

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 517/TT/2025**

**Coram:**

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

**Date of Order: 28.01.2026**

**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 for truing up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for NLC-Karaikal 230 kV D/C line (through LILO of the 230 kV Neyveli-Bahour S/C line at Karaikal) under "NLC Karaikal 230 kV D/C line" in the Southern Region .

**And in the matter of:**

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

**...Petitioner**

**Versus**

- 1. Tamil Nadu Generation and Distribution Corporation Limited,  
NPKRR Maaligai, 800,  
Anna Salai, Chennai – 600002**
- 2. Kerala State Electricity Board Limited,  
Vaidyuthi Bhavanam Pattom,  
Thiruvananthapuram – 695004**
- 3. Electricity Department,  
Government of Goa,  
Vidyuti Bhawan, Panaji, Goa 403001**



- 4. Electricity Department,**  
Government of Pondicherry,  
137, Netaji Subash Chandra Bose Salai  
Pondicherry - 605001
  - 5. Eastern Power Distribution Company of Andhra Pradesh Limited,**  
P&T Colony, Seethmadhara,  
Vishakhapatnam, Andhra Pradesh,
  - 6. Southern Power Distribution Company of Andhra Pradesh Limited,**  
#19-13-65/A, Srinivasapuram, Tiruchanoor Road  
Tirupati – 517503, Andhra Pradesh
  - 7. Andhra Pradesh Central Power Distribution Company Limited,**  
Corporate Office, Beside Polytechnic College, ITI Road  
Vijayawada - 520 008, Krishna District, Andhra Pradesh
  - 8. Southern Power Distribution Company of Telangana Limited,**  
6-1-50, Corporate Office, Mint Compound,  
Hyderabad – 500 063, Telangana
  - 9. Northern Power Distribution Company of Telangana Limited,**  
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,  
Nakkal Gutta, Hanamkonda, Warangal – 506 001, Telangana
  - 10. Bangalore Electricity Supply Company Limited,**  
Corporate Office, K.R.Circle,  
Bangalore – 560 001, Karanataka
  - 11. Gulbarga Electricity Supply Company Limited,**  
Corporate Office, Station Main Road, Opp. Parivar Hotel,  
Gulbarga (Kalburgi), Karnataka – 585102
  - 12. Hubli Electricity Supply Company Limited,**  
Navanagar, PB Road, Hubli, Karnataka- 580025
  - 13. Mangalore Electricity Supply Company Limited,**  
Corporate Office, 1st Floor, MESCOM Bhavan,  
Kavoor Cross Road, Bejai, Mangalore – 575 004, Karnataka
  - 14. Chamundeswari Electricity Supply Corporation Limited,**  
Corporate Office, #29, Vijayanagara 2nd Stage,  
Hinkal, Mysuru-570017, Karnataka
- ...Respondents**



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

### ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) (hereinafter referred to as “the Petitioner”), a deemed transmission licensee, for truing 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 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 NLC-Karaikal 230 kV D/C Line (through LILO of the 230 kV Neyveli-Bahour S/C line at Karaikal) (hereinafter referred to as “the Asset-1”) under “NLC-Karaikal 230 kV D/C line” in the Southern Region (hereinafter referred to as “the transmission project”).

**Asset -I:** NLC-Karaikal 230 kV D/C Line (through LILO of the 230 kV Neyveli Bahour S/C line at Karaikal).

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 16 and 17 above.*

*b) Admit the capital cost claimed, and additional capitalization incurred during 2019-24.*

*c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 16 and 17 above for respective block.*



d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.

e) Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.

g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 23 above.

h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 23 above.

i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 23 above.

j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 24 above.

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

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

### **Background**

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

a. The Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner Company in its 330<sup>th</sup> meeting held on 20.7.2016 (communicated vide Memorandum Ref.: C/CP/PA1617-07-0A-IA001 dated 22.7.2016), at an estimated cost of ₹10279 lakh including IDC of ₹453 lakh, based on April, 2016 price level.

