

CENTRAL ELECTRICITY REGULATORY COMMISSION
New Delhi

Petition No. 384/TT/2025

Coram:

Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member
Shri Ravinder Singh Dhillon, Member

Date of Order: 05.12.2025

In the matter of:

Petition for truing up of transmission tariff for the 2019-24 period and determination of transmission tariff for the 2024-29 period for **Combined Assets under “SYSTEM STRENGTHENING–XX” in the Southern Region** under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulations 15(1)(a) and 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 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.

And in the matter of:

Power Grid Corporation of India Limited,
Registered Office: B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.
Corporate Centre: ‘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,**
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,**
P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh.
 6. **Southern Power Distribution Company of Andhra Pradesh Limited,**
#19-13-65/A, Srinivasapuram,
Tiruchanoor Road, Tirupati- 517503.
 7. **Andhra Pradesh Central Power Distribution Company Limited,**
Corporate Office, Beside Polytechnic College,
ITI Road, Vijayawada- 520008.
 8. **Southern Power Distribution Company of Telangana Limited,**
6-1-50, Corporate Office,
Mint Compound, Hyderabad- 500063, Telangana.
 9. **Northern Power Distribution Company of Telangana Limited,**
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal- 506001, Telangana.
 10. **Bangalore Electricity Supply Company Limited,**
Corporate Office, K.R.Circle,
Bangalore- 560001, Karnataka.
 11. **Gulbarga Electricity Supply Company Limited,**
Corporate Office, Station Main Road,
Opp. Parivar Hotel, Gulbarga (Kalburgi)- 585102, Karnataka.
 12. **Hubli Electricity Supply Company Limited,**
Navanagar, PB Road, Hubli,
Karnataka- 580025.
 13. **Mangalore Electricity Supply Company Limited,**
Corporate Office, 1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore- 575004, Karnataka.
 14. **Chamundeswari Electricity Supply Corporation Limited,**
Corporate Office, #29, Vijayanagara 2nd Stage,
Hinkal, Mysuru-570017.
- ...Respondents**

Parties Present :

Shri Divyanshu Bhatt, Advocate, UPPCL
 Shri Harsh V Shukla, Advocate, UPPCL
 Shri Vishal Sagar, PGCIL
 Ms. Supriya Singh, PGCIL
 Shri Vijay G., PGCIL
 Shri Zafrul Hassan, PGCIL
 Shri Vivek Kumar Singh, PGCIL
 Shri Ranjeet Pandey, PGCIL
 Shri Ashish Alankar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing-up of transmission tariff for the 2019-24 period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”), and for determination of transmission tariff for the 2024-29 period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”), in respect of the following assets under System Strengthening -XX in the Southern Region (hereinafter referred to as the “Transmission project”):

Assets Name	Description of Assets	COD	Remarks
Combined Assets	Asset-1: 1x500 MVA, 400/220 kV ICT at Malekuttaiyur Substation along with associated bays and equipment.	22.6.2016	All assets merged during the 2019-24 tariff period with effective COD: 14.8.2017 . Combined Assets were earlier covered in Petition No. 23/TT/2021 (now covered in the instant Petition)
	Asset-2: 1x500MVA, 400/220 kV ICT at Somanahalli Substation along with associated bays and equipment.	31.8.2016	
	Asset-3: 1x500 MVA,400/220 kV ICT at Mysore Substation along with associated bays and equipment.	23.9.2016	
	Asset-4: 1x125 MVAr 400 kV Bus Reactor-3 along with associated bays and equipment at Vijayawada S/S, 1x500 MVA 400/220 kV ICT-3 along with associated bays and equipment each at Hyderabad (Ghanapur) and Vijayawada S/S.	27.3.2017	
	Asset-5: 1x125 MVAr 400 kV Bus Reactor-4 along with associated bays at Vijayawada S/S.	2.4.2017	
	Asset-6: 1x500 MVA, 400/220 kV ICT along with associated bays and equipment at Pugalur S/S.	31.3.2017	
	Asset-7: Conversion of 50 MVAR line reactors at Madakathara end on both circuits of Ellapally (Palakkad) – Madakathara (North Trissur) 400 kV D/C line into switchable reactors by providing necessary switching arrangement.	28.3.2017	
	Asset-8: Replacement of existing 1x315 MVA 400/220 kV transformer with 1x500 MVA transformer and utilize the replaced	14.12.2017	



	1x315 MVA transformer as regional spare at Narendra S/S.		
	Asset-9: Replacement of existing 1x315 MVA 400/220 kV transformer with 1x500 MVA transformer and utilize the replaced 1x315 MVA transformer as regional spare at Narendra S/S.	16.4.2018	
	Asset-10: 1x500 MVA, 400/220/33 kV ICT and associated bays each at Warangal S/S, Khammam S/S.	28.6.2018	
	Asset-11: 1x500 MVA, 400/220/33 kV ICT and associated bays each at Gooty S/S.	1.7.2018	
	Asset-12: 1x500 MVA, 400/220/33 kV ICT and associated bays each at Kadapa S/S.	1.10.2018	
	Asset-13: 1x500 MVA, 400/220 kV ICT along with associated bays at Trichy S/S.	10.6.2017	

In this order, Assets 1 to 13 are collectively referred to as the Combined Assets for the 2014-19 and 2019-24 tariff periods.

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) *Admit the capital cost claimed as on 01.04.2019 since the estimated completion cost is within the overall RCE approved cost as mentioned at para 11 above.*
- d) *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.*
- e) *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.*
- f) *Allow the Petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94(3) and 93(4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- g) *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.*
- h) *Allow the Petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 24 above.*
- i) *Allow the Petitioner to file a separate petition before Hon'ble Commission for*

claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 24 above.

