

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 17/TT/2025

Coram:

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

Date of Order: 13.05.2025

In the matter of:

Petition for truing up of the transmission tariff for the 2019-24 period and determination of transmission tariff for the 2024-29 tariff period in respect of the Combined Assets under Powergrid works associated with "TBCB lines under common transmission system for Phase-II generation projects in Odisha" in the Eastern & Western Regions under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under Regulation 15 (1) (a) and Regulation 23 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

And in the matter of:

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

...Petitioner

Versus

- 1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur,
Jabalpur – 482008.**
- 2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, Plot No G-9, A K Marg, Bandra (East),
Mumbai - 400 051.**
- 3. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan, Race Course Road,
Vadodara - 390 007**



- 4. Electricity Department,**
Vidyut Bhawan, Government. of Goa,
Panaji, Goa - 403 001
 - 5. DNHDD Power Distribution Corporation Limited,**
Vidyut Bhawan, 66 kV Road, Near Secretariat, Amli,
Silvassa - 396 230
 - 6. Chhattisgarh State Power Distribution Company Limited,**
P.O. Sunder Nagar, Dangania,
Raipur, Chhattisgarh - 492 013
 - 7. Bihar State Power (Holding) Company Limited,**
Vidyut Bhawan, Bailey Road,
Patna - 800 001
 - 8. West Bengal State Electricity Distribution Company Limited,**
Bidyut Bhawan, Bidhan Nagar Block DJ, Sector-II,
Salt Lake City, Calcutta - 700 091
 - 9. Grid Corporation of Orissa Limited,**
Shahid Nagar, Bhubaneswar - 751 007
 - 10. Damodar Valley Corporation,**
DVC Tower, Maniktala
Civic Centre, VIP Road, Calcutta - 700 054
 - 11. Power Department,**
Government. of Sikkim, Gangtok - 737 101
 - 12. Jharkhand Bijli Vitran Nigam Limited,**
Engineering Building, H.E.C., Dhurwa
Ranchi – 834004
 - 13. Odisha Generation Phase-II Transmission Limited (OGPTL)**
(Under Indi Grid Trust Sponsored by Sterlite Power)
10th Floor, Berger Town, C-001/A2
Sector-16B, Gautam Buddha Nagar,
Noida, Uttar Pradesh - 201301, India
 - 14. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Ltd.**
3/54, Press Complex, Agra-Bombay Road,
Indore - 452 008.
- ...Respondent(s)**



Parties Present: Shri Mohd. Mohsin, PGCIL
Shri Vishal Sagar, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Ms. Anshul Garg, PGCIL
Ms. Suchitra Gautam, PGCIL
Shri Divyanshu Mishra, PGCIL
Shri Arjun Malhotra, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, 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 the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period in respect of the following assets under POWERGRID works associated with “TBCB lines under common transmission system for Phase-II generation projects in Odisha” in the Eastern & Western Regions:

Asset-I: 02 Nos. 765 kV Line Bays at 765 kV Jharsuguda (Sundargarh) sub-station alongwith 02x240 MVAR Switchable Line Reactor (SLR) with 700 ohm NGR (Neutral Grounding Reactor) for termination of Jharsuguda (Sundargarh) – Raipur pool 765k V D/C line.

Asset-II: 02 nos 765 kV Line Bays at 765 kV Raipur Pool Station alongwith 02x240 MVAR Switchable Line Reactor (SLR) with 700 ohm NGR (Neutral Grounding Reactor) for termination of Jharsuguda (Sundargarh) – Raipur pool 765 kV D/C line.

2. The Petitioner in the instant Petition has combined the said assets and claimed combined tariff for them. Accordingly, in this order we have jointly referred to Assets-I



and II as the “Combined Assets”. 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 17 and 18 above.*
- b) Admit the capital cost claimed and additional capitalization incurred during 2019-24 and allow the projected additional capitalization during 2024-29.*
- c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 17 & 18 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 RLDC fees & charges and Licensee fee 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 Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 24 above.*
- h) Allow the petitioner to file a separate petition before Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 24 above.*
- i) Allow the petitioner to file a separate petition before Commission for claiming the overall capital spares as per actual as mentioned at Para 24 above.*
- j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 25 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 administrative approval and expenditure sanction to the transmission system was accorded by the Board of Directors of the Petitioner vide C/CP/PA1617-03-0V-IA020 dated 10.3.2017 for ₹16231.00 lakh including an IDC of ₹ 956.00 lakh based on October 2016 price level.
- b. The scope of the transmission system was deliberated and approved in the meeting with constituents of the Eastern Region regarding connectivity and LTA on 5.1.2013 and the 24th TCC of ERPC meeting held on 26.4.2013 and 27.4.2013. The transmission system was further agreed in the Standing Committee Meeting (SCM) of ER held on 2.5.2014. The transmission system was also discussed and agreed in the 24th TCC of WRPC held on 9.10.2013 and the SCM of WR held on 5.9.2014.
- c. As per the Investment Approval (IA), the transmission assets were scheduled to put into commercial operation within 24 months from the date of IA matching with the completion schedule of associated TBCB line.
- d. The scope of work covered under the transmission system broadly includes:



Jharsuguda (Sundargarh) Sub-station extension

- i. Line bays: 02 numbers termination of Jharsuguda (Sundargarh) – Raipur Pool 765 kV D/C line (line under TBCB)
- ii. Line reactor: 02X240 MVar switchable line reactor along with 700ohm NGR (Neutral Grounding Reactor) in Jharsuguda (Sundargarh) – Raipur Pool 765 kV D/C line (line under TBCB)

Raipur Pooling Station extension

- (i) Line bays: 02 numbers for termination of Jharsuguda (Sundargarh) – Raipur Pool 765 kV D/C line (line under TBCB).
- (ii) Line reactor: 02X240 MVar switchable line reactor along with 700ohm NGR (Neutral Grounding Reactor) in Jharsuguda (Sundargarh) – Raipur Pool 765 kV D/C line (line under TBCB)

- e. The Commission vide order dated 11.1.2022 in Petition No. 665/TT/2020 approved the tariff from COD to 31.3.2024 for the Assets-I and II individually.

4. The Respondents are Distribution Licensees, Transmission Licensees and Power Departments, which are procuring transmission services from the Petitioner, mainly beneficiaries of the Eastern and Western Regions.

5. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner.

