

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 183/TT/2025

Coram:

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

Date of Order: 15.03.2025

In the matter of:

Approval under Section 62 read with Section 79 (1) (d) of the Electricity Act, 2003 and under the 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. _Petition for truing up of transmission tariff for 2019-24 and determination of transmission tariff for 2024-29 tariff block for the Combined Asset associated with System Strengthening Scheme in Uttaranchal in the Northern Region.

And in the matter of:

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

...Petitioner

Vs.

1. **Uttar Pradesh Power Corporation Limited,**
Shakti Bhawan, 14, Ashok Marg
Lucknow - 226 001
2. **Ajmer Vidyut Vitran Nigam Limited,**
Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road,
Ajmer-305004 (Rajasthan)
3. **Jaipur Vidyut Vitran Nigam Limited,**
132 Kv, GSS RvPNL Sub-Station Building,
Caligiri Road, Malviya Nagar, Jaipur-302017 (Rajasthan)



4. **Jodhpur Vidyut Vitran Nigam Limited,**
New Power House, Industrial Area,
Jodhpur – 342 003(Rajasthan)
5. **Himachal Pradesh State Electricity Board Limited,**
Vidyut Bhawan
Kumar House Complex Building II
Shimla-171 004
6. **Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office, Patiala - 147 001
7. **Haryana Power Purchase Centre**
Shakti Bhawan, Sector-6
Panchkula (Haryana) 134 109
8. **Jammu Kashmir Power Corporation Limited**
220/66/33 Kv Gladni SS SLDC Building
Narwal, Jammu
9. **BSES Yamuna Power Limited,**
B-Block, Shakti Kiran, Bldg.
(Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi-110092
10. **BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place,
New Delhi
11. **Tata Power Delhi Distribution Limited,**
33 Kv Substation Building,
Hudson Lane, Kingsway Camp,
North Delhi - 110009
12. **Chandigarh Electricity Department,**
Chandigarh Administration,
Sector -9, Chandigarh.
13. **Uttarakhand Power Corporation Limited,**
Urja Bhawan,
Kanwali Road,
Dehradun.
14. **North Central Railway,**
Allahabad.



15. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110002

...Respondents

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

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited for truing up of transmission tariff for 2019-24 and determination of transmission tariff for 2024-29 tariff block under the Central Electricity Regulatory Commission (Terms and Condition of Tariff Regulations) 2019 (hereinafter referred to as 2019 Tariff Regulations) and the Central Electricity Regulatory Commission (Terms and Condition of Tariff Regulations) 2024. (hereinafter referred to as 2024 Tariff Regulations) for the Combined Asset under Transmission System associated with System Strengthening Scheme (Formerly Tala Supplementary Scheme) in the Northern Region.

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

- a) *“Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for 2024-29 block for the asset covered under this petition, as per para 12 and 13 above.*
- b) *Approve the Petitioner to claim any potential liability payment arising from the court case during the truing up process for the 2024-29 tariff period.*
- 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 12 and 13 above for respective block. Further it is submitted that deferred tax liability before 01.04.2009 shall be recoverable from the beneficiaries or long-term customers / DIC as the case may be, as and when the same is materialized as per Regulation 67 of Tariff regulations, 2019 and Regulation 89 of Tariff regulations, 2024. The petitioner may be allowed to recover the deferred tax liability materialized directly without making any application before the*



- Commission as provided in the regulations.*
- 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 the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 19 above.*
 - h) *Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 19 above.*
 - i) *Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 19 above.*
 - j) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.*
 - k) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries and.*
 - l) *Pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.*

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 under:

- a) The Investment Approval (I.A.) and expenditure sanction for the transmission system was accorded by the Board of Directors (BoD) of the Petitioner Company vide Memorandum dated 13.7.2004 at an estimated cost of ₹7642.00 lakh, including an IDC of ₹305.00 lakh (based on the 4th Quarter, 2003 price level). The Revised Cost Estimate (RCE) was accorded by the BoD of the Petitioner Company vide Memorandum dated 20.12.2010 at an estimated cost of ₹14258.00 lakh, including an IDC of ₹779.00 lakh (based on 2nd Quarter, 2010 price level).



b) As per the I.A., the entire scope of work covered under the transmission scheme is as follows:

Transmission Line:

- i. LILO of one circuit of Dhauliganga-Bareilly 400 kV D/C line (charged at 220 kV level) at Pithoragarh-(using 400 kV towers with single moose conductors); and
- ii. LILO of one circuit of Tanakpur-Bareilly 220 kV D/C line at Sitarganj.

