.58	90895.65	76535.59

Interest on Loan (IoL)

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

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

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

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

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

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

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

Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of



interest of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered.

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

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

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

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

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	191745.32	192725.99	192725.99	192725.99	192725.99
B	Cumulative Repayments up to Previous Year	97754.70	112173.84	126564.82	140955.80	155316.73
C	Net Loan-Opening (A-B)	93990.62	80552.14	66161.16	51770.18	37409.25
D	Additions	980.67	0.00	0.00	0.00	0.00
E	Repayment during the year	14419.14	14390.98	14390.98	14360.93	14360.06
F	Net Loan-Closing (C+D-E)	80552.14	66161.16	51770.18	37409.25	23049.19
G	Average Loan (C+F)/2	87271.38	73356.65	58965.67	44589.72	30229.22
H	Weighted Average Rate of Interest on Loan (in %)	8.2322	8.1957	8.1510	8.1123	8.0834
I	Interest on Loan (G*H)	7184.35	6012.06	4806.31	3617.25	2443.54



Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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

.....”

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

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

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



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

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

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

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

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

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

69. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner’s submissions and have gone through the record.

70. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the ‘Combined Asset’ for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	82176.58	82596.86	82596.86	82596.86	82596.86
B	Additions	420.29	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	82596.86	82596.86	82596.86	82596.86	82596.86
D	Average Equity (A+C)/2	82386.72	82596.86	82596.86	82596.86	82596.86
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



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
H	Return on Equity (D*G)	15473.87	15513.34	15513.34	15513.34	15513.34

Operation & Maintenance Expenses (O&M Expenses)

71. The O&M Expenses claimed by the Petitioner for the 'Combined Asset' for the 2024-29 period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	1133.73	1193.26	1255.62	1321.91	1391.54

72. The norms specified under Regulation 36(3)(a) of the 2024 Tariff Regulations provide as follows:

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.346	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single 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



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)	2.07	2.18	2.30	2.42	2.55
Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (₹ Lakh per MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

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

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

.....”

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

Particulars	‘Combined Asset’				
	2024-25	2025-26	2026-27	2027-28	2028-29
Single Circuit (Bundles conductors with 4 sub-conductors) – Salem PS – Madhugiri PS 765 kV S/C Line					
Norms (₹ lakh/km)	0.738	0.776	0.817	0.86	0.905
Length in km	245.65	245.65	245.65	245.65	245.65
O&M expenses allowed for Transmission Line	181.29	190.62	200.70	211.26	222.31



Particulars	'Combined Asset'				
	2024-25	2025-26	2026-27	2027-28	2028-29
Double Circuit (Bundles conductors with 4 sub-conductors) – Salem 400 kV D/C Quad Line along with new 765/400 kV Pooling station at Salem, 765 kV Tuticorin-Salem D/C Transmission Line					
Norms (₹ lakh/km)	1.291	1.359	1.43	1.506	1.585
Length in km	431.293	431.293	431.293	431.293	431.293
O&M expenses allowed for Transmission Line	556.80	586.13	616.75	649.53	683.60
400kV Sub-Station – Salem: Salem 400 kV D/C Quad Line along with new 765/400 kV Pooling station at Salem(Dharmapuri), Dharmapuri: Bays at Salem new for Salem-Salem 400 kV D/C T/L, Dharmapuri: Salem PS-Madhugiri PS 765 kV S/C Line, Madhugiri Tumkur: Salem PS-Madhugiri PS 765 kV S/C Line, Tuticorin: Bays for Tuticorin-Salem at Tuticorin, Salem: Bays for Tuticorin-Salem at Salem S/s					
Norms (₹ lakh/bay)	29.53	31.08	32.71	34.43	36.23
O&M expenses allowed for Sub-stations	295.30	310.80	327.10	344.30	362.30
400 kV Sub-Station Reactor – Dharampuri: Dharampuri-Tuticorin 1 & 2 Line reactors(Capacity-80 MVAR) Madhugiri-Tumkur: 63 MVAR Line reactor at Madhugiri of Salem-Madhugiri, Tuticorin: Tuticorin-Dharampuri 1 & 2 Line reactors(Capacity-80 MVAR).					
Norms (₹ lakh/MVAR)	0.262	0.276	0.29	0.305	0.322
O&M expenses allowed for Sub-stations	100.35	105.71	111.07	116.82	123.33
Total O&M Expenses allowed (₹ in lakh)	1133.73	1193.26	1255.62	1321.90	1391.54

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

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

‘Combined Asset’:

(₹ 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)	94.48	99.44	104.63	110.16	115.96
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	170.06	178.99	188.34	198.29	208.73
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	4785.04	4647.43	4504.58	4348.47	4222.55
D	Total Working Capital (A+B+C)	5049.58	4925.86	4797.56	4656.92	4547.25
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on working capital (D*E)	600.90	586.18	570.91	554.17	541.12



Annual Fixed Charges of the 2024-29 Tariff Period

77. The Annual Fixed Charges allowed for the 2024-29 tariff period in respect of the 'Combined Asset' are summarized as follows:

'Combined Asset':

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	14419.14	14390.98	14390.98	14360.93	14360.06
Interest on Loan	7184.35	6012.06	4806.31	3617.25	2443.54
Return on Equity	15473.87	15513.34	15513.34	15513.34	15513.34
O & M Expenses	1133.73	1193.26	1255.62	1321.90	1391.54
Interest on Working Capital	600.90	586.18	570.91	554.17	541.12
Total	38811.99	37695.82	36537.15	35367.59	34249.60

Filing Fee and Publication Expenses

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

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

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

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

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 expenses of CTUIL and recover the same as additional O&M Expenses through a separate Petition until such regulation is notified and issued by the Commission.

License Fee and RLDC Fees and Charges

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

Goods and Services Tax

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



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

Security Expenses, Insurance and Capital Spares

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

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

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



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

"36(3)

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

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

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

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, capital spares individually costing more than ₹10 lakh and insurance expenses on the estimated basis as per the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission Charges

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



92. We have considered the Petitioner's submissions. The billing, collection, and disbursement of the transmission charges for the 'Combined Asset' shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

93. To summarise:

- i) The details of AFC claimed by the Petitioner in the instant Petition and trued-up AFC allowed in the instant order for the Combined Assets (Asset-1 & Asset-2) and Asset-3 are as follows:

(₹ in lakh)					
Combined Assets (Asset-1 & Asset-2)	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	14820.96	14476.45	14243.67	14208.20	14367.77
Approved after true-up in this order	14820.96	14476.43	14243.67	14208.17	14367.77

(₹ in lakh)					
Asset-3	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	27886.33	26944.03	26182.45	25776.77	25677.27
Approved after true-up in this order	27886.31	26944.05	26182.47	25776.80	25677.25

- ii) The details of AFC allowed for the 2024-29 tariff period for the Combined Asset in this order are follows:

(₹ in lakh)					
'Combined Asset'	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed by the Petitioner	38811.99	37695.84	36537.14	35368.65	34249.52
Approved in this order	38811.99	37695.82	36537.15	35367.59	34249.60



94. This order disposes of Petition No. 589/TT/2025, in terms of the above discussions and findings.

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

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

