

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 608/TT/2025

Coram:

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

Date of Order: 02.02.2026

In the matter of:

Approval under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under Regulation 15 (1) (a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 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 assets under "Eastern Region Strengthening Scheme – XVII Part A (ERSS-XVII Part-A)" in the Eastern Region.

And

In the matter of:

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

...Petitioner

Versus

- 1. Bihar State Power (Holding) Company Limited,
Vidyut Bhavan, Bailey Road, Patna - 800 001.**
- 2. West Bengal State Electricity Distribution Company Limited,
Bidyut Bhawan, Bidhan Nagar, Block DJ, Sector-II, Salt Lake City,
Kolkata - 700 091, West Bengal.**
- 3. Grid Corporation of Orissa Limited,
Shahid Nagar, Bhubaneswar - 751 007, Odisha.**



4. **Damodar Valley Corporation,**
DVC Tower, Maniktala, Civic Centre,
VIP Road, Kolkata - 700 054, West Bengal.
5. **Power Department,**
Government of Sikkim,
Gangtok - 737 101, Sikkim.
6. **Jharkhand Bijli Vitran Nigam Limited,**
Engineering Building, H.E.C, Dhurwa,
Ranchi – 834 004, Jharkhand.
7. **Jharkhand Urja Sancharan Nigam Limited,**
2nd Floor, JUSNL SLDC Building, Kusai,
Doranda, Ranchi – 834 002, Jharkhand.

...Respondents

Parties Present : Ms. Adya Jha, Advocate, BSPHCL
Ms. Satya Jha, Advocate, BSPHCL
Ms. Sweta Sharma, Advocate, WBSETCL
Shri Diggaj Pathak, Advocate, WBSETCL
Ms. Vaibhavi Pathak, Advocate, WBSETCL
Shri Zafrul Hasan, PGCIL
Ms. Supriya Singh, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “POWERGRID / Petitioner”), a deemed transmission licensee, for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and the determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period with respect to the following transmission assets under “Eastern Region Strengthening Scheme – XVII Part A (ERSS-XVII Part-A)” (hereinafter referred to as “the transmission project”) in the Eastern Region.



Asset-I: 1x160 MVA ICT-I along with associated bays at the Daltonganj Sub-station, 1x160 MVA ICT-II along with associated bays at the Daltonganj Sub-station and 2x132 kV line bays at the Daltonganj Sub-station; and

Asset-II: 2 Nos. 132 kV line bays at Daltonganj Sub-station.

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 19 & 20 above.

b) 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 Regulation 2019 and Tariff regulations 2024 as per para 19 & 20 above for respective block.

c) 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.

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

e) 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.

f) 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 26 above.

g) 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 26 above.

h) 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 19 above.

i) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 27 above.

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



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

Background

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

a) The Investment Approval (the IA) for the implementation of the transmission project was accorded by the Board of Directors (BoD) of the Petitioner's company in its 330th meeting held on 20.7.2016, and communicated vide Memorandum No. C/CP/PA1617-07-OBIA002 dated 22.7.2016 at estimated cost of ₹3490 lakh, including an IDC of ₹139 lakh based on the April 2016 price level.

b) The entire scope of work covered under the transmission project is as under:

(i) Sub-station Works:

400/200 kV Daltonganj Sub-station (Extn.)

220 kV

- a) 2x160 MVA, 220/132/33 kV, 3 Phase ICTs;
- b) Transformers Bays – 2 Nos.

132 kV

- a) Line Bays – 4 Nos;
- b) Transformer Bays – 2 Nos.

c) The details of scheduled commercial operation date (SCOD), date of commercial operation (COD) along with time over-run of the instant transmission assets covered under the Commission's order dated 28.11.2019 in Petition No. 137/TT/2018, are as under:

Assets	SCOD	COD	Time Over-run as per IA	Time over-run condoned	Time over-run not condoned
Asset-I	20.11.2017	31.03.2018	131 days	131 days	0
Asset-II	20.11.2017	02.09.2018	286 days	131 days	155 days



4. The Commission, vide its order dated 28.11.2019 in Petition No. 137/TT/2018, had determined the transmission tariff with respect to the transmission assets from COD to 31.3.2019. Subsequently, the Commission, vide its order dated 1.4.2021 in Petition No. 306/TT/2020, trued-up of the transmission tariff from COD to 31.3.2019 and determined the transmission tariff for the 2019-24 tariff period with respect to the transmission assets.

5. The Petitioner has filed the instant Petition for truing up of the transmission tariff for the 2019-24 tariff period and the determination of transmission tariff for the 2024-29 tariff period for the following “transmission assets” implemented under the Eastern Region:

Assets	Asset Name	COD
Asset-I	1x160 MVA ICT-I along with associated bays at the Daltonganj Sub-station, 1X160 MVA ICT-II along with associated bays at the Daltonganj Sub-station and 2X 132 kV line bays at the Daltonganj Sub-station;	31.3.2018
Asset-II	2 Nos. 132 kV line bays at the Daltonganj Sub-station.	2.9.2018

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

7. 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 (hereinafter referred to as “the Act”). No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner.



8. The hearing in this matter was held on 6.11.2025 and the order was reserved. This order is being passed after considering the submissions made by the Petitioner vide affidavits dated 5.9.2024 and 3.9.2025. None of the Respondents has filed any reply or raised any issues pertaining to the instant Petition despite notice.

