

**Central Electricity Regulatory Commission
New Delhi**

Petition No. 286/TT/2025

Coram:

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

Date of Order: 30.03.2025

In the matter of:

Petition for truing up of the transmission tariff for the 2019-24 tariff period and determination of the transmission tariff for the 2024-29 tariff period for the “Unified Load Dispatch & Communication Scheme (POWERGRID portion i.e. Communication System portion and SLDC System retained by the Petitioner after the formation of POSOCO)” in the Southern Region under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and under Regulation 15 (1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

And in the matter of:

Power Grid Corporation of India Limited,
Registered Office: B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.
Corporate Centre: “Saudamini”, Plot No. 2,
Sector-29, Gurgaon-122001 (Haryana).
...**Petitioner**

Vs.

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

4. **Electricity Department,**
Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai,
Pondicherry – 605001
5. **Eastern Power Distribution Company of Andhra Pradesh Limited,**
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam,
Andhra Pradesh
6. **Southern Power Distribution Company of Andhra Pradesh Limited,**
#19-13-65/A, Srinivasapuram,
Tiruchanoor Road, Tirupati,
Andhra Pradesh-517 503
7. **Andhra Pradesh Central Power Distribution Company Limited,**
Corporate Office, Beside Polytechnic College, ITI Road,
Vijaywada, Krishna District,
Andhra Pradesh-250008
8. **Southern Power Distribution Company of Telangana Limited,**
6-1-50, Corporate Office, Mint Compound,
Hyderabad,
Telangana-500063
9. **Northern Power Distribution Company of Telangana Limited,**
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda,
Warangal,
Telangana-506001
10. **Bangalore Electricity Supply Company Limited,**
Corporate Office, K. R. Circle,
Bangalore,
Karnataka-560001
11. **Gulbarga Electricity Supply Company Limited,**
Corporate Office, Station Main Road,
Opp. Parivar Hotel,
Gulbarga (Kalburgi),
Karnataka-585102
12. **Hubli Electricity Supply Company Limited,**
Navanagar, PB Road,
Hubli,
Karnataka-580025
13. **Mangalore Electricity Supply Company Limited,**
Corporate Office, 1st Floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai,
Mangalore,
Karnataka-575004

14. Chamundeswari Electricity Supply Corporation Limited,
Corporate Office, #29, Vijayanagara 2nd Stage,
Hinkal, Mysuru,
Karnataka-570017.

...Respondents

Parties Present : Shri Mohd. Mohsin, PGCIL
Shri V.C. Sekhar, PGCIL
Shri Angaru Naresh, PGCIL
Shri Vishal Sagar, PGCIL
Ms. Suchitra Rani Gautam, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Amit Yadav, PGCIL
Ms. Anshul Garg, PGCIL
Shri Abhijit Daimari, PGCIL
Shri Arjun Malhotra, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing-up of the transmission tariff for the 2019-24 period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and the determination of transmission tariff for the 2024-29 tariff period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”), in respect of the ‘Unified Load Despatch & Communication Scheme (ULDC Scheme) and the SLDC System, retained by the Petitioner’ in the Southern Region.

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

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

- c) *Allow the petitioner to bill and recover Licensee fee and RLDC fees & charges, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- d) *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.*
- e) *Allow the petitioner to claim O&M expenses as claimed/as per norms to be notified by Hon'ble Commission at the time of truing up.*
- f) *Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 18 above.*
- g) *Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 18 above.*
- h) *Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 19 above.*
- i) *Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition on year to year/ at the end of tariff block as mentioned at para 19 above.*
- j) *Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

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

Background

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

- a) The Central Electricity Authority (CEA) had accorded techno-economic clearance for the ULDC Scheme vide its letter dated 27.1.1994 at an estimated cost of ₹55234 lakh, including an Interest During Construction (“IDC”) of ₹7065 lakh, based on the 4th Quarter 1992 Price Level. The Investment Approval (IA) and expenditure sanction was accorded by the Ministry of Power (MoP) vide its letter dated 16.2.1995, at an estimated cost of ₹62157 lakh, including an IDC of ₹12598 lakh. During the execution of the ULDC Scheme, there had been an increase in the cost on account of changes in the scope of approved items of

work, Foreign Exchange Rate Variation (FERV) and other reasons. As such, based on the recommendations of Public Investment Board (PIB), the Central Government vide letter dated 5.2.2002, accorded its fresh approval to the Revised Cost Estimate (RCE) of ₹68380 lakh, including an IDC of ₹11809 lakh, consisting of: (i) Petitioner's portion of ₹55904 lakh, including the IDC of ₹9224 lakh, and (ii) States' Portion of ₹12475 lakh, including the IDC of ₹2585 lakh, based on the 2nd Quarter 2001 Price Level. As per the revised approval, the ULDC Scheme was to be declared under commercial operation by June, 2002, but and it was in fact declared under commercial operation on 1.7.2002.

