

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 110/TT/2025**

**Coram:**

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

**Date of Order: 20.03.2025**

**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 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 400 kV S/C Vindhyachal-Korba Ckt-II along with associated bay equipment at Vindhyachal and Korba under “Korba Vindhyachal Transmission System” 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 Audyogik Kendra,  
Vikas Nigam (Indore) Limited,  
3/54, Press Complex,  
Agra-Bombay Road, Indore-452008.**
- 3. Maharashtra State Electricity Distribution Company Limited,  
Hongkong Bank Building, 3rd Floor,  
M.G. Road, Fort, Mumbai-400001.**
- 4. Gujarat Urja Vikas Nigam Limited,  
Sardar Patel Vidyut Bhawan,  
Race Course Road, Vadodara-390007.**



5. **Electricity Department,**  
Government of Goa, Vidyut Bhawan, Panaji,  
Near Mandvi Hotel, Goa-403001.
6. **Electricity Department,**  
Administration of Daman & Diu,  
Daman-396210.
7. **DNH Power Distribution Corporation Limited,**  
Vidyut Bhawan, 66 kV Road, Near Secretariat Amli,  
Silvassa-396230.
8. **Chhattisgarh State Power Distribution Company Limited,**  
P. O. Sunder Nagar, Dangania, Raipur,  
Chhattisgarh-492013.

...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 400 kV S/C Vindhyachal-Korba Ckt-II along with associated bay equipment at Vindhyachal and Korba (hereinafter referred to as “the transmission asset”) under “Korba Vindhyachal transmission system” (hereinafter referred to as “the transmission system”) in the Western 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) 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.
- 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 19 above.
- h) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 19 above.
- i) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 19 above.
- j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 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 Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice
- l) 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
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*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.*

*Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long-term customers / DIC, as and when the same materialized as per regulation 67 of 2019 and regulation 89 of 2024 tariff regulation. The petitioner may be allowed to recover the deferred tax liability materialized directly without making any application before the commission as provided in the regulations.”*

### **Background**

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

(a) The Investment Approval (the IA) for the transmission system was accorded by the Board of Directors of the Petitioner vide its Memorandum dated 19.2.2004 at an estimated cost of ₹16402.00 lakh, including an IDC of ₹878.00 lakh. The transmission system was to be completed by February, 2007. Subsequently, approval for the Revised Cost Estimate (the RCE) was accorded by the Board of Directors of the Petitioner vide letter dated 10.7.2007 for an estimated cost of ₹21253.00 lakh, which included an IDC of ₹1447 lakh.

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

#### **Transmission Lines:**

400 kV S/C Vindhyachal-Korba Ckt-II along with associated bay equipment at Vindhyachal and Korba under “Korba Vindhyachal transmission system” in the Western Region.

(c) The transmission tariff for the transmission asset was allowed for the period from 1.6.2007 to 31.3.2009 vide order dated 9.4.2009 in Petition No. 127/2008. It was further revised vide order dated 8.4.2010 in Petition No. 307/2009 due to Additional Capital Expenditure (ACE) incurred during 2008-09. The tariff for the 2009-14 tariff period was allowed vide order dated 17.9.2010 in Petition No. 167/2010. The tariff for the 2009-14 period was trued-up, and the tariff for the period from 1.4.2014 to 31.3.2019 was allowed vide order dated 31.12.2015 in Petition No. 358/TT/2014.



(d) Based on the Appellate Tribunal for Electricity (the APTEL) judgement dated 22.1.2007 in Appeal No. 81 of 2005 and batch matters and dated 13.6.2007 in Appeal No. 139 of 2006 and batch matters, the Commission vide order dated 2.7.2021 in Petition No. 491/TT/2019 has revised the transmission tariff in respect of the transmission asset for the 2004-09 tariff period and 2009-14 tariff period, trued-up the tariff for the 2014-19 tariff period and allowed the AFC for the 2019-24 tariff period.