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

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

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

Asset-I

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	159.31	164.18	164.17	162.79	162.71
Interest on Loan	137.68	126.80	114.09	102.46	92.39
Return on Equity	163.78	168.98	168.96	167.49	167.41
Interest on Working Capital	15.11	14.38	13.50	13.58	15.69
O&M Expenses	187.74	194.44	201.32	208.28	215.76
Total	663.62	668.78	662.04	654.60	653.96

Asset-II

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	21.19	22.24	22.24	22.24	22.24
Interest on Loan	18.70	17.14	15.40	14.25	13.18
Return on Equity	21.64	22.76	22.76	22.76	22.76
Interest on Working Capital	2.33	2.23	2.10	2.13	2.47
O&M Expenses	32.16	33.28	34.46	35.66	36.92
Total	96.02	97.65	96.96	97.04	97.57

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



Asset-I

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	15.65	16.20	16.78	17.36	17.98
Maintenance Spares	28.16	29.17	30.20	31.24	32.36
Receivables	81.59	82.45	81.62	80.70	80.40
Total Working Capital	125.40	127.82	128.60	129.30	130.74
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	15.11	14.38	13.50	13.58	15.69

Asset-II

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	2.68	2.77	2.87	2.97	3.08
Maintenance Spares	4.82	4.99	5.17	5.35	5.54
Receivables	11.80	12.04	11.95	11.96	12.00
Total Working Capital	19.30	19.80	19.99	20.28	20.62
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	2.33	2.33	2.10	2.13	2.47

Capital Cost for the 2019-24 Tariff Period

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

13. The Commission, vide its order dated 1.4.2021 in Petition No. 306/TT/2020, allowed the capital cost as on COD and Additional Capital Expenditure (ACE) with respect to the transmission assets for the 2019-24 tariff period. The details are as follows:

(₹ in lakh)				
Assets	Capital Cost allowed as on 31.03.2019	ACE allowed		Capital Cost allowed as on 31.3.2024
		2019-20	2020-21	
Asset-I	2838.65	35.14	6.20	2879.99
Asset-II	364.05	27.94	11.97	403.96



14. The Petitioner has claimed the following opening capital cost and actual ACE incurred as per the Auditor's Certificate dated 2.8.2024 with respect to the transmission assets for the 2019-24 tariff period:

Assets	Apportioned Approved Cost as per FR	Capital Cost claimed as on 1.4.2019	ACE Claimed					Capital Cost claimed as on 31.3.2024
			2019- 20	2020- 21	2021- 22	2022- 23	2023- 24	
Asset-I	3076.23	2839.65	135.83	48.77	49.31	2.88	0.00	2972.06
Asset-II	413.77	372.45	39.91	0.00	0.00	0.00	0.00	412.36

(₹ in lakh)

15. We have considered the Petitioner's submissions. The total capital cost of ₹2838.65 lakh and ₹364.05 lakh as on 31.3.2019, was allowed by the Commission in the aforesaid order for the transmission assets, and thus, the same is being considered as Opening Capital Cost as on 1.4.2019 for truing up of the transmission tariff for the 2019-24 tariff period with respect to the transmission assets in accordance with Regulation 19 (3) (a) of the 2019 Tariff Regulations.

Initial Spares

16. The Petitioner has submitted that the Commission vide order dated 1.4.2021 in Petition No. 306/TT/2020, allowed the initial spares with respect to the transmission assets in accordance with Regulation 13 (d) of the 2014 Tariff Regulations.

Additional Capital Expenditure (ACE)

17. The Commission, vide its order dated 1.4.2021 in Petition No. 306/TT/2020, had allowed the ACE with respect to the instant transmission assets for the 2019-24 tariff period and the details of the same is as under:



Assets	Capital Cost as on 31.3.2019	ACE allowed		Total Capital Cost as on 31.3.2024
		2019-20	2020-21	
Asset-I	2838.65	35.14	6.20	2879.99
Asset-II	364.05	27.94	11.97	403.96

18. The Petitioner has claimed the following ACE with respect to the transmission assets for the 2019-24 tariff period based on actual expenditure:

Asset-I

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 the 2019 Tariff Regulations.	135.83	48.77	0.00	0.00	0.00
Liquidated damages (LD) Recovered		0.00	0.00	49.31	2.88	0.00
Total		135.83	48.77	49.31	2.88	0.00

Asset-II

Particulars	Regulations	Actual ACE
		2019-20
Undischarged Liability	24(1)(a) of the 2019 Tariff Regulations.	39.91
Total		39.91

19. The Petitioner has submitted that while projecting the estimated ACE, contracts had not been closed, and the liabilities had not been finalized. However, the ACE has been claimed in the instant true-up Petition on the basis of actual payments made to the contractor after receipt of final invoices and incorporation of amendments, and after due reconciliation in accordance with the contractual provisions.

20. The Petitioner has also submitted the Liability Flow Statement with respect to the transmission assets for claiming the discharge of liabilities under Regulation 24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations for the 2019-24 tariff period as under:



Asset-I

(₹ in lakh)

Party Name	Particulars	Outstanding Liability as on 31.3.2019	Discharge		Additional Liability Recognized				
			2020-21	Total	2019-20	2020-21	2021-22	2022-23	Total
GE T&D India Limited	Sub-station	41.34	41.34	41.34	135.83	7.43	49.31	2.88	91.07

Asset-II

(₹ in lakh)

Party Name	Particulars	Outstanding Liability as on 31.3.2019	Discharge	
			2019-20	Total
GE T&D India Limited	Sub-station	39.91	39.91	39.91

21. In response to the technical validation letter regarding details of Liquidated Damages with respect to Asset-I, the Petitioner vide affidavit dated 3.9.2025, has submitted that the LD amounting to ₹52.19 lakh (spread over 2021-22 and 2022-23 as ₹49.31 lakh and ₹2.88 lakh, respectively) have been recovered from the manufacturer, M/s GE T&D India Limited.

22. We have considered the submissions of the Petitioner in the instant Petition. It is noted that, LD amounting to ₹49.31 lakh in FY 2021-22 and ₹2.88 lakh in FY 2022-23 for Asset-I was recovered from the contractor. Accordingly, upon such recovery, the account was reduced for accounting purposes from the gross ACE for the respective years, which stood at ₹0.00 lakh in both the FY 2021-22 and FY 2022-23. Consequently, after accounting for the recovered LD, the net ACE reflected in the Auditor's Certificate is (-) ₹49.31 lakh for the FY 2021-22 and (-) ₹2.88 lakh, for the FY 2022-23.

