

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 386/TT/2025**

**Coram:**

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

**Date of Order: 15.01.2026**

**In the matter of:**

Petition for 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 period and determination of the transmission tariff for the 2024-29 period for the Combined Assets under "Line Bays and Reactor Provisions at POWERGRID Substations associated with System Strengthening common for Western Region and Northern Region".

**And in the matter of:**

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

**...Petitioner**

**Versus**

- 1. Madhya Pradesh Power Management Company Limited,**  
Shakti Bhawan, Rampur,  
Jabalpur -482008.
- 2. Maharashtra State Electricity Distribution Company Limited,**  
Prakashgad, Plot No. G-9, A. K. Marg,  
Bandra (East), Mumbai -400051.
- 3. Gujarat Urja Vikas Nigam Limited,**  
Sardar Patel Vidyut Bhawan, Race Course Road,  
Vadodara -390007.



4. **Electricity Department**  
Vidyut Bhawan, Government of Goa,  
Panaji-403001, Goa.
5. **DNHDD Power Distribution Corporation Limited,**  
Vidyut Bhawan, 66 kV Road, Near Secretariat, Amla,  
Silvassa -396230.
6. **Chhattisgarh State Power Distribution Company Limited,**  
P.O. Sunder Nagar, Dangania, Raipur-492013,  
Chhattisgarh.

...Respondents

**For Petitioner** : Shri Zafrul Hasan, PGCIL  
Shri Vivek Kumar Singh, PGCIL  
Ms. Supriya Singh, PGCIL  
Ms. Kirti, PGCIL  
Shri Divyanshu Mishra, PGCIL  
Shri Ashish Alankar, PGCIL  
Shri Yatin Kalra, PGCIL

**For Respondents** : None

### **ORDER**

The instant Petition has been filed by Power Grid Corporation of India (PGCIL) (hereinafter referred to as “the Petitioner”) for the true-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 the 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 the following assets (hereinafter referred to as “the Combined Assets”) under “Line Bays and Reactor Provisions at POWERGRID Substations associated with System Strengthening common for Western Region and Northern Region” (hereinafter referred to as “the transmission project”):



**Asset-1:** 765 kV Line Bay and 240 MVAR Switchable Line Reactor at Jabalpur Pooling Substation for 765 kV S/C Jabalpur-Bina ckt-III (IPTC);

**Asset-2:** 765 kV Line Bay and 240 MVAR Line Reactor (Non-switchable) at Bina Substation for 765 kV S/C Jabalpur-Bina ckt-III (IPTC);

**Asset-3:** 765 kV Line Bay and 240 MVAR Line Reactor at Jabalpur PS and 765 kV Line Bay and 330 MVAR Switchable Line Reactor at Dharamjaygarh Substation for ckt. 3 of 765 kV D/C (ckts. 3 and 4) Dharamjaygarh-Jabalpur PS Transmission Line (IPTC); and

**Asset-4:** 765 kV Line Bay and 240 MVAR Line Reactor at Jabalpur PS and 765 kV Line Bay and 330 MVAR Switchable Line Reactor at Dharamjaygarh Substation for ckt. 4 of 765 kV D/C (ckt. 3 and 4) Dharamjaygarh-Jabalpur PS Transmission Line (IPTC).

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

*“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 12 and 13 above.*

*b) Admit the capital cost claimed and additional capitalization incurred during 2019-24 and 2024-29 tariff 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 Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 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 19 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 19 above.*

*i) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares as mentioned at Para 19 above.*

*j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.*

*k) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

### **Background**

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

a. The Investment Approval (the IA) and expenditure sanction for the transmission project were accorded by the Board of Directors of the Petitioner vide Memorandum dated 22.3.2012, with an estimated cost of ₹21378 lakh, including an Interest During Construction (IDC) of ₹998 lakh, based on the 4th quarter 2011 price levels. The total approved apportioned cost for the transmission project was ₹21377.58 lakh. The Revised Cost Estimate (RCE) was approved by the Board of Directors of the Petitioner on 2.4.2016 at an estimated cost of ₹24341 lakh, including the IDC of ₹1510 lakh, and was conveyed vide letter dated 13.4.2016. The RCE was submitted before the Commission vide affidavit dated 31.5.2016.

