

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 516/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 400 kV D/C Kakrapar APP-Navsari Transmission Line along with associated bays at the Navsari GIS and the 400 kV D/C Kakrapar APP-Vapi Transmission Line along with associated bays at the Vapi Sub-station in the Western Region.

And in the matter of:

**Power Grid Corporation of India Limited,
SAUDAMINI' Plot No-2, Sector-29,
Gurugram-122 001 (Haryana)**

...Petitioner

Versus

- 1. Madhya Pradesh Power Management Company Limited,**
Shakti Bhawan, Rampur,
Jabalpur – 482 008.
- 2. Maharashtra State Electricity Distribution Company Limited,**
Hongkong Bank Building, 3rd Floor, M.G. Road, Fort,
Mumbai – 400 001.
- 3. Gujarat Urja Vikas Nigam Limited,**
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara – 390 007.



4. Electricity Department,
Govt. of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa – 403 001.

5. DNH and DD Power Corporation Limited.
1st & 2nd floor, Vidyut bhavan,
Silvassa – 396 230, DNH, India

6. Chhattisgarh State Power Distribution Company Limited,
P.O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh – 492 013.

7. Nuclear Power Corporation of India Limited,
9-N-33, Vikram Sarabhai Bhavan, Anushakti Nagar,
Mumbai-400 094.

...Respondent(s)

Parties Present: Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Piyush Avasthi, PGCIL
Ms. Supriya Singh, PGCIL
Shri Ashish Agarwal, PGCIL
Shri Vishal Sagar, PGCIL
Shri Vijay G., PGCIL
Shri Amit Yadav, PGCIL
Shri Mukesh Bhakar, PGCIL
Shri Divyanshu Mishra, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Ranjit Kumar Pandey, PGCIL
Shri Ashish Alankar, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as 'PGCIL' / 'the Petitioner'), a deemed transmission licensee, for triing 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") with respect to the 400 kV D/C Kakrapar APP-Navsari Transmission Line along with associated bays at the Nsari GIS and 400 kV D/C Kakrapar APP-Vapi Transmission Line along with associated bays at the Vapi Sub-station (hereinafter referred to as "the transmission asset") under the transmission system associated with Kakrapar Atomic Power Project 3 & 4 in the Western Region (hereinafter referred to as "the transmission system / transmission project"):

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 14 and 15 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 14 and 15 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 recover RLDC fees & charges and Licensee fee, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g)Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.*



h)Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.

i)Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares 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 under:

a) The Investment Approval (the IA) for the transmission system was accorded by the Board of Directors (BoD) of the Petitioner on 26.2.2014 vide their Memorandum No. C/CP/Investment/KAPP 3 & 4 dated 4.3.2014 with an estimated cost of ₹37871 lakh including Interest During Construction (IDC) of ₹2425 lakh based on the December 2013 price level.

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

Transmission Line:

- i. Kakrapar APP-Navsari 400 kV D/C line;
- ii. Kakrapar APP-Vapi 400 kV D/C line.

Sub-station:

- i. Extension of 400/220 kV Navsari GIS Sub-station;
- ii. Extension of 400/220 kV Vapi Sub-station.

c) The transmission asset was scheduled to be put into commercial operation on 26.10.2016. However, it was put into commercial operation on 29.6.2017



after a time over-run of 8 months and 3 days. The time over-run was condoned. The Commission vide its order dated 3.10.2018 in Petition No. 118/TT/2017 allowed the tariff of the transmission asset for the period from COD to 31.3.2019.

- d) As per the agreement signed between the Petitioner and NPCIL dated 13.12.2004, Kakrapar Atomic Power Plant (KAPP-3&4; 2X700 MW) was scheduled to be implemented by NPCIL and the components of associated transmission system (ATS) for KAPP-3&4 were to be implemented by the Petitioner. NPCIL vide its letter dated 10.5.2016 intimated the Petitioner that KAPP-3 is scheduled to be put into commercial operation by November, 2017 and KAPP-4 thereafter. As per the 41st SCM (Standing Committee Meeting) held on 21.12.2016, it was agreed that charging of Vapi-Kakrapar (KAPP)-Navsari 400 kV D/C line (using Kakrapar generation switchyard) could be taken up by the Petitioner after COD of the lines and switchyard bays at Kakrapar. Accordingly, as a contingency arrangement, the Petitioner charged the Vapi-Kakrapar (KAPP)-Navsari 400 kV D/C line (using Kakrapar generation switchyard).
- e) The Commission, vide its order dated 15.2.2021 in Petition No. 15/TT/2020, truing-up of transmission tariff for the 2014-19 tariff period and determined of transmission tariff for the 2019-24 tariff period with respect to the instant transmission asset.
- f) 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 asset implemented under Western Region:



Particulars	Asset Name	COD	Remarks
Transmission Asset	400 kV D/C Kakrapar APP-Navsari Transmission Line along with associated bays at Navsari GIS and 400 kV D/C Kakrapar APP-Vapi Transmission Line along with associated bays at Vapi Sub-station	29.6.2017	Tariff for true up of 2014-19 period and tariff for 2019-24 period approved under Petition no. 15/TT/2020

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

6. The Respondent No. 1, i.e., Madhya Pradesh Power Management Company Limited (MPPMCL) vide affidavit dated 16.10.2025, has filed its reply and raised issues pertaining to the instant Petition. In response, the Petitioner has filed its rejoinder vide affidavit dated 10.11.2025.

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

8. This order is being issued after considering the submissions made by the Petitioner vide affidavits dated 25.11.2024 and 3.9.2025. Further, the submissions made by MPPMCL vide affidavit dated 16.10.2025 and the Petitioner's rejoinder affidavit dated 10.11.2025 to MPPMCL's reply.

