

**THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 456/TT/2024

Coram:

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

Date of Order: 05.01.2026

In the matter of:

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under the Regulation 15(1)(a) and Regulation 23 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for truing up of the transmission tariff for the 2019-24 tariff period and determination of transmission tariff for the 2024-29 tariff period for "Combined Asset under System Strengthening XIX scheme" in the Southern Region.

And in the matter of:

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

...Petitioner

Versus

- 1. Tamil Nadu Generation and Distribution Corporation Limited,
NPKRR Maaligai, 800, Anna Salai,
Chennai - 600 002**
- 2. Kerala State Electricity Board Limited,
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram - 695 004.**
- 3. Electricity Department, Government of Goa,
Vidyuti Bhawan,
Panaji - 403001, Goa.**
- 4. Electricity Department, Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai,
Pondicherry - 605001.**
- 5. Eastern Power Distribution Company of Andhra Pradesh Limited,
P&T Colony, Seethmmadhara,
Visakhapatnam, Andhra Pradesh.**



6. **Southern Power Distribution Company of Andhra Pradesh Limited,**
19-13-65/A, Srinivasapuram, Tiruchanoor Road,
Tirupati - 517503, Andhra Pradesh.
 7. **Andhra Pradesh Central Power Distribution Company Limited,**
Corporate Office, Beside Polytechnic College, ITI Road,
Vijayawada - 520 008, Krishna District, Andhra Pradesh.
 8. **Southern Power Distribution Company of Telangana Limited,**
6-1-50, Corporate Office, Mint Compound,
Hyderabad - 500 063, Telangana.
 9. **Northern Power Distribution Company of Telangana Limited,**
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal - 506 001, Telangana.
 10. **Bangalore Electricity Supply Company Limited,**
Corporate Office, K.R. Circle,
Bangalore - 560 001, Karnataka.
 11. **Gulbarga Electricity Supply Company Limited,**
Corporate Office, Station Main Road, Opp. Parivar Hotel,
Gulbarga (Kalburgi), Karnataka – 585102.
 12. **Hubli Electricity Supply Company Limited,**
Navanagar, PB Road,
Hubli - 580025, Karnataka.
 13. **Mangalore Electricity Supply Company Limited,**
Corporate Office, 1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore - 575 004, Karnataka.
 14. **Chamundeswari Electricity Supply Corporation Limited,**
Corporate Office, 29, Vijayanagara 2nd Stage,
Hinkal, Mysuru - 570017, Karnataka.
- ...Respondents**

Parties Present: Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vijay G., PGCIL
Shri Ashish Alankar, PGCIL
Shri Yatin Kalra, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner”), for the 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 for the determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) in respect of the following assets (hereinafter referred to as “the Combined Asset”) under “System Strengthening XIX Scheme” (hereinafter referred to as the “transmission project”) in the Southern Region.

Assets	Asset Name	COD	Remarks
Asset-1	LILO of the existing Kolar-Sriperumbudur 400 kV S/C line at Thiruvalem, along with associated bays	1.4.2014	All assets merged during the 2019-24 tariff period with E-COD: 17.3.2015
Asset-2	Kurnool-Thiruvalem 765 kV D/C line, along with associated bays and equipment, both at Kurnool and Thiruvalem Sub-stations (charged at 400 kV), and 2x240 MVAR, 765 kV line reactor at both Kurnool and Thiruvalem Sub-stations, along with associated bays and equipment;	29.11.2014	
Asset-3	Up-gradation of 400 kV Sub-station at Thiruvalem to 765/400 kV with 2x1500 MVA, 765/400 kV transformers	21.3.2015	
Asset-4	765 kV and 400 kV ICT bays at Thiruvalem	21.3.2015	

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

- “Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 14 & 15 above.*
- Admit the capital cost claimed and additional capitalization incurred during 2019-24 (Arbitral award) and projected additional capitalisation during 2024-29.*
- 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 14 & 15 above for respective block.*
- 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.*
- 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 21 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 21 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 21 above.*
- j) *Allow the Petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 above.*
- k) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

Background

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

(a) The Investment Approval (the IA) for the Transmission Scheme was accorded by the Board of Directors of the Petitioner Company vide Memorandum dated 4.9.2012 in the 276th meeting dated 31.8.2012 at an estimated cost of ₹193535 lakh, including IDC of ₹11417 lakh (based on June 2012 price level). The Transmission Scheme was scheduled to be put into commercial operation within 27 months from the date of IA.

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

Transmission Lines:

- i) Kurnool-Thiruvalam 765 kV D/C line;
- ii) LILO of existing Kolar-Sriperumbudur 400 kV S/C line at Thiruvalam;

Sub-Stations:

- i) Extension of 765/400 kV Sub-station at Kurnool;
- ii) Up-gradation of 400 kV Sub-station at Thiruvalam to 765/400 kV with 2x1500 MVA, 765/400 kV transformers (765 kV portion-GIS and 400 kV



portion-AIS)

Reactive Compensation:

Line Reactors (765 kV)

- i) 1x240 MVAR line reactors at both ends of each circuit of Kurnool-Thiruvalam 765 kV D/C line.

