

**Central Electricity Regulatory Commission
New Delhi**

Petition No. 107/TT/2025

Coram:

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

Date of Order: 02.04.2025

In the matter of:

Approval under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for the truing-up of transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for the determination of transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the asset under "Transmission System associated with Krishnapatnam UMPP Part-C1" in the Southern Region.

And in the matter of:

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

...Petitioner

Vs.

1. **Tamil Nadu Generation and Distribution Corporation Limited,**
NPKRR Maaligai, 800, Anna Salai,
Chennai-600002.
2. **Kerala State Electricity Board Limited,**
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram-695004.
3. **Electricity Department,**
Government of Goa,
Vidyuti Bhawan, Panaji, Goa-403001.
4. **Electricity Department,**
Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai,
Pondicherry-605001.



5. **Eastern Power Distribution Company of Andhra Pradesh Limited,**
P&T Colony, Seethmmadhara,
Vishakhapatnam, Andhra Pradesh.
 6. **Southern Power Distribution Company of Andhra Pradesh Limited,**
19-13-65/A, Srinivasapuram, Tiruchanoor Road,
Tirupati-517503, Andhra Pradesh.
 7. **Andhra Pradesh Central Power Distribution Company Limited,**
Corporate Office, Beside Polytechnic College, ITI Road,
Vijayawada-520 008, Krishna District, Andhra Pradesh.
 8. **Southern Power Distribution Company of Telangana Limited,**
6-1-50, Corporate Office, Mint Compound,
Hyderabad-500 063, Telangana.
 9. **Northern Power Distribution Company of Telangana Limited,**
H. No. 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal-506001, Telangana.
 10. **Bangalore Electricity Supply Company Limited,**
Corporate Office, K.R. Circle,
Bangalore-560001, Karanataka.
 11. **Gulbarga Electricity Supply Company Limited,**
Corporate Office, Station Main Road, Opp. Parivar Hotel,
Gulbarga (Kalburgi), Karnataka-585102.
 12. **Hubli Electricity Supply Company Limited,**
Navanagar, PB Road, Hubli,
Karnataka- 580025.
 13. **Mangalore Electricity Supply Company Limited,**
Corporate Office, 1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai,
Mangalore-575004, Karnataka.
 14. **Chamundeswari Electricity Supply Corporation Limited,**
29, Vijayanagara 2nd Stage,
Hinkal, Mysuru-570017, Karnataka.
- ...Respondents**

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri Vishal Sagar, PGCIL
Shri A. Naresh Kumar, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Amit Yadav, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Piyush Awasthi, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (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 for the determination of 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 the asset covered under “Transmission System associated with Krishnapatnam UMPP Part-C1” (hereinafter referred to as “the transmission asset”) in the Southern Region.

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

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

b) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.

c) 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.

d) 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.

e) 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.

f) 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 19 above.

g) 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 19 above.

h) 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 19 above.

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

j) 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) for the transmission asset was accorded by the Board of Directors of the Petitioner's company vide letter dated 17.12.2012 at an estimated cost of ₹32434.00 lakh, which included IDC of ₹1491.00 lakh based on 4th Quarter, 2011 price level.

(b) The scope of the transmission project as per the IA is as under:

Transmission Lines:

- Kurnool (New)-Kurnool (APTRANSCO) Quad Line 400 kV
- LILO of Nagarjunasagar-Gooty 400 kV at Kurnool (New) Sub-station
- LILO of Nagarjunasagar-Gooty 400 kV at Kurnool (New) Sub-station

Sub-stations:

- 3 Number bays at 765 kV Kurnool Sub-station
- 8 Number Bays at 400 kV Kurnool Sub-station

(c) The tariff of the transmission assets from their COD to 31.3.2019 was determined vide order dated 30.12.2015 in Petition No. 27/TT/2014. The Commission vide order dated 19.7.2021 in Petition No. 194/TT/2020 has tried-

up the tariff for the 2014-19 tariff period and granted tariff for the 2019-24 tariff period.

4. The Respondents include the Distribution Licensees, Power Departments, and Transmission Licensees that receive transmission services from the Petitioner, primarily benefiting the Southern 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 (the Act). 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 any reply in the matter.

6. The Commission, vide RoP dated 12.2.2025, directed the Petitioner to confirm whether all the assets are currently in use and whether there has been any de-capitalization and submit the details of the other petitions where the additional assets have been implemented at 765/400 kV Kurnool Sub-station.

7. The Petitioner, vide affidavit dated 24.2.2025, has submitted that all the assets under the transmission project are currently in use and no de-capitalization has been done till date. The Petitioner has further provided the details of other Petitions where the additional assets have been implemented at 765/400 kV Kurnool Sub-station. The details of the same are as follows:

Name of Sub-station	Asset name	COD	Associated Project Name	Covered in Petition No. (latest)
765/400 kV Kurnool Sub-station	(A) Kurnool-Raichur 2nd 765 kV S/C line (B) Extension of Kurnool 765/400 kV Sub-Station	21.6.2014	ISGS in Krishnapattanam area of AP (Common System associated with ISGS projects in Krishnapattanam	458/TT/2024
	(A) Nellore Pooling Station - Kurnool 765 kV D/C line along with the associated bays at 765 kV Kurnool Substation	1.11.2014		

	(B)240 MVAR, 765 kV line reactor at Kurnool end of both circuits of Nellore -Kurnool 765 kV line		area of Andhra Pradesh)	
	765 kV D/C Kurnool-Thiruvalam line along with associated bays and equipment at Kurnool end, and 2x240 MVAR 765kV line reactors at Kurnool along with associated bays and equipment	29.11.2014	SRSS-XIX	456/TT/2024
Name of Sub-station	Asset name	COD	Associated Project Name	Covered in Petition no. (Latest)
765/400 kV Kurnool Sub-station	765 kV S/C Kurnool-Raichur Transmission Line along with associated bay extensions at 765/400 kV Kurnool Sub-station	15.12.2015	SRSS-XXII	381/TT/2024
	1 No. 765 kV, 240 MVAR Bus Reactor-II along with associated bays and equipment at Kurnool Sub-station	31.10.2018	Installation of Bus reactors at Cuddapah, Nellore PS, Kurnool, Raichur and Thiruvalam	460/TT/2024
	2 nos. 240 MVAR, 765kV Switchable Line Reactors (6x80 MVAR, 765 kV, 1-Ph Shunt Reactor), along with Reactor Bays and 2 numbers 765 kV Line Bays	11.3.2019	Sub-station works associated with additional inter-regional AC link for import of power into Southern Region	463/TT/2024
	Balance items (PLCC, Telecom equipment and Line Terminal equipment such as LA, CVT and Wave Trap) at Kurnool 765/400 kV Sub-station	9.11.2019		
	1 No. 400 kV Bay at 765/400kV Kurnool Sub-station	24.10.2023 (Proposed)	1 No 400kV Bay at 765/400kV Kurnool Sub-station	208/TT/2024
	Implementation of 01 No 400 kV Bay at Kurnool Sub-station for providing connectivity to GREENKO AP01 IREP Pvt Ltd (2nd 400 kV line Bay for GREENKO)	1.9.2024 (Proposed)	Implementation of 01 No 400 kV Bay at Kurnool Sub-station for providing connectivity to GREENKO AP01 IREP Pvt Ltd (2nd 400 kV line Bay for GREENKO)	Dy No. 1138/2024

8. The Petitioner vide affidavit dated 24.2.2025 has also claimed the revised capital cost for the transmission assets for the 2024-29 tariff period and claimed the Net ACE of ₹28.42 lakh (Add cap of ₹79.06 lakh and De-capitalisation of ₹50.64 lakh) on account of upgradation of SCADA at Kurnool (New) Sub-station. The Petitioner has

also submitted that the O&M Expenses for 1x240 MVAR, 765 kV Bus Reactor at Kurnool is being considered for the 2024-29 tariff period as the same was inadvertently missed while filing the instant trued up Petition. The submissions by the Petitioner will be discussed at the subsequent paras in the instant order.

9. The hearing in the matter was held on 12.2.2025, and the order was reserved.

10. This order is being issued considering the Petitioner's submissions in the Petition vide affidavit dated 30.7.2024 and the additional information vide affidavit dated 24.2.2025.

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

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

12. The Petitioner has claimed the following transmission charges in respect of the transmission asset for the 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1568.19	1568.19	1568.19	1568.19	1565.99
Interest on Loan	933.72	728.95	603.84	593.85	565.34
Return on Equity	1746.62	1746.62	1746.62	1746.62	1746.62
O&M Expenses	1909.36	1975.72	2045.57	2119.01	2192.96
Interest on Working Capital	147.10	137.26	128.99	131.65	153.23
Total	6304.99	6156.74	6093.21	6159.32	6224.14

13. The Petitioner has claimed the following Interest on Working Capital (IWC) in respect of the transmission asset for the 2019-24 tariff period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	159.11	164.64	170.46	176.58	182.75
Maintenance Spares	286.40	296.36	306.84	317.85	328.94
Receivables	775.20	759.05	751.22	759.37	765.26
Total Working Capital	1220.71	1220.05	1228.52	1253.80	1276.95
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	147.10	137.26	128.99	131.65	153.23

Capital Cost for the 2019-24 Tariff Period

14. The Commission, vide order dated 19.7.2021 in Petition No. 194/TT/2020, trued-up the tariff for the 2014-19 period and allowed the tariff for the 2019-24 tariff period. The capital cost of ₹30998.16 lakh has been approved by the Commission for the transmission asset as on 31.3.2019 and the same has been considered as opening capital cost as on 1.4.2019 for the purpose of truing-up of transmission tariff for 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

15. The Petitioner has not claimed Additional Capital Expenditure (ACE) for the 2019-24 tariff period in respect of the transmission asset.

16. We have considered the submissions of the Petitioner. The capital cost allowed as for the transmission asset is as follows:

(₹ in lakh)			
Apportioned approved cost as per FR/RCE	Expenditure as on 31.3.2019	Expenditure during 2019-24 tariff period	Actual capital cost as on 31.3.2024
32434.00/NA	30998.16	0.00	30998.16

Debt-Equity Ratio

17. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of the tariff of the transmission asset during the 2019-24 tariff period are as follows:

Funding	Capital Cost as on 1.4.2019		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	21698.71	70.00	21698.71	70.00
Equity	9299.45	30.00	9299.45	30.00
Total	30998.16	100.00	30998.16	100.00

Depreciation

18. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission asset as per the rates of depreciation specified in the 2019 Tariff Regulations. The depreciation allowed for the transmission asset is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	30998.16	30998.16	30998.16	30998.16	30998.16
B	Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	30998.16	30998.16	30998.16	30998.16	30998.16
D	Average Gross Block (A+C)/2	30998.16	30998.16	30998.16	30998.16	30998.16
E	Average Gross Block (90% depreciable assets)	30837.90	30837.90	30837.90	30837.90	30837.90
F	Average Gross Block (100% depreciable assets)	160.26	160.26	160.26	160.26	160.26
G	Depreciable value (excluding IT equipment and software) (E*90%)	27063.36	27063.36	27063.36	27063.36	27063.36
H	Depreciable value of IT equipment and software (F*100%)	160.26	160.26	160.26	160.26	160.26
I	Total Depreciable Value (G+H)	27223.62	27223.62	27223.62	27223.62	27223.62
J	Weighted average rate of Depreciation (WAROD) (in %)	5.059	5.059	5.059	5.059	5.052
K	Lapsed useful life at the beginning of the year (Year)	5	6	7	8	9
L	Balance useful life at the beginning of the year (Year)	23	22	21	20	19
M	Depreciation during the year (D*J)	1568.19	1568.19	1568.19	1568.19	1565.99
N	Cumulative Depreciation at the end of the year (M+N)	9090.94	10659.14	12227.33	13795.53	15361.51
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	18132.68	16564.48	14996.29	13428.09	11862.11

19. The details of depreciation allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020	1568.19	1568.19	1568.19	1568.19	1565.99
Claimed by the Petitioner in the instant Petition	1568.19	1568.19	1568.19	1568.19	1565.99
Allowed after truing-up in this order	1568.19	1568.19	1568.19	1568.19	1565.99

Interest on Loan (IoL)

20. The Petitioner has claimed the weighted average rate of Interest (WAROI) on Loans based on its actual loan portfolio and the rate of interest prevailed. IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the transmission asset is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	21698.71	21698.71	21698.71	21698.71	21698.71
B	Cumulative Repayments up to Previous Year	7522.75	9090.94	10659.14	12227.33	13795.53
C	Net Loan-Opening (A-B)	14175.96	12607.77	11039.57	9471.38	7903.19
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	1568.19	1568.19	1568.19	1568.19	1565.99
F	Net Loan-Closing (C+D-E)	12607.77	11039.57	9471.38	7903.19	6337.20
G	Average Loan (C+F)/2	13391.86	11823.67	10255.48	8687.28	7120.19
H	Weighted Average Rate of Interest on Loan (in %)	6.972	6.165	5.888	6.836	7.940
I	Interest on Loan (G*H)	933.72	728.95	603.84	593.85	565.34

21. The details of IoL allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020, IoL claimed in the instant Petition, and trued-up IoL allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020	965.03	846.66	730.37	607.47	484.17
Claimed by the Petitioner in the instant Petition	933.72	728.95	603.84	593.85	565.34
Allowed after truing-up in this order	933.72	728.95	603.84	593.85	565.34

Return on Equity (RoE)

22. 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 the income has been assessed under MAT [115JB of the Income Tax Act, 1961 (IT Act, 1961)]. The Petitioner has

further submitted that the Income Tax Returns (ITRs) have been filed for the FY 2021-22, FY 2022-23, and FY 2023-24 (filed in Petition No. 401/TT/2024).

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

Year	Claimed effective tax rate (in %)	Grossed-up RoE (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

24. We have considered the Petitioner's submissions and have also gone through the record. We observe that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the Statement of Profit and Loss prepared in accordance with the Schedule-II 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 effective tax rate for the purpose of grossing up the RoE for truing up 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 considered for the purpose of grossing up the rate of the 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 are considered for the purpose of grossing up the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax (in %)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2019-20	17.472	17.472	15.50	18.782
2020-21	17.472	17.472	15.50	18.782
2021-22	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

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

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	9299.45	9299.45	9299.45	9299.45	9299.45
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	9299.45	9299.45	9299.45	9299.45	9299.45
D	Average Equity (A+C)/2	9299.45	9299.45	9299.45	9299.45	9299.45
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
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	Return on Equity (D*G)	1746.62	1746.62	1746.62	1746.62	1746.62

26. The details of the RoE allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020, RoE claimed in the instant Petition, and trued-up RoE allowed for the transmission asset in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020	1746.62	1746.62	1746.62	1746.62	1746.62
Claimed by the Petitioner in the instant Petition	1746.62	1746.62	1746.62	1746.62	1746.62
Allowed after truing-up in this order	1746.62	1746.62	1746.62	1746.62	1746.62

Operation & Maintenance Expenses (O&M Expenses)

27. We have considered the Petitioner's submissions. It is 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 Regulation. The O&M Expenses worked out in respect of the transmission asset are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line: 400 kV D/C Twin					
<ul style="list-style-type: none"> • LILO of Nagarjunasagar – Gooty 400 kV at Kurnool (New) Sub-station : (Total length of line : 34.905 Km) 					
Norms as per Regulations (` Per km)	0.881	0.912	0.944	0.977	1.011
O&M Expenses	30.75	31.83	32.95	34.10	35.29
Transmission Line: 400 kV D/C Quad					
<ul style="list-style-type: none"> • Kurnool (New) – Kurnool (APTRANSCO) (Total Length of line : 9.881 Km) 					
Norms as per Regulations (` Per km)	1.322	1.368	1.416	1.466	1.517
O&M Expenses	13.06	13.52	13.99	14.49	14.99
Transmission Line: 400 kV S/C Twin					
<ul style="list-style-type: none"> • LILO of Nagarjunasagar – Gooty 400 kV at Kurnool (New) Sub-station : (Total Length of line : 0.629 Km) 					
Norms as per Regulations (` Per km)	0.503	0.521	0.539	0.558	0.578
O&M Expenses	0.32	0.33	0.34	0.35	0.36
Sub-station: ICTs: 765 kV					
<ul style="list-style-type: none"> • 2 Nos 765 kV, 1500 MVA ICT-I & II at Kurnool Sub-station 					
Norms as per Regulations (` Per MVA)	0.491	0.508	0.526	0.545	0.564
O&M Expenses	1473.00	1524.00	1578.00	1635.00	1692.00
Sub-station: 765 kV Bays					
<ul style="list-style-type: none"> • 1 No ICT-I Bay 1 at Kurnool Sub-station • 1 No ICT-II Bay 1 at Kurnool Sub-station • 1 No 240 MVAr Bus Reactor Bay at Kurnool (New) Sub-station 					
Norms as per Regulations (` Per Bay)	45.01	46.6	48.23	49.93	51.68
O&M Expenses	135.03	139.8	144.69	149.79	155.04
Sub-station: 400 kV Bays					
<ul style="list-style-type: none"> • 1 No ICT-I Bay1 at Kurnool Sub-station • 1 No ICT-II Bay1 at Kurnool Sub-station • 1 No Kurnool (APTRANSCO) Bay-I at Kurnool (New) Sub-station • 1 No Kurnool (APTRANSCO) Bay-II at Kurnool (New) Sub-station • 1 No Nagarjunasagar Bay1 at Kurnool (New) Sub-station • 1 No Gooty Bay1 at Kurnool (New) Substation • 1 No Kurnool (New) Bay-I at Kurnool (APTRANSCO) Sub-station • 1 No Kurnool (New) Bay-II at Kurnool (APTRANSCO) Sub-station 					
Norms as per Regulations (` Per Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses	257.20	266.24	275.60	285.28	295.28
Total O&M Expenses allowed	1909.36	1975.72	2045.57	2119.01	2192.96

28. Accordingly, the O&M Expenses allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020, O&M Expenses claimed in the instant Petition, and trued-up O&M Expenses allowed for the transmission asset in the instant order are as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020	1909.36	1975.72	2045.57	2119.01	2192.96
As claimed by the Petitioner in the instant Petition	1909.36	1975.72	2045.57	2119.01	2192.96
Allowed in the instant true-up Petition	1909.36	1975.72	2045.57	2119.01	2192.96

Interest on Working Capital (IWC)

29. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for FY 2021-22 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.

30. The components of the working capital and interest allowed thereon for the transmission asset are as follows:

		(₹ in lakh)				
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	159.11	164.64	170.46	176.58	182.75
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	286.40	296.36	306.84	317.85	328.94
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	775.20	759.05	751.22	759.37	765.26
D	Total Working Capital (A+B+C)	1220.71	1220.05	1228.52	1253.80	1276.95
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on working capital (D*E)	147.10	137.26	128.99	131.65	153.23

31. The details of IWC allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020, IWC claimed in the instant Petition, and trued-up IWC allowed for the transmission asset in the instant order are as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020	147.57	138.91	140.12	141.38	142.38
Claimed by the Petitioner in the instant Petition	147.10	137.26	128.99	131.65	153.23
Allowed after truing-up in this order	147.10	137.26	128.99	131.65	153.23

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

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

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1568.19	1568.19	1568.19	1568.19	1565.99
Interest on Loan	933.72	728.95	603.84	593.85	565.34
Return on Equity	1746.62	1746.62	1746.62	1746.62	1746.62
O&M Expenses	1909.36	1975.72	2045.57	2119.01	2192.96
Interest on Working Capital	147.10	137.26	128.99	131.65	153.23
Total	6304.99	6156.74	6093.21	6159.32	6224.14

33. The details of annual transmission charges allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020, annual transmission charges claimed in the instant Petition, and trued-up annual transmission charges allowed in the instant order in respect of the transmission asset are as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.7.2021 in Petition No. 194/TT/2020	6336.78	6276.11	6230.87	6182.67	6132.13
Claimed by the Petitioner in the instant Petition	6304.99	6156.74	6093.21	6159.32	6224.14
Allowed after truing-up in this order	6304.99	6156.74	6093.21	6159.32	6224.14

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

34. 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	1564.29	1587.96	549.32	549.32	549.32
Interest on Loan	445.08	318.89	234.33	189.15	143.48
Return on Equity	1746.62	1747.42	1748.22	1748.22	1748.22
O&M Expenses	1252.26	1318.79	1386.38	1458.49	1538.21
Interest on Working Capital	109.86	111.21	97.41	99.68	102.60
Total	5118.11	5084.27	4015.66	4044.86	4081.83

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	104.36	109.90	115.53	121.54	128.18
Maintenance Spares	187.84	197.82	207.96	218.77	230.73
Receivables	631.00	626.83	495.08	497.32	503.24
Total Working Capital	923.20	934.55	818.57	837.63	862.15
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	109.86	111.21	97.41	99.68	102.60

Capital Cost

36. 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."

37. The capital cost of ₹30998.16 lakh has been considered by the Commission for the transmission asset as on 31.3.2024. Therefore, the capital cost of ₹30998.16 lakh as on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024 for the purpose of determination of transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

Additional Capital Expenditure

38. The Petitioner vide affidavit dated 24.2.2025 has submitted that add-cap is proposed due to replacement of existing SCADA system during 2024-29. The Petitioner has further submitted that the Net ACE of ₹28.42 lakh (Add cap of ₹79.06 lakh and De-capitalisation of ₹50.64 lakh) during the 2024-29 tariff period on account of the replacement of component/equipment in the system which are obsolete/deteriorated under Regulation 25(2) of 2024 Tariff Regulation. The detail of ACE claimed by the Petitioner is as follows:

(₹ in lakh)					
Asset	Net Add Cap and De-cap in 2024-29				
Asset-1	2024-25	2025-26	2026-27	2027-28	2028-29
	0.00	28.42 (Add cap of ₹79.06 lakh and decap of ₹50.64 lakh)	0.00	0.00	0.00

39. The Petitioner has also submitted the detailed justification of equipment being replaced, i.e., upgradation of SCADA at Kurnool (New) Sub-station is as follows:

- a) SCADA systems are used for real time monitoring and control of Sub-station. These systems gather real-time data from field devices, such as IEDs, sensors and other control equipment, and enable operators to control and monitor the processes locally as well as facilitates for smooth and reliable remote operation. Any failure in SCADA system leads to non-visibility of the station at RLDC Level as well as at remote control center, which hampers effective operation of the Grid.
- b) SCADA systems consist of mainly Hardware & Software based components, e.g. HMIs, Engineering PCs, RTUs and Servers, which gets obsolete.

- c) The existing system, which was installed at Kurnool (New) Sub-station is Windows 7 based system. The OEM has already declared end of life for Windows 7.
- d) No security patches and support are available for the SCADA system and it falls under legacy category. Considering the same, it is prudent that the same is to be replaced which is mentioned in CEA (Cyber Security in Power Sector) Guidelines, 2021.
- e) The SCADA system has already completed useful life of 7 years.
- f) Considering the above, it is proposed to upgrade the above SCADA systems at Kurnool (New) Sub-station.

40. The details of de-capitalisation as submitted by the Petitioner are as follows:

(₹ in lakh)						
Year of De-capitalisation	Work/ Component proposed to be De-Capitalised	Year Capitalisation of Asset/equipment being de-capitalised	Original Book Value of asset being de-capitalised	Debt ratio at the time of capitalisation	Equity of capitalisation	Cumulative depreciation corresponding to de-capitalisation
2025-26	Existing SCADA system	2014-15	50.64	70:30	50.64	34.45

41. Regulation 25 of 2024 Tariff Regulation provides as follows:

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 with 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 the 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 a 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.

(e) The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of lease of lease hold land on case to case basis.

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

42. It is observed that the Petitioner has projected the net ACE of ₹28.42 lakh (Add cap of ₹79.06 lakh and de-capitalisation of ₹50.64 lakh) during the 2024-29 tariff period on account of upgradation of SCADA at Kurnool (New) Sub-station. The Petitioner has submitted that the existing SCADA system is window-7 based system which was already declared obsolete by the OEM. Also, other Hardware and software components of existing SCADA i.e. HMIs, Engineering PCs, RTUs and Servers gets obsolete. The Existing SCADA system has already completed 7 years of life.

43. The proposed ACE towards replacement of existing SCADA system is within original scope of work and claimed beyond cut-off date. The COD of the transmission asset is approved as 1.4.2014 and the useful life of 10 years of the transmission asset is completed as on 31.3.2024. The Petitioner has submitted that the existing SCADA system is completed useful life of 7 years and OEM has declared end of life for windows 7. As per regulation 2(87) of the 2024 tariff regulations, the useful life of IT system, SCADA and Communication system excluding OPGW 7 years. Therefore, its

life span should be 7 years with 15% depreciation as per Appendix-I of the 2024 Tariff Regulations.

44. Taking into consideration the Petitioner's submission, the proposed ACE towards replacement of SCADA system is allowed under 25(2) (c) of the 2024 Tariff Regulations. The Petitioner is directed to submit actual ACE with all supporting documents at the time of truing-up.

45. Therefore, taking into consideration the above, the net ACE of ₹28.42 lakh (Add cap of ₹79.06 lakh and de-capitalisation of ₹50.64 lakh) projected by the Petitioner is hereby allowed under Regulation 25(2)(c) of 2024 Tariff Regulations. The details of same are as follows:

(₹ in lakh)

Sr. No.	Particulars	Additional Capitalisation/De-Capitalisation				
		2024-25	2025-26	2026-27	2027-28	2028-29
A	Additional Capitalisation	0.00	79.06	0.00	0.00	0.00
B	De-Capitalisation	0.00	50.64	0.00	0.00	0.00
C	Net ACE (A-B)	0.00	28.42	0.00	0.00	0.00

46. Therefore, the details of the capital cost allowed as on 31.3.2024 and as on 31.3.2029 are as follows:

(₹ in lakh)

Apportioned approved cost as per FR/RCE	Expenditure as on 31.3.2024	Expenditure during 2024-29 tariff period	Actual capital cost as on 31.3.2029
32434.00/NA	30998.16	28.42	31026.58

Debt Equity Ratio

47. 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:

- where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:
- 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.”

48. The debt-equity ratio for the 2024-29 tariff period is dealt with in line with Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity ratio

considered for the purpose of computation of the tariff of the 2024-29 period for the transmission asset is as follows:

Funding	Capital Cost as on 1.4.2024		Capital Cost as on 31.3.2029	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	21698.71	70.00	19.89	70.00
Equity	9299.45	30.00	8.53	30.00
Total	30998.16	100.00	28.42	100.00

Depreciation

49. 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.”

50. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and, thereafter, up to 31.3.2029. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the transmission asset as per the rates of depreciation specified in the 2024 Tariff Regulations. Since the transmission asset will complete 12 years of life as on 1.4.2026, the remaining depreciable value of ₹8788.94 lakh as on 1.4.2026 has been spread over the balance useful life of the transmission asset in accordance with the 2024 Tariff Regulations.

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

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	30998.16	30998.16	31026.58	31026.58	31026.58
B	Addition during the year 2024-29 due to projected ACE	0.00	28.42	0.00	0.00	0.00

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
C	Closing Gross Block (A+B)	30998.16	31026.58	31026.58	31026.58	31026.58
D	Average Gross Block (A+C)/2	30998.16	31012.37	31026.58	31026.58	31026.58
E	Average Gross Block (90% depreciable assets)	30070.40	30070.40	30070.40	30070.40	30070.40
F	Average Gross Block (100% depreciable assets)	160.26	174.47	188.68	188.68	188.68
G	Depreciable value (excluding IT equipment and software) (E*90%)	27063.36	27063.36	27063.36	27063.36	27063.36
H	Depreciable value of IT equipment and software (F*100%)	160.26	174.47	188.68	188.68	188.68
I	Total Depreciable Value (G+H)	27223.62	27237.83	27252.04	27252.04	27252.04
J	Weighted average rate of Depreciation (WAROD) (in %)	5.0464	5.1204	Spreading Over Depreciation		
K	Lapsed useful life at the beginning of the year (Year)	10	11	12	13	14
L	Balance useful life at the beginning of the year (Year)	18	17	16	15	14
M	Depreciation during the year	1564.29	1587.94	549.31	549.31	549.31
N	Cumulative Depreciation at the end of the year	16925.79	18513.74	19012.41	19561.71	20111.02
O	Cumulative depreciation adjustment due to de-capitalisation	0.00	50.64	0.00	0.00	0.00
P	Net cumulative depreciation at the end of the year	16925.79	18463.10	19012.41	19561.71	20111.02

Interest on Loan (IoL)

52. 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.”

53. However, the Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest prevailed. Accordingly, the IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2024 Tariff Regulations.

54. We have considered the Petitioner's submissions, and the IoL has been worked out in accordance with Regulation 32 of the 2024 Tariff Regulations.

55. The IoL allowed for 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	21698.71	21698.71	21718.61	21718.61	21718.61
B	Cumulative Repayments up to Previous Year	15361.50	16925.79	18478.29	19027.60	19576.90
C	Net Loan-Opening (A-B)	6337.21	4772.92	3240.32	2691.01	2141.70
D	Addition due to ACE	0.00	19.89	0.00	0.00	0.00

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
E	Repayment during the year	1564.29	1587.94	549.31	549.31	549.31
E1	Repayment adjustment on account of de-capitalisation of assets	0.00	35.45	0.00	0.00	0.00
E2	Net Repayment of Loan (E - E1)	1564.29	1552.49	549.31	549.31	549.31
F	Net Loan-Closing (C+D-E2)	4772.92	3240.32	2691.01	2141.70	1592.39
G	Average Loan (C+F)/2	5555.07	4006.62	2965.67	2416.36	1867.05
H	Weighted Average Rate of Interest on Loan (in %)	8.0121	7.9592	7.9015	7.8282	7.6852
I	Interest on Loan (G*H)	445.08	318.89	234.33	189.16	143.49

Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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

.....”

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

transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.

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

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

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

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

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

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

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

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

57. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner's submissions and have gone through the record. The applicable MAT rate has been considered for the purpose of the RoE, which shall be trued-up in accordance with the 2024 Tariff Regulations. RoE allowed for the transmission asset is as under:

(₹ in lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	9299.45	9299.45	9307.97	9307.97	9307.97
B	Addition due to ACE	0.00	8.53	0.00	0.00	0.00
C	Closing Equity (A+B)	9299.45	9307.97	9307.97	9307.97	9307.97
D	Average Equity (A+C)/2	9299.45	9303.71	9307.97	9307.97	9307.97
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
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	Return on Equity (D*G)	1746.62	1747.42	1748.22	1748.22	1748.22

Operation and Maintenance Expenses (O&M Expenses)

58. The O&M Expenses claimed by the Petitioner in the instant Petition for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	1189.38	1252.55	1316.78	1385.29	1460.93

59. 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
Norms for sub-station Bays (Rs Lakh per bay)					
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
Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)					
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
Norms for AC and HVDC lines (Rs Lakh per km)					
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

<i>Double Circuit (Single Conductor)</i>	0.369	0.388	0.409	0.430	0.453
<i>Multi Circuit (Bundled Conductor with four or more sub-conductor)</i>	2.266	2.385	2.510	2.642	2.781
<i>Multi Circuit (Twin & Triple Conductor)</i>	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
<i>HVDC Back-to-Back stations (Rs Lakh per MW)</i>	2.07	2.18	2.30	2.42	2.55
<i>Gazuwaka BTB (Rs Lakh/MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (Rs Lakh/MW)</i>	1.04	1.10	1.16	1.22	1.28

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

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

Provided that the O&M expenses of ± 500 kV Mundra-Mohindergarh HVDC bipole scheme (2500 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for HVDC bipole scheme;

Provided further that the O&M expenses for Transmission Licensees whose transmission assets are located solely in NE Region (including Sikkim), States of Uttarakhand, Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh, district of Darjeeling of West Bengal shall be worked out by multiplying 1.50 to the normative O&M expenses prescribed above.

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

60. The Petitioner vide affidavit dated 24.2.2025 has submitted that claim for O&M Expenses for 1X240MVAR, 765 kV Bus reactor at Kurnool (New) Sub-station, i.e. Asset-(E) of the transmission project was inadvertently missed while filing the instant Petition. Therefore, the same is being corrected and revised tariff forms for the 2024-29 tariff period have been submitted. It is pertinent to mention that O&M Expenses for associated 1 no. 765 kV bus reactor bay has already been claimed since COD of the transmission project.

61. The revised O&M Expenses claimed by the Petitioner vide Affidavit dated 24.2.2025 for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	1252.26	1318.79	1386.38	1458.49	1538.21

62. We have considered the Petitioner's submissions. The O&M Expenses for the 2024-29 tariff period have been worked out as per the norms specified in the 2024 Tariff Regulations. The O&M Expenses allowed for the 2024-29 tariff period for the transmission asset as per Regulation 36 of the 2024 Tariff Regulations are as under:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line: 400 kV D/C Twin					
• LILO of Nagarjunasagar – Gooty 400 kV at Kurnool (New) Substation : (Total length of line : 34.905 Km)					
Norms as per Regulation (₹ Per km)	0.861	0.906	0.953	1.003	1.056
O&M Expenses	30.05	31.62	33.26	35.01	36.86
Transmission Line: 400 kV D/C Quad					
• Kurnool (New) – Kurnool (APTRANSCO) (Total Length of line : 9.881 Km)					
Norms as per Regulation (₹ Per km)	1.291	1.359	1.43	1.506	1.585
O&M Expenses	12.76	13.43	14.13	14.88	15.66
Transmission Line: 400 kV S/C Twin					
• LILO of Nagarjunasagar – Gooty 400 kV at Kurnool (New) Sub-station : (Total Length of line : 0.629 Km)					
Norms as per Regulation (₹ Per km)	0.492	0.518	0.545	0.573	0.603
O&M Expenses	0.31	0.33	0.34	0.36	0.38
Sub-station: ICTs: 765 kV					
• 2 Nos 765 kV, 1500 MVA ICT-I & II at Kurnool Sub-station					
Norms as per Regulation (₹ Per MVA)	0.262	0.276	0.29	0.305	0.322
O&M Expenses	786	828	870	915	966
Sub-station: 765 kV Bays					
• 1 No ICT-I Bay 1 at Kurnool Sub-station • 1 No ICT-II Bay 1 at Kurnool Sub-station • 1 No 240 MVA Bus Reactor Bay at Kurnool (New) Sub-station					
Norms as per Regulation (₹ Per Bay)	41.34	43.51	45.79	48.2	50.73
O&M Expenses	124.02	130.53	137.37	144.6	152.19
Sub-station: 400 kV Bays					
• 1 No ICT-I Bay1 at Kurnool Sub-station • 1 No ICT-II Bay1 at Kurnool Sub-station • 1 No Kurnool (APTRANSCO) Bay-I at Kurnool (New) Sub-station • 1 No Kurnool (APTRANSCO) Bay-II at Kurnool (New) Sub-station • 1 No Nagarjunasagar Bay1 at Kurnool (New) Sub-station • 1 No Gooty Bay1 at Kurnool (New) Sub-station • 1 No Kurnool (New) Bay-I at Kurnool (APTRANSCO) Sub-station • 1 No Kurnool (New) Bay-II at Kurnool (APTRANSCO) Sub-station					

Norms as per Regulation (₹ Per Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses	236.24	248.64	261.68	275.44	289.84
Sub-station: 765 kV Bus Reactor					
• 1 Nos 765 kV, 240 MVAR Bus reactor at Kurnool (New) Sub-station					
Norms as per Regulation (₹ Per MVAR)	0.262	0.276	0.29	0.305	0.322
O&M Expenses	62.88	66.24	69.60	73.20	77.28
Total O&M Expenses allowed	1252.26	1318.79	1386.39	1458.49	1538.21

Interest on Working Capital (IWC)

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

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

.....

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

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

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

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

.....

(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.”

64. The Petitioner has considered the rate of IWC 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% (SBI 1-year MCLR applicable as on 1.4.2024 of 8.65% plus 325 basis points) for FY 2024-25 to FY 2028-29.

65. 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 under:

(₹ 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)	104.36	109.90	115.53	121.54	128.18
B	Working Capital for Maintenance Spares (15% of O&M expenses)	187.84	197.82	207.96	218.77	230.73
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	631.00	626.83	495.08	497.32	503.24
D	Total Working Capital (A+B+C)	923.19	934.54	818.57	837.63	862.15
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on working capital (D*E)	109.86	111.21	97.41	99.68	102.60

Annual Fixed Charges for the 2024-29 Tariff Period

66. The transmission charges allowed in respect of the transmission asset for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	1564.29	1587.94	549.31	549.31	549.31
Interest on Loan	445.08	318.89	234.33	189.16	143.49
Return on Equity	1746.62	1747.42	1748.22	1748.22	1748.22
O&M Expenses	1252.26	1318.79	1386.39	1458.49	1538.21
Interest on Working Capital	109.86	111.21	97.41	99.68	102.60
Total	5118.11	5084.26	4015.66	4044.86	4081.83

Filing Fee and Publication Expenses

67. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it is entitled to the reimbursement of the filing fee and the expenses incurred on the publication of notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as the case may be in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

68. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fees paid for filing the Petition and publication expenses incurred on this count directly from the beneficiaries or long-term customers, as the case may be.

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

69. 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 a 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.

70. 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.”

71. We have considered the Petitioner's submissions and perused Regulation 99 of the 2024 Tariff Regulations. In view of the explicit provision made under Regulation 99 of the 2024 Tariff Regulations, we permit the Petitioner, i.e., PGCIL, to bear the fees and charges expenses of CTUIL and recover the same as additional O&M Expenses through a separate Petition until such regulation is notified and issued by the Commission.

Licence Fee and RLDC Fees and Charges

72. 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.

Goods and Services Tax

73. 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 shall be additionally paid by the Respondent 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.

74. We have considered the Petitioner's submissions. 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 premature.

Security Expenses, Insurance, and Capital Spares

75. 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 and insurance expenses arrived through the competitive bidding for the transmission system and associated communication system shall be allowed separately after a prudence check.

76. 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 are not claimed in the instant Petition.

77. The Petitioner has also submitted that it has not claimed insurance expenses in the instant Petition and has submitted that 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 the FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.

78. 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.

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

"36(3)

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

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

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

80. 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.

Sharing of Transmission Charges

81. The billing, collection, and disbursement of the transmission charges for the transmission asset shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

82. To summarize:

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

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	6304.99	6156.74	6093.21	6159.32	6224.14
AFC Allowed	6304.99	6156.74	6093.21	6159.32	6224.14

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

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	5118.11	5084.27	4015.66	4044.86	4081.83
AFC Allowed	5118.11	5084.26	4015.66	4044.86	4081.83

83. This order disposes of Petition No. 107/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member