

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 108/TT/2025

Coram:

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

Date of Order: 17.03.2025

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 true-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 assets under Augmentation of Transformer and Bays in the Western Region.

And in the matter of:

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

...Petitioner

Vs.

- 1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008**
- 2. Madhya Pradesh Power Transmission Company Limited,
Shakti Bhawan, Rampur,
Jabalpur-482008.**
- 3. Maharashtra State Electricity Distribution Company Limited,
Hongkong Bank Building, 3rd Floor,
M.G. Road, Fort, Mumbai-400001.**
- 4. Maharashtra State Electricity Transmission Company Limited,
Prakashganga, 6th Floor, Plot No. C-19, E-Block,
Bandra Kurla Complex, Bandra (East) Mumbai-400051.**
- 5. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390007**



6. **Electricity Department,**
Government of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa-403001.
 7. **DNH Power Distribution Corporation Limited,**
1st and 2nd Floor, Vidyut Bhavan,
Silvassa-396230, DNH.
 8. **Chhattisgarh State Power Transmission Company Limited,**
State Load Despatch Building,
Dangania, Raipur-492013.
 9. **Chhattisgarh State Power Distribution Company Limited,**
P. O. Sunder Nagar, Dangania, Raipur,
Chhattisgarh-492013.
 10. **Gujarat Energy Transmission Corporation Limited,**
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara-390007.
 11. **Electricity Department,**
Administration of Daman & Diu,
Daman-396210.
 12. **Central Transmission Utility of India Limited (CTUIL),**
Floors No. 5-10, Tower 1,
Plot No. 16, IRCON International Tower,
Institutional Area, Sector 32,
Gurugram-122001, Haryana.
- ...Respondents**

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri Vivek Kumar Singh, 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 following

assets under the Augmentation of Transformer and Bays (hereinafter referred to as “the transmission project”) in the Western Region:

Asset-A1: 400/220 kV, 1X315 MVA Transformer at Mapusa (ICT III) Sub-station along with 2 nos. 220 kV line bays;

Asset-B1: 400/220 kV 1X500 MVA Transformer at Navsari Sub-station;

Asset-B2(a): 1 no. 400 kV line bays at 765/400 kV Indore Sub-station;

Asset-B2(b): 1 no. 400 kV line bays at 765/400 kV Indore Sub-station; and

Asset-B3: 2 nos. 220 kV line bays at 400/220 kV Pirana Sub-station

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

“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the assets covered under this petition, as per para 16 and 17 above.

b) 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 16 and 17 above for respective block.

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

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

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

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

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

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

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

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

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

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

Background

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

(a) The Investment Approval (IA) and the expenditure sanctioned for the transmission project was accorded by the Board of Directors of the Petitioner vide Memorandum dated 4.6.2012 with an estimated cost of ₹6551 lakh including an IDC of ₹227 lakh at February 2012 price level. Further, the Revised Cost Estimate (RCE) for the transmission project was accorded by the Board of Directors of the Petitioner vide letter dated 9.12.2014 for ₹9771 lakh, including, an IDC of ₹322 lakh based on February 2014 price level.

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

Sub-stations:

(a) Installation of 400/220 kV 1X315 MVA Transformer at Mapusa Sub-station along with 2 nos 220 kV line bays;

(b) Installation of 400/220 kV 1X500 MVA transformer at Navsari Sub-station;

(c) 2 Nos. 400 kV line bays at 765/400 kV Indore Sub-station;

(d) 2 Nos. 220 kV line bays at 400/220 kV Pirana Sub-station;

(c) The entire scope of the transmission project is covered under the instant Petition.

(d) The necessary details of the transmission assets and their COD are as under:

Assets	Asset Name	COD	Remarks
Asset-A1	400/220 kV, 1X315 MVA Transformer at Mapusa (ICT III) Sub-station along with 2 nos. 220 kV line bays	1.11.2013	In 2019-24 all the assets merged with Effective COD as 16.5.2014
Asset-B1	400/220 kV 1X500 MVA Transformer at Navsari Sub-station	10.7.2014	
Asset-B2(a)	1 no. 400 kV line bays at 765/400 kV Indore Sub-station	9.8.2014	
Asset-B2(b)	1 no. 400 kV line bays at 765/400 kV Indore Sub-station	6.9.2014	
Asset-B3	2 nos. 220 kV line bays at 400/220 kV Pirana Sub-station	21.3.2015*	Not clubbed due to non-readiness of GETCO bays

**COD approved under proviso (ii) of Regulation 4(3) of the 2014 Tariff Regulations*

(e) The trued-up transmission tariff for the 2009-14 tariff period for Asset-A1 and determination of the transmission tariff for the 2014-19 tariff period was approved by the Commission vide order dated 22.2.2016 in Petition No. 86/TT/2015. For Asset-B1, Asset-B2(a), Asset-B2(b) and Asset-B3, the transmission tariff for the 2014-19 tariff period was approved by the Commission vide order dated 23.5.2016 in Petition No. 109/TT/2014. The Commission vide order dated 19.2.2021 in Petition No. 327/TT/2020 trued-up the tariff for the 2014-19 period and determined the transmission tariff for the Combined Asset comprising of Asset-A1, Asset-B1, Asset B(2)(a) and Asset B2(b) for the 2019-24 tariff period.

(f) While determining the tariff for the 2019-24 tariff period, out of the five assets, four assets, namely, Asset-A1, Asset-B1, Asset-B2(a) and Asset-B2(b)

were combined into one asset (Combined Asset). The tariff of Asset-B3 was to be recovered from GETCO due to the downstream system under its scope being delayed and as such tariff of Asset-B3 was approved separately.

