

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 26/TT/2025**

**Coram:**

**Shri Jishnu Barua, Chairperson  
Shri Ramesh Babu V., Member  
Shri Harish Dudani, Member  
Shri Ravinder Singh Dhillon, Member**

**Date of Order: 16.08.2025**

**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 under Section 62 read with Section 79(1)(d) of 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 Condition of Tariff Regulations) 2019 and the Central Electricity Regulatory Commission (Terms and Condition of Tariff Regulations) 2024 for the Combined Assets associated with "Western Region Strengthening Scheme VI" in the Western Region.

**And in the matter of:**

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

**...Petitioner**

**Versus**

- 1. Madhya Pradesh Power Management Company Limited,  
Shakti Bhawan, Rampur,  
Jabalpur-482008.**
- 2. Madhya Pradesh Power Transmission Company Limited,  
Shakti Bhawan, Rampur,  
Jabalpur-482008.**
- 3. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited,  
3/54, Press Complex, Agra-Bombay Road,  
Indore-452008.**
- 4. Maharashtra State Electricity Distribution Company Limited,  
Hongkong Bank Building, 3rd Floor,  
M.G. Road, Fort, Mumbai-400001.**



5. **Maharashtra State Electricity Transmission Company Limited,**  
Prakashganga, 6th Floor, Plot No. C-19, E-Block,  
Bandra Kurla Complex, Bandra (East) Mumbai-400051.
6. **Gujarat Urja Vikas Nigam Limited,**  
Sardar Patel Vidyut Bhawan,  
Race Course Road, Vadodara-390007.
7. **Electricity Department,**  
Government of Goa, Vidyut Bhawan, Panaji,  
Near Mandvi Hotel, Goa-403001.
8. **Chhattisgarh State Power Transmission Company Limited,**  
State Load Despatch Building,  
Dangania, Raipur-492013.
9. **Chhattisgarh State Power Distribution Company Limited,**  
P.O. Sunder Nagar, Dangania, Raipur,  
Chhattisgarh- 492013.
10. **Gujarat Energy Transmission Corporation Limited,**  
Sardar Patel Vidyut Bhawan, Race Course Road,  
Vadodara-390007.
11. **Electricity Department,**  
Administration of Daman & Diu,  
Daman-396210.
12. **DNH Power Distribution Corporation Limited,**  
Administration of Dadra Nagar Haveli, U.T.  
Silvassa – 396230.

...Respondent(s)

**Parties Present:** Shri Mohd. Mohsin, PGCIL  
Shri Vishal Sagar, PGCIL  
Shri Amit Yadav, PGCIL  
Shri Anshul Garg, PGCIL

### **ORDER**

The instant Petition has been filed by Power Grid Corporation of India Limited, a deemed transmission licensee, for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and the determination of transmission tariff under the Central Electricity Regulatory



Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period in respect of the following transmission assets (hereinafter referred to as “the Combined Assets”) under “Western Region Strengthening Scheme VI” (hereinafter referred to as “transmission project”) in the Western Region:

Asset-A1: 400 kV 315 MVA Transformer at Bina;

Asset-B1: 400 kV D/C Pirana-Dehgam transmission line along with associated bays at Pirana and Dehgam Sub-station and 400 /220 kV Pirana Substation (New);

Asset-B2: ICT-I (1X315 MVA) 400/220 kV at Pirana Sub-station along with associated bays;

Asset-B3: ICT-II (1X 315 MVA) 400/220 kV at Pirana Sub-station along with associated bays;

Asset-B4: Bina Bay Extension with 1x315 MVA ICT, along with associated 400 kV and 220 kV Bays;

Asset-B5: 400/220 kV Gwalior (Extension) Sub-station with 1x315 MVA ICT along with associated 400/220 kV bays;

Asset-C1: ICT III at Pune Sub-station along with bay extension;

Asset-C2: ICT III at Wardha Sub-station, along with bay extension\*; and

Asset-D: ICT III at Raipur Sub-station, along with bay extension 400/220 kV 315 MVA ICT.

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

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

*b) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum*

**Page 3 of 45**



*Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.*

- c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulation 2019 and Tariff regulations 2024 as per para 12 and 13 above for respective block.*
- d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.*
- e) Allow the petitioner to bill and recover Licensee fee and RLDC fees & charges, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.*
- f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.*
- g) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 19 above.*
- h) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 19 above.*
- i) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 19 above.*
- j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 20 above.*
- k) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.*

*and pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice."*

### **Background**

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



(a) The Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner's Company vide a Memorandum dated 25.2.2008 at an estimated cost of ₹34072.00 lakh, including an IDC of ₹2617.00 lakh (based on 3<sup>rd</sup> Quarter, 2007 price level).

(b) (b) The details of the Combined Assets of the transmission project as per the IA are as follows:

**Transmission Line:**

- Dehgam-Pirana Line

**Sub-stations:**

- Establishment of a new 400/220 kV, 2X315 MVA Sub-station at Pirana
- Augmentation of 400/220 kV POWERGRID Sub-stations at Wardha, Pune, Gwalior, Raipur and Bina each by 1X315 MVA transformer capacity along with associated bays.
- Extension of Dehgam (POWERGRID) Sub-station by 400 kV line bays.

(c) The details of the Petition in which the tariff for the transmission assets from their respective COD to 31.3.2014 was granted are as follows:

Assets	Asset Name	Actual COD	Notional COD	Tariff Allowed
Asset-A1	400 kV 315 MVA Transformer at Bina	1.11.2010	NA	Order dated 21.7.2011 in Petition No. 336/TT/2010
Asset-B1	400 kV D/C Pirana-Dehgam transmission line along with associated bays at Pirana and Dehgam Sub-stations and 400 /220 kV Pirana Substation (New)	1.3.2011	NA	Order dated 30.4.2013 in Petition No. 56/TT/2011
Asset-B2	ICT-I (1X315 MVA) 400/220 kV at Pirana Sub-station, along with associated bays	1.3.2011	1.4.2011	
Asset-B3	ICT-II (1X315 MVA) 400/220 kV at Pirana Sub-station along with associated bays	1.4.2011	1.4.2011	
Asset-B4	Bina Bay Extension with 1x315 MVA ICT, along with associated 400 kV and 220 kV bays	1.11.2010	1.4.2011	



Asset-B5	400/220 kV Gwalior (Extension) Sub-station with 1x315 MVA ICT, along with associated 400/220 kV bays	1.4.2011	1.4.2011	
Asset-C1	ICT III at Pune Sub-station, along with the bay extension	1.11.2011	NA	Order dated 17.8.2015 in Petition No. 109/TT/2012
Asset-C2	ICT III at Wardha Sub-station, along with bay extension*	1.1.2012	NA	
Asset-D	ICT III at Raipur Sub-station, along with bay extension 400/220 kV 315 MVA ICT	1.7.2011	NA	Order dated 28.5.2012 in Petition No. 136/TT/2011