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



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

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1669.77	1671.47	1671.67	1669.60	1667.68
Interest on Loan	1491.60	1313.43	1176.96	1064.74	951.48
Return on Equity	1775.59	1777.40	1777.61	1775.40	1773.35
Interest on Working Capital	88.13	80.40	73.62	72.55	81.65
O&M Expenses	318.61	329.73	341.31	353.34	365.66
Total	5343.70	5172.43	5041.17	4935.63	4839.82

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

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	26.55	27.48	28.44	29.45	30.47
Maintenance Spares	47.79	49.46	51.20	53.00	54.85
Receivables	657.01	637.70	621.51	608.50	595.06
Total Working Capital	731.35	714.64	701.15	690.95	680.38
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	88.13	80.40	73.62	72.55	81.65

Capital Cost for 2019-24 Tariff Period

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

13. The Petitioner has claimed the following opening capital cost and actual ACE incurred for the 2019-24 tariff period in the instant true-up Petition:

Particulars	FR Apportion ed Approved Cost as per RCE	Capital Cost claimed as on 31.03.2019	ACE Claimed					Capital Cost claimed as on 31.3.2024
			2019- 20	2020-21	2021-22	2022-23	2023-24	
Transmission Asset	37871.21	31483.25	57.85	6.51	0.92	-79.41	6.58	31475.70



14. The Petitioner has claimed the capital cost of ₹31483.25 lakh as on 1.4.2019 against the admitted cost of ₹31480.29 lakh, as approved by the Commission vide its order dated 15.2.2021 in Petition No. 15/TT/2020. The Petitioner has submitted that in the said order dated 15.2.2021, an amount of ₹108.80 lakh towards excess Initial Spares (₹48.15 lakh for sub-station + ₹60.65 lakh for transmission line) was deducted from the capital cost as on COD / ACE during the 2019-24 tariff period of the transmission asset. Based on the revised Plant and machinery cost up to the cut-off date, the Petitioner in the instant Petition has recalculated the Initial Spares which works out to ₹105.85 lakh. Accordingly, the Petitioner has claimed the capital cost of ₹31480.29 lakh after adding an amount of ₹2.95 lakh (₹108.80 lakh – ₹105.85 lakh) to the capital cost as on 1.4.2019.

15. We have considered the Petitioner's submissions. The Initial Spares have been dealt with in the following paragraphs.

Initial Spares

16. The details of the Initial Spares recalculated by the Petitioner in the instant Petition as per the revised plant and machinery cost vide the Auditor Certificate dated 13.9.2024 are as under:

(₹ in lakh)						
Assets	Particulars	Plant and Machinery excluding IDC, IEDC, Land cost and cost of civil works up to the cut-off date (A)	Initial Spares Claimed as per the Auditor Certificate (B)	Ceiling Limit (%) (C)	Initial Spares Allowable	Excess Initial Spares
Transmission Asset	Sub-station (Brown Field)	5029.20	294.49	5	249.20	45.29



Assets	Particulars	Plant and Machinery excluding IDC, IEDC, Land cost and cost of civil works up to the cut-off date (A)	Initial Spares Claimed as per the Auditor Certificate (B)	Ceiling Limit (%) (C)	Initial Spares Allowable	Excess Initial Spares
					$D = [(A-B)*C / (100-C)]$	[B-D]
	Transmission line	23649.80	296.45	1	235.89	60.56
Total						105.85

17. The Commission vide its Technical Validation (TV) letter dated 25.8.2025 directed the Petitioner to submit details regarding the Initial Spares Discharge Statement. In response, the Petitioner vide affidavit dated 3.9.2025 submitted that the entire Initial Spares claimed in the instant Petition have been discharged by 31.3.2019, and details are as under:

Asset	Total Initial Spares as per Auditor Certificate	Spares discharged up to COD and included in Auditor Certificate up to COD cost	₹ in lakh)	
			2017-18	2018-19
Sub-station	294.49	278.97	15.52	0.00
Transmission Line	296.45	205.62	78.00	12.83

18. The Petitioner has further contended that the Commission vide its order dated 15.2.2021 in Petition No. 15/TT/2020, disallowed the excess Initial Spares based on the estimated plant and machinery cost up to the cut-off date, i.e., 31.3.2020. Based on the actual additional capitalisation up to the same cut-off date, the allowable Initial Spares have been recomputed and placed in the instant Petition. The details of excess Initial Spares disallowed earlier, and the revised excess now computed are as under:



(₹ in lakh)

Period	Sub-Station			Transmission Line		
	Claimed as per Auditor Certificate	Excess disallowed in 15/TT/2020	Revised Excess Initial Spares	Claimed as per Auditor Certificate	Excess disallowed in 15/TT/2020	Revised Excess
As on COD	278.97	32.63	29.77	205.62	0.00	0.00
2017-18	15.52	15.52	15.52	78.00	47.82	47.73
2018-19	0.00	0.00	0.00	12.83	12.83	12.83
Total	294.49	48.15	45.29	296.45	60.65	60.56
Difference			2.86			0.09

19. We have considered the Petitioner's submissions. The details of COD and corresponding cut-off date with respect to the instant transmission asset is as follows:

Particulars	COD	Cut-off date
Transmission Asset	29.6.2017	31.3.2020

20. The Petitioner has submitted that the Initial Spares have been recalculated based on the actual Plant and Machinery Cost up to the cut-off date as per the Auditor Certificate dated 13.9.2024, and the Initial Spares of ₹105.85 lakh have been reduced from the capital cost up to 31.3.2019.