b. The scope of work covered under the transmission project is as follows:

#### **Transmission Line:**

**765 kV Dharamjaygarh Substation [Extn]**

765 kV

Line Bays : 2

330 (3 X 110) MVAr Switchable Line Reactor : 2



**765/400 kV Jabalpur Pooling Substation [Extn]**

765 kV

Line Bays : 2  
240 (3 X 80) MVAR Line Reactor : 2

765 kV

Line Bays : 2  
240 (3 X 80) MVAR Switchable Line Reactor : 2

**765/400 kV Bina Substation [Extn]**

765 kV

Line Bays : 2  
240 X 80) MVAR Line Reactor : 2  
40 (3 X 80) MVAR Line Reactor : 2

- c. The transmission tariff for Assets-1, 2, 3 and 4, from their respective CODs to 31.3.2019, was determined by the Commission vide its order dated 27.5.2016 in Petition No. 261/TT/2015. Assets-1, 2, 3 and 4 were combined in the 2019-24 tariff period. Subsequently, the Commission vide its order dated 2.2.2021 in Petition No. 20/TT/2020, trued-up the transmission tariff for the 2014-19 period in respect of Assets-1, 2, 3 and 4 and determined the tariff for the 2019-24 tariff period for the Combined Assets.
4. The Petitioner has served a copy of the Petition on the Respondents, and notices regarding the filing of this Petition have 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 notices published in the newspapers by the Petitioner.
5. The Respondents are the Distribution Licensees, Transmission Utilities and Power Departments, mainly beneficiaries of the Western and Northern Regions, who are procuring transmission services from the Petitioner.



6. Respondent No. 1, Madhya Pradesh Power Management Company Limited (MPPMCL), has filed its reply by affidavit dated 24.9.2025. In response to MPPMCL's reply, the Petitioner has filed its rejoinder by affidavit dated 15.10.2025.

7. The hearing in this matter was held on 30.9.2025, and the order was reserved.

8. This order is issued considering the submissions made by the Petitioner vide affidavit dated 26.11.2024, the reply of MPPMCL vide affidavit dated 24.9.2025, and the rejoinder of the Petitioner vide affidavit dated 15.10.2025.

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

**Truing up of the Annual Fixed Charges for the 2019-24 Tariff Period**

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1080.23	1080.44	1080.54	1080.55	1080.55
Interest on Loan	848.95	702.55	612.99	554.78	494.89
Return on Equity	1153.00	1153.23	1153.33	1153.34	1153.34
Interest on Working Capital	64.00	58.36	53.8	53.62	61.05
O&M Expenses	405.09	419.4	434.07	449.37	465.12
<b>Total</b>	<b>3551.27</b>	<b>3413.98</b>	<b>3334.73</b>	<b>3291.66</b>	<b>3254.95</b>

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	33.76	34.95	36.17	37.45	38.76
Maintenance Spares	60.76	62.91	65.11	67.41	69.77
Receivables	436.63	420.90	411.13	405.82	400.20
<b>Total Working Capital</b>	<b>531.15</b>	<b>518.76</b>	<b>512.41</b>	<b>510.68</b>	<b>508.73</b>
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
<b>Interest on Working Capital</b>	<b>64.00</b>	<b>58.36</b>	<b>53.80</b>	<b>53.62</b>	<b>61.05</b>



### **Capital Cost for the 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 details of the capital cost and ACE concerning the Combined Assets, as allowed by the Commission vide order dated 2.2.2021 in Petition No. 20/TT/2020, are as follows:

(₹ in lakh)

Capital Cost allowed as on 1.4.2019	ACE	Capital Cost allowed as on 31.3.2024
	2019-20	
20460.88	13.00	20473.88

