

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 16/TT/2025**

**Coram:**

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

**Date of Order: 02.02.2026**

**In the matter of:**

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 read with Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and determination of the transmission tariff for the 2024-29 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the Transmission Assets under **“Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A1”** in the Eastern Region.

**And in the matter of:**

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

**...Petitioner**

**Versus**

- 1. Bihar State Power (Holding) Company Limited,  
Vidyut Bhawan, Bailey Road,  
Patna-800001, Bihar.**
- 2. West Bengal State Electricity Distribution Company Limited,  
Bidyut Bhawan, Bidhan Nagar, Block DJ, Sector-II,  
Salt Lake City, , Kolkata-700091.**
- 3. Grid Corporation of Orissa Limited,  
Shahid Nagar,  
Bhubaneswar-751007, Odisha.**
- 4. Damodar Valley Corporation,  
DVC Tower, Maniktala, Civic Centre, VIP Road,  
Kolkata-700054, West Bengal.**
- 5. Power Department, Government of Sikkim,  
Gangtok-737101, Sikkim.**



6. **Jharkhand Bijli Vitran Nigam Limited,**  
Engineering Building, H.E.C., Dhurwa,  
Ranchi-834004, Jharkhand.

...Respondent(s)

**Parties Present:** Shri Zafrul Hasan, PGCIL  
Shri Angaru Naresh Kumar, PGCIL  
Shri Arjun Malhotra, PGCIL  
Shri Divyanshu Mishra, PGCIL

### **ORDER**

The instant Petition has been filed by Power Grid Corporation of India Limited, for the trueing-up of the transmission tariff for the 2019-24 period, under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”), and for determination of the transmission tariff for the 2024-29 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 “400 kV D/C Ranchi–Chandwa–Gaya line along with associated bays at Ranchi, Chandwa (GIS) and Gaya Sub-station and 2X125 MVAR 400 kV Bus Reactor along with associated bays at Chandwa (GIS)” (hereinafter referred to as “the transmission asset”) under “**Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal Part A1**” (hereinafter referred to as “the transmission project”) in the Eastern Region.

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

- a) *Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 19 & 20 above.*
- b) *Approve the Additional capitalization claimed for 2019-24 block and for 2024-29 block for the assets covered under this petition.*
- 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 19 & 20 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 Licensee fee and RLDC fees & charges, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- 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 26 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 26 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 26 above.*
- j) *Allow the Petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 27 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 project was accorded by the Board of Directors of the Petitioner Company vide Memorandum No. C/CP/Jharkhand and West Bengal Projects (Ph-I) Part-A1 dated 25.10.2011 at an estimated cost of ₹55826 lakh including an Interest During Construction (IDC) of ₹2630 lakh, based on second quarter 2011 price level. The Petitioner, vide affidavit dated 22.7.2016,



has submitted the Revised Cost Estimate (RCE) for the transmission project at an estimated cost of ₹72777 lakh including an IDC of ₹9679 lakh at February 2016 price level.

- (b) The transmission project was discussed with the regional constituents in the Standing Committee Meetings of the Eastern Region (ER), the Western Region (WR) and the Northern Region (NR) held on 20.9.2010, 10.9.2009 and 29.9.2010, respectively, as a part of the common system strengthening scheme for transfer of power to the ER, WR and NR from various IPPs in Jharkhand and West Bengal. Further, the transmission project has also been discussed in the Regional Power Committee (RPC) meetings of ER, WR and NR held on 18.12.2010, 25.9.2009 and 4.1.2011, respectively.
- (c) The scope of the work covered under the transmission project is as under:

**Transmission line:**

Ranchi New (765/400 kV Sub-station) – Gaya 400 kV D/C (Quad) line via Pooling Station proposed near Essar/Corporate generation projects.

**Sub-stations:**

Establishment of 400 kV GIS Pooling Station (Jharkhand Pool) near Essar and Corporate generation projects.

- (d) The complete scope of the work as per the IA is completed and is covered in the instant Petition. The Commission, vide order dated 29.7.2016 in Petition No. 90/TT/2016, had determined the transmission tariff for the 2014-19 period and vide order dated 30.6.2021 in Petition No.5/TT/2020 had trued-up the transmission tariff for the 2014-19 period and determined the transmission tariff for 2019-24 period and approved the



capital cost of the transmission project as ₹67507.83 lakh as on 31.3.2019.