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



**Transmission Line:**

- i. NLC-Karaikal 230 kV D/C Line (through LILO of the 230 kV Neyveli Bahour S/C line at Karaikal).
- c. The entire scope of the work as per IA is completed and is covered under the instant petition.
- d. The details of the COD with respect Asset-1 implemented in the Southern Region are as under:

<b>Asset No.</b>	<b>Asset Name</b>	<b>COD</b>
Asset-1	NLC-Karaikal 230 kV D/C Line (through LILO of the 230 kV Neyveli Bahour S/C line at Karaikal).	1.10.2018*

(\*The Commission vide order dated 7.5.2019 in Petition No. 170/TT/2018 approved COD of the transmission asset as on 1.10.2018 under proviso (ii) to Regulation 4(3) of the 2014 Tariff Regulations.)

- e. The transmission tariff of the instant asset from the COD to 31.3.2019 was allowed vide order dated 7.5.2019 in Petition No. 170/TT/2018 as per the 2014 Tariff Regulations and trued-up the transmission tariff for the 2014-19 period vide order dated 1.7.2021 in the Petition No. 461/TT/2020 and determined the transmission tariff for the 2019-24 period.
4. The Respondents are the Distribution Licensees and Power Departments, mainly the beneficiaries of the Southern Region, which are procuring transmission services from the Petitioner.
5. The Petitioner has served a copy of the Petition on the Respondents and notices regarding the filing of this Petition have also been published in newspapers in accordance with Section 64 of the Electricity Act, 2003. 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.2, Kerala State Electricity Board Limited (KSEBL), has filed its reply vide affidavit dated 19.11.2025. The Petitioner, vide affidavit dated 17.12.2025, has filed a rejoinder to the reply of KSEBL.

7. This order is passed after considering the submissions of the Petitioner in the Petition vide affidavit dated 29.11.2024 and subsequent affidavits dated 18.8.2025 and 14.11.2025; reply of KSEBL filed vide affidavit dated 19.11.2025; and rejoinder of the Petitioner to the reply of KSEBL filed vide affidavit dated 17.12.2025.

8. The hearing in the matter was held on 30.10.2025, and the order was reserved.

9. Having heard the representatives of the Petitioner 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 Transmission Asset are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23 232022-23	2023-24
Depreciation	352.13	370.16	370.25	370.25	370.25
Interest on Loan	333.94	308.04	277.75	258.93	240.5
Return on Equity	375.71	394.95	395.04	395.04	395.04
Interest on Working Capital	17.53	16.60	15.13	14.94	16.84
O&M Expenses	35.77	37.10	38.34	39.76	41.09
<b>Total</b>	<b>1115.08</b>	<b>1126.85</b>	<b>1096.51</b>	<b>1078.92</b>	<b>1063.72</b>

11. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the Asset-1 are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	2.98	3.09	3.20	3.31	3.42
Maintenance Spares	5.37	5.57	5.75	5.96	6.16
Receivables	137.10	138.93	135.19	133.02	130.79
<b>Total Working Capital</b>	<b>145.45</b>	<b>147.59</b>	<b>144.14</b>	<b>142.29</b>	<b>140.37</b>
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Interest on Working Capital	17.53	16.60	15.13	14.94	16.84

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

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

13. The Commission vide order dated 1.7.2021 in Petition No. 461/TT/2020 had approved the capital cost as on 1.4.2019 of ₹6329.44 lakh in respect of the transmission asset.

14. The Petitioner in the instant true-up Petition has claimed the capital cost as on 1.4.2019 of ₹6329.49 lakh.

15. In response to the Commission's query, the Petitioner vide affidavit dated 18.08.2025 has submitted that while approving the IDC amount in Petition No.461/TT/2020, an amount of ₹0.05 lakh had been deducted due to inadvertent error. Therefore, the Petitioner has added this amount of ₹0.05 lakh again to the capital cost as on 1.4.2019.

16. We have considered the Petitioner's submission and observed that the Commission vide order dated 1.7.2021 in Petition No. 461/TT/2020 had worked out the capital cost of ₹6329.49 lakh, however, while allowing ACE to arriving at the capital cost as on 31.3.2024 had considered the amount of ₹6329.44 lakh as on 1.4.2019.

17. Accordingly, the capital cost of ₹6329.49 lakh has been considered as the opening capital cost as on 01.04.2019 for the purpose of truing up the transmission tariff for the 2019-24 period in accordance with Regulation 19(3)(a) of the 2019 Tariff Regulations.