(g) The Petitioner has submitted that the downstream system for Asset-B3 under the scope of GETCO was charged on 28.9.2022, and therefore, truing up tariff for the 2019-24 tariff period for Asset-B3 shall be billed bilaterally on GETCO upto 27.9.2022, and thereafter, truing up tariff for the transmission of electricity (Annual Fixed Cost) from 28.9.2022 till 31.3.2024 shall be recovered on monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers in terms of provisions of the 2020 Sharing Regulations. Accordingly, the Petitioner has combined all five assets under the transmission project as on 1.4.2024. This has been dealt with in the respective section of this order.

4. The Respondents include Distribution Licensees, Power Departments, and Transmission Licenses that receive transmission services from the Petitioner, primarily benefiting the Western 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. Madhya Pradesh Power Management Company Limited (MPPMCL), Respondent No. 1, vide affidavit dated 24.2.2025, has filed its reply and raised the issues of grossing up Return on Equity (RoE) with effective tax rates, prudence check and effects of CGST. The Petitioner vide affidavit dated 8.3.2025 has filed rejoinder to the reply of MPPMCL. The

submissions of MPPMCL, and replies thereto have been dealt with in the relevant portions of this order.

6. The Commission vide Record of Proceedings (RoP) dated 12.2.2025 directed the Petitioner to implead CTUIL as a Respondent in the Petition and to file a revised 'Memo of Parties' within a week. The Petitioner, vide additional information dated 24.2.2025, impleaded CTUIL as a Respondent in the Petition and filed a revised 'Memo of Parties'.

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

8. This order is being issued considering the Petitioner's submissions in the Petition vide affidavits dated 5.8.2024 and 24.2.2025; MPPMCL's reply filed vide affidavit dated 24.2.2025 and the Petitioner's rejoinder filed vide affidavit dated 8.3.2025.

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

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

10. The Petitioner has claimed the following trued-up transmission charges in respect of the Combined Asset and Asset-B3 for the 2019-24 tariff period:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	429.14	429.14	429.14	429.14	429.14
Interest on Loan	266.74	215.24	179.91	166.19	148.72
Return on Equity	457.06	457.06	457.06	457.06	457.06
O&M Expenses	494.02	511.72	529.67	548.66	567.15
Interest on Working Capital	38.87	36.31	34.08	34.62	40.11
Total	1685.83	1649.47	1629.86	1635.67	1642.18

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	25.25	25.25	25.25	25.25	25.25
Interest on Loan	18.45	15.85	13.72	11.72	9.70

Return on Equity	24.50	24.50	24.50	24.50	24.50
O&M Expenses	45.02	46.60	48.24	49.92	51.68
Interest on Working Capital	2.99	2.82	2.66	2.70	3.13
Total	116.21	115.02	114.37	114.09	114.26

11. The Petitioner has claimed the following trued-up Interest on Working Capital (IWC) in respect of the Combined Asset and Asset-B3 for the 2019-24 tariff period:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	41.17	42.64	44.14	45.72	47.26
Maintenance Spares	74.10	76.76	79.45	82.30	85.07
Receivables	207.27	203.36	200.94	201.66	201.91
Total Working Capital	322.54	322.76	324.53	329.68	334.24
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	38.87	36.31	34.08	34.62	40.11

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	3.75	3.88	4.02	4.16	4.31
Maintenance Spares	6.75	6.99	7.24	7.49	7.75
Receivables	14.29	14.18	14.10	14.07	14.05
Total Working Capital	24.79	25.05	25.36	25.72	26.11
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	2.99	2.82	2.66	2.70	3.13

Capital Cost for the 2019-24 Tariff Period

12. The capital cost of ₹8111.92 lakh and ₹434.75 lakh in respect of Combined Asset and Asset-B3, respectively, has been considered as the opening capital as on 1.4.2019 for truing-up of the transmission tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

13. The Petitioner has not claimed Additional Capital Expenditure (ACE) for the 2019-24 tariff period in respect of the Combined Asset and Asset-B3.

14. We have considered the Petitioner's submissions. The capital cost allowed for the Combined Asset and Asset-B3, respectively, is as follows:

(₹ in lakh)			
Particulars	Capital cost as on 1.4.2019	ACE during the 2019-24 tariff period	Capital cost as on 31.3.2024
Combined Asset	8111.92	0.00	8111.92
Asset-B3	434.75	0.00	434.75

Debt-Equity Ratio

15. 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 Combined Asset and Asset-B3 during the 2019-24 tariff period is as follows:

Combined Asset				
Funding	Capital Cost as on 1.4.2019		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	5678.40	70.00	5678.40	70.00
Equity	2433.52	30.00	2433.52	30.00
Total	8111.92	100.00	8111.92	100.00

Asset-B3				
Funding	Capital Cost as on 1.4.2019		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	304.33	70.00	304.33	70.00
Equity	130.42	30.00	130.42	30.00
Total	434.75	100.00	434.75	100.00

Depreciation

16. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Asset and Asset-B3 as per the rates of depreciation specified in the 2019 Tariff Regulations. The depreciation allowed for the Combined Asset and Asset-B3 is as follows:

(₹ in lakh)						
Combined Asset						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	8111.93	8111.93	8111.93	8111.93	8111.93
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)	8111.93	8111.93	8111.93	8111.93	8111.93