- j) Allow the Petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 24 above.*
- k) Allow the Petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 25 above.*
- l) 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 (IA) for the project was accorded by the Board of Directors of the Petitioner vide Memorandum dated 8.8.2014 with an estimated cost of ₹28849 lakh, including Interest During Construction (IDC) of ₹1733 lakh, based on the June 2014 price level.
- (b) The Revised Cost Estimate (RCE) - I of the project was accorded by the Board of Directors of the Petitioner vide the Memorandum dated 13.1.2017 with an estimated cost of ₹37609 lakh, including an IDC of ₹1896 lakh, based on the April 2016 price level.
- (c) Subsequently, the RCE-II of the transmission project was accorded by the Competent Authority vide Memorandum dated 11.7.2025 at an estimated cost of ₹32936 lakh, including an IDC of ₹1466 lakh, with the scheduled commissioning in September 2018.
- (d) The scope of work covered under the transmission project is as follows:

Sub-stations:

- a) Extension of 400/220 kV Sub-station at Hyderabad (Ghanapur)
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer

- b) Extension of 400/220 kV Sub-station at Warangal
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer
- c) Extension of 400/220 kV Sub-station at Khammam
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer
- d) Extension of 400/220 kV Sub-station at Vijayawada
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer
 - iv. 2x125 MVAR, 400 kV Bus reactors
 - v. 2 numbers 400 kV Bus reactor bays
- e) Extension of 400/220 kV Sub-station at Gooty
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer
- f) Extension of 400/220 kV Sub-station at Cuddapah
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer
- g) Extension of 400/230 kV Sub-station at Malekuttaiyur
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 230 kV transformer bay for 1x500 MVA transformer
- h) Extension of 400/220 kV Sub-station at Somanahalli
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer
- i) Extension of 400/220 kV Sub-station at Mysore
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 220 kV transformer bay for 1x500 MVA transformer

- j) Extension of 400/230 kV Sub-station at Pugalur
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 230 kV transformer bay for 1x500 MVA transformer
- k) Extension of 400/230 kV Sub-station at Trichy
 - i. 1x500 MVA, 400/220/33 kV ICT
 - ii. 1 number 400 kV transformer bay for 1x500 MVA transformer
 - iii. 1 number 230 kV transformer bay for 1x500 MVA transformer
- l) Extension of 400/220 kV Sub-station at Narendra
 - i. Replacement of existing 2x315 MVA 400/220 kV transformers with 2x500 MVA transformers and utilize the replaced 2x315 MVA transformers as regional spare; location to keep the spare shall be decided later
- m) Extension of 400/220 kV Sub-station at Trissur
 - i. Conversion of 50 MVAR line reactors at Madakathara end on both circuits of Ellapally (Palakkad) – Madakathara (North Trissur) the 400 kV D/c line into switchable reactors by providing the necessary switching arrangements.

Reactive Compensation (already covered above):

- i. Conversion of 50 MVAR line reactors at Madakathara end on both circuits of Ellapally (Palakkad) – Madakathara (North Trissur) 400 kV D/C line into switchable reactors by providing necessary switching arrangement
 - ii. 2x125 MVAR Bus reactors at the Vijayawada 400 kV Sub-station
- (e) The entire scope of the work under the transmission project has been completed. The transmission tariff in respect of Assets-I, II and III was approved by the Commission vide order dated 28.6.2016 in Petition No. 23/TT/2016; transmission tariff in respect of Assets-IV to IX was approved by the Commission vide order dated 18.9.2018 in Petition No.176/TT/2017; transmission tariff in respect of Assets-X to XII was approved by the Commission vide order dated 25.6.2019 in Petition No. 253/TT/2018 and transmission tariff in respect of Asset-XIII was approved by the Commission vide order dated 30.4.2020 in Petition No. 35/TT/2019, respectively, for the period from their respective CODs to 31.3.2019. The

trued-up transmission tariff for the 2014-19 period and the determination of transmission tariff for the 2019-24 period in respect of the Combined Assets were approved by the Commission vide order dated 30.6.2022 in Petition No. 23/TT/2021.

4. The Respondents in the Petition are primarily the beneficiaries of the Southern Region, comprising distribution licensees, transmission licensees, and power departments procuring transmission services from the Petitioner.

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

6. After hearing the matter on various dates, the order in the matter was reserved on 22.7.2025. This order is being issued after considering the Petitioner's submissions in the Petition vide affidavit dated 25.11.2024, and additional affidavits of the Petitioner dated 14.5.2025 and 14.7.2025.

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

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

8. The Petitioner has claimed the following transmission charges in respect of the Combined Assets for the 2019-24 tariff period:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1668.02	1679.54	1692.10	1697.82	1698.40
Interest on Loan	1493.74	1302.46	1166.86	1083.14	991.74
Return on Equity	1774.42	1786.71	1800.11	1806.22	1806.84
O&M Expenses	3056.86	3167.00	3278.07	3396.46	3509.39
Interest on Working Capital	207.44	195.92	185.46	189.01	219.63
Total	8200.48	8131.63	8122.60	8172.65	8226.00



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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	254.74	263.92	273.17	283.04	292.45
Maintenance Spares	458.53	475.05	491.71	509.47	526.41
Receivables	1008.26	1002.53	1001.42	1007.59	1011.39
Total Working Capital	1721.53	1741.50	1766.30	1800.10	1830.25
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	207.44	195.92	185.46	189.01	219.63

Capital Cost for the 2019-24 Tariff Period

10. The Commission, by order dated 30.6.2022 in Petition No. 23/TT/2021, approved the capital cost of ₹31376.41 lakh for the Combined Assets as on 31.3.2019. The Petitioner has submitted that the Commission in the said order did not consider the additional capitalisation of ₹28.39 lakh claimed in 2018-19 for Asset-V, as the completion cost was restricted to the apportioned approved cost under RCE-I. The Petitioner has further submitted that against the overall RCE-I approved capital cost of ₹37609 lakh, the estimated completion cost is ₹32075.73 lakh. Accordingly, ₹28.39 lakh has been added to the opening balance as on 1.4.2019 for the purpose of tariff computation, and the Petitioner has prayed the Commission to admit the revised capital cost, considering that the cost claimed is well within the overall RCE-II of ₹32936 lakh.