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 3.3.2025, has filed its reply and mainly raised the issues of grossing up of Return on Equity (RoE) with effective tax rates, admitting the capital cost, effects of CGST and sharing of transmission charges. The Petitioner, vide affidavit dated 6.3.2025, filed the rejoinder to the reply of MPPMCL. The submissions made by MPPMCL and the reply thereto filed by the Petitioner have been dealt with in the relevant portions of this order.

6. In compliance with the directions of the Commission given vide Record of Proceedings dated 12.2.2025, the Petitioner filed additional information vide affidavit

dated 4.3.2025. The Petitioner has submitted that all the assets covered under the instant Petition are presently in use, and that there is no decapitalization in the transmission asset.

7. With regard to the details of other Petitions where the additional assets have been implemented at Vindhyachal Sub-station, the Petitioner has submitted the following information:

Sr. No.	Name of the Sub-station	Asset name	COD
1	Vindhyachal and Vindhyachal PS	1 No. 765 kV line Bay at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Sasan UMPP-Vindhyachal Pooling Station (POWERGRID) 765 kV 2nd S/C line);	28.4.2018
		2 Nos. 400 kV line Bays at 765/400 kV Vindhyachal Pooling Station of POWERGRID (for Vindhyachal (IV/V) STPP switchyard (NTPC)-Vindhyachal Pooling Station (POWERGRID) 400 kV 2nd D/C (quad) line	18.3.2018
		1X1500 MVA 765/400 KV ICT along with associated bays at Vindhyachal Pooling Station	31.7.2017
		2 Nos. 765 KV line bays and 2 Nos. 330 MVAR LR each at both Vindhyachal and Jabalpur end (for 765 kV D/C Vindhyachal PS-Jabalpur PS line (TBCB)	1.1.2019
		2 Nos. 765 kV (GIS) Line Bays along with 2x330 MVAR Line Reactor (non-switchable) at 765/400 kV Varanasi GIS Sub-station and 2 Nos. 765 kV line bays at Vindhyachal Pooling Station	1.8.2021
		400 kV Vindhyachal-Jabalpur Ckt. III and IV	1.2.1998
		400 kV Vindhyachal-Korba S/C Transmission Line	24.7.1988
		400 kV Vindhyachal-Jabalpur D/C Transmission Line ckt 1 and 2	7.11.1989
		400 kV D/C Vindhyachal-Satna-Bina transmission lines with associated bays and 400/220 kV Sub-station at Satna (1 x 315 MVA ICT);	1.8.1999
		Ckt-III of 400 kV D/C Vindhyachal-Satna Transmission Line alongwith associated bays	1.10.2006
		Ckt-IV of 400 kV D/C Vindhyachal-Satna line along with associated bays;	1.12.2006
		LILO of 400 kV D/C Vindhyachal-Jabalpur Ckts 3 and 4 TL at Sasan	1.4.2012
		Vindhyachal-Korba ckt-II alongwith associated bays at Vindhyachal and Korba Switchyard	1.6.2007
		400 kV D/C (Quad) Vindhyachal IV-Vindhyachal Pooling Station (Bypassing Vindhyachal Pooling Station) Transmission Line	1.1.2013
		400 kV D/C (Twin) Sasan-Vindhyachal Pooling Transmission Line	1.1.2013