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

18. The Commission, vide its order dated 01.07.2021 in Petition No. 461/TT/2020, had allowed ACE with respect to the transmission asset under Regulation 24(1) (a) and 24(1)(b) of the 2019 Tariff Regulations for the 2019-24 tariff period and the same are as under:

(₹ in lakh)

Particulars	Capital Cost admitted as on 1.4.2019	ACE allowed	Capital Cost allowed as on 31.3.2024
		2019-20	
Asset-1	6329.49	692.25	7021.69

19. Against this, the Petitioner, in the instant Petition has claimed the following ACE in respect of the Asset-1 based on the actual expenditure in accordance with Regulations 24(1)(a) of the 2019 Tariff Regulations:

(₹ in lakh)

Particulars	Regulations	Actual ACE	
		2019-20	2020-21
Undischarged Liabilities and Works deferred for execution prior to the cut-off date	Regulations 24(1)(a) of the 2019 Tariff Regulations	679.43	3.43
<b>Total</b>		<b>682.86</b>	

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

21. The vendor-wise details of the ACE claimed by the Petitioner for the Asset-1 are as follows:



(₹ in lakh)

Head wise/ Party wise	Particulars	Year/Date of Actual Capitalizati on	Outstanding Liability as on COD	Discharge			Outstanding Liability as on 31.3.2024
				2022-23	2023-24	Total (2019- 24)	
<b>Due to Undischarged Liabilities</b>							
BAJAJ ELECTRIC ALS	TL	1.10.2018	663.13	661.91	1.22	<b>663.13</b>	-
Compensa tion	TL	1.10.2018	2.21	-	2.21	<b>2.21</b>	-
<b>Total</b>			<b>665.34</b>	<b>661.91</b>	<b>3.43</b>	<b>665.34</b>	

22. KSEBL, vide affidavit dated.19.11.2025, has submitted that the Petitioner has neither given proper reasons for the cost variations nor provided any proof to justify the same and thus, requested the Commission to have prudence check for additional capitalisation claimed by the Petitioner.

23. The Petitioner, in its rejoinder vide affidavit dated.17.12.2025, has submitted that the Additional Capital Expenditure (ACE) of ₹682.86 lakh claimed for the instant asset during 2019-21 tariff period is within the original scope of work and is on the account of undischarged liabilities towards final payment due to contractual exigencies for works executed prior to the cut-off date and claimed under Regulation 24(1)(a) of the 2019 Tariff Regulation.

24. We have considered the submissions of Petitioner and KSEBL. The COD of the Asset-1 is approved as 01.10.2018 and the cut-off date works out to be 31.03.2022. The ACE claimed by the Petitioner for Asset-1 upto the cut-off date is allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations on the account of undischarged liabilities towards final payment due to contractual exigencies for works executed prior to the cut-off date.



25. Accordingly, the capital cost and the ACE allowed for truing up of the tariff for the 2019-24 tariff period in respect of the transmission asset are as under:

Capital Cost admitted as on 01.04.2019	Allowed ACE for 2019-24		Capital Cost as on 31.3.2024
	2019-20	2020-21	
6329.49	679.43	3.43	7012.35

(₹ in lakh)

### **Debt-Equity Ratio**

26. The details of the debt-equity ratio considered and approved under Regulation 18 of the 2019 Tariff Regulations for computation of tariff for the Asset-I for the 2019-24 tariff period are as follows:

Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 tariff period (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	4431.02	70.00	478.00	70.00	4909.02	70.00
Equity	1898.47	30.00	204.86	30.00	2103.33	30.00
<b>Total</b>	<b>6329.49</b>	<b>100.00</b>	<b>682.86</b>	<b>100.00</b>	<b>7012.35</b>	<b>100.00</b>

### **Depreciation**

27. The depreciation has been worked out considering the admitted capital expenditure as on 31.3.2019 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.

28. The depreciation approved for the Asset-1 for the 2019-24 tariff period is as follows:

		(₹ in lakh)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	6329.49	7008.92	7012.35	7012.35	7012.35
B	Addition during 2019-24 due to ACE	679.43	3.43	0.00	0.00	0.00
C	Closing Gross Block (A+B)	7008.92	7012.35	7012.35	7012.35	7012.35
D	Average Gross Block (A+C)/2	6669.21	7010.64	7012.35	7012.35	7012.35



	<b>Particulars</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
E	Average Capital Cost (90% depreciable assets)	6669.21	7010.64	7012.35	7012.35	7012.35
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	6002.28	6309.57	6311.12	6311.12	6311.12
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	6002.28	6309.57	6311.12	6311.12	6311.12
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	35.00	34.00	33.00	32.00	31.00
L	Elapsed life at the beginning of the year	0.00	1.00	2.00	3.00	4.00
<b>M</b>	<b>Depreciation during the year (D*J)</b>	<b>352.13</b>	<b>370.16</b>	<b>370.25</b>	<b>370.25</b>	<b>370.25</b>
N	Cumulative Depreciation at the end of the year	505.95	876.12	1246.37	1616.62	1986.87
O	Remaining Aggregate Depreciable Value at the end of the year	5496.33	5433.46	5064.75	4694.50	4324.24

29. The details of depreciation allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020 in respect of the transmission asset; depreciation claimed by the Petitioner in the instant true-up Petition and the trued-up depreciation approved in the instant order are as follows:

	<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 1.7.2021 in Petition No. 461/TT/2020.	352.47	370.75	370.75	370.75	370.75
	Claimed by the Petitioner in the instant true-up Petition.	352.13	370.16	370.25	370.25	370.25
	Approved after true-up in this order.	352.13	370.16	370.25	370.25	370.25

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

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

31. 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 approved in respect of the Asset-1 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	4431.02	4906.62	4909.02	4909.02	4909.02
B	Cumulative Repayments upto Previous Year	153.82	505.95	876.12	1246.37	1616.62
C	Net Loan-Opening (A-B)	4277.20	4400.67	4032.91	3662.66	3292.41
D	Additions	475.60	2.40	0.00	0.00	0.00
E	Repayment during the year	352.13	370.16	370.25	370.25	370.25
F	Net Loan-Closing (C+D-E)	4400.67	4032.91	3662.66	3292.41	2922.15
G	Average Loan (C+F)/2	4338.94	4216.79	3847.78	3477.53	3107.28
H	Weighted Average Rate of Interest on Loan (in %)	7.696	7.305	7.218	7.446	7.740
I	<b>Interest on Loan (G*H)</b>	<b>333.94</b>	<b>308.04</b>	<b>277.75</b>	<b>258.93</b>	<b>240.50</b>

32. The details of the IoL allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020 for the transmission asset; IoL claimed by the Petitioner in the instant true-up Petition and the trued-up IoL approved in the instant order are 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>
Allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020.	338.92	329.64	301.62	273.42	244.06
Claimed by the Petitioner in the instant true-up Petition.	333.94	308.04	277.75	258.93	240.50
Approved after true-up in this order.	333.94	308.04	277.75	258.93	240.50

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

33. The Petitioner has submitted that the Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for FYs 2019- 20 and 2020-21. It is further submitted that the Income Tax Returns (ITRs) have been filed for the FYs 2021-22 and 2022-23. Further, ITR for FY 2023-24 will be filed in due course.

34. 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

35. The Petitioner has submitted the Assessment Orders for the FYs 2019-20 and 2020-21 and the ITRs for the FYs 2021-22, 2022-23 and 2023-24 have also been filed. It is submitted that the Petitioner has revised the table regarding the computation of the effective year-wise tax percentage and the same is as under:

Financial Year	Basis considered	Total Tax and the Interest paid (in ₹)	Assessed MAT Income under Sec 115 JB (in ₹)	Effective Tax Percentage (in %)	Grossed up ROE [Base rate/(1-t)]
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%

36. The above effective tax rate of 17.472% has been applied for all five years while arriving at the grossed-up RoE for the purpose of tariff truing-up of tariff for the 2019-24 period. For FYs 2019-20 and 2020-21, the tax rate is based on the completed assessments, and for FYs 2021-22, 2022-23 and 2023-24, the same is based on the income-tax return filed.

37. Accordingly, the Petitioner prays for the recovery of the differential tariff emanating from the trued-up RoE, based on the effective tax rate determined upon



completion of the respective income tax assessments/re-assessments for FYs 2019-20 to 2023-24, directly from the beneficiaries, on a year-to-year basis, in accordance with the 2019 Tariff Regulations.

38. We have considered the submissions of the Petitioner and have also gone through the record. 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 Income Tax Act, 1961 (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 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 for truing 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 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 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 rates 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 and 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

39. Accordingly, the trued-up RoE approved in respect of the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	1898.47	2102.30	2103.33	2103.33	2103.33
B	Addition due to ACE	203.83	1.03	0.00	0.00	0.00
C	Closing Equity (A+B)	2102.30	2103.33	2103.33	2103.33	2103.33
D	Average Equity (A+C)/2	2000.38	2102.81	2103.33	2103.33	2103.33
E	Return on Equity (Base Rate)	15.500	15.500	15.500	15.500	15.500
F	Tax Rate applicable	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (Pre-tax) (D*G)</b>	<b>375.71</b>	<b>394.95</b>	<b>395.05</b>	<b>395.05</b>	<b>395.05</b>

40. The details of the RoE allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020 for the transmission asset; RoE claimed by the Petitioner in the instant true-up Petition and the trued-up RoE approved in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020.	376.07	395.57	395.57	395.57	395.57
Claimed by the Petitioner in the instant true-up Petition.	375.71	394.95	395.04	395.04	395.04
Approved after true-up in this order.	375.71	394.95	395.05	395.05	395.05

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

41. The Petitioner in the instant true-up Petition has claimed the following Operation and Maintenance Expenses (O&M Expenses) for the Asset-I:



(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	35.77	37.1	38.34	39.76	41.09

42. We have considered the Petitioner's submissions. The O&M Expenses approved for the Asset-1 as per the norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Transmission Line</b>					
LILO of 220 kV NEVYELI-BAHOOR at Karaikal					
Line Length in Km	94.89	94.89	94.89	94.89	94.89
Norms (D/C Single Conductor)- Line (Rs Lakhs per KM)	0.377	0.391	0.404	0.419	0.433
O&M Expenses allowed for Transmission line	35.77	37.10	38.34	39.76	41.09
<b>Total O&amp;M Expenses allowed (₹ in lakh)</b>	<b>35.77</b>	<b>37.10</b>	<b>38.34</b>	<b>39.76</b>	<b>41.09</b>

43. Accordingly, the details of the O&M Expenses allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020 for the Asset-1; O&M Expenses claimed by the Petitioner in the instant true-up Petition and the trued-up O&M Expenses approved in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020.	35.77	37.10	38.34	39.76	41.09
Claimed by the Petitioner in the instant true-up Petition.	35.77	37.10	38.34	39.76	41.09
Approved after true-up in this order.	35.77	37.10	38.34	39.76	41.09

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

44. 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 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 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 FY 2023-24.

45. The components of the working capital and interest approved thereon for the Asset-1 for the 2019-24 tariff period are as follows:

		(₹ in lakh)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	2.98	3.09	3.19	3.31	3.42
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	5.37	5.57	5.75	5.96	6.16
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	137.10	138.92	135.19	133.02	130.79
<b>D</b>	<b>Total Working Capital (A+B+C)</b>	<b>145.45</b>	<b>147.58</b>	<b>144.13</b>	<b>142.29</b>	<b>140.37</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>17.53</b>	<b>16.60</b>	<b>15.13</b>	<b>14.94</b>	<b>16.84</b>

46. The details of the IWC allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020 for the transmission asset; IWC claimed by the Petitioner in the instant true-up Petition and the trued-up IWC approved in the instant order are as follows:

		(₹ in lakh)				
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020.	17.61	16.92	16.58	16.24	15.84
	Claimed by the Petitioner in the instant true-up Petition.	17.53	16.60	15.13	14.94	16.84
	Approved after true-up in this order.	17.53	16.60	15.13	14.94	16.84



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

47. Accordingly, the Annual Fixed Charges (AFC) allowed after truing-up for the 2019-24 tariff period in respect of the Asset-1 are 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	Depreciation	352.13	370.16	370.25	370.25	370.25
B	Interest on Loan	333.94	308.04	277.75	258.93	240.50
C	Return on Equity	375.71	394.95	395.05	395.05	395.05
D	O & M Expenses	35.77	37.10	38.34	39.76	41.09
E	Interest on Working Capital	17.53	16.60	15.13	14.94	16.84
<b>F</b>	<b>Total (A+B+C+D+E)</b>	<b>1115.08</b>	<b>1126.85</b>	<b>1096.51</b>	<b>1078.92</b>	<b>1063.72</b>

48. The details of the AFC allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020 for the transmission asset, AFC claimed by the Petitioner in the instant true-up Petition and the trued-up AFC approved in the instant order are 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>
Allowed vide order dated 1.7.2021 in Petition No. 461/TT/2020.	1120.84	1149.98	1122.85	1095.73	1067.31
Claimed by the Petitioner in the instant true-up Petition.	1115.08	1126.85	1096.51	1078.92	1063.72
Approved after true-up in this order.	1115.08	1126.85	1096.51	1078.92	1063.72

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

49. The Petitioner has claimed the following transmission charges in respect of the Asset-1 for the 2024-29 tariff period:

(₹ in lakh)					
<b>Particulars</b>	<b>Asset-1</b>				
	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
Depreciation	370.25	370.25	370.25	370.25	370.25
Interest on Loan	211.99	182.86	153.72	126.00	98.41
Return on Equity	395.04	395.04	395.04	395.04	395.04
Interest on Working Capital	16.06	15.70	15.35	14.99	14.71
O&M Expenses	35.01	36.82	38.81	40.80	42.99
<b>Total</b>	<b>1028.35</b>	<b>1000.67</b>	<b>973.17</b>	<b>947.08</b>	<b>921.40</b>



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

Particulars	Asset-1				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	2.92	3.07	3.23	3.40	3.58
Maintenance Spares	5.25	5.52	5.82	6.12	6.45
Receivables	126.78	123.37	119.98	116.44	113.60
<b>Total Working Capital</b>	<b>134.95</b>	<b>131.96</b>	<b>129.03</b>	<b>125.96</b>	<b>123.63</b>
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>16.06</b>	<b>15.70</b>	<b>15.35</b>	<b>14.99</b>	<b>14.71</b>

### Capital Cost

51. 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 tried 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.”

52. The capital cost has been dealt with in line with Regulation 19(3)(a) of the 2024 Tariff Regulations. The trued-up capital cost of ₹7012.35 lakh for Asset-1 as on 31.3.2024 is considered as the opening capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

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

53. The Petitioner has not claimed any ACE for the 2024-29 tariff period.

54. In the view of the above, the capital cost allowed for determination of the tariff for the 2024-29 tariff period in respect of the Asset-1 is as under:

(₹ in lakh)		
Capital Cost admitted as on 1.4.2024	Allowed ACE for (2024-29)	Capital Cost allowed as on 31.3.2029
7012.35	-	7012.35

### **Debt-Equity Ratio**

55. Regulation 18 of the 2024 Tariff Regulations provides as follows:

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

*Provided that:*

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

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



actually utilised for meeting the capital expenditure of the generating station or the transmission system.

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

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

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

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

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

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

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

56. The debt-equity ratio considered for computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity ratio considered for the purpose of determination of tariff for the Asset-1 for the 2024-29 tariff period is as follows:



Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	4909.02	70.00	4909.02	70.00
Equity	2103.33	30.00	2103.33	30.00
<b>Total</b>	<b>7012.35</b>	<b>100.00</b>	<b>7012.35</b>	<b>100.00</b>

## Depreciation

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

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

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

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

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

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

.....

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

(4) .....

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

*Provided that the remaining depreciable value as on 31st March of the*



year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets;

.....

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

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

.....

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

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

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

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx.”

58. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024, and thereafter, up to 31.3.2029. The WAROD has been worked out for the Asset-1 as per the rates of depreciation specified in the 2024 Tariff Regulations.

59. The depreciation allowed for the Asset-1 under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	7012.35	7012.35	7012.35	7012.35	7012.35



	<b>Particulars</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
B	Addition during 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	7012.35	7012.35	7012.35	7012.35	7012.35
D	Average Gross Block (A+C)/2	7012.35	7012.35	7012.35	7012.35	7012.35
E	Average Capital Cost (90% depreciable assets)	7012.35	7012.35	7012.35	7012.35	7012.35
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	6311.12	6311.12	6311.12	6311.12	6311.12
H	Depreciable Value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	6311.12	6311.12	6311.12	6311.12	6311.12
K	Weighted Average Rate of Depreciation (WAROD) (in %)	5.28	5.28	5.28	5.28	5.28
L	Balance useful life at the beginning of the year (Year)	30.00	29.00	28.00	27.00	26.00
M	Elapsed life at the beginning of the year (Year)	5.00	6.00	7.00	8.00	9.00
<b>N</b>	<b>Depreciation during the year (D*J)</b>	<b>370.25</b>	<b>370.25</b>	<b>370.25</b>	<b>370.25</b>	<b>370.25</b>
O	Cumulative Depreciation at the end of the year	2357.12	2727.38	3097.63	3467.88	3838.13
P	Remaining Aggregate Depreciable Value at the end of the year	3953.99	3583.74	3213.49	2843.23	2472.98

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

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

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

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

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

61. The WAROI on loans has been considered on the basis of the rates prevailing as on 1.4.2024. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2024-29 tariff period may be adjusted at the time of true-up. Accordingly, the floating rate of interest, if any, will be considered while true-up of the tariff. The IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed for the 2024-29 tariff period in respect of the Asset-1 is as follows:

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	4909.02	4909.02	4909.02	4909.02	4909.02
B	Cumulative Repayments upto Previous Year	1986.87	2357.12	2727.38	3097.63	3467.88



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
C	Net Loan-Opening (A-B)	2922.15	2551.90	2181.65	1811.40	1441.14
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	370.25	370.25	370.25	370.25	370.25
F	Net Loan-Closing (C+D-E)	2551.90	2181.65	1811.40	1441.14	1070.89
G	Average Loan (C+F)/2	2737.03	2366.77	1996.52	1626.27	1256.02
H	Weighted Average Rate of Interest on Loan (in %)	7.745	7.726	7.700	7.748	7.835
I	<b>Interest on Loan (G*H)</b>	<b>211.99</b>	<b>182.86</b>	<b>153.72</b>	<b>126.00</b>	<b>98.41</b>

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

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

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

(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.”*

63. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner's submissions and have gone through the record.

64. We have considered the applicable MAT rates for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the transmission asset for the 2024-29 tariff period is as follows:



(₹ in lakh)

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	2103.33	2103.33	2103.33	2103.33	2103.33
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2103.33	2103.33	2103.33	2103.33	2103.33
D	Average Equity (A+C)/2	2103.33	2103.33	2103.33	2103.33	2103.33
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	MAT Rate for respective year (in %)	17.47	17.47	17.47	17.47	17.47
G	Rate of Return on Equity (in %)	18.78	18.78	18.78	18.78	18.78
H	<b>Return on Equity (D*G)</b>	<b>395.05</b>	<b>395.05</b>	<b>395.05</b>	<b>395.05</b>	<b>395.05</b>

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

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

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	35.01	36.82	38.81	40.80	42.99

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

**“36. Operation and Maintenance Expenses:**

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Norms for sub-station Bays (Rs Lakh per bay)</b>					
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
<b>Norms for Transformers/ Reactors (Rs Lakh per MVA or MVAR)</b>					
O&M expenditure per MVA or per MVAR ((Rs Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
<b>Norms for AC and HVDC lines (Rs Lakh per km)</b>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603



<b>Particulars</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<i>Single Circuit (Single Conductor)</i>	0.246	0.259	0.272	0.287	0.302
<i>Double Circuit (Bundled conductor with four or more sub-conductors)</i>	1.291	1.359	1.430	1.506	1.585
<i>Double Circuit (Twin &amp; Triple Conductor)</i>	0.861	0.906	0.953	1.003	1.056
<i>Double Circuit (Single Conductor)</i>	0.369	0.388	0.409	0.430	0.453
<i>Multi Circuit (Bundled Conductor with four or more sub-conductor)</i>	2.266	2.385	2.510	2.642	2.781
<i>Multi Circuit (Twin &amp; Triple Conductor)</i>	1.509	1.588	1.671	1.759	1.851
<b>Norms for HVDC stations</b>					
<i>HVDC Back-to-Back stations (Rs Lakh per MW)</i>	2.07	2.18	2.30	2.42	2.55
<i>Gazuwaka BTB (Rs Lakh/MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (Rs Lakh/MW)</i>	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  $\pm 500$  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.*

.....”