(d) The aforementioned transmission assets were clubbed during the 2014-19 period as Combined Assets, and the tariff was approved for the 2014-19 tariff period vide order dated 2.11.2017 in Petition No. 47/TT/2017. The Petitioner filed Petition No. 135/TT/2020 for the truing up of the transmission tariff for the 2014-19 tariff period and the determination of the transmission tariff for the 2019-24 tariff period. The Commission, vide order dated 24.12.2021 in Petition No. 135/TT/2020, observed that the Petitioner did not de-capitalise the cost of Asset-C2, i.e. 500 MVA ICT at Wardha Sub-station, and did not submit the written down value of Asset-C2 to adjust the capital cost of the Combined Assets. Therefore, no tariff was granted for the Combined Assets, and the Petitioner was directed to de-capitalise Asset-C2 and remove the same from the Combined Assets and to file a fresh Petition. In view of the above direction, the Petitioner has submitted that the 500 MVA ICT III at Wardha, along with associated bays (covered under Asset-C2), has been de-capitalised and removed from the Combined Assets. The cost of ICT and their bays will be re-capitalised in the project where it is utilised. Accordingly, the Commission, vide dated 29.4.2023 in Petition No. 297/TT/2022, trued-up the



tariff for Combined Assets for the 2014-19 period and approved the Annual Fixed Charges for the Combined Assets for the 2019-24 tariff period.

- (e) The Petitioner has filed the present Petition for true-up of the transmission tariff for 2019-24 and the determination of transmission tariff for the 2024-29 tariff block for the following Combined Assets under “Western Region Strengthening Scheme VI” in the Western Region.

Asset	Asset Name	COD	Remarks
<b>Combined Assets</b>	Asset-A1: 400 kV 315 MVA Transformer at Bina	1.11.2010	In 2014-19, all the assets were merged with effective COD:1.5.2011
	Asset-B1: 400 kV D/C Pirana-Dehgam transmission line along with associated bays at Pirana and Dehgam Sub-station and 400 /220 kV Pirana Substation (New)	1.3.2011	
	Asset-B2: ICT-I (1X315 MVA) 400/220 kV at Pirana Sub-station, along with associated bays	1.3.2011	
	Asset-B3: ICT-II (1X315 MVA) 400/220 kV at Pirana Sub-station, along with associated bays	1.4.2011	
	Asset-B4: Bina Bay Extension with 1x315 MVA ICT, along with associated 400 kV and 220 kV bays	1.11.2010	
	Asset-B5: 400/220 kV Gwalior (Extension) Sub-station with 1x315 MVA ICT, along with associated 400/220 kV bays	1.4.2011	
	Asset-C1: ICT III at Pune Sub-station along with bay extension	1.11.2011	
	Asset-C2: ICT III at Wardha Sub-station along with bay extension*	1.1.2012	
	Asset-D: ICT III at Raipur Sub-station, along with bay extension 400/220 kV 315 MVA ICT	1.7.2011	

*\*Asset-C2: ICT-III at Wardha substation, along with bay extension, has been decapitalised from Combined Assets vide order dated 29.4.2023 in Petition No. 297/TT/2022.*

4. The Respondents are distribution licensees, transmission licensees and power departments, which are procuring transmission services from the Petitioner, mainly beneficiaries of the Western 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. No comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner.

6. The Respondent No. 1, Madhya Pradesh Power Management Company Limited (MPPMCL), has filed its reply vide affidavit dated 18.2.2025 and has raised the issues of grossing up of Return on Equity and the effect of GST. The Petitioner, vide affidavit dated 25.2.2025, has filed a rejoinder to the reply of MPPMCL. The issues raised by MPPMCL and the response thereto given by the Petitioner have been considered in the succeeding paragraphs of this order.

7. The last hearing in this matter was held on 20.5.2025, and the order was reserved. This order is issued considering the submissions made by the Petitioner vide affidavits dated 19.7.2024, 8.10.2024 and 27.3.2025; MPPMCL's reply filed vide affidavit dated 18.2.2025, and the Petitioner's rejoinder dated 27.2.2025.

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

**Truing up of Annual Fixed Charges for 2019-24 tariff period**

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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1185.68	1185.68	1185.68	1181.95	1181.94
Interest on Loan	645.10	535.74	429.96	326.65	225.15
Return on Equity	1346.56	1346.56	1346.56	1346.56	1347.35
Interest on Working Capital	110.73	104.01	97.59	98.28	113.20
O&M Expenses	1444.40	1495.94	1548.47	1603.68	1658.18
<b>Total</b>	<b>4732.47</b>	<b>4667.93</b>	<b>4608.26</b>	<b>4557.12</b>	<b>4525.82</b>





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

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	120.37	124.66	129.04	133.64	138.18
Maintenance Spares	216.66	224.39	232.27	240.55	248.73
Receivables	581.86	575.50	568.14	561.84	556.45
<b>Total Working Capital</b>	<b>918.89</b>	<b>924.55</b>	<b>929.45</b>	<b>936.03</b>	<b>943.36</b>
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
<b>Interest on Working Capital</b>	<b>110.73</b>	<b>104.01</b>	<b>97.59</b>	<b>98.28</b>	<b>113.20</b>

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

11. The Commission, vide order dated 29.4.2023 in Petition No. 297/TT/2022, trued-up the transmission tariff for the 2014-19 tariff period and granted the tariff for the 2019-24 tariff period. The capital cost of ₹23898.02 lakh was approved by the Commission for the Combined Assets as on 31.3.2019 in Petition No. 297/TT/2022, and the same has been considered as opening capital cost as on 1.4.2019 for the purpose of truing-up of transmission tariff for the 2019-24 tariff period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

12. The Petitioner, vide affidavit dated 27.3.2025, has claimed Additional Capital Expenditure (ACE) for the 2019-24 tariff period related to the Combined Assets. Based on the submissions of the Petitioner, the net ACE of ₹28.09 lakh (Additional capitalisation of ₹54.61 lakh and de-capitalisation of ₹26.52 lakh) as per Regulation 25(2) of the 2019 Tariff Regulations is for the Combined Assets for the 2019-24 Tariff Period. The details of the same are as follows:

						(₹ in lakh)
Particulars	Additional Capital Expenditure (2019-24 Tariff Period)					Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Additional-capitalisation	0.00	0.00	0.00	0.00	54.61	54.61
De-capitalisation	0.00	0.00	0.00	0.00	-26.52	-26.52
Net ACE	0.00	0.00	0.00	0.00	28.09	28.09



13. Therefore, the capital cost allowed for the Combined Assets for the 2019-24 Tariff Period is as follows:

(₹ in lakh)

Tariff Period 2019-24			
Apportioned approved cost as per FR/RCE-I	Expenditure as on 1.4.2019	ACE for the 2019-24 Tariff Period 2019-24	Actual capital cost as on 31.3.2024
34072.30	23898.02	28.09	23926.11

#### **Additional Capital Expenditure (ACE)**

14. Regulations 24 and 25 of the 2019 Tariff Regulations provide as follows:

**“24. Additional Capitalisation within the original scope and upto the cut-off date**

(1) *The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

- (a) *Undischarged liabilities recognized to be payable at a future date;*
- (b) *Works deferred for execution;*
- (c) *Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) *Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) *Change in law or compliance of any existing law; and*
- (f) *Force Majeure events:*

*Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.*

(2) *The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.*

**25. Additional Capitalisation within the original scope and after the cut-off date**

(1) *The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:*

- (a) *Liabilities to meet award of arbitration or for compliance of the*



*directions or order of any statutory authority, or order or decree of any court of law;*

*(b) Change in law or compliance of any existing law;*

*(c) Deferred works relating to ash pond or ash handling system in the original scope of work;*

*(d) Liability for works executed prior to the cut-off date;*

*(e) Force Majeure events;*

*(f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; Raising of ash dyke as a part of ash disposal system.*

*(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

*(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*

*(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*

*(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*

*(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”*

15. The Commission, vide order dated 29.4.2023 in Petition No. 297/TT/2022, has considered the “Nil” ACE for Combined Assets for the 2019-24 tariff Period.