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

5. The Respondents are Distribution Licensees and Power Departments, that receive transmission services from the Petitioner, mainly the beneficiaries of the Eastern 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. None of the Respondents has filed their reply despite providing sufficient opportunities.

7. The hearing in this matter was held on 30.10.2025, and the order was reserved. This order is issued considering the submissions made by the Petitioner in the Petition vide affidavit dated 20.9.2024 and subsequent affidavits dated 16.5.2025 and 11.9.2025.

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

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

9. The details of the trued-up transmission charges claimed by the Petitioner in respect of the transmission asset are as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	3579.91	3590.88	3601.96	3633.99	3692.42
Interest on Loan	3019.69	2635.60	2346.53	2136.08	1948.95
Return on Equity	3808.57	3821.05	3832.87	3867.06	3929.41
O&M Expenses	512.35	530.27	548.90	568.22	588.06
Interest on Working Capital	178.85	162.89	149.11	147.95	168.84
<b>Total</b>	<b>11099.37</b>	<b>10740.69</b>	<b>10479.37</b>	<b>10353.30</b>	<b>10327.68</b>

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

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	42.70	44.19	45.74	47.35	49.01
Maintenance Spares	76.85	79.54	82.34	85.23	88.21
Receivables	1364.68	1324.19	1291.98	1276.43	1269.80
<b>Total Working Capital</b>	<b>1484.23</b>	<b>1447.92</b>	<b>1420.06</b>	<b>1409.01</b>	<b>1407.02</b>
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
<b>Interest on Working Capital</b>	<b>178.85</b>	<b>162.89</b>	<b>149.11</b>	<b>147.95</b>	<b>168.84</b>

### Capital Cost for the 2019-24 Tariff Period

11. The capital cost of ₹67507.83 lakh as on 31.3.2019 has been approved by the Commission for the transmission project in Petition No. 5/TT/2020. The same capital cost of ₹67507.83 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 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition. The details of the capital cost allowed by the Commission vide order dated 30.6.2021 in Petition No. 5/TT/2020 for the transmission asset is as follows:

(₹ in lakh)

FR/RCE Apportioned Approved Capital Cost	Capital Cost allowed as on 31.3.2019	ACE (2019-24)					Capital Cost allowed as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
55826.00/ 72777.00	67507.83	1947.45	0.00	0.00	0.00	0.00	69455.28

### Initial Spares

12. The Petitioner in the instant Petition has submitted that the Initial Spares claimed under the transmission project are within the prescribed ceiling limit as per the



2019 Tariff Regulations and same has already been allowed by the Commission vide order dated 29.7.2016 in Petition No. 90/TT/2016.

13. We have considered the Petitioner's submissions. The Commission, vide order dated 29.7.2016 in Petition No. 90/TT/2016, had allowed Initial Spares in respect of the transmission asset for the 2019-24 tariff period is as under:

Particulars	Plant and machinery cost upto the cut-off date (excluding IDC and IEDC) based on the Auditor's Certificate	Initial spare claimed	Ceiling limit (in %)	(₹ in lakh)	
				Allowable Initial Spares	Initial Spares allowed
Transmission Line	48198.48	430.43	1.00	482.51	430.43
Sub-station (GIS and Brownfield)	8679.82	347.20	5.00	438.56	347.20

#### Additional Capital Expenditure (ACE)

14. The Commission, vide order dated 30.6.2021 in Petition No. 5/TT/2020, had allowed the ACE with respect to the transmission asset under Regulation 25(1)(d) of the 2019 Tariff Regulations for the 2019-24 tariff period and the same is as under:

(₹ in lakh)	
ACE (2019-20)	Allowed under regulation
1947.45	25(1)(d) of the 2019 Tariff Regulations

15. Against the above, the Petitioner in the instant Petition has claimed the ACE with respect to the transmission asset based on the actual expenditure in accordance with Regulations 25(1)(d) 2019 Tariff Regulations and the details of the same are as under:

Particulars	COD	Cut-off date	ACE (2019-24)					Total ACE 2019-24
			2019-20	2020-21	2021-22	2022-23	2023-24	
Transmission Asset	12.7.2016	31.3.2019	169.43	273.58	145.99	1067.55	1145.58	2802.13



Claimed under Regulation			25(1)(d)	25(1)(d)	25(1)(d)	25(1)(d)	25(1)(d)	
--------------------------	--	--	----------	----------	----------	----------	----------	--

16. The Petitioner, in the instant Petition has submitted the primary reason for variation in the allowed ACE and the actual ACE and stated that while projecting an estimated ACE, contracts were not closed and liabilities were not finalized and the ACE claimed in the instant Petition is based on the actual payments made to the vendors after the receipt of final invoices, necessary amendments, and reconciliation in accordance with the contractual provisions.