14. The Petitioner in the instant true-up Petition has submitted the following combined capital cost, as per the Auditor's Certificates dated 2.8.2019, 2.8.2019, 20.8.2019 and 27.9.2024, for Assets-1, 2, 3 and 4, respectively, for true-up of tariff for the 2019-24 tariff period:

(₹ in lakh)

Approved Cost as per the FR	Expenditure Up to 31.03.2019	ACE					Capital Cost as on 31.03.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
24341.16	20460.88	4.35	3.65	0.00	0.22	0.00	20469.10

15. The capital cost of ₹20460.88 lakh as on 31.3.2019 was approved by the Commission vide order dated 2.2.2021 in Petition No. 20/TT/2020, and accordingly, the same has been considered as the opening capital cost as on 1.4.2019 for the purpose of true-up of the transmission tariff for the 2019-24 period in accordance with Regulation 19 (3)(a) of the 2019 Tariff Regulations.

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

16. The Petitioner has claimed the following ACE in respect of the Combined Assets based on the actual expenditure in accordance with Regulation 25(1)(d) of the 2019 Tariff Regulations:

(₹ in lakh)

Particulars	Regulation	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Balance and Retention of Payments for works done prior to the cut-off date	Regulation 25(1)(d) of the 2019 Tariff Regulations	4.35	3.65	0.00	0.22	0.00
<b>Total</b>						<b>8.22</b>

17. The vendor-wise details of the ACE claimed by the Petitioner for the Combined Assets are as follows:

(₹ in lakh)

Party Name	Particulars (TL/SS)	Outstanding Liability as on COD	Discharge			Total (2019-24)
			2019-20	2020-21	2022-23	
M/s TBEA	Substation	8.22	4.35	3.65	0.22	8.22
<b>Total</b>						<b>8.22</b>

18. With regard to ACE, MPPMCL, in its reply, has submitted that the Liability Flow Statement submitted by the Petitioner is incomplete, as the column for 'Year of Actual Capitalisation' is blank, making it unclear whether the capitalisation pertains to works executed prior to the cut-off date. The Petitioner's details are insufficient to establish that the claimed undischarged liability pertains to works executed prior to the cut-off date. Hence, the claimed additional capitalisation may be disallowed.



19. In response, the Petitioner has submitted that the details in the column 'Year of Actual Capitalisation' were inadvertently missed out, and the complete details have been incorporated and updated along with the rejoinder.

20. We have considered the submissions of the parties. The ACE claimed during the year 2019-20, towards balance and retention of payments for unexecuted works has been incurred and capitalized after the cut-off date i.e. 31.3.2018, in respect of Asset-4 (part of the Combined Assets) which is permissible for the purpose of tariff under Regulation 25(1)(d) of the 2019 Tariff Regulations.

21. In view of the above, the trued-up capital cost and ACE allowed for the 2019-24 tariff period in respect of the Combined Assets are as under:

(₹ in lakh)			
FR Apportioned Approved Cost as per the RCE	Capital Cost allowed as on 1.4.2019	Allowed ACE	Capital Cost as on 31.3.2024
		2019-24	
24341.16	20460.88	8.22	20469.10

### **Debt-Equity Ratio**

22. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of tariff for the Combined Assets for 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	14322.62	70.00	5.75	70.00	14328.37	70.00
Equity	6138.26	30.00	2.47	30.00	6140.73	30.00
<b>Total</b>	<b>20460.88</b>	<b>100.00</b>	<b>8.22</b>	<b>100.00</b>	<b>20469.10</b>	<b>100.00</b>

### **Depreciation**

23. The cumulative combined depreciation as on 31.3.2019, as worked out vide order dated 2.2.2021 in Petition No. 20/TT/2020, is ₹3666.77 lakh. 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 Combined Assets as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.