11. We have considered the Petitioner's submissions. The Petitioner, vide affidavit dated 14.7.2025, has furnished the RCE-II. We observe that, except for Asset-V, the capital costs of other individual assets are within their respective revised apportioned costs. In view of the RCE-II, Petitioner has re-apportioned the capital costs of all assets. In the case of Asset-V, the completion cost as on 31.3.2019 is ₹1149.01 lakh, which is within its re-apportioned cost of ₹1164.75 lakh. As the assets have been combined during the 2019-24 tariff period, we note that the combined capital

expenditure of the assets as on 31.3.2019, after including ₹28.39 lakh, is ₹31404.80 lakh, and as on 31.3.2024 is ₹32075.72 lakh, which is within the overall RCE-II cost of ₹32936 lakh. Accordingly, ₹31404.80 lakh has been approved as the opening capital cost as on 1.4.2019 for the purpose of true-up the transmission tariff for the 2019-24 tariff period.

Additional Capital Expenditure (ACE)

12. In the instant Petition, the Petitioner has claimed an Additional Capital Expenditure (ACE) of ₹670.92 lakh for the Combined Assets for the 2019-24 tariff period, as against the approved ACE of ₹1096.20 lakh in Petition No. 23/TT/2021.

13. The Petitioner vide affidavit dated 25.11.2024 has submitted that the ACE incurred during the 2019-24 tariff period is claimed under Regulations 24(1)(a), 24(1)(b) and 25 (1)(d) of the 2019 Tariff Regulations. The primary reason for the variations between the approved ACE and the actual ACE is that, at the time of estimating the projected additional capitalisation, the relevant contracts had not been closed, and liabilities were not finalised. However, in the instant true-up Petition, the Petitioner has claimed ACE on the basis of actual payments made to the vendors, subsequent to the receipt of final invoices, incorporating necessary amendments, and after due reconciliation in accordance with the contractual provisions.

14. The Petitioner has submitted a detailed break-up of the ACE for the Combined Assets, and it is as follows:

Asset	Additional Capital Expenditure (₹ in lakh)					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Combined Assets	173.28	263.22	212.38	4.38	17.66	6.58
Claimed under Regulations	Regulations 24(1)(a) and 24(1) (b) of the 2019 Tariff Regulations	Regulations 24(1)(a), 24(1) (b) and 25(1) (d) of the 2019 Tariff Regulations	Regulation 25(1)(d) of the 2019 Tariff Regulations	Regulation 25(1)(d) of the 2019 Tariff Regulations	Regulation 25(1)(d) of the 2019 Tariff Regulations	Regulation 25(1)(d) of the 2024 Tariff Regulations

15. The Commission, vide Record of Proceedings (RoP) dated 22.4.2025, directed the Petitioner to submit the reasons for claiming ACE beyond the cut-off date for the 2019-24 tariff period.

16. In response, the Petitioner vide affidavit dated 14.5.2025 has submitted that ACE claimed beyond the cut-off date, during the 2019-24 tariff period, pertains to undischarged liabilities towards final payment or withheld payment arising due to contractual exigencies for the works executed within the cut-off date and has been claimed as per Regulation 25(1)(d) of the 2019 Tariff Regulations.

17. The Petitioner has submitted the following Liability Flow Statement in respect of the assets forming part of the Combined Assets:

Asset-4:

(₹ in lakh)

Party Name	Particulars	Outstanding Liability/Unexecuted Work as on 31.03.2019	Discharge of Liability						Unexecuted works		Outstanding Liability as on 31.03.2024 (To be discharged during 2024-29)
			2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	2019-20	Total (19-24)	
GE T&D	SS	14.71	14.71	-				14.71		-	-
Site Packages	SS	448.71	(288.71)	187.66	173.64	3.02	15.15	90.76	351.37	351.37	6.58
Total		463.42	(274.00)	187.66	173.64	3.02	15.15	105.47	351.37	351.37	6.58

Asset-6:

(₹ in lakh)

Party Name	Particulars	Outstanding Liability/Unexecuted Work as on 31.03.2019	Discharge of Liability	
			2019-20	Total (19-24)
Vacuum Plant & Instruments Mfg.	Substation	20.52	20.52	20.52
SNS Constructions	Substation	23.91	23.91	23.91
Palaniyappan Kaliyappan	Substation	0.76	0.76	0.76
Site Packages	Substation	1.94	1.94	1.94
EMCO Ltd	Substation	1.72	1.72	1.72
Total		48.85	48.85	48.85



Asset-9:

(₹ in lakh)

Party Name	Particulars	Outstanding Liability/Unexecuted Work as on 31.03.2019	Discharge of Liability	
			2019-20	Total (19-24)
EMCO Limited	Substation	36.32	36.32	36.32
Total		36.32	36.32	36.32

Asset-10:

(₹ in lakh)