17. In response to the Commission's query, the Petitioner, vide affidavit dated.16.5.2025 has submitted the same reason as submitted in the Petition for the variation in the ACE allowed vide order dated 30.6.2021 in Petition No. 05/TT/2020 and the actual ACE and also submitted the liability flow statement for claiming the discharge of liabilities under Regulation 25(1)(d) of the 2019 Tariff Regulations for the 2019-24 tariff period. The details of the same are as follows:

(₹ in lakh)

Party	Particulars	Outstanding Liability as on 31.3.2019	Discharge						Reversal		Additional Liability Recognized		Outstanding Liability as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	2019-20	Total (19-24)	2023-24	Total (19-24)	
Hyosung Corporation	Sub-station	208.41	-	180.85	27.55			208.41	-	-	-	-	-
M/S SIEMENS Ltd.	Sub-station	13.67	5.16	-	8.51			13.67	-	-	-	-	-
Bharat Heavy Electricals Limited & Others	Sub-station	44.01	41.47	-	2.54			44.01	-	-	-	-	-
Hind Aluminium Industries Ltd.,	Transmission Line	-	-	-				-					-



IAC Electric Private Limited, Tree Crop Compensation etc.	Transmission Line	-	-	-	-	-	-	-	-	-	-	-	-
Deepak Cable, CAMPA A/C & Others	Transmission Line	1606.97	48.41	92.73	107.38	1067.55	1145.58	2461.65	181.58	181.58	1145.58	1145.58	109.32
Adhunik Power Transmission Ltd.	Transmission Line	-	-	-	-	-	-	-	-	-	-	-	-
Kumar Piyush Construction Pvt..Ltd . & M.S Enterprises and others	Building & Civil Work	74.39	74.39	-	-	-	-	74.39	-	-	-	-	-
<b>Total</b>		<b>1947.45</b>	<b>169.43</b>	<b>273.58</b>	<b>145.99</b>	<b>1067.55</b>	<b>1145.58</b>	<b>2802.13</b>	<b>181.58</b>	<b>181.58</b>	<b>1145.58</b>	<b>1145.58</b>	<b>109.32</b>

18. The Petitioner has further submitted that the ACE claimed beyond the cut-off date is on the account of the undischarged liability towards the final payment/withheld payment due to the contractual exigencies for the works executed within the cut-off date and the same has been claimed under Regulation 25(1)(d) of the 2019 Tariff Regulations.

19. We have considered the Petitioner's submission. We observe that the ACE claimed by the Petitioner in respect of the transmission asset is after the cut-off date and the same is allowed under Regulation 25(1)(d) of the 2019 Tariff Regulations towards the liability of the payments towards the works executed prior to the cut-off date. The details of the ACE allowed is as follows:

Particulars	ACE allowed for 2019-24 (₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Transmission Asset</b>	169.43	273.58	145.99	1067.55	1145.58
Allowed under 2019 Regulation	25(1)(d)	25(1)(d)	25(1)(d)	25(1)(d)	25(1)(d)



20. Accordingly, the capital cost and the ACE allowed in respect of the transmission assets for the 2019-24 period is as follows:

(₹ in lakh)

FR/RCE Apportioned Approved Cost	Capital cost allowed as on COD	ACE allowed for the 2019-24 tariff period					Capital cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
55826.00/ 72777.00	67507.83	169.43	273.58	145.99	1067.55	1145.58	70309.96

### Debt-Equity Ratio

21. 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 transmission asset for the 2019-24 tariff period is 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 %)
<b>Debt</b>	47255.48	70.00	1961.49	70.00	49216.97	70.00
<b>Equity</b>	20252.35	30.00	840.639	30.00	21092.99	30.00
<b>Total</b>	<b>67507.83</b>	<b>100.00</b>	<b>2802.13</b>	<b>100.00</b>	<b>70309.96</b>	<b>100.00</b>