Sub-station:

- i. 220/132 kV Pithoragarh (New sub-station)-6X33.3 MVA (1 phase banks); and
- ii. 220/132 kV Sitarganj (New sub-station)-2X100 MVA.

c) The Petitioner has filed the present Petition for truing up of transmission tariff for 2019-24 and determination of transmission tariff for 2024-29 tariff block for below asset:

Asset No	Asset Name	DOCO	Remarks
Asset-I	Asset-I: LILO of 220 kV Tanakpur-Bareilly Transmission Line (Ckt.-II) at Sitarganj along with associated bays	01.03.2009	Effective COD 27.02.2010 Earlier petition no. 371/TT/2020 (Order dated 18.10.2021)
	Asset-II: 220/132, 100 MVA ICT-I at Sitarganj along with associated bays	01.03.2009	
	Asset-III: 220/132, 100 MVA ICT-II at Sitarganj along with associated bays	01.08.2009	
	Asset-IV: 220/132, 100 MVA ICT-I at Pithoragarh along with associated bays	01.09.2010	
	Asset-V: 220/132, 100 MVA ICT-II at Pithoragarh along with associated bays	01.12.2010	
	Asset-VI: LILO of one circuit of Dhauliganga-Bareilly Transmission Line at Pithoragarh along with associated bays	01.08.2010	



- d) The provisional transmission tariff and final transmission tariff of Asset-I and Asset-II for the period from COD to 31.3.2009 was allowed by the Commission vide orders dated 22.10.2009 and 4.10.2011 in Petition No. 202/2009 and Petition No. 01/2011 respectively. The transmission tariff of Asset-III for the period from COD to 31.3.2014 was allowed vide order dated 16.3.2012 in Petition No. 117/2010. The Commission, vide order dated 22.4.2013 in Petition No. 7/TT/2011, had allowed the transmission tariff of Combined Asset-I (Comprising of Asset-III and Asset-IV), Combined Asset-II (Comprising of Asset-I and Asset-V) and Asset-VI for 1.9.2010 to 30.11.2010, 1.12.2010 to 31.3.2014 and 1.8.2010 to 31.3.2014 respectively.
- e) In terms of the APTEL's aforesaid combined judgment dated 24.9.2013 in Appeal Nos. 43/2012 and 107/2012, the Commission vide order dated 18.5.2015 in Petition No. 01/2011 revised the transmission charges of Asset-I and Asset-II for the 2004-09 tariff period and revised the transmission charges of Asset-III for the 2009-14 tariff period vide order dated 8.6.2015 in Petition No. 117/2010
- f) The transmission tariff of Asset-I and Asset-II for the 2009-14 tariff period was allowed vide order dated 22.5.2015 in Petition No. 197/TT/2012. Further, in terms of implementation of the APTEL's directions (vide judgment dated 24.9.2013 in Appeal Nos. 43 and 107 of 2012) and revision order dated 8.6.2015 in Petition No. 117/2010, the transmission charges of Combined Asset-I (comprising of Asset-III and Asset-IV) and Combined Asset-II (comprising of Combined Asset-I and Asset-V) allowed vide order dated 22.4.2013 in Petition No. 7/TT/2011 were consequently revised by the Commission vide order dated 13.10.2015 in Petition No. 7/TT/2011.

- g) The transmission tariff of all the six assets covered under the transmission scheme for the 2009-14 tariff period was trued-up and tariff for the 2014-19 tariff period was allowed by the Commission vide order dated 20.7.2018 in Petition No. 82/TT/2018.
- h) Further, based on the APTEL judgment dated 22.1.2007 in Appeal No. 81/2005 & batch matters and 13.6.2007 in Appeal No. 139/2006 & batch matters, the Commission, vide order dated 18.10.2021 in Petition No. 371/TT/2020, has revised the Tariff for 2004-09 and 2009-14 Tariff Period, trued-up the tariff for 2014-19 tariff period and determined the tariff for 2019-24 tariff Period.
4. In compliance of the directions under RoP for the hearing dated 12.2.2025, the Petitioner vide affidavit dated 3.3.2025 has submitted that all the assets covered under instant petition are in use and there is no decapitalization during 2019-24 and 2024-29 tariff period as on date.
5. The Respondents include Distribution Licensees, Power Departments, and Transmission Licensees that receive transmission services from the Petitioner, primarily benefiting the Northern Region.
6. 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 (the Act). No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. None of the Respondents have filed any reply in the matter.
7. The hearing in the matter was held on 12.2.2025 and the order was reserved.
8. This order is being issued considering the Petitioner's submissions in the Petition vide affidavit dated 17.9.2024 and the subsequent affidavit dated 3.3.2025.

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

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

10. The Commission, vide order dated 18.10.2021 in Petition No. 371/TT/2020, has been allowed the following transmission charges for the instant Combined Asset for the 2019-24 Tariff period is as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	612.74	612.74	612.74	270.78	270.78
Interest on Loan	335.99	280.03	224.08	183.48	158.56
Return on Equity	717.77	717.77	717.77	717.77	717.77
Interest on Working Capital	45.99	42.88	39.92	35.58	35.91
O&M Expenses	480.33	497.31	514.87	532.76	551.70
Total	2192.81	2150.73	2109.38	1740.36	1734.72

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

Combined Asset

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	612.72	612.72	612.72	270.78	270.78
Interest on Loan	334.96	275.46	219.00	179.99	158.03
Return on Equity	717.77	717.77	717.77	717.77	717.77
Interest on Working Capital	45.98	42.82	39.85	35.54	41.11
O&M Expenses	480.33	497.31	514.87	532.76	551.71
Total	2191.76	2146.08	2104.21	1736.84	1739.40

Capital Cost for the 2019-24 Tariff Period

12. The Commission, vide order dated 04.02.2021 in Petition No.371/TT/2020, has considered the capital cost of ₹13370.07 lakh in respect of Combined Asset as on 31.3.2019. Therefore, the capital cost of ₹13370.07 lakh in respect of Combined Asset as on 31.3.2019 has been considered as opening Capital Cost as on 1.4.2019 for truing up the transmission tariff for the 2019-24 tariff period in accordance with Regulation 19 of the 2019 Tariff Regulations.



