

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 197/TT/2025

Coram:

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

Date of Order: 07.01.2026

In the matter of:

Approval under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and under Regulation 15 (1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 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 and the determination of the transmission tariff for the 2024-29 tariff period for the Combined Asset for “Transmission System Associated with the Northern Region Strengthening Scheme-XXII” in the Northern Region.

And in the matter of:

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

...Petitioner

Versus

- 1. Uttar Pradesh Power Corporation Limited,**
Shakti Bhawan, 14, Ashok Marg,
Lucknow - 226 001.
- 2. Ajmer Vidyut Vitran Nigam Limited,**
Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road,
Ajmer-305 004, Rajasthan.
- 3. Jaipur Vidyut Vitran Nigam Limited,**
132 KV, Gss RVPNL Sub-Station Building,
Caligiri Road, Malviya Nagar,
Jaipur-302 017, Rajasthan.



4. **Jodhpur Vidyut Vitran Nigam Limited,**
New Power House, Industrial Area,
Jodhpur – 342 003, Rajasthan.
5. **Himachal Pradesh State Electricity Board Limited Vidyut Bhawan**
Kumar House Complex Building – II,
Shimla-171 004.
6. **Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office, Patiala - 147 001.
7. **Haryana Power Purchase Centre**
Shakti Bhawan, Sector-6,
Panchkula – 134 109, Haryana.
8. **Jammu Kashmir Power Corporation Limited** ,
220/66/33 KV Gladni SS SLDC Buliding,
Narwal, Jammu.
9. **BSES Yamuna Power Limited,**
B-Block, Shakti Kiran, Buillding,
(Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi-110 092.
10. **BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi.
11. **Tata Power Delhi Distribution Limited,**
33 KV Sub-station, Building Hudson Lane,
Kingsway Camp North Delhi – 110009.
12. **Chandigarh Electricity Department,**
Chandigarh Administration,
Sector-9, Chandigarh.
13. **Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road,
Dehradun.
14. **North Central Railway,**
Allahabad.



15. New Delhi Municipal Council

Palika Kendra, Sansad Marg,
New Delhi-110 002

...Respondent(s)

Parties Present: Shri Zafrul Hassan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Piyush Awasthi, PGCIL
Shri Mukesh Bhakar, PGCIL
Ms. Supriya Singh, PGCIL
Shri Vishal Sagar, PGCIL
Shri Vijay G., PGCIL
Shri Arjun Malhotra, PGCIL
Shri Divyanshu Mishra, PGCIL
Shri Ashish Agarwal, PGCIL
Shri Amit Yadav, PGCIL
Shri Ranjeet Kumar Pandey, PGCIL
Shri Ashish Alankar, PGCIL
Shri Sanjeev Chaudhary, PGCIL
Shri Jyoti Kumar Bhangia, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited, 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") of the 2024-29 tariff period with respect to the Combined Asset under "Northern Region Strengthening Scheme-XXII" in the Northern Region (hereinafter referred to as the 'transmission project/transmission system').

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

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



- b) *Admit the capital cost claimed and additional capitalization incurred during 2019-24.*
- c) *Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations, 2019 and Tariff Regulations, 2024 as per para 16 & 17 above for respective block.*
- d) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*
- e) *Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) *Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) *Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 23 above.*
- h) *Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 23 above.*
- i) *Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 23 above.*
- j) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 24 above.*
- k) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

Background

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

- a. The administrative approval and expenditure sanction of the transmission project was accorded by the Board of Directors of the Petitioner's company



vide Memorandum No. C/CP/NRSS-XXII dated 15.12.2010 at an estimated cost of ₹20978.00 lakh including IDC of ₹1212.00 lakh based on the 2nd Quarter 2010 price level. The Revised Cost Estimate (RCE) of the transmission system was accorded by the BOD of the Petitioner's company on 18.1.2016 at an estimated cost of ₹18988 lakh, including IDC of ₹808 lakh based on the August 2015 price level.

b. The scope of works covered under the transmission system broadly includes:

i. Transmission Line

- Kishenpur-Samba 400 kV D/C Line (with 2 x S/C portion near Kishenpur Sub-station end)

ii. Sub-stations

- New 2X315 MVA, 400/220 kV sub-station at Samba; and
- Extension of 400/220 kV Kishenpur Sub-station.

iii. Reactive Compensation

- 80 MVAR bus reactor at Samba Sub-station.

c. The Petitioner has filed the instant Petition for truing up of the transmission tariff for the 2019-24 tariff period and the determination of the transmission tariff for the 2024-29 tariff period for the following transmission assets (now the "Combined Asset") implemented in the Northern Region:

| Asset No. | Asset Name | COD | E-COD |
|-----------|--|----------|----------|
| Asset-1 | 400 kV D/C Kishenpur-Samba Transmission Line along with bays at both ends, 1 No. of 315 MVA, 400/220 kV ICT-I along with associated bays at the Samba Sub-station and 3 Nos. of 220 kV line bays | 1.4.2013 | |
| Asset-2 | 400/220 kV, 315 MVA ICT-II at the Samba Sub-station along with associated bays and 3 Nos. 220 kV line bays | 1.4.2013 | 1.4.2013 |
| Asset-3 | 1 No. of the 400 kV, 80MVAR Bus Reactor at Samba Sub-station along with associated bays | 1.4.2013 | |



d. The Commission vide its order dated 31.10.2014 in Petition No. 100/TT/2013, determined the transmission tariff with respect to Asset-2 and Asset-3 (of the instant matter) for the 2009-14 tariff period and subsequently the Commission vide its order dated 23.2.2016 in Petition No. 73/TT/2015, trued-up the transmission tariff for the 2009-14 and determined the transmission tariff for the 2014-19 tariff period. Further, the Commission vide order dated 9.10.2015 in Petition No. 35/TT/2013, determined the transmission tariff with respect to Asset-1 (of the instant matter) for the 2009-14 tariff period and subsequently the Commission vide its order dated 6.7.2018 in Petition No. 60/TT/2018, trued-up the transmission tariff for the 2009-14 and determined the transmission tariff for the 2014-19 tariff period.

e. The Commission, vide its order dated 18.9.2021 in Petition No. 716/TT/2020, trued-up the transmission tariff for the 2014-19 tariff period with respect to Asset-A and Combined Asset-B (in the instant Petition, i.e., Asset-1, Asset-2 and Asset-3) and determined the transmission tariff with respect to the Combined Asset for the 2019-24 tariff period.

4. The Respondents are Distribution Licensees, Transmission Licensees and Power Utilities and Transmission Licensees, which are procuring transmission services from the Petitioner, mainly beneficiaries of the Northern Region.