23. The COD of the transmission assets have been allowed as 31.3.2018 and 2.9.2018 respectively, and the cut-off date works out to be 31.3.2021 for the transmission assets. Accordingly, the ACE claimed by the Petitioner for Asset-I upto the cut-off date is allowed under Regulation 24(1)(a) and 24(1)(b) of the 2019 Tariff



Regulations on the account of undischarged liabilities recognized to be payable at a future date and works deferred for execution. Further, the ACE claimed for Asset-II up to the cut-off date is allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of undischarged liabilities recognized to be payable at a future date. The details of the same are as follows:

(₹ in lakh)

Asset-I							
Particulars	Regulations	ACE allowed					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Undischarged liabilities recognized to be payable at a future date	24(1)(a) of the 2019 Tariff Regulations	135.83	41.34	(49.31)	(2.88)	0.00	132.41
works deferred for execution	24(1)(b) of the 2019 Tariff Regulations	0.00	7.43	0.00	0.00	0.00	
LD recovered from the contractor	—	—	—	(49.31)	(2.88)	—	
Total ACE allowed		135.83	48.77	(49.31)	(2.88)	0.00	

(₹ in lakh)

Asset-II							
Particulars	Regulations	ACE allowed					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
Undischarged liabilities recognized to be payable at a future date	24(1)(a) of the 2019 Tariff Regulations	39.91	0.00	0.00	0.00	0.00	39.91
Total ACE Allowed		39.91	0.00	0.00	0.00	0.00	

24. Accordingly, the capital cost and ACE allowed for the 2019-24 tariff period with respect to the transmission assets are as follows:

(₹ in lakh)

Asset	Apportioned Approved Cost as per FR	Capital Cost admitted as on 1.4.2019	ACE Allowed					Capital Cost allowed as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-I	3076.23	2838.64	135.83	48.77	(49.31)	(2.88)	0.00	2971.05



Asset	Apportioned Approved Cost as per FR	Capital Cost admitted as on 1.4.2019	ACE Allowed					Capital Cost allowed as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Asset-II	413.77	364.05	39.91	0.00	0.00	0.00	0.00	403.96

Debt-Equity Ratio

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

Asset-I

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	1987.05	70.00	92.69	70.00	2079.74	70.00
Equity	851.59	30.00	39.72	30.00	891.32	30.00
Total	2838.64	100.00	132.41	100.00	2971.05	100.00

Asset-II

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	254.84	70.00	27.94	70.00	282.77	70.00
Equity	109.21	30.00	11.97	30.00	121.19	30.00
Total	364.05	100.00	39.91	100.00	403.96	100.00

Depreciation

26. 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 transmission assets as per the depreciation rates specified in Regulation 33 of the 2019 Tariff Regulations. The depreciation allowed with respect to the transmission assets for the 2019-24 tariff period is as follows:



(₹ in lakh)

Asset-I						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	2838.64	2974.47	3023.24	2973.93	2971.05
B	Addition during 2019-24 due to ACE	135.83	48.77	-49.31	-2.88	0.00
C	Closing Gross Block (A+B)	2974.47	3023.24	2973.93	2971.05	2971.05
D	Average Gross Block (A+C)/2	2906.56	2998.86	2998.59	2972.49	2971.05
E	Average Capital Cost (90% depreciable assets)	2847.32	2939.62	2939.35	2913.25	2911.81
F	Average Capital Cost (100% depreciable assets)	59.24	59.24	59.24	59.24	59.24
G	Depreciable Value (excluding IT equipment and software) (E*90%)	2562.58	2645.65	2645.41	2621.93	2620.63
H	Depreciable Value of IT equipment and software (F*100%)	59.24	59.24	59.24	59.24	59.24
I	Total Depreciable Value (G+H)	2621.82	2704.89	2704.65	2681.17	2679.87
J	Weighted average rate of Depreciation (WAROD) (in %)	5.48	5.47	5.47	5.48	5.48
K	Balance useful life of the asset	24	23	22	21	20
L	Lapsed life at the beginning of the year	1	2	3	4	5
M	Combined Depreciation during the year (D*J)	159.31	164.18	164.17	162.79	162.72
N	Cumulative Depreciation at the end of the year	290.72	454.89	619.06	781.84	944.56
O	Remaining Aggregate Depreciable Value at the end of the year	2331.11	2250.00	2085.59	1899.32	1735.31

(₹ in lakh)

Asset-II						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	364.05	403.96	403.96	403.96	403.96
B	Addition during 2019-24 due to ACE	39.91	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	403.96	403.96	403.96	403.96	403.96



	Asset-II					
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
D	Average Gross Block (A+C)/2	384.01	403.96	403.96	403.96	403.96
E	Average Capital Cost (90% depreciable assets)	375.51	395.46	395.46	395.46	395.46
F	Average Capital Cost (100% depreciable assets)	8.50	8.50	8.50	8.50	8.50
G	Depreciable Value (excluding IT equipment and software) (E*90%)	337.95	355.91	355.91	355.91	355.91
H	Depreciable Value of IT equipment and software (F*100%)	8.50	8.50	8.50	8.50	8.50
I	Total Depreciable Value (G+H)	346.45	364.41	364.41	364.41	364.41
J	Weighted average rate of Depreciation (WAROD) (in %)	5.52	5.50	5.50	5.50	5.50
K	Balance useful life of the asset	24	23	22	21	20
L	Lapsed life at the beginning of the year	0	1	2	3	4
M	Combined Depreciation during the year (D*J)	21.19	22.24	22.24	22.24	22.24
N	Cumulative Depreciation at the end of the year	31.26	53.49	75.73	97.96	120.20
O	Remaining Aggregate Depreciable Value at the end of the year	315.20	310.92	288.69	266.45	244.21

27. The details of depreciation allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020 with respect to the transmission assets; depreciation claimed in the instant Petition, and trued-up depreciation approved in the instant order are as follows:

	(₹ in lakh)				
Asset-I	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	156.65	157.74	157.9	157.9	157.9
Claimed by the Petitioner in the instant Petition	159.31	164.18	164.17	162.79	162.71
Approved after true-up in this order	159.31	164.18	164.17	162.79	162.72



(₹ in lakh)

Asset-II	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	20.87	21.92	22.24	22.24	22.24
Claimed by the Petitioner in the instant Petition	21.19	22.24	22.24	22.24	22.24
Approved after trued-up in this order	21.19	22.24	22.24	22.24	22.24

Interest on Loan (IoL)

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

(₹ in lakh)

	Particulars	Asset-I				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	1987.05	2082.13	2116.27	2081.75	2079.74
B	Cumulative Repayments up to Previous Year	131.41	290.72	454.89	619.06	781.84
C	Net Loan-Opening (A-B)	1855.64	1791.41	1661.38	1462.69	1297.89
D	Additions	95.08	34.14	-34.52	-2.02	0.00
E	Repayment during the year	159.31	164.18	164.17	162.79	162.72
F	Net Loan-Closing (C+D-E)	1791.41	1661.38	1462.69	1297.89	1135.18
G	Average Loan (C+F)/2	1823.53	1726.39	1562.03	1380.29	1216.53
H	Weighted Average Rate of Interest on Loan (in %)	7.5503	7.3450	7.3039	7.4234	7.5946
I	Interest on Loan (G*H)	137.68	126.80	114.09	102.47	92.39

(₹ in lakh)

	Particulars	Asset-II				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	254.84	282.77	282.77	282.77	282.77



	Particulars	Asset-II				
		2019-20	2020-21	2021-22	2022-23	2023-24
B	Cumulative Repayments up to Previous Year	10.07	31.26	53.49	75.73	97.96
C	Net Loan-Opening (A-B)	244.77	251.52	229.28	207.05	184.81
D	Additions	27.94	0.00	0.00	0.00	0.00
E	Repayment during the year	21.19	22.24	22.24	22.24	22.24
F	Net Loan-Closing (C+D-E)	251.52	229.28	207.05	184.81	162.58
G	Average Loan (C+F)/2	248.14	240.40	218.16	195.93	173.69
H	Weighted Average Rate of Interest on Loan (in %)	7.5373	7.1293	7.0605	7.2756	7.5878
I	Interest on Loan (G*H)	18.70	17.14	15.40	14.26	13.18

29. The details of IoL allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020 with respect to the transmission assets; IoL claimed in the instant Petition, and trued-up IoL approved in the instant order are as follows:

(₹ in lakh)					
Asset-I	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	135.96	125.12	113.55	101.79	89.69
Claimed by the Petitioner in the instant Petition	137.68	126.80	114.09	102.46	92.39
Approved after trued-up in this order	137.68	126.80	114.09	102.47	92.39

(₹ in lakh)					
Asset-II	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	18.67	18.1	16.77	15.08	13.34
Claimed by the Petitioner in the instant Petition	18.70	17.14	15.40	14.25	13.18
Approved after trued-up in this order	18.70	17.14	15.40	14.26	13.18

Return on Equity (RoE)

30. The Petitioner has submitted that its Income Tax Assessment has been completed for the FY 2019- 20 and FY 2020-21, and assessment orders have been issued by the Income Tax Department, and the income has been assessed under



Minimum Alternate Tax (MAT) [115JB of the Income Tax Act, 1961(IT Act, 1961)]. The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for the FY 2021-22 and FY 2022-23 and FY 2023-24.

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
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-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default



on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up of the rate of RoE. Any under recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

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

33. Accordingly, the trued-up RoE allowed with respect to the transmission assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

	Particulars	Asset-I				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	851.59	892.34	906.97	892.18	891.32
B	Additions	40.75	14.63	-14.79	-0.86	0.00
C	Closing Equity (A+B)	892.34	906.97	892.18	891.32	891.32
D	Average Equity (A+C)/2	871.97	899.66	899.58	891.75	891.32
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)	163.77	168.97	168.96	167.49	167.41

(₹ in lakh)

	Particulars	Asset-II				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	109.21	121.19	121.19	121.19	121.19
B	Additions	11.97	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	121.19	121.19	121.19	121.19	121.19
D	Average Equity (A+C)/2	115.20	121.19	121.19	121.19	121.19



	Particulars	Asset-II				
		2019-20	2020-21	2021-22	2022-23	2023-24
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)	21.64	22.76	22.76	22.76	22.76

34. The details of RoE allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020 with respect to the transmission assets; RoE claimed in the instant Petition, and trued-up RoE approved in the instant order are as follows:

(₹ in lakh)					
Asset-I	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	160.94	162.1	162.27	162.27	162.27
Claimed by the Petitioner in the instant Petition	163.78	168.98	168.96	167.49	167.41
Approved after trued-up in this order	163.77	168.97	168.96	167.49	167.41

(₹ in lakh)					
Asset-II	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	21.30	22.42	22.76	22.76	22.76
Claimed by the Petitioner in the instant Petition	21.64	22.76	22.76	22.76	22.76
Approved after trued-up in this order	21.64	22.76	22.76	22.76	22.76

Operation & Maintenance Expenses (O&M Expenses)

35. The Petitioner has claimed the following O&M Expenses with respect to the transmission assets for the 2019-24 tariff period:

Asset-I

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	187.74	194.44	201.32	208.28	215.76



Asset-II

(₹ in lakh)

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	32.16	33.28	34.46	35.66	36.92

36. We have considered the Petitioner's submission. The O&M Expenses allowed with respect to the transmission assets for the 2019-24 tariff period as per norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)