- b) The Commission vide orders dated 27.1.2009 and 18.3.2011 in Petition Nos.143/2005 and 36/2010, respectively, approved the fees and charges for the tariff for the 2004-09 period, with respect to expenditure incurred up to 31.3.2009 in respect of the communication and SLDC System retained by the Petitioner (PGCIL) (hereinafter referred to as "the communication asset").
- c) The tariff for the 2009-14 tariff period in respect of the communication asset was allowed vide order dated 24.12.2013 in Petition No. 60/TT/2012. Further, the tariff for the 2014-19 tariff period in respect of the communication asset was allowed vide order dated 15.7.2016 in Petition No. 545/TT/2014.
- d) As per the directives of MoP vide letter dated 4.7.2008, Power System Operation Corporation Limited (POSOCO), a wholly owned subsidiary of the Petitioner, responsible for the operation of the National Load Dispatch Centre and Regional Load Dispatch Centers (RLDCs) was established. The Government of India had constituted a Task Force to look into the financial aspects of the augmentation and upgradation of the State Load Dispatch Centers (SLDCs) and issues related to emoluments for the personnel engaged in the system operation. The Task Force made certain recommendations with

regard to the ownership of the assets. Subsequent to the Task Force's report, the Petitioner constituted Committees at the regional level to identify the assets to be transferred to POSOCO. Further, as per the directions of the Committees, the transmission directly related to the discharge of load dispatch functions, raised by the Petitioner under the Scheme, was transferred to POSOCO. The Petitioner was left with the assets associated with the communication system under the Central Portion of the Scheme and assets for SLDCs (the States' Portion).

- e) In view of the above, the Petitioner filed a Miscellaneous Petition No. 68/2010 under sub-section (4) of Section 28 of the Electricity Act, 2003 and Regulations 44 "Power to Relax" of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations"), for fixation of tariff norms for recovery of cost for the assets ("Communication System" and "Sub-Load Dispatch Centre system") to be retained/ to be installed by the Petitioner after the formation of POSOCO for the 2009-14 tariff period.
- f) Further, based on the recommendations of the Committees, the assets under the ULDC Scheme were transferred to POSOCO and to the Petitioner vide Commission's order dated 8.12.2011 in Petition No. 68/2010 and the same is as follows:

(A) Assets transferred to POSOCO

- (i) EMS/SCADA system (computer system, hardware and software)
- (ii) Auxiliary power supply system comprising of uninterrupted power supply, diesel generating set etc.
- (iii) Building and civil works.

(B) Assets which remain with the Petitioner

I. Central Portion

- (i) Fibre Optic Cables (overhead and underground)
- (ii) Fibre Optic Communication Equipment
- (iii) Digital Microwave Communication System (Tower, Antenna, Equipment etc.)
- (iv) PABX
- (v) Power Line Carrier Communication System;
- (vi) Auxiliary power supply system.

II. State Portion

The entire State portion which consists of the following equipment remains with the Petitioner:

- (i) EMS/SCADA system
- (ii) Fibre Optic System
- (iii) Digital Microwave Communication System (Tower, Antenna, Equipment etc.)
- (iv) PABX
- (v) Power Line Carrier Communication System Auxiliary power supply system (part)

g) To meet the communication requirements under the ULDC Scheme, microwave links were implemented. In a meeting held between the MoP and the Ministry of Communication and Information Technology (MeITY) in November, 2008, it was decided to vacate the 2.3-2.4 GHz frequency band being used for ULDC Micro Wave links, and to establish fibre-optics-based communications within two years' time period, which was subsequently extended up to 2011. The tariff for the digital Microwave System installed under the ULDC Scheme was being recovered considering the 15 years of the useful life of the project. On account of the change in Government policy, the useful life of these microwave links was reduced substantially to 6 to 9 years instead of 15 years. Since the Petitioner had already incurred the cost, and the charges were being recovered considering 15 years of project life, it was allowed to recover the depreciation in accelerated manner to match the revised useful life

for the digital microwave links till the end of the year 2011. Accordingly, the expenditure corresponding to the microwave link assets was completely recovered. The remaining communication assets, i.e. other than microwave assets (which were named as non-microwave assets for ease of understanding), are with the Petitioner.