Party Name	Particulars	Outstanding Liability/Unexecuted Work as on 31.03.2019	Discharge of Liability				Unexecuted works	Total (19-24)
			2019-20	2020-21	2021-22	Total (19-24)	2020-21	
GE T&D	SS	36.94	6.28	30.66		36.94		
Site Packages	SS	47.72		(2.83)	2.83	-	47.72	47.72
GE T&D LD Levied	SS	(90.86)			(90.86)	(90.86)		
GE T&D-LD Added Back	SS	90.86			90.86	90.86		
Total		84.66	6.28	27.83	2.83	36.94	47.72	47.72

Asset-11:

(₹ in lakh)

Party Name	Particulars	Outstanding Liability/Unexecuted Work as on 31.03.2019	Discharge of Liability						Unexecuted Works	Total (19-24)
			2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	2020-21	
GE T&D	SS	4.46	4.46					4.46		
Site Packages	SS	39.78		(39.78)	35.91	1.37	2.5	0.00	39.78	39.78
GE T&D LD Levied	SS	(55.82)			(55.82)			(55.82)		
GE T&D-LD Added Back	SS	55.82			55.82			55.82		
Total		44.24	4.46	(39.78)	35.91	1.37	2.50	4.46	39.78	39.78



Asset-12:

(₹ in lakh)

Party Name	Particulars	Outstanding Liability/Unexecuted Work as on 31.03.2019	Discharge of Liability		Total (19-24)
			2021-22	2022-23	
GE T&D	SS				-
Site Packages	SS				-
GE T&D LD Levied	SS	(84.65)	(49.36)	(35.29)	(84.65)
GE T&D-LD Added Back	SS	84.65	49.36	35.29	84.65
Total		0.00	0.00	0.00	0.00

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

(₹ in lakh)

Asset	ACE allowed					Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Assets	173.28	263.22	212.38	4.38	17.66	670.92
Claimed under the 2019 Regulations	Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	Regulations 24(1)(a) and 24(1)(b) of the 2019 Tariff Regulations	Regulation 25(1)(d) of the 2019 Tariff Regulations	Regulation 25(1)(d) of the 2019 Tariff Regulations	Regulation 25(1)(d) of the 2019 Tariff Regulations	

19. After considering the submissions and the justification provided by the Petitioner, the allowed capital cost as on 31.3.2019 and 31.3.2024 of the Combined Assets is as follows:

(₹ in lakh)

Assets	FR Apportioned Approved Cost	RCE-I Cost	RCE-II Cost	Expenditure as on 31.3.2019	Admitted ACE	Actual Capital Cost as on 31.3.2024
					2019-24	
Combined Assets	28848.89	37609.00	32936.00	31404.80	670.92	32075.72

Debt-Equity Ratio

20. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of tariff in respect of the Combined Assets



during the 2019-24 tariff period are as follows:

Funding	Capital Cost as on 1.4.2019		ACE during the 2019-24 tariff period (₹ in lakh)	Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(₹ in lakh)	(in %)
Debt	21983.36	70.00	469.64	22453.00	70.00
Equity	9421.44	30.00	201.28	9622.72	30.00
Total	31404.80	100.00	670.92	32075.72	100.00

Depreciation

21. 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 in accordance with the depreciation rates specified in the 2019 Tariff Regulations. Accordingly, the depreciation allowed in respect of the Combined Assets for the 2019-24 tariff period is as follows:

Sl. No.	Particulars	(₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	31404.80	31578.08	31841.30	32053.68	32058.06
B	Addition during the year 2019-24 due to ACE	173.28	263.22	212.38	4.38	17.66
C	Closing Gross Block (A+B)	31578.08	31841.30	32053.68	32058.06	32075.72
D	Average Gross Block (A+C)/2	31491.44	31709.69	31947.49	32055.87	32066.89
E	Average Gross Block (90% depreciable assets)	31437.27	31655.52	31893.32	32001.70	32012.72
F	Average Gross Block (100% depreciable assets)	54.17	54.17	54.17	54.17	54.17
G	Depreciable Value (excluding IT equipment and software) (E*90%)	28293.54	28489.97	28703.99	28801.53	28811.45
H	Depreciable Value of IT equipment and software (F*100%)	54.17	54.17	54.17	54.17	54.17
I	Total Depreciable Value (G+H)	28347.71	28544.14	28758.16	28855.70	28865.62
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.30	5.30	5.30	5.30	5.30
K	Elapsed useful life at the beginning of the year (Year)	1.00	2.00	3.00	4.00	5.00
L	Balance useful life at the beginning of the year (Year)	24.00	23.00	22.00	21.00	20.00
M	Depreciation during the year (D*J)	1668.01	1679.54	1692.09	1697.82	1698.40
N	Cumulative Depreciation at the end of the year	4114.61	5794.14	7486.24	9184.05	10882.45
O	Remaining Aggregate Depreciable Value at the end of the year	24233.10	22749.99	21271.92	19671.65	17983.17

22. The details of depreciation allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021 in respect of the Combined Assets, depreciation claimed in the instant Petition, and the trued-up depreciation allowed in respect of the Combined Assets in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021	1690.88	1719.82	1719.82	1719.82	1719.82
Claimed by the Petitioner in the instant Petition	1668.01	1679.54	1692.09	1697.82	1698.40
Allowed after truing-up in this order	1668.01	1679.54	1692.09	1697.82	1698.40

Interest on Loan (IoL)

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

24. We have considered the Petitioner's submission and perused the records. The IoL has been calculated based on the actual interest rates submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Assets is as follows:

Sl. No.	Particulars	(₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	21983.36	22104.66	22288.91	22437.58	22440.64
B	Cumulative Repayments up to the Previous Year	2446.59	4114.61	5794.14	7486.24	9184.05
C	Net Loan-Opening (A-B)	19536.77	17990.05	16494.77	14951.34	13256.59
D	Addition due to ACE	121.30	184.25	148.67	3.07	12.36
E	Repayment during the year	1668.01	1679.54	1692.09	1697.82	1698.40
F	Net Loan-Closing (C+D-E)	17990.05	16494.77	14951.34	13256.59	11570.55
G	Average Loan (C+F)/2	18763.41	17242.41	15723.05	14103.96	12413.57
H	Weighted Average Rate of Interest on Loan (in %)	7.96	7.55	7.42	7.68	7.99
I	Interest on Loan (G*H)	1493.74	1302.47	1166.86	1083.15	991.73

25. The details of IoL allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021 for the Combined Assets, IoL claimed in the instant Petition, and trued-up IoL allowed in the instant order in respect of the Combined Assets for the 2019-2024 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2022 in Petition no. 23/TT/2021	1534.21	1426.02	1290.57	1154.96	1014.05
Claimed by the Petitioner in the instant Petition	1493.74	1302.47	1166.87	1083.14	991.73
Allowed after truing-up in this order	1493.74	1302.47	1166.86	1083.15	991.73

Return on Equity (RoE)

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

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

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

28. The Petitioner has submitted that Income Tax assessments have been completed, and Assessment Orders issued by the Income Tax Department for FYs

2019-20 and 2020-21. Further, the Income Tax Assessment for FYs 2021-22, 2022-23, and 2023-24 are stated to be in progress with the Income Tax Authorities. The Assessment Orders for FYs 2019-20, and 2020-21, along with Income Tax Returns (ITRs) for FYs 2021-22, 2022-23 and 2023-24, were submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024. The ITR for FY 2023-24 has now been filed, and the revised computation of the effective tax percentage is as follows:

Financial Year	Basis considered	Total Tax and Interest paid (₹)	Assessed MAT Income under Sec 115JB (₹)	Effective Tax Percentage (in %)	Grossed up ROE (Base rate/(1-t) (in %))
2019-20	Assessment Order	24526276991	140374753855	17.472	18.782
2020-21	Assessment Order	26089359008	149320965036	17.472	18.782
2021-22	Actual Tax paid	31814640406	182089288030	17.472	18.782
2022-23	Actual Tax paid	30428820993	174157629306	17.472	18.782
2023-24	Actual Tax paid	31321238737	179265331597	17.472	18.782

29. The Petitioner has requested that it be permitted to recover the differential tariff on account of trued-up RoE, based on the effective tax rate calculated on completion of Income Tax assessment /re-assessment for FYs 2021-22, 2022-23 and 2023-24 directly from the beneficiaries on a year-to-year basis, as provided under the applicable regulations.

30. We have considered the Petitioner's submissions and also perused the record. We note that entities covered under the MAT regime are paying Income Tax at the MAT rates notified for the respective financial year under the Income Tax Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) of the IT Act, 1961, defines book profit as the net profit in the Statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates for the respective financial years, the notified MAT rates for the respective financial year shall be

considered as the effective tax rate for the purpose of grossing up the RoE for the truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on 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 is considered for the purpose of grossing up the rate of RoE for the 2019-2024 tariff period as under:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax 't' (in %)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2019-20	17.472	17.472	15.50	18.782
2020-21	17.472	17.472	15.50	18.782
2021-22	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782

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

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	9421.44	9473.42	9552.39	9616.10	9617.42
B	Addition due to ACE	51.98	78.97	63.71	1.31	5.30
C	Closing Equity (A+B)	9473.42	9552.39	9616.10	9617.42	9622.72
D	Average Equity (A+C)/2	9447.43	9512.91	9584.25	9616.76	9620.07
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	Return on Equity (D*G)	1774.42	1786.71	1800.11	1806.22	1806.84

32. The details of RoE allowed vide order 30.6.2022 in Petition No. 23/TT/2021, RoE claimed in the instant Petition, and trued-up RoE allowed in the instant order in respect

of the Combined Assets for the 2019-2024 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021	1798.80	1829.68	1829.68	1829.68	1829.68
Claimed by the Petitioner in the instant Petition	1774.42	1786.71	1800.11	1806.22	1806.84
Allowed after truing-up in this order	1774.42	1786.71	1800.11	1806.22	1806.84

Operation and Maintenance Expenses (O&M Expenses)

33. The Commission, vide order dated 30.6.2022 in Petition No. 23/TT/2021, allowed the following O&M Expenses in respect of the Combined Assets for the 2019-24 tariff period:

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	3056.86	3167.00	3278.07	3396.46	3509.39

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

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	3056.86	3167.00	3278.07	3396.46	3509.39

35. We have considered the Petitioner's submissions. It is observed that the O&M Expenses claimed by the Petitioner in the instant true-up Petition are as per Regulation 35(3) of the 2019 Tariff Regulations. The O&M Expenses in respect of the Combined Assets for the 2019-24 tariff period have been worked out as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV Substation					
Normative rate of O&M as per Regulations	32.15	33.28	34.45	35.66	36.91
No. of units	15	15	15	15	15
O&M Expenses	482.25	499.2	516.75	534.9	553.65
220 kV Substation					
Normative rate of O&M as per Regulations	22.51	23.30	24.12	24.96	25.84
No. of units	11	11	11	11	11
O&M Expenses	247.61	256.3	265.32	274.56	284.24
400 kV Substation-ICT					

Normative rate of O&M as per Regulations	0.358	0.371	0.384	0.398	0.411
No. of units	13	13	13	13	13
MVA	500	500	500	500	500
O&M Claimed	2327.00	2411.50	2496.00	2587.00	2671.5
Total O&M Expenses allowed	3056.86	3167.00	3278.07	3396.46	3509.39