Particulars	Asset-I				
	2019-20	2020-21	2021-22	2022-23	2023-24
220 kV Sub-station: Daltonganj: (i) 160 MVA ICT-I, 220 kV bay (ii) 160 MVA ICT-II, 220 kV bay					
Norms (₹ lakh/bay)	22.51	23.30	24.12	24.96	25.84
O&M expenses allowed for Sub-stations	45.02	46.60	48.24	49.92	51.68
132 kV Sub-station: (i) Daltonganj(IJUSNL), 132 kV bay (ii) DaltonganjII (JUSNL), 132 kV bay (iii) Daltonganj-I, 160 MVA, ICT-I, 132 kV bay (iv) Daltonganj-II, 160 MVA, ICT-II, 132 kV bay					
Norms (₹ lakh/bay)	16.08	16.64	17.23	17.83	18.46
O&M expenses allowed for Sub-stations	64.32	66.56	68.92	71.32	73.84
220 kV Sub-station ICT: Daltonganj 160 MVA ICT-I & ICT-II					
Norms (₹ lakh/MVA)	0.245	0.254	0.263	0.272	0.282
Total MVA Capacity	320	320	320	320	320
O&M expenses allowed for Sub-station ICT	78.40	81.28	84.16	87.04	90.24
Total O&M Expenses allowed (₹ in lakh)	187.74	194.44	201.32	208.28	215.76

(₹ in lakh)

Particulars	Asset-II				
	2019-20	2020-21	2021-22	2022-23	2023-24
132 kV Sub-station: Daltonganj: 02 Nos 132 kV Line bays for JUSNL's 132kV D/C Daltonganj-Lesliganj / Chatarpur					
Norms (₹ lakh/bay)	16.08	16.64	17.23	17.83	18.46
O&M expenses allowed for Sub-stations	32.16	33.28	34.46	35.66	36.92



Particulars	Asset-II				
	2019-20	2020-21	2021-22	2022-23	2023-24
Total O&M Expenses allowed (₹ in lakh)	32.16	33.28	34.46	35.66	36.92

37. Accordingly, the details of O&M Expenses allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020 with respect to the transmission assets; O&M claimed in the instant Petition, and trued-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)					
Asset-I	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	187.74	194.44	201.32	208.28	215.76
Claimed by the Petitioner in the instant Petition	187.74	194.44	201.32	208.28	215.76
Approved after trued-up in this order	187.74	194.44	201.32	208.28	215.76

(₹ in lakh)					
Asset-II	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	32.16	33.28	34.46	35.66	36.92
Claimed by the Petitioner in the instant Petition	32.16	33.28	34.46	35.66	36.92
Approved after trued-up in this order	32.16	33.28	34.46	35.66	36.92

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



the working capital and interest allowed thereon for the transmission assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

	Particulars	Asset-I				
		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)	15.65	16.20	16.78	17.36	17.98
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	28.16	29.17	30.20	31.24	32.36
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	81.59	82.45	81.62	80.70	80.41
D	Total Working Capital (A+B+C)	125.40	127.82	128.60	129.30	130.75
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)	15.11	14.38	13.50	13.58	15.69

(₹ in lakh)

	Particulars	Asset-II				
		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)	2.68	2.77	2.87	2.97	3.08
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	4.82	4.99	5.17	5.35	5.54
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	11.80	12.04	11.95	11.96	12.00
D	Total Working Capital (A+B+C)	19.31	19.80	19.99	20.28	20.61
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)	2.33	2.23	2.10	2.13	2.47



39. The details of IWC allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020 with respect to the transmission assets; IWC claimed in the instant Petition, and trued-up IWC approved in the instant order are as follows:

(₹ in lakh)					
Asset-I	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	15.00	14.17	14.29	14.41	14.52
Claimed by the Petitioner in the instant Petition	15.11	14.38	13.50	13.58	15.69
Approved after trued-up in this order	15.11	14.38	13.50	13.58	15.69

(₹ in lakh)					
Asset-II	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	2.32	2.23	2.27	2.3	2.32
Claimed by the Petitioner in the instant Petition	2.33	2.23	2.10	2.13	2.47
Approved after trued-up in this order	2.33	2.23	2.10	2.13	2.47

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

40. Accordingly, the Annual Fixed Charges (AFC) allowed after the truing-up for the 2019-24 tariff period with respect to the transmission assets are as follows:

(₹ in lakh)						
	Particulars	Asset-I				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	159.31	164.18	164.17	162.79	162.72
B	Interest on Loan	137.68	126.80	114.09	102.47	92.39
C	Return on Equity	163.77	168.97	168.96	167.49	167.41
D	O & M Expenses	187.74	194.44	201.32	208.28	215.76
E	Interest on Working Capital	15.11	14.38	13.50	13.58	15.69
F	Total (A+B+C+D+E)	663.61	668.77	662.04	654.60	653.97

(₹ in lakh)						
	Particulars	Asset-II				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	21.19	22.24	22.24	22.24	22.24
B	Interest on Loan	18.70	17.14	15.40	14.26	13.18
C	Return on Equity	21.64	22.76	22.76	22.76	22.76
D	O & M Expenses	32.16	33.28	34.46	35.66	36.92



	Particulars	Asset-II				
		2019-20	2020-21	2021-22	2022-23	2023-24
E	Interest on Working Capital	2.33	2.23	2.10	2.13	2.47
F	Total (A+B+C+D+E)	96.01	97.64	96.96	97.04	97.57

41. The details of AFC allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020 with respect to the transmission assets, AFC claimed in the instant Petition, and trued-up AFC approved in the instant order are as follows:

(₹ in lakh)					
Asset-I	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	656.29	653.57	649.34	644.65	640.15
Claimed by the Petitioner in the instant Petition	663.62	668.78	662.04	654.60	653.96
Approved after trued-up in this order	663.61	668.77	662.04	654.60	653.97

(₹ in lakh)					
Asset-II	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.4.2021 in Petition No. 306/TT/2020	95.31	97.96	98.5	98.04	97.58
Claimed by the Petitioner in the instant Petition	96.02	97.65	96.96	97.04	97.57
Approved after trued-up in this order	96.01	97.64	96.96	97.04	97.57