- h) The Commission, vide order dated 8.12.2011 in Petition No. 68/2010, observed as follows:

“9.....Since the communication system and SLDC system form part of the assets of the Central Transmission Utility (CTU), there is a requirement to specify regulations for determination of tariff of these assets. We direct the staff of the Commission to undertake the exercise separately and include these assets of CTU in the tariff regulations applicable for the next tariff period i.e. 2014-19. As regards the tariff of these assets for the period 2009-14, we are not inclined to determine the tariff of these assets by exercising our power to relaxation under Regulation 44 of the 2009 regulations since there is no provision for determination of tariff for the assets covered under the communication system and ULDC system. We are of the view that the tariff of these assets shall be determined under our general power of determination of tariff for inter-State transmission system under section 79(1)(d) of the Act.....”

“.....It clearly emerges from the above judgment that the Central Commission can specify the terms and conditions of tariff even in the absence of the regulations. Since no regulation was specified for determination of tariff of the communication system and the ULDC system, the Commission determined the tariff of these assets during the period 2004-09 on levelised basis by adopting some of the parameters of 2004 tariff regulations. We have decided to continue with the levelised tariff for the existing assets in the absence of any provision in 2009 regulations regarding determination of tariff of communication system and ULDC system of the Petitioner. For the new assets, the tariff will be decided as per the regulations for communication systems to be framed. Accordingly, we direct the staff of the Commission to take necessary action to prepare draft regulations for determination of tariff for the communication system and ULDC system of the Petitioner.”

“21. We have considered the submission of the Petitioner and the respondents. We are of the view that replacement of microwave links with fibre optic links should be implemented as agreed by the beneficiaries to ensure safe and reliable operation of the power system. Moreover, the Petitioner has submitted that surrender of the microwave frequencies would save substantial cost and the fibre optic system would be beneficial in the long run as the fibre optic communication network is required for implementation of new technologies like Wide Area Measurement System (WAMS), Special Protection Schemes (SPS) etc. in view of fast development and complexity of the power system in the country. As regards the regulatory approval, we are of the view that since the project has been agreed to be implemented by the constituents of each of the regions, regulatory approval is not considered necessary. The Petitioner is granted liberty to approach the Commission for determination of tariff for the fibre optic network

being installed in lieu of microwave links for each of the region separately. As regards the submission of UPPTCL, it is clarified that if the state portion is not being implemented by it separately as proposed earlier, the same shall be implemented by the Petitioner and UPPTCL would be required to share the tariff in proportion to the assets being utilized by it. It is however made clear that the timeline for replacement of the digital microwave by optical fibre should be strictly complied with.”

- i) In the absence of any provision in the 2009 Tariff Regulations for the determination of tariff/fee and charges related to communication assets of the Petitioner, the methodology of ‘levelized tariff’, based on the Capital Recovery Factor concept, was applied. The annual fee and charges of the communication system retained by the Petitioner were approved vide order dated 24.12.2013 in Petition No. 60/TT/2012, in line with the directions of the Commission, vide order dated 8.12.2011 in Petition No 68/2010. Further, the methodology for working out the fee and charges of the then existing assets, is also reiterated in the 2014 Tariff Regulations.
- j) The Commission, in its aforementioned orders, had approved the recovery of loan and equity based on the Capital Recovery Factor, which was derived based on the Weighted Average Rate of Interest on Loan (WAROI) and Return on Equity (RoE). The monthly Capital Recovery Factor for loan and equity for 15 years (180 months) is as under:

$$\text{Recovery Factor} = \frac{i \times (1+i)^n}{(1+i)^n - 1}$$

Where, n = period of recovery, and i = rate of recovery

- k) The ULDC Scheme (PGCIL’s portion i.e. Communication system portion and SLDC system retained by the Petitioner after the formation of POSOCO) in the Southern Region, was put under commercial operation in 2002. The capital cost of the Microwave System was fully recovered during the 2009-14 tariff period.

The Non-microwave System had already completed its 15 years of service on 30.6.2017; therefore, the total capital cost in respect of the Non-microwave System was recovered upto 30.6.2017 i.e., during FY 2017-18.

- I) The Commission vide order dated 19.5.2022 in Petition No. 692/TT/2020, tried-up and determined the Fees and Charges for the 2014-19 and 2019-24 tariff periods, respectively.