6. The Respondent No.1, Madhya Pradesh Power Management Company Limited (MPPMCL), has filed its reply vide affidavit dated 5.3.2025. The Respondent has raised



issues regarding the true-up of the tariff, Additional Capital Expenditure (ACE), GST impact, and inter-State sharing of transmission charges. The Petitioner has filed a rejoinder to the reply of MPPMCL vide affidavit dated 12.3.2025. The issues raised by MPPMCL and the response given thereto by the Petitioner have been considered in the relevant portions of this order.

7. The hearing in this matter was held on 11.3.2025, and the order was reserved.

8. This order is issued considering the submissions made by the Petitioner vide affidavits dated 30.9.2024 and 24.3.2025. Further, MPPMCL filed its vide affidavit dated 5.3.2025 and the Petitioner's rejoinder dated 12.3.2025 have also been considered while passing the order.

9. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition.

TRUE-UP OF ANNUAL FIXED CHARGES FOR 2019-24 TARIFF PERIOD

10. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Assets are as follows:

(₹ in lakh)					
Particulars	2019-20 (Pro-rata 360 days)	2020-21	2021-22	2022-23	2023-24
Depreciation	655.17	720.84	727.66	728.91	729.87
Interest on Loan	659.01	588.52	526.86	514.80	509.22
Return on Equity	688.75	757.77	764.89	766.22	767.24
Interest on Working Capital	45.55	44.24	41.12	41.51	47.99
O&M Expenses	354.16	372.80	385.84	399.44	413.44
Total	2402.64	2484.17	2446.37	2450.88	2467.76

11. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the Combined Assets are as follows:



(₹ in lakh)

Particulars	2019-20 (Pro-rata 360 days)	2020-21	2021-22	2022-23	2023-24
O&M Expenses	30.01	31.07	32.15	33.29	34.45
Maintenance Spares	54.01	55.92	57.88	59.92	62.02
Receivables	300.33	306.27	301.61	302.16	303.41
Total Working Capital	384.35	393.26	391.64	395.37	399.88
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	45.55	44.24	41.12	41.51	47.99

Effective Date of Commercial Operation (E-COD)

12. The Petitioner has combined the assets in the instant Petition and has claimed the E-COD in respect of the Combined Assets as 7.4.2019 as the COD for both the assets is same. We have considered the Petitioner's submission and allowed the E-COD as 7.4.2019.

13. E-COD is used to determine the elapsed life of the project as a whole, which works out as 0 year as on 1.4.2019 (i.e., the number of completed years as on 1.4.2019 from E-COD).

Weighted Average Life ("WAL") of the Project

14. The Combined Transmission 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 system as a whole. The life of individual elements included in the combined transmission assets as defined in Regulation 3(73) of the 2019 Tariff Regulations, and also that derived from the depreciation rates as per Appendix-I of the 2019 Tariff Regulations have been considered for the determination of WAL.

15. WAL has been determined based on the admitted capital cost of individual elements under the transmission system as on 7.4.2019 (COD) and their respective life



as stipulated in the 2019 Tariff Regulations. Accordingly, WAL in respect of the Combined Assets has been worked out as 25 years as follows:

Particulars	Combined Assets Cost (₹ in lakh) (1)	Life as per the 2019 Tariff Regulations (Years) (2)	Weighted Cost (3)=(1)x(2)	Weighted Average Life of Asset (in years) (4)=Σ(3)/Σ(1)
Land - Freehold	0.00	0	0.00	24.6546 years, rounded off to 25 years
Land - Leasehold	0.00	0	0.00	
Building Civil Works & Colony	350.66	25	8766.48	
Transmission Line	0.00	35	0.00	
Sub Station	10905.19	25	272629.68	
PLCC	119.15	15	1787.20	
IT Equipment incl. software	152.16	6.67	1014.38	
Total	11527.15		284197.74	25

16. WAL as on 7.4.2019 (COD), as determined above, is applicable prospectively (i.e., for the 2019-24 tariff period onwards), and no retrospective adjustment of depreciation in the previous tariff period is required to be done. As discussed in the preceding paragraphs, the E-COD of the Combined Assets is 7.4.2019, and the elapsed life of the project as a whole works out as 0 years as on 7.4.2019 (i.e., the number of completed years as on 1.4.2019 from E-COD). Accordingly, WAL has been used to determine the remaining useful life as on 7.4.2019 to be 25 years.

Capital Cost for 2019-24 Tariff Period

17. The capital cost of the transmission system has been calculated in accordance with Regulation 19(1) and Regulation 19(2) of the 2019 Tariff Regulations.

18. The Commission vide order dated 11.1.2022 in Petition No. 665/TT/2020, after analyzing the cost over-run, the time over and the initial spares, allowed capital cost as



on COD for the Combined Assets and also considered the projected ACE for the 2019-24 tariff period. The details of the capital cost as allowed by the Commission in the aforesaid order are as follows:

(₹ in lakh)

Asset	FR Apportioned Approved Cost	Capital Cost allowed up to COD	Projected ACE				Capital Cost as on 31.03.2024
			2019-20	2020-21	2021-22	2022-23	
Combined Assets	16231.79	11527.16*	1698.52	483.97	100	0	13809.65

*IDC and IEDC of ₹66.10 lakh disallowed due to time over-run not condoned

19. The Petitioner in the instant true-up Petition has claimed the following capital cost for the 2019-24 tariff period in respect of the Combined Assets:

(₹ in lakh)

Asset	FR Apportioned Approved Cost	Capital Cost up to COD	ACE Claimed				Capital Cost as on 31.03.2024
			2019-20	2020-21	2021-22	2022-23	
Combined Assets	16231.79	11527.15*	1800.29	242.12	10.48	36.58	13616.62

*IDC and IEDC of ₹66.10 lakh disallowed due to Time over-run not condoned

Cost Over-run

20. The Petitioner has claimed capital cost of ₹11527.15 lakh in respect of the Combined Assets as on COD.

21. The total completion cost, including ACE, is ₹13616.62 lakh, and the approved cost as per FR is ₹16231.79 lakh. Hence, the completion cost in respect of the Combined Assets is within the approved FR cost and, therefore, there is no cost over-run with regard to the Combined Assets.



Time Over-run

22. As per the IA, the SCOD of the assets was within 24 months from the date of IA. Accordingly, SCOD of the assets was 9.3.2019, against which the assets were put under commercial operation on 7.4.2019. As such, there was a time over-run of 29 days in the commercial operation of the assets (Combined Assets). The Commission vide order dated 11.1.2022 in Petition No. 665/TT/2020 has already dealt with the issue of time over-run and the entire time over-run of 29 days was not condoned.