16. The Petitioner, vide affidavit dated 27.3.2025, has submitted that the Commission vide order dated 4.2.2025 in Petition No. 350/TT/2023, which was filed by the Petitioner for determination of transmission tariff from COD to 31.3.2024, for bypassing of Ranchhodpura (GETCO) - Dehgam (PG) 400 kV D/C line at Dehgam (PG) Substation and connecting it with Dehgam (PG) - Pirana 400 kV D/C line (one circuit via Nicol) so as to form Ranchhodpura (GETCO) - Pirana (PG) 400 kV D/C line (one circuit via Nicol) under “Scheme for fault level control at Dehgam (PG) & Ranchhodpura (GETCO) substation” in Western Region, has disallowed an expenditure of ₹60.10 lakh towards “upgradation of SCADA along with the replacement of old industrial PCs (Server PC 1&2, Client PC 182, Engineering PC, Gateway PC 1&2) at Pirana Substation” and directed the Petitioner to claim the same as ACE of the existing transmission project at Pirana Sub-station, which was commissioned in 2011 in



accordance with the relevant provisions of ACE under the 2019 Tariff Regulations for the 2019-24 tariff Period.

17. The Petitioner has further submitted that Pirana Sub-station was commissioned in 2011 with COD as 1.3.2011 (Asset-B1) and that the same was implemented under “Western Region Strengthening Scheme VI” in the Western Region. The Pirana Sub-station was using an outdated version of SCADA that operated on Windows XP. Since Microsoft discontinued support for Windows XP OS, the SAS system has become very slow, causing difficulty in extracting critical information in a time-bound manner. Further, there were many technical difficulties in changing the old SCADA database configuration of the Pirana Sub-station (due to the old operating system, which was based on Windows XP, whose support was discontinued). In order to transmit the data as per the modified nomenclature, it was essential to upgrade the old SAS with a Windows 10-based SAS system so as to complete the configuration modification work of SAS for the correct reporting of real-time data to Grid Operators. For this work, new industrial PCs with higher-capacity RAM, faster multicore processors for better graphics, and multi-tasking capabilities were also required (old industrial PCs were not compatible with Windows 10-based operating systems). Therefore, the upgradation of the existing old SAS, along with the replacement of old industrial PCs used for SAS PCs (Server PC 1&2, Client PC 1&2, Engineering PC, Gateway PC 1&2), to complete the SAS configuration modification work of Pirana Sub-station associated with Dehgam bypassing work was carried out. The said activities were essential for the completion of the project under Petition No. 350/TT/2023, and, therefore, the expenditure on this account had been claimed as ACE in Petition No. 350/TT/2023. However, as per the direction of the Commission in Petition No. 350/TT/2023, the disallowed expenditure towards the upgradation of SCADA along with the replacement of old industrial PCs



(Server PC 1&2, Client PC 1&2, Engineering PC, Gateway PC 1&2) at Pirana Sub-station is now claimed in the instant Petition as ACE under Regulation 25(2) of the 2019 Tariff Regulations for the 2019-24 tariff period. The details of additional capitalisation and de-capitalisation as claimed by the Petitioner are as follows:

Asset	(₹ in lakh)					
	Additional capitalisation details					
	2019-20	2020-21	2021-22	2022-23	2023-24	
					Additional Capitalisation	De-Capitalisation
<b>Combined Assets</b>	-	-	-	-	54.61	26.52

18. We have considered the submissions of the Petitioner. It is observed that the Commission, vide order dated 4.2.2025 in Petition No. 350/TT/2023, held that the upgradation of SCADA was not a part of the original scope of work, and the said upgradation of SCADA was executed for the enhancement of the existing SCADA system at the already commissioned Pirana Sub-station in 2011. Thus, the said expenditure may be claimed by the Petitioner as ACE for Pirana Sub-station, in accordance with the relevant provisions of the ACE under the 2019 Tariff Regulations, rather than being considered as a new asset. The Commission also held that the old assets need to be decapitalised in addition to the new assets. The relevant extracts of the order are as follows:

*“25. As per the above minutes of WRPC (TP), WRTP, CMETS-WR, and CTUIL’s OM dated 3.2.2022, the Petitioner has not discussed SAS upgradation, PLCC shifting, and arrangement at 400/220 kV Pirana Substation. The Petitioner has submitted a DPR wherein SAS upgradation and PLCC shifting works were not included. During the course of the hearing on 16.7.2024, the Commission enquired about IT equipment at Pirana Substation, which was not part of the original scope of work. in response, the Petitioner, vide affidavit dated 20.8.2024, has submitted a Revised Cost Estimate (RCE). The RCE was approved on 16.8.2024, including the SAS upgradation and PLCC relocation and arrangements at 400/220 kV Pirana Substation under the substation head.*

*26. In view of the above discussions, we are of the view that the upgradation of SCADA was not a part of the original scope of work under the transmission project, as considered in the instant Petition. The upgradation of SCADA was executed for enhancement of the existing SCADA system at the already commissioned Pirana Substation in 2011. Thus,*

Page 13 of 45



*in our opinion, the said expenditure may be claimed by the Petitioner as ACE for Pirana Substation, in accordance with the relevant provisions of the ACE under the 2019 Tariff Regulations, rather than being considered as a new asset in the present Petition. Old assets need to be decapitalized in addition to new assets.*

*27. For the reasons mentioned above, the expenditure of ₹60.10 lakh (As per the Auditor's Certificate) for the IT equipment, including software, claimed by the Petitioner as part of the capital cost for the instant transmission project is not allowed. The Petitioner is directed to claim the same as ACE of the existing transmission project at Pirana Substation, which was commissioned in 2011, in accordance with the relevant provisions of ACE, as enumerated under the 2019 Tariff Regulations for the 2019-24 tariff period."*

19. According to the Petitioner, the upgradation of SCADA was necessary due to the discontinuation of support for Microsoft for outdated Windows XP, which causes technical difficulties in modifying the old SCADA database configuration of the Pirana Sub-station. In view of the above, we are of the view that since SCADA is a crucial part of any substation, upgrading it along with replacing outdated industrial PCs due to technological obsolescence is necessary for accurate real-time data reporting to grid operators. Therefore, considering the need for upgrade work and in accordance with the directions of the Commission in order dated 4.2.2025 in Petition No. 350/TT/2023, the net ACE of ₹28.09 lakh (including Additional Capitalisation of ₹54.61 lakh and Decapitalisation of ₹26.52 lakh) is hereby approved under Regulation 25(2) of the 2019 Tariff Regulations for the Combined Assets for the 2019-24 Tariff Period. The details are as follows:

Particulars	Additional Capital Expenditure (2019-24 Tariff Period)					Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Additional capitalisation	0.00	0.00	0.00	0.00	54.61	54.61
Decapitalisation	0.00	0.00	0.00	0.00	-26.52	-26.52
<b>Net ACE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>28.09</b>	<b>28.09</b>

20. Therefore, the capital cost allowed for the Combined Assets for the 2019-24 Tariff Period is as follows:



(₹ in lakh)

Tariff Period 2019-24			
Apportioned approved cost as per FR/RCE-I	Expenditure as on 1.4.2019	ACE for the 2019-24 tariff period	Actual capital cost as on 31.3.2024
		2019-24	
34072.30	23898.02	28.09	23926.11

### Debt-Equity Ratio

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

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	16728.61	70.00	16748.28	70.00
Equity	7169.41	30.00	7177.83	30.00
<b>Total</b>	<b>23898.02</b>	<b>100.00</b>	<b>23926.11</b>	<b>100.00</b>

### Depreciation

22. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and, thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Assets as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations. The depreciation allowed for the Combined Assets for the 2019-24 tariff period is as follows:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	23898.02	23898.02	23898.02	23898.02	23898.02
B	Net Addition during the year 2019-24 due to projected ACE	0.00	0.00	0.00	0.00	28.09
C	Closing Capital Cost (A+B)	23898.02	23898.02	23898.02	23898.02	23926.11
D	Average Capital Cost (A+C)/2	23898.02	23898.02	23898.02	23898.02	23912.07
E	Freehold Land	1407.42	1407.42	1407.42	1407.42	1407.42
F	Average Capital Cost (90% depreciable assets)	22283.58	22283.58	22283.58	22283.58	22283.58
G	Average Capital Cost (100% depreciable assets)	207.02	207.02	207.02	207.02	221.07
H	Depreciable value (excluding IT equipment and software) (F*90%)	20055.22	20055.22	20055.22	20055.22	20055.22
I	Depreciable value of IT equipment	207.02	207.02	207.02	207.02	221.07





	and software (G*100%)					
J	Total Depreciable Value (H+I)	20262.24	20262.24	20262.24	20262.24	20276.29
K	Weighted average rate of Depreciation (WAROD) (in %)	4.9614	4.9614	4.9614	4.9459	4.8458
L	Lapsed useful life at the beginning of the year (Year)	7	8	9	10	11
M	Balance useful life at the beginning of the year (Year)	19	18	17	16	15
<b>N</b>	<b>Depreciation during the year (D*K)</b>	<b>1185.69</b>	<b>1185.69</b>	<b>1185.69</b>	<b>1181.96</b>	<b>1158.73</b>
O	Cumulative Depreciation at the beginning of the period	10076.77	11262.45	12448.14	13630.10	14788.83
P	Less: Adjustment of cumulative depreciation pertaining to decapitalized asset	0.00	0.00	0.00	0.00	26.52
Q	Cumulative Depreciation at the end of the period	10076.77	11262.45	12448.14	13630.10	14762.31
R	Remaining Aggregate Depreciable Value at the end of the year	10185.48	8999.79	7814.10	6632.14	5513.98

23. The details of depreciation approved vide order dated 29.4.2023 in Petition No. 297/TT/2022 in respect of the Combined Assets; depreciation claimed by the Petitioner in the instant Petition, and trued up depreciation allowed in the instant order are as follows:

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2023 in Petition No. 297/TT/2022	1185.69	1185.69	1185.69	1185.69	1185.69
Claimed by the Petitioner in the instant Petition	1185.68	1185.68	1185.68	1181.95	1181.94
Approved after true-up in this order	1185.69	1185.69	1185.69	1181.96	1158.73

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

24. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and interest rate. The IoL has been calculated based on the actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Assets is as follows:





(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	16728.61	16728.61	16728.61	16728.61	16728.61
B	Cumulative Repayments up to the Previous Year	8891.08	10076.77	11262.45	12448.14	13630.10
C	Net Loan-Opening (A-B)	7837.53	6651.85	5466.16	4280.48	3098.51
D	Addition due to ACE	0.00	0.00	0.00	0.00	38.23
D1	Less: Adjustment of Gross Normative Loan pertaining to decapitalized asset	0.00	0.00	0.00	0.00	18.56
D2	Net Addition due to ACE (D-D1)	0.00	0.00	0.00	0.00	19.67
E	Repayment during the year	1185.69	1185.69	1185.69	1181.96	1158.73
E1	Less: Adjustment of cumulative repayment pertaining to decapitalized asset	0.00	0.00	0.00	0.00	18.56
E2	Net Repayment during the year (E-E1)	1185.69	1185.69	1185.69	1181.96	1140.17
F	Net Loan-Closing (C+D2-E2)	6651.85	5466.16	4280.48	3098.51	1978.01
G	Average Loan (C+F)/2	7244.69	6059.00	4873.32	3689.49	2538.26
H	Weighted Average Rate of Interest on Loan (in %)	8.9044	8.8420	8.8227	8.8534	8.9108
I	Interest on Loan (G*H)	645.10	535.74	429.96	326.65	226.18

25. The details of IoL allowed vide order dated 29.4.2023 in Petition No. 297/TT/2022 for the Combined Assets, IoL claimed by the Petitioner in the instant Petition, and true-up IoL allowed in the instant order are as follows:

(₹ in lakh)					
Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2023 in Petition No. 297/TT/2022	646.11	540.35	434.55	328.76	223.26
Claimed by the Petitioner in the instant Petition	645.10	535.74	429.96	326.65	225.15
Approved after true-up in this order	645.10	535.74	429.96	326.65	226.18

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

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



27. 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

28. MPPMCL, in its reply filed vide affidavit dated 18.2.2025, has submitted that the Petitioner has requested the truing up of the transmission tariff for the 2019-24 period in accordance with Regulation 13 of the 2019 Tariff Regulations. Additionally, the Petitioner has grossed up RoE based on the applicable rate of MAT (@15%, surcharge @12%, and cess @4%). MPPMCL has further submitted that the Petitioner has not produced the assessment orders for the period 2019-24. At this stage, with the financial year 2024-25 nearing its end, it is surprising that the Petitioner has not finalised its Income Tax assessment orders for FY 2023-24 and 2018-19. Likewise, the audited accounts for the actual taxes paid in 2014-15, 2015-16, and 2016-17 have also not been submitted with the current Petition. Without these essential documents, it is impossible to properly scrutinise the Petitioner's claim, nor can the interest on loans be accurately assessed due to the absence of a compilation of floating interest rates during the 2019-24 tariff period.

29. In response, the Petitioner in its rejoinder vide affidavit dated 25.2.2025 has submitted that the Income Tax assessment has been completed, and assessment orders have been issued by the Income Tax Department for FYs 2019-20 and 2020-21.



Further, the Income Tax Assessment for FYs 2021-22, 2022-23, and 2023-24 are in progress with the Income Tax Authorities. The assessment orders for FYs 2019-20 and 2020-21, and ITRs for FYs 2021-22, 2022-23 and 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024. Further, the Income Tax Return for FY 2023-24 has now been filed, and accordingly, the revised computation of the effective tax percentage is as under:

<b>Financial Year</b>	<b>Basis considered</b>	<b>Total Tax &amp; Interest paid (Rs)</b>	<b>Assessed MAT Income under Sec 115 JB (Rs)</b>	<b>Effective Tax percentage</b>	<b>Grossed up ROE (Base rate/(1-t))</b>
2019-20	Assessment Order	24,52,62,76,991	1,40,37,47,53,855	17.472%	18.782%
2020-21	Assessment Order	26,08,93,59,008	1,49,32,09,65,036	17.472%	18.782%
2021-22	Actual Tax paid	31,81,46,40,406	1,82,08,92,88,030	17.472%	18.782%
2022-23	Actual Tax paid	30,42,88,20,993	1,74,15,76,29,306	17.472%	18.782%
2023-24	Actual Tax paid	31,32,12,38,737	1,79,26,53,31,597	17.472%	18.782%

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

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



32. We noted that the entities covered under the MAT regime are paying the 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) of the IT Act, 1961, defines book profit as net profit in the statement of Profit and Loss prepared in accordance with Schedule-II of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for the 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 actual payment. However, the penalty (for default on the part of the assessee), if any, imposed shall not be taken into account for the purpose of grossing up the rate of RoE. Any under-recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be, on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates is considered for the purpose of grossing up the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & Cess)	Effective tax (in %)	Base rate of RoE (in %)	Grossed-up RoE $[(\text{Base Rate})/(1-t)]$ (in%)
2019-20	17.472	17.472	15.50	18.782
2020-21	17.472	17.472	15.50	18.782
2021-22	17.472	17.472	15.50	18.782
2022-23	17.472	17.472	15.50	18.782
2023-24	17.472	17.472	15.50	18.782

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



(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	7169.41	7169.41	7169.41	7169.41	7169.41
B	Addition due to ACE	0.00	0.00	0.00	0.00	8.43
C	Closing Equity (A+B)	7169.41	7169.41	7169.41	7169.41	7177.83
D	Average Equity (A+C)/2	7169.41	7169.41	7169.41	7169.41	7173.62
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (Pre-tax) (D*G)</b>	<b>1346.56</b>	<b>1346.56</b>	<b>1346.56</b>	<b>1346.56</b>	<b>1347.35</b>

34. The details of RoE approved vide order dated 29.4.2023 in Petition No. 297/TT/2022 for the Combined Assets, RoE claimed by the Petitioner in the instant Petition, and trued-up RoE allowed in the instant order are as follows:

(₹ in lakh)

Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2023 in Petition No. 297/TT/2022	1346.56	1346.56	1346.56	1346.56	1346.56
Claimed by the Petitioner in the instant Petition	1346.56	1346.56	1346.56	1346.56	1347.35
Approved after true-up in this order	1346.56	1346.56	1346.56	1346.56	1347.35

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

35. The Commission, vide order dated 29.4.2023 in Petition No. 297/TT/2022, allowed the following O&M Expenses, and the same are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Assets	1444.40	1495.94	1548.46	1603.68	1658.18

36. The Petitioner in the instant trued-up Petition has claimed the following O&M Expenses for the 2019-24 Tariff Period:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Combined Assets	1444.40	1495.94	1548.46	1603.68	1658.18



37. 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 are as per Regulation 35(3) of the 2019 Tariff Regulations. The O&M Expenses for the Combined Assets are worked out as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Transmission Line: 400 kV D/C Twin</b>					
<ul style="list-style-type: none"> <li>400 kV Dehgam-Pirana Ckts-I and II (Multi Tower Portion) – <b>2.635 Kms</b></li> <li>400 kV Dehgam-Pirana Ckts-I and II (D/C Portion) – <b>44.021 Kms</b></li> </ul> <b>Total length – 46.656 kms</b>					
<b>Norms per Regulation (₹ per Km)</b>	0.881	0.912	0.944	0.977	1.011
<b>O&amp;M Expenses</b>	41.10	42.55	44.04	45.58	47.17
<b>Sub-station: 400 kV Bays</b>					
<ul style="list-style-type: none"> <li>2 Nos. Line Bay at Pirana for 400 kV D/C Pirana -Behgam Line</li> <li>2 Nos. Line Bay at Behgam for 400 kV D/C Pirana -Behgam Line</li> <li>1 No. ICT-I Bay at Pirana</li> <li>1 No. ICT-II Bay at Pirana</li> <li>1 No. ICT-Bay at Bina</li> <li>1 No. ICT-Bay at Gwalior</li> <li>1 No. ICT-III Bay at Pune</li> <li>1 No. ICT-III Bay at Raipur</li> </ul>					
<b>Norms per Regulation (₹ per bay)</b>	32.15	33.28	34.45	35.66	36.91
<b>O&amp;M Expenses</b>	321.50	332.80	344.50	356.60	369.10
<b>Sub-station: 220 kV Bays</b>					
<ul style="list-style-type: none"> <li>➤ <b>Pirana Substation</b> <ul style="list-style-type: none"> <li>2 No. ICT-I &amp; ICT-II bay</li> <li>2 Nos. Bath-I &amp; II Line Bay</li> </ul> </li> <li>➤ <b>Bina S/S</b> <ul style="list-style-type: none"> <li>1 No. ICT-I bay</li> <li>1 No. Bina-Shivpuri Bay</li> <li>1 No. Bina -Bina (MPPTCL) Bay</li> </ul> </li> <li>➤ <b>Gwalior sub station</b> <ul style="list-style-type: none"> <li>1 No. ICT-III bay</li> <li>2 Nos. Line -V and Line -VI bay</li> </ul> </li> <li>➤ <b>Pune S/S</b> <ul style="list-style-type: none"> <li>1 No. ICT-III bay</li> <li>2 Nos. Pune Line-V &amp; Line -VI bay</li> </ul> </li> <li>➤ <b>Raipur S/S</b> <ul style="list-style-type: none"> <li>1 No. ICT-III bay at Raipur S/s</li> <li>2 Nos. Doma-I &amp; II bay</li> </ul> </li> <li>➤ <b>Wardha S/S</b> <ul style="list-style-type: none"> <li>2 Nos. Wardha Line-V &amp; VI Bay</li> </ul> </li> </ul>					
<b>Norms per Regulation (₹ per</b>	22.51	23.3	24.12	24.96	25.84



<b>Bay)</b>					
<b>O&amp;M Expenses</b>	405.18	419.4	434.16	449.28	465.12
<b>Sub-station: 400 kV ICT</b>					
<ul style="list-style-type: none"> <li>• 2 Nos 315 MVA, 400/220 kV ICT at Pirana S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Bina S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Gwalior S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Pune S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Raipur S/S</li> </ul>					
<b>Norms per Regulation (₹ per MVA)</b>	0.358	0.371	0.384	0.398	0.411
<b>O&amp;M Expenses</b>	676.62	701.19	725.76	752.22	776.79
<b>Total O&amp;M Expenses allowed</b>	<b>1444.40</b>	<b>1495.94</b>	<b>1548.46</b>	<b>1603.68</b>	<b>1658.18</b>

38. Accordingly, the details of O&M Expenses approved vide order dated 29.4.2023 in Petition No. 297/TT/2022; O&M claimed by the Petitioner in the instant Petition and trued-up O&M Expenses allowed in the instant order are as follows:

	(₹ in lakh)				
<b>Asset</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Allowed vide order dated 29.4.2023 in Petition No. 297/TT/2022	1444.40	1495.94	1548.46	1603.68	1658.18
Claimed by the Petitioner in the instant Petition	1444.40	1495.94	1548.47	1603.68	1658.18
Approved after true-up in this order	1444.40	1495.94	1548.46	1603.68	1658.18

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

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

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



(₹ 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)	120.37	124.66	129.04	133.64	138.18
Working Capital for Maintenance Spares (15% of O&M Expenses)	216.66	224.39	232.27	240.55	248.73
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	581.86	575.50	568.14	561.84	553.69
<b>Total Working Capital</b>	<b>918.89</b>	<b>924.55</b>	<b>929.45</b>	<b>936.03</b>	<b>940.59</b>
Rate of Interest for Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
<b>Interest of working capital</b>	<b>110.73</b>	<b>104.01</b>	<b>97.59</b>	<b>98.28</b>	<b>112.87</b>

41. The details of IWC allowed vide order dated 29.4.2023 in Petition No. 297/TT/2022 for the Combined Assets; IWC claimed by the Petitioner in the instant Petition and trued-up IWC allowed in the instant order are as follows:

(₹ in lakh)

Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2023 in Petition No. 297/TT/2022	110.74	104.08	97.65	98.36	98.88
Claimed by the Petitioner in the instant Petition	110.73	104.01	97.59	98.28	113.20
Approved after true-up in this order	110.73	104.01	97.59	98.28	112.87

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

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

(₹ in lakh)

	Annual Transmission Charges	2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	1185.69	1185.69	1185.69	1181.96	1158.73
B	Interest on Loan	645.10	535.74	429.96	326.65	226.18
C	Return on Equity	1346.56	1346.56	1346.56	1346.56	1347.35
D	O & M Expenses	1444.40	1495.94	1548.46	1603.68	1658.18
E	Interest on Working Capital	110.73	104.01	97.59	98.28	112.87
F	<b>Total (A+B+C+D+E)</b>	<b>4732.48</b>	<b>4667.94</b>	<b>4608.26</b>	<b>4557.13</b>	<b>4503.31</b>

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

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





(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	393.20	393.20	393.21	393.20	393.21
Interest on Loan	157.04	122.80	86.92	48.32	15.63
Return on Equity	1348.14	1348.14	1348.14	1348.14	1348.14
Interest on Working Capital	80.07	82.29	84.59	86.87	89.76
O&M Expenses	1202.71	1266.21	1331.86	1401.34	1476.63
<b>Total</b>	<b>3181.16</b>	<b>3212.64</b>	<b>3244.72</b>	<b>3277.87</b>	<b>3323.37</b>

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	100.23	105.52	110.99	116.78	123.05
Maintenance Spares	180.41	189.93	199.78	210.20	221.49
Receivables	392.20	396.08	400.03	403.02	409.73
<b>Total Working Capital</b>	<b>672.84</b>	<b>691.53</b>	<b>710.80</b>	<b>730.00</b>	<b>754.27</b>
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>80.07</b>	<b>82.29</b>	<b>84.59</b>	<b>86.87</b>	<b>89.76</b>

### **Capital Cost**

45. Regulation 19 of the 2024 Tariff Regulations provides as follows:

**“19. Capital Cost:** (1) *The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence checks in accordance with these regulations shall form the basis for the determination of tariff for existing and new projects.*

(2) *The Capital Cost of a new project shall include the following:*

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*



- (f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
- (g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;
- (h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
- (i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
- (j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
- (k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
- (l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
- (m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;
- (n) Expenditure on account of change in law and force majeure events; and
- (o).....
- (p).....

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

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

(4) & (5) .....

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

- (a) The assets forming part of the project but not in use, as declared in the tariff petition;
- (b) De-capitalised Assets after the date of commercial operation on account of obsolescence;
- (c) De-capitalised Assets on account of upgradation or shifting from one project to another project:  
 Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;



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

*(d).....*

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

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

46. The capital cost approved as on 31.3.2024 is ₹23926.11 lakh. This is considered the opening capital cost for the Combined Assets as on 1.4.2024 for the determination of transmission tariff for the 2024-29 tariff period.

#### **Additional Capital Expenditure (ACE)**

47. Regulations 24 and 25 of the 2024 Tariff Regulations provide as follows:

##### ***“24. Additional Capitalisation within the original scope and upto the cut-off date:***

*(1) The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

- (a) Undischarged liabilities recognized to be payable at a future date;*
- (b) Works deferred for execution;*
- (c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;*
- (d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance of any existing law which is not provided for in the original scope of work;*
- (f) 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 capital cost and in case the same work is covered under budgetary support provided by Government of India, the funding of such works shall be adjusted on receipt of such funds;  
*Provided that such expenditure shall be allowed only if the expenditure is incurred through Indian Governmental Instrumentality; and**
- (g) Force Majeure events:*

*Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of*



*the assets replaced on account of de-capitalization.*

(2) *The generating company or the transmission licensee, as the case may be shall submit the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.*

**25. Additional Capitalisation within the original scope and after the cut-off date**

(1) *The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:*

- (a) *Payment made against award of arbitration or for compliance with the directions or order of any statutory authority; or order or decree of any court of law;*
- (b) *Change in law or compliance of any existing law which is not provided for in the original scope of work;*
- (c) *Deferred works relating to ash pond or ash handling system or raising of ash dyke in the original scope of work;*
- (d) *Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;*
- (e) *Force Majeure events;*
- (f) *Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and*

(2) *In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:*

- (a) *The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
- (b) *The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*
- (c) *The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) *The replacement of such asset or equipment has otherwise been allowed by the Commission.*

*Provided that any claim of additional capitalization with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than ₹ 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses”*

48. The Petitioner in the instant Petition has not proposed the ACE for the 2024-29 Tariff Period. We have considered the submissions of the Petitioner. As the Petitioner has not projected any ACE for the 2024-29 Tariff Period, the capital cost considered in respect of the Combined Assets for the 2024-29 tariff period is as follows:



Tariff Period 2024-29			
Apportioned approved post as per FR/RCE-I	Expenditure as on 31.3.2024	Expenditure during the 2024-29 tariff period	Actual capital cost as on 31.3.2029
		2024-29	
34072.30/NA	23926.11	0.00	23926.11