(c) All the elements of the transmission Scheme have been covered in the instant Petition.

(d) The Commission, vide Order dated 1.2.2021 in Petition No. 120/TT/2020, trued-up the transmission tariff for the 2014-19 period and allowed the capital cost of the Combined Asset as ₹181705.28 lakh as on 31.3.2019.

4. The Petitioner has filed the present Petition for the truing-up of the transmission tariff for the Combined Asset for the 2019-24 tariff period and the determination of the transmission tariff for the 2024-29 tariff period.

5. The Respondents are Distribution Licensees and Power Departments that receive transmission services from the Petitioner, mainly the beneficiaries of the Southern Region.

6. 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. However, no comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner.

7. Respondent No. 2, Kerala State Electricity Board Limited (KSEBL), filed its reply vide affidavit dated 15.2.2025. KSEBL requested the Commission to conduct a prudence check and raised the issues of grossing up the Return on Equity (RoE), Additional Capital Expenditure (ACE), Interest on Loan (IoL) and GST.



8. The hearing in this matter was held on 22.7.2025 and 16.9.2025, and the order was reserved.

9. This Order is issued considering the submissions made by the Petitioner in the Petition vide affidavits dated 21.9.2024 and 16.7.2025, RoP compliance vide affidavit dated 11.8.2025, and the KSEBL's reply filed vide affidavit dated 15.2.2025 and the Petitioner's rejoinder affidavit dated 11.8.2025 to the reply of the KSEBL.

10. Having heard the Petitioner's representative and perused the material available on record, we proceed to dispose of the Petition.

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

11. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	9566.17	9566.17	9589.45	9612.74	9619.00
Interest on Loan	7183.30	6218.41	5422.78	4693.05	3931.23
Return on Equity	10238.36	10238.36	10263.22	10288.06	10294.74
O&M Expenses	2297.65	2377.52	2461.45	2549.60	2638.52
Interest on Working Capital	505.98	462.74	424.87	419.27	471.58
Total	29791.46	28863.20	28161.77	27562.72	26955.07

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	191.47	198.13	205.12	212.47	219.88
Maintenance Spares	344.65	356.63	369.22	382.44	395.78
Receivables	3662.88	3558.48	3472.00	3398.14	3314.15
Total Working Capital	4199.00	4113.24	4046.34	3993.05	3929.81
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	505.98	462.74	424.87	419.27	471.58

Capital Cost for the 2019-24 Tariff Period

13. The capital cost of ₹181705.28 lakh as on 31.3.2019 was allowed by the Commission for Combined Asset vide order dated.01.02.2021 in Petition No. 120/TT/2020. The same capital cost of ₹181705.28 lakh as on 31.3.2019 has been

considered as the opening capital cost as on 1.4.2019 for the purpose of truing-up of the transmission tariff for the 2019-24 tariff period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

Additional Capital Expenditure (ACE)

14. The Petitioner has claimed Additional Capital Expenditure (ACE) of ₹1119.13 lakh for the 2019-24 tariff period in the instant true-up Petition against the allowed value of ₹1175.79 lakh for the Combined Asset in Petition No. 120/TT/2020. The Petitioner, in its justification, submitted that the ACE claimed for the Combined Asset towards liability for works executed prior to the cut-off date under Regulations 25(1)(d) of the 2019 Tariff Regulations. The Petitioner further added that the ACE for 2019-24 approved by the Commission in the Order dated 1.2.2021 in Petition No. 120/TT/2020 was based on projections, as the contracts were not closed, and liabilities were not finalised. However, in the instant true-up Petition, ACE is claimed on the basis of actual payments made to the contractors after receiving final invoices from them, incorporating the amendments and after reconciliation in accordance with the contractual clause as per the provisions of the contract.

15. The ACE claimed by the Petitioner based on the actual expenditure incurred is as under:

(Rs. In lakhs)

Particulars	ACE claimed (Rs. in lakh)				
	19-20	20-21	21-22	22-23	23-24
Balance and retention payment other than IDC	—	—	882.05	-	237.08

Expenditure for the years 2021-22 and 2023-24 (i.e. beyond the cut-off date) has been claimed under regulation 25(1)(d) of the 2019 tariff regulations towards liability discharged for works executed prior to the cut-off date.

16. KSEBL, vide affidavit dated 15.2.2025, has submitted that the Petitioner had unveiled that ACE incurred during the 2019-24 tariff period by the Petitioner after the

settlement of contracts, and actual payment is lesser (i.e., Rs. 1119.13 lakh = Rs. 882.05 lakh + Rs. 237.08 lakh).

17. KSEBL has further submitted that the Petitioner has not provided adequate documentary evidence to support the prudence of investments or the revised capital expenditure figures. As per regulatory practice, such documentation is essential to ascertain compliance and prudence of expenditure under the Regulation. The scope and nature of the works involved in this capitalisation remain unclear. KSEBL has urged the Commission to have a detailed prudence check before approving the aforesaid claims.