5. The Petitioner has served a copy of the Petition on the Respondents and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as "the Act"). No comments or suggestions have been received from the general public in response to

the aforesaid notices published in the newspapers by the Petitioner. None of the Respondents have filed reply in the matter despite given opportunity.

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

7. This order is being issued considering the submissions made by the Petitioner vide affidavit dated 20.9.2024 and 15.5.2025.

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

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

9. The details of the trued-up transmission charges claimed by the Petitioner with respect to the Combined Asset is as follows:

| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Depreciation | 911.83 | 912.43 | 912.62 | 912.69 | 903.25 |
| Interest on Loan | 635.89 | 549.36 | 468.56 | 391.10 | 314.55 |
| Return on Equity | 1000.79 | 1001.80 | 1002.11 | 1002.23 | 1002.23 |
| Interest on Working Capital | 67.16 | 62.52 | 58.16 | 58.10 | 66.20 |
| O&M Expenses | 661.57 | 685.08 | 709.14 | 734.30 | 759.49 |
| Total | 3277.24 | 3211.19 | 3150.59 | 3098.42 | 3045.72 |

10. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner with respect to the Combined Asset is as follows:

| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| O&M Expenses | 55.13 | 57.09 | 59.10 | 61.19 | 63.29 |
| Maintenance Spares | 99.24 | 102.76 | 106.37 | 110.15 | 113.92 |
| Receivables | 402.94 | 395.90 | 388.43 | 382.00 | 374.48 |
| Total Working Capital | 557.31 | 555.75 | 553.90 | 553.34 | 551.69 |
| Rate of Interest (in %) | 12.05 | 11.25 | 10.50 | 10.50 | 10.50 |
| Interest on Working Capital | 67.16 | 62.52 | 58.16 | 58.10 | 66.20 |



Capital Cost for the 2019-24 Tariff Period

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

12. The Commission, vide order dated 18.9.2021 in Petition No. 716/TT/2020, allowed the capital cost as on COD for the Combined Asset and Additional Capital Expenditure (ACE) for the 2019-24 tariff period as under:

| Asset | Capital Cost allowed as on 31.3.2019 | Admitted ACE | | Capital Cost allowed as on 31.3.2024 |
|----------------|--------------------------------------|--------------|---------|--------------------------------------|
| | | 2019-20 | 2019-20 | |
| Combined Asset | 17745.55 | 75.99 | 75.99 | 17821.54 |

13. The Petitioner in the instant true-up Petition has claimed the following capital cost with respect to Combined Asset as per Auditor Certificate dated 12.8.2024 for the 2019-24 tariff period:

| Asset | Apportioned Approved Cost as per FR | RCE | Capital cost claimed as on 1.4.2019 | ACE claimed | | | Capital Cost claimed as on 31.3.2024 |
|----------------|-------------------------------------|----------|-------------------------------------|-------------|---------|---------|--------------------------------------|
| | | | | 2019-20 | 2020-21 | 2021-22 | |
| Combined Asset | 20978.00 | 18988.00 | 17746.63* | 29.66 | 6.40 | 4.35 | 17787.04 |

*₹1.08 lakh added to admitted capital cost as on 31.3.2019 due to re-calculation of allowable initial spares.

14. The Commission, vide technical validation (TV) letter dated 1.5.2025, sought justification for using admitted capital cost under Land-leasehold in the instant Petition as opposed to Land-Freehold as approved in the previous order dated 18.9.2021 in Petition No. 716/TT/2020. The Petitioner, vide affidavit dated 15.5.2025, has submitted that the land acquired for the Transmission System associated with Northern Region Strengthening Scheme-XXII is leasehold in nature and the Commission had allowed the



same under 'leasehold land' vide order dated 6.7.2018 in Petition No. 60/TT/2018. However, during true up of Petition No. 716/TT/2020 for the tariff period 2014-19, the capital cost was inadvertently claimed and allowed under 'freehold land'. In the instant Petition, the above error is rectified and capital cost of the land is claimed under 'leasehold land'.

15. The Commission notes that since there is no impact on the capital cost allowed as on 31.3.2019, the same capital cost is approved, however its impact in calculation of tariff, if any will be dealt with in relevant sections.

16. Therefore, the capital cost ₹17745.55 lakh as on 31.3.2019 approved by the Commission vide order dated 18.9.2021 in Petition No. 716/TT/2020 is being considered as opening Capital Cost for truing up of transmission tariff with respect to Combined Asset for the 2019-24 Tariff Period.

Initial Spares

17. The Petitioner has submitted that the Commission vide order dated 18.9.2021 in Petition No. 716/TT/2020 had considered the capital cost of the transmission asset(s) up to cut-off date as follows:

| Asset | Particulars | Capital cost up to cut-off date (A) | Initial Spares Claimed (B) | Ceiling Limit (%) (C) | Initial Spares Worked out | Excess initial spares [B-D] | (₹ in lakh) Initial spares allowed | |
|---------|-------------------|-------------------------------------|----------------------------|-----------------------|-------------------------------|--------------------------------|---------------------------------------|------------|
| | | | | | $D = [(A-B) * C / (100 - C)]$ | | | |
| Asset-1 | Transmission Line | 7812.14 | 54.7 | 0.75 | 58.62 | 0.00 | 54.7 | 60/TT/2018 |
| Asset-1 | Substation | 7128.77 | 177.17 | 2.5 | 178.25 | 0.00 | 177.17 | 60/TT/2018 |
| Asset-2 | Substation | 1757.26 | 62.72 | 2.5 | 43.45 | 19.27 | 43.45 | 73/TT/2015 |
| Asset-3 | Substation | 772.4 | 35.62 | 2.5 | 18.89 | 16.73 | 18.89 | 73/TT/2015 |



18. The Petitioner has submitted that the Initial Spares are recalculated as per Regulation 13 of the Tariff Regulations, 2014 based on overall project considering capital cost up to the cut-off date and difference of ₹ 1.08 lakh is added to admitted capital cost ₹ 17745.55 lakh as on 31.3.2019 and hence capital cost ₹ 17746.63 lakh is considered as on 1.4.2019. The details of Initial Spares recalculated by the Petitioner are as follows:

| Asset | Particulars | Capital cost up to cut-off date (A) | Initial Spares Claimed (B) | Ceiling Limit (%) (C) | Initial Spares Worked out | Excess initial spares | Initial spares allowed earlier | Additional Spares now claimed in Instant petition |
|-------------|-------------------|-------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|--------------------------------|---|
| | | | | | $D = [(A-B) * C / (100-C)]$ | [B-D] | | |
| Asset-1 | Transmission Line | 7812.14 | 54.7 | 0.75 | 58.62 | 0.00 | 54.7 | 0.00 |
| Asset-1,2&3 | Substation | 9658.43 | 275.51 | 2.5 | 240.59 | 34.92 | 239.51 | 1.08 |

19. We have considered the submissions of Petitioner. The APTEL vide its judgment dated 14.9.2019 in Appeal No. 74 of 2017 observed that the Commission for the purpose of prudence check may restrict the Initial Spares to the cost of the individual asset and later at the time of truing-up allow Initial Spares as per the ceiling limit on the overall project cost. The relevant portion of the said judgment is extracted hereunder:

“18.13. We do not agree with this methodology of restricting initial spares asset / element wise as adopted by the Central Commission. The Central Commission to have a prudence check on the initial spares, being restricted based on the individual asset wise cost initially, but subsequently ought to have allowed as per the ceiling limits on the overall project cost basis during the true- up.”