4. The Respondents are the generating companies, distribution companies, electricity departments and transmission licensees, which are procuring transmission services (Communication) from the Petitioner and are main beneficiaries of the Southern Region.

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 (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.

6. On perusal of the Petition, it is noted that the Petitioner has not impleaded the following parties as Respondents in the instant Petition, despite their inclusion in Petition No. 692/TT/2020 (previous Petition for the determination of tariff in respect of the communication asset for the 2019–24 tariff period),

- (I) NTPC Limited
- (II) Neyvelli Lignite Corporation Limited
- (III) Nuclear Power Corporation of India Limited
- (IV) LANCO-Kondapalli Power Private Limited
- (V) NTPC Tamil Nadu Energy Company Limited
- (VI) Simhapuri Energy Private Limited
- (VII) Meenakshi Energy Private Limited
- (VIII) Andhra Pradesh Power Co-ordination Committee
- (IX) Telangana State Power Co-ordination Committee
- (X) Power Company of Karnataka Limited

7. The Petitioner, in para 12 of the Petition, has submitted that the entire cost of the Non-Microwave portion of the assets has been recovered by 2017-18, therefore, only O&M Charges and IWC for the Central Portion of the Non-microwave portion of the communication system have been claimed.

8. In view of the above submission of the Petitioner, we are of the view that there is no requirement to the implead the said parties in the present Petition.

9. The hearing in the matter was held on 13.3.2025, and the order was reserved.

10. This order is being issued considering the Petitioner's submissions in the Petition vide affidavits dated 19.10.2024 and 29.10.2024. None of the Respondents have filed any reply.

11. We have considered the Petitioner's submissions and have gone through the record. The tariff for the 2019-24 period is being trued up, and the tariff for the 2024-29 period is determined based on the information available on record which includes the information given in the data, tariff forms and documents available on record and called for, from the Petitioner.

12. 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

13. Regulation 8(1)(iii) of the 2019 Tariff Regulations stipulates that the tariff of the existing communication system forming part of the transmission system is to be determined as per the methodology followed prior to 1.4.2014. The said Regulation provides as follows:

“(iii) Tariff of the associated communication system forming part of transmission system which has achieved commercial operation prior to 1.4.2014 shall be as per the methodology approved by the Commission prior to 1.4.2014.”

14. The communication asset was put into commercial operation before 1.4.2009, and the capital expenditure of the microwave system was fully recovered during the 2009-14 tariff period. The capital expenditure in respect of the Non-microwave System was recovered by 30.6.2017 i.e., during FY 2017-18, for both the Central as well as the State's portion. In the instant Petition, the Petitioner has claimed only Operation and Maintenance Charges (O&M Charges) and Interest on working Capital (IWC) for the Central Portion only.

15. Therefore, we continue to allow levelized tariff for the Non-microwave System as per the principles approved by the Commission vide order dated 8.12.2011 in Petition No. 68/2010. Accordingly, the true-up of the annual fee and charges of the Non-Microwave System for the 2019-24 tariff period is considered in this order.

16. The details of the annual fee and charges allowed by the Commission vide order dated 19.5.2022 in Petition No. 692/TT/2020, for the 2019-24 tariff period are as follows:

| | (₹ in lakh) | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Annual Capital Recovery Charges-Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| O&M Expenses | 155.27 | 155.27 | 155.27 | 155.27 | 155.27 |
| Interest on Working Capital | 6.77 | 6.32 | 5.89 | 5.89 | 5.89 |
| Total | 162.04 | 161.59 | 161.16 | 161.16 | 161.16 |

17. The Petitioner has claimed the following trued-up fee & charges in respect of the Non-Microwave-Central Portion for the 2019-24 tariff period:

| | (₹ in lakh) | | | | |
|---|--------------------------------------|----------------|----------------|----------------|----------------|
| Particulars | Non-Microwave-Central Portion | | | | |
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Annual Capital Recovery Charge-Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| O&M Expenses | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |
| Interest on Working Capital | 1.82 | 0.44 | 5.42 | 5.01 | 6.57 |
| Total trued-up Fee & Charges | 43.54 | 11.23 | 148.25 | 137.13 | 157.89 |