Combined Asset						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
D	Average Gross Block (A+C)/2	8111.93	8111.93	8111.93	8111.93	8111.93
E	Average Gross Block (90% depreciable assets)	8042.53	8042.53	8042.53	8042.53	8042.53
F	Average Gross Block (100% depreciable assets)	69.40	69.40	69.40	69.40	69.40
G	Depreciable value (excluding IT equipment and software) (E*90%)	7238.28	7238.28	7238.28	7238.28	7238.28
H	Depreciable value of IT equipment and software (F*100%)	69.40	69.40	69.40	69.40	69.40
I	Total Depreciable Value (G+H)	7307.68	7307.68	7307.68	7307.68	7307.68
J	Weighted average rate of Depreciation (WAROD) (in %)	5.29	5.29	5.29	5.29	5.29
K	Lapsed useful life at the beginning of the year (Year)	4	5	6	7	8
L	Balance useful life at the beginning of the year (Year)	21	20	19	18	17
M	Depreciation during the year (D*J)	429.13	429.13	429.13	429.13	429.13
N	Cumulative Depreciation at the end of the year	2343.94	2773.07	3202.20	3631.32	4060.45
O	Remaining Aggregate Depreciable Value at the end of the year	4963.74	4534.61	4105.48	3676.35	3247.22

(₹ in lakh)

Asset B3						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	434.75	434.75	434.75	434.75	434.75
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)	434.75	434.75	434.75	434.75	434.75
D	Average Gross Block (A+C)/2	434.75	434.75	434.75	434.75	434.75
E	Average Gross Block (90% depreciable assets)	413.07	413.07	413.07	413.07	413.07
F	Average Gross Block (100% depreciable assets)	21.68	21.68	21.68	21.68	21.68
G	Depreciable value (excluding IT equipment and software) (E*90%)	371.76	371.76	371.76	371.76	371.76
H	Depreciable value of IT equipment and software (F*100%)	21.68	21.68	21.68	21.68	21.68
I	Total Depreciable Value (G+H)	393.44	393.44	393.44	393.44	393.44
J	Weighted average rate of Depreciation (WAROD) (in %)	5.809	5.809	5.809	5.809	5.809
K	Lapsed useful life at the beginning of the year (Year)	4	5	6	7	8
L	Balance useful life at the beginning of the year (Year)	21	20	19	18	17
M	Depreciation during the year (D*J)	25.25	25.25	25.25	25.25	25.25
N	Cumulative Depreciation at the end of the year	103.00	128.26	153.51	178.76	204.01
O	Remaining Aggregate Depreciable Value at the end of the year	290.44	265.19	239.93	214.68	189.43



17. The details of depreciation allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020, depreciation claimed in the instant Petition, and trued-up depreciation allowed for the Combined Asset and Asset-B3 in the instant order are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	429.13	429.13	429.13	429.13	429.13
Claimed by the Petitioner in the instant Petition	429.14	429.14	429.14	429.14	429.14
Allowed after truing-up in this order	429.13	429.13	429.13	429.13	429.13

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	25.25	25.25	25.25	25.25	25.25
Claimed by the Petitioner in the instant Petition	25.25	25.25	25.25	25.25	25.25
Allowed after truing-up in this order	25.25	25.25	25.25	25.25	25.25

Interest on Loan (IoL)

18. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on Loans based on its actual loan portfolio and prevailing interest rate. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Asset and Asset-B3 is as follows:

(₹ in lakh)

Combined Asset						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	5678.40	5678.40	5678.40	5678.40	5678.40
B	Cumulative Repayments up to Previous Year	1914.81	2343.94	2773.07	3202.20	3631.32
C	Net Loan-Opening (A-B)	3763.59	3334.46	2905.33	2476.20	2047.08
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	429.13	429.13	429.13	429.13	429.13
F	Net Loan-Closing (C+D-E)	3334.46	2905.33	2476.20	2047.08	1617.95
G	Average Loan (C+F)/2	3549.03	3119.90	2690.77	2261.64	1832.51
H	Weighted Average Rate of Interest on Loan (in %)	7.558	6.899	6.686	7.349	8.116
I	Interest on Loan (G*H)	268.23	215.24	179.91	166.20	148.72



(₹ in lakh)

Asset B3						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	304.33	304.33	304.33	304.33	304.33
B	Cumulative Repayments up to Previous Year	77.75	103.00	128.26	153.51	178.76
C	Net Loan-Opening (A-B)	226.58	201.33	176.07	150.82	125.57
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	25.25	25.25	25.25	25.25	25.25
F	Net Loan-Closing (C+D-E)	201.33	176.07	150.82	125.57	100.32
G	Average Loan (C+F)/2	213.95	188.70	163.45	138.19	112.94
H	Weighted Average Rate of Interest on Loan (in %)	8.622	8.401	8.391	8.478	8.587
I	Interest on Loan (G*H)	18.45	15.85	13.72	11.72	9.70

19. The details of IoL allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020, IoL claimed in the instant Petition, and trued-up IoL allowed for the Combined Asset and Asset-B3 in the instant order are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	272.10	237.31	203.24	169.46	135.47
Claimed by the Petitioner in the instant Petition	266.74	215.24	179.91	166.19	148.72
Allowed after truing-up in this order	268.23	215.24	179.91	166.20	148.72

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	18.52	16.20	14.04	11.88	9.72
Claimed by the Petitioner in the instant Petition	18.45	15.85	13.72	11.72	9.70
Allowed after truing-up in this order	18.45	15.85	13.72	11.72	9.70

Return on Equity (RoE)

20. 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).



21. 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

22. MPPMCL has submitted that the Petitioner has grossed up the RoE on the basis of actual taxes paid during the FYs 2019-20, 2020-21, 2021-22 and 2022-23. For the FY 2023-24, it has been grossed up on the basis of the applicable MAT rate, surcharge and cess. MPPMCL has further submitted that the Petitioner has not placed on record the assessment orders and also that the Petitioner has not claimed the grossed-up the RoE on the basis of the actual taxes paid for the FY 2023-24. MPPMCL has further submitted that the FY 2024-25 is about to end, whereas the Petitioner has not yet filed the ITR for the FY 2023-24. Further, the Petitioner has neither submitted the copy of the assessment orders nor the audited accounts in respect of the actual taxes paid for the financial years mentioned in the Petition. In the absence of these essential documents, it is not possible to scrutinise the claim of the Petitioner properly.

23. In response, the Petitioner has submitted that its Income Tax assessment has been completed and Assessment Orders have been issued by the Income Tax Department for the FY 2019-20 and FY 2020-21. Further, the income tax assessment for the FY 2021-22, 2022-23 and 2023-24 are currently under progress with the income tax authorities. The Assessment orders for the FY 2019-20 and 2020-21 and

ITRs for the FY 2021-22, FY 2022-23 and FY 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024.

24. The Petitioner has submitted that the income tax return for the FY 2023-24 has now been filed, and 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 115 JB (₹)	Effective Tax percentage	Grossed up ROE (Base rate/(1-t))
2019-20	Assessment Order	24,52,62,76,991	1,40,37,47,53,855	17.472%	18.782%
2020-21	Assessment Order	26,08,93,59,008	1,49,32,09,65,036	17.472%	18.782%
2021-22	Actual Tax paid	31,81,46,40,406	1,82,08,92,88,030	17.472%	18.782%
2022-23	Actual Tax paid	30,42,88,20,993	1,74,15,76,29,306	17.472%	18.782%
2023-24	Actual Tax paid	31,32,12,38,737	1,79,26,53,31,597	17.472%	18.782%

25. The Petitioner has requested to allow it to claim the differential tariff on account of the trued-up ROE based on effective tax rate calculated on completion of Income-tax assessment/re-assessment for the FYs 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on receipt of the respective assessment orders, directly from the beneficiaries, on a year to year basis as provided in the regulation. Further, the current Petition is filed for 2019-24 and 2024-29 tariff blocks and that the audited statements pertaining to actual taxes paid during the 2014-15, 2015-16 and 2016-17 have already been submitted in the Petitions filed during truing up of the 2014-19 tariff block and hence the same are submitted in the instant Petition.

26. We have considered the Petitioner's and MPPMCL's submissions. As regards the contention of MPPMCL for non-submission of assessment order by the Petitioner, we observed that the Petitioner has already submitted the assessment orders issued by the Income Tax Department for the FY the 2019-20 and FY the 2020-21 where assessment has been completed and the income has been assessed under MAT [115JB of the Income Tax Act, 1961 (IT Act, 1961)]. The Petitioner has also furnished

the Income Tax Returns (ITRs) for the FY 2021-22, FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024). Accordingly, the claim of the MPPMCL has no merit. We further observed 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 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 an effective tax rate for the purpose of grossing up of 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 of the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be, on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates is considered for the purpose of grossing up the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax (in %)	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

27. Accordingly, the trued-up RoE allowed in respect of the Combined Asset and Asset-B3 for the 2019-24 tariff period is as follows:

(₹ in lakh)

Combined Asset						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	2433.52	2433.52	2433.52	2433.52	2433.52
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2433.52	2433.52	2433.52	2433.52	2433.52
D	Average Equity (A+C)/2	2433.52	2433.52	2433.52	2433.52	2433.52
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	457.06	457.06	457.06	457.06	457.06

(₹ in lakh)

Asset B3						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	130.42	130.42	130.42	130.42	130.42
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	130.42	130.42	130.42	130.42	130.42
D	Average Equity (A+C)/2	130.42	130.42	130.42	130.42	130.42
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	24.50	24.50	24.50	24.50	24.50

28. The details of the RoE allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020, RoE claimed in the instant Petition, and trued-up RoE allowed for the Combined Asset and Asset-B3 in the instant order are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	457.06	457.06	457.06	457.06	457.06
Claimed by the Petitioner in the instant Petition	457.06	457.06	457.06	457.06	457.06
Allowed after truing-up in this order	457.06	457.06	457.06	457.06	457.06

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	24.50	24.50	24.50	24.50	24.50
Claimed by the Petitioner in the instant	24.50	24.50	24.50	24.50	24.50



Petition					
Allowed after truing-up in this order	24.50	24.50	24.50	24.50	24.50

Operation & Maintenance Expenses (O&M Expenses)

29. The Petitioner, in the instant true-up Petition, has claimed the following O&M Expenses:

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset	494.02	511.72	529.67	548.66	567.15
Asset-B3	45.02	46.60	48.24	49.92	51.68

30. 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 Combined Asset and Asset-B3 are as follows:

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station :400 kV Bays					
<ul style="list-style-type: none"> 1 No ICT-III bay at Mapusa Sub-station 2 No 400 kV Line Bay for Indore-Pithampur 1 and 2 at Indore Sub-station 					
Norms as per Regulation (₹ Per Bay)	32.15	33.28	34.45	35.66	36.91
O&M Expenses	96.45	99.84	103.35	106.98	110.73
Sub-station: 400 kV Bays GIS					
1 No 500 MVA 400/220 kV ICT bay at Navsari Sub-station					
Norms as per Regulation# (₹ Per Bay)	22.51	23.30	24.12	24.96	25.84
O&M Expenses	22.51	23.30	24.12	24.96	25.84
Sub-station :220 kV Bays					
<ul style="list-style-type: none"> 1 No ICT-III bay at Mapusa Sub-station 2 No Line bays at Mapusa Sub-station 					
Norms as per Regulation (₹ Per Bay)	22.51	23.3	24.12	24.96	25.84
O&M Expenses	67.53	69.9	72.36	74.88	77.52
Sub-station: 220 kV Bays GIS					
1 No 500 MVA 400/220 kV ICT bay at Navsari Sub-station					
Norms as per Regulation# (₹ Per Bay)	15.76	16.31	16.88	17.47	18.09
O&M Expenses	15.76	16.31	16.88	17.47	18.09
Sub-station :400 kV ICTs					
1 No. 315 MVA, 400/220 kV ICT at Mapusa Sub-station					
1 No. 500 MVA, 400/220 kV ICT at Navsari Sub-station					
Norms as per Regulation (₹)	0.358	0.371	0.384	0.398	0.411

Per MVA)					
O&M Expenses	291.77	302.365	312.96	324.37	334.965
Total O&M Expenses allowed	494.02	511.72	529.67	548.66	567.15

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

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Sub-station: 220 kV Bays					
<ul style="list-style-type: none"> 1 No 220 kV Line Bay for Pirana-Barajadi #1 at Pirana Sub-station 1 No 220 kV Line Bay for Pirana-Barajadi #2 at Pirana Sub-station 					
Norms as per Regulation ('Per Bay)	22.51	23.3	24.12	24.96	25.84
Total O&M Expenses allowed	45.02	46.60	48.24	49.92	51.68

31. Accordingly, the O&M Expenses allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020, O&M Expenses claimed in the instant Petition, and trued-up O&M Expenses allowed for the Combined Asset and Asset-B3 in the instant order are as follows:

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	494.01	511.71	529.67	548.66	567.14
As claimed by the Petitioner in the instant Petition	494.02	511.72	529.67	548.66	567.15
Allowed in the instant true-up Petition	494.02	511.72	529.67	548.66	567.15

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	45.02	46.60	48.24	49.92	51.68
As claimed by the Petitioner in the instant Petition	45.02	46.60	48.24	49.92	51.68
Allowed in the instant true-up Petition	45.02	46.60	48.24	49.92	51.68

Interest on Working Capital (IWC)

32. 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 the FY 2023-24.

33. The components of the working capital and interest allowed thereon for the Combined Asset and Asset-B3 are as follows:

(₹ in lakh)						
Combined Asset						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for Maintenance Spares (15% of O&M Expenses)	74.10	76.76	79.45	82.30	85.07
B	Working Capital for O&M Expenses (O&M Expenses for one month)	41.17	42.64	44.14	45.72	47.26
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	207.46	203.36	200.94	201.66	201.91
D	Total Working Capital (A+B+C)	322.73	322.76	324.53	329.68	334.24
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)	38.89	36.31	34.08	34.62	40.11

(₹ in lakh)						
Asset B3						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for Maintenance Spares (15% of O&M expenses)	6.75	6.99	7.24	7.49	7.75
B	Working Capital for O&M Expenses (O&M Expenses for one month)	3.75	3.88	4.02	4.16	4.31
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	14.29	14.18	14.10	14.07	14.05
D	Total Working Capital (A+B+C)	24.79	25.05	25.36	25.71	26.11
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)	2.99	2.82	2.66	2.70	3.13

34. The details of IWC allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020, IWC claimed in the instant Petition, and trued-up IWC allowed for the Combined Asset and Asset-B3 in the instant order are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	38.95	36.62	36.87	37.17	37.38
Claimed by the Petitioner in the instant Petition	38.87	36.31	34.08	34.62	40.11
Allowed after truing-up in this order	38.89	36.31	34.08	34.62	40.11

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	2.99	2.82	2.86	2.90	2.93
Claimed by the Petitioner in the instant Petition	2.99	2.82	2.66	2.70	3.13
Allowed after truing-up in this order	2.99	2.82	2.66	2.70	3.13

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

35. Accordingly, the Annual Fixed Charges (AFC) allowed after truing-up for the 2019-24 tariff period in respect of the Combined Asset and Asset-B3 are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	429.13	429.13	429.13	429.13	429.13
Interest on Loan	268.23	215.24	179.91	166.20	148.72
Return on Equity	457.06	457.06	457.06	457.06	457.06
O&M Expenses	494.02	511.72	529.67	548.66	567.15
Interest on Working Capital	38.89	36.31	34.08	34.62	40.11
Total	1687.33	1649.47	1629.85	1635.67	1642.18

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	25.25	25.25	25.25	25.25	25.25
Interest on Loan	18.45	15.85	13.72	11.72	9.70
Return on Equity	24.50	24.50	24.50	24.50	24.50
O&M Expenses	45.02	46.60	48.24	49.92	51.68
Interest on Working Capital	2.99	2.82	2.66	2.70	3.13
Total	116.20	115.02	114.37	114.09	114.26

36. The details of annual transmission charges allowed vide order dated 19.2.2021 in Petition No. 327/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 Combined Asset and Asset-B3 are as follows:

(₹ in lakh)

Combined Asset					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	1691.25	1671.83	1655.96	1641.48	1626.18
Claimed by the Petitioner in the instant Petition	1685.83	1649.47	1629.86	1635.67	1642.18
Allowed after truing-up in this order	1687.33	1649.47	1629.85	1635.67	1642.18

(₹ in lakh)

Asset-B3					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 19.2.2021 in Petition No. 327/TT/2020	116.28	115.37	114.89	114.45	114.08
Claimed by the Petitioner in the instant Petition	116.21	115.02	114.37	114.09	114.26
Allowed after truing-up in this order	116.20	115.02	114.37	114.09	114.26

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

37. As discussed above in this order, the Petitioner has combined the assets i.e. Asset-A1, Asset-B1, Asset-B2(a) & Asset-B2(b)), and Asset-B3 into a single asset viz. Combined Asset for the 2024-29 period and claimed combined tariff.

38. We have considered the submissions of the Petitioner and observed that the downstream System for Asset-B3 under the scope of GETCO was charged on 28.9.2022 under the 2019-24 tariff period. Accordingly, we proceed with single tariff for the Combined Asset as per proviso (i) of Regulation 8(1) of the 2024 Tariff Regulations for the 2024-29 tariff period.

39. The Petitioner has claimed the following transmission charges for the Combined Asset for the 2024-29 tariff period:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	456.91	452.29	436.56	160.84	160.84
Interest on Loan	120.90	83.30	47.21	23.25	10.30
Return on Equity	481.56	481.56	481.56	481.56	481.56
O&M Expenses	440.61	463.92	487.91	513.34	541.03
Interest on Working Capital	34.75	35.13	35.39	31.97	33.02
Total	1534.73	1516.20	1488.63	1210.96	1226.75

40. The Petitioner has claimed the following IWC for the Combined Asset for the 2024-29 tariff period:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	36.72	38.66	40.66	42.78	45.09
Maintenance Spares	66.09	69.59	73.19	77.00	81.15
Receivables	189.21	186.93	183.53	148.89	151.24
Total Working Capital	292.02	295.18	297.38	268.67	277.48
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	34.75	35.13	35.39	31.97	33.02

Effective Date of Commercial Operation (E-COD)

41. The Petitioner has claimed the E-COD of the Combined Asset as 31.5.2014. Based on the trued-up admitted capital cost as on 31.3.2024 and the actual COD of all the assets, E-COD has been worked out as under:

Assets	Actual COD	Trued-up capital cost as on 31.3.2024	Weight of the cost (in %)	No. of days from COD of the transmission asset from the COD of the project	Weighted days	ECOD (latest COD-weighted days)
Combined Asset (Asset-A1, Asset-B1, Asset-B2(a) and Asset-B2(b))	16.5.2014	8111.93	94.91	309.00	293.28	31.5.2014
Asset-B3	21.3.2015	434.75	5.09	0.00	0.00	
Total		8546.68	100.00		293.28	

42. E-COD is used to determine the lapsed life of the transmission project as a whole, which works out as 9 (nine) years as on 1.4.2024 (i.e., the number of years completed as on 1.4.2024 from the E-COD)

Weighted Average Life (WAL) of the Project

43. The life as defined in Regulation 33 of the 2024 Tariff Regulations has been considered for the determination of WAL.

44. The Combined Asset may have multiple elements such as land, building, transmission line, sub-station, and PLCC and each element may have a different span of life. Therefore, the concept of WAL has been used as the useful life of the transmission project as a whole.

45. WAL has been determined based on the admitted capital cost of the individual elements as on 31.3.2024 and their respective life as specified in the 2024 Tariff Regulations. The element-wise life as defined in the regulations prevailing at the time of the actual COD of the individual transmission asset, has been ignored for this purpose. The life as defined in the 2024 Tariff Regulations has been considered for the determination of WAL. Accordingly, the WAL of all the transmission assets has been worked out as 25 years as under:

Particulars	Life (in years) (1)	Capital cost as on 31.3.2024 (₹ in lakh) (2)	Weighted Cost (₹ in lakh) (3) = (1) x (2)	Weighted Average Life of Asset (in years) (4) = (3) / (2)
Building Civil Works & Colony	25	367.83	9195.75	24.51 (Rounded off to 25 years)
Sub-station Equipment	25	7954.46	198861.50	
PLCC	6.67	133.31	888.73	
IT Equipment	6.67	91.07	607.13	
Total		8546.67	209553.12	

Capital Cost

46. 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.”

47. The Petitioner has claimed the capital cost of ₹8546.67 lakh as on 31.3.2019 for the Combined Asset. MPPMCL has requested that the tariff for the 2024-29 tariff period may be allowed only after admitting the cost as on 31.3.2024 after a prudence check. We have considered the Petitioner’s and MPPMCL’s submissions. The capital cost approved as on 31.3.2024 is ₹8546.67 lakh and the same is considered as the opening capital cost for the transmission asset as on 1.4.2024 for the determination of transmission tariff for the 2024-29 period.

Initial Spares

48. Regulation 23(d) of the 2024 Tariff Regulations provides as follows:

“23. Initial Spares: Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to the following ceiling norms:

....

(d) Transmission system

- (i) Transmission line - 1.00%*
- (ii) Transmission Sub-station*
 - Green Field - 4.00%*
 - Brown Field - 6.00%*
- (iii) Series Compensation devices and HVDC Station - 4.00%*
- (iv) Gas Insulated Sub-station (GIS)*
 - Green Field - 5.00%*
 - Brown Field - 7.00%*
- (v) Communication system - 3.50%*
- (vi) Static Synchronous Compensator - 6.00%*

.....”

49. The Commission, vide order dated 19.2.2021 in Petition No. 327/TT/2020, allowed the total Initial Spares of ₹326.57 lakh after deducting excess Initials Spares amounting to ₹56.43 lakh.

50. The Petitioner in the instant Petition has submitted that the Commission vide order dated 19.2.2021 in Petition No. 327/TT/2020 gave liberty to the Petitioner to seek reconsideration of Initial Spares at the time of truing up of the 2019-24 tariff period

on the basis of overall project cost as per the Appellate Tribunal for Electricity's (the APTEL) judgement dated 14.9.2019 in Appeal No. 74 of 2017. The Petitioner in the instant Petition has further submitted that the Initial Spares based on the overall project cost is ₹383.00 lakh which is higher than the overall allowable initial spares of ₹326.57 lakh. However, the Petitioner has not revised the capital cost on account of Initial Spares and claimed the same capital cost as approved vide order dated 19.2.2021.

51. We have considered the Petitioner's submissions. The commission vide order dated 19.02.2021 in Petition No. 327/TT/2020 is held as under:

"Initial Spares

64. Initial Spares were allowed for the 2014-19 period on the basis of the cost of individual assets. The tariff for Asset-B3 is allowed separately as it has to be bilaterally billed on GETCO as the transmission assets under the scope of GETCO were not ready. As all the transmission assets are not combined in the 2019-24 tariff period, initial spares are allowed on the plant and machinery cost of the individual assets as on the cut-off date. The Petitioner is at liberty to seek reconsideration of the same at the time of truing of tariff of the 2019-24 tariff period on the basis of overall project cost as per APTEL's judgement dated 14.9.2019 in Appeal No. 74 of 2017."

52. The Petitioner has claimed the same capital cost as approved vide order dated 19.2.2021 in Petition No. 327/TT/2020 and has not claimed any additional amount of Initial Spares based on the overall capital cost of the project. Accordingly, the capital cost of ₹8546.67 lakh is considered as the opening capital cost for the Combined Asset as on 1.4.2024 for the determination of transmission tariff for the 2024-29 period

Additional Capital Expenditure

53. The Petitioner has not claimed ACE in respect of the Combined Asset for the 2024-29 tariff period.

Debt Equity Ratio

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

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

normative loan:

Provided that:

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

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

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

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

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

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

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

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

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

55. 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 Combined 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	5982.73	70.00	5982.73	70.00
Equity	2563.94	30.00	2563.94	30.00
Total	8546.67	100.00	8546.67	100.00

Depreciation

56. 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.

.....”

57. 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 Combined Asset as per the rates of depreciation specified in the 2024 Tariff Regulations. The Combined Asset will be completing its 12 years of life as on 31.3.2027. Therefore, the remaining depreciable value has been spread over the balance of the useful life of 13 years of the Combined Asset in accordance with the 2024 Tariff Regulations.

58. The depreciation allowed for the Combined 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	8546.67	8546.67	8546.67	8546.67	8546.67
B	Addition during the year 2024-29 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	8546.67	8546.67	8546.67	8546.67	8546.67
D	Average Gross Block (A+C)/2	8546.67	8546.67	8546.67	8546.67	8546.67
E	Average Gross Block (90% depreciable assets)	8455.60	8455.60	8455.60	8455.60	8455.60
F	Average Gross Block (100% depreciable assets)	91.07	91.07	91.07	91.07	91.07
G	Depreciable value (excluding IT equipment and software) (E*90%)	7610.04	7610.04	7610.04	7610.04	7610.04
H	Depreciable value of IT equipment and software (F*100%)	91.07	91.07	91.07	91.07	91.07
I	Total Depreciable Value (G+H)	7701.11	7701.11	7701.11	7701.11	7701.11
J	Weighted average rate of Depreciation (WAROD) (in %)	5.339	5.292	5.091	Spread over Depreciation	
K	Lapsed useful life at the beginning of the year (Year)	9	10	11	12	13
L	Balance useful life at the beginning of the year (Year)	16	15	14	13	12
M	Depreciation during the year	456.33	452.28	435.13	160.99	160.99
N	Cumulative Depreciation at the end of the year	4720.90	5173.17	5608.30	5769.29	5930.27
O	Remaining Aggregate Depreciable Value at the end of the year	2980.21	2527.94	2092.81	1931.82	1770.84

Interest on Loan (IoL)

59. 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.”

60. The Petitioner has submitted that IoL has been calculated based on interest rates prevailing as on 1.4.2024 for the respective loans. Accordingly, the weighted average rate of Interest on Loan (IoL) has been considered as claimed by the Petitioner. The Petitioner has prayed that the change in interest rate due to the floating rate of interest applicable, if any, during the 2024-29 tariff period will be adjusted. Accordingly, the floating interest rate, if any, shall be considered at the time of truing-up.

61. We have considered the Petitioner's submissions and the IoL has been worked out in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed for the Combined 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	5982.73	5982.73	5982.73	5982.73	5982.73
B	Cumulative Repayments up to Previous Year	4264.57	4720.90	5173.17	5608.30	5769.29
C	Net Loan-Opening (A-B)	1718.16	1261.83	809.56	374.43	213.44
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	456.33	452.28	435.13	160.99	160.99
F	Net Loan-Closing (C+D-E)	1261.83	809.56	374.43	213.44	52.46
G	Average Loan (C+F)/2	1490.00	1035.70	591.99	293.94	132.95
H	Weighted Average Rate of Interest on Loan (in %)	8.115	8.047	7.992	7.961	7.851
I	Interest on Loan (G*H)	120.92	83.34	47.31	23.40	10.44

Return on Equity (RoE)

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

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

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

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

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

Provided further that:

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

“31. Tax on Return on Equity. (1) The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and

tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.