### **Debt-Equity Ratio**

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

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

*Provided that:*

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

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

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

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered:

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



*Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulations.*

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

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

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

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

<b>Funding</b>	<b>Capital Cost as on 1.4.2024 (₹ in lakh)</b>	<b>(In %)</b>	<b>Capital Cost as on 31.3.2029 (₹ in lakh)</b>	<b>(In %)</b>
Debt	16748.28	70.00	16748.28	70.00
Equity	7177.83	30.00	7177.83	30.00
<b>Total</b>	<b>23926.11</b>	<b>100.00</b>	<b>23926.11</b>	<b>100.00</b>

### **Depreciation**

51. Regulation 33 of the 2024 Tariff Regulations provides as follows:

**"33. Depreciation:** (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In the case of the tariff of all the units of a generating station or all elements of a transmission system including the communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

*Provided that the effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the*





*transmission system, for which a single tariff needs to be determined.*

*(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, the weighted average life for the generating station or the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In the case of commercial operation of the asset for a part of the year, depreciation shall be charged on a pro rata basis.*

*(3) The salvage value of the asset shall be considered as 10%, and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset:*

*Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;*

*.....*

*Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.*

*(4) .....*

*(5) Depreciation for Existing Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets.*

*.....*

*(6) Depreciation for New Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system:*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 15 years from the effective date of commercial operation of the generating station or the transmission system, as the case may be, shall be spread over the balance useful life of the assets.*

*.....*

*(7) In the case of the existing projects, the balance depreciable value as on 1.4.2024 shall be worked out by deducting the cumulative depreciation as admitted to by the Commission up to 31.3.2024 from the gross depreciable value of the assets.*

*(8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the*



depreciable value over the balance useful life of the Asset or 10 years whichever is higher.

(9) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalised asset during its useful service.....

(10) Xxxxx

(11) Xxxxx

(12) Xxxxx”

52. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. The Combined Assets had completed 12 years of useful life before 1.4.2024; therefore, the remaining depreciable value as on 1.4.2024 has been spread over the remaining useful life of the Combined Assets in accordance with the 2024 Tariff Regulations.

53. The depreciation allowed for the Combined Assets under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as under:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	23926.11	23926.11	23926.11	23926.11	23926.11
B	Addition during the year 2024-29 due to projected ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	23926.11	23926.11	23926.11	23926.11	23926.11
D	Average Capital Cost (A+C)/2	23926.11	23926.11	23926.11	23926.11	23926.11
E	Freehold Land	1407.42	1407.42	1407.42	1407.42	1407.42
F	Average Capital Cost (90% depreciable assets)	22283.58	22283.58	22283.58	22283.58	22283.58
G	Average Capital Cost (100% depreciable assets)	235.11	235.11	235.11	235.11	235.11
H	Depreciable value (excluding IT equipment and software) (F*90%)	20055.22	20055.22	20055.22	20055.22	20055.22
I	Depreciable value of IT equipment and software (G*100%)	235.11	235.11	235.11	235.11	235.11
J	Total Depreciable Value (H+I)	20290.33	20290.33	20290.33	20290.33	20290.33
K	Weighted average rate of Depreciation (WAROD) (in %)	Spread-over depreciation				
L	Lapsed useful life at the beginning of the year (Year)	12	13	14	15	16
M	Balance useful life at the beginning of the year (Year)	14	13	12	11	10





	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
N	Depreciation during the year	394.86	394.86	394.86	394.86	394.86
O	Cumulative Depreciation at the end of the year	15157.17	15552.03	15946.89	16341.75	16736.60
P	Remaining Aggregate Depreciable Value at the end of the year	5133.16	4738.30	4343.45	3948.59	3553.73

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

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

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

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

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

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

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

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

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

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

Provided further that if the generating company or the transmission licensee, as the case may be, does not have any actual loan, then the rate of interest for a



*loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.*

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

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

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

56. We have considered the submissions of the Petitioner, and the IoL has been worked out in accordance with Regulation 32 of the 2024 Tariff Regulations. The IoL allowed for the Combined Assets for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Gross Normative Loan	16748.28	16748.28	16748.28	16748.28	16748.28
B	Cumulative Repayments up to the Previous Year	14770.27	15165.13	15559.99	15954.85	16349.71
C	Net Loan-Opening (A-B)	1978.01	1583.15	1188.29	793.43	398.57
D	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	394.86	394.86	394.86	394.86	394.86
F	Net Loan-Closing (C+D-E)	1583.15	1188.29	793.43	398.57	3.71
G	Average Loan (C+F)/2	1780.58	1385.72	990.86	596.00	201.14
H	Weighted Average Rate of Interest on Loan (in %)	8.9317	8.9964	8.9442	8.3515	8.1825
I	Interest on Loan (G*H)	159.04	124.66	88.62	49.78	16.46

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

57. 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

Page 34 of 45



and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;

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

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

Provided further that:

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

.....”

**“31. Tax on Return on Equity.** (1) The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.

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

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

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

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

(3) The generating company or the transmission licensee, as the case may be, shall true up the effective tax rate for every financial year based on actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff



period 2024-29 on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered while computing the actual tax paid for the generating company or the transmission licensee, as the case may be.

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

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

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

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

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

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	7177.83	7177.83	7177.83	7177.83	7177.83
B	Addition due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	7177.83	7177.83	7177.83	7177.83	7177.83
D	Average Equity (A+C)/2	7177.83	7177.83	7177.83	7177.83	7177.83
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	Tax Rate applicable (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (Pre-tax) (in %)	18.782	18.782	18.782	18.782	18.782
H	<b>Return on Equity (Pre-tax) (D*G)</b>	<b>1348.14</b>	<b>1348.14</b>	<b>1348.14</b>	<b>1348.14</b>	<b>1348.14</b>

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

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



(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	1202.71	1266.21	1331.86	1401.35	1476.63

61. The norms specified under Regulation 36(3)(a) and Regulation 36(4) of the 2024

Tariff Regulations provide 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
<b>Norms for sub-station Bays (₹ Lakh per bay)</b>					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
<b>Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)</b>					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
<b>Norms for AC and HVDC lines (₹ Lakh per km)</b>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.346	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453
Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
<b>Norms for HVDC stations</b>					
HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)	2.07	2.18	2.30	2.42	2.55
Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (₹ Lakh per MW)	1.04	1.10	1.16	1.22	1.28

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



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

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

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

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

.....”