21. We have perused the Auditor's Certificate dated 13.9.2024 submitted by the Petitioner. It is observed that as per the Auditor's Certificate, the Petitioner has claimed plant and machinery cost of ₹23649.80 lakh and ₹5029.20 lakh with respect to the transmission line and Sub-station respectively, up to the cut-off date, i.e., 31.3.2020. Accordingly, the allowable Initial Spares for the 2019-24 tariff period are as follows:



(₹ in lakh)						
Asset	Particulars	Plant and Machinery cost (excluding IDC and IEDC, land cost & cost of civil works) upto cut-off date (₹ in lakh)	Initial Spares claimed (₹ in lakh)	Norms as per the 2014 Tariff Regulations (in %)	Initial Spares allowable (₹ in lakh)	Excess Initial Spares (₹ in lakh)
		A	B	C	$D = (A - B) * C / (100 - C)$	$E = D - B$
Transmission Asset	Sub-station (Brown Field)	5029.20	294.49	5	249.20	45.29
	Transmission Line	23649.80	296.45	1	235.89	60.56
Total						105.85

22. Therefore, the difference of ₹ 2.95 lakh (i.e., the excess Initial Spares of ₹ 108.80 lakh already disallowed earlier, less the excess Initial Spares of ₹ 105.85 lakh worked out in the instant Petition) is required to be added back to the capital cost as on 1.4.2019 with respect to the instant transmission asset for the 2019-24 tariff period. Accordingly, the trued-up capital cost as on 1.4.2019, after adjusting the Initial Spares, is as follows:

Particulars	Capital Cost claimed as on 1.4.2019 (A)	Adjustment towards Initial Spares (B)	Capital Cost claimed as on 1.4.2019 (C=A+B)
Transmission Asset	31480.30	2.95	31483.24

Additional Capital Expenditure (ACE)

23. The Commission vide its order dated 15.2.2021 in Petition No. 15/TT/2020, allowed projected ACE of ₹59.98 lakh with respect to the transmission asset for the 2019-24 tariff period under Regulation 24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations on account of un-discharged liabilities recognized to be payable at a future



date and liabilities for works executed prior to the cut-off date. Against this, the Petitioner has claimed the following ACE with respect to the transmission asset based on the actual expenditure in accordance with Regulation 24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations and the detail of same is as follows:

Particulars	Regulations	Actual ACE					(₹ in lakh)
		2019-20	2020-21	2021-22	2022-23	2023-24	
Undischarged liabilities recognized to be payable at a future date	24(1)(a) of the 2019 Tariff Regulations	57.85	-	-	-	-	
Liability for works executed prior to the cut-off date	25(1)(d) of the 2019 Tariff Regulations		6.51	0.92	-79.41	6.58	
Total		57.85	6.51	0.92	-79.41	6.58	

24. The Petitioner has submitted that ACE has been claimed on the basis of the actual payments made to the contractor after receipt of the final invoices from the contractor and incorporation of the amendments. Further, the Liability Flow Statement containing the head-wise and party-wise details of the actual ACE incurred during the 2019-24 tariff period for the instant transmission asset as submitted by the Petitioner is as under:

Particulars	Year of Actual Capitalization	Outstanding Liability as on COD	Discharge						Outstanding Liability as on 31.3.2024	(₹ in lakh)
			2019-20	2020-21	2021-22	2022-23	2023-24	Total (2019-24)		
Due to Unexecuted Work										
Building & Civil Works	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transmission Line	2017	0.00	0.00	0.00	0.00	(92.96)	0.00	(92.96)	0.00	
Sub Station	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
PLCC/OPGW	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	



Particulars	Year of Actual Capitalization	Outstanding Liability as on COD	Discharge						Outstanding Liability as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	Total (2019-24)	
I.T Equipment Including s	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due to discharge of liability									
Building & Civil Works	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transmission Line	2017	58.71	21.23	5.91	0.72	1.00	1.80	30.66	28.05
Sub Station	2017	54.76	36.63	0.59	0.20	12.55	4.78	54.76	0.00
PLCC/OPGW	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I.T Equipment including s	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		113.47	57.85	6.51	0.92	13.55	6.58	85.42	28.05

25. MPPMCL vide affidavit dated 16.10.2025, submitted that the Petitioner had claimed ACE for the 2019-24 tariff period under Regulation 24(1)(a) of the 2019 Tariff Regulations for the 2019-20 tariff period, whereas the ACE for the remaining period from 2020-21 to 2023-24 tariff period under Regulation 25(1)(d) of the 2019 Tariff Regulations, stating that the ACE earlier allowed in Petition No. 15/TT/2020 had been based on projections. It was submitted that the projected ACE had been prepared prior to contract closure, whereas in the instant truing-up Petition, ACE has been claimed on the basis of actual payments made after receipt and reconciliation of final invoices. Therefore, the actual expenditure after contract closure could be higher or lower than the earlier estimates.

26. In view of the above, MPPMCL has prayed that the ACE claim be subjected to strict prudence check and allowed only to the extent admissible under the relevant Regulations. It was also been noted that IDC of ₹23.92 lakh was disallowed by the Commission vide order dated 15.2.2021 in Petition No. 15/TT/2020.