20. The details of cut-off date with respect to the transmission assets (now Combined Asset) are as follows:

| Sr. No. | Asset Name | COD | Cut-off date |
|---------|------------|----------|--------------|
| 1 | Asset-1 | 1.4.2013 | 31.3.2016 |



| | | | |
|---|---------|----------|-----------|
| 2 | Asset-2 | 1.4.2013 | 31.3.2016 |
| 3 | Asset-3 | 1.4.2013 | 31.3.2016 |

21. Therefore, as per order dated 18.9.2021 in Petition No. 716/TT/2020 and Auditor Certificate dated 12.8.2024, 30.7.2019, the details of trued-up capital cost with respect to Asset-1 and Combined Asset-2 & 3 as on the cut-off date, i.e., 31.3.2016 are as under:

| (₹ in lakh) | | | | | | |
|-------------|----------------------|------------------------------|---------|---------|----------------------------|--|
| Sr. No. | Asset Name | Capital Cost as on 31.3.2014 | 2014-15 | 2015-16 | Total Cost as on 31.3.2016 | |
| 1 | Asset-1 | 13942.68 | 397.53 | 600.70 | 14940.91 | |
| 2 | Combined Asset-2 & 3 | 1966.54 | 171.11 | 104.42 | 2242.07 | |

22. Therefore, as above and as per the APTEL judgement dated 14.9.2019 in Appeal No. 74 of 2017, the Initial Spares with respect to the Combined Asset is being worked out and the details of same are as under:

| Asset | Capital Cost up to cut-off date (A) | Initial Spares Claimed (B) | Ceiling Limit as per Tariff Regulation 2014(%) (C) | Initial Spares Worked out | Excess initial spares | Initial spares already allowed | Additional Initial Spares allowed |
|--------------------------|-------------------------------------|----------------------------|--|-----------------------------|-----------------------|--------------------------------|-----------------------------------|
| | | | | $D = [(A-B) * C / (100-C)]$ | | | |
| Transmission Line | | | | | | | |
| Asset-1 | 7812.14 | 54.7 | 0.75 | 58.62 | 0.00 | 54.7 | 0.00 |
| Substation | | | | | | | |
| Asset-1 | 7128.77 | 177.17 | 2.5 | 178.25 | 0.00 | 177.17 | |
| Combined Asset-2 & 3 | 2242.07 | 98.34 | 2.5 | 54.97 | | 62.34 | |
| Total | | 275.51 | | 233.21 | | 239.51 | (6.30) |

(Additional initial spare ₹(6.30) Lakh {₹233.21-₹239.51} Lakh has been allowed against substation)

23. Therefore, the details of Capital cost allowed as on 1.4.2019 with respect to Combined Asset are as under:



| (₹ in Lakh) | | | |
|----------------|----------------------------------|--|-----------------------------------|
| Asset | Capital cost as on 31.3.2019 (A) | Additional Initial Spares as per APTEL judgement dated 14.9.2019 (B) | Capital cost as on 1.4.2019 (A-B) |
| Combined Asset | 17745.55 | 6.30 | 17739.25 |

Additional Capital Expenditure (ACE)

24. The Commission, vide order dated 18.9.2021 in Petition No. 716/TT/2020, allowed ACE with respect to the Combined Asset for the 2019-24 tariff period for the Combined Asset under Regulation 25(1)(d) (liability for works executed prior to the cut-off date) of the 2019 Tariff Regulations. Accordingly, the approved ACE with respect to the Combined Asset for the 2019-24 tariff period is as follows:

| (₹ in lakh) | | | | | |
|--------------|----------------|---------------------------------|--------------------|------------------|--------------|
| Sr. No. | Asset | Party Name | Particulars | Amount (2019-20) | Total |
| 1. | Combined Asset | Land Compensation | Land | 51.65 | 51.65 |
| | | Miscellaneous Petty Contractors | Civil and Building | 24.34 | 24.34 |
| Total | | | | 75.99 | 75.99 |

25. Against this, the Petitioner has claimed the following ACE with respect to the Combined Asset based on the actual expenditure in accordance with Regulation 25(1)(d) for the Combined Asset.

| Asset | Particulars | Regulations | Actual ACE | | | | |
|----------------|-------------------------|---|--------------|---------|---------|---------|---------|
| | | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Combined Asset | Leasehold land | 25(1)(d) of the 2019 Tariff Regulations | 0.00 | 0.00 | 4.35 | 0.00 | 0.00 |
| | Civil and Building Work | | 29.66 | 6.40 | 0.00 | 0.00 | 0.00 |
| Total | | | 40.41 | | | | |

26. The Petitioner has submitted that the add-cap claimed for the 2019-24 tariff period is on account of undischarged liability towards retention payments and undischarged liability towards balance land compensation payment in terms of orders



of concerned revenue authorities under Asset-1. The Petitioner has further submitted that the contingent liability of Rs. 47.30 Lakh towards land compensation is pending due to court cases/family dispute and the same will be claimed as and when the payment is released.

27. The Liability Flow Statement containing head-wise and party-wise details of the actual ACE incurred during the 2019-24 tariff period for the Combined Asset as submitted by the Petitioner is as under:

| ₹ in lakh) | | | | | | | | |
|----------------|---|-------------------------|-------------------------------|---|--------------|-------------|-------------|---------------|
| Asset No | Party name | Particulars (TL/SS) | Year of Actual Capitalization | Outstanding Liability as on COD/ 31.03.2019 | Discharge | | | |
| | | | | | 19-20 | 20-21 | 21-22 | Total (19-24) |
| Combined Asset | Landowners | Leasehold | | 4.35 | 0.00 | 0.00 | 4.35 | 4.35 |
| | Ahuja Construction Rashid Ahme Begh, Ratyal | Civil and Building Work | | 36.06 | 29.66 | 6.40 | 0.00 | 36.06 |
| Total | | | | 40.41 | 29.66 | 6.40 | 4.35 | 40.41 |

28. The Petitioner vide TV letter dated 1.5.2025 was directed to submit the sought reasons for claiming ACE beyond the cut-off date. In response, the Petitioner, vide affidavit dated 15.5.2025, has submitted that ACE beyond the cut-off date has been claimed for Asset-A only under the instant Petition and the same is on account of liability/retention payment of works within the original scope and executed prior to the cut-off date and is, therefore, covered under Regulation 25(1)(d) of the 2019 Tariff Regulations.