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

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

(₹ in lakh)					
Particulars	Asset-I				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	163.39	157.31	154.50	154.09	153.33
Interest on Loan	79.96	67.58	55.60	44.44	33.77
Return on Equity	167.41	167.41	167.41	167.41	167.41
Interest on Working Capital	14.23	14.38	14.60	14.87	15.23
O&M Expenses	188.30	198.26	208.52	219.40	231.16
Total	613.29	604.94	600.63	600.21	600.90



(₹ in lakh)

Particulars	Asset-II				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	22.94	22.22	21.66	21.28	20.46
Interest on Loan	11.46	9.71	8.02	6.48	5.23
Return on Equity	22.76	22.76	22.76	22.76	22.76
Interest on Working Capital	2.21	2.24	2.29	2.33	2.39
O&M Expenses	31.56	33.22	34.96	36.80	38.70
Total	90.93	90.15	89.69	89.65	89.54

43. The Petitioner has claimed the following IWC with respect to the transmission assets for the 2024-29 tariff period:

(₹ in lakh)

Particulars	Asset-I				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	15.69	16.52	17.38	18.28	19.26
Maintenance Spares	28.25	29.74	31.28	32.91	34.67
Receivables	75.61	74.58	74.05	73.80	74.08
Total Working Capital	119.55	120.84	122.71	124.99	128.01
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	14.23	14.38	14.60	14.87	15.23

(₹ in lakh)

Particulars	Asset-II				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	2.63	2.77	2.91	3.07	3.23
Maintenance Spares	4.73	4.98	5.24	5.52	5.81
Receivables	11.21	11.11	11.06	11.02	11.04
Total Working Capital	18.57	18.86	19.21	19.61	20.08
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	2.21	2.24	2.29	2.33	2.39

Capital Cost

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

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

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



- (a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
- (b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;
- (c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
- (d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
- (e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o).....
- (p).....

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

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

(4) & (5)



- (6) The following shall be excluded from the capital cost of the existing and new projects:
- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
 - (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
 - (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:
Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;
Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
 - (d).....
 - (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and
 - (f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”

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

Assets	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
		2024-29	
Asset-I	2971.06	0.00	2971.06
Asset-II	403.96	0.00	403.96

46. We have considered the Petitioner’s submissions. The trued-up capital cost of ₹2971.05 lakh and ₹403.96 lakh with respect to the transmission assets as on 31.3.2024 has been approved by the Commission in the instant order, and thus the same is being considered as opening capital cost as on 1.4.2024 for determination of transmission tariff for the 2024-29 tariff period in accordance with Regulation 19(3) (a) of the 2024 Tariff Regulations.



Additional Capital Expenditure (ACE)

47. The Petitioner in the instant Petition has not claimed any ACE with respect to the transmission assets for the 2024-29 tariff period.

Debt-Equity Ratio

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

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

Provided that:

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

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

49. The debt-equity ratio considered for the purpose of computation of tariff for the 2024-29 tariff period with respect to the transmission assets and allowed as per Regulation 18(3) of the 2024 Tariff Regulations are as follows:

Asset-I

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	2079.74	70.00	0.00	70.00	2079.74	70.00
Equity	891.32	30.00	0.00	30.00	891.32	30.00
Total	2971.05	100.00	0.00	100.00	2971.05	100.00

Asset-II

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	282.77	70.00	0.00	70.00	282.77	70.00
Equity	121.19	30.00	0.00	30.00	121.19	30.00
Total	403.96	100.00	0.00	100.00	403.96	100.00

Depreciation

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

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

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



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

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

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

.....

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

(4)

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

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

.....

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

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

.....

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

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

(9) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be



adjusted by taking into account the depreciation recovered in tariff by the de-capitalised asset during its useful service.....

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx”

51. We have considered the Petitioner’s submissions. The Weighted Average Rate of Depreciation (WAROD) has been worked out considering the depreciation rates for the transmission assets specified in the 2024 Tariff Regulations. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and, thereafter, up to 31.3.2029. Accordingly, the depreciation allowed for the transmission assets for the 2024-29 tariff period under Regulation 33 of the 2024 Tariff Regulations is as under:

(₹ in lakh)						
	Asset-I					
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Depreciation					
A	Opening Gross Block	2971.05	2971.05	2971.05	2971.05	2971.05
B	Addition during 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	2971.05	2971.05	2971.05	2971.05	2971.05
D	Average Gross Block (A+C)/2	2971.05	2971.05	2971.05	2971.05	2971.05
E	Average Capital Cost (90% depreciable assets)	2911.81	2911.81	2911.81	2911.81	2911.81
F	Average Capital Cost (100% depreciable assets)	59.24	59.24	59.24	59.24	59.24
G	Depreciable Value (excluding IT equipment and software) (E*90%)	2620.63	2620.63	2620.63	2620.63	2620.63
H	Depreciable Value of IT equipment and software (F*100%)	59.24	59.24	59.24	59.24	59.24
I	Total Depreciable Value (G+H)	2679.87	2679.87	2679.87	2679.87	2679.87
J	Weighted average rate of Depreciation (WAROD) (in %)	5.50	5.30	5.20	5.19	5.16
K	Balance useful life of the asset	19	18	17	16	15



	Asset-I					
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
L	Elapsed life at the beginning of the year	6	7	8	9	10
M	Combined Depreciation during the year (D*J)	163.38	157.33	154.50	154.10	153.33
N	Cumulative Depreciation at the end of the year	1107.94	1265.27	1419.77	1573.88	1727.21
O	Remaining Aggregate Depreciable Value at the end of the year	1571.92	1414.59	1260.10	1105.99	952.66

(₹ in lakh)