27. In response, the Petitioner in its rejoinder vide affidavit dated 10.11.2025 has submitted that the claims made by the Petitioner, including ACE, Return on Equity (RoE) and sharing of the transmission charges, are in accordance with the 2019 Tariff Regulations and 2024 Tariff Regulations. It has further been submitted that the Commission, vide its order dated 15.2.2021 in Petition No. 15/TT/2020, had disallowed IDC of ₹23.92 lakh due to computational differences from the capital cost and the said amount has accordingly been reduced from the completion cost as on 31.3.2019. The Petitioner has prayed that the Commission may kindly allow the capital cost as claimed in the instant Petition, in accordance with the relevant Tariff Regulations.

28. We have considered the Petitioner and MPPMCL's submissions. The Petitioner has claimed the ACE on account of un-discharged liabilities recognized to be payable at a future date and liabilities for works executed prior to the cut-off date. Therefore, as per Regulation 24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations, the ACE claimed by the Petitioner is admitted and allowed as follows:

Particulars	Regulations	ACE allowed				
		2019-20	2020-21	2021-22	2022-23	2023-24
Due to Discharge of Liability	24(1)(a) of the 2019 Tariff Regulations	57.85	0.00	0.00	0.00	0.00
Due to Discharge of Liability	25(1)(d) of the 2019 Tariff Regulations	-	6.51	0.92	13.55	6.58
Due to unexecuted work		-	-	-	(92.96)	-
Total		57.85	6.51	0.92	(79.41)	6.58

29. Accordingly, the details of the trued-up capital cost and ACE approved with respect to the instant transmission asset for the 2019-24 tariff period is as follows:



Asset	Capital Cost allowed as on 1.4.2019	Approved ACE					Total Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
Transmission Asset	31483.24	57.85	6.51	0.92	(79.41)	6.58	31475.69

Debt-Equity Ratio

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

Funding	Capital Cost as on 1.4.2019 ₹ in lakh)	(in %)	ACE in 2019-24 ₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 ₹ in lakh)	(in %)
Debt	22038.27	70.00	-5.29	70.00	22032.98	70.00
Equity	9444.97	30.00	-2.27	30.00	9442.71	30.00
Total	31483.24	100.00	-7.55	100.00	31475.69	100.00

Depreciation

31. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission asset as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations. Depreciation approved with respect to the transmission asset for the 2019-24 tariff period is as follows:

	Transmission Asset					
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	31483.24	31541.09	31547.60	31548.52	31469.11
B	Addition during 2019-24 due to ACE	57.85	6.51	0.92	-79.41	6.58
C	Closing Gross Block (A+B)	31541.09	31547.60	31548.52	31469.11	31475.69
D	Average Gross Block (A+C)/2	31512.17	31544.35	31548.06	31508.82	31472.40



		Transmission Asset				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
E	Average Capital Cost (90% depreciable assets)	31462.59	31494.77	31498.49	31459.24	31422.83
F	Average Capital Cost (100% depreciable assets)	49.57	49.57	49.57	49.57	49.57
G	Depreciable Value (excluding IT equipment and software) (E*90%)	28316.33	28345.30	28348.64	28313.32	28280.54
H	Depreciable Value of IT equipment and software (F*100%)	49.57	49.57	49.57	49.57	49.57
I	Total Depreciable Value (G+H)	28365.91	28394.87	28398.21	28362.89	28330.12
J	Weighted average rate of Depreciation (WAROD) (in %)	5.30	5.30	5.30	5.30	5.30
K	Balance useful life of the asset	32	31	30	29	28
L	Elapsed life at the beginning of the year	1	2	3	4	5
M	Combined Depreciation during the year (D*J)	1669.77	1671.47	1671.67	1669.59	1667.67
N	Cumulative Depreciation at the end of the year	4437.99	6109.45	7781.12	9450.70	11118.37
O	Remaining Aggregate Depreciable Value at the end of the year	23927.92	22285.42	20617.09	18912.19	17211.75

32. The details of depreciation allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020; depreciation claimed in the instant Petition and trued-up depreciation approved in the instant order with respect to the transmission asset are as follows:

Transmission Asset	2019-20	2020-21	2021-22	2022-23	2023-24	(₹ in lakh)
Allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020	1669.67	1671.25	1671.25	1671.25	1671.25	
Claimed by the Petitioner in the instant Petition	1669.77	1671.47	1671.67	1669.60	1667.68	
Approved after trued-up in this order	1669.77	1671.47	1671.67	1669.59	1667.67	

Interest on Loan (IoL)

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

34. MPPMCL vide affidavit 16.10.2025, has submitted that such expenses are covered under the normative parameters of AFCs, and therefore, may not be allowed additionally.



35. In response, the Petitioner vide affidavit dated 10.11.2025 has submitted that in the instant Petition, the IoL has been claimed only as a parameter of AFC and that no additional AFC has been claimed by the Petitioner.

36. We have considered the Petitioner and MPPMCL's submissions. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL approved with respect to the transmission asset is as follows:

Particulars		Transmission Asset					(₹ in lakh)
		2019-20	2020-21	2021-22	2022-23	2023-24	
	Interest on Loan						
A	Gross Normative Loan	22038.27	22078.76	22083.32	22083.96	22028.38	
B	Cumulative Repayments up to Previous Year	2768.22	4437.99	6109.45	7781.12	9450.70	
C	Net Loan-Opening (A-B)	19270.05	17640.78	15973.87	14302.85	12577.67	
D	Additions	40.50	4.56	0.64	-55.59	4.61	
E	Repayment during the year	1669.77	1671.47	1671.67	1669.59	1667.67	
F	Net Loan-Closing (C+D-E)	17640.78	15973.87	14302.85	12577.67	10914.61	
G	Average Loan (C+F)/2	18455.41	16807.32	15138.36	13440.26	11746.14	
H	Weighted Average Rate of Interest on Loan (in %)	8.0822	7.8146	7.7747	7.9220	8.1004	
I	Interest on Loan (G*H)	1491.60	1313.43	1176.96	1064.74	951.48	