18. The details of the trued-up IWC claimed by the Petitioner in respect of the Non-microwave Central Portion for the 2019-24 tariff period are as follows:

| Particulars | (₹ in lakh) | | | | |
|--|-------------------------------|-------------|--------------|--------------|--------------|
| | Non-microwave-Central Portion | | | | |
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Maintenance Spares (15% of O&M) | 6.26 | 1.62 | 21.42 | 19.82 | 22.70 |
| O&M Expenses (1 Month) | 3.48 | 0.90 | 11.90 | 11.01 | 12.61 |
| Receivables (45 days) | 5.35 | 1.38 | 18.28 | 16.91 | 19.41 |
| Total Working Capital | 15.09 | 3.90 | 51.60 | 47.73 | 54.72 |
| Rate of Interest on Working Capital (%) | 12.05 | 11.25 | 10.50 | 10.50 | 12.00 |
| Total Interest on Working Capital (IWC) | 1.82 | 0.44 | 5.42 | 5.01 | 6.57 |

Capital Cost for the 2019-24 Tariff Period

19. The Commission, vide order dated 19.5.2022 in Petition No. 692/TT/2020, trued-up the tariff for the 2014-19 tariff period and, determined the tariff for the 2019-24 tariff period observing as follows:

“44. The Petitioner has submitted that entire cost of non-microwave portion of the asset has been recovered by 2017-18, therefore, only O&M Expenses and Interest on working Capital for the Central Portion of non-microwave portion of the communication system has been claimed. As the expenditure on account of non-microwave portion of the asset has been recovered by 2017-18, we have considered the same and have allowed fees and charges based on the O&M Expenditure and IWC claimed by the Petitioner for 2019-24 tariff period. The Petitioner has claimed no additional capital expenditure for 2019-24 tariff period. As all the recovery of loans and equity has been completed, therefore, the Commission is only dealing with the O&M Expenses and IWC as claimed by the Petitioner in the instant petition.”

20. The Petitioner in the instant true-up Petition has submitted that ULDC Scheme in Southern Region was commissioned on 1.7.2002. Therefore, the communication asset completed 15 years of its service on 30.6.2017. Accordingly, the entire capital cost in respect of the Non-microwave System has been recovered up to 30.6.2017 i.e., during FY 2017-18. The capital recovery of the loan and equity for the said asset had been completed as on 30.6.2017. Hence, during the 2019-24 and 2024-29 tariff periods, only O&M and IWC for the Central Portion have been claimed.

21. We have considered the Petitioner's submissions. We have allowed fees and charges based on the O&M Expenses and IWC claimed by the Petitioner for the 2019-24 tariff period. The Petitioner has claimed no ACE for the 2019-24 tariff period. All the recovery of loans and equity has been completed, therefore, the Commission is only dealing with the O&M Expenses and IWC as claimed by the Petitioner in the instant true-up Petition.

Operation & Maintenance Expenses (O&M Expenses)

22. With regard to the O&M Expenses, the Commission vide order dated 19.5.2022 in Petition No. 692/TT/2020 is held as under:

"46. We have considered the submissions of the Petitioner. The Petitioner has claimed O&M Expenses of ₹ 776.35 lakh for 2019-24 tariff period. O&M Expenses allowed for 2014-19 Period is ₹1059.6 lakh. Taking into the consideration the fact that O&M Expenses claimed for the 2019-24 tariff period is lower than the O&M Expenses allowed for 2014-19 tariff period, O&M Expenses claimed for 2019-24 tariff period are allowed subject to truing up based on the actual expenditure. The Petitioner is directed to submit actual O&M Expenses in respect of the asset duly certified by the Auditor at the time of truing up of tariff of 2019-24 period. O&M Expenses allowed in respect of the asset are as follows:

| (₹ in lakh) | | | | | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| O&M Expenses | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | 155.27 | 155.27 | 155.27 | 155.27 | 155.27 |

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

| (₹ in lakh) | | | | | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| O&M Expenses | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |

24. The Petitioner has submitted that actual O&M Expenses for the 2019-24 tariff period have been considered in the instant true-up Petition for calculating the Annual Capital Charges (AFC) in respect of the Central Sector of the Non-microwave Portion. The Petitioner has also furnished the Auditor's Certificate for actual O&M Expenses in

respect of the Non-Microwave Central Sector. The actual O&M Expenses certified as per the Auditor's Certificate dated 27.9.2024 are as follows:

| (₹ in lakh) | | | | | |
|-------------------------------|--------------|--------------|---------------|---------------|---------------|
| Description | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Employee cost | 33.53 | -- | 105.31 | 113.04 | 79.87 |
| Repair & Maintenance | 0.17 | 2.61 | 26.38 | 1.31 | 49.49 |
| Power charges | 0.23 | - | - | 0.11 | 0.33 |
| Training & Recruitment | 0.01 | 0.17 | 0.03 | 0.31 | 0.81 |
| Communication Expenses | 0.01 | 0.17 | 0.03 | 0.31 | 0.81 |
| Travelling Expenses | 0.78 | 2.18 | 2.08 | 12.29 | 7.75 |
| Vehicle Hiring Expenses | 6.96 | 5.60 | 8.00 | 3.81 | 10.39 |
| Bandwidth Charges | | | | | |
| Leased Line Charges | - | - | - | - | - |
| Duct space lease charges | - | - | - | - | - |
| internet Bandwidth | - | - | - | - | - |
| Other expenses | | | | | |
| Printing & Stationary | 0.03 | - | 0.01 | 0.01 | 0.01 |
| Meeting Expenses | - | - | - | - | - |
| Total Expenses | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |
| Corporate Centre & RHQ Center | - | - | - | - | - |
| Grand Total | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |

25. We have considered the Petitioner's submission. It is observed that the Petitioner vide Auditor's Certificate dated 27.9.2024 has submitted the details of the O&M Expenses for the 2019-24 tariff period. Therefore, the details of O&M Expenses allowed as per the Auditor's Certificate submitted by the Petitioner for the 2019-24 tariff period are as follows:

| (₹ in lakh) | | | | | |
|--------------|---------|---------|---------|---------|---------|
| O&M Expenses | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |

26. Accordingly, the details of the O&M Expenses allowed vide order dated 19.5.2022 in Petition No. 692/TT/2020, the O&M Expenses claimed in the instant Petition, and trued-up O&M Expenses in the instant order are as follows:

| (₹ in lakh) | | | | | |
|--|---------|---------|---------|---------|---------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 19.5.2022 in Petition No. 692/TT/2020 | 155.27 | 155.27 | 155.27 | 155.27 | 155.27 |
| Claimed by the Petitioner in the instant Petition. | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |
| Allowed after truing-up in this order | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |

Interest on Working Capital (IWC)

27. Regulations 34(1)(c), 34(3), 34(4) and 3(7) of the 2019 Tariff Regulations provide as follows:

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

.....

(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:

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

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

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

(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 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 bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency.”

“3. Definition - *In these regulations, unless the context otherwise requires:-*

(7) ‘Bank Rate’ means the one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;”

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

29. The computations of IWC (annualized) in respect of the Non-microwave System-Central Portion for the 2019-24 tariff period are as follows:

(₹ in lakh)

| Non-microwave system-Central Portion | | | | | |
|--|--------------|-------------|--------------|--------------|--------------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Working Capital for O&M Expenses (O&M expenses for One month) | 3.48 | 0.90 | 11.90 | 11.01 | 12.61 |
| Working Capital for Maintenance Spares (15% of O&M expenses) | 6.26 | 1.62 | 21.42 | 19.82 | 22.70 |
| Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges) | 5.35 | 1.38 | 18.28 | 16.91 | 19.47 |
| Total Working Capital | 15.09 | 3.90 | 51.60 | 47.73 | 54.77 |
| Rate of Interest on Working Capital (in %) | 12.05 | 11.25 | 10.50 | 10.50 | 12.00 |
| Interest on Working Capital | 1.82 | 0.44 | 5.42 | 5.01 | 6.57 |

30. Accordingly, the details of the IWC allowed vide order dated 19.5.2022 in Petition No. 692/TT/2020, the IWC claimed in the instant Petition, and trued-up IWC allowed in the instant order are as follows:

(₹ in lakh)

| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Allowed vide order dated 19.5.2022 in Petition No. 692/TT/2020 | 6.77 | 6.32 | 5.89 | 5.89 | 5.89 |
| IWC claimed by the Petitioner in the instant Petition | 1.82 | .44 | 5.42 | 5.01 | 6.57 |
| Allowed after truing-up in this order | 1.82 | 0.44 | 5.42 | 5.01 | 6.57 |

Trued-up Annual Fee and Charges for the 2019-24 Tariff Period

31. Accordingly, the Fee and Charges allowed after truing-up for the 2019-24 tariff period in respect of the Non-microwave Central Portion are as follows:

(₹ in lakh)

| Particulars | Non-microwave Central Portion | | | | |
|--------------------------------------|-------------------------------|--------------|---------------|---------------|---------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Annual Capital Recovery Charge-Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| O&M Expenses | 41.72 | 10.79 | 142.83 | 132.12 | 151.32 |
| Interest on Working Capital | 1.82 | 0.44 | 5.42 | 5.01 | 6.57 |
| Total Fee & Charges | 43.54 | 11.23 | 148.25 | 137.13 | 157.89 |