13. The Petitioner, in the instant true-up Petition, has not claimed Additional Capital Expenditure (ACE) for the 2019-24 tariff period related to the Combined Asset.

14. We have considered the submissions of the Petitioner. The detail of the Capital Cost allowed as on 31.3.2019 and as on 31.3.2024 is as follows:

Apportioned Approved Cost as per FR/RCE	Expenditure as on 31.3.2019	Expenditure during 2019-24 Tariff Block	Actual Capital Cost as on 31.3.2024
		2019-24	
7642.00/14258.00	13370.07	0.00	13370.07

(₹ in lakh)

Debt-Equity Ratio

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

Combined Asset

Funding	Capital cost as on 1.4.2019 (₹ in lakh)	(in %)	Capital cost as on 31.3.2024	(in %)
			(₹ in lakh)	
Debt	9548.50	71.42	9548.50	71.42
Equity	3821.57	28.58	3821.57	28.58
Total	13370.07	100.00	13370.07	100.00

(₹ in lakh)

Depreciation

16. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and thereafter up to 31.3.2024. Since the asset has already completed 12 years as on 1.4.2019, the depreciation has been calculated by spreading the balance depreciable value over the remaining useful life. The depreciation allowed for the Combined Asset is as follows:



Combined Asset

(₹ in lakh)						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	13370.07	13370.07	13370.07	13370.07	13370.07
B	Addition during the year 2019-24 due to ACE	0	0	0	0	0
C	Closing Capital Cost (A+B)	13370.07	13370.07	13370.07	13370.07	13370.07
D	Average Capital Cost (A+C)/2	13370.07	13370.07	13370.07	13370.07	13370.07
E	Average Capital Cost (90% depreciable assets)	12382.66	12382.66	12382.66	12382.66	12382.66
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	11144.39	11144.39	11144.39	11144.39	11144.39
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	11144.39	11144.39	11144.39	11144.39	11144.39
J	Weighted average rate of Depreciation (WAROD) (in %)	4.5829	4.5829	4.5829	Spread- Over	
K	Lapsed useful life at the beginning of the year (Year)	9	10	11	12	13
L	Balance useful life at the beginning of the year (Year)	17	16	15	14	13
M	Depreciation during the year (D*J)	612.74	612.74	612.74	270.78	270.78
N	Cumulative Depreciation at the end of the year	6128.03	6740.76	7353.50	7624.28	7895.06
O	Remaining Aggregate Depreciable Value at the end of the year(I-N)	5016.37	4403.63	3790.89	3520.11	3249.34

17. Accordingly, the depreciation allowed vide order dated 18.10.2021 in Petition No. 371/TT/2020, claimed by the Petitioner in the instant Petition, and allowed after true-up in respect of the Combined Asset are shown in the table below:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 18.10.2021 in Petition No. 371/TT/2020.	612.74	612.74	612.74	270.78	270.78
As claimed by the Petitioner in the instant petition.	612.72	612.72	612.72	270.78	270.78
Allowed in the instant true-up Petition	612.74	612.74	612.74	270.78	270.78



Interest on Loan (IoL)

18. The Petitioner has claimed the weighted average rate of interest (WAROI) based on its actual loan portfolio and interest rate. The IoL has been calculated considering WAROI based on the actual interest rate submitted by the Petitioner. The depreciation allowed during the tariff period 2019-24 has been considered as repayment during the respective year of the 2019-24 tariff period. The trued-up IoL allowed in respect of the Combined Asset is as follows:

Combined Asset

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross normative loan	9548.50	9548.50	9548.50	9548.50	9548.50
B	Cumulative repayments up to the previous year	5515.29	6128.03	6740.76	7353.50	7624.28
C	Net loan-Opening (A-B)	4033.21	3420.47	2807.74	2195.00	1924.22
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	612.74	612.74	612.74	270.78	270.78
F	Net loan-Closing (C+D-E)	3420.47	2807.74	2195.00	1924.22	1653.44
G	Average loan (C+F)/2	3726.84	3114.10	2501.37	2059.61	1788.83
H	WAROI	8.9878	8.8458	8.7551	8.7388	8.8341
I	Interest on Loan (G*H)	334.96	275.47	219.00	179.98	158.03

19. Accordingly, the IoL allowed vide order dated 18.10.2021 in Petition No. 371/TT/2020, claimed by the Petitioner in the instant Petition, and allowed after true-up in respect of the Combined Asset are shown in the table below:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 18.10.2021 in Petition No. 371/TT/2020.	335.99	280.03	224.08	183.48	158.56
As claimed by the Petitioner in the instant petition.	334.96	275.46	219.00	179.99	158.03
Allowed in the instant true-up Petition	334.96	275.47	219.00	179.98	158.03



Return on Equity (RoE)

20. The Petitioner has submitted that its Income Tax assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019-20 and FY 2020-21 and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for the FY 2021-22, FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024).