Interest During Construction (“IDC”) and Incidental Expenditure During Construction (“IEDC”)

23. The Petitioner has claimed IDC in respect of the Combined Assets and has submitted Auditor’s Certificate dated 20.9.2024 in support of the same. The Petitioner has submitted the computation of IDC along with year-wise details of IDC discharged. The Petitioner has claimed the IDC as admitted by the Commission vide order dated 11.1.2022 in Petition No. 665/TT/2020.

24. The allowable IDC has been worked out considering the information submitted by the Petitioner in respect of the Combined Assets separately on a cash basis. The loan details submitted in Form-9C for the 2019-24 tariff period and IDC computation sheet have been considered for the purpose of IDC calculation on a cash basis and on an accrued basis. The IDC has been approved as was admitted by the Commission vide order dated 11.1.2022 in Petition No. 665/TT/2020. The details of the same are as follows:



(₹ in lakh)

IDC as per the Auditor's Certificate	IDC Allowed	IDC Disallowed	IDC allowed as on COD (cash basis)	IDC Undischarged as on COD	IDC Discharged During
A	B	C	D	E=B-D	2019-20
276.77	230.36	46.41	230.36	0.00	0.00

25. As the time over-run in case of the assets (Combined Assets) was not condoned, IEDC for 29 days has been disallowed proportionately. The Petitioner has claimed the same IEDC as was admitted by the Commission vide order dated 11.1.2022 in Petition No. 665/TT/2020. An IEDC of ₹494.95 lakh was allowed as on COD vide order dated 11.1.2022 in Petition No. 665/TT/2020, and the same has been allowed in respect of the Combined Assets.

(₹ in lakh)

IEDC as per the Auditor's Certificate	IEDC Disallowed	IEDC Allowed
A	B	C=A-B
514.64	19.69	494.95

Initial Spares

26. The initial spares' amount ₹393.85 lakh, included in the capital cost claimed by the Petitioner in Petition No. 665/TT/2020, was found within the limits as per Regulation 23(d) of the 2019 Tariff Regulations. The same has been considered and is allowed in the capital cost as on COD.

Capital Cost allowed as on COD

27. The capital cost of the Combined Assets has been calculated in accordance with Regulation 19 of the 2019 Tariff Regulations. The details of the capital cost now approved as on COD are as under:



(₹ in lakh)

Assets	Capital cost claimed as on COD as per Auditor Certificate (inclusive of Initial Spares) (A)	IDC and IEDC Disallowed due to time over-run not condoned (B)	Capital cost allowed as on COD (C = A-B)
Combined Assets	11593.25	66.10	11527.15

Additional Capital Expenditure (ACE)

28. The Commission vide order dated 11.1.2022 in Petition No. 665/TT/2020 allowed projected ACE for the 2019-24 tariff period for Asset-I under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of balance and retention payments for works already executed, Regulation 24(1)(b) of the 2019 Tariff Regulations on account of works deferred for execution and Regulation 25(1)(d) of the 2019 Tariff Regulations for ACE beyond the cut-off date on account of balance and retention payments for works executed within the cut-off date and for Asset-II under Regulation 24(1)(a) of the 2019 Tariff Regulations on account of balance and retention payments for works already executed and Regulation 24(1)(b) of the 2019 Tariff Regulations on account of works deferred for execution. Accordingly, the projected ACE allowed for the 2019-24 period was as follows:

(₹ in lakh)

Assets	Actual ACE				
	2019-20	2020-21	2021-22	2022-23	2023-24
Asset-I	822.62	105.86	100.00	0.00	0.00
Asset-II	875.90	378.11	0.00	0.00	0.00

29. Against this, the Petitioner has claimed the following ACE in respect of the Combined Assets based on the actual expenditure in accordance with Regulation 24(1)(a), 24(1)(b) and Regulation 25(1)(d) of the 2019 Tariff Regulations:



(₹ in lakh)

Particulars	Regulations	Actual ACE			
		2019-20	2020-21	2021-22	2022-23
Balance and retention payments for liabilities other than IDC and expenditure towards works deferred for execution beyond COD but up to the cut-off date	24(1)(a) and 24(1)(b)	1800.29	242.12	10.48	0.00
Liability for works executed prior to the cut-off date	25(1)(d)	0.00	0.00	0.00	36.58
Total		1800.29	242.12	10.48	36.58

30. With regard to ACE, MPPMCL, has submitted that the Petitioner has requested for admission of capital cost claimed and ACE in the 2019-2024 tariff period, as such a prudence check is required to be done by the Commission. In response, the Petitioner, vide affidavit dated 12.3.2025, has requested the commission to allow the capital cost as claimed in the instant Petition.

31. The Commission vide RoP dated 11.3.2025 directed the Petitioner to submit the reasons for claiming ACE beyond the cut-off date for the 2019-24 tariff period.

32. In response the Petitioner, vide affidavit dated 24.3.2025 has submitted that the ACE claimed beyond the cut- off date i.e during 2022-23 is on account of undischarged liability towards final payment/withheld payment due to contractual exigencies for works executed within the cut-off date and has been claimed as per Regulation 25(1)(d) of the 2019 Tariff Regulations. The Petitioner has prayed that the ACE beyond the cut-off date may be allowed.

33. Further, the Commission vide RoP dated 11.3.2025 directed the Petitioner to submit the package-wise and vendor-wise details of the ACE claimed in the 2019-24 tariff period.



34. In response, the Petitioner, vide affidavit dated 24.3.2025 has submitted the package-wise and vendor-wise details of the ACE in 2019-24 tariff period for the Combined Assets as mentioned in the table below:

Name of Vendor	Package	Head	2019-20	2020-21	2021-22	2022-23	2023-24	Total
M/s. GE T&D	Extension of 765 kV Raipur PS	Civil	79.90	0.00	0.00	0.00	0.00	79.90
M/s. GE T&D	Extension of 765 kV Raipur PS	Sub-station	382.61	37.62	0.00	59.12	0.00	479.35
M/s. GE T&D	Extension of 765 kV Raipur PS	IT	23.16	0.00	0.00	0.00	0.00	23.16
M/s. GE T&D	Extension of 765 kV Raipur PS	PLCC	111.7	0.00	0.00	0.00	0.00	111.70
M/s. GE T&D	2 nos Switchable Line reactors at Raipur PS	Civil	77.01	0.00	0.00	0.00	0.00	77.01
M/s. GE T&D	2 nos Switchable Line reactors at Raipur PS	Sub-station	303.30	0.00	0.00	0.00	0.00	303.30
M/s. GE T&D India Limited	AIS Substation Pkg	Sub-station	463.41	125.17	0.00	0.00	0.00	588.58
M/s. GE T&D India Limited	Reactor Package	Sub-station	359.21	57.52	62.66	31.15	0.00	322.92
M/s. Ali and Sons	Sub-station Civil Works	Sub-station	0.00	17.40	7.68	5.17	0.00	30.25
M/s. Avon Traders	Sub-station Civil Works	Sub-station	0.00	4.41	2.80	0.00	0.00	7.21
Total			1800.29	242.12	52.18	33.14	0.00	2023.37

35. The Commission vide RoP dated 11.3.2025, also directed the Petitioner to submit a reconciliation statement of the ACE claimed in the 2019-24 tariff period, in accordance with the Auditor's Certificate.