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

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	<b>Depreciation</b>					
A	Opening Gross Block	20460.88	20465.23	20468.88	20468.88	20469.10
B	Addition during 2019-24 due to ACE	4.35	3.65	0.00	0.22	0.00
C	Closing Gross Block (A+B)	20465.23	20468.88	20468.88	20469.10	20469.10
D	Average Gross Block (A+C)/2	20463.06	20467.06	20468.88	20468.99	20469.10
E	Average Capital Cost (90% depreciable assets)	20276.44	20280.44	20282.26	20282.37	20282.48
F	Average Capital Cost (100% depreciable assets)	186.62	186.62	186.62	186.62	186.62
G	Depreciable Value (excluding IT equipment and software) (E*90%)	18248.79	18252.39	18254.03	18254.13	18254.23
H	Depreciable Value of IT equipment and software (F*100%)	186.62	186.62	186.62	186.62	186.62
I	Total Depreciable Value (G+H)	18435.41	18439.01	18440.65	18440.75	18440.85
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
K	Balance useful life of the asset (Year)	22	21	20	19	18
L	Elapsed life at the beginning of the year (Year)	3	4	5	6	7
<b>M</b>	<b>Combined Depreciation during the year (D*J)</b>	<b>1080.23</b>	<b>1080.44</b>	<b>1080.54</b>	<b>1080.55</b>	<b>1080.55</b>
N	Cumulative Depreciation at the end of the year	4747.01	5827.46	6908.00	7988.55	9069.10
O	Remaining Aggregate Depreciable Value at the end of the year	13688.40	12611.55	11532.66	10452.21	9371.75

25. The details of the depreciation approved vide order dated 2.2.2021 in Petition No. 20/TT/2020 in respect of the Combined Assets; depreciation claimed by the Petitioner in the instant true-up Petition, and the trued-up depreciation allowed in the instant order are as follows:



Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020.	1080.46	1080.80	1080.80	1080.80	1080.80
Claimed by the Petitioner in the instant true-up Petition.	1080.23	1080.44	1080.54	1080.55	1080.55
Approved after true-up in this order.	1080.23	1080.44	1080.54	1080.55	1080.55

### Interest on Loan (IoL)

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

27. We have considered the Petitioner's submissions. The Interest on Loan (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 allowed in respect of the Combined Assets is as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Interest on Loan</b>					
A Gross Normative Loan	14322.62	14325.66	14328.22	14328.22	14328.37
B Cumulative Repayments upto Previous Year	3666.78	4747.01	5827.46	6908.00	7988.55
C Net Loan-Opening (A-B)	10655.84	9578.65	8500.76	7420.22	6339.82
D Additions	3.05	2.56	0.00	0.15	0.00
E Repayment during the year	1080.23	1080.44	1080.54	1080.55	1080.55
F Net Loan-Closing (C+D-E)	9578.65	8500.76	7420.22	6339.82	5259.27
G Average Loan (C+F)/2	10117.24	9039.70	7960.49	6880.02	5799.55
H Weighted Average Rate of Interest on Loan (in %)	8.3911	7.7718	7.7004	8.0636	8.5333
<b>I Interest on Loan (G*H)</b>	<b>848.95</b>	<b>702.55</b>	<b>612.99</b>	<b>554.78</b>	<b>494.88</b>

28. The details of the IoL allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020 for the Combined Assets, IoL claimed by the Petitioner in the instant true-up Petition, and the trued-up IoL allowed in the instant order are as follows:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020.	863.37	769.63	679.56	589.26	498.22
Claimed by the Petitioner in the instant true-up Petition.	848.95	702.55	612.99	554.78	494.89
Approved after true-up in this order.	848.95	702.55	612.99	554.78	494.88

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

29. 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 FYs 2019- 20 and 2020-21. It is submitted that the income has been assessed under the MAT regime as per Section 115JB of the Income Tax Act, 1961(hereinafter referred to as “the IT Act, 1961”). It is further stated that the Income Tax Returns (ITRs) have been filed for the FYs 2021-22, 2022-23 and 2023-24 with the Income Tax Department.

