

**THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 356/TT/2025

Coram:

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

Date of Order: 05.03.2026

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 "Establishment of Two 765kV GIS Bays along with Line Reactor (non – Switchable) at Varanasi GIS end and Two 765kV AIS Bays at Vindhayachal Pooling Sub-station for termination of D/C 765KV Vindhayachal Pooling- Varanasi Line" **under POWERGRID works associated with the new WR-NR 765 kV Inter Regional Corridor.**

And

In the matter of:

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

...Petitioner

Versus

- 1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur, Jabalpur- 482008**
- 2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, Plot No G-9, A K Marg,
Bandra (East), Mumbai-400051**
- 3. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara- 390007**
- 4. Electricity Department,
Vidyut Bhawan, Government of Goa,
Panaji, Goa- 403001**



5. DNHDD Power Distribution Corporation Limited,

Vidyut Bhawan, 66kV Road, Near Secretariat,
Amli, Silvassa- 396230

6. Chhattisgarh State Power Distribution Company Limited,

P.O. Sunder Nagar, Dangania, Raipur
Chhattisgarh- 492013

...Respondent

Parties Present: Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Vishal Sagar, PGCIL
Ms. Supriya Singh, PGCIL
Shri Anshul Garg, 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 “Establishment of Two 765kV GIS Bays along with Line Reactor (non – Switchable) at Varanasi GIS end and Two 765kV AIS Bays at Vindhayachal Pooling Sub-station for termination of D/C 765KV Vindhayachal Pooling- Varanasi Line” **under POWERGRID works associated with the new WR-NR 765 kV Inter Regional Corridor** (hereinafter referred to as “the transmission asset”) in the Western and the Eastern Region.



Asset	Asset Name	Actual COD
Asset-1	“Establishment of Two 765kV GIS Bays along with Line Reactor (non – Switchable) at Varanasi GIS end and Two 765kV AIS Bays at Vindhayachal Pooling Sub-station for termination of D/C 765KV Vindhayachal Pooling- Varanasi Line”	1.8.2021

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 15 & 16 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 15 & 16 above for respective block.*
- d) *Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*
- e) *Allow the Petitioner to bill and recover Licensee fee and RLDC fees & charges, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) *Allow the Petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) *Allow the Petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.*
- h) *Allow the Petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.*
- i) *Allow the Petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at para 21 above.*
- j) *Allow the Petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 above.*
- k) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any*



statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

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

Background

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

(a) The Investment Approval (IA) of the transmission project was accorded by Board of Directors (BoD) of the Petitioner in its 358th meeting held on 20.9.2018 vide Memorandum No. C/CP/PA1617-09-0P-IA010 dated 12.10.2018 at an estimated cost of ₹26491 lakh including an IDC of ₹1703 lakh based on June, 2018 price level.

(b) The scope of work covered under the transmission project broadly includes:

Sub-station Extension

i. Vindhyachal Pooling Station:

765kV

- Line Bays: 2 Numbers

ii. Varanasi GIS Sub-station:

765kV

- Line Bays (GIS): 2 Numbers

- 330 MVAR Line Reactor (non-switchable): 2 Numbers

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

Asset Name	COD	Remarks
“Establishment of Two 765 kV GIS Bays along with Line Reactor (non – Switchable) at Varanasi GIS end and Two 765 kV AIS Bays at Vindhayachal Pooling Sub-station for termination of D/C 765KV Vindhayachal Pooling- Varanasi Line”	1.8.2021	Referred as Asset-1

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



(e) 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 22.2.2023 in Petition No. 271/TT/2022.

(f) The Commission vide order dated 22.2.2023 in Petition No. 271/TT/2022 had revised the SCOD of instant transmission asset from 20.5.2021 to 20.10.2021 in accordance to MoP letter dated 27.7.2020 and held that there is no time overrun in commissioning of instant transmission asset. The detail of SCOD, Revised SCOD, COD and time overrun in respect of instant transmission asset is as follows:

Asset Name	SCOD	Revised SCOD	COD	Time overrun
Asset-1	20.5.2021	20.10.2021	1.8.2021	NIL

(g) The Petitioner has filed the instant Petition for truing up of the transmission tariff with respect to the Asset-1 for 2019-24 tariff period and the determination of the transmission tariff for the 2024-29 Tariff Period.