36. In reply, the Petitioner, vide affidavit dated 24.3.2025 has submitted the Reconciliation of Cost Certificate with the books of accounts in the table below:



S. No	Particulars	As on COD/1.4. 2019	2019-20	2020-21	2021-22	2022-23	2023-24
1	Gross Block as per Books	13116.60	13676.76	13711.27	13659.02	13617.79	13617.79
2	Add: Unadjusted advance	0.00	0.00	0.00	0.00	0.00	0.00
3	Add: CWIP and Construction Stores	11.36	0.00	0.00	0.00	0.00	0.00
4	Less: Spared Capitalised as per IND AS	0.00	0.00	0.00	0.00	0.00	0.00
5	Less: MBOA and Other Assets capitalized (not forming part of project cost)	0.00	0.00	0.00	0.00	-1.15	-1.15
6	Add: Accumulated Dep Adjusted as on 31.3.2015 as per IND-AS 101	0.00	0.00	0.00	0.00	0.00	0.00
7	Add: Total amount of Fair Valuation Gain\Loss adjusted in IEDC up to COD	0.00	0.00	0.00	0.00	0.00	0.00
8	Add: Unamortised amount of Bond Issue expenses in the books as on COD	0.00	0.00	0.00	0.00	0.00	0.00
9	Less/ Add: FERV capitalised after COD	0.00	0.00	0.00	0.00	0.00	0.00
10	Add: Administrative expenses (IEDC) for which Regulatory Assets created	0.00	0.00	0.00	0.00	0.00	0.00
11	Adjusted Total Capital Cost	13127.96	13676.76	13711.27	13659.02	13616.64	13616.64
12	Less: Liability	1534.72	283.21	75.59	75.52	0.00	0.00
13	Total Capital Cost incurred as per books (A)	11593.24	13393.55	13635.69	13583.51	13616.64	13616.64
14	Land (Freehold Land)	0.00	0.00	0.00	0.00	0.00	0.00
15	Land (Leasehold)	0.00	0.00	0.00	0.00	0.00	0.00
16	Building and Civil Works	352.67	509.57	509.57	509.57	509.57	509.57
17	Transmission Line	0.00	0.00	0.00	0.00	0.00	0.00
18	Sub-station	10967.72	12415.71	12629.88	12577.70	12610.84	12610.84
19	I.T Equipment incl. software	153.03	180.41	180.41	180.41	180.41	180.41



S. No	Particulars	As on COD/1.4. 2019	2019-20	2020-21	2021-22	2022-23	2023-24
20	SCADA	0.00	0.00	0.00	0.00	0.00	0.00
21	Fibre Optic/ OPGW	0.00	0.00	0.00	0.00	0.00	0.00
22	Communication system excl. OPGW, IT Equipments and SCADA	119.83	287.85	315.80	315.80	315.80	315.80
23	Total Capital Cost as per Cost Certificate (B)	11593.25	13393.54	13635.66	13583.48	13616.62	13616.62
		-0.01	0.00	0.02	0.02	0.02	0.02
	ACE During the year		1800.3	242.14	-52.18	33.14	0.00
	Due to unexecuted Work		533.69	34.52	0	0	0.00
	Due to Discharge of Liability		1266.62	207.63	-52.18	33.14	0.00

37. The Commission, vide ROP dated 18.3.2025 directed the Petitioner to provide reasons for the variation in the ACE claimed in the 2019-24 tariff period. In response the Petitioner, vide affidavit dated 24.3.2025 has reiterated that the primary reason for the variation is that the ACE claimed is based on actual payments made to the vendor following the receipt of final invoices and incorporating the amendments. The Petitioner has further requested the Commission to allow the actual ACE incurred during the 2019-24 tariff period in the instant project and approve the tariff as claimed in the Petition.

38. The Petitioner, in the petition, has submitted that in case of the Combined Assets, the Commission disallowed IDC and IEDC on account of the time over-run not condoned and reduced it from the capital cost as on the date of commercial operation. Subsequently, Liquidated Damages (LD) were recovered from the executing agency(ies), which were reduced from the capital cost as per the accounting procedures. The details of IDC and IEDC disallowed vide previous orders and LD recovered for the Combined Assets are as follows:



(₹ in lakh)			
Assets	IDC and IEDC Disallowed as on COD	LD Recovered	Year of LD Recovery
Combined Assets	66.10	62.66	2021-22
		42.12	2022-23

39. The Petitioner has submitted that the disallowed IDC and IEDC to the extent of LD recovered from the contractors is added back as ACE in the respective years when such recovery is made as mentioned in footnote of the Auditor's Certificate.

40. The Commission vide RoP dated 11.3.2025 directed the Petitioner to submit the details of LD.

41. In response, the Petitioner, vide affidavit dated 24.3.2025, has submitted that an amount of ₹62.66 lakh during FY 2021-22 was recovered as LD from M/s GE T&D on account of loss adjustment on transformers and reactors, as well as for the transgression of the integrity pact. Additionally, amounts of ₹22.45 lakh in respect of Reactor Package and ₹19.67 lakh in relation to AIS Substation Package were also recovered as LD from M/s GE T&D during FY 2022-23.

42. It is noted that for the Combined Assets, LDs were recovered from the contractor amounting to ₹62.66 lakh in FY 2021-22 and ₹42.12 lakh in FY 2022-23 and accordingly, on its recovery, was reduced for the accounting purpose from the gross ACE for that year which was ₹10.48 lakh and ₹ 75.26 lakh, respectively. As such, after accounting for the recovered LD, the net ACE reflected in the Auditor's Certificate is (-) ₹52.18 lakh and ₹33.14 lakh, respectively. Accordingly, LD amount recovered to the extent of IDC/IEDC disallowed i.e ₹66.10 lakh (₹62.66 lakh in 2021-22 and ₹3.44 lakh), is added back to the net ACE reflected in the Auditor's Certificate to arrive at the ACE claimed for FY 2021-22 and FY 2022-23 which is ₹10.48 lakh and ₹36.58 lakh,



respectively. The overall impact of this adjustment is that the LD recovered over and above the regulatory penalty (IEDC and IDC deducted) i.e ₹38.68 lakh (62.66 *plus* 42.12 *minus* 66.10) goes on to reduce the gross ACE for the year in which LD recovery becomes more than IEDC and IDC deducted on COD corresponding to time overrun not condoned.