30. 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

31. MPPMCL, in its reply filed, has submitted that the Petitioner has claimed to have grossed up the Return on equity (RoE) on the basis of actual taxes paid during the FYs



2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 and requested to carry out the prudence check for the same.

32. The Petitioner, in its rejoinder, has reiterated its submissions made in the Petition.

33. We have considered the submissions of the parties and have also gone through the record. The Petitioner has submitted that the Income Tax Assessment has been completed and the Assessment Orders have been issued by the Income Tax Department for FYs 2019-20, 2020-21, 2021-22, and 2022-23, and that Income Tax Returns have been filed with the Income Tax Department for FY 2023-24. Accordingly, the revised computation of the effective tax percentage is as under:

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

34. The Petitioner has requested to allow it to claim the differential tariff on account of the trued-up ROE based on the effective tax rate calculated on completion of the Income Tax Assessment/Re-assessment for FYs 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on receipt of the respective Assessment orders, directly from the beneficiaries, on a year-to-year basis, as provided in the regulation.

35. We observe that the entities covered under the MAT regime are paying income tax as per the MAT rates notified for the respective financial years 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) of the IT Act, 1961, defines book profit as the net profit in the Statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial years, the notified MAT rates for the respective financial years shall be considered as an effective tax rate for the purpose of grossing up the RoE to true-up the tariff for the 2019-24 period in terms of the provisions of the 2019 Tariff Regulations. The 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 from 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:

<b>Year</b>	<b>Notified MAT rates (in %) (inclusive of surcharge and cess)</b>	<b>Effective Tax (in %)</b>	<b>Base rate of RoE (in %)</b>	<b>Grossed-up RoE [(Base Rate)/(1-t)] (in %)</b>
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

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



(₹ in lakh)

	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
	<b>Return on Equity</b>					
A	Opening Equity	6138.26	6139.57	6140.66	6140.66	6140.73
B	Additions	1.31	1.10	0.00	0.07	0.00
C	Closing Equity (A+B)	6139.57	6140.66	6140.66	6140.73	6140.73
D	Average Equity (A+C)/2	6138.92	6140.12	6140.66	6140.70	6140.73
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	<b>Return on Equity (D*G)</b>	<b>1153.01</b>	<b>1153.24</b>	<b>1153.34</b>	<b>1153.35</b>	<b>1153.35</b>

37. The details of the RoE approved vide order dated 2.2.2021 in Petition No. 20/TT/2020 for the Combined Assets; RoE claimed by the Petitioner in the instant true-up Petition, and the trued-up RoE allowed in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020.	1153.25	1153.61	1153.61	1153.61	1153.61
Claimed by the Petitioner in the instant true-up Petition.	1153.00	1153.23	1153.33	1153.34	1153.34
Approved after true-up in this order.	1153.01	1153.24	1153.34	1153.35	1153.35

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

38. The Petitioner in the instant true-up Petition has claimed the following Operation and Maintenance Expenses (O&M Expenses) for the 2019-24 tariff period in respect of the Combined Assets:

(₹ in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>O&amp;M Expenses</b>	405.09	419.40	434.07	449.37	465.12



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

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
(₹ in lakh)					
<b>Substation Bays 765 kV (Conventional)</b>					
Norms (₹ lakh/Bay)	45.01	46.60	48.23	49.93	51.68
No. of bays	9	9	9	9	9
O&M Expenses allowed for the Transmission Line	405.09	419.40	434.07	449.37	465.12
<b>Total O&amp;M Expenses allowed</b>	<b>405.09</b>	<b>419.40</b>	<b>434.07</b>	<b>449.37</b>	<b>465.12</b>

40. Accordingly, the details of the O&M Expenses approved vide order dated 2.2.2021 in Petition No. 20/TT/2020; O&M Expenses claimed by the Petitioner in the instant true-up Petition, and the trued-up O&M Expenses allowed in the instant order are as follows:

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
(₹ in lakh)					
Allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020.	405.09	419.40	434.07	449.37	465.12
Claimed by the Petitioner in the instant true-up Petition.	405.09	419.40	434.07	449.37	465.12
Approved after true-up in this order.	405.09	419.40	434.07	449.37	465.12

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

41. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The RoI considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for FYs 2021-



22 and 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.