36. Accordingly, the details of O&M Expenses allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021, O&M Expenses claimed in the instant Petition, and trued-up O&M Expenses allowed in the instant order in respect of the Combined Assets for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021	3056.86	3167.00	3278.07	3396.46	3509.39
Claimed by the Petitioner in the instant Petition.	3056.86	3167.00	3278.07	3396.46	3509.39
Allowed after truing-up in this order	3056.86	3167.00	3278.07	3396.46	3509.39

Interest on Working Capital (IWC)

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

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

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	254.74	263.92	273.17	283.04	292.45
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	458.53	475.05	491.71	509.47	526.41

C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	1008.26	1002.53	1001.42	1007.59	1011.39
D	Total Working Capital (A+B+C)	1721.52	1741.50	1766.30	1800.09	1830.25
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)	207.44	195.92	185.46	189.01	219.63

39. The details of IWC allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021, IWC claimed in the instant Petition, and trued-up IWC allowed in the instant order in respect of the Combined Assets for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021	208.76	198.83	187.84	192.39	194.55
Claimed by the Petitioner in the instant Petition.	207.44	195.92	185.46	189.01	219.63
Allowed after truing-up in this order	207.44	195.92	185.46	189.01	219.63

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

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1668.01	1679.54	1692.09	1697.82	1698.40
Interest on Loan	1493.74	1302.47	1166.86	1083.15	991.73
Return on Equity	1774.42	1786.71	1800.11	1806.22	1806.84
O&M Expenses	3056.86	3167.00	3278.07	3396.46	3509.39
Interest on Working Capital	207.44	195.92	185.46	189.01	219.63
Total	8200.48	8131.64	8122.60	8172.65	8225.99

41. The details of AFC allowed vide order dated 30.6.2022 in Petition No. 23/TT/2021, AFC claimed in the instant Petition, and trued-up AFC allowed in the instant order in respect of the Combined Assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2022 in Petition no. 23/TT/2021	8289.51	8341.35	8305.97	8293.31	8267.49
Claimed by the Petitioner in the instant Petition	8200.48	8131.63	8122.60	8172.65	8226.00
Allowed after truing-up in this order	8200.48	8131.64	8122.60	8172.65	8225.99

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

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

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1699.04	1691.79	1691.09	1691.09	1691.09
Interest on Loan	856.39	718.87	581.94	451.62	322.35
Return on Equity	1807.52	1807.71	1807.71	1807.71	1807.71
O&M Expenses	2438.82	2568.45	2700.05	2840.30	2995.91
Interest on Working Capital	170.00	173.43	177.05	180.87	185.93
Total	6971.77	6960.25	6957.84	6971.59	7002.99

Capital Cost

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

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

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

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

- before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
 - (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
 - (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
 - (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
 - (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
 - (n) Expenditure on account of change in law and force majeure events; and
 - (o)
 - (p)
- (3) The Capital cost of an existing project shall include the following:
- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;
 - (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
 - (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
 - (d) to (h)
 - (i) Expenditure on account of change in law and force majeure events;
- (4)
- (5)
- (6) The following shall be excluded from the capital cost of the existing and new projects:
- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
 - (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
 - (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:
Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;
Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
 - (d)
 - (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and
 - (f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment."

44. The Commission has considered the capital cost of ₹32075.72 lakh in respect of the Combined Assets as on 31.3.2024. Accordingly, the capital cost of ₹32075.72

lakh as on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024 for the purpose of determination of transmission tariff for the 2024-29 tariff period, in accordance with Regulation 19 of the 2024 Tariff Regulations.

Additional Capital Expenditure (ACE)

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

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

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

- (a) Payment made towards admitted liabilities for works executed up to the cut-off date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance with any existing law which is not provided for in the original scope of work;*
- (f) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;
Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and*
- (g) Force Majeure events.*

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

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

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

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

- (a) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority; or order or decree of any court of law;*
- (b) Change in law or compliance with any existing law which is not provided for in the original scope of work;*

- (c) *Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*
- (d) *Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*
- (e) *Force Majeure events;*
- (f) *Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and*

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

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

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

46. The Petitioner has claimed ACE ₹6.58 lakh in respect of the Combined Assets for the 2024-29 tariff period. The Commission, in its RoP dated 22.4.2025, directed the Petitioner to submit the reasons for claiming the ACE beyond the cut-off date.

47. In response, the Petitioner, vide affidavit dated 14.5.2025, has submitted that the ACE claimed for the 2024-29 tariff period is on account of undischarged liability and withheld payment due to contractual exigencies for works executed within the cut-off date. Further, ACE beyond the cut-off date is claimed under Regulation 25(1)(d) of the 2024 Tariff Regulations.

48. The Petitioner has submitted the liability flow statement for the 2024-29 period as under:

Party Name	Particulars	Outstanding Liability/Unexecuted Work as on 31.3.2024	Discharge of Liability		
			2024-25	2025-26	Total (24-29)
GE T&D	SS	0.00			
Site Packages	SS	6.58	6.58		6.58
Total		6.58	6.58	0.00	6.58

49. We have considered the Petitioner's submission. The capital cost of ₹32075.72 lakh as on 31.3.2024, as allowed in this order, has been considered for the determination of tariff for the 2024-29 period. Accordingly, the details of capital cost allowed in respect of the Combined Assets as on 31.3.2024 and as on 31.3.2029, subject to truing-up, are as follows:

(₹ in lakh)					
FR Apportioned Approved Cost	RCE-I Cost	RCE-II Cost	Expenditure as on 31.3.2024	Expenditure during the 2024-29 Tariff Period	Actual Capital Cost as on 31.3.2029
28848.89	37609.00	32936.00	32075.72	6.58	32082.30

Debt-Equity Ratio

50. 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 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 the approval of the competent authority in other cases regarding the infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the

capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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

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

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

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

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

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

51. The debt-equity ratio for the 2024-29 tariff period has been considered in accordance with Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity ratio allowed for the purpose of computation of tariff for the 2024-29 period in respect of the Combined Assets is as follows:

Funding	Capital Cost as on 1.4.2024		ACE (2024-29)	Capital Cost as on 31.3.2029	
	(₹ in lakh)	(in %)	(₹ in lakh)	(₹ in lakh)	(in %)
Debt	22453.00	70.00	4.61	22457.61	70.00
Equity	9622.72	30.00	1.97	9624.69	30.00
Total	32075.72	100.00	6.58	32082.30	100.00

Depreciation

52. 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-capitalized asset during its useful service”

53. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and, thereafter, up to 31.3.2029. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Assets as per the depreciation rates specified under the 2024 Tariff Regulations.