37. The details of IoL allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020; IoL claimed in the instant Petition and trued-up IoL approved in the instant order with respect to the transmission asset are as follows:

Transmission Asset						(₹ in lakh)
	2019-20	2020-21	2021-22	2022-23	2023-24	
Allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020	1502.40	1363.83	1229.41	1095.21	957.87	
Claimed by the Petitioner in the instant Petition	1491.60	1313.43	1176.96	1064.74	951.48	



Transmission Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Approved after trued-up in this order	1491.60	1313.43	1176.96	1064.74	951.48

Return on Equity (RoE)

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

39. We have considered the Petitioner's submissions and have also gone through the record. We 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

40. Accordingly, the trued-up RoE approved with respect to the transmission asset for the 2019-24 tariff period is as follows:

	Particulars	Transmission Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	9444.97	9462.33	9464.28	9464.56	9440.73
B	Additions	17.36	1.95	0.28	-23.82	1.97
C	Closing Equity (A+B)	9462.33	9464.28	9464.56	9440.73	9442.71
D	Average Equity (A+C)/2	9453.65	9463.30	9464.42	9452.64	9441.72
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)	1775.58	1777.40	1777.61	1775.40	1773.34



41. The details of RoE allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020; RoE claimed in the instant Petition and trued-up RoE approved in the instant order with respect to the transmission asset are as follows:

Transmission Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020	1775.43	1777.12	1777.12	1777.12	1777.12
Claimed by the Petitioner in the instant Petition	1775.59	1777.40	1777.61	1775.40	1773.35
Approved after trued-up in this order	1775.58	1777.40	1777.61	1775.40	1773.34

Operation & Maintenance Expenses (O&M Expenses)

42. The Petitioner in the instant true-up Petition has claimed the following O&M Expenses for the 2019-24 period:

O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	318.61	329.73	341.31	353.34	365.66

43. We have considered the Petitioner's submissions. The O&M Expenses allowed for the transmission asset as per norms specified in the 2019 Tariff Regulations are as follows:

Particulars	Transmission Asset				
	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line: D/C (Bundled Conductor with 4 sub-conductor)					
<ul style="list-style-type: none"> • Vapi-Kakrapar-Navsari Transmission Line (Total length of line : 151.18 kms) 					
Norms (₹ lakh per km)	1.322	1.368	1.416	1.466	1.517
O&M expenses allowed	199.86	206.81	214.07	221.63	229.34
Transmission Line: M/C (Four or more conductor)					
<ul style="list-style-type: none"> • Vapi-Kakrapar-Navsari Transmission Line (Total length of line : 4.07 kms) • 					
Norms (₹ lakh per km)	2.319	2.401	2.485	2.572	2.662
O&M expenses allowed	9.44	9.77	10.11	10.47	10.83
400 kV bay					
Vapi Substation:					



Particulars	Transmission Asset				
	2019-20	2020-21	2021-22	2022-23	2023-24
<ul style="list-style-type: none"> 2 Nos. of line bay for 400 kV D/C Vapi-Kakrapar-Navsari Transmission Line 					
Norms (₹ lakh per Bay)	32.15	33.28	34.45	35.66	36.91
O&M expenses allowed	64.30	66.56	68.90	71.32	73.82
400 kV Bays					
Navsari Substation (GIS)					
<ul style="list-style-type: none"> 2 Nos. line bay for 400 kV D/C Vapi-Kakrapar-Navsari Transmission Line 					
Norms* (₹ lakh per Bay)	22.505	23.296	24.115	24.962	25.837
O&M expenses allowed	45.01	46.59	48.23	49.92	51.67
Total O&M Expenses allowed	318.61	329.73	341.31	353.34	365.66

*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.

44. Accordingly, the details of O&M Expenses allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020; O&M claimed in the instant Petition and trued-up O&M Expenses approved in the instant order with respect to the transmission asset are as follows:

Transmission Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020	318.61	329.74	341.31	353.34	365.67
Claimed by the Petitioner in the instant Petition	318.61	329.73	341.31	353.34	365.66
Approved after trued-up in this order	318.61	329.73	341.31	353.34	365.66

Interest on Working Capital (IWC)

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



46. The components of the working capital and interest allowed thereon with respect to the transmission asset for 2019-24 are as follows:

Particulars		Transmission Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
Interest on Working Capital						
A	Working Capital for O&M Expenses (O&M Expenses for one month)	26.55	27.48	28.44	29.45	30.47
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	47.79	49.46	51.20	53.00	54.85
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	657.01	637.70	621.51	608.50	595.06
D	Total Working Capital (A+B+C)	731.35	714.64	701.15	690.95	680.38
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)	88.13	80.40	73.62	72.55	81.65

47. The details of IWC allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020 for the transmission asset; IWC claimed by the Petitioner in the instant Petition and trued-up IWC approved in the instant order are as follows:

Transmission Asset	2019-20	2020-21		2021-22	2022-23	2023-24
Allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020	88.29	81.10		79.68	78.28	76.66
Claimed by the Petitioner in the instant Petition	88.13	80.40		73.62	72.55	81.65
Approved after trued-up in this order	88.13	80.40		73.62	72.55	81.65

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

48. Accordingly, the Annual Fixed Charges allowed after the truing-up for the 2019-24 tariff period with respect to the transmission asset is as follows:



Particulars		Transmission Asset				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	1669.77	1671.47	1671.67	1669.59	1667.67
B	Interest on Loan	1491.60	1313.43	1176.96	1064.74	951.48
C	Return on Equity	1775.58	1777.40	1777.61	1775.40	1773.34
D	O & M Expenses	318.61	329.74	341.31	353.34	365.67
E	Interest on Working Capital	88.13	80.40	73.62	72.55	81.65
F	Total (A+B+C+D+E)	5343.69	5172.43	5041.17	4935.62	4839.80

49. The details of AFC allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020, AFC claimed in the instant Petition and trued-up AFC approved in the instant order with respect to the transmission asset are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 15.2.2021 in Petition No. 15/TT/2020	5354.39	5223.04	5098.77	4975.20	4848.57
Claimed by the Petitioner in the instant Petition	5343.70	5172.43	5041.17	4935.63	4839.82
Approved after trued-up in this order	5343.69	5172.43	5041.17	4935.62	4839.80

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

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

Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1690.76	1684.58	1684.06	1653.01	1645.70
Interest on Loan	813.98	674.29	537.83	405.99	274.57
Return on Equity	1774.32	1775.11	1775.11	1775.11	1775.11
Interest on Working Capital	78.84	75.37	74.05	72.23	71.14
O&M Expenses	304.79	320.83	337.62	355.49	374.12
Total	4660.69	4530.18	4408.67	4261.83	4140.64

51. The details of the IWC claimed by the Petitioner with respect to the transmission asset for the 2024-29 tariff period are as under:



Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	25.40	26.74	28.14	29.62	31.18
Maintenance Spares	45.72	48.12	50.64	53.32	56.12
Receivables	574.61	558.52	543.53	524.00	510.49
Total Working Capital	645.73	633.38	622.31	606.94	597.79
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	76.84	75.37	74.05	72.23	71.14

Capital Cost

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

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

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

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



- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o).....
- (p).....

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

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

(4) & (5)

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

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;

- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;

- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

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

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

- (d).....

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

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

53. The Petitioner has claimed the following capital cost of the transmission asset during the 2024-29 tariff period:



Assets	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost as on 31.3.2029
		2024-29	
Transmission Asset	31475.69	28.05	31503.74

54. We have considered the Petitioner's submissions. The trued-up capital cost of ₹31475.69 lakh for the as on 31.3.2024 with respect to instant transmission asset has been considered as opening capital cost as on 1.4.2024 for working out the tariff for 2024-29 tariff period in accordance with Regulation 19(3)(a) of the 2024 Tariff Regulations.

Additional Capital Expenditure (ACE)

55. The Regulations 24 and 25 of the 2024 Tariff Regulations provides as under:

"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) *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”

56. The Petitioner has claimed ACE of ₹28.05 lakh for the 2024-29 tariff period under Regulation 25(1)(d) of the 2024 Tariff Regulations:

Particulars	Regulation	(₹ in lakh) ACE Claimed 2024-25
Payment made towards liability admitted for works within the original scope executed prior to the cut-off date	25(1)(d)	28.05



Particulars	Regulation	ACE Claimed
		2024-25
Total		28.05

57. The Petitioner has submitted the following Liability Flow Statement for the 2024-29 tariff period:

Particulars	Year of Actual Capitalization	Discharge		Outstanding Liability as on 31.3.2029	₹ in lakh
		2024-25 Projected	Total (2024-29)		
Building & Civil Works	2017	0.00	0.00	0.00	0.00
Transmission Line	2017	28.05	28.05	0.00	0.00
Sub Station	2017	0.00	0.00	0.00	0.00
PLCC/OPGW	2017	0.00	0.00	0.00	0.00
I.T Equipment including s	2017	0.00	0.00	0.00	0.00
		28.05	28.05	0.00	0.00

58. We have considered the Petitioner's submissions. The Petitioner has claimed the ACE on account of discharge of liabilities for works failing within the original scope and executed within the cut-off date. Accordingly, as per Regulation 25(1)(d) of the 2024 Tariff Regulations, the ACE claimed by the Petitioner is hereby allowed for the 2024-29 tariff period as per the following details:

Particulars	Regulation	ACE Claimed	₹ in lakh
		2024-25	
Payment made towards liability admitted for works within the original scope executed prior to the cut-off date	25(1)(d)	28.05	28.05
Total			28.05

59. Accordingly, the capital cost and ACE allowed with respect to the instant transmission asset for the 2024-29 tariff period is as follows:

Particulars	Capital Cost allowed as on 1.4.2024	ACE Allowed	Capital Cost allowed as on 31.3.2029	₹ in lakh
		2024-29		
Transmission Asset	31475.69	28.05	31503.74	



Debt-Equity Ratio

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

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

Provided that:

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

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

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

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	22032.98	70.00	19.64	70.00	22052.62	70.00
Equity	9442.71	30.00	8.42	30.00	9451.12	30.00
Total	31475.69	100.00	28.05	100.00	31503.74	100.00

Depreciation

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

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

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

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

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

Provided that the salvage value for IT equipment and software shall be



considered as NIL and 100% value of the assets shall be considered depreciable;

.....

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

(4)

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

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

.....

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

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

.....