18. The Petitioner, in its rejoinder to the reply of KSEBL, submitted that the ACE incurred during the 2019-24 tariff period is claimed under 24(1)(a) of the 2019 Tariff Regulations, and the Petitioner is required to submit the Auditor Certificate towards the expenditure incurred. The Petitioner further added that the ACE claimed in the instant Petition has been duly certified by the auditor after scrutiny of such expenditure. Further, in addition to the Auditor Certificate, the Liability Flow Statement containing vendor-wise details of actual ACE incurred during the 2019-24 tariff period has also been submitted before the Commission for scrutiny as under:

Head Wise/ Party Wise	Particular	Outstanding Liability as on 31.3.2019	Discharge				
			19-20	20-21	21-22	22-23	23-24
Pinggao Group Company Limited.	Sub- station	1105.33	-	-	868.25	-	237.08
KEC International Limited.	Sub- station	13.80	-	-	13.80	-	-
Total			-	-	882.05	-	237.08

19. Further, in response to the Commission's query, the Petitioner vide affidavit dated 16.7.2025 has submitted that the primary reason for variations in the approved

add-cap and actual add-cap is that while projecting the estimated add-cap, contracts were not closed, and liabilities were not finalised. However, in the instant true up Petition, add-cap is claimed on the basis of actual payments made to the vendor after receipt of final invoices, incorporating the amendments and after due reconciliation in accordance with the contractual clauses as per the provisions of the contract. Further, the Petitioner has submitted head-wise and party-wise details of actual ACE incurred during the 2019-24 tariff period. The Petitioner further added that neither the Liquidated Damages (LD) has been recovered from either Contractor/Party during the 2019-24 tariff period nor the LD is envisaged for the 2024-29 tariff period.

20. We have considered the Petitioner's and KSEBL's submissions and have perused the material placed on record. We allow the ACE as claimed by the Petitioner for the 2019-24 tariff period in respect of the Combined Asset, as it relates to undischarged liabilities and works deferred for execution within the original scope of work and up to the cut-off date.

21. Accordingly, the ACE for the Combined Asset is allowed under Regulations 25(1)(d) of the 2019 Tariff Regulations. The ACE allowed with respect to the Combined Asset is as follows:

Particulars	Regulations	(₹ in lakh)	
		ACE allowed	
		2021-22	2023-24
Balance and Retention Payments other than IDC	Regulation 25(1)(d) of the 2019 Tariff Regulations	882.05	237.08
Total		882.05	237.08

22. After considering the submissions and the justification provided by the Petitioner for its claim, the following capital cost is approved for the Combined Asset as on 31.3.2019 and as on 31.3.2024:

(₹ in lakh)				
Particulars	FR Apportioned Approved Cost	Capital Expenditure allowed as on 31.3.2024	Allowed ACE For 2019-24	Capital Expenditure allowed as on 31.3.2024
Transmission Asset	193535.00	181705.28	1119.13	182824.41

Debt-Equity Ratio

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

Funding	Capital Cost as on COD		ACE allowed during the 2019-24 Tariff Period		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	127193.69	70.00	783.39	70.00	127977.09	70.00
Equity	54511.58	30.00	335.74	30.00	54847.32	30.00
Total	181705.28	100.00	1119.13	100.00	182824.41	100.00

Depreciation

24. Cumulative combined depreciation as on 31.3.2019, as worked out vide Order dated 1.2.2021 in Petition No. 120/TT/2020, is ₹ 39974.73 lakh. The depreciation, in the present Petition, has been worked out on the basis of the admitted capital expenditure as on 1.4.2019 and thereafter up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Asset as per the depreciation rates specified in the 2019 Tariff Regulations. Accordingly, the depreciation approved in respect of the Combined Asset is as under:

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	181705.28	181705.28	181705.28	182587.33	182587.33
B	Addition during the year 2019-24 due to ACE	0.00	0.00	882.05	0.00	237.08
C	Closing Gross Block (A+B)	181705.28	181705.28	182587.33	182587.33	182824.41
D	Average Gross Block (A+C)/2	181705.28	181705.28	182146.30	182587.33	182705.87
E	Average Gross Block (90% depreciable assets)	181481.13	181481.13	181922.15	182363.18	182481.72
F	Average Gross Block (100% depreciable assets)	224.15	224.15	224.15	224.15	224.15
G	Depreciable value (excluding IT equipment and software) (E*90%)	163333.02	163333.02	163729.94	164126.86	164233.55
H	Depreciable value of IT equipment and software (F*100%)	224.15	224.15	224.15	224.15	224.15
I	Total Depreciable Value (G+H)	163557.17	163557.17	163954.09	164351.01	164457.70



J	Weighted average rate of Depreciation (WAROD) (in %)	5.2647	5.2647	5.2647	5.2647	5.2647
K	Elapsed useful life at the beginning of the year (Year)	4.00	5.00	6.00	7.00	8.00
L	Balance useful life at the beginning of the year (Year)	29.00	28.00	27.00	26.00	25.00
M	Depreciation during the year (D*J)	9566.16	9566.16	9589.45	9612.73	9618.99
N	Cumulative Depreciation at the end of the year	49540.88	59107.05	68696.49	78309.23	87928.22
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	114016.28	104450.12	95257.59	86041.78	76529.48