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

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	32075.72	32082.30	32082.30	32082.30	32082.30
B	Addition during the year 2024-29 due to projected ACE	6.58	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	32082.30	32082.30	32082.30	32082.30	32082.30
D	Average Gross Block (A+C)/2	32079.01	32082.30	32082.30	32082.30	32082.30
E	Average Gross Block (90% depreciable assets)	32024.84	32028.13	32028.13	32028.13	32028.13
F	Average Gross Block (100% depreciable assets)	54.17	54.17	54.17	54.17	54.17
G	Depreciable Value (excluding IT equipment and software) (E*90%)	28822.36	28825.32	28825.32	28825.32	28825.32
H	Depreciable Value of IT equipment and software (F*100%)	54.17	54.17	54.17	54.17	54.17
I	Total Depreciable Value (G+H)	28876.53	28879.49	28879.49	28879.49	28879.49
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.30	5.27	5.27	5.27	5.27
K	Elapsed useful life at the beginning of the year (Year)	6.00	7.00	8.00	9.00	10.00
L	Balance useful life at the beginning of the year (Year)	19.00	18.00	17.00	16.00	15.00
M	Depreciation during the year (D*J)	1699.04	1691.81	1691.09	1691.09	1691.09
N	Cumulative Depreciation at the end of the year	12581.49	14273.30	15964.38	17655.47	19346.55
O	Remaining Aggregate Depreciable Value at the end of the year	16295.04	14606.19	12915.11	11224.02	9532.94

Interest on Loan (IoL)

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

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

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

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

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

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

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

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

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

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

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

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

56. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and prevailing interest rates as on 1.4.2024.

The IoL has been calculated based on the actual interest rates applicable to the loans deployed for each year, in accordance with the 2024 Tariff Regulations. The IoL allowed in respect of the Combined Assets for the 2024-29 tariff period is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	22453.00	22457.61	22457.61	22457.61	22457.61
B	Cumulative Repayments up to Previous Year	10882.45	12581.49	14273.30	15964.38	17655.47
C	Net Loan-Opening (A-B)	11570.55	9876.12	8184.31	6493.23	4802.14
D	Addition due to ACE	4.61	0.00	0.00	0.00	0.00
E	Repayment during the year	1699.04	1691.81	1691.09	1691.09	1691.09
F	Net Loan-Closing (C+D-E)	9876.12	8184.31	6493.23	4802.14	3111.06
G	Average Loan (C+F)/2	10723.34	9030.22	7338.77	5647.69	3956.60
H	Weighted Average Rate of Interest on Loan (in %)	7.99	7.96	7.93	8.00	8.15
I	Interest on Loan (G*H)	856.38	718.86	581.93	451.62	322.34

Return on Equity (RoE)

57. 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 1.4.2024 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.”

58. The Petitioner has submitted that the MAT rate is applicable to it. The Petitioner has claimed Return on Equity (RoE) at a base rate of 15.500% and an effective tax rate of 17.472% for the 2024-29 tariff period. The same has been considered, subject to truing-up, in accordance with the provisions of the 2024 Tariff Regulations.

59. We have considered the Petitioner's submissions and have perused the record.

The RoE allowed in respect of the Combined Assets for the 2024-29 tariff period, in accordance with Regulation 31 of the 2024 Tariff Regulations, is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	9622.72	9624.69	9624.69	9624.69	9624.69
B	Addition due to ACE	1.97	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	9624.69	9624.69	9624.69	9624.69	9624.69
D	Average Equity (A+C)/2	9623.70	9624.69	9624.69	9624.69	9624.69
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	Return on Equity (D*G)	1807.52	1807.71	1807.71	1807.71	1807.71

Operation and Maintenance Expenses (O&M Expenses)

60. The O&M Expenses claimed by the Petitioner in respect of the Combined Assets for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	2438.82	2568.45	2700.05	2840.30	2995.91

61. Regulation 36(3) of the 2024 Tariff Regulations provides 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 (Rs 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 (Rs Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (Rs 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 or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302



Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/MW)	1.04	1.10	1.16	1.22	1.28

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

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

Provided that the O&M expenses of ± 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..... ”

62. We have considered the Petitioner's submissions. The O&M Expenses for the 2024-29 tariff period have been worked out in accordance with the norms specified under the 2024 Tariff Regulations. The O&M Expenses approved in respect of the Combined Assets for the 2024-29 tariff period, as per Regulation 36 of the 2024 Tariff Regulations, are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
400 kV Substation					
Normative rate of O&M Expenses as per Regulations	29.53	31.08	32.71	34.43	36.23
No. of units	15	15	15	15	15
O&M Expenses	442.95	466.2	490.65	516.45	543.45

220 kV Substation					
Normative rate of O&M as per Regulations	20.67	21.75	22.90	24.10	25.36
No. of units	11	11	11	11	11
O&M Expenses	227.37	239.25	251.90	265.10	278.96
400 kV Substation-ICT					
Normative rate of O&M as per Regulations	0.262	0.276	0.29	0.305	0.322
No. of units	13	13	13	13	13
MVA	500	500	500	500	500
O&M Expenses	1703.00	1794.00	1885.00	1982.50	2093.00
400 kV Substation-Reactor					
Normative rate of O&M as per Regulations	0.262	0.276	0.29	0.305	0.322
No. of units	2	2	2	2	2
MVA _r	125	125	125	125	125
O&M Expenses	65.50	69.00	72.50	76.25	80.50
Total O&M Expenses allowed	2438.82	2568.45	2700.05	2840.30	2995.91

Interest on Working Capital (IWC)

63. Regulations 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations provide 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.