43. We have considered the submissions made by the Petitioner. When time overrun is attributable to the project developer, or its contractors, the cost of time over-run, i.e. IDC and IEDC has to be borne by the project developer and LD, if any, recovered can be retained by the Petitioner. In the instant case, time over-run in case of the transmission assets was not condoned. Accordingly, the IDC and IEDC for the period of time over-run not condoned in case of the Combined Assets is deducted from the capital cost as on COD. The amount of LD recovered to the extent of IDC and IEDC disallowed has already been adjusted by the Petitioner from the ACE (as certified by the Auditor) for 2021-22 and 2022-23. As such, the treatment of the LD recovered by the Petitioner is in order for the FY 2021-22 and 2022-23.

44. The details of ACE claimed during the tariff period 2019-24 and ACE allowed in 2021-22 and 2022-23 after adjustment of LD are as follows:

		(₹ in lakh)			
Asset		2019-20	2020-21	2021-22	2022-23
Combined Assets	ACE claim as per the Auditor's Certificates (A)	1800.29	242.12	(52.18)	33.14
	Adjustment for LD recovered claimed and allowed (B)	0.00	0.00	62.66	3.44
	ACE claimed (C = A+B)	1800.29	242.12	10.48	36.58

45. We have considered the submissions made by the Petitioner in the instant Petition as well as those made vide affidavit dated 12.3.2025 and the submissions of



MPPMCL vide affidavit dated 5.3.2025. ACE claimed by the Petitioner is allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations as the expenditure has been incurred for making balance and retention payments for works of original scope already executed before COD, Regulation 24(1)(b) of the 2019 Tariff Regulations as the expenditure has been incurred on works of original scope deferred for execution beyond COD and Regulation 25(1)(d) of the 2019 Tariff Regulations as the expenditure has been incurred for meeting liabilities for works of original scope executed prior to the cut-off date. The allowed ACE is summarized as under:

(₹ in lakh)			
Particulars	Regulation	Year	ACE allowed
Balance and retention payments for liabilities other than IDC	24(1) (a) 24 (1) (b)	2019-20	1800.29
		2020-21	242.12
		2021-22	10.48
Liability for works executed prior to the cut-off date	25(1)(d)	2022-23	36.58
Total ACE			2089.47

46. The capital cost and ACE allowed in respect of the Combined Assets for the 2019-24 period are as follows:

(₹ in lakh)							
Assets	Apportioned Approved Cost	Capital Cost allowed as on COD	Actual ACE				Total Capital Cost as on 31.03.2024
			2019-20	2020-21	2021-22	2022-23	
Combined Assets	16231.79	11527.15	1800.29	242.12	10.48	36.58	13616.62

Debt-Equity ratio

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



Funding	Capital Cost as on COD (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	8069.01	70%	1462.63	70%	9531.63	70%
Equity	3458.15	30%	626.84	30%	4084.99	30%
Total	11527.15	100%	2089.47	100%	13616.62	100%

Depreciation

48. 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 Assets as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.

49. The depreciation allowed for the Combined Assets for the 2019-24 tariff period is as follows:

(₹ in lakh)						
Sl. No.	Particulars	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	11527.15	13327.44	13569.56	13580.04	13589.24
B	Addition during the year 2019-24 due to ACE	1800.29	242.12	10.48	36.58	0.00
C	Closing Capital Cost (A+B)	13327.44	13569.56	13580.04	13616.62	13589.24
D	Average Capital Cost (A+C)/2	12427.30	13448.50	13574.80	13598.33	13589.24
E	Average Capital Cost (90% depreciable assets)	12261.45	13268.96	13395.26	13418.79	13437.08
F	Average Capital Cost (100% depreciable assets)	165.85	179.54	179.54	179.54	152.16
G	Depreciable value (excluding IT equipment and software) (E*90%)	11035.30	11942.07	12055.74	12076.91	12093.37
H	Depreciable value of IT equipment and software (F*100%)	165.85	179.54	179.54	179.54	152.16
I	Total Depreciable Value (G+H)	11201.15	12121.60	12235.27	12256.45	12245.53
J	Weighted average rate of Depreciation (WAROD) (in %)	5.27	5.36	5.36	5.36	5.37
K	Balance useful life at the beginning of the year (Year)	25	25	24	23	22



Sl. No.	Particulars	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
L	Elapsed useful life at the beginning of the year (Year)	0	0	1	2	3
M	Aggregate Depreciable Value	11201.15	12121.60	12235.27	12256.45	12245.53
N	Depreciation during the year (D*J)	655.17	720.85	727.66	728.90	729.87
O	Cumulative Depreciation at the end of the year	655.17	1376.02	2103.68	2832.58	3562.45
P	Remaining Aggregate Depreciable Value at the end of the year	10545.98	10745.59	10131.60	9423.87	8683.08

50. The details of depreciation approved vide order dated 11.1.2022 in Petition No. 665/TT/2020 in respect of the Combined Assets, depreciation claimed by the Petitioner in the instant Petition and trued up depreciation allowed in the instant order are as follows:

(₹ in lakh)					
Combined Assets	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020	651.50	719.92	735.62	738.26	738.26
Claimed by the Petitioner in the instant Petition	655.17	720.84	727.66	728.91	729.87
Approved after true-up in this order	655.17	720.85	727.66	728.90	729.87

Interest on Loan (IoL)

51. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner. 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 Assets is as follows:

(₹ in lakh)						
	Particulars	Combined Assets				
		2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	8069.01	9329.21	9498.69	9506.03	9531.63
B	Cumulative Repayments upto Previous Year	0.00	655.17	1376.02	2103.68	2832.58
C	Net Loan-Opening (A-B)	8069.01	8674.04	8122.67	7402.35	6699.05
D	Additions	1260.20	169.48	7.34	25.61	0.00
E	Repayment during the year	655.17	720.85	727.66	728.90	729.87
F	Net Loan-Closing (C+D-E)	8674.04	8122.67	7402.35	6699.05	5969.18
G	Average Loan (C+F)/2	8371.52	8398.36	7762.51	7050.70	6334.12
H	Weighted Average Rate of Interest on Loan (%)	8.0032	7.0076	6.7872	7.3014	8.0393
I	Interest on Loan (G*H)	659.01	588.52	526.85	514.80	509.22

52. The details of IoL allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020 for the Combined Assets, IoL claimed by the Petitioner in the instant Petition, and trued-up IoL allowed in the instant order are as follows:

(₹ in lakh)					
Combined Assets	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020	681.90	698.14	654.75	596.50	535.21
Claimed by the Petitioner in the instant Petition	659.01	588.52	526.86	514.80	509.22
Approved after true-up in this order	659.01	588.52	526.85	514.80	509.22



Return on Equity (RoE)

53. The Petitioner has submitted that its Income Tax Assessment has been completed, and 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 (115 JB of the Income Tax 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 (submitted in Petition No. 401/TT/2024).