29. We have considered the submissions made by the Petitioner. As the ACE claimed by the Petitioner is on account of undischarged liability/retention payment of



works within the original scope and executed prior to the cut-off date and thus, as per Regulation 25(1)(d) of the 2019 Tariff Regulations, the ACE allowed with respect to the Combined Asset for the 2019-24 tariff Period is as follows:

| Particulars | Regulation | Year | ACE allowed (₹ in lakh) |
|---|---|---------|----------------------------|
| Balance and retention payments for liabilities other than IDC | 25(1)(d) of the 2019 Tariff Regulations | 2019-20 | 29.66 |
| | | 2020-21 | 6.4 |
| | | 2021-22 | 4.35 |
| Total | | | 40.41 |

30. Further, with regards to contingent liability of ₹47.30 Lakh towards land compensation pending due to court cases/family dispute, the same will be dealt as and when claimed by the Petitioner as per relevant Tariff Regulations in future Petition.

31. Accordingly, the detail of capital cost and ACE approved with respect to the Combined Asset for the 2019-24 tariff period is as follows:

| Assets | Apportioned Approved Cost as per FR | RCE | Capital Cost up to 1.4.2019 | ACE claimed | | | Total Capital Cost as on 31.3.2024 |
|----------------|-------------------------------------|----------|-----------------------------|-------------|---------|---------|------------------------------------|
| | | | | 2019-20 | 2020-21 | 2021-22 | |
| Combined Asset | 20978.00 | 18988.00 | 17739.25 | 29.66 | 6.40 | 4.35 | 17779.66 |

Debt-Equity Ratio

32. The details of the debt-equity ratio considered and approved under Regulation 18 of the 2019 Tariff Regulations for computation of tariff with respect to the Combined Asset during the 2019-24 tariff period are as follows:

| Funding | Capital Cost as on 31.3.2019 (₹ in lakh) | (in %) | ACE in 2019-24 (₹ in lakh) | (in %) | Capital Cost as on 31.3.2024 (₹ in lakh) | (in %) |
|--------------|---|---------------|-------------------------------|---------------|---|---------------|
| Debt | 12417.47 | 70.00 | 28.29 | 70.00 | 12445.76 | 70.00 |
| Equity | 5321.78 | 30.00 | 12.12 | 30.00 | 5333.90 | 30.00 |
| Total | 17739.25 | 100.00 | 40.41 | 100.00 | 17779.66 | 100.00 |



Depreciation

33. The Depreciation has been worked out considering the admitted capital expenditure as on COD and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Asset as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.

34. With regard to the above, the Petitioner vide TV Letter dated 1.5.2025, was directed to submit year-wise, asset-wise break up of capital cost from COD to 31.3.2029. The Petitioner's submission vide affidavit vide dated 15.5.2025 has been reviewed and utilized for the calculation of depreciation.

35. The depreciation approved for the Combined Asset for the 2019-24 tariff period is as follows:

| Combined Asset | | | | | | |
|-----------------------|---|----------------|----------------|----------------|----------------|----------------|
| | Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| A | Opening Gross Block | 17739.25 | 17768.91 | 17775.31 | 17779.66 | 17779.66 |
| B | Addition during 2019-24 due to ACE | 29.66 | 6.40 | 4.35 | 0.00 | 0.00 |
| C | Closing Gross Block (A+B) | 17768.91 | 17775.31 | 17779.66 | 17779.66 | 17779.66 |
| D | Average Gross Block (A+C)/2 | 17754.08 | 17772.11 | 17777.49 | 17779.66 | 17779.66 |
| E | Average Capital Cost (90% depreciable assets) | 17605.56 | 17623.59 | 17628.97 | 17631.14 | 17631.14 |
| F | Average Capital Cost (100% depreciable assets) | 148.52 | 148.52 | 148.52 | 148.52 | 148.52 |
| G | Depreciable Value (excluding IT equipment and software) (E*90%) | 15845.01 | 15861.23 | 15866.07 | 15868.03 | 15868.03 |
| H | Depreciable Value of IT equipment and software (F*100%) | 148.52 | 148.52 | 148.52 | 148.52 | 148.52 |
| I | Total Depreciable Value (G+H) | 15993.53 | 16009.75 | 16014.59 | 16016.55 | 16016.55 |
| J | Freehold Land | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |



| Combined Asset | | | | | | |
|----------------|--|---------------|---------------|---------------|---------------|---------------|
| | Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| K | Weighted average rate of Depreciation (WAROD) (in %) | 5.13% | 5.13% | 5.13% | 5.13% | 5.08% |
| L | Balance useful life of the asset | 24 | 23 | 22 | 21 | 20 |
| M | Elapsed life at the beginning of the year | 6 | 7 | 8 | 9 | 10 |
| N | Combined Depreciation during the year (D*K) | 911.45 | 912.05 | 912.23 | 912.30 | 902.86 |
| O | Cumulative Depreciation at the end of the year | 5725.51 | 6637.56 | 7549.78 | 8462.08 | 9364.94 |
| P | Remaining Aggregate Depreciable Value at the end of the year | 10268.02 | 9372.20 | 8464.81 | 7554.47 | 6651.61 |

36. The details of depreciation allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 with respect to the Combined Asset, depreciation claimed by the Petitioner in the instant Petition and trued-up depreciation approved in the instant order are as follows:

| Combined Asset | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 | 857.23 | 857.63 | 857.63 | 857.63 | 857.63 |
| Claimed by the Petitioner in the instant Petition | 911.83 | 912.43 | 912.62 | 912.69 | 903.25 |
| Approved after trued-up in this order | 911.45 | 912.05 | 912.23 | 912.30 | 902.86 |

Interest on Loan (IoL)

37. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner. IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL approved with respect to the Combined Asset is as follows:



| Particulars | | Combined Asset | | | | |
|--------------------|--|-----------------------|----------------|----------------|----------------|----------------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| A | Gross Normative Loan | 12417.47 | 12438.24 | 12442.72 | 12445.76 | 12445.76 |
| B | Cumulative Repayments up to Previous Year | 4814.06 | 5725.51 | 6637.56 | 7549.78 | 8462.08 |
| C | Net Loan-Opening (A-B) | 7603.41 | 6712.73 | 5805.16 | 4895.98 | 3983.68 |
| D | Additions | 20.76 | 4.48 | 3.05 | 0.00 | 0.00 |
| E | Repayment during the year | 911.45 | 912.05 | 912.23 | 912.30 | 902.86 |
| F | Net Loan-Closing (C+D-E) | 6712.73 | 5805.16 | 4895.98 | 3983.68 | 3080.82 |
| G | Average Loan (C+F)/2 | 7158.07 | 6258.94 | 5350.57 | 4439.83 | 3532.25 |
| H | Weighted Average Rate of Interest on Loan (in %) | 8.8774 | 8.7709 | 8.7502 | 8.8014 | 8.8964 |
| I | Interest on Loan (G*H) | 635.45 | 548.97 | 468.19 | 390.77 | 314.24 |

38. The details of IoL allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 for the Combined Asset, IoL claimed by the Petitioner in the instant Petition and trued-up IoL approved in the instant order are as follows:

| (₹ in lakh) | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Combined Asset | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 | 641.50 | 567.11 | 490.65 | 414.88 | 339.05 |
| Claimed by the Petitioner in the instant Petition | 635.89 | 549.36 | 468.56 | 391.10 | 314.55 |
| Approved after trued-up in this order | 635.45 | 548.97 | 468.19 | 390.77 | 314.24 |

Return on Equity (RoE)

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



40. 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 |

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



beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

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

42. Accordingly, the trued-up RoE approved with respect to the Combined Asset for the 2019-24 tariff period is as follows:

| | Particulars | Combined Asset | | | | |
|---|--|----------------|---------|---------|---------|---------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| A | Opening Equity | 5321.78 | 5330.67 | 5332.59 | 5333.90 | 5333.90 |
| B | Additions | 8.90 | 1.92 | 1.31 | 0.00 | 0.00 |
| C | Closing Equity (A+B) | 5330.67 | 5332.59 | 5333.90 | 5333.90 | 5333.90 |
| D | Average Equity (A+C)/2 | 5326.23 | 5331.63 | 5333.25 | 5333.90 | 5333.90 |
| 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) | 1000.37 | 1001.39 | 1001.69 | 1001.81 | 1001.81 |

43. The details of RoE allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 for the Combined Asset, RoE claimed by the Petitioner in the instant Petition, and trued-up RoE approved in the instant order are as follows:

| Combined Asset | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 | 1002.02 | 1004.16 | 1004.16 | 1004.16 | 1004.16 |
| Claimed by the Petitioner in the instant Petition | 1000.79 | 1001.80 | 1002.11 | 1002.23 | 1002.23 |



| Combined Asset | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------|---------|---------|---------|---------|---------|
| Approved after trued-up in this order | 1000.37 | 1001.39 | 1001.69 | 1001.81 | 1001.81 |

Operation & Maintenance Expenses (O&M Expenses)

44. The Commission, vide order dated 18.9.2021 in Petition No. 716/TT/2020 had allowed the following O&M Expenses:

| Particulars | Combined Asset | | | | |
|--------------|----------------|---------|---------|---------|---------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| O&M Expenses | 661.57 | 685.07 | 709.14 | 734.30 | 759.48 |

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

| Particulars | Combined Asset | | | | |
|--------------|----------------|---------|---------|---------|---------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| O&M Expenses | 661.57 | 685.08 | 709.14 | 734.30 | 759.49 |

46. We have considered the Petitioner's submissions. It has been 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 have been worked out as under:

| Particulars | Combined Asset | | | | |
|--|----------------|---------|---------|---------|---------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| 400 kV Bays at Sub-station | | | | | |
| Kishanpur Substation | | | | | |
| • 2 No's 400 kV Bays for 400 kV D/C Kishanpur -Samba Transmission line | | | | | |
| Samba Substation | | | | | |
| • 2 No's 400 kV Bays for 400 kV D/C Kishanpur -Samba Transmission line | | | | | |
| • 2 No. 315 MVA, 400/220 kV ICT-I & II bay | | | | | |
| • 1 No's 80 MVar Bus Reactor Bay | | | | | |
| Norms (₹ Lakh/Bay) | 32.15 | 33.28 | 34.45 | 35.66 | 36.91 |
| O&M expenses allowed | 225.05 | 232.96 | 241.15 | 249.62 | 258.37 |
| 220 kV bays at Sub-station | | | | | |



| Particulars | Combined Asset | | | | |
|--|----------------|---------------|---------------|---------------|---------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Samba Substation | | | | | |
| • 2 No. 315 MVA, 400/220 kV ICT-I & II bay plus 6 No's Bays | | | | | |
| Norms (₹ Lakh/bay) | 22.51 | 23.3 | 24.12 | 24.96 | 25.84 |
| O&M expenses allowed | 180.08 | 186.4 | 192.96 | 199.68 | 206.72 |
| ICT | | | | | |
| Samba Substation | | | | | |
| • 2 No. 315 MVA, 400/220 kV ICT-I & II | | | | | |
| Norms (₹ Lakh per MVA) | 0.358 | 0.371 | 0.384 | 0.398 | 0.411 |
| O&M expenses allowed | 225.54 | 233.73 | 241.92 | 250.74 | 258.93 |
| Double Circuit (Twin Conductor) Transmission Line | | | | | |
| • 400 kV Bays for 400 kV D/C Kishanpur -Samba Transmission line (Total Length of line: 35.07 Km) | | | | | |
| Norms (₹ Lakh per km) | 0.881 | 0.912 | 0.944 | 0.977 | 1.011 |
| O&M expenses allowed | 30.90 | 31.98 | 33.11 | 34.26 | 35.46 |
| Total O&M Expenses (₹ in Lakh) | 661.57 | 685.07 | 709.14 | 734.30 | 759.48 |

47. The details of O&M Expenses allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020, O&M Expenses claimed by the Petitioner in the instant Petition and trued-up O&M Expenses approved for the Combined Asset in the instant order are as follows:

| Particulars | Combined Asset | | | | |
|--|----------------|---------|---------|---------|---------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 | 661.57 | 685.07 | 709.14 | 734.30 | 759.48 |
| Claimed by the Petitioner in the instant Petition | 661.57 | 685.08 | 709.14 | 734.30 | 759.49 |
| Approved after trued-up in this order | 661.57 | 685.07 | 709.14 | 734.30 | 759.48 |

Interest on Working Capital (IWC)

48. 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 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.