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

Year	Claimed effective tax rate (in %)	Grossed up RoE (in %) [(Base Rate)/(1-t)]
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782
2022-23	17.472	18.782
2023-24	17.472	18.782

22. We noted that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) defines book profit as net profit in the statement of Profit and Loss prepared in accordance with the Schedule-II of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as effective tax rate for the purpose of grossing up of the RoE for truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual



payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into the account for the purpose of grossing up of the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing up, shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be, on year to year basis. Therefore, the following effective tax rate based on the notified the MAT rates are considered for the purpose of grossing up of the rate of the RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective tax (in %)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in%)
2019-20	17.472	17.472	15.500	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

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

Combined Asset

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	3821.57	3821.57	3821.57	3821.57	3821.57
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	3821.57	3821.57	3821.57	3821.57	3821.57
D	Average Equity (A+C)/2	3821.57	3821.57	3821.57	3821.57	3821.57
E	Return on Equity (Base Rate)	15.500	15.500	15.500	15.500	15.500
F	Tax Rate applicable	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (Pre-tax) (D*G)	717.77	717.77	717.77	717.77	717.77

24. Accordingly, the RoE allowed vide order dated 18.10.2021 in Petition No. 371/TT/2020, claimed by the Petitioner in the instant petition and allowed after true-up in respect of the Combined Asset are shown in the table below:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 18.10.2021 in Petition No. 371/TT/2020.	717.77	717.77	717.77	717.77	717.77



As claimed by the Petitioner in the instant petition.	717.77	717.77	717.77	717.77	717.77
Allowed in the instant true-up Petition	717.77	717.77	717.77	717.77	717.77

Operation & Maintenance Expenses (O&M Expenses)

25. The Commission, vide order dated 18.10.2021 in Petition No. 371/TT/2020, has allowed the following O&M expenses and the same is as follows:

(₹ in lakh)					
O&M expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Asset	480.33	497.31	514.87	532.76	551.70

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

(₹ in lakh)					
O&M expenses	2019-20	2020-21	2021-22	2022-23	2023-24
Asset	480.33	497.31	514.87	532.76	551.71

27. We have considered the submission of the Petitioner. It is observed that the O&M expenses claimed by the Petitioner in the instant true-up petition for Combined Asset are as per Regulation 35(3) of 2019 Tariff Regulation. The O&M expenses is worked out as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Lines: 400 kV D/C Single					
LILO of Ckt-II of Tanakpu Bareilly at Sitarganj– (Line length :21.906 kms)					
Norms: 400 kV D/C Single Conductor (Rs. Per km)	0.377	0.391	0.404	0.419	0.433
O&M Expenses	8.26	8.57	8.85	9.18	9.49
Transmission Lines: 220 kV D/C Triple					
LILO of Ckt-I of Dhauliganga Bareilly at Pithoragarh (charged at 220 kV) – (Line length 1.166 kms)					
Norms: 220 kV D/C Triple conductor	0.881	0.912	0.944	0.977	1.011



(Rs. Per km)					
O&M Expenses	1.03	1.06	1.10	1.14	1.18
Sub-station: 220 kV Bays					
<ul style="list-style-type: none"> • 1 No of Tanakpur bay at Sitarganj • 1 No of Bareilly bay at Sitarganj • 1 No of ICT-I bay at Sitarganj • 1 No of Dhauliganga Bay at Pithoragarh • 1 No of Bareilly bay at Pithoragarh • 1 No of ICT-II bay at Sitarganj • 1 No of ICT-II bay at Pithoragarh • 1 No of ICT-I bay at Pithoragarh 	8	8	8	8	8
Norms: 220 kV Bays (Rs. Per Bay)	22.51	23.3	24.12	24.96	25.84
O&M Expenses	180.08	186.4	192.96	199.68	206.72
Sub-station: 132 kV Bays					
<ul style="list-style-type: none"> • 1 No of ICT-I bay at Sitarganj • 1 No of ICT-II bay at Sitarganj • 1 No of ICT-II bay at Pithoragarh • 1 No of ICT-I bay at Pithoragarh • 4 Nos of Line bays at Pithoragarh • 4 Nos of Line bays at Sitarganj 					
Norms: 132 kV Bays (Rs. Per Bay)	16.08	16.64	17.23	17.83	18.46
O&M Expenses	192.96	199.68	206.76	213.96	221.52
Sub-station: 220 kV ICT					
<ul style="list-style-type: none"> • 2 Nos of 100 MVA ICT at Sitarganj • 2 Nos of 100 MVA ICT at Pithoragarh 					
Norms: 220 kV ICT (Rs. Per MVA)	0.245	0.254	0.263	0.272	0.282
O&M Expenses	98.00	101.6	105.2	108.8	112.8
Total O&M Expenses allowed	480.33	497.31	514.87	532.76	551.70

28. Accordingly, the O&M Expenses allowed vide order dated 18.10.2021 in Petition No. 371/TT/2020, claimed by the Petitioner in the instant Petition, and allowed after true-up in respect of the Combined Asset are shown in the table below:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 18.10.2021 in Petition No. 371/TT/2020.	480.33	497.31	514.87	532.76	551.70
As claimed by the Petitioner in the instant petition.	480.33	497.31	514.87	532.76	551.71
Allowed in the instant true-up Petition	480.33	497.31	514.87	532.76	551.70