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Transmission Line: 400 kV D/C Twin</b>					
<ul style="list-style-type: none"> <li>400 kV Dehgam-Pirana Ckts-I and II (Multi Tower Portion) – <b>2.635 Kms</b></li> <li>400 kV Dehgam-Pirana Ckts-I and II (D/C Portion) – <b>44.021 Kms</b></li> </ul>					
<b>Total length – 46.656 kms</b>					
<b>Norms per Regulation (₹ per Km)</b>	0.861	0.906	0.953	1.003	1.056
<b>O&amp;M Expenses</b>	40.17	42.27	44.46	46.80	49.27
<b>Sub-station: 400 kV Bays</b>					
<ul style="list-style-type: none"> <li>2 Nos. Line Bay at Pirana for 400 kV D/C Pirana -Behgam Line</li> <li>2 Nos. Line Bay at Behgam for 400 kV D/C Pirana -Behgam Line</li> <li>1 No. ICT-I Bay at Pirana</li> <li>1 No. ICT-II Bay at Pirana</li> <li>1 No. ICT-Bay at Bina</li> <li>1 No. ICT-Bay at Gwalior</li> <li>1 No. ICT-III Bay at Pune</li> <li>1 No. ICT-III Bay at Raipur</li> </ul>					
<b>Norms per Regulation (₹ per Km)</b>	29.53	31.08	32.71	34.43	36.23





Bay)					
<b>O&amp;M Expenses</b>	295.30	310.80	327.10	344.30	362.30
<b>Sub-station: 220 kV Bays</b>					
<ul style="list-style-type: none"> <li>➤ <b>Pirana Substation</b> <ul style="list-style-type: none"> <li>• 2 Nos. ICT-I &amp; ICT-II bay</li> <li>• 2 Nos. Bath-I &amp; II Line Bay</li> </ul> </li> <li>➤ <b>Bina S/S</b> <ul style="list-style-type: none"> <li>• 1 No. ICT-I bay</li> <li>• 1 No. Bina-Shivpuri Bay</li> <li>• 1 No. Bina -Bina (MPPTCL) Bay</li> </ul> </li> <li>➤ <b>Gwalior sub station</b> <ul style="list-style-type: none"> <li>• 1 No. ICT-III bay</li> <li>• 2 Nos. Line -V and Line -VI bay</li> </ul> </li> <li>➤ <b>Pune S/S</b> <ul style="list-style-type: none"> <li>• 1 No. ICT-III bay</li> <li>• 2 Nos. Pune Line-V &amp; Line -VI bay</li> </ul> </li> <li>➤ <b>Raipur S/s</b> <ul style="list-style-type: none"> <li>• 1 No. ICT-III bay at Raipur S/S</li> <li>• 2 Nos. Doma-I &amp; II bay</li> </ul> </li> <li>➤ <b>Wardha S/S</b> <ul style="list-style-type: none"> <li>• 2 Nos. Wardha Line-V &amp; VI Bay</li> </ul> </li> </ul>					
<b>Norms per Regulation (₹ per Bay)</b>	20.67	21.75	22.9	24.1	25.36
<b>O&amp;M Expenses</b>	372.06	391.5	412.2	433.8	456.48
<b>Sub-station: 400 kV ICT</b>					
<ul style="list-style-type: none"> <li>• 2 Nos 315 MVA, 400/220 kV ICT at Pirana S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Bina S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Gwalior S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Pune S/S</li> <li>• 1 No 315 MVA 400/220 kV ICT at Raipur S/S</li> </ul>					
<b>Norms per Regulation (₹ per MVA)</b>	0.262	0.276	0.290	0.305	0.322
<b>O&amp;M Expenses</b>	495.18	521.64	548.10	576.45	608.58
<b>Total O&amp;M Expenses allowed</b>	<b>1202.71</b>	<b>1266.21</b>	<b>1331.86</b>	<b>1401.35</b>	<b>1476.63</b>

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

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

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

.....

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

- (i) Receivables equivalent to 45 days of annual fixed cost;
- (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and
- (iii) Operation and maintenance expenses, including security expenses for one month.



(2) .....

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

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

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

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

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Working Capital for O&M Expenses (O&M Expenses for one month)	100.23	105.52	110.99	116.78	123.05
Working Capital for Maintenance Spares (15% of O&M Expenses)	180.41	189.93	199.78	210.20	221.49
Working Capital for Receivables (Equivalent to 45 days of annual fixed cost / annual transmission charges)	392.65	396.52	400.45	403.41	410.04
<b>Total Working Capital</b>	<b>673.29</b>	<b>691.97</b>	<b>711.22</b>	<b>730.39</b>	<b>754.59</b>
Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
<b>Interest on Working Capital</b>	<b>80.12</b>	<b>82.34</b>	<b>84.64</b>	<b>86.92</b>	<b>89.80</b>

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

66. The Annual Fixed Charges allowed in respect of the Combined Assets for the 2024-29 tariff period are summarised as follows:





(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	394.86	394.86	394.86	394.86	394.86
Interest on Loan	159.04	124.66	88.62	49.78	16.46
Return on Equity	1348.14	1348.14	1348.14	1348.14	1348.14
O&M Expenses	1202.71	1266.21	1331.86	1401.35	1476.63
Interest on Working Capital	80.12	82.34	84.64	86.92	89.80
<b>Total</b>	<b>3184.87</b>	<b>3216.22</b>	<b>3248.12</b>	<b>3281.04</b>	<b>3325.88</b>

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

67. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it is entitled to the reimbursement of the filing fee and the expenses incurred on publication of notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as the case may be, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

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

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

69. 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.

70. 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.”***

71. 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**

72. 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**

73. 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.

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



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

**Security Expenses, Insurance and Capital Spares**

76. The Petitioner has submitted that a separate Petition shall be filed for truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36 (3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the security expenses regarding the Combined Assets are not claimed in the instant Petition.

77. 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 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 the FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.

78. The Petitioner has not claimed capital spares for the Combined Assets in the instant Petition for the 2024-29 tariff period. Accordingly, the Petitioner has submitted that 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.



79. We have considered the Petitioner's submissions and have perused the record. We deem it proper here to refer to Regulation 36(3) (d) of the 2024 Tariff Regulations, which provides as follows:

*"36(3)*

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

*Provided that in case of self insurance, the premium shall not exceed 0.12% of the GFA of the assets insured;*

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

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

### **Sharing of Transmission Charges**

81. The Petitioner has submitted that the truing-up of the tariff for the 2019-24 tariff period shall be recovered on a monthly basis in accordance with Regulation 57 of the 2019 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers. Further, the tariff for the 2024-29 tariff period shall be recovered on a monthly basis in accordance with Regulation 78 of the 2024 Tariff Regulations and shall be shared by the beneficiaries and long-term transmission customers as per the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 (2020 Sharing Regulations).



82. We have considered the Petitioner's submissions. The billing, collection, and disbursement of the transmission charges for the Combined Assets shall be recovered in terms of provisions of the 2020 Sharing Regulations as provided in Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

83. To summarise:

- a) The details of the AFC claimed by the Petitioner in the instant Petition and the trued-up AFC allowed in the instant order for the 2019-24 period in respect of the Combined Assets are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	4732.47	4667.93	4608.26	4557.12	4525.82
AFC Allowed	4732.48	4667.94	4608.26	4557.13	4503.31

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

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	3181.16	3212.64	3244.72	3277.87	3323.37
AFC Allowed	3184.87	3216.22	3248.12	3281.04	3325.88

84. This order disposes of Petition No. 26/TT/2025, in terms of the above discussions and findings.

**sd/-**  
**(Ravinder Singh Dhillon)**  
**Member**

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

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

**sd/-**  
**(Jishnu Barua)**  
**Chairperson**