49. The components of the trued-up working capital and interest approved thereon for the Combined Asset for 2019-24 are as follows:

| Particulars | | Combined Asset | | | | |
|-------------|---|----------------|---------------|---------------|---------------|---------------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| A | Working Capital for O&M Expenses (O&M Expenses for one month) | 55.13 | 57.09 | 59.09 | 61.19 | 63.29 |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses) | 99.24 | 102.76 | 106.37 | 110.15 | 113.92 |
| C | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 402.78 | 395.75 | 388.28 | 381.85 | 374.33 |
| D | Total Working Capital (A+B+C) | 557.15 | 555.60 | 553.75 | 553.19 | 551.54 |
| 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) | 67.14 | 62.51 | 58.14 | 58.09 | 66.19 |

50. The details of IWC allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 for the Combined Asset, IWC claimed by the Petitioner in the instant Petition and trued-up IWC approved in the instant order are as follows:

| Combined Asset | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Allowed vide order dated 18.9.2021 in Petition No. 716/TT/2020 | 66.44 | 62.03 | 57.75 | 57.72 | 57.57 |
| Claimed by the Petitioner in the instant Petition | 67.16 | 62.52 | 58.16 | 58.10 | 66.20 |
| Approved after trued-up in this order | 67.14 | 62.51 | 58.14 | 58.09 | 66.19 |

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

51. Accordingly, the Annual Fixed Charges approved after the truing-up for the 2019-24 tariff period with respect to the Combined Asset are as follows:



(₹ in lakh)

| Particulars | | Combined Asset | | | | |
|-------------|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| A | Depreciation | 911.45 | 912.05 | 912.23 | 912.30 | 902.86 |
| B | Interest on Loan | 635.45 | 548.97 | 468.19 | 390.77 | 314.24 |
| C | Return on Equity | 1000.37 | 1001.39 | 1001.69 | 1001.81 | 1001.81 |
| D | O & M Expenses | 661.57 | 685.07 | 709.14 | 734.30 | 759.48 |
| E | Interest on Working Capital | 67.14 | 62.51 | 58.14 | 58.09 | 66.19 |
| F | Total (A+B+C+D+E) | 3275.98 | 3209.99 | 3149.39 | 3097.27 | 3044.58 |

52. The details of AFC allowed vide order dated 19.8.2020 in Petition No. 170/TT/2020 for the Combined Asset, AFC claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order are as follows:

(₹ in lakh)

| Combined Asset | | | | | |
|--|---------|---------|---------|---------|---------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 19.8.2020 in Petition No. 170/TT/2020 | 3228.75 | 3176.01 | 3119.33 | 3068.69 | 3017.89 |
| Claimed by the Petitioner in the instant Petition | 3277.24 | 3211.19 | 3150.59 | 3098.42 | 3045.72 |
| Approved after true-up in this order | 3275.98 | 3209.99 | 3149.39 | 3097.27 | 3044.58 |

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

53. The Petitioner has claimed the following transmission charges with respect to the Combined Asset for the 2024-29 tariff period:

(₹ in lakh)

| Particulars | Combined Asset | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Depreciation | 899.98 | 319.79 | 319.79 | 319.80 | 319.79 |
| Interest on Loan | 234.15 | 179.39 | 150.38 | 120.96 | 92.46 |
| Return on Equity | 1002.23 | 1002.23 | 1002.23 | 1002.23 | 1002.23 |
| Interest on Working Capital | 57.15 | 49.03 | 49.98 | 50.92 | 52.16 |
| O&M Expenses | 588.29 | 619.29 | 651.49 | 685.55 | 722.14 |
| Total | 2781.80 | 2169.73 | 2173.87 | 2179.46 | 2188.78 |



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

| Particulars | Combined Asset | | | | |
|------------------------------------|----------------|---------------|---------------|---------------|---------------|
| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| O&M Expenses | 49.02 | 51.61 | 54.29 | 57.13 | 60.18 |
| Maintenance Spares | 88.24 | 92.89 | 97.72 | 102.83 | 108.32 |
| Receivables | 342.96 | 267.50 | 268.01 | 267.97 | 269.85 |
| Total Working Capital | 480.22 | 412.00 | 420.02 | 427.93 | 438.35 |
| Rate of Interest (in %) | 11.90 | 11.90 | 11.90 | 11.90 | 11.90 |
| Interest on Working Capital | 57.15 | 49.03 | 49.98 | 50.92 | 52.16 |

Capital Cost

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

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

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

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



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

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

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

(4) & (5)

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

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
- (d)
- (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and



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

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

| Asset | Capital Cost claimed as on 31.3.2024 | ACE Claimed | Estimated Completion Cost |
|----------------|--------------------------------------|-------------|---------------------------|
| | | 2024-29 | |
| Combined Asset | 17779.66 | 0.00 | 17779.66 |

57. We have considered the submissions of the Petitioner. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. The trued-up capital cost of ₹17779.66 lakh for the Combined Asset as on 31.3.2024 has been approved in instant order and thus the same is being considered as opening capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

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

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

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

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law which is not provided for in the original scope of work;*
- (f) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;*

Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and



(g) *Force Majeure events:*

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

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

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

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

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

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

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

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

59. The Petitioner has not claimed ACE with respect to Combined Asset for the 2024-29 tariff period.



60. We have considered the submission of the Petitioner. As the Petitioner has not claimed any ACE for 2024-29 Tariff Period and thus the ACE allowed for 2024-29 Tariff Period is NIL.

61. Accordingly, the Capital Cost and ACE allowed for 2024-29 Tariff Period with respect to Combined Asset for the 2024-29 tariff period is as follows:

| Asset | Capital Cost allowed as on 1.4.2024 | ACE allowed | Capital Cost as on 31.3.2029 |
|----------------|-------------------------------------|-------------|------------------------------|
| | | 2024-29 | |
| Combined Asset | 17779.66 | 0.00 | 17779.66 |

Debt-Equity Ratio

62. 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:

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

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

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

(3) In case of the generating station and the transmission system including 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.”

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

| Funding | Capital Cost as on 1.4.2024 ₹ in lakh) | (In %) | Capital Cost as on 31.3.2029 ₹ in lakh) | (In %) |
|----------------|---|---------------|--|---------------|
| Debt | 12445.76 | 70.00 | 12445.76 | 70.00 |
| Equity | 5333.90 | 30.00 | 5333.90 | 30.00 |
| Total | 17779.66 | 100.00 | 17779.66 | 100.00 |

Depreciation

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



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

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

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

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

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

.....

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

(4)

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

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

.....

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

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



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

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

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

(10) XXXXX

(11) XXXX

(12) XXXX"

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

66. As the Combined Asset has completed 12 years of life on 1.4.2025, therefore, the remaining depreciable value of ₹5752.02 as on 1.4.2025 lakh has been spread across the balance useful life of the Combined Asset in accordance with the 2024 Tariff Regulations.