	Asset-II					
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Depreciation					
A	Opening Gross Block	403.96	403.96	403.96	403.96	403.96
B	Addition during 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	403.96	403.96	403.96	403.96	403.96
D	Average Gross Block (A+C)/2	403.96	403.96	403.96	403.96	403.96
E	Average Capital Cost (90% depreciable assets)	395.46	395.46	395.46	395.46	395.46
F	Average Capital Cost (100% depreciable assets)	8.50	8.50	8.50	8.50	8.50
G	Depreciable Value (excluding IT equipment and software) (E*90%)	355.91	355.91	355.91	355.91	355.91
H	Depreciable Value of IT equipment and software (F*100%)	8.50	8.50	8.50	8.50	8.50
I	Total Depreciable Value (G+H)	364.41	364.41	364.41	364.41	364.41
J	Weighted average rate of Depreciation (WAROD) (in %)	5.68	5.51	5.36	5.27	5.06
K	Balance useful life of the asset	19	18	17	16	15
L	Elapsed life at the beginning of the year	5	6	7	8	9
M	Combined Depreciation during the year (D*J)	22.93	22.25	21.65	21.28	20.46
N	Cumulative Depreciation at the end of the year	143.12	165.37	187.03	208.30	228.76
O	Remaining Aggregate Depreciable Value at the end of the year	221.29	199.04	177.39	156.11	135.65



Interest on Loan (IoL)

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

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

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

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

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

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

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

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

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

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

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

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



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

Asset-I

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	2079.74	2079.74	2079.74	2079.74	2079.74
B	Cumulative Repayments up to Previous Year	944.56	1107.94	1265.27	1419.77	1573.88
C	Net Loan-Opening (A-B)	1135.18	971.79	814.46	659.96	505.86
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	163.38	157.33	154.50	154.10	153.33
F	Net Loan-Closing (C+D-E)	971.79	814.46	659.96	505.86	352.52
G	Average Loan (C+F)/2	1053.48	893.13	737.21	582.91	429.19
H	Weighted Average Rate of Interest on Loan (in %)	7.5902	7.5669	7.5414	7.6234	7.8674
I	Interest on Loan (G*H)	79.96	67.58	55.60	44.44	33.77

Asset-II

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	282.77	282.77	282.77	282.77	282.77
B	Cumulative Repayments up to Previous Year	120.20	143.12	165.37	187.03	208.30
C	Net Loan-Opening (A-B)	162.58	139.65	117.40	95.75	74.47
D	Additions	0.00	0.00	0.00	0.00	0.00



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
E	Repayment during the year	22.93	22.25	21.65	21.28	20.46
F	Net Loan-Closing (C+D-E)	139.65	117.40	95.75	74.47	54.01
G	Average Loan (C+F)/2	151.11	128.52	106.57	85.11	64.24
H	Weighted Average Rate of Interest on Loan (in %)	7.5861	7.5577	7.5260	7.6120	8.1375
I	Interest on Loan (G*H)	11.46	9.71	8.02	6.48	5.23

Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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

.....”

“31. Tax on Return on Equity. (1) The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate shall be



calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.

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

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

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

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

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

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

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

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

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



Asset-I

(₹ in lakh)

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	891.32	891.32	891.32	891.32	891.32
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	891.32	891.32	891.32	891.32	891.32
D	Average Equity (A+C)/2	891.32	891.32	891.32	891.32	891.32
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)	167.41	167.41	167.41	167.41	167.41

Asset-II

(₹ in lakh)

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	121.19	121.19	121.19	121.19	121.19
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	121.19	121.19	121.19	121.19	121.19
D	Average Equity (A+C)/2	121.19	121.19	121.19	121.19	121.19
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)	22.76	22.76	22.76	22.76	22.76

Operation & Maintenance Expenses (O&M Expenses)

56. The O&M Expenses claimed by the Petitioner with respect to the transmission assets for the 2024-29 period are as under:

Asset-I

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	188.30	198.26	208.52	219.40	231.16



Asset-II

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	31.56	33.22	34.96	36.80	38.70

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

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ 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
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.

.....”

58. We have considered the Petitioner’s submissions. The O&M Expenses have been worked out with respect to the transmission assets for the 2024-29 tariff period in accordance with Regulation 36 of the 2024 Tariff Regulations as follows:

Particulars	Asset-I				
	2024-25	2025-26	2026-27	2027-28	2028-29
220 kV Sub-station: Daltonganj: (i) 160 MVA ICT-I, 220 kV bay (ii) 160 MVA ICT-II, 220 kV bay					
Norms (₹ lakh/bay)	20.67	21.75	22.90	24.10	25.36
No. of bays	2	2	2	2	2
O&M expenses allowed(i)	41.34	43.50	45.80	48.20	50.72
132 kV Sub-station: (i) Daltonganji (JUSNL), 132 kV bay (ii) DaltonganjII (JUSNL), 132 kV bay (iii) Daltonganj-I, 160 MVA, ICT-I, 132 kV bay (iv) Daltonganj-II, 160 MVA, ICT-II, 132 kV bay					
Norms (₹ lakh/bay)	15.78	16.61	17.48	18.40	19.35
No. of bays					
O&M expenses allowed(ii)	63.12	66.44	69.92	73.60	77.40
220 kV Sub-station ICT: Daltonganj 160 MVA ICT-I & ICT-II					
Norms (₹ lakh/MVA)	0.262	0.276	0.29	0.305	0.322
No. of ICTs	2	2	2	2	2
Total MVA Capacity	320	320	320	320	320



Particulars	Asset-I				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M expenses allowed(iii)	83.84	88.32	92.80	97.60	103.04
Total O&M Expenses allowed (i+ii+iii)	188.30	198.26	208.52	219.40	231.16

(₹ in lakh)

Particulars	Asset-II				
	2024-25	2025-26	2026-27	2027-28	2028-29
132 kV Sub-station: Daltonganj: 2 Nos 132 kV Line bays for JUSNL's 132kV D/C Daltonganj-Lesliganj/Chatarpur					
Norms (₹ lakh/bay)	15.78	16.61	17.48	18.40	19.35
No. of bays	2	2	2	2	2
O&M expenses allowed for Sub-stations	31.56	33.22	34.96	36.80	38.70
Total O&M Expenses allowed	31.56	33.22	34.96	36.80	38.70

Interest on Working Capital (IWC)

59. Regulations 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations provides as under:

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

.....

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

(i) Receivables equivalent to 45 days of annual fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and

(iii) Operation and maintenance expenses, including security expenses for one month.