### Depreciation

22. The depreciation has been worked out considering the admitted capital expenditure as on the COD and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission project as per the rates of depreciation specified in the 2019 Tariff Regulations. Accordingly, the depreciation allowed in respect of the transmission asset is as under:

(₹ in lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	67507.83	67677.26	67950.84	68096.83	69164.38
B	Addition during the year 2019-24 due to ACE	169.43	273.58	145.99	1067.55	1145.58
C	Closing Gross Block (A+B)	67677.26	67950.84	68096.83	69164.38	70309.96
D	Average Gross Block (A+C)/2	67592.55	67814.05	68023.84	68630.61	69737.17
E	Average Gross Block (90% depreciable assets)	67363.45	67584.95	67794.74	68401.51	69508.07



F	Average Gross Block (100% depreciable assets)	206.00	206.00	206.00	206.00	206.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	60627.10	60826.46	61015.26	61561.35	62557.26
H	Depreciable value of IT equipment and software (F*100%)	206.00	206.00	206.00	206.00	206.00
I	Total Depreciable Value (G+H)	60833.10	61032.46	61221.26	61767.35	62763.26
J	Weighted average rate of Depreciation (WAROD) (in %)	5.30	5.30	5.30	5.30	5.29
K	Lapsed useful life at the beginning of the year (Year)	2.00	3.00	4.00	5.00	6.00
L	Balance useful life at the beginning of the year (Year)	31.00	30.00	29.00	28.00	27.00
<b>M</b>	<b>Depreciation during the year (D*J)</b>	<b>3579.91</b>	<b>3590.88</b>	<b>3601.96</b>	<b>3633.99</b>	<b>3692.42</b>
N	Cumulative Depreciation at the end of the year	12997.39	16588.27	20190.22	23824.22	27516.64
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	47835.71	44444.19	41031.04	37943.14	35246.62

23. The details of the depreciation allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation approved in the instant order in respect of the transmission asset is as under:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020	3626.85	3677.54	3677.54	3677.54	3677.54
Claimed by the Petitioner in the instant Petition	3579.91	3590.88	3601.96	3633.99	3692.42
<b>Approved after true-up in this order</b>	<b>3579.91</b>	<b>3590.88</b>	<b>3601.96</b>	<b>3633.99</b>	<b>3692.42</b>

### **Interest on Loan (IoL)**

24. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and prevailing interest rate. We have considered the Petitioner's submission and perused the documents available on record. The IoL has been calculated based on the Petitioner's actual interest rate as 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:



(₹ in lakh)

	<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
A	Gross Normative Loan	47255.48	47374.08	47565.59	47667.78	48415.07
B	Cumulative Repayments up to Previous Year	9417.48	12997.39	16588.27	20190.22	23824.22
C	Net Loan-Opening (A-B)	37838.00	34376.70	30977.32	27477.56	24590.85
D	Addition due to ACE	118.60	191.51	102.19	747.29	801.91
E	Repayment during the year	3579.91	3590.88	3601.96	3633.99	3692.42
F	Net Loan-Closing (C+D-E)	34376.70	30977.32	27477.56	24590.85	21700.33
G	Average Loan (C+F)/2	36107.35	32677.01	29227.44	26034.20	23145.59
H	Weighted Average Rate of Interest on Loan (in %)	8.36	8.07	8.03	8.20	8.360
I	<b>Interest on Loan (G*H)</b>	<b>3019.70</b>	<b>2635.58</b>	<b>2346.53</b>	<b>2136.09</b>	<b>1934.87</b>

25. The details of the IoL allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020, depreciation claimed in the instant Petition, and true-up IoL approved in the instant order in respect of the transmission asset is as under:

(₹ in lakh)

<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020	3095.85	2843.93	2538.72	2233.26	1923.16
Claimed by the Petitioner in the instant Petition	3019.69	2635.60	2346.53	2136.08	1948.95
<b>Approved after true-up in this order</b>	<b>3019.70</b>	<b>2635.58</b>	<b>2346.53</b>	<b>2136.09</b>	<b>1934.87</b>