	One Ckt of Rihand III-Vindhyachal Pooling Station 765 kV D/C Transmission Line	6.7.2014
	765/400 kV Vindhyachal Pooling Station (New) including 1500 MVA ICT II along with associated bays at Vindhyachal Pooling Station & 765 S/C Vindhyachal Pooling Station-Satna Ckt 1 Transmission Line with Bays at Vindhyachal Pooling Station along with 3*80 MVAR Switchable Line Reactor & associated line bays at Vindhyachal Pooling Station for one ckt of 400 kV D/C Sasan-Vindhyachal Pooling Station Transmission Line & 765 kV S/C Sasan-Vindhyachal Pooling Station Transmission Line along with associated bays at Reliance Sasan	2.4.2015
	1500 MVA ICT-1 with one spare unit along with associated bays at Vindhyachal Pooling Station	4.7.2015
	765 kV S/C Vindhyachal-Satna ckt-2, with Line Reactor (3*80 MVAR) & 1 spare unit along with Bays at Vindhyachal Pooling Station	11.8.2015
	765 kV 240 MVAR Bus Reactor (3*80) with Bays at Vindhyachal Pooling Station	24.8.2015
	400 kV Bays at Vindhyachal Pooling Station for 400 kV D/C Vindhyachal Pooling Station -Sasan Ckt #2 Transmission Line and 400 kV D/C Vindhyachal Pooling Station-Vindhyachal IV Transmission Line	31.8.2015
	400 kV bay at Vindhyachal Pooling Station for 400 kV Vindhyachal IV Vindhyachal Pooling Station ckt-I Transmission Line	21.10.2015
	400 kV bay (1 No.) at Vindhyachal PS for Ckt-I of 765 kV D/C Rihand-IIIVindhyachal PS Transmission Line	6.11.2015
	400 kV 63 MVAR Bus Reactor along with Bays at Vindhyachal Pooling Station	21.3.2016
	2nd Ckt of Rihand III- Vindhyachal Pooling Station 765 kV D/C Line and associated bay at Vindhyachal Pooling Station	15.10.2015

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

9. This order is being issued considering the Petitioner's submissions in the Petition vide affidavits dated 29.7.2024 and 4.3.2025; MPPMCL's reply filed vide affidavit dated 3.3.2025, and the Petitioner's rejoinder filed vide affidavit dated 6.3.2025.

10. 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**

11. The Petitioner has claimed the following trued-up 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	991.85	231.84	231.82	231.85	231.82
Interest on Loan	168.09	112.44	91.70	71.01	48.92
Return on Equity	1057.47	1057.47	1057.47	1057.47	1057.47
O&M Expenses	211.44	218.91	226.45	234.36	242.64
Interest on Working Capital	42.56	28.62	26.70	26.73	30.57
<b>Total</b>	<b>2471.41</b>	<b>1649.28</b>	<b>1634.14</b>	<b>1621.42</b>	<b>1611.42</b>

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	31.72	32.84	33.97	35.15	36.40
Maintenance Spares	17.62	18.24	18.87	19.53	20.22
Receivables	303.86	203.34	201.47	199.90	198.12
<b>Total Working Capital</b>	<b>353.20</b>	<b>254.42</b>	<b>254.31</b>	<b>254.58</b>	<b>254.74</b>
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
<b>Interest on Working Capital</b>	<b>42.56</b>	<b>28.62</b>	<b>26.70</b>	<b>26.73</b>	<b>30.57</b>

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

13. The Commission vide order dated 2.7.2021 in Petition No. 491/TT/2019 has trued-up the tariff for the 2014-19 period and allowed the tariff for the 2019-24 tariff period. The capital cost of ₹18767.47 lakh has been approved by the Commission for the transmission asset as on 31.3.2019 in Petition No. 491/TT/2019 and the same has been considered as an opening capital cost as on 1.4.2019 for the purpose of truing-up of transmission tariff for the 2019- 24 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

14. The Petitioner has not claimed ACE for the 2019-24 tariff period in respect of the transmission asset.



15. We have considered the Petitioner's submissions. The capital cost allowed as on 31.3.2019 and as on 31.3.2024 for the transmission asset is as follows:

Apportioned approved cost as per FR/RCE	Expenditure as on 31.3.2019	Expenditure during the 2019-24 tariff period	Actual capital cost as on 31.3.2024
		2019-24	
16402.00/21253.00	18767.47	0.00	18767.47

(₹ in lakh)

### Debt-Equity Ratio

16. 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 is as follows:

Funding	Capital Cost as on 1.4.2019		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	13137.23	70.00	13137.23	70.00
Equity	5630.24	30.00	5630.24	30.00
Total	18767.47	100.00	18767.47	100.00

### Depreciation

17. 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. Further, the transmission asset has already completed 12 years of life as on 1.4.2020. The remaining depreciable value of ₹5100.36 lakh as on 01.04.2020 has been spread over the balance of the useful life of the transmission asset in accordance with the 2019 Tariff Regulations. The depreciation allowed for the transmission asset is as follows:

Sl. No.	Particulars	(₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	18767.47	18767.47	18767.47	18767.47	18767.47
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)	18767.47	18767.47	18767.47	18767.47	18767.47



Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
D	Average Gross Block (A+C)/2	18767.47	18767.47	18767.47	18767.47	18767.47
E	Average Gross Block (90% depreciable assets)	18767.47	18767.47	18767.47	18767.47	18767.47
F	Average Gross Block (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	16890.72	16890.72	16890.72	16890.72	16890.72
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	16890.72	16890.72	16890.72	16890.72	16890.72
J	Weighted average rate of Depreciation (WAROD) (in %)	5.285	Spread-over depreciation			
K	Lapsed useful life at the beginning of the year (Year)	11	12	13	14	15
L	Balance useful life at the beginning of the year (Year)	23	22	21	20	19
M	<b>Depreciation during the year(D*J)</b>	<b>991.85</b>	<b>231.83</b>	<b>231.83</b>	<b>231.83</b>	<b>231.83</b>
N	Cumulative Depreciation at the end of the year	11790.36	12022.20	12254.03	12485.87	12717.70
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	5100.36	4868.52	4636.69	4404.85	4173.02

18. The details of depreciation allowed vide order dated 2.7.2021 in Petition No. 491/TT/2019, 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 2.7.2021 in Petition No. 491/TT/2019	991.85	231.83	231.83	231.83	231.83
Claimed by the Petitioner in the instant Petition	991.85	231.84	231.82	231.85	231.82
Allowed after truing-up in this order	991.85	231.83	231.83	231.83	231.83

### Interest on Loan (IoL)

19. 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 transmission asset is as follows:

		(₹ in lakh)				
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	13137.23	13137.23	13137.23	13137.23	13137.23



Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
B	Cumulative Repayments up to Previous Year	10798.51	11790.36	12022.20	12254.03	12485.87
C	Net Loan-Opening (A-B)	2338.72	1346.86	1115.03	883.20	651.36
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	991.85	231.83	231.83	231.83	231.83
F	Net Loan-Closing (C+D-E)	1346.86	1115.03	883.20	651.36	419.53
G	Average Loan (C+F)/2	1842.79	1230.95	999.11	767.28	535.44
H	Weighted Average Rate of Interest on Loan (in %)	9.121	9.135	9.178	9.255	9.137
I	<b>Interest on Loan (G*H)</b>	<b>168.08</b>	<b>112.44</b>	<b>91.70</b>	<b>71.01</b>	<b>48.92</b>

20. The details of IoL allowed vide order dated 2.7.2021 in Petition No. 491/TT/2019, 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 2.7.2021 in Petition No. 491/TT/2019	168.09	112.44	91.70	71.01	48.92
Claimed by the Petitioner in the instant Petition	168.09	112.44	91.70	71.01	48.92
Allowed after truing-up in this order	168.09	112.44	91.70	71.01	48.92

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

21. 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 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 FY 2021-22, FY 2022-23, and FY 2023-24 (filed in Petition No. 401/TT/2024).

22. 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

23. 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 2023-24, it has been grossed-up on the basis of applicable MAT rate, surcharge and cess. MPPMCL has further submitted that the Petitioner has not placed on record the assessment orders and also the Petitioner has not claimed grossed-up RoE on the basis of actual taxes paid for the year 2023-24.

24. In response, the Petitioner has reiterated its submission and has submitted that the assessment orders for FY 2019-20 and 2020-21 and ITRs for 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. The Petitioner has further submitted that the income tax return for FY 2023-24 has now been filed and, accordingly, the revised table regarding the computation of effective tax percentage is as under:

Financial Year	Basis considered	Total Tax & Interest paid (Rs)	Assessed MAT Income under Sec 115 JB (Rs)	Effective Tax Percentage (in %)	Grossed up RoE (in %) [(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 further requested to allow to claim the differential tariff on account of the trued-up RoE based on the effective tax rate calculated on completion of the Income-tax assessment/re-assessment for 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.