32. The details of annual Fee and Charges claimed in the instant Petition, and trued-up annual Fee and Charges allowed in the instant order in respect of the Non-microwave Central Portion for the 2019-24 tariff period are as follows:

| (₹ in lakh) | | | | | |
|--|---------|---------|---------|---------|---------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Allowed vide order dated 19.5.2022 in Petition No. 692/TT/2020 | 162.04 | 161.59 | 161.16 | 161.16 | 161.16 |
| Claimed by the Petitioner in the instant Petition. | 43.54 | 11.23 | 148.25 | 137.13 | 157.89 |
| Allowed after truing-up in this order | 43.54 | 11.23 | 148.25 | 137.13 | 157.89 |

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

33. The Petitioner has claimed the following fee & charges in respect of the Non-Microwave-Central Portion for the 2024-29 tariff period:

| (₹ in lakh) | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Annual Capital Recovery Charges-Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| O&M Expenses | 155.27 | 155.27 | 155.27 | 155.27 | 155.27 |
| Interest on Working Capital | 6.68 | 6.68 | 6.68 | 6.68 | 6.68 |
| Total | 161.95 | 161.95 | 161.95 | 161.95 | 161.95 |

34. The details of the IWC claimed by the Petitioner in respect of the Non-microwave Central Portion for the 2024-29 tariff period are as follows:

| (₹ in lakh) | | | | | |
|--|-------------------------------|--------------|--------------|--------------|--------------|
| Particulars | Non-microwave Central Portion | | | | |
| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Maintenance Spares (15% of O&M) | 23.29 | 23.29 | 23.29 | 23.29 | 23.29 |
| O&M Expenses (1 Month) | 12.94 | 12.94 | 12.94 | 12.94 | 12.94 |
| Receivables (45 days) | 19.91 | 19.91 | 19.91 | 19.91 | 19.91 |
| Total Working Capital | 56.14 | 56.14 | 56.14 | 56.14 | 56.14 |
| Rate of Interest on Working Capital (%) | 11.90 | 11.90 | 11.90 | 11.90 | 11.90 |
| Total Interest on Working Capital (IWC) | 6.68 | 6.68 | 6.68 | 6.68 | 6.68 |

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)*
- (p)*

(3) The Capital cost of an existing project shall include the following:

- (a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;*
- (b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
- (c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*
- (d) to (h)*
- (i) Expenditure on account of change in law and force majeure events;*

(4)

(5)

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

(a) The assets forming part of the project but not in use, as declared in the tariff petition;

(b) De-capitalised Assets after the date of commercial operation on account of obsolescence;

(c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

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

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

(d)

(e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and

(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”

36. As mentioned in the foregoing paras, the entire capital cost in respect of the Non-microwave System Central Portion has already been recovered in FY 2017-18; hence, only O&M Expenses and IWC have been claimed in respect of the Non-Microwave Central Portion for the 2024-29 tariff period in the instant Petition. Further, the Petitioner has not claimed any additional capital expenditure for the 2024-29 tariff period. We have considered the same and have allowed Fee & Charges based on the O&M Expenses and IWC, as claimed by the Petitioner for the 2024-29 tariff period.

Operation and Maintenance Expenses (O&M Expenses)

37. The Petitioner has submitted that the O&M Expenses in respect of the Central Portion for the 2024-29 tariff period have been considered as 2% of original project cost.

38. The details of the O&M Expenses claimed by the Petitioner for the 2024-29 tariff period are as follows:

| (₹ in lakh) | | | | | |
|--|---------|---------|---------|---------|---------|
| O&M Expenses | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| 2% of original project cost of ₹7763.61 lakh | 155.27 | 155.27 | 155.27 | 155.27 | 155.27 |

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

“36. Operation and Maintenance Expenses:

.....

(3)Transmission system:

.....

(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.”

40. We have considered the submissions of the Petitioner. The O&M Expenses have been allowed considering 2% of original project cost of ₹7763.61 lakh. The O&M Expenses allowed for the 2024-29 tariff period, subject to truing-up based, on the actual expenditure are as follows:

| O&M Expenses | (₹ in lakh) | | | | |
|--------------|-------------|---------|---------|---------|---------|
| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| | 155.27 | 155.27 | 155.27 | 155.27 | 155.27 |

41. Further, the Petitioner is directed to submit the actual O&M Expenses in respect of the Non-Microwave Central Portion, duly certified by the Auditor at the time of truing-up exercise of the 2024-29 tariff period.