### **Return on Equity (RoE)**

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

27. 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

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

29. Accordingly, the trued-up RoE allowed in respect of the transmission 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	20252.35	20303.18	20385.25	20429.05	20749.31
B	Addition due to ACE	50.83	82.07	43.80	320.27	343.67
C	Closing Equity (A+B)	20303.18	20385.25	20429.05	20749.31	21092.99
D	Average Equity (A+C)/2	20277.76	20344.22	20407.15	20589.18	20921.15
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (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	<b>Return on Equity (D*G)</b>	<b>3808.57</b>	<b>3821.05</b>	<b>3832.87</b>	<b>3867.06</b>	<b>3929.41</b>

30. The details of the RoE allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020, RoE claimed in the instant Petition, and trued-up RoE approved in the instant order in respect of the transmission asset is as under:

		(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	
Allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020	3858.56	3913.42	3913.42	3913.42	3913.42	
Claimed by the Petitioner in the instant Petition	3808.57	3821.05	3832.87	3867.06	3929.41	
<b>Approved after true-up in this order</b>	<b>3808.57</b>	<b>3821.05</b>	<b>3832.87</b>	<b>3867.06</b>	<b>3929.41</b>	

### **Operation & Maintenance Expenses (O&M Expenses)**

31. The O&M Expenses claimed by the Petitioner in the instant Petition in respect of the transmission asset for the 2019-24 tariff period is as under:

		(₹ in lakh)				
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24	
	512.35	530.27	548.90	568.22	588.06	

32. 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
<b>Transmission Lines</b>					
Double Circuit (Bundle Conductor with 4 Sub-Conductors- Length in km	183.58	183.58	183.58	183.58	183.58
Norms	1.322	1.368	1.416	1.466	1.517
<b>O&amp;M Expenses allowable</b>	<b>242.69</b>	<b>251.14</b>	<b>259.95</b>	<b>269.13</b>	<b>278.49</b>
Multi Circuit with 4 or more Conductors- Length in km	2.60	2.60	2.60	2.60	2.60
Norms	2.319	2.401	2.485	2.572	2.662
<b>O&amp;M Expenses Allowable</b>	<b>6.03</b>	<b>6.24</b>	<b>6.46</b>	<b>6.69</b>	<b>6.92</b>
400 kV GIS Sub-station:					
<ul style="list-style-type: none"> <li>• Chandwa: 02 nos. line bays at Ranchi Sub-station</li> <li>• Chandwa:02 nos. line bays at Gaya Sub-station</li> <li>• Chandwa:125 MVAR BR-I and II at Chandwa Sub-station</li> </ul>					
Norms	22.51	23.30	24.12	24.96	25.84
<b>O&amp;M Expenses allowable</b>	<b>135.03</b>	<b>139.78</b>	<b>144.69</b>	<b>149.76</b>	<b>155.01</b>
400 kV Conventional Sub-station					
<ul style="list-style-type: none"> <li>• Gaya: 2 nos. Line bays at Gaya</li> <li>• Ranchi: 2 nos. Line bays at Ranchi</li> </ul>					
Norms	32.15	33.28	34.45	35.66	36.91
<b>O&amp;M Expenses</b>	<b>128.60</b>	<b>133.12</b>	<b>137.80</b>	<b>142.64</b>	<b>147.64</b>
<b>Total O&amp;M Expenses allowed</b>	<b>512.35</b>	<b>530.28</b>	<b>548.90</b>	<b>568.23</b>	<b>588.07</b>

33. The details of the O&M Expenses allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020, O&M Expenses claimed in the instant Petition and the true-up O&M Expenses approved in the instant order in respect of the transmission asset are as under:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020	512.35	530.28	548.90	568.23	588.07
Claimed by the Petitioner in the instant Petition	512.35	530.27	548.90	568.22	588.06
<b>Approved after true-up in this order</b>	<b>512.35</b>	<b>530.28</b>	<b>548.90</b>	<b>568.23</b>	<b>588.07</b>

### **Interest on Working Capital (IWC)**

34. 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.