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

| Combined Asset | | | | | | |
|----------------|---------------------|----------|----------|----------|----------|----------|
| SI no | Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| A | Opening Gross Block | 17779.66 | 17779.66 | 17779.66 | 17779.66 | 17779.66 |



| Combined Asset | | | | | | |
|----------------|---|---------------|--------------------------|---------------|---------------|---------------|
| Sl no | Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| B | Addition during 2024-29 due to ACE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| C | Closing Gross Block (A+B) | 17779.66 | 17779.66 | 17779.66 | 17779.66 | 17779.66 |
| D | Average Gross Block (A+C)/2 | 17779.66 | 17779.66 | 17779.66 | 17779.66 | 17779.66 |
| E | Average Capital Cost (90% depreciable assets) | 17631.14 | 17631.14 | 17631.14 | 17631.14 | 17631.14 |
| F | Average Capital Cost (100% depreciable assets) | 148.52 | 148.52 | 148.52 | 148.52 | 148.52 |
| G | Depreciable Value (excluding IT equipment and software) (E*90%) | 15868.03 | 15868.03 | 15868.03 | 15868.03 | 15868.03 |
| H | Depreciable Value of IT equipment and software (F*100%) | 148.52 | 148.52 | 148.52 | 148.52 | 148.52 |
| I | Total Depreciable Value (G+H) | 16016.55 | 16016.55 | 16016.55 | 16016.55 | 16016.55 |
| J | Freehold Land | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| K | Weighted average rate of Depreciation (WAROD) (in %) | 5.06 | Spread-over depreciation | | | |
| L | Elapsed useful life of the asset | 11 | 12 | 13 | 14 | 15 |
| M | Balance life at the beginning of the year | 19 | 18 | 17 | 16 | 15 |
| N | Combined Depreciation during the year (D*K) | 899.59 | 319.56 | 319.56 | 319.56 | 319.56 |
| O | Cumulative Depreciation at the end of the year | 10264.53 | 10584.09 | 10903.65 | 11223.21 | 11542.77 |
| P | Remaining Aggregate Depreciable Value at the end of the year | 5752.02 | 5432.46 | 5112.90 | 4793.34 | 4473.78 |

Interest on Loan (IoL)

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

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



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

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

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

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

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

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

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

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

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

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

69. The Weighted Average Rate of IoL has been considered on the basis of the rate prevailing as on 1.4.2024. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2024-29 tariff period may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the



time of true up. The IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed for the 2024-29 tariff period with respect to the Combined Asset is as follows:

| | Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---|--|---------------|---------------|---------------|---------------|--------------|
| A | Gross Normative Loan | 12445.76 | 12445.76 | 12445.76 | 12445.76 | 12445.76 |
| B | Cumulative Repayments upto Previous Year | 9364.94 | 10264.53 | 10584.09 | 10903.65 | 11223.21 |
| C | Net Loan-Opening (A-B) | 3080.82 | 2181.23 | 1861.67 | 1542.11 | 1222.55 |
| D | Additions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| E | Repayment during the year | 899.59 | 319.56 | 319.56 | 319.56 | 319.56 |
| F | Net Loan-Closing (C+D-E) | 2181.23 | 1861.67 | 1542.11 | 1222.55 | 902.99 |
| G | Average Loan (C+F)/2 | 2631.03 | 2021.45 | 1701.89 | 1382.33 | 1062.77 |
| H | Weighted Average Rate of Interest on Loan (in %) | 8.8891 | 8.8624 | 8.8228 | 8.7362 | 8.6837 |
| I | Interest on Loan (G*H) | 233.87 | 179.15 | 150.15 | 120.76 | 92.29 |

Return on Equity (RoE)

70. Regulations 30 and 31 of the 2024 Tariff Regulations provides as follows:

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

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

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

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



Provided further that:

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

.....

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

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

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

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

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

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

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

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



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

71. 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 for the Combined Asset for the 2024-29 tariff period is as follows:

| Particulars | | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|-------------|-------------------------------------|---------|---------|---------|---------|---------|
| A | Opening Equity | 5333.90 | 5333.90 | 5333.90 | 5333.90 | 5333.90 |
| B | Additions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| C | Closing Equity (A+B) | 5333.90 | 5333.90 | 5333.90 | 5333.90 | 5333.90 |
| D | Average Equity (A+C)/2 | 5333.90 | 5333.90 | 5333.90 | 5333.90 | 5333.90 |
| 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) | 1001.81 | 1001.81 | 1001.81 | 1001.81 | 1001.81 |

Operation & Maintenance Expenses (O&M Expenses)

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

| O&M Expenses | | 2024-25 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--------------|--|---------|---------|---------|---------|---------|
| | | 588.29 | 619.29 | 651.49 | 685.55 | 722.14 |

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

“36. Operation and Maintenance Expenses:

...

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



| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---|---------|---------|---------|---------|---------|
| Norms for sub-station Bays (₹ Lakh per bay) | | | | | |
| 765 kV | 41.34 | 43.51 | 45.79 | 48.20 | 50.73 |
| 400 kV | 29.53 | 31.08 | 32.71 | 34.43 | 36.23 |
| 220 kV | 20.67 | 21.75 | 22.90 | 24.10 | 25.36 |
| 132 kV and below | 15.78 | 16.61 | 17.48 | 18.40 | 19.35 |
| Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR) | | | | | |
| O&M expenditure per MVA or per MVAr ((₹ Lakh per MVA or MVAR)) | 0.262 | 0.276 | 0.290 | 0.305 | 0.322 |
| Norms for AC and HVDC lines (₹ Lakh per km) | | | | | |
| Single Circuit (Bundled Conductor with six or more sub-conductors) | 0.861 | 0.906 | 0.953 | 1.003 | 1.056 |
| Single Circuit (Bundled conductor with four sub-conductors) | 0.738 | 0.776 | 0.817 | 0.860 | 0.905 |
| Single Circuit (Twin & Triple Conductor) | 0.492 | 0.518 | 0.545 | 0.573 | 0.603 |
| Single Circuit (Single Conductor) | 0.346 | 0.259 | 0.272 | 0.287 | 0.302 |
| Double Circuit (Bundled conductor with four or more sub-conductors) | 1.291 | 1.359 | 1.430 | 1.506 | 1.585 |
| Double Circuit (Twin & Triple Conductor) | 0.861 | 0.906 | 0.953 | 1.003 | 1.056 |
| Double Circuit (Single Conductor) | 0.369 | 0.388 | 0.409 | 0.430 | 0.453 |
| Multi Circuit (Bundled Conductor with four or more sub-conductor) | 2.266 | 2.385 | 2.510 | 2.642 | 2.781 |
| Multi Circuit (Twin & Triple Conductor) | 1.509 | 1.588 | 1.671 | 1.759 | 1.851 |
| 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.

....."