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

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. Respondent No. 1, Madhya Pradesh Power Management Company Limited (MPPMCL), has filed its reply vide affidavit dated 22.5.2025 and has requested the Commission to have prudence check



for claims related to transmission tariff for 2019-24 and 2024-29 tariff period, Additional Capitalisation Expenditure (ACE), opposed CGST and sharing of transmission charges to be dealt as per Regulations.

6. The hearing in this matter was held on 19.12.2025 and the Order was reserved.

7. Further, we have noted that MPPMCL has raised the issues of allowing tariff for the 2024-29 period after prudence check, grossing up of RoE, CGST and sharing of transmission charges in its reply repeatedly despite clear findings of the Commission in various orders including in Petition Nos. 401/TT/2024, 25/TT/2025, 1/TT/2025, 406/TT/2025, etc. Since, the issues raised by MPPMCL and the clarifications filed by the Petitioner have already been dealt with by us in the aforementioned Petitions, the same are not discussed in the instant order. The other issues raised by MPPMCL and the clarifications given by the Petitioner have been considered in the succeeding paragraphs of this order.

8. This Order is being passed considering the submissions made by the Petitioner in the Petition vide affidavits dated 11.10.2024 and 16.5.2025, MPPMCL reply vide affidavit dated 22.5.2025, Petitioner's rejoinder to the reply filed by MPPMCL vide affidavit dated 29.5.2025 and RoP compliance vide affidavit dated 5.1.2026.

9. 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

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

(₹ in lakh)

Particulars	2021-22 (pro rata 243 days)	2022-23	2023-24
Depreciation	583.85	930.06	988.23
Interest on Loan	496.35	808.80	832.29
Return on Equity	621.03	990.22	1054.04
O&M Expenses	109.17	169.76	175.71



Interest on Working Capital	26.46	42.23	50.67
Total	1836.86	2941.07	3100.94

11. 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)		
	2021-22 (pro rata 243 days)	2022-23	2023-24
O&M Expenses	13.67	14.15	14.64
Maintenance Spares	24.60	25.46	26.36
Receivables	340.16	362.60	381.26
Total Working Capital	378.43	402.21	422.26
Rate of Interest (in %)	10.50	10.50	12.00
Interest on Working Capital	39.74	42.23	50.67
Pro rata Interest on Working Capital	26.46	42.23	50.67

Capital Cost for the 2019-24 Tariff Period

12. The Commission vide Order dated 22.2.2023 in Petition No. 271/TT/2022 had allowed the capital cost as on COD of ₹15967.12 lakh after adjustment of IDC disallowed due to computational difference (₹5.79 lakh) and un-discharged IDC of ₹164.00 lakh in respect of instant transmission asset.

13. The Petitioner in the instant true-up Petition has claimed the capital cost as on COD of ₹15967.05 lakh.

14. We note that the IDC of ₹5.79 lakh disallowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022 has not been deducted by the Petitioner. Accordingly, the IDC is being recomputed in the subsequent paragraphs:

Interest During Construction (IDC)

15. The Petitioner in the instant Petition has submitted the amount of IDC of ₹740.21 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 ₹570.42 lakh and IDC discharged after COD is ₹169.86 lakh (₹103.42 lakh in 2021-22 and ₹66.44 lakh in 2022-23).

16. 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 disallowed due to computational difference	IDC allowed	IDC Discharged as on COD	Undischarged IDC as on COD	Undischarged IDC Discharge During 2021-22	Undischarged IDC Discharge During 2022-23
740.21	0.00	740.21	570.41	169.80	103.42	66.38

Capital Cost allowed as on COD

17. Accordingly, the details of capital cost as on COD in respect of the transmission asset are as follows:

(₹ in lakh)

Asset Name	Capital Cost as on COD as per Auditor's Certificate (A)	Less: IDC disallowed due to computational difference (B)	Less: Undischarged IDC as on COD (C)	Capital Cost allowed as on COD (F) = (A-B-C-D-E)
Asset-1	16136.91	0.00	169.80	15967.12

Additional Capital Expenditure (ACE)

18. The Commission vide order dated 22.2.2023 in Petition No. 271/TT/2022 has allowed the ACE in respect of instant asset for 2019-24 tariff period as follows:

(₹ in lakh)

Asset	Additional Capital Expenditure		
	2021-22	2022-23	2023-24
Asset-1	1934.95	1645.79	1310.54



19. The Petitioner in the instant Petition has claimed the ACE in respect of instant asset for 2019-24 tariff period as under:

Asset	Additional Capital Expenditure		
	2021-22	2022-23	2023-24
Asset-1	1195.43**	842.01***	1423.06

**includes IDC discharge of ₹103.42 lakh

***includes IDC discharge of ₹66.44 lakh

20. The Petitioner has submitted that while projecting the estimated ACE, contracts were not closed and liabilities were not finalized. However, in instant true-up Petition, ACE is claimed on the basis of actual payment made to the contractor after receipt of final invoices from the contractor and incorporating the amendments.

21. The Petitioner vide affidavit dated 5.1.2026 has also submitted the Liability Flow Statement in support of its claim, which is as under:

Party name	Particular's (TL/SS)	Outstanding Liability as on COD	Discharge						Additional Liability Recognized (Unexecuted works)						Outstanding Liability as on 31.03.2024 (To be discharged during 2024-29)
			2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	2019-20	2020-21	2021-22	2022-23	2023-24	Total (19-24)	
			1. M/s KEC International Ltd and NHVS 2. M/s CG POWER	Building and Civil Works	320.26	0.00	0.00	61.76	61.58	164.16	287.50	0.00	0.00	0.00	
1. M/s KEC International Ltd and NHVS 2. M/s CG POWER 3. M/s BTW Atlanta	Sub-Station	1537.05	0.00	0.00	418.06	408.81	706.79	1533.66	0.00	0.00	597.50	296.77	533.22	1427.49	3.39



1. M/s KEC Internati onal Ltd and NHVS 2. M/s CG POWE R	Communi cation System excl. OPGW	30.66	0.00	0.00	9.51	5.43	12.2 3	27.1 7	0.00	0.00	0.00	0.00	0.00	0.00	3.49
1. M/s KEC Internati onal Ltd and NHVS 2. M/s CG POWE R	I. T Equipmen t incl. software, UNMS, URTDMS, EMS, Cyber Security System, REMC, WAMS, SCADA System	18.72	0.00	0.00	5.18	2.96	6.66	14.8 0	0.00	0.00	0.00	0.00	0.00	0.00	3.92
Total		1906.69	0.00	0.00	494. 51	478. 78	889. 84	1863 .13	0.00	0.00	597. 50	296. 77	533. 22	1427 .49	43.56

22. We have considered the Petitioner's submission. The Petitioner has claimed the ACE on account of discharged liabilities against final/retention payments to the contractors within cut-off date, against the work executed prior to cut-off date. Therefore, as per Regulation 24(1)(a) & 24(1)(b) of the 2019 Tariff Regulations, the ACE claimed by the Petitioner in respect of instant transmission asset for 2019-24 Tariff Period is allowed as follows:

Particulars	ACE allowed		
	2021-22	2022-23	2023-24
ACE allowed under Regulation 24(1)(a) & 24(1)(b) of 2019 Tariff regulation	1092.01	775.55	1423.06
Add: Discharge of Accrual IDC undischarged on COD	103.42	66.38	0.00
Total ACE allowed	1195.43	841.93	1423.06

Treatment of LD

23. The Petitioner vide affidavit dated 14.5.2025 has submitted that the Liquidated Damages (LD) of ₹6.65 lakh in the year of 2023-24 were recovered from contractor and reduced from the capital cost. The Petitioner has also submitted that the same was mentioned in the foot note of the Auditor Certificate.



24. We have considered the submissions of the Petitioner. Regulation 21 (4) & 21(5) of 2019 Tariff Regulation provide as follows:

21. Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC)

Xxxx

Xxxxx

(4) If the delay in achieving the COD is not attributable to the generating company or the transmission licensee, IDC and IEDC beyond SCOD may be allowed after prudence check and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be adjusted in the capital cost of the generating station or the transmission system, as the case may be.

(5) If the delay in achieving the COD is attributable either in entirety or in part to the generating company or the transmission licensee or its contractor or supplier or agency, in such cases, IDC and IEDC beyond SCOD may be disallowed after prudence check either in entirety or on pro-rata basis corresponding to the period of delay not condoned and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be retained by the generating company or the transmission licensee, as the case may be

25. Therefore, as above, when the time overrun is not attributable to the project developer, or its contractors and the complete cost of time overrun, i.e., IDC and IEDC has been allowed to the Petitioner, and the LD, if any, recovered from the contractor or supplier or agency shall be adjusted in the capital cost.

26. Upon perusal of the Auditor Certificate dated 20.9.2024 as submitted by the petitioner, it is noted that the LD amounting to ₹6.65 Lakh has been reduced from the capital cost in the year 2023-24 on its recovery. Therefore, the treatment of the LD recovered by the Petitioner is in order and is in line with the 2019 Tariff Regulations.

27. Therefore, in view of above, the details of net ACE allowed in respect of Asset-1 for 2019-24 Tariff Period is as follows:

(₹ in lakh)

Asset Name	ACE allowed		
	2021-22	2022-23	2023-24
Asset-1	1195.43	841.93	1423.06



28. Accordingly, the details of capital cost and ACE allowed in respect of instant transmission asset for 2019-24 tariff period are as follows:

Asset Name	Capital Cost as on COD	ACE			Capital Cost as on 31.3.2024
		2021-22	2022-23	2023-24	(₹ in lakh)
Asset-1	15967.12	1195.43	841.93	1423.06	19427.54

Debt-Equity Ratio

29. The debt-equity ratio has been considered based on the information furnished by the Petitioner in Form-6. Accordingly, 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 %)
Debt	11179.84	70.02	2418.41	70	13602.13	70.01
Equity	4787.28	29.98	1036.46	30	5825.40	29.99
Total	15967.12	100.00	3454.87	100.00	19427.54	100.00

Depreciation

30. 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:

Sl. No.	Particulars	2021-22 (pro rata 243 days)	2022-23	2023-24
A	Opening Gross Block	15967.12	17162.55	18004.48
B	Addition during the year 2019-24 due to ACE	1195.43	841.93	1423.06
C	Closing Gross Block (A+B)	17162.55	18004.48	19427.54
D	Average Gross Block (A+C)/2	16564.84	17583.52	18716.01
E	Average Gross Block (90% depreciable assets)	16507.09	17521.40	18648.97
F	Average Gross Block (100% depreciable assets)	57.75	62.12	67.04
G	Depreciable value (excluding IT equipment and software) (E*90%)	14856.38	15769.26	16784.07



H	Depreciable value of IT equipment and software (F*100%)	57.75	62.12	67.04
I	Total Depreciable Value (G+H)	14914.13	15831.38	16851.11
J	Weighted average rate of Depreciation (WAROD) (in %)	3.52%	5.29%	5.28%
K	Lapsed useful life at the beginning of the year (Year)	0.00	0.00	1.00
L	Balance useful life at the beginning of the year (Year)	25.00	25.00	24.00
M	Depreciation during the year (D*J)	583.85	930.05	988.22
N	Cumulative Depreciation at the end of the year	583.85	1513.90	2502.12
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	14330.28	14317.48	14348.99

31. The details of depreciation allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022, depreciation claimed in the instant Petition, and trued-up depreciation approved in the instant Order in respect of the transmission asset are as follows:

Particulars	(₹ in lakh)		
	2021-22 (pro rata 243 days)	2022-23	2023-24
Allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022	597.04	991.64	1070.25
Claimed by the Petitioner in the instant Petition	583.85	930.06	988.23
Approved after true-up in this Order	583.85	930.05	988.22

Interest on Loan (IoL)

32. 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 submissions 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)		
		2021-22 (pro rata 243 days)	2022-23	2023-24
A	Gross Normative Loan	11179.84	12016.64	12605.99



B	Cumulative Repayments up to Previous Year	0.00	583.85	1513.90
C	Net Loan-Opening (A-B)	11179.84	11432.79	11092.09
D	Addition due to ACE	836.80	589.35	996.14
E	Repayment during the year	583.85	930.05	988.22
F	Net Loan-Closing (C+D-E)	11432.79	11092.09	11100.01
G	Average Loan (C+F)/2	11306.32	11262.44	11096.05
H	Weighted Average Rate of Interest on Loan (in %)	6.594%	7.181%	7.504%
I	Interest on Loan (G*H)	496.34	808.80	832.29

33. The details of IoL allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022, depreciation claimed in the instant Petition, and trued-up IoL approved in the instant Order in respect of the transmission asset are as follows:

Particulars	(₹ in lakh)		
	2021-22 (pro rata 243 days)	2022-23	2023-24
Allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022	500.96	782.21	782.35
Claimed by the Petitioner in the instant Petition	496.35	808.80	832.29
Approved after true-up in this Order	496.34	808.80	832.29

Return on Equity (RoE)

34. 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)].

35. 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

36. The Petitioner has furnished the assessment orders for FYs 2019-20 and 2020-21, along with the ITRs for FYs 2021-22, 2022-23 and 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024. Accordingly, the revised computation of the effective tax percentage is as under:

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

37. 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



Operation and Maintenance Expenses (O&M Expenses)

40. The Commission, vide Order dated 22.2.2023 in Petition No. 271/TT/2022, allowed the following O&M Expenses in respect of the transmission asset:

O&M Expenses	(₹ in lakh)		
	2021-22 (pro rata 243 days)	2022-23	2023-24
	109.17	169.76	175.71

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

O&M Expenses	(₹ in lakh)		
	2021-22 (pro rata 243 days)	2022-23	2023-24
	109.17	169.76	175.71

42. We have considered the Petitioner's submissions. 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:

O&M Expenses	(₹ in lakh)		
	2021-22 (pro rata 243 days)	2022-23	2023-24
765 kV GIS bays Varanasi Substation <ul style="list-style-type: none">2 No's line bay for 765 kV D/C Vindhyachal Pooling -Varanasi Transmission Line			
Norms as per Regulations* (₹ lakh/bay)	33.761	34.951	36.176
O&M expense allowed	44.95	69.90	72.35
765 kV AIS bays Vindhyachal Pooling Substation <ul style="list-style-type: none">2 No's line bay for 765 kV D/C Vindhyachal Pooling -Varanasi Transmission Line			
Norms as per Regulations (₹ lakh/bay)	48.23	49.93	51.68
O&M expense allowed	64.22	99.86	103.36
Total O&M Expenses (₹ in lakh)	109.17	169.76	175.71

*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;

43. The details of the O&M Expenses allowed vide Order dated 22.2.2023 in Petition No. 271/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 are as follows:



Particulars	(₹ in lakh)		
	2021-22 (pro rata 243 days)	2022-23	2023-24
Allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022	109.17	169.76	175.71
Claimed by the Petitioner in the instant Petition	109.17	169.76	175.71
Approved after true-up in this Order	109.17	169.76	175.71

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 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.

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

Sl. No.	Particulars	(₹ in lakh)		
		2020-21 (Pro rata 243 days)	2021-22	2022-23
A	Working Capital for O&M Expenses (O&M Expenses for one month)	13.67	14.15	14.64
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	24.60	25.46	26.36
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	340.16	362.60	381.26
D	Total Working Capital (A+B+C)	378.42	402.21	422.26
E	Rate of Interest for Working Capital (in %)	10.50%	10.50%	12.00%
F	Interest on Working Capital (D*E)	26.45	42.23	50.67

46. The details of the IWC allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022, the IWC claimed in the instant Petition, and the true-up IWC approved in the instant Order in respect of the transmission asset are as follows:



(₹ in lakh)

Particulars	2020-21 (Pro rata 243 days)	2021-22	2022-23
Allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022	26.87	43.54	45.78
Claimed by the Petitioner in the instant Petition	26.46	42.23	50.67
Approved after true-up in this Order	26.45	42.23	50.67

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

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

(₹ in lakh)

Particulars	2020-21 (Pro rata 243 days)	2021-22	2022-23
Depreciation	583.85	930.05	988.22
Interest on Loan	496.34	808.80	832.29
Return on Equity	621.03	990.22	1054.04
O&M Expenses	109.17	169.76	175.71
Interest on Working Capital	26.45	42.23	50.67
Total	1836.86	2941.07	3100.94

48. The details of AFC allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022, AFC claimed in the instant Petition, and trued-up AFC approved for the transmission asset in the instant Order are as follows:

(₹ in lakh)

Particulars	2020-21 (Pro rata 243 days)	2021-22	2022-23
Allowed vide Order dated 22.2.2023 in Petition No. 271/TT/2022	1869.31	3042.23	3212.46
Claimed by the Petitioner in the instant Petition	1836.86	2941.07	3100.94
Approved after true-up in this Order	1836.86	2941.07	3100.94

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

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

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1037.36	1038.56	1038.56	1038.56	1032.26
Interest on Loan	795.78	732.31	671.53	588.74	506.31



Return on Equity	1095.36	1096.58	1096.58	1096.58	1096.58
O&M Expenses	313.48	330.09	347.09	365.18	385.00
Interest on Working Capital	57.11	56.91	56.74	56.16	55.82
Total	3299.09	3254.45	3210.50	3145.22	3075.97

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

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	26.12	27.51	28.92	30.43	32.08
Maintenance Spares	47.02	49.51	52.06	54.78	57.75
Receivables	406.74	401.23	395.82	386.71	379.23
Total Working Capital	479.88	478.25	476.80	471.92	469.06
Rate of Interest on working capital (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	57.11	56.91	56.74	56.16	55.82

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 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