Interest on Working Capital (IWC)

29. IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for the FY 2021-22 and FY 2022-23 and 12.00% (SBI 1 year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

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

Combined Asset

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for O&M Expenses (O&M Expenses for 1 month)	40.03	41.44	42.91	44.40	45.98
Working Capital for Maintenance Spares (15% of O&M Expenses)	72.05	74.60	77.23	79.91	82.76
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	269.48	264.59	259.42	214.13	213.86
Total Working Capital	381.56	380.63	379.56	338.44	342.59
Rate of Interest for Working Capital	12.05	11.25	10.50	10.50	12.00
Interest of working capital	45.98	42.82	39.85	35.54	41.11



31. Accordingly, the IWC allowed vide order dated 18.10.2021 in Petition No. 371/TT/2020, claimed by the Petitioner in the instant Petition, and allowed after true-up in respect of the Combined Asset are shown in the table below:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 18.10.2021 in Petition No. 371/TT/2020.	45.99	42.88	39.92	35.58	35.91
As claimed by the Petitioner in the instant petition.	45.98	42.82	39.85	35.54	41.11
Allowed in the instant true-up Petition	45.98	42.82	39.85	35.54	41.11

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

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

Combined Asset

(₹ in lakh)					
Particulars	2019-20	2022-21	2021-22	2022-23	2023-24
Depreciation	612.74	612.74	612.74	270.78	270.78
Interest on Loan	334.96	275.47	219.00	179.98	158.03
Return on Equity	717.77	717.77	717.77	717.77	717.77
O&M Expenses	480.33	497.31	514.87	532.76	551.71
Interest on working capital	45.98	42.82	39.85	35.54	41.11
Total	2191.78	2146.11	2104.23	1736.83	1739.40

33. Accordingly, the annual transmission charges allowed vide order dated 18.10.2021 in Petition No. 371/TT/2020, claimed by the Petitioner in the instant Petition, and allowed after true-up in respect of the Combined Asset are shown in the table below:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Approved vide order dated 18.10.2021 in Petition No. 371/TT/2020.	2192.81	2150.73	2109.38	1740.36	1734.72



As claimed by the Petitioner in the instant petition.	2191.76	2146.08	2104.21	1736.84	1739.40
Allowed in the instant true-up Petition	2191.78	2146.11	2104.23	1736.83	1739.40

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

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

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	270.78	270.78	270.78	270.78	270.78
Interest on Loan	134.18	110.54	85.88	60.55	37.41
Return on Equity	717.77	717.77	717.77	717.77	717.77
Interest on Working Capital	36.90	37.61	38.35	39.08	40.04
O&M Expenses	468.60	493.28	519.03	546.19	575.03
Total	1628.23	1629.98	1631.81	1634.37	1641.03

Capital Cost

35. 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) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under the Perform, Achieve and Trade (PAT) scheme of the Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.
- (p) Expenditure required to enable flexible operation of the generating station at lower loads.

(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) Capital expenditure on account of ash disposal and utilization, including handling and transportation facility;
- (e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under the Perform, Achieve and Trade (PAT) scheme of the Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries;
- (g) Expenditure required to enable flexible operation of the generating station at lower loads;
- (h) Capital expenditure on account of biomass handling equipment and facilities, for cofiring; and
- (i) Expenditure on account of change in law and force majeure events;

(4) The capital cost in case of existing or new hydro generating stations shall also include:

- (a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
- (b) cost of the developer's 10% contribution towards the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.
- (c) For uninterrupted and timely development of Hydro projects, expenditure incurred towards developing local infrastructure in the vicinity of the power plant not exceeding Rs. 10 lakh/MW shall be considered as part of the Capital cost, and in case the same work is covered under budgetary support provided by the Government of India, the funding of such works shall be adjusted on receipt of such funds.

Provided that such funds shall be allowed only if the funds are spent through Indian



Governmental Instrumentality;

(5) For Projects acquired through NCLT proceedings under the Insolvency and Bankruptcy Code, 2016, the following shall be considered while approving Capital Costs for the determination of tariff:

- (a) For projects already under operation, historical GFA of the project acquired or the acquisition cost paid by the generating company, whichever is lower;*
- (b) For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;*

Provided that in the absence of any prior approved capital cost of an Appropriate Commission, the Commission shall consider the same on the basis of audited accounts subject to prudence check;

Provided further, that in case additional capital expenditure is required post acquisition of an already operational project, the same shall be considered under the provisions of Chapter 7 of these Regulations;

(c) In case any under construction project is acquired that has yet to achieve commercial operation, the acquisition cost or the actual audited cost incurred till the date of acquisition, whichever is lower, shall be considered and;

(d) any additional capital expenditure incurred post acquisition of such project up to the date of commercial operation of the project in line with the investment approval of the Board of Directors of the generating company or the transmission licensees shall also be considered on a case to case basis subject to prudence check.

Provided that post commercial operation, additional capital expenditure shall be allowed under the provisions of Chapter 7 of these Regulations.

(6) The following shall be excluded from the capital cost of the existing and new projects:

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;*
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;*
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:*

Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be de-capitalised from the original project only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.

(d) In the case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;

(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.”

36. Since the capital cost approved as on 01.04.2024 is ₹13370.07 lakh, the capital cost of ₹13370.07 lakh as on 31.3.2024 has been considered as the opening capital cost as on 1.4.2024 for the purpose of determination of transmission tariff for the 2024-29 period in accordance with Regulation 19 of the 2024 Tariff Regulations.

37. The Petitioner has not claimed Additional Capital Expenditure (ACE) for the Combined Asset for the 2024-29 tariff period. Therefore, the detail of the Capital Cost allowed as on 31.3.2024 and as on 31.3.2029 is as follows:

(₹ in lakh)			
Apportioned Approved Cost as per FR/RCE	Expenditure as on 31.3.2024	Expenditure during 2024-29 Tariff Block	Actual Capital Cost as on 31.3.2029
		2024-29	
7642.00/14258.00	13370.07	0.00	13370.07

Debt Equity Ratio

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

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

Provided that:

- where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*
- the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*
- the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*

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 the approval of the competent authority in other cases regarding the infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

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

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

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

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

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

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

39. Debt-equity ratio for the 2024-29 tariff period is dealt with in line with Regulation 18 of the 2024 Tariff Regulations. Accordingly, the debt-equity considered for the 2024-29 tariff period for the Combined Asset is as follows:

(₹ in lakh)				
Funding	Capital cost as on 1.4.2024 (₹ in lakh)	(in %)	Capital cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	9548.50	71.42	9548.50	71.42
Equity	3821.57	28.58	3821.57	28.58
Total	13370.07	100.00	13370.07	100.00

Depreciation

40. 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 further that in the case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for the development of the generating station:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of the sale of electricity under long-term power purchase agreement at regulated tariff:

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) Land other than the land held under lease and the land for a reservoir in case of a hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing the depreciable value of the asset.

(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.

Provided further that in the case of an existing hydro generating station, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix I and Appendix II to these Regulations to reduce

front loading of tariff.

(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.

Provided further that in the case of a new hydro generating stations, the generating company, with the consent of the beneficiaries, may charge depreciation at a rate lower than that specified in Appendix II to these Regulations to reduce front loading of tariff.

(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) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (9) of this Regulation.

(11) Depreciation of the emission control system of an existing generating station that is yet to complete its useful life or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on the straight line method at rates specified in Appendix- I to these regulations;

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the date of operation of such emission control system shall be spread over the balance period of thirteen years or balance operational life of generating station, whichever is lower;

Provided also that in case the date of operation of the emission control system is after the 20th year of commercial operation of the generating station or unit thereof, but

before the completion of the useful life of the generating station, the depreciation on emission control system (ECS) shall be computed annually from the date of operation of such ECS based on the straight line method, with a salvage value of 10% and the depreciable value shall be recovered till the operational life of the generating station.

(12) In case the date of operation of the emission control system is subsequent to the date of completion of the useful life of generating station commercial operation of the generating station or unit thereof, depreciation of ECS shall be computed annually from the date of operation of such emission control system based on the straight line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher.”

41. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. Since, the Combined Asset has already completed 12 years as on 1.4.2024, the depreciation has been calculated by spreading the balance depreciable value over the remaining useful life. The depreciation allowed for the Combined Asset 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	13370.07	13370.07	13370.07	13370.07	13370.07
B	Addition during the year 2024-29 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	13370.07	13370.07	13370.07	13370.07	13370.07
D	Average Capital Cost (A+C)/2	13370.07	13370.07	13370.07	13370.07	13370.07
E	Average Capital Cost (90% depreciable assets)	12382.66	12382.66	12382.66	12382.66	12382.66
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	11144.39	11144.39	11144.39	11144.39	11144.39
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	11144.39	11144.39	11144.39	11144.39	11144.39
J	Weighted average rate of Depreciation (WAROD) (in %)	Spread- Over				
K	Lapsed useful life at the beginning of the year (Year)	14	15	16	17	18
L	Balance useful life at the beginning of the year (Year)	12	11	10	9	8
M	Depreciation during the year	270.78	270.78	270.78	270.78	270.78
N	Cumulative Depreciation at the end of the year	8165.84	8436.61	8707.39	8978.17	9248.95
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	2978.56	2707.78	2437.00	2166.22	1895.45

Interest on Loan (IoL)

42. Regulation 32 of the 2024 Tariff Regulations provides as follows:

“32. Interest on loan capital: (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered gross normative loans for the calculation of interest on loans.

(2) The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.

(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio;

Provided that if there is no actual loan outstanding for a particular year but the normative loan is still outstanding, the last available weighted average rate of interest of the loan portfolio for the project shall be considered;

Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of interest of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered.

Provided that the rate of interest on the loan for the installation of the emission control system commissioned subsequent to date of commercial operation of the generating station or unit thereof, shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered, subject to a ceiling of 14%;

Provided further that if the generating company or the transmission licensee, as the case may be, does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.

(6) The interest on the loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.”