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

| Particulars | Combined Asset | | | | | (₹ in lakh) | |
|--|----------------|---------|---------|---------|---------|-------------|--|
| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | | |
| 400 kV Sub-station | | | | | | | |
| Kishanpur Substation | | | | | | | |
| • 2 No's 400 kV Bays for 400 kV D/C Kishanpur -Samba Transmission line | | | | | | | |
| Samba Substation | | | | | | | |
| • 2 No's 400 kV Bays for 400 kV D/C Kishanpur -Samba Transmission line | | | | | | | |
| • 2 No. 315 MVA, 400/220 kV ICT-I & II bay | | | | | | | |
| • 1 No's 80 MVAr Bus Reactor Bay | | | | | | | |
| Norms (₹ lakh/Bay) | 29.53 | 31.08 | 32.71 | 34.43 | 36.23 | | |
| O&M expense allowed | 206.71 | 217.56 | 228.97 | 241.01 | 253.61 | | |
| 220 kV bays at Sub-station | | | | | | | |
| Samba Substation | | | | | | | |
| • 2 No. 315 MVA, 400/220 kV ICT-I & II bay plus 6 No's Bays | | | | | | | |
| Norms (₹ lakh/Bay) | 20.670 | 21.750 | 22.900 | 24.100 | 25.360 | | |
| O&M expense allowed | 165.36 | 174 | 183.2 | 192.8 | 202.88 | | |
| 400kV Sub-station Reactor | | | | | | | |
| Samba Substation | | | | | | | |
| • 1 No's 80 MVAr Bus Reactor | | | | | | | |
| Norms (₹ lakh/MVAr) | 0.262 | 0.276 | 0.290 | 0.305 | 0.322 | | |
| O&M expense allowed | 20.96 | 22.08 | 23.2 | 24.4 | 25.76 | | |
| ICT | | | | | | | |
| Samba Substation | | | | | | | |
| • 2 No. 315 MVA, 400/220 kV ICT-I & II | | | | | | | |
| Norms (₹ lakh/MVA) | 0.262 | 0.276 | 0.290 | 0.305 | 0.322 | | |
| O&M expense allowed | 165.06 | 173.88 | 182.7 | 192.15 | 202.86 | | |
| Double Circuit (Twin Conductor) Transmission Line | | | | | | | |
| • 400 kV Bays for 400 kV D/C Kishanpur -Samba Transmission line (Total Length of line: 35.07 Km) | | | | | | | |
| Norms (₹ lakh/Km) | 0.861 | 0.906 | 0.953 | 1.003 | 1.056 | | |



| Particulars | Combined Asset | | | | |
|---|----------------|---------------|---------------|---------------|---------------|
| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| O&M expense allowed | 30.20 | 31.77 | 33.42 | 35.18 | 37.03 |
| Total O&M Expenses (₹ in Lakh) | 588.29 | 619.29 | 651.49 | 685.54 | 722.14 |

Interest on Working Capital (IWC)

75. Regulation 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations specify as follows:

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

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

- (i) Receivables equivalent to 45 days of annual fixed cost;*
- (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
- (iii) Operation and maintenance expenses, including security expenses for one month.*

(2)

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

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

(4) Interest on working capital shall be payable on a normative basis, notwithstanding that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency.”

76. 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.



77. 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 Combined Asset are as follows:

| Particulars | | ₹ in lakh | | | | |
|-------------|--|---------------|---------------|---------------|---------------|---------------|
| | | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| A | Working Capital for O&M Expenses (O&M Expenses for one month) | 49.02 | 51.61 | 54.29 | 57.13 | 60.18 |
| B | Working Capital for Maintenance Spares (15% of O&M Expenses) | 88.24 | 92.89 | 97.72 | 102.83 | 108.32 |
| C | Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges) | 342.82 | 267.39 | 267.90 | 267.86 | 269.75 |
| D | Total Working Capital (A+B+C) | 480.09 | 411.89 | 419.92 | 427.82 | 438.25 |
| E | Rate of Interest for working capital (in %) | 11.90 | 11.90 | 11.90 | 11.90 | 11.90 |
| F | Interest on working capital (D*E) | 57.13 | 49.02 | 49.97 | 50.91 | 52.15 |

Annual Fixed Charges of the 2024-29 Tariff Period

78. The Annual Fixed Charges allowed for the 2024-29 tariff period with respect to the Combined Asset are as follows:

| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Depreciation | 899.59 | 319.56 | 319.56 | 319.56 | 319.56 |
| Interest on Loan | 233.87 | 179.15 | 150.15 | 120.76 | 92.29 |
| Return on Equity | 1001.81 | 1001.81 | 1001.81 | 1001.81 | 1001.81 |
| O & M Expenses | 588.29 | 619.29 | 651.49 | 685.54 | 722.14 |
| Interest on Working Capital | 57.13 | 49.02 | 49.97 | 50.91 | 52.15 |
| Total | 2780.69 | 2168.83 | 2172.98 | 2178.58 | 2187.95 |

Filing Fee and Publication Expenses

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



notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as the case may be, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

80. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fee paid for filing the Petition and publication expenses incurred on this count directly from the beneficiaries or long-term customers, as the case may be.

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

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

82. 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.”

83. 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

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

Goods and Services Tax

85. 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.

86. We have considered the submissions of the Petitioner 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

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



88. 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.

89. The Petitioner has not claimed Capital Spares for the Combined Asset 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.

90. 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.”



91. 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

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

93. We have considered the Petitioner's submissions. With effect from 1.7.2011, sharing of transmission charges for inter-State transmission system were governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2010. With effect from 1.11.2020, sharing of transmission charges are governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2020 (in short, "2020 Sharing Regulations"). Accordingly, the liabilities of the DICs for arrears of transmission charges determined through this order shall be computed DIC-wise in accordance with the provisions of respective Tariff Regulations and shall be recovered from the concerned DICs through Bills under Regulation 15(2)(b) of the 2020 Sharing Regulations. The billing, collection, and disbursement of the transmission charges for the Combined



Asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

94. To summarise:

- a. The details of trued-up Annual Transmission Charges claimed by the Petitioner and approved in instant order with respect to the Combined Asset for the 2019-24 tariff period are as follows:

| Combined Asset | | | | | |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| AFC Claimed | 3277.24 | 3211.19 | 3150.59 | 3098.42 | 3045.72 |
| AFC Approved | 3275.98 | 3209.99 | 3149.39 | 3097.27 | 3044.58 |

- b. The Annual Transmission Charges allowed with respect to the Combined Asset for the 2024-29 tariff period in this order is as follows:

| Combined Asset | | | | | |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| AFC Claimed | 2781.80 | 2169.73 | 2173.87 | 2179.46 | 2188.78 |
| AFC Allowed | 2780.69 | 2168.83 | 2172.98 | 2178.58 | 2187.95 |

95. This order disposes of the Petition No. 197/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