.....

(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.”

64. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. IWC

has been worked out in accordance with Regulation 34 of the 2024 Tariff Regulations.

The Rate of Interest (RoI) considered is 11.90% (SBI 1-year MCLR applicable as on 1.4.2024 of 8.65% plus 325 basis points) for FY 2024-25 to FY 2028-29.

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

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	203.24	214.04	225.00	236.69	249.66
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	365.82	385.27	405.01	426.05	449.39
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	859.53	858.11	857.81	857.16	863.38
D	Total Working Capital (A+B+C)	1428.59	1457.42	1487.83	1519.90	1562.43
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)	170.00	173.43	177.05	180.87	185.93

Annual Fixed Charges for the 2024-29 Tariff Period

66. The transmission charges allowed in respect of the Combined Assets for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1699.04	1691.81	1691.09	1691.09	1691.09
Interest on Loan	856.38	718.86	581.93	451.62	322.34
Return on Equity	1807.52	1807.71	1807.71	1807.71	1807.71
O&M Expenses	2438.82	2568.45	2700.05	2840.30	2995.91
Interest on Working Capital	170.00	173.43	177.05	180.87	185.93
Total	6971.76	6960.26	6957.82	6971.58	7002.98

Filing Fee and Publication Expenses

67. The Petitioner has sought reimbursement of the fee paid by it for filing the Petition and the expenses incurred on publication of notices. In this regard, the Petitioner has further submitted that it is entitled to reimbursement of these expenses directly from the beneficiaries or the long-term customers, as the case may be, in

accordance with Regulation 94(1) of the 2024 Tariff Regulations.

68. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the filing fees and publication expenses directly from the beneficiaries or long-term customers, as the case may be.

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

69. 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 it and recovered as additional O&M Expenses through a separate Petition at the end of the tariff period.

70. 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 fees and charges of CTUIL shall be allowed separately by the Commission through a separate regulation:
Provided that until such regulation is issued by the Commission, the expenses of CTUIL shall be borne by Power Grid Corporation of India Ltd. (PGCIL) which shall be recovered by PGCIL as additional O&M expenses through a separate petition.”***

71. We have considered the Petitioner's submissions and perused Regulation 99 of the 2024 Tariff Regulations. In view of the explicit provision made under Regulation 99 of the 2024 Tariff Regulations, we permit the Petitioner, i.e., PGCIL, to bear the fees and charges of CTUIL and recover the same as additional O&M Expenses through a separate Petition until such a regulation is notified by the Commission.

License Fee and RLDC Fees and Charges

72. The Petitioner has claimed reimbursement of the license fee, RLDC Fees and Charges. The Petitioner is allowed to 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 permitted 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

73. 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 the Petitioner shall be allowed to charge and bill it separately. Petitioner further prays that, in the event that any additional taxes are paid by the Petitioner on account of the demand from the Government/ Statutory Authorities, the recovery of the same may be allowed from the beneficiaries.

74. We have considered the Petitioner's submissions. Since GST is not currently levied on transmission services, we find the Petitioner's prayer on this count premature.

Security Expenses, Insurance and Capital Spares

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

76. As regards the security expenses of the transmission assets, the Petitioner has submitted that it will file a separate Petition 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. No security expenses for the Combined Assets have been claimed in the instant Petition.

77. 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 the consequential IWC on the same, considering the

actual insurance expenses incurred by it for FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated insurance expense for FYs 2024-25, 2025-26, 2026-27, 2027-28 and 2028-29.

78. The Petitioner has not claimed capital spares for the Combined Assets in the instant Petition for the 2024-29 tariff period. According to the Petitioner, it will file a separate Petition for the capital spares consumed and consequential IWC thereon on actuals basis for the 2024-29 tariff period as per the 2024 Tariff Regulations. The Petitioner has submitted that it has already filed Petition No. 45/MP/2024, claiming therein capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

79. 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."

80. 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 of security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on an estimated basis in terms of the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission Charges

81. The Petitioner has submitted that the truing-up of the tariff for the 2019-24 tariff

period shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations, and shall be shared by the beneficiaries and long-term transmission customers. Furthermore, the tariff for the 2024-29 tariff period shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations, and shall be shared by the beneficiaries and long-term transmission customers in accordance with the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 ("2020 Sharing Regulations") as amended from time to time.

82. We have considered the Petitioner's submissions. The billing, collection and disbursement of the transmission charges in respect of the Combined Assets shall be recovered in terms of the provisions of the 2020 Sharing Regulations, as provided under 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.

83. To summarise:

a) The trued-up Annual Fixed Charges (AFC) allowed in respect of the Combined Assets for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	8200.48	8131.64	8122.61	8172.65	8225.99
AFC Allowed	8200.48	8131.64	8122.60	8172.65	8225.99

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	6971.77	6960.25	6957.84	6971.59	7002.99
AFC Allowed	6971.76	6960.26	6957.82	6971.58	7002.98

84. This order disposes of Petition No. 384/TT/2025 in terms of the above discussions and findings.

sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson