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

Year	Claimed effective tax rate (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
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

55. MPPMCL has submitted that the Petitioner has grossed up the RoE on the basis of actual taxes paid during 2019-20, 2020-21, 2021-22 and 2022-23. For 2023-24, the RoE has been grossed up on the basis of the applicable rate of MAT, 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 RoE on the basis of actual taxes paid for the year 2023-24.

56. In Response, the Petitioner has submitted that the Income Tax assessment of the Petitioner has been completed, and Assessment Orders have been issued by the



Income Tax Department for FY 2019-20 and FY 2020-21. Further, it is submitted that the income tax assessment for FY 2021-22, 2022-23 and 2023-24 are currently under progress with the income tax authorities and the Assessment orders for FY 2019-20 and 2020-21 and ITRs for FY 2021-22, FY 2022-23 and FY 2023-24 has been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024. Further, the Petitioner has submitted that the income tax return for FY 2023-24 has now been filed, and accordingly, the revised table regarding 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	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%

57. 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 FY 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on receipt of the respective assessment orders, directly from the beneficiaries, on year to year basis as provided in the regulation.

58. We have considered the submissions of the Petitioners and MPPMCL 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 taken into account for the purpose of grossing up the rate of RoE. Any under recovery or over-recovery of the grossed-up rates on RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be, on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates is considered for the purpose of grossing up the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective Tax (in %) (t)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2019-20	17.472	17.472	15.500	18.782
2020-21	17.472	17.472	15.500	18.782
2021-22	17.472	17.472	15.500	18.782
2022-23	17.472	17.472	15.500	18.782
2023-24	17.472	17.472	15.500	18.782

59. Accordingly, the trued-up RoE allowed in respect of the Combined Assets for the 2019-24 tariff period is as follows:



(₹ in lakh)

	Particulars	Combined Assets				
		2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	3458.15	3998.23	4070.87	4074.01	4084.99
B	Additions	540.09	72.64	3.14	10.97	0.00
C	Closing Equity (A+B)	3998.23	4070.87	4074.01	4084.99	4084.99
D	Average Equity (A+C)/2	3728.19	4034.55	4072.44	4079.50	4084.99
E	Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	688.75	757.77	764.89	766.21	767.24

60. The details of RoE approved vide order dated 11.1.2022 in Petition No. 665/TT/2020 for the assets (Combined Assets), RoE claimed by the Petitioner in the instant Petition and trued-up RoE allowed in the instant order are as follows:

(₹ in lakh)

Combined Assets	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020.	685.93	758.85	775.30	778.12	778.12
Claimed by the Petitioner in the instant Petition.	688.75	757.77	764.89	766.22	767.24
Approved after true-up in this order.	688.75	757.77	764.89	766.21	767.24

Operation & Maintenance Expenses (O&M Expenses)

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



(₹ in lakh)

O&M Expenses	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
	354.16	372.80	385.84	399.44	413.44

62. We have considered the submission of the Petitioner. The O&M Expenses allowed for the Combined Assets as per norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)

Particulars	Combined Assets				
	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
2 Numbers 765 kV Bays (Raipur-I&II), 2 Numbers 240 MAVR SLR Bays, 2 Numbers 765 kV Bays (Jharsuguda-I&II) & 2 Numbers 240 MAVR SLR Bays (Total 8 numbers of 765 kV bays)					
Norms (₹ lakh/Bay)	45.01	46.60	48.23	49.93	51.68
O&M Expenses allowed for Sub Station	354.18	372.80	385.84	399.44	413.44

63. The details of O&M Expenses approved vide order dated 11.1.2022 in Petition No. 665/TT/2020 for the assets (Combined Assets), O&M Expenses claimed by the Petitioner in the instant Petition and true-up O&M Expenses allowed in the instant order in respect of the Combined Assets are as follows:

(₹ in lakh)

Combined Assets	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020.	354.18	372.80	385.84	399.44	413.44
Claimed by the Petitioner in the instant Petition.	354.16	372.80	385.84	399.44	413.44
Approved after true-up in this order.	354.18	372.80	385.84	399.44	413.44



Interest on Working Capital (IWC)

64. 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 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 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

65. The components of the working capital and interest allowed thereon for the Combined Assets for the 2019-24 are as follows:

(₹ in lakh)						
	Particulars	Combined Assets				
		2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	30.01	31.07	32.15	33.29	34.45
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	54.01	55.92	57.88	59.92	62.02
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	300.33	306.27	301.61	302.16	303.41
D	Total Working Capital (A+B+C)	384.35	393.26	391.64	395.36	399.88
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)	45.55	44.24	41.12	41.51	47.99



66. The details of IWC allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020 for the assets (Combined Assets), IWC claimed by the Petitioner in the instant Petition and trued-up IWC allowed in the instant order in respect of the Combined Assets are as follows:

Combined Assets	(₹ in lakh)				
	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020.	45.49	45.78	43.04	42.86	42.50
Claimed by the Petitioner in the instant Petition.	45.55	44.24	41.12	41.51	47.99
Approved after true-up in this order.	45.55	44.24	41.12	41.51	47.99

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

67. Accordingly, the annual fixed charges allowed after the truing-up for the 2019-24 tariff period in respect of the Combined Assets are as follows:

	Particulars	(₹ in lakh)				
		Combined Assets				
		2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
	Annual Transmission Charges					
A	Depreciation	655.17	720.85	727.66	728.90	729.87
B	Interest on Loan	659.01	588.52	526.85	514.80	509.22
C	Return on Equity	688.75	757.77	764.89	766.21	767.24
D	Interest on Working Capital	45.55	44.24	41.12	41.51	47.99
E	O&M Expenses	354.18	372.80	385.84	399.44	413.44
F	Total (A+B+C+D+E)	2402.65	2484.19	2446.37	2450.86	2467.75