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

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

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

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

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

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

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

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

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

64. 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 Combined Asset is as under:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	2563.94	2563.94	2563.94	2563.94	2563.94
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2563.94	2563.94	2563.94	2563.94	2563.94
D	Average Equity (A+C)/2	2563.94	2563.94	2563.94	2563.94	2563.94
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	481.56	481.56	481.56	481.56	481.56

Operation and Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	440.61	463.92	487.91	513.34	541.03

66. 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
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453



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

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

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

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

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

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

67. We have considered the Petitioner's submissions. The O&M Expenses 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 Combined Asset as per Regulation 36 of the 2024 Tariff Regulations are as under:

Combined Asset					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Sub-station :400 kV Bays					
<ul style="list-style-type: none"> 1 No ICT-III bay at Mapusa Sub-station 2 No 400 kV line Bay for Indore-Pithampur #1& 2 at Indore Sub-station 					
Norms as per Regulation (' Per Bay)	29.53	31.08	32.71	34.43	36.23
O&M Expenses	88.59	93.24	98.13	103.29	108.69
Sub-station :400 kV GIS Bay					
1 No 500 MVA 400/220 kV ICT bay at Navsari Sub-station					
Norms as per Regulation# (' Per Bay)	20.67	21.76	22.90	24.10	25.36

O&M Expenses	20.67	21.76	22.90	24.10	25.36
Sub-station :220 kV Bays					
<ul style="list-style-type: none"> 1 No ICT-III bay at Mapusa Sub-station 2 No Line bays at Mapusa Sub-station 2 No 220 kV Line Bay for Pirana-Barajadi 1 & 2 at Pirana Sub-station 					
Norms as per Regulation (Per Bay)	20.67	21.75	22.9	24.1	25.36
O&M Expenses	103.35	108.75	114.50	120.50	126.80
Sub-station :220 kV GIS Bays					
1 No 500 MVA 400/220 kV ICT bay at Navsari Sub-station					
Norms as per Regulation # (Per Bay)	14.47	15.23	16.03	16.87	17.75
O&M Expenses	14.47	15.23	16.03	16.87	17.75
Sub-station :400 kV ICTs					
1 No. 315 MVA, 400/220 kV ICT at Mapusa Sub-station					
1 No. 500 MVA, 400/220 kV ICT at Navsari Sub-station					
Norms as per Regulation (Per MVA)	0.262	0.276	0.29	0.305	0.322
O&M Expenses	213.53	224.94	236.35	248.575	262.43
Total O&M Expenses allowed	440.61	463.92	487.91	513.34	541.03

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

Interest on Working Capital (IWC)

68. 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.”

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

70. 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 Combined Asset are as under:

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for Maintenance Spares (15% of O&M Expenses)	66.09	69.59	73.19	77.00	81.15
B	Working Capital for O&M Expenses (O&M Expenses for one month)	36.72	38.66	40.66	42.78	45.09
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	189.14	186.93	183.36	148.93	151.28
D	Total Working Capital (A+B+C)	291.95	295.18	297.21	268.70	277.52
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)	34.74	35.13	35.37	31.98	33.02

Annual Fixed Charges for the 2024-29 Tariff Period

71. The transmission charges allowed in respect of the Combined Asset for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	456.33	452.28	435.13	160.99	160.99
Interest on Loan	120.92	83.34	47.31	23.40	10.44
Return on Equity	481.56	481.56	481.56	481.56	481.56
O&M Expenses	440.61	463.92	487.91	513.34	541.03
Interest on Working Capital	34.74	35.13	35.37	31.98	33.02
Total	1534.16	1516.23	1487.28	1211.26	1227.04

Filing Fee and Publication Expenses

72. 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.

73. 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)

74. 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.

75. 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.”

76. 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.

License Fee and RLDC Fees and Charges

77. The Petitioner has claimed reimbursement of the licence fee, RLDC Fees, and Charges. The Petitioner is allowed the reimbursement of the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

78. 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.

79. MPPMCL has submitted that the demand of the Petitioner is premature and need not to be considered at this juncture.

80. In response, the Petitioner has reiterated its submissions as mentioned in the Petition.

81. We have considered the Petitioner's and MPPMCL'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

82. 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.

83. 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 Combined Asset are not claimed in the instant Petition.

84. 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.

85. The Petitioner has not claimed capital spares for the Combined 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.

86. 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."

87. 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

88. As regards the sharing of transmission charges, the Petitioner has submitted the following:

2019-24 Tariff Period: For Combined Asset A-I, Asset-B1, Asset-B2(a) and Asset-B2(b)

89. The transmission tariff for the 2019-24 tariff period shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers in terms of the provisions of the 2020 Sharing Regulations or as amended from time to time.

For Asset-B3

90. The downstream system of Asset-B3 under the scope of GETCO was charged on 28.9.2022 and, therefore, the truing up tariff for the 2019-24 tariff period for Asset-B3 shall be billed bilaterally on GETCO upto 27.9.2022 and, thereafter, truing up tariff for transmission of electricity (Annual Fixed Cost) from 28.9.2022 till 31.3.2024 shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers in terms of the provisions of the 2020 Sharing Regulations or as amended from time to time.

2024-29 Tariff Period

91. The transmission tariff for the 2024-29 tariff period shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers in terms of the provisions of the 2020 Sharing Regulations or as amended from time to time.

92. We have considered the submissions of the Petitioner. The Commission vide order dated 23.5.2016 in Petition No. 109/TT/2014 held as under:

“51. The transmission charges for the instant assets shall be borne by the discoms whose downstream system was not ready, till the commissioning of the downstream system. After the commissioning of downstream system, the billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time as provided in Regulation 43 of the 2014 Tariff Regulations.”

93. We have observed that the downstream system of Asset-B3 under the scope of GETCO was charged on 28.9.2022 and, therefore, the transmission charges upto 27.9.2022 in case of Asset-B3 shall be borne by GETCO and from 28.9.2022, the transmission charges in case of Asset-B3 shall be included in PoC pool.

94. The billing, collection, and disbursement of the transmission charges for the Combined 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.

95. To summarize:

- a) The trued-up AFC allowed in respect of the Combined Asset and Asset B3 respectively for the 2019-24 tariff period are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Asset	1687.33	1649.47	1629.85	1635.67	1642.18
Asset-B3	116.20	115.02	114.37	114.09	114.26

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Allowed	1534.16	1516.23	1487.28	1211.26	1227.04

96. This order disposes of Petition No. 108/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member