25. The details of depreciation allowed vide order dated 1.2.2021 in Petition No. 120/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation approved in the instant order in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.2.2021 in Petition No. 120/TT/2020	9597.20	9628.24	9628.24	9628.24	9628.24
Claimed by the Petitioner in the instant Petition	9566.17	9566.17	9589.45	9612.74	9619.00
Approved after true-up in this order	9566.16	9566.16	9589.45	9612.73	9618.99

Interest on Loan (IoL)

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

27. We have considered the Petitioner's submission and perused the records. We observe a mismatch between the closing figures for loans submitted in the earlier Petition No 120/TT/2020 against "Gross Loan Opening" and "Cumulative Repayment of Loans up to previous Year", vis-à-vis the corresponding opening figures for 2019-20 in the present Petition. A similar mismatch has been noticed in the opening loan figures for 2024-25, as well. This mismatch tends to distort the WAROI values for the entire tariff period. The Petitioner is directed to ensure that in future, the actual loan portfolio is submitted after due reconciliation of the opening and closing loan figures. However, in the instant case, IoL has been worked out based on the actual interest

rates submitted in the Petition, in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Asset is as under:

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	127193.69	127193.69	127193.69	127811.13	127811.13
B	Cumulative Repayments up to Previous Year	39974.72	49540.88	59107.05	68696.49	78309.23
C	Net Loan-Opening (A-B)	87218.97	77652.81	68086.65	59114.64	49501.90
D	Addition due to ACE	0.00	0.00	617.44	0.00	165.96
E	Repayment during the year	9566.16	9566.16	9589.45	9612.73	9618.99
F	Net Loan-Closing (C+D-E)	77652.81	68086.65	59114.64	49501.90	40048.87
G	Average Loan (C+F)/2	82435.89	72869.73	63600.64	54308.27	44775.38
H	Weighted Average Rate of Interest on Loan	8.7138	8.5336	8.5263	8.6415	8.7799
I	Interest on Loan (G*H)	7183.33	6218.38	5422.80	4693.05	3931.25

28. The details of IoL allowed vide order dated 1.2.2021 in Petition No. 120/TT/2020, IoL claimed in the instant Petition, and trued-up IoL approved in the instant Order in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020	7250.20	6437.42	5609.49	4779.28	3937.62
Claimed by the Petitioner in the instant Petition	7183.30	6218.41	5422.78	4693.05	3931.23
Approved after true-up in this Order	7183.33	6218.38	5422.80	4693.05	3931.25

Return on Equity (RoE)

29. The Petitioner has submitted that its Income Tax Assessment has been completed, and the assessment orders have been issued by the Income Tax Department for the FY 2019-20 and FY 2020-21 and that the Income Tax returns have been filed with the Income Tax Department for FY 2021-22 & 2022-23. The income has been assessed under MAT [115JB of the Income Tax Act, 1961 (IT Act, 1961)].

30. The Petitioner has further submitted that it is liable to pay the income tax at 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 (in %) [(Base Rate)/(1-t)]
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782
2022-23	17.472	18.782
2023-24	17.472	18.782

31. KSEBL has submitted that the Petitioner has not provided the Income Tax Assessment orders for FY 2019-20 and FY 2020-21, which are critical for determining the effective tax rate. Further, the Income Tax Returns for FY 2023-24 have not been filed, and the Petitioner may be directed to submit audited accounts for the actual taxes paid for all the relevant years. Any cost due to the delay in filing the income tax should not be passed on to the beneficiaries, as the Petitioner has not yet filed the income tax return for 2023-24.

32. The Petitioner, in its reply to KSEBL, submitted that the Income Tax assessment of the Petitioner has been completed, and Assessment Orders have been issued by the Income Tax Department for FY 2019-20 and FY 2020-21. The income tax assessment for FY 2021-22, 2022-23 and 2023-24 are currently under progress with the income tax authorities and the Assessment orders for FY 2019-20 and 2020-21, and ITR for FY 2021-22, FY 2022-23 and FY 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition no. 401/TT/2024.