Interest on Working Capital (IWC)

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

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

.....

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

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

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

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

.....

(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024- 29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year during the tariff period 2024-29.

(4) Interest on working capital shall be payable on a normative basis, notwithstanding that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency.”

43. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. IWC has been worked out in accordance with Regulation 34 of the 2024 Tariff Regulations. The Rate of Interest (ROI) considered is 11.90% (SBI 1-year MCLR applicable as on 1.4.2024 of 8.65% plus 325 basis points) for FY 2024-25 to FY 2028-29.

44. 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 Non-Microwave Central Portion are as under:

| (₹ in lakh) | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Maintenance Spares (15% of O&M) | 23.29 | 23.29 | 23.29 | 23.29 | 23.29 |
| O&M Expenses (1 Month) | 12.94 | 12.94 | 12.94 | 12.94 | 12.94 |
| Receivables (45 days) | 19.91 | 19.91 | 19.91 | 19.91 | 19.91 |
| Total Working Capital | 56.14 | 56.14 | 56.14 | 56.14 | 56.14 |
| Rate of Interest on Working Capital (%) | 11.90 | 11.90 | 11.90 | 11.90 | 11.90 |
| Total Interest on Working Capital (IWC) | 6.68 | 6.68 | 6.68 | 6.68 | 6.68 |

Annual Fee and Charges for the 2024-29 tariff period

45. The annual Fee and Charges allowed in respect of the Non-Microwave Central Portion for the 2024-29 tariff period are as follows:

| (₹ in lakh) | | | | | |
|--------------------------------------|-------------------------------|---------|---------|---------|---------|
| Particulars | Non-microwave Central Portion | | | | |
| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Annual Capital Recovery Charge-Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| O&M Expenses | 155.27 | 155.27 | 155.27 | 155.27 | 155.27 |
| Interest on Working Capital | 6.68 | 6.69 | 6.69 | 6.69 | 6.69 |
| Total Fee & Charges | 161.95 | 161.96 | 161.96 | 161.96 | 161.96 |

Filing Fee and Publication Expenses

46. 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.

47. 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)

48. 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.

49. 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.”

50. 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

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

Goods and Services Tax

52. 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.

53. We have considered the Petitioner’s submissions. Since GST is not levied on the transmission service at present, we are of the view that the Petitioner’s prayer on this count is premature.

Security Expenses, Insurance and Capital Spares

54. 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.

55. As regards the security expenses of the communication asset, 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 communication asset are not claimed in the instant Petition.

56. 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 FYs 2024-25, 2025-26, 2026-27, 2027-28, and 2028-29.

57. The Petitioner has not claimed capital spares for the communication 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.

58. 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.”

59. 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

Asset-3 and Asset-4 (Central Sector)

60. The trued-up fees and charges for 2019-24 tariff period in case of Asset-3 and asset-4, which are part of central sector communication assets, shall be recovered on monthly basis and billing collection and disbursement of transmission charges shall be governed by the provisions of the Regulation 57(2) of the 2019 Tariff Regulations. The fees and charges for the 2024-29 tariff period in respect of the communication assets shall be recovered on monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations.

Asset-1, Asset-2, Asset-5, Asset-6 and Asset-7 (State Sector)

61. The fees and charges for the State sector assets i.e. Asset-1, Asset-2, Asset-5, Asset-6 and Asset-7 shall be recovered on a monthly basis in accordance with Regulation 57(2) of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78(2) of the 2024 Tariff Regulations for the 2024-29 tariff period.

62. To summarize:

- a) The trued-up Fee and Charges claimed and approved for the 2019-24 tariff period in respect of the communication asset's Non-microwave Central Portion are as follows:

| (₹ in lakh) | | | | | |
|-------------|---------|---------|---------|---------|---------|
| Particulars | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| AFC Claimed | 43.54 | 11.23 | 148.25 | 137.13 | 157.89 |
| AFC Allowed | 43.54 | 11.23 | 148.25 | 137.13 | 157.89 |

- b) The Fee and Charges approved in respect of the communication asset's Non-microwave Central Portion for the 2024-29 tariff period are as follows:

| (₹ in lakh) | | | | | |
|-------------|---------|---------|---------|---------|---------|
| Particulars | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| AFC Claimed | 161.95 | 161.95 | 161.95 | 161.95 | 161.95 |
| AFC Allowed | 161.95 | 161.96 | 161.96 | 161.96 | 161.96 |

63. This order disposes of Petition No. 286/TT/2025 in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member