35. The components of the working capital and interest allowed thereon for the transmission 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	Working Capital for O&M Expenses (O&M Expenses for one month)	42.70	44.19	45.74	47.35	49.01
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	76.85	79.54	82.34	85.23	88.21
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	1364.68	1324.19	1291.98	1276.44	1268.04
D	Total Working Capital (A+B+C)	1484.23	1447.92	1420.05	1409.02	1405.26
E	Rate of Interest for Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
F	<b>Interest on Working Capital (D*E)</b>	<b>178.85</b>	<b>162.89</b>	<b>149.11</b>	<b>147.95</b>	<b>168.63</b>

36. The details of the IWC allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020, the IWC claimed in the instant Petition and the trued-up IWC approved in the instant order in respect of the Transmission Project is as under:

		(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	
Allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020	181.45	168.34	164.80	161.29	157.35	
Claimed by the Petitioner in the instant Petition	178.85	162.89	149.11	147.95	168.84	
<b>Approved after true-up in this order</b>	<b>178.85</b>	<b>162.89</b>	<b>149.11</b>	<b>147.95</b>	<b>168.63</b>	

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

37. Accordingly, the Annual Fixed Charges (AFC) allowed after truing-up for the 2019-24 tariff period in respect of the transmission asset are as follows:

		(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	
Depreciation	3579.91	3590.88	3601.96	3633.99	3692.42	
Interest on Loan	3019.70	2635.58	2346.53	2136.09	1934.87	
Return on Equity	3808.57	3821.05	3832.87	3867.06	3929.41	
O&M Expenses	512.35	530.28	548.90	568.23	588.07	
Interest on Working Capital	178.85	162.89	149.11	147.95	168.63	
<b>Total</b>	<b>11099.38</b>	<b>10740.68</b>	<b>10479.37</b>	<b>10353.32</b>	<b>10313.40</b>	



38. The details of the AFC allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020, AFC claimed in the instant Petition, and true-up AFC approved for the transmission asset in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 30.6.2021 in Petition No. 5/TT/2020	11275.06	11133.51	10843.39	10553.74	10259.55
Claimed by the Petitioner in the instant Petition	11099.37	10740.69	10479.37	10353.30	10327.68
<b>Approved after true-up in this order</b>	<b>11099.38</b>	<b>10740.68</b>	<b>10479.37</b>	<b>10353.32</b>	<b>10313.40</b>

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

39. The Petitioner has claimed the following transmission charges for the transmission asset for the 2024-29 tariff period:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	3740.11	3720.98	3716.39	3680.43	3680.43
Interest on Loan	1671.84	1361.15	1042.30	730.15	426.36
Return on Equity	3964.76	3967.84	3967.84	3967.84	3967.84
O&M Expenses	550.53	579.54	609.76	641.92	675.78
Interest on Working Capital	163.33	159.71	156.20	152.03	149.34
<b>Total</b>	<b>10090.57</b>	<b>9789.22</b>	<b>9492.49</b>	<b>9172.37</b>	<b>8899.75</b>

40. The details of the IWC claimed by the Petitioner for the 2024-29 tariff period for the transmission asset is as under:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	45.88	48.30	50.81	53.49	56.32
Maintenance Spares	82.58	86.93	91.46	96.29	101.37
Receivables	1244.04	1206.89	1170.31	1127.25	1097.23
<b>Total Working Capital</b>	<b>1372.50</b>	<b>1342.12</b>	<b>1312.58</b>	<b>1277.53</b>	<b>1254.92</b>
Rate of Interest on working capital (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>163.33</b>	<b>159.71</b>	<b>156.20</b>	<b>152.03</b>	<b>149.34</b>

### **Capital Cost**

41. 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 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.”

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

(₹ in lakh)			
Apportioned Approved Cost as per FR/RCE	Capital cost allowed as on COD	Projected ACE for the 2024-29 tariff period	Estimated Capital cost as on 31.3.2029
55826.00/ 72777.00	70309.96	109.32	70419.28

43. We have considered the Petitioner’s submissions. The trued-up capital cost of ₹70309.36 lakh for the transmission asset as on 31.3.2024 has been approved in the instant order, and the same capital cost has been considered as the opening capital cost as on 1.4.2024 with respect to the transmission asset for the 2024-29 tariff period in accordance with Regulation 19 of the 2024 Tariff Regulations.

#### **Additional Capital Expenditure (ACE)**

44. 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) 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;

.....

(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) 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”

45. The Petitioner has claimed the ACE of ₹109.32 lakh for the transmission asset in the 2024-29 tariff period as follows:

