

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 202/TT/2025

Coram:

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

Date of Order: 05.12.2025

In the matter of:

Petition for truing up of the transmission tariff for the 2019-24 tariff period and determination of transmission tariff for the 2024-29 tariff period in respect of the Combined Assets under the Northern Region System Strengthening Scheme-XXVIII under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003 and under Regulations 15(1)(a) and 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

And in the matter of:

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

...Petitioner

Versus

- 1. Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14, Ashok Marg, Lucknow–
226001 (Uttar Pradesh).**
- 2. Ajmer Vidyut Vitran Nigam Limited,
Corporate Office, Vidyut Bhawan, Panchsheel Nagar,
Makarwali Road, Ajmer– 305004 (Rajasthan).**
- 3. Jaipur Vidyut Vitran Nigam Limited,
132 kV, GSS RVPNL, Sub-Station Building,
Caligiri Road, Malviya Nagar, Jaipur -302017.**
- 4. Jodhpur Vidyut Vitran Nigam Limited,
New Power House, Industrial Area, Jodhpur–
342003 (Rajasthan).**



- 5. Himachal Pradesh State Electricity Board,**
Vidyut Bhawan, Kumar House Complex Building II,
Shimla– 171004 (Himachal Pradesh).
- 6. Punjab State Power Corporation Limited,**
The Mall, PSEB Head Office, Patiala–
147001 (Punjab).
- 7. Haryana Power Purchase Centre,**
Shakti Bhawan, Sector-6, Panchkula–
134109 (Haryana).
- 8. Jammu Kashmir Power Corporation Limited,**
220/66/33 kV Gladni SS SLDC Building,
Narwal, Jammu.
- 9. BSES Yamuna Power Limited,**
B-Block, Shakti Kiran Building,
(Near Karkardooma Court),
Karkardooma, 2nd Floor, New Delhi – 110092.
- 10. BSES Rajdhani Power Limited,**
BSES Bhawan, Nehru Place, New Delhi.
- 11. Tata Power Delhi Distribution Limited,**
33 kV Sub-Station Building, Hudson Lane,
Kingsway Camp, North Delhi – 110009.
- 12. Chandigarh Electricity Department,**
Chandigarh Administration,
Sector-9, Chandigarh.
- 13. Uttarakhand Power Corporation Limited,**
Urja Bhawan, Kanwali Road, Dehradun.
- 14. North Central Railway,**
Allahabad, Uttar Pradesh.
- 15. New Delhi Municipal Council,**
Palika Kendra, Sansad Marg,
New Delhi – 110002.

...Respondents

For Petitioner : Shri Zafrul Hassan, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Vishal Sagar, PGCIL
Shri Ranjeet Pandey, PGCIL
Ms. Suriya Singh, PGCIL



Shri Ashish Alankar, PGCIL

For Respondents: None

ORDER

The instant Petition has been filed by the Power Grid Corporation of India Limited (PGCIL), a deemed transmission licensee, for trueing up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and for the determination of the transmission tariff for the 2024-29 period in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) in respect of the following assets under “Northern Region System Strengthening Scheme – XXVIII” (hereinafter referred to as “the transmission project”) in the Northern Region:

Asset-A: Combined Assets of extension of both circuits of 400 kV D/C (Quad) Biharsharif – Sasaram line to Varanasi, bypassing Sasaram and associated bays including 50 MVA line reactor in each circuit at Varanasi GIS Substation and 765 kV Gaya Bay of LILO (loop in portion) of 765 kV S/C Gaya - Fatehpur T/L including 240 MVA non-switchable line reactor at Varanasi GIS Substation;

Asset-B: One Circuit of 400 kV D/C Sasaram - Allahabad line to be shifted from NR to ER bus at Sasaram Substation.

Asset-C: 765 kV Fatehpur bay of LILO (loop in portion) of 765 kV S/C Gaya - Fatehpur line at Varanasi GIS Substation.

2. Assets- A, B, and C were combined for the 2019-24 tariff period in Petition No. 32/TT/2021, and they are referred to as the “Combined Assets” for both the 2019-24 and 2024-29 tariff periods in this order.

3. 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 16 and 17 above.

b) Admit the capital cost claimed and additional capitalization incurred during 2019-24.



- c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations, 2019 and Tariff Regulations, 2024 as per para 16 and 17 above for respective block.
- d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.
- e) Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee, separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.
- f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.
- g) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 23 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 23 above.
- i) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares as per actual as mentioned at Para 23 above.
- j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 24 above.
- k) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries and
- l) pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice."

Background

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

a. The Investment Approval (IA) and expenditure sanction for the transmission



project were accorded by the Board of Directors of the Petitioner through a Memorandum dated 27.9.2012, with an estimated cost of ₹52440 lakh, including an Interest During Construction (IDC) of ₹3320 lakh, based on August 2012 price levels.

b. The scope of work included in the transmission project is as follows:

Transmission Line:

- i. Extension of one 400 kV D/C (Quad) Biharsharif – Sasaram line to Varanasi, bypassing Sasaram.
- ii. LILO of Gaya - Fatehpur 765 kV S/C line at Varanasi.

Substation:

- i. Extension of Varanasi 765/400 kV GIS (POWERGRID).

Reactive Compensation:

- i. 2x50 MVar line reactor at Varanasi GIS Substation
- ii. 2x240 MVar non-switchable line reactor at Varanasi GIS Substation

5. The Commission vide its order dated 3.6.2022 in Petition No. 32/TT/2021, considered the Dates of Commercial Operation (CODs) of Assets-A, B, and C as 1.4.2016, 25.7.2016, and 10.4.2016, respectively, trued up the tariff for these assets from their respective CODs to 31.3.2019 and determined the tariff for the Combined Assets for the 2019-24 tariff period.

6. The Respondents are the Distribution Licensees, Transmission Licensees and Power Departments, mainly beneficiaries of the Northern Region, which are procuring transmission services from the Petitioner.

7. The Petitioner has served a copy of the Petition on the Respondents, and notice regarding the filing of this Petition has been published in newspapers in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as “the Act”). No comments or suggestions have been received from the public in response to the Petitioner's notices.

8. The Respondent No. 10, BSES Rajdhani Power Limited (BRPL), has submitted its reply



through an affidavit dated 2.7.2025. In response to BRPL's reply, the Petitioner submitted its rejoinder, vide affidavit dated 18.7.2025.

9. The hearings in this matter were held on 22.4.2025, 20.6.2025 and 22.7.2025, and the order was reserved on 22.7.2025.

10. This order is issued considering the submissions made by the Petitioner vide affidavits dated 17.9.2024, 13.5.2025, 7.7.2025, 18.7.2025 and 7.8.2025 and BRPL vide affidavit dated 2.7.2025. The issues raised by BRPL and the Petitioner's response thereto have been addressed in the relevant portions of this order.

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

12. BRPL has submitted that the Commission allow consumers' participation in any proceedings before the Commission in accordance with Regulation 18 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 (1999 Conduct of Business Regulations). Referring to Regulation 18 of the 1999 Conduct of Business Regulations, BRPL has further submitted that some Association, Forum or body Corporate recognised by the Commission may be asked to represent the interests of consumers during hearings of the instant petition. BRPL has also submitted that one of the said agencies may be instructed to represent the consumers' interests in the instant case, and the same is also provided for in section 94(3) of the Act.

13. In response, the Petitioner has submitted that no objection was received.

14. We have considered the submissions of the parties above and examined the record. In accordance with Regulations 3(6) and (8) of the Central Electricity Regulatory Commission (Procedure for Making of Application for Determination of Tariff, Publication of Application and Other Related Matters) Regulations, 2004, the Petitioner has published notices in the



newspapers 'Times Day', Dehradun, and 'Lok Satta', Dehradun, both dated 4.10.2024, and filed an affidavit to this effect dated 4.10.2024. The newspaper notices stated that the application for tariff determination is posted on the applicant's website, and the website address was also provided. Furthermore, the notices stated that "suggestions or objections, if any, on the tariff proposals for determination of tariff may be filed by any person, including the beneficiary, in the Office of the Secretary, Central Electricity Regulatory Commission, with a copy to the applicant, within 30 days of the notice's publication. No suggestions or objections were received by the Commission before the present Petition was listed for hearing.

15. None of the Consumer Associations/ Forums raised any suggestions or objections regarding the tariff claimed in this Petition after the publication and posting of the tariff application on the website. As such, there was no need to engage any Consumer Association/Forum for participation in tariff determination. Accordingly, the submissions of BRPL for engaging any agency for consumers' interest in the present Petition are rejected.

16. BRPL has submitted that the Petitioner has opted for deemed cost exemption as per para D7 AA of IND AS 101 'First time Adoption' of Indian Accounting Standard, which is resulting in a mere increase in tariff. The adoption of the Indian Accounting Standard is for the purposes of the Companies Act, 2013 and not for the purposes of the 2019 Tariff Regulations and 2024 Tariff Regulations, which provide their own procedures for the computation of tariffs.

17. In response, the Petitioner has submitted that the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards (IND AS) Rules, 2015) in 2015, which mandated the adoption and applicability of IND AS from 2016-17 for companies with a net worth of more than ₹500 crore. Consequently, the Petitioner adopted IND AS from 2015-16.

18. Furthermore, when opting for deemed cost exemption as per Para D7 AA of IND AS 101 'First-time Adoption of Indian Accounting Standards', the Gross Block less Accumulated Depreciation as on 1.4.2015 is regarded as the deemed cost on the date of transition, i.e.,



1.4.2015, in the books of account. Therefore, for assets commissioned before 1.4.2015, the gross block in the books reflects the gross block less accumulated depreciation as on 1.4.2015 (wrongly recorded by the Petitioner as 31.30.2015). There is no change in the capital cost or additional capitalisation due to adopting IND AS concerning capital costs for claiming transmission tariff.

19. Furthermore, for tariff calculation, the actual capital cost and ACE have been considered. Therefore, there is no impact on the tariff due to IND AS at any point. The mentioned treatment only relates to the "Gross Block amount as per Books," which is required to be reported in specific Tariff Forms (e.g., Form 4A, Form 5) as per the formats prescribed by the Commission. The original gross block amount as per the books is required to be disclosed in the tariff forms, but it has no impact on the tariff being claimed.

20. We have considered the submissions of the parties. BRPL has contended that adopting the new accounting standards would result in higher tariffs. The Petitioner has clarified that the new standards it has adopted will not affect the tariff to be determined by the Commission. The Petitioner adopted these new accounting standards in accordance with the requirements of the Companies Act, 2013. BRPL merely stated that adopting new standards would lead to higher tariffs but did not explain how. The tariff is determined for the Petitioner's Combined Assets based on the applicable tariff regulations, specifically the 2019 Tariff Regulations and 2024 Tariff Regulations. Since the tariff is determined by applicable tariff regulations, we are of the view that the adoption of the new accounting standards by the Petitioner would not have any impact on the tariff, which is solely based on the applicable tariff regulations.

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

21. 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	2113.76	2120.01	2126.26	2126.26	2126.26
Interest on Loan	1749.53	1513.17	1337.48	1194.24	1050.75
Return on Equity	2248.50	2255.17	2261.84	2261.84	2261.84
Interest on Working Capital	104.02	94.52	86.38	84.90	95.28
O&M Expenses	277.77	287.48	297.56	308.05	318.81
Total	6493.58	6270.35	6109.52	5975.29	5852.94

22. 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	23.15	23.96	24.80	25.67	26.57
Maintenance Spares	41.66	43.12	44.63	46.21	47.82
Receivables	798.39	773.06	753.23	763.68	719.63
Total Working Capital	863.20	840.14	822.66	808.56	794.02
Rate of Interest (in %)	12.05	11.15	10.50	10.50	12.00
Interest on Working Capital	104.16	94.52	86.38	84.90	95.28

Initial Spares

23. The initial spares for the transmission project have been calculated in accordance with the limits specified under Regulation 13 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, and based on the revised Auditor's Certificate.

24. BRPL, in its reply, has submitted that the Initial Spares claimed by the Petitioner are beyond the ceiling and has requested that the asset-wise Initial Spares be permitted strictly in accordance with Regulation 23 of the 2024 Tariff Regulations and in line with the order dated 3.6.2022 in Petition No. 32/TT/2021.

25. In response, the Petitioner submitted that the Initial Spares for the transmission project have been calculated according to the limit specified under Regulation 13 of the 2014 Tariff Regulations, and in line with the revised Auditor's Certificate. It is further submitted that the excess Initial Spares of ₹452.71 lakh for the substation head have been removed from the



capital cost as on 31.3.2019, since ₹362.68 lakh, ₹45.11 lakh, and ₹44.92 lakh of excess Initial Spares under the transmission line for Assets A, B, and C, respectively, were disallowed through order dated 3.6.2022 in Petition No. 32/TT/2021. The details of Initial Spares are as follows:

(₹ in lakh)

Asset	Particulars	Cost for Spares Calculation (A)	Initial Spares Claimed (B)	Ceiling (in %) (C)	Initial Spares Allowable	Excess Initial Spare
					$D = [(A-B) * C / (100-C)]$	[B-D]
Asset-A	Transmission Line	29995.90	658.97	1.0	296.29	362.68
Asset-B		597.54	50.63	1.0	5.52	45.11
Asset-C		616.12	50.64	1.0	5.71	44.92
Total	Transmission Line	31209.56	760.24	1.0	307.61	452.71

(₹ in lakh)

Asset	Particulars	Cost for Spares Calculation (A)	Initial Spares Claimed (B)	Ceiling (in %) (C)	Initial Spares Allowable	Excess Initial Spare
					$D = [(A-B) * C / (100-C)]$	[B-D]
Asset-A	Substation (Brown Field)	4553.98	132.07	6.0	282.25	-150.18
Asset-C		1023.95	44.98	6.0	62.49	-17.51
Total	Substation (Brown Field)	5577.93	177.05	6.0	344.74	-167.69

26. We have considered the submissions of the parties and examined the record. We note that the Commission, in its order dated 3.6.2022 in Petition No. 32/TT/2021, disallowed the excess Initial Spares as on COD during the 2014-19 tariff period while considering the capital cost as on COD. Therefore, the claim for excess Initial Spares in the present Petition has been disallowed.

Capital Cost for the 2019-24 Tariff Period

27. The capital cost of the transmission project has been calculated in accordance with Regulations 19(1) and 19(3) of the 2019 Tariff Regulations.



28. The Commission, through its order dated 3.6.2022 in Petition No. 32/TT/2021, trued-up the transmission tariff for the 2014-19 tariff period and determined the transmission tariff for the 2019-24 tariff period. The capital cost of ₹39905.22 lakh was approved by the Commission for the Combined Assets as on 31.3.2019, and this has been considered the opening capital cost as on 1.4.2019 for the purpose of truing-up the transmission tariff for the 2019-24 tariff period, in accordance with Regulation 19 of the 2019 Tariff Regulations in the present Petition.

29. The Commission, in its order dated 3.6.2022 in Petition No. 32/TT/2021, approved the capital cost as on 1.4.2019 for the Combined Assets and the Additional Capital Expenditure (ACE) for the 2019-24 tariff period. The details of the capital cost concerning the Combined Assets, as allowed by the Commission in the order dated 3.6.2022, are as follows:

(₹ in lakh)			
Apportioned Approved Cost (FR)	Capital Cost allowed up to 31.3.2019	Projected ACE	Capital Cost as on 31.3.2024
		2019-20	
52440.00	39905.22	250.50	40155.72

30. BRPL, in its reply, has submitted that the Petitioner claims accrued IDC as additional capitalisation, but there is no provision for this in the 2024 Tariff Regulations. Therefore, the claim of accrued IDC and Incidental Expenditure During Construction (IEDC) as additional capitalisation by the Petitioner is liable to be rejected.

31. In response, the Petitioner has submitted that there is no accrued IDC balance to be discharged during the 2019-24 tariff period. Therefore, the Petitioner has claimed Nil accrued IDC during the 2019-24 tariff period for the Combined Assets.

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



(₹ in lakh)

Asset	Apportioned Approved Cost (FR)	Capital Cost allowed up to 31.3.2019	ACE Claimed	Capital Cost as on 31.3.2024
			2020-21	
Combined Assets	52440.00	39905.22	236.75	40141.97

Additional Capital Expenditure (ACE)

33. The Commission, vide its order dated 3.6.2022 in Petition No. 32/TT/2021, allowed projected ACE for the 2019-24 tariff period for the Combined Assets under Regulation 25(1)(d) of the 2019 Tariff Regulations. In the instant Petition, the Petitioner has claimed the following ACE in respect of the Combined Assets based on the actual expenditure in accordance with Regulation 25(1)(d) of the 2019 Tariff Regulations:

(₹ in lakh)

Particulars	Asset	Regulations	Actual ACE
			2020-21
Liability for works executed prior to the cut-off date	Asset-A	25(1)(d) of the 2019 Tariff Regulations	170.20
Liability for works executed prior to the cut-off date	Asset-C	25(1)(d) of the 2019 Tariff Regulations	66.55

34. The Commission, vide its Record of Proceedings (RoP) dated 22.4.2025, directed the Petitioner to submit the reasons for claiming ACE beyond the cut-off date for the 2019-24 tariff period.

35. In response, the Petitioner, vide affidavit dated 13.5.2025, has submitted that the ACE claimed after the cut-off date is due to an undischarged liability for the final payment or withheld payment due to contractual exigencies for works executed prior to the cut-off date, and has been claimed according to Regulation 25(1)(d) of the 2019 Tariff Regulations. The Petitioner has requested that the ACE beyond the cut-off date may be allowed.

36. Regarding the Commission's query about the reasons for the variation in the ACE claimed during the 2019-24 tariff period, the Petitioner, through an affidavit dated 13.5.2025,



reiterated that the main reason for the variation is that the ACE claimed is based on actual payments made to the vendor after receiving the final invoices and incorporating the amendments. The Petitioner further requested that the Commission approve the actual ACE incurred during the 2019-24 tariff period for the transmission project and approve the tariff as claimed in the Petition.

37. Regarding the Commission's query to submit the details of Liquidated Damages, the Petitioner, vide affidavit dated 13.5.2025, has submitted that as on the date, no amount was recovered as Liquidated Damages.

38. BRPL has submitted that the Petitioner has sought ACE for the 2019-24 period owing to undischarged liability for final payment/withheld due to contractual exigencies for the works executed prior to the cut-off date and in support of its claim, the Petitioner has given a liability flow statement for additional capitalisation for tariff period 2019-24 which is not verified by any independent agency. BRPL has further submitted that the Petitioner has not given reasons for why the contractual liabilities were not discharged within time, when the effective COD of the assets is 4.4.2016.

39. In response, the Petitioner has submitted that the ACE claim is based on the actual payment made to the contractor/vendor. The payments were made after receipt of the final invoices, incorporation of necessary amendments, and completion of proper reconciliation, in accordance with the terms and conditions incorporated in the contract. Further, the spillover of ACE is due to the settling of certain contractual liabilities. The payments do not represent new liabilities but pertain to works executed prior to the cut-off date. The liabilities relate to the original scope of the project and were essential to its completion and operational readiness, and thus, the associated expenditure is eligible for capitalisation.

40. We have considered the submissions of the parties. The ACE claimed by the Petitioner is allowed as the expenditure incurred after the cut-off date relates to works within the original



scope and was executed within the cut-off date. This is permissible under Regulation 25(1)(d) of the 2019 Tariff Regulations, as the expenditure was for fulfilling liabilities for works of the original scope executed prior to the cut-off date. The ACE allowed for the Combined Assets to be summarised as follows:

(₹ in lakh)

Apportioned Approved Cost (FR)	Capital Cost allowed as on 31.3.2019/ COD	Actual ACE	Total Capital Cost as on 31.3.2024
		2020-21	
52440.00	39905.22	236.75	40141.97

Debt-Equity Ratio

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

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in the 2019-24 tariff period (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	27933.65	70	165.73	70	28099.38	70
Equity	11971.57	30	71.025	30	12042.59	30
Total	39905.21	100	236.75	100	40141.97	100

Depreciation

42. 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.

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

(₹ in lakh)

Combined Assets						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Capital Cost	39905.22	39905.22	40141.97	40141.97	40141.97



Combined Assets						
Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
B	Addition during the year 2019-24 due to ACE	0.00	236.75	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	39905.22	40141.97	40141.97	40141.97	40141.97
D	Average Capital Cost (A+C)/2	39905.22	40023.60	40141.97	40141.97	40141.97
E	Average Capital Cost (90% depreciable assets)	39865.99	39984.37	40102.74	40102.74	40102.74
F	Average Capital Cost (100% depreciable assets)	39.23	39.23	39.23	39.23	39.23
G	Depreciable Value (excluding IT equipment and software) (E*90%)	35879.39	35985.93	36092.47	36092.47	36092.47
H	Depreciable Value of IT equipment and software (F*100%)	39.23	39.23	39.23	39.23	39.23
I	Total Depreciable Value (G+H)	35918.62	36025.16	36131.70	36131.70	36131.70
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.30	5.30	5.30	5.30	5.30
K	Balance useful life at the beginning of the year (Year)	2.00	3.00	4.00	5.00	6.00
L	Elapsed useful life at the beginning of the year (Year)	31.00	30.00	29.00	28.00	27.00
M	Depreciation during the year (D*J)	2113.76	2120.02	2126.27	2126.27	2126.27
N	Cumulative Depreciation at the end of the year	8289.01	10409.03	12535.30	14661.56	16787.83
O	Remaining Aggregate Depreciable Value at the end of the year	27629.61	25616.13	23596.40	21470.14	19343.87

44. The details of the depreciation allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021 in respect of the Combined Assets, depreciation claimed by the Petitioner in the instant Petition and trued-up depreciation allowed in this order are as follows:

(₹ in lakh)

Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021	2120.38	2126.99	2126.99	2126.99	2126.99
Claimed by the Petitioner in the instant Petition	2113.76	2120.01	2126.26	2126.26	2126.26
Approved after true-up in this order	2113.76	2120.02	2126.27	2126.27	2126.27



Interest on Loan (IoL)

45. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and the Rate of Interest (RoI).

