

**THE CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 190/TT/2025**

**Coram:**

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

**Date of Order: 04.02.2026**

**In the matter of:**

Approval under Section 62 read with Section 79(1)(d) of Electricity Act, 2003 and under the 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 Condition of Tariff ) Regulations, 2019 and the Central Electricity Regulatory Commission (Terms and Condition of Tariff) Regulations, 2024 for truing up of the transmission tariff for the 2019-24 tariff period and the determination of transmission tariff for the 2024-29 tariff period respectively for Asset under “Baharampur (POWERGRID) – Bheramara (BANGLADESH) 02nd 400 kV D/C transmission line (INDIAN PORTION)” in the Eastern Region.

**And**

**In the matter of:**

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

**...Petitioner**

**Versus**

**1. Bangladesh Power Development Board,  
WAPA Building, MotiJheel Commercial Area,  
Dhaka – 1000, People’s Republic of Bangladesh.**

**...Respondent**

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

**ORDER**

The instant Petition has been filed by Power Grid Corporation of India Limited (hereinafter referred to as “the Petitioner/PGCIL”), for truing-up of the transmission tariff for the 2019-24 tariff period, under the Central Electricity Regulatory Commission



(Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”), and the determination of the transmission tariff for the 2024-29 tariff period, under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) in respect of 400kV D/C (02nd) Baharampur (POWERGRID) - Bheramara (BANGLADESH) line and associated line (INDIAN PORTION) bays at Baharampur Sub-station (hereinafter referred to as “the transmission asset”) in the Eastern Region.

<b>Asset</b>	<b>Asset Name</b>	<b>Actual COD</b>
<b>Asset-1</b>	400kV D/C (02nd) Baharampur (POWERGRID) - Bheramara (BANGLADESH) line and associated line (Indian Portion) bays at Baharampur sub-station	27.7.2020

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

- a) *“Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 21 & 22 above.*
- b) *Approve the Additional capitalization claimed for 2019-24 block and for 2024-29 block for the assets covered under this petition.*
- c) *Approve the cost variation in COD cost owing to FERV.*
- d) *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 21 & 22 above for respective block.*
- e) *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.*
- f) *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.*
- g) *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.*



- h) *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 28 above.*
- i) *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 28 above.*
- j) *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 28 above.*
- k) *Allow the Petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 29 above.*
- l) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

### **Background**

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

(a) The Investment Approval (the IA) of the transmission system was accorded by the Board of Directors (BoD) of the Petitioner's Company vide Memorandum No. C/CP/PA 1718-12-0C-IA012 dated 19.9.2017, at an estimated cost of ₹19849 lakh including IDC of ₹1148 lakh, at April, 2017 price level.

(b) The cross border inter-connection between India and Bangladesh through Baharampur (India) - Bheramara (Bangladesh) 400 kV D/C line along with 500 MW HVDC Back-to-Back terminal at Bheramara, was put into commercial operation in September, 2013.

(c) The capacity of Bheramara (Bangladesh) HVDC Station is being upgraded from 500 MW to 1000 MW by Bangladesh. The system strengthening required in the Indian and Bangladesh side for transfer of about 1000 MW from India to Bangladesh is already under implementation. In regard to N-1 reliability



criteria for 1000 MW export to Bangladesh, it was decided that during single circuit outage of Baharampur–Bheramara 400 kV D/C line, Bangladesh would restrict/reduce the loading on the operating circuit to the permissible extent with the help of run back control/ramping down facility on the HVDC system.

(d) To ensure reliable supply of 1000 MW power to Bangladesh from Baharampur, it was decided in the 12th India-Bangladesh Joint Steering Committee (JSC) meeting held on 11.12.2016, to construct a 2nd 400 kV D/C transmission line from Baharampur (India) to Bheramara (Bangladesh) in matching time frame of 2nd 500 MW HVDC terminal at Bheramara.

(e) It was decided in the said 12th JSC meeting that the Indian portion of the line may be implemented by the Petitioner and the mechanism of sharing of transmission charges by Bangladesh for Indian portion of this link would be on same principles as for the first Baharampur– Bheramara link.

(f) Accordingly, the Ministry of Power (MoP) vide letter No. 9/5/2016-Trans-Vol 2 dated 1.3.2017, had granted approval for implementation of the Indian portion of Baharampur (India)- Bheramara (Bangladesh) 2nd 400 kV D/C line along with 2 no. 400 kV line bays for termination of this line at Baharampur Sub-station (India) through the Regulated Tariff Mechanism by the Petitioner.

(g) The scope of the project was discussed and agreed in the 19th Standing Committee Meeting (SCM) of ER and in the Standing Committee Meetings (SCMs of State Sectors) of ER held on 1.9.2017 and 3.8.2017 respectively.

(h) The scope of work covered under “Baharampur (India)-Bheramara (Bangladesh) 2nd 400 kV D/C transmission line (Indian Portion)” is as follows:

Transmission Line:

- 400 kV D/C (2<sup>nd</sup>) Baharampur (Powergrid) - Bheramara (Bangladesh) line with Twin Moose conductor.



Sub-station:

- 2 numbers 400 kV line bays at Baharampur for termination of Baharampur-Bheramara 2nd 400 kV D/C line

(i) The Scope of the work is covered in the instant Petition is as follows:

Asset Name	COD	Remarks
400kV D/C (02 <sup>nd</sup> ) Baharampur (POWERGRID) - Bheramara (BANGLADESH) line and associated line (INDIAN PORTION) bays at Baharampur sub-station	27.7.2020	Referred as Asset-1

(j) The complete scope of the work is covered in the instant Petition.

(k) The tariff for the period from the COD to 31.3.2024 of the Transmission Project covered under the instant Petition was determined by the Commission vide Order dated 12.4.2023 in Petition No. 7/TT/2022.

(l) The Respondent, Bangladesh Power Development Board (BPDB), is availing the transmission services from the Petitioner.

4. The Respondent(s) are distribution licensees and Power Department of Bangladesh, which are procuring transmission services from the Petitioner from the Eastern Region.

5. The Petitioner has served a copy of the Petition on the Respondent and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. However, no comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. The Respondent has not filed reply in the matter.

6. The hearings in this matter was held on 26.8.2025 and 30.10.2025, and the Order was reserved.



7. This Order is being passed considering the submissions made by the Petitioner in the Petition vide affidavits dated 3.10.2024 and 16.5.2025, RoP compliance vide affidavit dated 11.9.2025.

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

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

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

Particulars	(₹ in lakh)			
	2020-21 ( pro rata 248 days)	2021-22	2022-23	2023-24
Depreciation	567.89	862.99	890.33	898.65
Interest on Loan	121.81	191.15	231.14	321.27
Return on Equity	597.41	908.25	937.42	946.30
O&M Expenses	99.68	151.86	157.18	162.67
Interest on Working Capital	22.16	31.50	32.97	39.50
<b>Total</b>	<b>1408.95</b>	<b>2145.75</b>	<b>2249.04</b>	<b>2368.39</b>

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

Particulars	(₹ in lakh)			
	2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24
O&M Expenses	12.23	12.66	13.10	13.56
Maintenance Spares	22.01	22.78	23.58	24.40
Receivables	255.66	264.54	277.28	291.20
<b>Total Working Capital</b>	<b>289.90</b>	<b>299.98</b>	<b>313.96</b>	<b>329.16</b>
Rate of Interest (in %)	11.25	10.50	10.50	12.00
<b>Interest on Working Capital</b>	<b>22.16</b>	<b>31.50</b>	<b>32.97</b>	<b>39.50</b>

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

11. The transmission tariff for Asset-1 was allowed by the Commission from its COD to 31.3.2019, as per Order dated 12.4.2023 in Petition No. 7/TT/2022.

12. The Commission, vide Order dated 12.4.2023 in Petition No. 7/TT/2022 had allowed the capital cost as on COD of ₹15341.09 after reducing IDC and IEDC



disallowed due to time over-run not condoned and excess Initial Spares in respect of the transmission asset and the same has been summarised as under:

(₹ in lakh)

Asset	Capital Cost claimed in as on COD	Less: IDC disallowed due to time over-run not condoned	Less: Undischarged IDC as on COD	Less: IEDC disallowed due to time over-run not condoned	Less: Excess Initial Spares disallowed	Capital Cost allowed as on COD
Asset-1	15636.29	20.59	7.62	47.03	219.95	15341.09

13. The Petitioner in the instant true-up Petition has claimed the following capital cost as on COD on cash basis, and the details of the same, are as under:

(₹ in lakh)

Asset	Capital Cost as on COD as per Auditors certificate	Less: un-discharged IDC as on COD	Less: IEDC disallowed due to time over-run not condoned	Less: Excess Initial Spares disallowed	Capital Cost claimed as on COD
Asset-1	15779.35	21.35	47.03	218.24	15492.73

14. The Petitioner in the instant true-up Petition vide Auditor Certificate has claimed the capital cost as on COD of ₹15779.35 lakh and has also reduced the IDC, IEDC, and excess Initial Spares earlier disallowed by the Commission. Capital Cost claimed as on COD after the adjustment is ₹15492.73 lakh. The Petitioner has further submitted that there is an increase in the COD cost claimed as per latest Auditor's Certificate, i.e., ₹15779.35 lakh vis-à-vis the COD cost claimed vide previous Management Certificates (submitted in Petition No. 7/TT/2022), i.e., ₹15636.29 lakh. The Petitioner has submitted that Petition No. 7/TT/2022 was filed on the basis of proposed COD (i.e., COD of the instant asset was involved under Regulation 5(2) of 2019 Tariff Regulations). While preparing the Management Certificate submitted with the Petition, inadvertently exchange rate as on 30.9.2020 was considered instead of



exchange rate as on 27.7.2020. The exchange rate as on 27.7.2020 was higher than the exchange rate as on 30.9.2020. Accordingly, the increase of ₹143.06 lakh is on account of increase in FERV (Foreign Exchange Rate Variation). The Petitioner has prayed for allowing the revised COD cost as per the Auditor Certificate submitted along with the instant Petition.

15. We have considered the submissions of the Petitioner. The capital cost of ₹15341.09 lakh as on COD was approved by the Commission for Asset-1 in Petition No. 7/TT/2022. However, the Petitioner has claimed the revised capital cost of ₹15779.35 lakh as on COD vide Auditors Certificate and submitted that variation ₹143.06 lakh is on account of increase in FERV (Foreign Exchange Rate Variation). We note that the Petitioner in Petition No. 7/TT/2022 has claimed the capital cost as on COD of ₹15636.29 lakh vide Management Certificate which was based on proposed COD. Against this, the Petitioner in the instant Petition has claimed the capital cost as on COD based on the Auditors Certificate. Therefore, we proceed with the Auditors certified capital cost as on COD of ₹15779.35 lakh and IDC, IEDC and Initial Spares have been dealt with in the relevant section of this Order.

#### **Interest During Construction (IDC) and Incidental Expenditure During Construction (IEDC)**

16. The Commission, vide Order dated 12.4.2023 in Petition No. 7/TT/2022 allowed IDC of ₹346.83 lakh after disallowing IDC of ₹20.59 lakh corresponding to time overrun not condoned.

17. The Petitioner in the instant Petition has submitted the amount of IDC of ₹367.42 lakh based on actual interest rates and has furnished the IDC statement. As per the IDC discharge statement submitted by the Petitioner, IDC discharged till COD is ₹346.07 lakh and IDC discharged after COD is ₹21.35 lakh (₹14.34 lakh in 2020-21 and ₹7.01 lakh in 2021-22). The Petitioner has claimed the same admitted IDC of



₹346.83 lakh after reducing the disallowed amount of ₹20.59 lakh. However, the Petitioner has deduced the disallowed amount of IDC of ₹20.59 lakh from the undischarged IDC in the respective year of the ACE claimed (₹13.58 in 2020-21 and ₹7.01 in 2021-22)

18. We have considered the submissions of the Petitioner. The IDC on cash basis up to the COD has been worked out on the basis of loan details given in the statement showing discharge of IDC and Form-9C for the transmission asset. The IDC allowed after truing-up is as follows:

(₹ in lakh)				
IDC as per Auditor's Certificate	IDC Admissible	IDC disallowed due to time over-run not condoned	IDC Discharged as on COD	Undischarged IDC Discharge During 2020-21
367.42	346.83	20.59	346.07	0.76

19. The Commission, vide Order dated 12.4.2023 in Petition No. 7/TT/2022 allowed IEDC of ₹679.10 lakh after disallowing IEDC of ₹47.03 lakh corresponding to time overrun not condoned. The Petitioner has also reduced the same amount of IEDC of ₹47.03 lakh from the capital cost claimed as on COD. Accordingly, the accrued IEDC approved after truing up is as follows:

(₹ in Lakh)		
IEDC Claimed	IEDC disallowed due to time over-run not condoned	IEDC Allowed
726.13	47.03	679.10

### **Initial Spares**

20. The Petitioner in Petition No. 7/TT/2022 had claimed the following Initial Spares:

(₹ in Lakh)				
Asset	Particulars	Plant & Machinery cost (A)	Initial Spares Claimed (B)	Excess Initial Spares
Asset-1	Sub-station (Brown field)	2181.35	71.54	-



Asset	Particulars	Plant & Machinery cost (A)	Initial Spares Claimed (B)	Excess Initial Spares
	Transmission line	13227.20	350.02	219.95
	PLCC	211.71	27.77	-

21. The Petitioner in Petition No. 7/TT/2022 had claimed Initial Spares separately for transmission asset for PLCC under "Communication System". The Commission observed that PLCC is a part of Sub-station and accordingly did not allow separate O&M Expenses for PLCC. The Initial Spares allowed were as follows:

					(₹ in lakh)
Asset	Plant & Machinery Cost for calculation of Initial Spares (₹ in lakh) (A)	Initial Spares claimed (₹ in lakh) (B)	Norms as per the 2014-19 Tariff Regulations (%) (C)	Initial Spares worked out as per norms (₹ in lakh) $D = (A-B) \times (C) / \{(100-(C))\}$	Excess Initial Spares (₹ in lakh) $E = (B-D)$
<b>For Transmission Line</b>					
1	13227.20	350.02	1.00	130.07	219.95
<b>For Sub-station</b>					
1	2393.06	99.31	6.00	146.41	-

22. Regulation 23(d) of the 2019 Tariff Regulations provides that Initial Spares shall be capitalised as a percentage of Plant and Machinery Cost up to cut-off date, subject to the following ceiling norms.

23. Against the earlier disallowed excess, Initial Spares of ₹219.95 lakh, the Petitioner in the instant Petition has reduced excess spares to the tune of ₹218.24 lakh from capital cost as on COD itself for the purpose of tariff determination. However, it is noted that the total Plant and Machinery Cost considered for Initial Spares calculation above is ₹16054.12 lakh (₹13396.73 + ₹2657.39 lakh) which represents the Plant and Machinery Cost on cash basis as on 31.3.2025 in place of Plant and Machinery Cost on cash basis as on cut-off date which is 31.7.2023. It is noted from



the Auditor Certificate dated 11.9.2024, that total capital cost for “Transmission Line” remains the same as on 31.3.2024, 31.3.2025 since ACE certified for 2023-24, i.e., ₹86.31 lakh and for 2024-25, i.e., ₹ 24.16 lakh have been fully allotted to “Sub-Station”. Accordingly, the Plant and Machinery Cost as on cut-off date, i.e., 31.7.2023 for “Sub-station” has been arrived as ₹ 2575.39 lakh (2657.39-24.16-86.31x8/12) on pro-rata basis. The revised calculation for allowable Initial Spares is as under:

(₹ in lakh)						
Asset	Plant & Machinery Cost for calculation of Initial Spares	Initial Spares claimed	Norms as per the 2014-19 Tariff Regulations (%)	Initial Spares worked out as per norms	Excess Initial Spares	Initial Spares allowed
	(₹ in lakh)	(₹ in lakh)	(C)	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)
	(A)	(B)		$D = (A-B) \times (C) / \{(100-(C))\}$	$E = (B-D)$	
<b>For Transmission Line</b>						
1	13396.7	350.02	1	131.78	218.24	<b>131.78</b>
<b>For Sub-station</b>						
1	2575.39	99.31	6	150.07	(-) 50.76	<b>99.31</b>

### Capital Cost allowed as on COD

24. Accordingly, capital cost approved after truing-up in respect of the transmission asset as on COD is as follows:

(₹ in lakh)

Capital Cost claimed in Auditor's Certificate as on COD (A)	Less: IDC disallowed due to time over-run not condoned (B)	Less: Undischarged IDC as on COD (C)	Less: IEDC disallowed due to time over-run not condoned (D)	Less: Excess Initial Spares disallowed (E)	Capital Cost allowed as on COD (F) = (A-B-C-D-E)
15779.35	20.59	0.76	47.03	218.24	15492.73

### Additional Capital Expenditure (ACE)



25. The Petitioner has claimed Additional Capital Expenditure (ACE) of ₹1344.92 lakh in the 2019-24 tariff period in the instant true-up Petition against approved ₹1085.14 lakh ACE for the Transmission Project in Petition No. 7/TT/2022.

26. The Petitioner has claimed ACE in the 2019-24 tariff period under Regulations 24(1)(a) and 25(1)(d) and has submitted that the ACE claimed is within the original scope of work and ACE claimed is on the basis of actual payments made to the contractor after receipt of final invoices from the contractor and incorporating the amendments till the end of tariff block 2019-24 and has submitted Liability Flow Statement as under:

(₹ in lakh)

Asset	Head wise /Party wise	Particulars	Outstanding Liability as on 31.3.2019	Discharge					Outstanding Liability as on 31.3.2024
				2020-21	2021-22	2022-23	2023-24	Total (19-24)	
Asset - 1	M/S Associated Power Structur & etc.	TL	177.21	95.72	57.44	24.05	-	177.21	-
	M/S Associated Power Structur & etc.	SS	1,191.11	127.04	748.50	205.10	86.31	1,166.95	24.16
								-	-
	<b>Total</b>		<b>1,368.32</b>	<b>222.76</b>	<b>805.94</b>	<b>229.15</b>	<b>86.31</b>	<b>1,344.16</b>	<b>24.16</b>

27. We have considered the Petitioner's submission. As ₹1344.92 lakh ACE is claimed in the 2019-24 tariff period, the following trued-up capital cost is allowed under Regulation 25(1)(a) and 25(1)(d) of the Tariff Regulations for the Transmission Project as on 31.3.2019 and as on 31.3.2024 is as under:



(₹ in lakh)

Particulars	Capital Cost allowed as on COD	2020-21	2021-22	2022-23	2023-24	Capital Expenditure allowed as on 31.3.2024
Transmission Project	15492.73	223.52*	805.94	229.15	86.31	16837.65

*Includes IDC discharge of Rs. 0.76*

### Debt-Equity Ratio

28. The details of the debt-equity ratio considered and approved under Regulation 18 of the 2019 Tariff Regulations for computation of the tariff in respect of the Transmission Project for the 2019-24 tariff period is as under:

Funding	Capital Cost as on COD		ACE allowed during the 2019-24 Tariff Period		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
<b>Debt</b>	10844.91	70.00	941.44	70.00	11786.36	70.00
<b>Equity</b>	4647.82	30.00	403.48	30.00	5051.30	30.00
<b>Total</b>	<b>15492.73</b>	<b>100.00</b>	<b>1344.92</b>	<b>100.00</b>	<b>16837.65</b>	<b>100.00</b>

### Depreciation

29. The depreciation has been worked out considering the admitted capital expenditure as on COD and thereafter up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Transmission Project as per the rates of depreciation specified in the 2019 Tariff Regulations. Accordingly, the depreciation approved in respect of the Transmission Project is as follows:

(₹ in lakh)

Sl. No.	Particulars	2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24
A	Opening Gross Block	15492.73	15716.25	16522.19	16751.34
B	Addition during the year 2019-24 due to ACE	223.52	805.94	229.15	86.31
C	Closing Gross Block (A+B)	15716.25	16522.19	16751.34	16837.65
D	Average Gross Block (A+C)/2	15604.49	16119.22	16636.77	16794.50
E	Average Gross Block (90% depreciable assets)	15504.74	16019.47	16537.01	16694.74
F	Average Gross Block (100% depreciable assets)	99.75	99.75	99.75	99.75
G	Depreciable value (excluding IT equipment and software) (E*90%)	13954.27	14417.52	14883.31	15025.27
H	Depreciable value of IT equipment and software (F*100%)	99.75	99.75	99.75	99.75
I	Total Depreciable Value (G+H)	14054.02	14517.27	14983.06	15125.02
J	Weighted average rate of Depreciation (WAROD) (in %)	3.64	5.35	5.35	5.35



K	Lapsed useful life at the beginning of the year (Year)	0.00	0.00	1.00	2.00
L	Balance useful life at the beginning of the year (Year)	34.00	34.00	33.00	32.00
<b>M</b>	<b>Depreciation during the year (D*J)</b>	<b>567.90</b>	<b>863.00</b>	<b>890.33</b>	<b>898.66</b>
N	Cumulative Depreciation at the end of the year	567.90	1430.91	2321.24	3219.90
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	13486.11	13086.37	12661.83	11905.12

30. The details of depreciation allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022, depreciation claimed in the instant Petition, and trued-up depreciation approved in the instant Order in respect of the transmission asset is as under:

Particulars	(₹ in lakh)			
	2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24
Allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022	568.46	865.29	879.21	879.21
Claimed by the Petitioner in the instant Petition	567.89	862.99	890.33	898.65
Approved after true-up in this Order	567.90	863.00	890.33	898.66

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

31. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and prevailing interest rate. We have considered the Petitioner's submission and perused the documents available on record. The IoL has been calculated based on the Petitioner's actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL approved with respect to the transmission asset is as follows:

	Particulars	(₹ in lakh)			
		2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24
A	Gross Normative Loan	10844.91	11001.38	11565.53	11725.94
B	Cumulative Repayments up to Previous Year	0.00	567.90	1430.91	2321.24
C	Net Loan-Opening (A-B)	10844.91	10433.47	10134.63	9404.70
D	Addition due to ACE	156.46	564.16	160.41	60.42
E	Repayment during the year	567.90	863.00	890.33	898.66
F	Net Loan-Closing (C+D-E)	10433.47	10134.63	9404.70	8566.46



G	Average Loan (C+F)/2	10639.19	10284.05	9769.66	8985.58
H	Weighted Average Rate of Interest on Loan (in %)	1.685	1.859	2.366	3.575
I	<b>Interest on Loan (G*H)</b>	<b>121.81</b>	<b>191.14</b>	<b>231.14</b>	<b>321.27</b>

32. The details of IoL allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022, depreciation claimed in the instant Petition, and trued-up IoL approved in the instant Order in respect of the transmission asset is as under:

Particulars	(₹ in lakh)			
	2020-21 (Pro rata 248 days)	2021-22	2022-23	2023-24
Allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022	125.42	179.02	170.00	159.12
Claimed by the Petitioner in the instant Petition	121.81	191.15	231.14	321.27
Approved after true-up in this Order	121.81	191.14	231.14	321.27

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

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

34. The Petitioner has further submitted that it is liable to pay the income tax at MAT rates (17.472, i.e., 15% Income Tax + 12% Surcharge on Income Tax + 4% Health and Education Cess on Income Tax and Surcharge) and has claimed the following effective tax rates for the 2019-24 tariff period:

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782
2022-23	17.472	18.782
2023-24	17.472	18.782



35. We have considered the Petitioner's submissions and have also gone through the record. We have observed that entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the Income Tax ('IT') Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the Statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for the truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be, on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates is considered for the purpose of grossing up the rate of RoE:

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

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



(₹ in lakh)					
Sl. No.	Particulars	2020-21 (Pro rata 248 days)	2021-22	2022-23	2023-24
A	Opening Equity	4647.82	4714.88	4956.66	5025.40
B	Addition due to ACE	67.06	241.78	68.75	25.89
C	Closing Equity (A+B)	4714.88	4956.66	5025.40	5051.30
D	Average Equity (A+C)/2	4681.35	4835.77	4991.03	5038.35
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782
H	<b>Return on Equity (D*G)</b>	<b>597.41</b>	<b>908.25</b>	<b>937.42</b>	<b>946.30</b>

37. The details of RoE allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022, RoE claimed in the instant Petition, and true-up RoE approved in the instant Order in respect of the transmission asset is as under:

(₹ in lakh)				
Particulars	2020-21 (Pro rata 248 days)	2021-22	2022-23	2023-24
Allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022	598.00	910.70	925.55	925.55
Claimed by the Petitioner in the instant Petition	597.41	908.25	937.42	946.30
Approved after true-up in this Order	597.41	908.25	937.42	946.30

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

38. The Commission, vide Order dated 12.4.2023 in Petition No. 7/TT/2022, allowed the following O&M Expenses in respect of the transmission asset:

(₹ in lakh)				
O&M Expenses	2020-21 (Pro rata 248 days)	2021-22	2022-23	2023-24
	99.68	151.86	157.18	162.67

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

(₹ in lakh)				
O&M Expenses	2020-21 (Pro rata 248 days)	2021-22	2022-23	2023-24
	99.68	151.86	157.18	162.67

40. We have considered the Petitioner's submission. It has been observed that the O&M Expenses claimed by the Petitioner in the instant true-up Petition are as per



Regulation 35(3) of the 2019 Tariff Regulations. The O&M Expenses have been worked out as under:

(₹ in lakh)				
O&M Expenses	2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24
<b>Substation Bays (Number)</b>				
400 kV: Behrampur : 2 Nos Line Bays	2	2	2	2
<b>Norm (₹ lakh/bay)</b>				
400 kV	33.28	34.45	35.66	36.91
<b>Total Sub-station Bays O&amp;M Expenses</b>	<b>66.56</b>	<b>68.90</b>	<b>71.32</b>	<b>73.82</b>
<b>AC Lines</b>				
400 kV D/C Baharampur - Bheramara (Indian Portion)	86.816	86.816	86.816	86.816
400 kV M/C	0.61	0.61	0.61	0.61
<b>Norms</b>				
D/C Twin/Triple Conductor	0.912	0.944	0.977	1.011
M/C Twin/Triple Conductor	1.598	1.654	1.713	1.713
<b>Total Transmission Line</b>	<b>80.15</b>	<b>82.96</b>	<b>85.86</b>	<b>88.85</b>
<b>Total O&amp;M Expenses (₹ in lakh)</b>	<b>99.68</b>	<b>151.86</b>	<b>157.18</b>	<b>162.67</b>

41. The details of the O&M Expenses allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022, O&M Expenses claimed in the instant Petition, and the trued-up O&M Expenses approved in the instant Order in respect of the transmission asset is as follows:

(₹ in lakh)				
Particulars	2020-21 (pro rata days 248 days)	2021-22	2022-23	2023-24
Allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022	99.68	151.86	157.18	162.67
Claimed by the Petitioner in the instant Petition	99.68	151.86	157.18	162.67
Approved after true-up in this Order	99.68	151.86	157.18	162.67

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

42. The IWC has been worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for the FY 2019-20, 11.25%



(SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for the FY 2021-22 and FY 2022-23 and 12.00% (SBI 1 year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

43. The components of the working capital and interest approved thereon for the transmission asset for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Sl. No.	Particulars	2020-21 (Pro rata 248 days)	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	8.31	12.66	13.10	13.56
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	14.95	22.78	23.58	24.40
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	173.71	264.55	277.28	291.20
D	Total Working Capital (A+B+C)	196.97	299.98	313.95	329.15
E	Rate of Interest for Working Capital (in %)	11.25	10.50	10.50	12.00
F	<b>Interest on Working Capital (D*E)</b>	<b>22.16</b>	<b>31.50</b>	<b>32.97</b>	<b>39.50</b>

44. The details of the IWC allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022, the IWC claimed in the instant Petition, and the trued-up IWC approved in the instant Order in respect of the transmission asset is as follows:

(₹ in lakh)				
Particulars	2020-21	2021-22	2022-23	2023-24
Allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022	22.23	31.40	31.86	31.85
Claimed by the Petitioner in the instant Petition	22.16	31.50	32.97	39.50
Approved after true-up in this Order	22.16	31.50	32.97	39.50

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

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

(₹ in lakh)				
Particulars	2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24



Depreciation	567.90	863.00	890.33	898.66
Interest on Loan	121.81	191.14	231.14	321.27
Return on Equity	597.41	908.25	937.42	946.30
O&M Expenses	99.68	151.86	157.18	162.67
Interest on Working Capital	22.16	31.50	32.97	39.50
<b>Total</b>	<b>1408.95</b>	<b>2145.75</b>	<b>2249.04</b>	<b>2368.39</b>

46. The details of AFC allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022, AFC claimed in the instant Petition, and true-up AFC approved for the transmission asset in the instant Order is as under:

Particulars	(₹ in lakh)			
	2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24
Allowed vide Order dated 12.4.2023 in Petition No. 7/TT/2022	1413.79	2138.27	2163.80	2158.40
Claimed by the Petitioner in the instant Petition	1408.95	2145.75	2249.04	2368.39
Approved after true-up in this Order	1408.95	2145.75	2249.04	2368.39

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

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

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	919.85	920.49	920.32	905.53	888.07
Interest on Loan	295.13	249.00	209.42	181.24	160.76
Return on Equity	949.42	950.10	950.10	950.10	950.10
O&M Expenses	134.73	141.79	149.18	157.01	165.27
Interest on Working Capital	38.03	37.67	37.39	37.00	36.88
<b>Total</b>	<b>2337.16</b>	<b>2299.05</b>	<b>2266.41</b>	<b>2230.88</b>	<b>2201.08</b>

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

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	11.23	11.82	12.43	13.08	13.77
Maintenance Spares	20.21	21.27	22.38	23.55	24.79
Receivables	288.14	283.44	279.42	274.29	271.37
<b>Total Working Capital</b>	<b>319.58</b>	<b>316.53</b>	<b>314.23</b>	<b>310.92</b>	<b>309.93</b>
Rate of Interest on working capital (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>38.03</b>	<b>37.67</b>	<b>37.39</b>	<b>37.00</b>	<b>36.88</b>



## **Capital Cost**

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

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

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

(a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*

(b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the*

*funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*

(c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*

(d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*

(e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*

(f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*

(g) *Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*

(h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*

(i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*

(j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*

(k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*

(l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*

(m) *Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;*

(n) *Expenditure on account of change in law and force majeure events; and*

(o) .....

(p) .....

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



- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;
  - (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
  - (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
  - (d) to (h) .....
  - (i) Expenditure on account of change in law and force majeure events;
- (4) .....
- (5) .....
- (6) The following shall be excluded from the capital cost of the existing and new projects:
- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
  - (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
  - (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:  
 Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de- capitalised from the original project only after its redeployment;  
 Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.
  - (d) .....
  - (e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and
  - (f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”

50. The capital cost of ₹16837.65 lakh as trued-up in this Order has been considered as the opening capital cost as on 1.4.2024 for the Transmission Project for the purpose of the determination of transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

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

51. Regulations 24 and 25 of the 2024 Tariff Regulations provides as follows:

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



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

*(a) Payment made towards admitted liabilities for works executed up to the cut-off date;*

*(b) Works deferred for execution;*

*(c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*

*(d) Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;*

*(e) Change in law or compliance with any existing law which is not provided for in the original scope of work;*

.....

*25. Additional Capitalisation within the original scope and after the cut-off date*

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

*(a) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority; or order or decree of any court of law;*

*(b) Change in law or compliance of any existing law which is not provided for in the original scope of work;*

*(c) Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*

*(d) Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*

*(e) Force Majeure events;*

*(f) Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and*

*(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

*(a) Assets whose useful life is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*

*(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*

*(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*

*(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.*

*Provided that any claim of additional capitalization with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than ₹ 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses”*

52. The Petitioner has claimed ACE of ₹24.16 lakh for the transmission asset in the 2024-29 tariff period.

53. The Petitioner has submitted that the ACE projected during 2024-29 is on account of undischarged liability towards final payment/withheld payment due to contractual exigencies and for works executed prior to the cut-off date and claimed under Reg 25(1)(d). The Petitioner has submitted the Liability Flow Statement for the transmission asset for the 2024-29 tariff period as under:

(₹ in lakh)

Asset	Head-wise /Partywise	Particulars	Outstanding Liability as on 31.3.2024	Discharge		Outstanding Liability as on 31.3.2029
				2024-25 (anticipated)	Total (24-29)	
						Total (24-29)
Asset - 1	M/S Associated Power Structur & etc.	TL	-	-	-	-
	M/S Associated Power Structur & etc.	SS	24.16	24.16	24.16	0.00
			-	-	-	-
	<b>Total</b>		<b>24.16</b>	<b>24.16</b>	<b>24.16</b>	<b>0.00</b>

54. We have considered the submissions made by the Petitioner and perused documents placed on record. Accordingly, the ACE and the capital cost as on 31.3.2029 are allowed for the for the transmission asset for the 2024-29 tariff period is as under:

(₹ in lakh)

Expenditure as on 31.3.2024 (A)	Admitted ACE in 2024-29 (B)	Actual Capital cost as on 31.3.2029 (C=A+B)



16837.65	24.16	16861.81
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### **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 utilized for meeting the capital expenditure of the generating station or the transmission system.

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

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

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

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

(4) In the case of the generating station and the transmission system, including communication system declared under commercial operation prior



to 1.4.2024, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2024, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

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

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

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

Funding	Capital Cost as on 1.4.2024		ACE allowed in 2024-29		Capital Cost as on 31.3.2029	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
<b>Debt</b>	11786.36	70.00	16.91	70.00	11803.27	70.00
<b>Equity</b>	5051.30	30.00	7.25	30.00	5058.54	30.00
<b>Total</b>	<b>16837.65</b>	<b>100.00</b>	<b>24.16</b>	<b>100.00</b>	<b>16861.81</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-capitalized asset during its useful service”

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 transmission asset as per the rates of depreciation specified in the 2024 Tariff Regulations.

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

		(₹ in lakh)				
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	16837.65	16861.81	16861.81	16861.81	16861.81
B	Addition during the year 2024-29 due to projected ACE	24.16	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	16861.81	16861.81	16861.81	16861.81	16861.81
D	Average Gross Block (A+C)/2	16849.73	16861.81	16861.81	16861.81	16861.81
E	Average Gross Block (90% depreciable assets)	16749.98	16762.06	16762.06	16762.06	16762.06
F	Average Gross Block (100% depreciable assets)	99.75	99.75	99.75	99.75	99.75
G	Depreciable value (excluding IT equipment and software) (E*90%)	15074.98	15085.85	15085.85	15085.85	15085.85
H	Depreciable value of IT equipment and software (F*100%)	99.75	99.75	99.75	99.75	99.75
I	Total Depreciable Value (G+H)	15174.73	15185.60	15185.60	15185.60	15185.60
J	Weighted average rate of Depreciation (WAROD) (in %)	5.46	5.46	5.46	5.37	5.27
K	Lapsed useful life at the beginning of the year (Year)	3.00	4.00	5.00	6.00	7.00
L	Balance useful life at the beginning of the year (Year)	31.00	30.00	29.00	28.00	27.00
<b>M</b>	<b>Depreciation during the year (D*J)</b>	<b>919.85</b>	<b>920.49</b>	<b>920.30</b>	<b>905.53</b>	<b>888.05</b>
N	Cumulative Depreciation at the end of the year	4139.75	5060.24	5980.54	6886.06	7774.11
O	Remaining Aggregate Depreciable Value at the end of the year	11034.98	10125.37	9205.07	8299.54	7411.49

### **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 de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

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

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

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

Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of interest

of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered.

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

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

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

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



61. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and the rate of interest prevailing as on 1.4.2024. The IoL has been calculated based on the actual interest rates of the various loans deployed each year in accordance with the 2024 Tariff Regulations.

62. The Petitioner has further 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. Accordingly, the floating rate of interest, if any, will be considered at the time of true-up. The IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed in respect of the transmission asset for the 2024-29 tariff period is as follows:

		(₹ in lakh)				
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	11786.36	11803.27	11803.27	11803.27	11803.27
B	Cumulative Repayments up to Previous Year	3219.90	4139.75	5060.24	5980.54	6886.06
C	Net Loan-Opening (A-B)	8566.46	7663.52	6743.03	5822.73	4917.20
D	Addition due to ACE	16.91	0.00	0.00	0.00	0.00
E	Repayment during the year	919.85	920.49	920.30	905.53	888.05
F	Net Loan-Closing (C+D-E)	7663.52	6743.03	5822.73	4917.20	4029.15
G	Average Loan (C+F)/2	8114.99	7203.27	6282.88	5369.97	4473.18
H	Weighted Average Rate of Interest on Loan (in %)	3.64	3.46	3.33	3.37	3.59
I	<b>Interest on Loan (G*H)</b>	<b>295.12</b>	<b>249.00</b>	<b>209.42</b>	<b>181.24</b>	<b>160.76</b>

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

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

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

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



(2) Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal generating station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;

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

Provided further that:

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

.....”

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

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

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

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

Rate of pre-tax return on equity = Base rate / (1-t)



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

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

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

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

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

65. We have considered the Petitioner’s submission and have gone through the documents on record.

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

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

		(₹ in lakh)				
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	5051.30	5058.54	5058.54	5058.54	5058.54
B	Addition due to ACE	7.25	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	5058.54	5058.54	5058.54	5058.54	5058.54



D	Average Equity (A+C)/2	5054.92	5058.54	5058.54	5058.54	5058.54
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (D*G)</b>	<b>949.41</b>	<b>950.10</b>	<b>950.10</b>	<b>950.10</b>	<b>950.10</b>

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

68. The Petitioner has claimed O&M Expenses in respect of the transmission asset for the 2024-29 tariff period as under:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	134.73	141.79	149.18	157.01	165.27

69. Regulation 36(3) 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 per 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 or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
<b>Norms for HVDC stations</b>					
HVDC Back-to-Back stations (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55



Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/MW)	1.04	1.10	1.16	1.22	1.28

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

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

Provided that the O&M expenses of  $\pm 500$  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 Projects are located solely in NE Region (including Sikkim), States of Uttarakhand, Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh, district of Darjeeling of West Bengal shall be worked out by multiplying 1.50 to the normative O&M expenses prescribed above.

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

70. We have considered the Petitioner’s submissions. The O&M Expenses for the 2024-29 tariff period have been calculated in accordance with the norms specified in the 2024 Tariff Regulations. The O&M Expenses allowed in respect of the Asset-1 (Part-A) (existing asset) for the 2024-29 tariff period, as per Regulation 36 of the 2024 Tariff Regulations, are as follows:

(₹ in lakh)

O&M Expenses	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Substation Bays (Number)</b>					
400 kV: Behrampur: 2 Nos Line Bays	2	2	2	2	2
<b>Norm (₹ lakh/bay)</b>					
400 kV	29.53	31.08	32.71	34.43	36.23
<b>Total Sub-station Bays O&amp;M Expenses</b>	<b>59.06</b>	<b>62.16</b>	<b>65.42</b>	<b>68.86</b>	<b>72.46</b>
<b>AC Lines</b>					
400 kV D/C Baharampur - Bheramara (Indian Portion)	86.816	86.816	86.816	86.816	86.816
400 kV M/C	0.61	0.61	0.61	0.61	0.61
<b>Norms</b>					
D/C Twin/Triple Conductor	0.861	0.906	0.953	1.003	1.056
M/C Twin/Triple Conductor	1.509	1.588	1.671	1.759	1.851



Total Transmission Line	75.67	79.63	83.76	88.15	92.81
Total O&M Expenses (₹ in lakh)	134.73	141.79	149.18	157.01	165.27

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

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

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

.....

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

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

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

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

.....

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

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

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

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

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



(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	11.23	11.82	12.43	13.08	13.77
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	20.21	21.27	22.38	23.55	24.79
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	288.14	283.44	279.42	274.29	271.36
D	Total Working Capital (A+B+C)	319.58	316.53	314.22	310.92	309.92
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	<b>Interest on Working Capital (D*E)</b>	<b>38.03</b>	<b>37.67</b>	<b>37.39</b>	<b>37.00</b>	<b>36.88</b>

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

74. The AFC allowed in respect of the transmission asset for the 2024-29 tariff period are summarised as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	919.85	920.49	920.30	905.53	888.05
Interest on Loan	295.12	249.00	209.42	181.24	160.76
Return on Equity	949.41	950.10	950.10	950.10	950.10
O&M Expenses	134.73	141.78	149.17	157.01	165.27
Interest on Working Capital	38.03	37.67	37.39	37.00	36.88
<b>Total</b>	<b>2337.15</b>	<b>2299.05</b>	<b>2266.39</b>	<b>2230.88</b>	<b>2201.06</b>

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

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

76. We have considered the Petitioner's submissions. The Petitioner is entitled to recover the fee paid for filing the Petition and the expenses for the publication incurred directly from the beneficiary(s) / long-term customers, as the case may be, as per Regulation 94(1) of the Tariff Regulations. Accordingly, we allow the Petitioner to recover the filing fee and publication fee from the beneficiaries.

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



77. The Petitioner has submitted that, as per Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the CTUIL may be allowed separately through a separate regulation. The Petitioner has further submitted that in the absence of such regulation, the expenses of CTUIL will be borne by the Petitioner, which will be recovered by the Petitioner as additional O&M Expenses through a separate Petition at the end of the tariff period.

78. 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.”*

### **Goods and Services Tax**

79. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same will be additionally, paid by the Respondent(s) and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.

80. We have considered the submission of the Petitioner. Since GST is not levied on the transmission service at present, we are of the view that the Petitioner’s prayer on this count is pre-mature.



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

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

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

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

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



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

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

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

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

86. On perusal of Regulation 36(3)(d) of the 2024 Tariff Regulations and considering the Petitioner's submissions, the Petitioner is allowed to file a single consolidated Petition comprising of security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on an estimated basis in terms of the 2024 Tariff Regulations for the 2024-29 tariff period.

#### **Licence Fee and RLDC Fees and Charges**

87. The Petitioner has claimed reimbursement of the licence fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the licence fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also 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.

88. We have considered the submissions of the Petitioner. The Licence Fee and RLDC Fees and Charges shall be borne by M/s BPDB as per BPTA dated 28.2.2018 signed between the Petitioner and BPDB.



## Sharing of Transmission Charges

89. The Clause 3.0 of the BPTA dated 28.2.2018 signed between the Petitioner stipulates that transmission charges shall be paid to the Petitioner by BPDB. Therefore, the billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of the BPTA signed between BPDB and the Petitioner. The transmission charges shall be paid by BPDB as per the provisions of Clause 3.0 of the BPTA and the same shall not be considered under the Common pool. The transmission asset shall be considered at zero cost in ISTS network.

90. To summarize:

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

Particulars	(₹ in lakh)			
	2020-21 (pro rata 248 days)	2021-22	2022-23	2023-24
<b>AFC Claimed</b>	1408.95	2145.75	2249.04	2368.39
<b>AFC Approved</b>	1408.95	2145.75	2249.04	2368.39

- b) The AFC allowed in respect of the transmission asset for the 2024-29 tariff period are as follows:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
<b>AFC Claimed</b>	2337.16	2299.05	2266.41	2230.88	2201.08
<b>AFC Allowed</b>	2337.15	2299.05	2266.39	2230.88	2201.06

91. This Order disposes of Petition No. 190/TT/2025 in terms of the above discussions and findings.

sd/-  
(Harish Dudani)  
Member

sd/-  
(Ramesh Babu V.)  
Member