43. The WAROI considered by the Petitioner has been retained for the purpose of tariff, subject to truing up. The depreciation allowed during the tariff period 2019-24 has been



considered as repayment during the respective year of the 2019-24 tariff period. The IoL allowed for the Combined Asset for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particular	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross normative loan	9548.50	9548.50	9548.50	9548.50	9548.50
B	Cumulative repayments up to the previous year	7895.06	8165.84	8436.61	8707.39	8978.17
C	Net loan-Opening (A-B)	1653.44	1382.66	1111.89	841.11	570.33
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	270.78	270.78	270.78	270.78	270.78
F	Net loan-Closing (C+D-E)	1382.66	1111.89	841.11	570.33	299.55
G	Average loan (C+F)/2	1518.05	1247.28	976.50	705.72	434.94
H	WAROI	8.8387	8.8620	8.7946	8.5800	8.6002
I	Interest on Loan (G*H)	134.18	110.53	85.88	60.55	37.41

Return on Equity (RoE)

44. 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;



- ii. in case of an existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, the rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;
- iii. in the case of a thermal generating station:

- a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate as specified under Regulation 45(9) of IEGC Regulations, 2023.
- b) an additional rate of return on equity of 0.125% shall be allowed for every incremental ramp rate of 0.50% per minute achieved over and above the ramp rate specified by Central Electricity Authority, subject to the ceiling of additional rate of return on equity of 1.00%:

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.”

45. The Petitioner has claimed return on equity (RoE) considering base rate of 15.500% and effective tax rate of 17.472%, for the tariff period 2024-29, the same has been considered, subject to truing up. The RoE allowed to the Combined Asset for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	3821.57	3821.57	3821.57	3821.57	3821.57
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	3821.57	3821.57	3821.57	3821.57	3821.57
D	Average Equity (A+C)/2	3821.57	3821.57	3821.57	3821.57	3821.57
E	Return on Equity (Base Rate) (in %)	15.500	15.500	15.500	15.500	15.500
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (Pre-tax) (D*G)	717.77	717.77	717.77	717.77	717.77

Operation and Maintenance Expenses (“O&M Expenses”)

46. The O&M Expenses claimed by the Petitioner for the 2024-29 tariff period for the Combined Asset is as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	468.60	493.28	519.03	546.19	575.03

47. Regulation 36(3) of the 2024 Tariff Regulations provides as follows:

“36. Operation and Maintenance Expenses:

.....

(3) Transmission system: (a) The following normative operation and maintenance expenses shall be admissible for the transmission system:

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (Rs Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36



132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/Reactors (Rs Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (Rs Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (Rs Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four or more sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (Rs Lakh/MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (Rs Lakh/MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

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

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

(c) **Communication system:** The operation and maintenance expenses for the ULDC or such similar scheme shall be worked out at 2.0% of the original project cost related to such

communication system. The transmission licensee shall submit the actual operation and maintenance expenses for truing up. The expenses in case of U-NMS shall be allowed on actual basis after due prudence check.

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

Provided that in case of self insurance, the premium shall not exceed 0.09% of the GFA of the assets insured;

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

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

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

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

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Transmission Lines: 400 kV D/C Single					
LILO of Ckt-II of Tanakpu Bareilly at Sitarganj– (Line length: 21.906 kms)					
Norms: 400 kV D/C Single (Rs. Per km)	0.369	0.388	0.409	0.43	0.453
O&M Expenses	8.08	8.50	8.96	9.42	9.92
Transmission Lines: 220 kV D/C Triple					
LILO of Ckt-I of Dhauliganga Bareilly at Pithoragarh (charged at 220 kV) – (Line length: 1.166 kms)					
Norms: 220 kV D/C Triple (Rs. Per km)	0.861	0.906	0.953	1.003	1.056
O&M Expenses	1.00	1.06	1.11	1.17	1.23
Sub-station: 220 kV Bays					
<ul style="list-style-type: none"> • 1 No of Tanakpur bay at Sitarganj • 1 No of Bareilly bay at Sitarganj • 1 No of ICT-I bay at Sitarganj 					



<ul style="list-style-type: none"> • 1 No of Dhauliganga Bay at Pithoragarh • 1 No of Bareilly bay at Pithoragarh • 1 No of ICT-II bay at Sitarganj • 1 No of ICT-II bay at Pithoragarh • 1 No of ICT-I bay at Pithoragarh 					
Norms: 220 kV Bays (Rs. Per Bay)	20.67	21.75	22.9	24.1	25.36
O&M Expenses	165.36	174	183.2	192.8	202.88
Sub-station: 132 kV Bays					
<ul style="list-style-type: none"> • 1 No of ICT-I bay at Sitarganj • 1 No of ICT-II bay at Sitarganj • 1 No of ICT-II bay at Pithoragarh • 1 No of ICT-I bay at Pithoragarh • 4 Nos of Line bays at Pithoragarh • 4 Nos of Line bays at Sitarganj 	12	12	12	12	12
Norms: 132 kV Bays (Rs. Per Bay)	15.78	16.61	17.48	18.4	19.35
O&M Expenses	189.36	199.32	209.76	220.8	232.2
Sub-station: 220 kV ICT					
<ul style="list-style-type: none"> • 2 Nos of 100 MVA ICT at Sitarganj • 2 Nos of 100 MVA ICT at Pithoragarh 					
Norms: 220 kV ICT (Rs. Per MVA)	0.262	0.276	0.290	0.305	0.322
O&M Expenses	104.8	110.4	116.00	122	128.8
Total O&M Expenses allowed	468.61	493.28	519.03	546.19	575.03

Interest on Working Capital (IWC)

49. Regulation 34 of the 2024 Tariff Regulations provides as follows:

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

(a) For Coal-based/lignite-fired thermal generating stations:

(i) Cost of coal or lignite, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity, whichever is lower;

(ii) Limestone towards stock for 15 days corresponding to the normative annual plant availability

(iii) Advance payment for 30 days towards the cost of coal or lignite and limestone for

generation corresponding to the normative annual plant availability factor;
(iv) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;
(v) Maintenance spares @ 20% of operation and maintenance expenses, including water charges and security expenses;
(vi) Receivables equivalent to 45 days of capacity charge and energy charge for the sale of electricity calculated on the normative annual plant availability factor; and
(vii) Operation and maintenance expenses, including water charges and security expenses, for one month.