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



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

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax (in %) (t)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782

34. Accordingly, the trued-up RoE approved in respect of the Combined Asset for the 2019-24 tariff period is as under:

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	54511.58	54511.58	54511.58	54776.20	54776.20
B	Addition due to ACE	0.00	0.00	264.62	0.00	71.12
C	Closing Equity (A+B)	54511.58	54511.58	54776.20	54776.20	54847.32
D	Average Equity (A+C)/2	54511.58	54511.58	54643.89	54776.20	54811.76
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	Return on Equity (D*G)	10238.37	10238.37	10263.22	10288.07	10294.74



35. The details of RoE allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020, RoE claimed in the instant Petition, and trued-up RoE approved in the instant Order in respect of the Combined Asset are as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020	10271.22	10304.34	10304.34	10304.34	10304.34
Claimed by the Petitioner in the instant Petition	10238.36	10238.36	10263.22	10288.06	10294.74
Approved after true-up in this Order	10238.37	10238.37	10263.22	10288.07	10294.74

Operation & Maintenance Expenses (O&M Expenses)

36. The Commission vide Order dated 1.2.2021 in Petition No. 120/TT/2020 allowed the following O&M Expenses in respect of the Combined Asset:

	(₹ in lakh)				
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	2297.66	2377.52	2461.46	2549.61	2638.53

37. The O&M Expenses claimed by the Petitioner in the instant true up Petition in respect of the Combined Asset for the 2019-24 tariff period are as under:

	(₹ in lakh)				
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	2297.65	2377.52	2461.45	2549.60	2638.52

38. We have considered the Petitioner's submission. 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:

	(₹ in lakh)				
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
2 nos. 765 kV bays at Kurnool - Thiruvalam bays I & II					
1 no. 400 kV Thiruvalam: Kolar Line Bay					
1 no. 400 kV Thiruvalam: Sriperumbudur Line Bay					
2 nos. 400 kV ICT-I & II bays at Thiruvalam					
2 nos. 765 kV GIS bays at Thiruvalam - Kurnool I & II					
2 nos. 765 kV GIS bays at Thiruvalam ICT-I & II					
765 kV Bays					
765 kV (Nos.)	2	2	2	2	2
Norms for 765 kV Conventional Bays	45.01	46.60	48.23	49.93	51.68
O&M Expenses	90.02	93.20	96.46	99.86	103.36
400 kV Bays					
400 kV (Nos.)	4	4	4	4	4



Norms for 400 kV Conventional Bays	32.15	33.28	34.45	35.66	36.91
O&M Expenses	128.60	133.12	137.80	142.64	147.64
765 kV GIS Bays					
765 kV (Nos.)	4	4	4	4	4
Norms for 765 kV GIS Bays	31.51	32.62	33.761	34.951	36.176
O&M Expenses	126.03	130.48	135.04	139.80	144.70
Transmission Lines					
D/C Bundled (4 or more sun c)	355.01	355.01	355.01	355.01	355.01
Norms	1.32	1.37	1.42	1.47	1.52
O&M Expenses	469.32	485.65	502.69	520.44	538.55
Transmission Lines					
D/C Twin/Triple Conductor	12.14	12.14	12.14	12.14	12.14
Norms	0.88	0.91	0.94	0.98	1.01
O&M Expenses	10.70	11.07	11.46	11.86	12.27
Transformers					
765 kV (MVA)	3000	3000	3000	3000	3000
Norms	0.49	0.51	0.53	0.55	0.56
O&M Expenses	1473.00	1524.00	1578.00	1635.00	1692.00
Total O&M Expenses allowed	2297.66	2377.52	2461.46	2549.61	2638.53

39. The details of the O&M Expenses allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020, O&M Expenses claimed in the instant Petition, and the trued-up O&M Expenses approved in the instant Order in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020	2297.66	2377.52	2461.46	2549.61	2638.53
Claimed by the Petitioner in the instant Petition	2297.65	2377.52	2461.45	2549.60	2638.52
Approved after true-up in this Order	2297.66	2377.52	2461.46	2549.61	2638.53

Interest on Working Capital (IWC)

40. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 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.

41. The components of the working capital and interest allowed thereon for the Combined Asset for the 2019-24 tariff period are as under:

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	191.47	198.13	205.12	212.47	219.88
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	344.65	356.63	369.22	382.44	395.78
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	3662.89	3558.47	3472.00	3398.14	3314.15
D	Total Working Capital (A+B+C)	4199.01	4113.23	4046.34	3993.05	3929.81
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)	505.98	462.74	424.87	419.27	471.58

42. The details of the IWC allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020, the IWC claimed in the instant Petition, and the trued-up IWC approved in the instant Order in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020	507.95	467.62	459.39	451.30	442.04
Claimed by the Petitioner in the instant Petition	505.98	462.74	424.87	419.27	471.58
Approved after true-up in this Order	505.98	462.74	424.87	419.27	471.58

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

43. Accordingly, the Annual Fixed Charges (AFC) approved after truing-up for the 2019-24 tariff period in respect of the Combined Asset is as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	9566.16	9566.16	9589.45	9612.73	9618.99
Interest on Loan	7183.33	6218.38	5422.80	4693.05	3931.25
Return on Equity	10238.37	10238.37	10263.22	10288.07	10294.74
O&M Expenses	2297.66	2377.52	2461.46	2549.61	2638.53
Interest on Working Capital	505.98	462.74	424.87	419.27	471.58
Total	29791.50	28863.17	28161.79	27562.73	26955.09

44. The details of AFC allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020, AFC claimed in the instant Petition, and true-up AFC approved for the Combined Asset in the instant Order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 1.2.2021 in Petition No. 120/TT/2020	29924.23	29215.15	28462.93	27712.77	26950.78
Claimed by the Petitioner in the instant Petition	29791.46	28863.20	28161.77	27562.72	26955.07
Approved after true-up in this Order	29791.50	28863.17	28161.79	27562.73	26955.09