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

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

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

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx"



63. We have considered the Petitioner's submissions. 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 considering the rates of depreciation for the transmission asset as specified in the 2024 Tariff Regulations. Accordingly, the depreciation allowed for the transmission asset under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as follows:

		Transmission Asset					(₹ in lakh)
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29	
	Depreciation						
A	Opening Gross Block	31475.69	31503.74	31503.74	31503.74	31503.74	
B	Addition during 2024-29 due to ACE	28.05	0.00	0.00	0.00	0.00	
C	Closing Gross Block (A+B)	31503.74	31503.74	31503.74	31503.74	31503.74	
D	Average Gross Block (A+C)/2	31489.72	31503.74	31503.74	31503.74	31503.74	
E	Average Capital Cost (90% depreciable assets)	31440.14	31454.17	31454.17	31454.17	31454.17	
F	Average Capital Cost (100% depreciable assets)	49.57	49.57	49.57	49.57	49.57	
G	Depreciable Value (excluding IT equipment and software) (E*90%)	28296.13	28308.75	28308.75	28308.75	28308.75	
H	Depreciable Value of IT equipment and software (F*100%)	49.57	49.57	49.57	49.57	49.57	
I	Total Depreciable Value (G+H)	28345.70	28358.32	28358.32	28358.32	28358.32	
J	Weighted average rate of Depreciation (WAROD) (in %)	5.37	5.35	5.35	5.25	5.22	
K	Balance useful life of the asset	27	26	25	24	23	
L	Elapsed life at the beginning of the year	6	7	8	9	10	
M	Combined Depreciation during the year (D*J)	1690.76	1684.61	1684.06	1653.01	1645.70	
N	Cumulative Depreciation at the end of the year	12809.14	14493.74	16177.80	17830.81	19476.51	
O	Remaining Aggregate Depreciable Value at the end of the year	15536.57	13864.58	12180.52	10527.51	8881.81	



Interest on Loan (IoL)

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

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

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

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

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

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

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

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

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

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

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

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



65. 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 any change in the interest rate due to floating rate of interest applicable, if any, during the 2024-29 tariff period may be adjusted. Accordingly, such variation in the floating rate of interest, if any, will be considered at the time of true-up. The IoL has been allowed for the 2024-29 tariff period with respect to the transmission asset in accordance with Regulation 32 of the 2024 Tariff Regulations is as follows:

(₹ in lakh)						
Transmission Asset						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	22032.98	22052.62	22052.62	22052.62	22052.62
B	Cumulative Repayments up to Previous Year	11118.38	12809.14	14493.75	16177.81	17830.82
C	Net Loan-Opening (A-B)	10914.60	9243.48	7558.87	5874.81	4221.80
D	Additions	19.64	0.00	0.00	0.00	0.00
E	Repayment during the year	1690.76	1684.61	1684.06	1653.01	1645.70
F	Net Loan-Closing (C+D-E)	9243.48	7558.87	5874.81	4221.80	2576.10
G	Average Loan (C+F)/2	10079.04	8401.18	6716.84	5048.31	3398.95
H	Weighted Average Rate of Interest on Loan (in %)	8.0760	8.0261	8.0072	8.0421	8.0782
I	Interest on Loan (G*H)	813.98	674.28	537.83	405.99	274.58

Return on Equity (RoE)

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

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

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

(3) Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the



communication system, at the base rate of 15.50% for Thermal generating station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

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

Provided further that:

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

....."

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

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

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

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

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

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



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

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

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

67. The Petitioner has submitted that the MAT rate applicable to the Petitioner. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. Accordingly, the RoE allowed with respect to the transmission asset for the 2024-29 tariff period is as follows:

Transmission Asset						(₹ in lakh)
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	9442.71	9451.12	9451.12	9451.12	9451.12
B	Additions	8.42	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	9451.12	9451.12	9451.12	9451.12	9451.12
D	Average Equity (A+C)/2	9446.91	9451.12	9451.12	9451.12	9451.12
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)	1774.32	1775.11	1775.11	1775.11	1775.11

Operation & Maintenance Expenses (O&M Expenses)

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



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	304.79	320.83	337.62	355.49	374.12

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

“36. Operation and Maintenance Expenses:

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Norms for sub-station Bays (₹ 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 (₹ Lakh per MVA or MVAR)</i>					
O&M expenditure per MVA or per MVAR	0.262	0.276	0.290	0.305	0.322
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-	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	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	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or	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
<i>Norms for HVDC stations</i>					
HVDC Back-to-Back stations (₹ Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka HVDC Back-to-Back station (₹ Lakh per	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.

....."

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

Particulars	Transmission Asset					(₹ in lakh)
	2024-25	2025-26	2026-27	2027-28	2028-29	
Transmission Line: D/C (Bundled Conductor with 4 sub-conductor)						
• Vapi-Kakrapar-Navsari Transmission Line (Total Length of transmission line: 151.18 kms)						
Norms (₹ lakh per km)	1.291	1.359	1.43	1.506	1.585	
O&M expenses allowed	195.17	205.45	216.19	227.68	239.62	
Transmission Line: M/C (4 or more conductor)						
• Vapi-Kakrapar-Navsari Transmission Line (Total Length of transmission line: 4.07 kms)						
Norms (₹ lakh per km)	2.266	2.385	2.51	2.642	2.781	
O&M expenses allowed	9.22	9.71	10.22	10.75	11.32	
400 kV Bays						
Vapi Substation:						
• 2 Nos. line bays for 400 kV D/C Vapi-Kakrapar-Navsari Transmission Line						
Norms (₹ lakh per Bay)	29.53	31.08	32.71	34.43	36.23	
O&M expenses allowed	59.06	62.16	65.42	68.86	72.46	
400 kV Bays						
Navsari Substation (GIS):						
• 2 Nos. line bays for 400 kV D/C Vapi-Kakrapar-Navsari Transmission Line						
Norms* (₹ lakh per Bay)	20.67	21.76	22.90	24.10	25.36	



Particulars	Transmission Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M expenses allowed	41.34	43.51	45.79	48.20	50.72
Total O&M Expenses allowed (₹ in lakh)	304.80	320.83	337.62	355.49	374.12

*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.