68. The details of the AFC allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020 for the assets (Combined Assets), AFC claimed by the Petitioner in the instant Petition and trued-up AFC allowed in the instant order in respect of the Combined Assets are as follows:



(₹ in lakh)

Particulars	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020.	2418.99	2595.50	2594.55	2555.18	2507.53
Claimed by the Petitioner in the instant Petition.	2402.64	2484.17	2446.37	2450.88	2467.76
Approved after true-up in this order.	2402.65	2484.19	2446.37	2450.86	2467.75

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

69. The Petitioner has claimed the following transmission charges in respect of the Combined Assets for the 2024-29 tariff period:

(₹ in lakh)

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	757.19	750.68	730.26	730.26	685.96
Interest on Loan	452.67	392.20	332.08	272.17	214.07
Return on Equity	767.24	767.24	767.24	767.24	767.24
Interest on Working Capital	54.52	54.85	55.01	55.47	55.62
O&M Expenses	582.24	613.04	644.72	678.40	714.96
Total	2613.86	2578.01	2529.31	2503.54	2437.85

70. The details of IWC claimed by the Petitioner for the 2024-29 tariff period for the Combined Assets are as under:

(₹ in lakh)

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	48.52	51.09	53.73	56.53	59.58
Maintenance Spares	87.34	91.96	96.71	101.76	107.24
Receivables	322.26	317.84	311.83	307.81	300.56
Total Working Capital	458.12	460.89	462.27	466.10	467.338
Rate of Interest (%)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	54.52	54.85	55.01	55.47	55.62



Capital Cost

71. 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 decapitalised 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."

72. The Petitioner has claimed the following capital cost of the Combined Assets during the 2024-29 tariff period:



(₹ in lakh)

Assets	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
		2024-29	
Combined Assets	13616.62	0.00	13616.62

73. MPPMCL in its reply has submitted that the tariff for the period 2024-29 may be allowed only after admitting the cost as on 31.3.2024, following a prudence check.

74. The Petitioner, vide affidavit dated 12.3.2025, has submitted that no ACE is claimed for the 2024-29 tariff period in the Petition.

75. We have considered the submissions of the Petitioner and MPPMCL. The capital cost has been dealt with in line with Regulation 19(3) of the 2024 Tariff Regulations. The element-wise capital cost (i.e., land, building, transmission line, Sub-station and PLCC) as admitted by the Commission as on 31.3.2024 for the Combined Assets has been considered as capital cost as on 1.4.2024 as per following details:

(₹ in lakh)

Element	Combined Assets
Freehold Land	0.00
Leasehold Land	0.00
Building Civil Works & Colony	507.56
Transmission Line	0.00
Sub Station	12614.41
PLCC	315.12
IT Equipment (Incl. Software)	179.54
Total	13616.62

76. The trued-up capital cost of ₹13616.62 lakh for the Combined Assets is considered as admitted capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.



Additional Capital Expenditure (ACE)

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

Debt-Equity ratio

78. 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 utilised 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 approval of the competent authority in other cases regarding 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 case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered:

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2024, if the equity actually deployed as on 1.4.2024 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 72 of these regulations.

(4) In 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."

79. The debt-equity considered for the purpose of computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity ratio considered for the purpose of computation of tariff for the Combined Assets for the 2024-29 tariff period is as follows:

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in 2024-29 (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	9531.63	70%	0.00	70%	9531.63	70%
Equity	4084.99	30%	0.00	30%	4084.99	30%
Total	13616.62	100%	0.00	100%	13616.62	100%

Depreciation

80. 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-capitalised asset during its useful service

(10) Xxxxxx

(11) Xxxxxx

(12) Xxxxxx”

81. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. The WAROD has been worked out for the Combined Assets as per the rates of depreciation specified in the 2024 Tariff Regulations.

82. The depreciation allowed for the Combined Assets 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 Capital Cost	13616.62	13616.62	13616.62	13616.62	13616.62
B	Addition during the year 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	13616.62	13616.62	13616.62	13616.62	13616.62
D	Average Capital Cost (A+C)/2	13616.62	13616.62	13616.62	13616.62	13616.62
E	Average Capital Cost (90% depreciable assets)	13437.08	13437.08	13437.08	13437.08	13437.08
F	Average Capital Cost (100% depreciable assets)	179.54	179.54	179.54	179.54	179.54



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
G	Depreciable value (excluding IT equipment and software) (E*90%)	12093.37	12093.37	12093.37	12093.37	12093.37
H	Depreciable value of IT equipment and software (F*100%)	179.54	179.54	179.54	179.54	179.54
I	Total Depreciable Value (G+H)	12272.91	12272.91	12272.91	12272.91	12272.91
J	Weighted average rate of Depreciation (WAROD) (in %)	5.56	5.51	5.36	5.36	5.04
K	Balance useful life at the beginning of the year (Year)	21	20	19	18	17
L	Elapsed useful life at the beginning of the year (Year)	4	5	6	7	8
M	Aggregate Depreciable Value	12272.91	12272.91	12272.91	12272.91	12272.91
N	Depreciation during the year (D*J)	757.19	750.68	730.26	730.26	685.94
O	Cumulative Depreciation at the end of the year	4319.64	5070.32	5800.58	6530.84	7216.78
P	Remaining Aggregate Depreciable Value at the end of the year	7953.27	7202.60	6472.34	5742.08	5056.14

Interest on Loan (IoL)

83. 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 decapitalization 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.”

84. The Weighted Average Rate of IoL has been considered on the basis of the rate prevailing as on 1.4.2024. 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 may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of true-up. IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. IoL allowed for the 2024-29 tariff period in respect of the Combined Assets is as follows:



(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	9531.63	9531.63	9531.63	9531.63	9531.63
B	Cumulative Repayments upto Previous Year	3562.45	4319.64	5070.32	5800.58	6530.84
C	Net Loan-Opening (A-B)	5969.18	5211.99	4461.32	3731.06	3000.80
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	757.19	750.68	730.26	730.26	685.94
F	Net Loan-Closing (C+D-E)	5211.99	4461.32	3731.06	3000.80	2314.86
G	Average Loan (C+F)/2	5590.59	4836.66	4096.19	3365.93	2657.83
H	Weighted Average Rate of Interest on Loan (%)	8.0970	8.1090	8.1070	8.0860	8.0542
I	Interest on Loan (G*H)	452.67	392.21	332.08	272.17	214.07

Return on Equity (RoE)

85. 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.”

86. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner’s submissions and have gone through the record.

87. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the Combined Assets for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	4084.99	4084.99	4084.99	4084.99	4084.99
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	4084.99	4084.99	4084.99	4084.99	4084.99
D	Average Equity (A+C)/2	4084.99	4084.99	4084.99	4084.99	4084.99
E	Return on Equity (Base Rate) (%)	15.500	15.500	15.500	15.500	15.500
F	MAT Rate for respective year (%)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (%)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	767.24	767.24	767.24	767.24	767.24

Operation & Maintenance Expenses (O&M Expenses)

88. The O&M Expenses claimed by the Petitioner for the Combined Assets for the 2024-29 period are as follows:

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
2 Numbers 765 kV Bays (Raipur-I&II) and 2 Numbers 765 kV Bays (Jharsuguda-I&II) (Total 8 numbers of 765 kV bays)					
Norms (₹ lakh/bay)	41.34	43.51	45.79	48.2	50.73
O&M Expenses allowed for the Transmission Line	330.72	348.08	366.32	385.60	405.84
2X240 MVAR Switchable Line Reactors with 700-ohm NGR at each end i.e. 765 kV Jharsuguda (Sundargarh) Substation and 765 KV Raipur Pooling Station of Powergrid for 765KV D/C Jharsuguda (Sundargarh)- Raipur Pool					
Norms (₹ lakh/MVA)	0.262	0.276	0.29	0.305	0.322



Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses allowed for Sub-stations	251.52	264.96	278.40	292.80	309.12
Total O&M Expenses allowed (₹ in lakh)	582.24	613.04	644.72	678.40	714.96

89. The norms specified under 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 (₹ 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 (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ 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 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)	0.346	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 (₹ Lakh per MW) (Except Gazuwaka BTB)	2.07	2.18	2.30	2.42	2.55



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (₹ Lakh per MW)</i>	1.04	1.10	1.16	1.22	1.28

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

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

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

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

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

.....”

90. We have considered the Petitioner’s submissions. The O&M Expenses have been worked out in accordance with Regulation 36 of the 2024 Tariff Regulations, and the same are as follows:

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
2 Numbers 765 kV Bays (Raipur-I&II) and 2 Numbers 765 kV Bays (Jharsuguda-I&II) (Total 8 numbers of 765 kV bays)					
Norms (₹ lakh/bay)	41.34	43.51	45.79	48.2	50.73
O&M expenses allowed for Transmission Line	330.72	348.08	366.32	385.60	405.84

(₹ in lakh)



Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
2X240 MVAR Switchable Line Reactors with 700-ohm NGR at each end i.e. 765kV Jharsuguda (Sundargarh) Substation and 765 KV Raipur Pooling Station of Powergrid for 765KV D/C Jharsuguda (Sundargarh)- Raipur Pool					
Norms (₹ lakh/MVA)	0.262	0.276	0.29	0.305	0.322
O&M expenses allowed for Sub-stations	251.52	264.96	278.40	292.80	309.12
Total O&M Expenses allowed (₹ in lakh)	582.24	613.04	644.72	678.40	714.96

Interest on Working Capital (IWC)

91. Regulations 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations specify 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.*

(2)

(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.”*

92. 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 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.

93. 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 Assets are as under:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	48.52	51.09	53.73	56.53	59.58
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	87.34	91.96	96.71	101.76	107.24
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	322.26	317.84	311.83	307.81	300.55
D	Total Working Capital (A+B+C)	458.11	460.88	462.27	466.10	467.38
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)	54.52	54.84	55.01	55.47	55.62

Annual Fixed Charges of the 2024-29 Tariff Period

94. The annual transmission charges allowed for the 2024-29 tariff period in respect of the Combined Assets are summarized as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	757.19	750.68	730.26	730.26	685.94
Interest on Loan	452.67	392.21	332.08	272.17	214.07
Return on Equity	767.24	767.24	767.24	767.24	767.24
O&M Expenses	582.24	613.04	644.72	678.40	714.96
Interest on Working Capital	54.52	54.84	55.01	55.47	55.62
Total	2613.86	2578.01	2529.31	2503.53	2437.83



Filing Fee and Publication Expenses

95. 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 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.

96. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fee 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)

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

98. 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.”

99. 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

100. The Petitioner has claimed reimbursement of the license 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

101. 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 Respondents 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.

102. MPPMCL has submitted that the demand of the Petitioner with respect to the effect of CGST to be premature and should not be considered at this juncture.



103. The Petitioner, vide affidavit dated 12.3.2025, has reiterated its submissions as made in the Petition.

104. 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

105. 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.

106. As regards the security expenses of the transmission assets, the Petitioner has submitted that it shall 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 Assets are not claimed in the instant Petition.

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



108. The Petitioner has not claimed capital spares for the Combined Assets in the instant Petition for the 2024-29 tariff period. According to the Petitioner, it shall 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.

109. 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."

110. 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 security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on the estimated basis as per the 2024 Tariff Regulations for the 2024-29 tariff period.



Sharing of Transmission Charges

111. The Petitioner has submitted that the truing-up of the 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. Further, the 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 as per the 2020 Sharing Regulations.

112. 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) Regulations, 2019 (Sixth Amendment), till the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 (2020 Sharing Regulations) comes into force and later on, as per the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from time to time.

113. We have considered the submissions of the Petitioner and MPPMCL. The billing, collection, and disbursement of the transmission charges for the Combined Assets 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.



114. To summarise:

- a. The details of the AFC for the Combined Assets claimed by the Petitioner in the instant Petition and trued-up AFC allowed in the instant order are as follows:

(₹ in lakh)					
Particulars	2019-20 (Pro-rata 360 Days)	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 11.1.2022 in Petition No. 665/TT/2020.	2418.99	2595.50	2594.55	2555.18	2507.53
Claimed by the Petitioner in the instant Petition.	2402.64	2484.17	2446.37	2450.88	2467.76
Approved after true-up in this order.	2402.65	2484.19	2446.37	2450.86	2467.75

- b. Annual Fixed Charges allowed for the Combined Assets for the 2024-29 tariff period in this order are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Claimed in the instant Petition	2613.87	2578.02	2529.31	2503.54	2437.85
Allowed in this order	2613.86	2578.01	2529.31	2503.53	2437.83

115. This order disposes of the Petition No. 17/TT/2025, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