(2)

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

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

(4) Interest on working capital shall be payable on a normative basis, notwithstanding



that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency.”

60. 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.

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

Asset-I

(₹ 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)	15.69	16.52	17.38	18.28	19.26
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	28.25	29.74	31.28	32.91	34.67
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	75.61	74.58	74.05	73.80	74.08
D	Total Working Capital (A+B+C)	119.55	120.85	122.70	124.99	128.02
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on working capital (D*E)	14.23	14.38	14.60	14.87	15.23

Asset-II

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses	2.63	2.77	2.91	3.07	3.23



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	(O&M Expenses for one month)					
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	4.73	4.98	5.24	5.52	5.81
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	11.21	11.12	11.06	11.02	11.04
D	Total Working Capital (A+B+C)	18.57	18.87	19.21	19.61	20.07
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)	2.21	2.25	2.29	2.33	2.39

Annual Fixed Charges for the 2024-29 Tariff Period

62. The Annual Fixed Charges (AFC) allowed for the 2024-29 tariff period are as follows:

Asset-I

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	163.38	157.33	154.50	154.10	153.33
Interest on Loan	79.96	67.58	55.60	44.44	33.77
Return on Equity	167.41	167.41	167.41	167.41	167.41
O & M Expenses	188.30	198.26	208.52	219.40	231.16
Interest on Working Capital	14.23	14.38	14.60	14.87	15.23
Total	613.28	604.96	600.63	600.23	600.90

Asset-II

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	22.93	22.25	21.65	21.28	20.46
Interest on Loan	11.46	9.71	8.02	6.48	5.23
Return on Equity	22.76	22.76	22.76	22.76	22.76
O & M Expenses	31.56	33.22	34.96	36.80	38.70
Interest on Working Capital	2.21	2.25	2.29	2.33	2.39
Total	90.93	90.18	89.68	89.65	89.54



Filing Fee and Publication Expenses

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

64. We have considered the Petitioner's submissions. In terms of Regulation 94(1) of the 2024 Tariff Regulations, we allow the Petitioner to recover 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.

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

65. 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 by the Commission 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.

66. 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.”

67. 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.

Licence Fee and RLDC Fees and Charges

68. The Petitioner has claimed reimbursement of the licence 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 under Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

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

70. 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

71. The Petitioner has submitted that a separate Petition shall be filed for truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36 (3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the



security expenses regarding the transmission assets are not claimed in the instant Petition.

72. 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.

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

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

"36(3)

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

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

Provided that the transmission licensee shall submit the along with estimated security expenses based on assessment of the security requirement, capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals along with appropriate justification for incurring the same and along with confirmation



that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.”

75. 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

76. The Petitioner has submitted that the truing-up of the tariff with respect to Asset-I 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 in accordance with the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 (hereinafter referred to as “the 2020 Sharing Regulations”) as amended from time to time.

77. The Petitioner has submitted that the transmission charges for the 2019-24 tariff period with respect to Asset-II from its COD till the COD of the associated downstream transmission system will be borne by Jharkhand Urja Sancharan Nigam Limited (JUSNL). Thereafter, 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 in accordance with the 2020 Sharing Regulations.



78. The Petitioner vide its technical validation letter dated 25.8.2025, was directed to provide an update on the downstream transmission line associated with Asset-II. In response, the Petitioner, vide affidavit dated 3.9.2025, has submitted the latest status of the associated downstream asset with respect to Asset-II, as discussed in the 45th CMETS-ER meeting held on 29.7.2025, wherein it was mentioned that the associated downstream line of JUSNL, i.e., the 132kV D/C Daltonganj (PG) – Charatpur / Lesliganj (JUSNL) line, is anticipated to be completed by December 2025.

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

80. The Commission, vide its order dated 28.11.2019 in Petition No. 137/TT/2018, allowed the COD with respect to Asset-II. The relevant extract of the said order is as under:

"73. As regards Asset-II, the COD has been approved under proviso (ii) of Regulation 4(3) of 2014 Tariff Regulations. The asset has not been put to regular use as the associated downstream transmission system, under the scope of JUSNL, is not ready. Accordingly, the transmission charges of Asset-II, from the COD i.e. 2.9.2018 till the commissioning of related downstream network will be borne by JUSNL. Thereafter, the transmission charges approved in the instant petition in respect of Asset-II shall be recovered on monthly basis in accordance with Regulation 43 of the 2014 Tariff Regulations. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time."

81. The Petitioner has further submitted that the associated downstream line of JUSNL, i.e., the 132 kV D/C Daltonganj (PG) – Charatpur/ Lesliganj (JUSNL) line, is anticipated to be completed by December 2025. Accordingly, the transmission charges for Asset-II from its COD, i.e., 2.9.2018 till the COD of the associated downstream



transmission system shall be borne by JUSNL. Thereafter, the billing, collection, and disbursement of the transmission charges with respect to Asset-II for the 2024-29 tariff period shall be recovered on a monthly basis in terms of the provisions of the 2020 Sharing Regulations, as provided under Regulation 78 of the 2024 Tariff Regulations.

82. To summarise:

- a) The details of trued-up AFC claimed by the Petitioner and approved in the instant order with respect to the transmission assets are as follows:

	(₹ in lakh)				
AFC	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed	663.62	668.78	662.04	654.60	653.96
Approved	663.61	668.77	662.04	654.60	653.97

	(₹ in lakh)				
AFC	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed	96.02	97.65	96.96	97.04	97.57
Approved	96.01	97.64	96.96	97.04	97.57

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

	(₹ in lakh)				
AFC	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed	613.29	604.94	600.63	600.21	600.90
Allowed	613.28	604.96	600.63	600.23	600.90

	(₹ in lakh)				
AFC	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed	90.93	90.15	89.69	89.65	89.54
Allowed	90.93	90.18	89.68	89.65	89.54



83. This order disposes of Petition No. 608/TT/2025, in terms of the above discussions and findings.

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

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