Interest on Working Capital (IWC)

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

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

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

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

(2)

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

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

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

72. 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. The components of the working capital



and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period with respect to the transmission asset are as follows:

(₹ in lakh)						
Transmission Asset						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	25.40	26.74	28.13	29.62	31.18
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	45.72	48.12	50.64	53.32	56.12
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	574.61	558.52	543.54	524.00	510.49
D	Total Working Capital (A+B+C)	645.73	633.38	622.31	606.94	597.79
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)	76.84	75.37	74.06	72.23	71.14

Annual Fixed Charges of the 2024-29 Tariff Period

73. The Annual Fixed Charges allowed with respect to transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1690.76	1684.61	1684.06	1653.01	1645.70
Interest on Loan	813.98	674.28	537.83	405.99	274.58
Return on Equity	1774.32	1775.11	1775.11	1775.11	1775.11
O & M Expenses	304.80	320.83	337.62	355.49	374.12
Interest on Working Capital	76.84	75.37	74.06	72.23	71.14
Total	4660.69	4530.21	4408.68	4261.83	4140.64



Filing Fee and Publication Expenses

74. 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.

75. 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 per Regulation 94(1) of the 2024 Tariff Regulations.

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

76. 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.

77. 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."

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

License Fee and RLDC Fees and Charges

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

80. MPPMCL vide affidavit 16.10.2025, has submitted that the Petitioner may be directed to bear the costs associated with obtaining licence fees and RLDC fees, since the Petitioner is already recovering such costs from end-consumers, which should be sufficient to meet such expenses. It has further been submitted that these expenses are covered under the normative parameters of AFC, and therefore, may not be allowed additionally by the Commission.

81. In response, the Petitioner vide affidavit dated 10.11.2025, has submitted that the AFC claimed in the instant Petition was exclusive of incentive, late payment surcharge, FERV, statutory taxes, levies, duties, cess, filing fees, licence fee, RLDC fees and charges, capital spares, security expenses, insurance expenses or any other



impositions or surcharges levied by any Central / State Government or any local / regulatory authority in relation to transmission of electricity, environmental protection or any installation associated with the Transmission System. It has been submitted that such expenses are to be borne and additionally paid by the Respondents and would be charged and billed separately in terms of Regulations 94(1) and 94(4) of the 2024 Tariff Regulations. The Petitioner has further submitted that the fees and charges payable by it as an ISTS licensee (deemed ISTS licensee) under the Central Electricity Regulatory Commission (Fees and Charges of RLDC and other matters) Regulations, 2023, as amended from time to time, are recoverable from the DICs in accordance with Regulation 94(3) of the 2024 Tariff Regulations.

82. We have considered the rival contentions. In terms of Regulation 94(4) and Regulation 94(3) of the 2024 Tariff Regulations, we allow the Petitioner to recover Licence Fee and RLDC Fees and Charges from the beneficiaries.

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 will be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.

84. MPPMCL vide affidavit 16.10.2025, has submitted that the demand of the Petitioner at this stage is premature and need not to be considered at this juncture. In response, the Petitioner vide affidavit dated 10.11.2025, has submitted that MPPMCL had repeatedly raised issues concerning the levy of GST in multiple tariff Petitions filed



by the Petitioner. It has been submitted that, in the interest of brevity and to avoid repetition, the Petitioner sought liberty to adopt and reiterate its submissions already made in its rejoinders filed in various tariff Petitions, including but not limited to Petition Nos. 401/TT/2024, 25/TT/2025, 26/TT/2025 and others. The Petitioner has further submitted that it craves leave to rely upon the said submissions in the present proceedings as well.

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

Security Expenses, Insurance and Capital Spares

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

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



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

89. MPPMCL vide affidavit 16.10.2025, has submitted that the contentions of the Petitioner regarding Security Expenses, Consequential IOWC, Insurance Expenses and Capital Cost are premature and unwarranted, as the Central Electricity Regulatory Commission Tariff Regulations, for the 2019-24 and 2024-29 tariff period do not permit the same.

90. In response, the Petitioner vide affidavit dated 10.11.2025, has submitted that in terms of Regulation 36(3)(d) of the 2024 Tariff Regulations, Security Expenses, Insurance and Capital Spares exceeding ₹10 lakhs for the transmission system are to be allowed separately after prudence check. Accordingly, these expenses have not been claimed in the instant Petition and will be claimed separately.

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

“36(3)

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

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



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

92. 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

93. The Petitioner has submitted that the transmission charges 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 shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers as per the 2020 Sharing Regulations.

94. MPPMCL vide affidavit 16.10.2025, has submitted that truing up of the transmission tariff, is to be considered in accordance with the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Sixth Amendment) Regulations, 2019, till the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 comes into force and later on as per the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from time to time.



95. We have considered the Petitioner and MPPMCL's submissions. The billing, collection, and disbursement of the transmission charges with respect to the transmission 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.

96. **To Summarise:**

a) The details of AFC claimed by the Petitioner in the instant Petition and trued-up AFC approved in the instant order for the transmission asset are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC claimed	5343.70	5172.43	5041.17	4935.63	4839.82
AFC approved	5343.69	5172.43	5041.17	4935.62	4839.80

b) Annual Fixed Charges allowed for the 2024-29 tariff period for the transmission asset in this order are follows:

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC claimed	4660.69	4530.18	4408.67	4261.83	4140.64
AFC allowed	4660.69	4530.21	4408.68	4261.83	4140.64

97. This order disposes of Petition No. 516/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