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

		(₹ in lakh)				
	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
	<b>Interest on Working Capital</b>					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	33.76	34.95	36.17	37.45	38.76
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	60.76	62.91	65.11	67.41	69.77
C	Working Capital for Receivables (Equivalent to 45 days of the Annual Fixed Cost /Annual Transmission Charges)	436.63	420.90	411.13	405.82	400.20
<b>D</b>	<b>Total Working Capital (A+B+C)</b>	<b>531.15</b>	<b>518.76</b>	<b>512.42</b>	<b>510.67</b>	<b>508.73</b>
E	Rate of Interest for Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
<b>F</b>	<b>Interest on Working Capital (D*E)</b>	<b>64.00</b>	<b>58.36</b>	<b>53.80</b>	<b>53.62</b>	<b>61.05</b>

43. The details of the IWC allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020 for the Combined Assets; IWC claimed by the Petitioner in the instant true-up Petition, and the trued-up IWC allowed in the instant order are as follows:

		(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	
Allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020.	64.23	59.31	58.64	58.00	57.23	
Claimed by the Petitioner in the instant true-up Petition.	64.00	58.36	53.80	53.62	61.05	
Approved after true-up in this order.	64.00	58.36	53.80	53.62	61.05	

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

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

(₹ in lakh)

	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
	<b>Annual Transmission Charges</b>					
A	Depreciation	1080.23	1080.44	1080.54	1080.55	1080.55
B	Interest on Loan	848.95	702.55	612.99	554.78	494.88
C	Return on Equity	1153.01	1153.24	1153.34	1153.35	1153.35
D	O & M Expenses	405.09	419.40	434.07	449.37	465.12
E	Interest on Working Capital	64.00	58.36	53.80	53.62	61.05
<b>F</b>	<b>Total (A+B+C+D+E)</b>	<b>3551.29</b>	<b>3413.99</b>	<b>3334.74</b>	<b>3291.66</b>	<b>3254.95</b>

45. The details of the AFC allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020 for the Combined Assets, AFC claimed by the Petitioner in the instant true-up Petition and the trued-up AFC allowed in the instant order are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 2.2.2021 in Petition No. 20/TT/2020.	3566.40	3482.76	3406.69	3331.04	3254.99
Claimed by the Petitioner in the instant true-up Petition.	3551.27	3413.98	3334.73	3291.66	3254.95
Approved after true-up in this order.	3551.29	3413.99	3334.74	3291.66	3254.95

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

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

(₹ in lakh)

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1082.90	1075.55	1050.71	1035.83	394.4
Interest on Loan	403.08	309.88	221.13	135.02	75.25
Return on Equity	1153.36	1153.37	1153.37	1153.37	1153.37
Interest on Working Capital	73.61	73.93	74.09	74.44	66.3
O&M Expenses	796.5	838.71	881.91	927.9	978.21
<b>Total</b>	<b>3509.45</b>	<b>3451.44</b>	<b>3381.21</b>	<b>3326.56</b>	<b>2667.53</b>



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

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	66.38	69.89	73.49	77.33	81.52
Maintenance Spares	119.48	125.81	132.29	139.19	146.73
Receivables	432.67	425.52	416.86	409.00	328.87
<b>Total Working Capital</b>	<b>618.53</b>	<b>621.22</b>	<b>622.64</b>	<b>625.52</b>	<b>557.12</b>
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>73.61</b>	<b>73.93</b>	<b>74.09</b>	<b>74.44</b>	<b>66.30</b>

(₹ in lakh)

### Capital Cost

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

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

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

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



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

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

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

(4) & (5) .....

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

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:  
*Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;*  
*Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.*
- (d).....
- (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and