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

45. The Petitioner has claimed the following transmission charges for the Combined Asset for the 2024-29 tariff period:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	9620.21	9613.34	9577.50	2277.38	2277.38
Interest on Loan	3095.12	2247.28	1409.31	890.80	692.76
Return on Equity	10301.42	10301.42	10301.42	10301.42	10301.42
O&M Expenses	1822.85	1919.58	2018.27	2123.70	2239.05
Interest on Working Capital	421.22	412.66	403.90	291.38	294.05
Total	25260.82	24494.28	23710.40	15884.68	15804.66

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	151.90	159.97	168.19	176.98	186.59
Maintenance Spares	273.43	287.94	302.74	318.56	335.86
Receivables	3114.35	3019.84	2923.20	1953.03	1948.52
Total Working Capital	3539.68	3467.75	3394.13	2448.57	2470.97
Rate of Interest on working capital (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	421.22	412.66	403.90	291.38	294.05

Capital Cost

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

“19. Capital Cost: (1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence checks



in accordance with these regulations shall form the basis for the determination of tariff for existing and new projects.

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

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

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

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

(4)

(5)

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



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

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

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

(d)

- (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and
- (f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”

48. The capital cost of ₹182824.41 lakh has been considered for the Combined Asset as on 31.3.2024. Therefore, the capital cost of ₹182824.41 lakh has been considered as the opening capital cost as on 1.4.2024 for the purpose of determining the transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

Additional Capital Expenditure (ACE)

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

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

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

- (a) Payment made towards admitted liabilities for works executed up to the cut-off date;
- (b) Works deferred for execution;
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;
- (d) Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;
- (e) Change in law or compliance with any existing law which is not provided for in the original scope of work;

.....

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

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”

50. The Petitioner has not claimed ACE in respect of the Combined Asset for the 2024-29 tariff period.

51. The capital expenditure as on 31.3.2029 is within the FR apportioned approved cost. Accordingly, the ACE and the capital cost as on 31.3.2029 are allowed for the Combined Asset for the 2024-29 tariff period, as follows:

(₹ in lakh)				
Asset	FR Apportioned Approved Cost	Expenditure as on 31.3.2024 (A)	Admitted ACE in 2024-29 (B)	Actual Capital Cost as on 31.3.2029 (C=A+B)
Combined Asset	193535.00	182824.41	0.00	182824.41

Debt Equity Ratio

52. 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 utilized for meeting the capital expenditure of the generating station or the transmission system.

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

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

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

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

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

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

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

53. 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 ratio considered for the purpose of computation of tariff for the Combined Asset for the 2024-29 tariff period is as follows:

Funding	Capital Cost as on 1.4.2024		ACE allowed in 2024-29		Capital Cost as on 31.3.2029	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	127977.09	70.00	0.00	70.00	127977.09	70.00
Equity	54847.32	30.00	0.00	30.00	54847.32	30.00
Total	182824.41	100.00	0.00	100.00	182824.41	100.00

Depreciation

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

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

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

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

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

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

.....

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

(4)

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



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

.....

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

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

.....

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

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

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

55. 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 in accordance with the depreciation rates specified in the 2024 Tariff Regulations.

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

		(₹ in lakh)				
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	182824.41	182824.41	182824.41	182824.41	182824.41
B	Addition during the year 2024-29 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	182824.41	182824.41	182824.41	182824.41	182824.41
D	Average Gross Block (A+C)/2	182824.41	182824.41	182824.41	182824.41	182824.41



E	Average Gross Block (90% depreciable assets)	182600.26	182600.26	182600.26	182600.26	182600.26
F	Average Gross Block (100% depreciable assets)	224.15	224.15	224.15	224.15	224.15
G	Depreciable value (excluding IT equipment and software) (E*90%)	164340.23	164340.23	164340.23	164340.23	164340.23
H	Depreciable value of IT equipment and software (F*100%)	224.15	224.15	224.15	224.15	224.15
I	Total Depreciable Value (G+H)	164564.38	164564.38	164564.38	164564.38	164564.38
J	Weighted average rate of Depreciation (WAROD) (in %)	5.2620	5.2582	5.2386	1.2457	1.2457
K	Elapsed useful life at the beginning of the year (Year)	9.00	10.00	11.00	12.00	13.00
L	Balance useful life at the beginning of the year (Year)	24.00	23.00	22.00	21.00	20.00
M	Depreciation during the year (D*J)	9620.17	9613.33	9577.48	2277.39	2277.39
N	Cumulative Depreciation at the end of the year	97548.40	107161.72	116739.20	119016.59	121293.98
O	Remaining Aggregate Depreciable Value at the end of the year	67015.99	57402.66	47825.18	45547.79	43270.40

57. The details of depreciation claimed in the instant Petition, and approved in the instant Order in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed in the Instant Petition	9620.21	9613.34	9577.50	2277.38	2277.38
Allowed in the Instant Order	9620.17	9613.33	9577.48	2277.39	2277.39

Interest on Loan (IoL)

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

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

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

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

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

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



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

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

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

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

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

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

59. The Petitioner has claimed the WAROI on loans based on its actual loan portfolio and the rate of interest prevailing as on 1.4.2024. The Petitioner further prayed that any change in interest rate due to the floating rate 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. As directed above, the Petitioner should submit the loan details after due reconciliation. The IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed in respect of the Combined Asset for the 2024-29 tariff period is as under:

						(₹ in lakh)
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	127977.09	127977.09	127977.09	127977.09	127977.09
B	Cumulative Repayments up to Previous Year	87928.22	97548.40	107161.72	116739.20	119016.59
C	Net Loan-Opening (A-B)	40048.87	30428.69	20815.36	11237.89	8960.50
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	9620.17	9613.33	9577.48	2277.39	2277.39
F	Net Loan-Closing (C+D-E)	30428.69	20815.36	11237.89	8960.50	6683.11
G	Average Loan (C+F)/2	35238.78	25622.03	16026.63	10099.19	7821.80



H	Weighted Average Rate of Interest on Loan (in %)	8.7833	8.7710	8.7936	8.8207	8.8570
I	Interest on Loan (G*H)	3095.14	2247.30	1409.32	890.82	692.77

60. The details of the IOL claimed in the instant Petition, and approved in the instant Order in respect of the Combined Asset are as follows:

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed in the Instant Petition	3095.12	2247.27	1409.31	890.80	692.76
Allowed in the Instant Order	3095.14	2247.30	1409.32	890.82	692.77

Return on Equity (RoE)

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

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

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;

(2) 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:

Rate of pre-tax return on equity = 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."

62. The Petitioner has submitted that the MAT rate applies to it.

63. We have considered the Petitioner's submission and have gone through the record.

64. The Petitioner has claimed the RoE, considering the base rate of 15.50% and effective tax rate of 17.47%, for the 2024-29 tariff period; the same has been considered, subject to truing-up.

65. Accordingly, the RoE allowed in respect of the Combined Asset for the 2024-29 tariff period, in accordance with Regulation 31 of the 2024 Tariff Regulation, is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	54847.32	54847.32	54847.32	54847.32	54847.32
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	54847.32	54847.32	54847.32	54847.32	54847.32
D	Average Equity (A+C)/2	54847.32	54847.32	54847.32	54847.32	54847.32
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	Return on Equity (D*G)	10301.42	10301.42	10301.42	10301.42	10301.42

66. The details of RoE claimed in the instant Petition, and allowed in the instant Order in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed in the Instant Petition	10301.42	10301.42	10301.42	10301.42	10301.42
Allowed in the Instant Order	10301.42	10301.42	10301.42	10301.42	10301.42

Operation and Maintenance Expenses (O&M Expenses)

67. The O&M Expenses claimed by the Petitioner in respect of the Combined Asset for the 2024-29 tariff period are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	1822.85	1919.59	2018.27	2123.70	2239.05

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

“36. Operation and Maintenance Expenses:

.....

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Norms for sub-station Bays (Rs Lakh per bay)</i>					
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
<i>Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)</i>					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322



Norms for AC and HVDC lines (Rs Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

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

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

69. We have considered the Petitioner’s submissions. The O&M Expenses for the 2024-29 tariff period have been calculated in accordance with the norms specified in the 2024 Tariff Regulations. The O&M Expenses allowed in respect of the Combined

Asset for the 2024-29 tariff period, as per Regulation 36 of the 2024 Tariff Regulations,
are as follows:

(₹ in lakh)

O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
2 nos. 765 kV bays at Kurnool-Thiruvalam bays I & II 1 no. 400 kV Thiruvalam: Kolar Line Bay 1 no. 400 kV Thiruvalam: Sriperumbudur Line Bay 2 nos. 400 kV ICT-I & II bays at Thiruvalam 2 nos. 765 kV GIS bays at Thiruvalam - Kurnool I & II 2 nos. 765 kV GIS bays at Thiruvalam ICT-I & II					
765 kV Bays					
765 kV (Nos.)	2	2	2	2	2
Norms for 765 kV Conventional Bays	41.34	43.51	45.79	48.20	50.73
O&M Expenses	82.68	87.02	91.58	96.4	101.46
400 kV Bays					
400 kV (Nos.)	4	4	4	4	4
Norms for 400 kV Conventional Bays	29.53	31.08	32.71	34.43	36.23
O&M Expenses	118.12	124.32	130.84	137.72	144.92
765 kV GIS Bays					
765 kV (Nos.)	4	4	4	4	4
Norms for 765 kV GIS Bays	28.938	30.457	32.053	33.74	35.511
O&M Expenses	115.752	121.828	128.212	134.96	142.044
Transmission Lines					
D/C Bundled (4 or more sun c)	355.01	355.01	355.01	355.01	355.01
Norms	1.291	1.359	1.430	1.506	1.585
O&M Expenses	458.32	482.46	507.66	534.65	562.69
Transmission Lines					
D/C Twin/Triple Conductor	12.14	12.14	12.14	12.14	12.14
Norms	0.861	0.906	0.953	1.003	1.056
O&M Expenses	10.45	11.00	11.57	12.18	12.82
Transformers					
765 kV (MVA)	3000	3000	3000	3000	3000
Norms	0.262	0.276	0.290	0.305	0.322
O&M Expenses	786.00	828.00	870.00	915.00	966.00
Transformers					
400 kV (MVA)	960	960	960	960	960
Norms	0.262	0.276	0.290	0.305	0.322
O&M Expenses	251.52	264.96	278.4	292.8	309.12
Total O&M Expenses allowed	1822.84	1919.58	2018.26	2123.70	2239.05

70. The details of O&M Expenses claimed in the instant Petition, and allowed in the instant Order in respect of the Combined Asset are as follows:



	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed in the Instant Petition	1822.85	1919.59	2018.27	2123.70	2239.05
Allowed in the Instant Order	1822.84	1919.58	2018.26	2123.70	2239.05

Interest on Working Capital (IWC)

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

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

.....

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

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

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

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

.....

(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.”

72. The Petitioner has considered the IWC rate as 11.90% as on 1.4.2024. The IWC has been worked out in accordance with Regulation 34 of the 2024 Tariff Regulations. The Rate of Interest (RoI) considered is 11.90%, which is derived from the State Bank of India's (SBI) 1-year Marginal Cost of Funds based Lending Rate (MCLR) of 8.65% as on 1.4.2024, plus an additional 325 basis points for FY 2024-25 to FY 2028-29.

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



(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	151.90	159.97	168.19	176.97	186.59
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	273.43	287.94	302.74	318.55	335.86
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	3114.35	3019.84	2923.20	1953.04	1948.52
D	Total Working Capital (A+B+C)	3539.68	3467.75	3394.13	2448.57	2470.97
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)	421.22	412.66	403.90	291.38	294.05

74. The details of IOWC claimed in the instant Petition, and allowed in the instant Order in respect of the Combined Asset are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed in the Instant Petition	421.22	412.66	403.90	291.38	294.05
Allowed in the Instant Order	421.22	412.66	403.90	291.38	294.05

Annual Fixed Charges for the 2024-29 Tariff Period

75. The AFC allowed in respect of the Combined Asset for the 2024-29 tariff period is as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	9620.17	9613.33	9577.48	2277.39	2277.39
Interest on Loan	3095.14	2247.30	1409.32	890.82	692.77
Return on Equity	10301.42	10301.42	10301.42	10301.42	10301.42
O&M Expenses	1822.84	1919.58	2018.26	2123.70	2239.05
Interest on Working Capital	421.22	412.66	403.90	291.38	294.05
Total	25260.81	24494.29	23710.39	15884.71	15804.68

76. The details of AFC claimed for the 2024-29 tariff period in the instant Petition, and allowed in the instant Order in respect of the Combined Asset are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed in the Instant Petition	25260.82	24494.28	23710.40	15884.68	15804.66
Allowed in the Instant Order	25260.81	24494.29	23710.39	15884.71	15804.68

Filing Fee and Publication Expenses

77. 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 reimbursement of the filing fee and the expenses incurred for the publication of notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as applicable, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

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

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

79. 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.

80. 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.”

81. 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

82. 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 permitted to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

83. 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 them to be recovered from the beneficiaries.

84. We have considered the submission of the Petitioner. 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

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

86. As regards the security expenses of the Combined Asset, the Petitioner has submitted that it will file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36(3)(d)



of the 2024 Tariff Regulations. According to the Petitioner, the security expenses regarding the Combined Asset are not claimed in the instant Petition.

87. The Petitioner has also submitted that it has not claimed insurance expenses in the instant Petition and 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 FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.

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

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

"36(3) (d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:

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

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

90. On perusal of Regulation 36(3)(d) of the 2024 Tariff Regulations and considering the Petitioner's submissions, the Petitioner is allowed to file a single

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

Sharing of Transmission Charges

91. The Petitioner has submitted that the trued-up 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 between the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

92. We have considered the Petitioner's submissions.

93. The billing, collection and disbursement of the transmission charges in respect of the Combined Asset shall be recovered in terms of the provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

94. To summarise:

- a) The trued-up AFC approved in respect of the Combined Asset for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	29791.46	28863.20	28161.77	27562.72	26955.07
AFC Approved	29791.50	28863.17	28161.79	27562.73	26955.09

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	25260.82	24494.28	23710.40	15884.68	15804.66
AFC Allowed	25260.81	24494.29	23710.39	15884.71	15804.68

95. This Order disposes of Petition No. 456/TT/2024 in terms of the above discussions and findings.

sd/- (Ravinder Singh Dhillon) Member	sd/- (Harish Dudani) Member	sd/- (Ramesh Babu V.) Member	sd/- (Jishnu Barua) Chairperson
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