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

27. 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	5630.24	5630.24	5630.24	5630.24	5630.24
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	5630.24	5630.24	5630.24	5630.24	5630.24
D	Average Equity (A+C)/2	5630.24	5630.24	5630.24	5630.24	5630.24
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (D*G)</b>	<b>1057.47</b>	<b>1057.47</b>	<b>1057.47</b>	<b>1057.47</b>	<b>1057.47</b>

28. The details of the RoE allowed vide order dated 2.7.2021 in Petition No. 491/TT/2019, 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 2.7.2021 in Petition No. 491/TT/2019	1057.47	1057.47	1057.47	1057.47	1057.47
Claimed by the Petitioner in the instant Petition	1057.47	1057.47	1057.47	1057.47	1057.47
Allowed after truing-up in this order	1057.47	1057.47	1057.47	1057.47	1057.47

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

29. The Petitioner, in the instant true-up Petition, has claimed the following O&M Expenses for the transmission asset for the 2019-24 period:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>O&amp;M Expenses</b>	211.44	218.91	226.45	234.36	242.64

30. We have considered the submissions of the Petitioner. It is observed that the Petitioner has also claimed the O&M Expenses against PLCC for the 2019-24 tariff period in the instant true-up Petition. The Commission vide order dated 2.7.2021 in Petition No. 491/TT/2019 held that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system as it has been considered as part of the sub-station in the 2014

Tariff Regulations as well as the 2019 Tariff Regulations, and that the norms for sub-station have been specified accordingly. The Relevant extract of the order dated 2.7.2021 in Petition No. 491/TT/2019 is as follows:

*“64. We have considered the submissions of the Petitioner. The Petitioner has claimed O&M Expenses separately for PLCC under Regulation 35(4) of the 2019 Tariff Regulations @2% of its original project cost in the instant petition. The Petitioner has made similar claim in other petitions as well. Though PLCC is a communication system, it has been considered as part of the sub-station in the 2014 Tariff Regulations and the 2019 Tariff Regulations and the norms for Sub-station have been specified accordingly. Accordingly, the Commission vide order dated 24.1.2021 in Petition No.126/TT/2020 has already concluded that no separate O&M Expenses can be allowed for PLCC under Regulation 35(4) of the 2019 Tariff Regulations even though PLCC is a communication system. Therefore, the Petitioner’s claim for separate O&M Expenses for PLCC @2% is not allowed.”*

31. The O&M Expenses worked out in respect of the transmission asset for the 2014-19 tariff period are as follows:

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Transmission Line: 400 kV S/C Twin</b>					
• Korba-Vindhyachal Ckt-II Line <b>288.994 km</b>	288.994	288.994	288.994	288.994	288.994
<b>Norms as per Regulation ( Per km)</b>	0.503	0.521	0.539	0.558	0.578
<b>O&amp;M Expenses</b>	145.36	150.57	155.77	161.26	167.04
<b>Sub-station :400 kV Bays</b>					
• 1 No Vindhyachal-II Bay at Korba Sub-station	2	2	2	2	2
• 1 No Korba-II Bay at Vindhyachal Sub-station					
<b>Norms as per Regulation ( Per Bay)</b>	32.15	33.28	34.45	35.66	36.91
<b>O&amp;M Expenses</b>	64.3	66.56	68.9	71.32	73.82
<b>Total O&amp;M Expenses allowed</b>	<b>209.66</b>	<b>217.13</b>	<b>224.67</b>	<b>232.58</b>	<b>240.86</b>

32. Accordingly, the O&M Expenses allowed vide order dated 2.7.2021 in Petition No. 491/TT/2019, 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 2.7.2021 in Petition No. 491/TT/2019	209.66	217.13	224.67	232.58	240.86
As claimed by the Petitioner in the instant Petition	211.44	218.91	226.45	234.36	242.64
Allowed in the instant true-up Petition	209.66	217.13	224.67	232.58	240.86



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

33. 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.

34. 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)	17.47	18.09	18.72	19.38	20.07
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	31.45	32.57	33.70	34.89	36.13
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	303.63	203.11	201.24	199.67	197.90
D	<b>Total Working Capital (A+B+C)</b>	<b>352.55</b>	<b>253.77</b>	<b>253.67</b>	<b>253.94</b>	<b>254.10</b>
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	<b>Interest on working capital (D*E)</b>	<b>42.48</b>	<b>28.55</b>	<b>26.63</b>	<b>26.66</b>	<b>30.49</b>

35. The details of IWC allowed vide order dated 2.7.2021 in Petition No. 491/TT/2019, 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 2.7.2021 in Petition No. 491/TT/2019	42.48	28.55	26.63	26.66	26.63
Claimed by the Petitioner in the instant Petition	42.56	28.62	26.70	26.73	30.57
Allowed after truing-up in this order	42.48	28.55	26.63	26.66	30.49

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

36. 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	991.85	231.83	231.83	231.83	231.83
Interest on Loan	168.08	112.44	91.70	71.01	48.92
Return on Equity	1057.47	1057.47	1057.47	1057.47	1057.47
O&M Expenses	209.66	217.13	224.67	232.58	240.86
Interest on Working Capital	42.48	28.55	26.63	26.66	30.49
<b>Total</b>	<b>2469.55</b>	<b>1647.43</b>	<b>1632.31</b>	<b>1619.56</b>	<b>1609.58</b>

37. The details of annual transmission charges allowed vide order dated 2.7.2021 in Petition No. 491/TT/2019, 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 2.7.2021 in Petition No. 491/TT/2019	2469.56	1647.43	1632.31	1619.56	1605.72
Claimed by the Petitioner in the instant Petition	2471.41	1649.28	1634.14	1621.42	1611.42
Allowed after truing-up in this order	2469.55	1647.43	1632.31	1619.56	1609.58

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

38. 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	231.85	231.82	231.85	231.82	231.85
Interest on Loan	26.76	8.27	0.00	0.00	0.00
Return on Equity	1057.47	1057.47	1057.47	1057.47	1057.47
O&M Expenses	229.23	241.24	253.70	266.73	280.70
Interest on Working Capital	29.47	29.71	30.12	30.62	31.29
<b>Total</b>	<b>1574.78</b>	<b>1568.51</b>	<b>1573.14</b>	<b>1586.64</b>	<b>1601.31</b>

39. 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	34.38	36.19	38.06	40.01	42.11
Maintenance Spares	19.10	20.10	21.14	22.23	23.39
Receivables	194.15	193.38	193.95	195.08	197.42
<b>Total Working Capital</b>	<b>247.63</b>	<b>249.67</b>	<b>253.15</b>	<b>257.32</b>	<b>262.92</b>
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>29.47</b>	<b>29.71</b>	<b>30.12</b>	<b>30.62</b>	<b>31.29</b>

40. 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.

41. We have considered the MPPMCL's submission and have gone through the record. The tariff for the 2024-29 period is determined based on the information available on the record, which includes the information given in the data, tariff forms, and documents available on record and called for, from the Petitioner.

### **Capital Cost**

42. 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."

43. The capital cost approved as on 31.3.2024 is ₹18767.47 lakh. Therefore, the capital cost of ₹18767.47 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 the transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

### **Additional Capital Expenditure**

44. The Petitioner has not claimed ACE in respect of the transmission asset for the 2024-29 tariff period.

45. The details of the capital cost allowed for the transmission asset 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
		2024-9	
16402.00/21253.00	18767.47	0.00	18767.47

### **Debt Equity Ratio**

46. 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:
- 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.”*

47. 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	13137.23	70.00	13137.23	70.00
Equity	5630.24	30.00	5630.24	30.00
Total	18767.47	100.00	18767.47	100.00

### **Depreciation**

48. 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.

.....”

49. 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. The transmission asset has already completed 12 years of life as on 1.4.2024. Therefore, the remaining depreciable value of ₹4173.02 lakh as on 1.4.2024 has been spread over the balance of the useful life of the transmission asset in accordance with the 2024 Tariff Regulations.

50. 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	18767.47	18767.47	18767.47	18767.47	18767.47
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)	18767.47	18767.47	18767.47	18767.47	18767.47
D	Average Gross Block (A+C)/2	18767.47	18767.47	18767.47	18767.47	18767.47
E	Average Gross Block (90% depreciable assets)	18767.47	18767.47	18767.47	18767.47	18767.47
F	Average Gross Block (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	16890.72	16890.72	16890.72	16890.72	16890.72
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	16890.72	16890.72	16890.72	16890.72	16890.72
J	Weighted average rate of Depreciation (WAROD) (in %)	Spread-over depreciation				
K	Lapsed useful life at the beginning of the year (Year)	16	17	18	19	20
L	Balance useful life at the beginning of the year (Year)	18	17	16	15	14
M	Depreciation during the year	231.83	231.83	231.83	231.83	231.83

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
N	Cumulative Depreciation at the end of the year	12949.53	13181.37	13413.20	13645.04	13876.87
O	Remaining Aggregate Depreciable Value at the end of the year	3941.19	3709.35	3477.52	3245.68	3013.85

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

51. 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.”

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

53. 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 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	13137.23	13137.23	13137.23	13137.23	13137.23
B	Cumulative Repayments up to Previous Year	12717.70	12949.53	13137.23	13137.23	13137.23
C	Net Loan-Opening (A-B)	419.53	187.69	0.00	0.00	0.00
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	231.83	187.69	0.00	0.00	0.00
F	Net Loan-Closing (C+D-E)	187.69	0.00	0.00	0.00	0.00
G	Average Loan (C+F)/2	303.61	93.85	0.00	0.00	0.00
H	Weighted Average Rate of Interest on Loan (in %)	8.812	8.812	0.00	0.00	0
I	<b>Interest on Loan (G*H)</b>	<b>26.75</b>	<b>8.27</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

54. The normative loan will be re-paid as on 1.4.2026. Therefore, the IoL for the period from 2026-27 to 2028-29 in respect of the transmission asset has been calculated as `Nil in accordance with the 2024 Tariff Regulations.

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

55. 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.”*

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

57. 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	5630.24	5630.24	5630.24	5630.24	5630.24
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	5630.24	5630.24	5630.24	5630.24	5630.24
D	Average Equity (A+C)/2	5630.24	5630.24	5630.24	5630.24	5630.24
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (D*G)</b>	<b>1057.47</b>	<b>1057.47</b>	<b>1057.47</b>	<b>1057.47</b>	<b>1057.47</b>

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

58. The O&M Expenses claimed by the Petitioner for the 2024-29 tariff period in respect of the transmission asset are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	229.23	241.24	253.70	266.73	280.70

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:

<b>Particulars</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<b>Norms for sub-station Bays (Rs Lakh per bay)</b>					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
<b>Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)</b>					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
<b>Norms for AC and HVDC lines (Rs Lakh per km)</b>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
<b>Norms for HVDC stations</b>					
HVDC Back-to-Back stations (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

*Provided further that the O&M expenses for Transmission Licensees whose transmission 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.

(c) **Communication system:** The operation and maintenance expenses for the ULDC or such similar scheme shall be worked out at 2.0% of the original project cost related to such communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up. The expenses in case of U-NMS shall be allowed on actual basis after due prudence check.

(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 0.09% 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.

(e) On the occurrence of any change in law event affecting O&M expenses, the impact shall be allowed to the transmission licensee at the time of truing up of tariff.

Provided that such impact shall be allowed only in case the overall impact of such change in law event in a year is more than 5% of normative O&M expenses of the project for the year.

(f) In case of a transmission licensee owned by the Central or State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff."

60. We have considered the Petitioner's submissions. It is observed that the Petitioner has also claimed the O&M Expenses @2% of the original project cost related to PLCC, for the 2024-29 tariff period in instant Petition.

61. As per Regulation 36(3)(c) of the 2024 Tariff Regulation, the O&M Expenses for the communication system are only applicable for the ULDC or such similar scheme. Therefore, considering the PLCC as part of the sub-station, the O&M Expenses claimed by the Petitioner against PLCC are not allowed in respect of the transmission asset for the 2024-29 tariff period. Therefore, The O&M Expenses approved for the transmission asset for the 2024-29 tariff period as per Regulation 36 of the 2024 Tariff Regulations are as under:



(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Transmission Line: 400 kV S/C Twin</b>					
• Korba-Vindhyachal Ckt-II Line (Line length: <b>288.994 km</b> )					
<b>Norms as per Regulation</b> (` Per km)	0.492	0.518	0.545	0.573	0.603
<b>O&amp;M Expenses</b>	<b>142.19</b>	<b>149.70</b>	<b>157.50</b>	<b>165.59</b>	<b>174.26</b>
<b>Sub-station :400 kV Bays</b>					
( Per Bay)					
• 1 No Vindhyachal - II Bay at Korba Sub-station					
• 1 No Korba - II Bay at Vindhyachal Sub-station					
<b>Norms as per Regulation</b> (` Per Bay)	29.53	31.08	32.71	34.43	36.23
<b>O&amp;M Expenses</b>	<b>59.06</b>	<b>62.16</b>	<b>65.42</b>	<b>68.86</b>	<b>72.46</b>
<b>Sub-station: Reactors</b>					
• 1 No 400 kV, 50 MVar Line Reactor at Vindhyachal Sub-station					
• 1 No 400 kV, 50 MVar Line Reactor at Korba Sub-station					
<b>Norms as per Regulation</b> (` Per MVar)	0.262	0.276	0.29	0.305	0.322
<b>O&amp;M Expenses</b>	<b>26.20</b>	<b>27.60</b>	<b>29.00</b>	<b>30.50</b>	<b>32.20</b>
<b>Total O&amp;M Expenses allowed</b>	<b>227.45</b>	<b>239.46</b>	<b>251.92</b>	<b>264.95</b>	<b>278.92</b>

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

62. 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.”*

63. 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 FY 2024-25 to FY 2028-29.

64. 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)	18.95	19.96	20.99	22.08	23.24
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	34.12	35.92	37.79	39.74	41.84
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	193.92	193.15	193.72	194.85	197.19
D	<b>Total Working Capital (A+B+C)</b>	<b>246.99</b>	<b>249.03</b>	<b>252.50</b>	<b>256.67</b>	<b>262.27</b>
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	<b>Interest on working capital (D*E)</b>	<b>29.39</b>	<b>29.63</b>	<b>30.05</b>	<b>30.54</b>	<b>31.21</b>

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

65. 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	231.83	231.83	231.83	231.83	231.83
Interest on Loan	26.75	8.27	0.00	0.00	0.00
Return on Equity	1057.47	1057.47	1057.47	1057.47	1057.47
O&M Expenses	227.45	239.46	251.92	264.95	278.92
Interest on Working Capital	29.39	29.63	30.05	30.54	31.21
<b>Total</b>	<b>1572.90</b>	<b>1566.67</b>	<b>1571.27</b>	<b>1584.80</b>	<b>1599.44</b>

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

66. 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.

67. 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)**

68. 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.

69. 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.”***

70. 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**

71. 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**

72. 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.

73. MPPMCL has submitted that the demand of the Petitioner is premature and need not to be considered at this juncture. In response, the petitioner has reiterated its submission.

74. We have considered the Petitioner's and MPPMCL's submissions and have gone through the record. 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

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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. MPPMCL has submitted that truing up of transmission tariff should be done in the light of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (Sixth Amendment), Regulations, 2019, till Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 comes into force and later on as per Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 (2020 Sharing Regulations), as amended from time to time, as it is amended three times, within the 2019-2024 tariff period.

82. We have considered the Petitioner's and MPPMCL's submissions and have gone through the record.

83. 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.

84. 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 allowed	2469.55	1647.43	1632.31	1619.56	1609.58

- 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 Allowed	1572.90	1566.67	1571.27	1584.80	1599.44

85. This order disposes of Petition No. 110/TT/2025 in terms of the above discussions and findings.

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

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