67. 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:



(₹ in lakh)

Particulars					
	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Transmission Line</b> LILO of 220 kV NEVYELI-BAHOOR at Karaikal					
Length in Kms	94.89	94.89	94.89	94.89	94.89
Norms (₹ lakh/KM)	0.369	0.388	0.409	0.43	0.453
O&M Expenses allowed for Transmission Line	35.01	36.82	38.81	40.8	42.99
<b>Total O&amp;M Expenses allowed (₹ in lakh)</b>	<b>35.01</b>	<b>36.82</b>	<b>38.81</b>	<b>40.8</b>	<b>42.99</b>

68. The O&M Expenses allowed for the transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	35.01	36.82	38.81	40.80	42.99

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

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

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

.....

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

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

(2) .....

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



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

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

70. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. The 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 FYs 2024-25 to 2028-29.

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

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	2.92	3.07	3.23	3.40	3.58
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	5.25	5.52	5.82	6.12	6.45
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	126.78	123.37	119.98	116.45	113.60
<b>D</b>	<b>Total Working Capital (A+B+C)</b>	<b>134.95</b>	<b>131.96</b>	<b>129.04</b>	<b>125.97</b>	<b>123.63</b>
E	Rate of Interest for Working Capital (in %)	11.90	11.90	11.90	11.90	11.90
<b>F</b>	<b>Interest on Working Capital (D*E)</b>	<b>16.06</b>	<b>15.70</b>	<b>15.36</b>	<b>14.99</b>	<b>14.71</b>

#### **Annual Fixed Charges of the 2024-29 Tariff Period**

72. The AFC allowed for the 2024-29 tariff period are summarized as follows:

		(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29	
Depreciation	370.25	370.25	370.25	370.25	370.25	
Interest on Loan	211.99	182.86	153.72	126.00	98.41	
Return on Equity	395.05	395.05	395.05	395.05	395.05	



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	35.01	36.82	38.81	40.80	42.99
Interest on Working Capital	16.06	15.70	15.36	14.99	14.71
<b>Total</b>	<b>1028.35</b>	<b>1000.67</b>	<b>973.17</b>	<b>947.08</b>	<b>921.40</b>

### **Filing Fee and Publication Expenses**

73. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses.

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

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

75. The Petitioner has submitted that as per Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the Central Transmission Utility of India Limited (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.

76. 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.”*

77. 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 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**

78. The Petitioner has claimed reimbursement of the license fee and 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.

### **Goods and Services Tax**

79. The Petitioner has submitted that the transmission charges claimed herein are exclusive of the Goods and Services Tax (GST), and in case GST is levied on transmission services of electricity in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/Statutory Authorities, may be allowed to be recovered from the beneficiaries.

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



## **Security Expenses, Insurance and Capital Spares**

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

82. It is submitted that the Petitioner has not claimed insurance expenses in the instant Petition and 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 expenses for the FYs 2024-25, 2025-26, 2026-27, 2027-28, and 2028-29.

83. It is further submitted that the Petitioner has not claimed capital spares for the transmission asset in the instant Petition for the 2024-29 tariff period and it will file a separate Petition for claiming 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.

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

*"36(3)*

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



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

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

*Provided that the self-insurance premium shall be transferred to a separate fund for utilization to meet the claims, and the expenditure incurred or amount utilized from the self-insurance fund shall be made available to the Commission as and when directed.”*

85. 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 and 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**

86. The Petitioner has submitted that the trued-up tariff for the 2019-24 tariff period will be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers. Further, the tariff for the 2024-29 tariff period will be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and will be shared by the beneficiaries and long-term transmission customers as per the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 (hereinafter referred to as “the 2020 Sharing Regulations”).

87. We have considered the submissions of the Petitioner. The billing, collection, and disbursement of the transmission charges for the transmission asset shall be



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

88. To summarise:

(a) The trued-up AFC claimed by the Petitioner and approved in the instant order with respect to the transmission asset for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	1115.08	1126.85	1096.51	1078.92	1063.72
AFC Approved	1115.08	1126.85	1096.51	1078.92	1063.72

(b) The AFC claimed by the Petitioner and allowed in the instant order with respect to the transmission asset for the 2024-29 tariff period is as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	1028.35	1000.67	973.17	947.08	921.40
AFC Allowed	1028.35	1000.67	973.17	947.08	921.40

89. This order disposes of Petition No. 517/TT/2025, in terms of the above discussions and findings.

**sd/-**  
**(Harish Dudani)**  
**Member**

**sd/-**  
**(Ramesh Babu V.)**  
**Member**