(b) For emission control system of coal or lignite based thermal generating stations:
(i) Cost of limestone or reagent towards stock for 20 days corresponding to the normative annual plant availability factor;
(ii) Advance payment for 30 days towards the cost of reagent for generation corresponding to the normative annual plant availability factor;
(iii) Receivables equivalent to 45 days of supplementary capacity charge and supplementary energy charge for the sale of electricity calculated on the normative annual plant availability factor;
(iv) Operation and maintenance expenses in respect of the emission control system for one month;
(v) Maintenance spares @20% of operation and maintenance expenses in respect of emission control system.

(c) For Open-cycle Gas Turbine/Combined Cycle thermal generating stations:
(i) Fuel cost for 15 days corresponding to the normative annual plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;
(ii) Liquid fuel stock for 15 days corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel, cost of main liquid fuel duly taking into account mode of operation of the generating stations of gas fuel and liquid fuel;

Provided that the above shall only be allowed to generating stations that have facilities to store liquid fuel.

(iii) Maintenance spares @ 30% of operation and maintenance expenses, including water charges and security expenses;
(iv) Receivables equivalent to 45 days of capacity charge and energy charge for the sale of electricity calculated on the normative plant availability factor, duly taking into account the mode of operation of the generating station on gas fuel and liquid fuel;
(v) Operation and maintenance expenses, including water charges and security expenses, for one month.

(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) The cost of fuel in cases covered under sub-clauses (a) and (c) of clause (1) of this Regulation shall be based on the landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 59 of these regulations) by the generating station

and gross calorific value of the fuel as per actual weighted average for the preceding financial year in case of each financial year for which tariff is to be determined:

Provided that in the case of a new generating station, the cost of fuel for the first financial year shall be considered based on landed fuel cost (taking into account normative transit and handling losses in terms of Regulation 59 of these regulations) and gross calorific value of the fuel as per actual weighted average for three months, as used for infirm power, preceding date of commercial operation for which tariff is to be determined.

(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.”

50. The Petitioner has considered the rate of IWC as 11.90% (i.e. SBI 1-year MCLR applicable as on 1.4.2024 of 8.65% plus 325 basis points) for the tariff period 2024-29, the same has been considered, subject to truing up.

51. The components of the working capital and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period in respect of the Combined Asset are as under:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Working Capital for O&M Expenses (O&M Expenses for one month)	39.05	41.11	43.25	45.52	47.92
Working Capital for Maintenance Spares (15% of O&M Expenses)	70.29	73.99	77.85	81.93	86.25
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	200.74	200.96	201.18	200.95	202.32
Total Working Capital	310.08	316.05	322.29	328.39	336.49
Rate of Interest for working capital	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	36.90	37.61	38.35	39.08	40.04

Annual Transmission Charges for the 2024-29 Tariff Period

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

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	270.78	270.78	270.78	270.78	270.78
Interest on Loan	134.18	110.53	85.88	60.55	37.41
Return on Equity	717.77	717.77	717.77	717.77	717.77
O&M Expenses	468.60	493.28	519.03	546.19	575.03
Interest on Working Capital	36.90	37.61	38.35	39.08	40.04
Total	1628.23	1629.97	1631.81	1634.37	1641.03

Filing Fee and Publication Expenses

53. 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 shall be 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.

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

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

55. 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.



56. 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.”***

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

Licence Fee and RLDC Fees and Charges

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

Goods and Services Tax

59. 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 also be 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.



60. We have considered the Petitioner's. 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

61. 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 prudence check. 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 Asset are not claimed in the instant Petition. 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 the FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated insurance expense for the financial years 2024-25, 2025-26, 2026-27, 2027-28, and 2028-29.

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

63. 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 0.09% of the GFA of the assets insured;

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

64. On perusal of Regulation 36(3)(d) of the 2024 Tariff Regulations and considering the Petitioner's submissions, the Petitioner is allowed to file a single consolidated Petition comprising of security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on an estimated basis in terms of the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission Charges

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

66. To summarize:

a. The trued-up Annual Transmission Charges approved for the 2019-24 tariff



period in respect of the Combined Asset are as follows:

Combined Asset

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Allowed	2191.78	2146.11	2104.23	1736.83	1739.40

- b. The Annual Transmission Charges approved in respect of the Combined Asset for the 2024-29 tariff period are as follows:

(₹ in lakh)

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Allowed	1628.23	1629.97	1631.81	1634.37	1641.03

67. This order disposes of Petition No. 183/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