46. We have considered the Petitioner's submissions and perused the record. The IoL has been calculated based on the Petitioner's actual interest rate in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Assets is as follows:

		(₹ in lakh)				
	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	27933.65	27933.65	28099.38	28099.38	28099.38
B	Cumulative Repayments up to Previous Year	6175.25	8289.01	10409.03	12535.30	14661.56
C	Net Loan-Opening (A- B)	21758.40	19644.64	17690.35	15564.08	13437.81
D	Additions	0.00	165.73	0.00	0.00	0.00
E	Repayment during the year	2113.76	2120.02	2126.27	2126.27	2126.27
F	Net Loan-Closing (C+D- E)	19644.64	17690.35	15564.08	13437.81	11311.55
G	Average Loan (C+F)/2	20701.52	18667.49	16627.21	14500.95	12374.68
H	Weighted Average Rate of Interest on Loan (in %)	8.4495	8.1041	8.0419	8.2334	8.4884
I	Interest on Loan (G*H)	1749.17	1512.84	1337.15	1193.91	1050.42

47. The details of the IoL allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021 for the Combined Assets, the IoL claimed by the Petitioner in the instant Petition, and the trued-up IoL allowed in the instant order are as follows:

		(₹ in lakh)				
Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24	
Allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021	1773.14	1598.45	1418.05	1236.98	1054.89	
Claimed by the Petitioner in the instant Petition	1749.53	1513.19	1337.48	1194.24	1050.76	



Approved after true-up in this order	1749.17	1512.84	1337.15	1193.91	1050.42
--------------------------------------	---------	---------	---------	---------	---------

Return on Equity (RoE)

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

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

49. The Petitioner has also submitted that the Income Tax Assessment has been completed, and Assessment Orders have been issued by the Income Tax Department for the FYs 2019-20 and 2020-21. Further, the Income Tax Returns (ITRs) have been filed with the Income Tax Department for FY 2021-22 and 2022-23, and ITR for 2023-24 will be filed in due course. The Petitioner has submitted the basis of year-wise effective tax rate and grossed up RoE to be trued up for the 2019-24 tariff period, and the same is as under:

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

50. BRPL has submitted that the Petitioner has calculated the effective tax rate in the Petition after grossing up the rate of return on equity at the end of every financial year, which is not based



on actual tax paid. However, no details of the actual tax paid have been provided. Furthermore, under Regulation 31(3) of the 2019 Tariff Regulations, the Petitioner has a statutory duty to undertake the true-up of the grossed-up rate of return on equity at the end of every financial year based on actual tax paid. According to BRPL, RoE must be grossed up using the effective tax rate as per Regulation 31(2) of the 2019 Tariff Regulations. Additionally, after the actual tax is paid, the transmission licensee shall carry out truing up of the grossed-up RoE in accordance with Regulation 13(3) of the 2019 Tariff Regulations.

51. BRPL has submitted that the Petitioner has not carried out the truing up of grossed-up RoE on an annual basis. Further, the Form 3 for all assets related to the effective tax rate on the transmission business has been left blank. The Petitioner is entitled to and is claiming tax benefits of higher depreciation during the initial period under the Income Tax Act and also the benefits of the Tax Holiday as per Section 80 IA of the Income Tax Act, 1961. These benefits under the Income Tax Act are permissible only in respect of its core services related to the transmission business and not on other incomes of the Petitioner, such as consultancy, planning, design, training, etc. Accordingly, the denial of necessary documents showing actual tax payment on the transmission business and, on the face of information contained in Form 3, does not entitle the Petitioner to grossed-up RoE for the true-up period.

52. BRPL has submitted that the Petitioner is required to submit region-wise and corporate audited balance sheets and profit & loss accounts with all the schedules and annexures for the new transmission system and communication system for the relevant years, which is a statutory requirement.

53. In response, the Petitioner has submitted that it is paying income tax according to the provisions of the Income Tax Act, 1961 (hereinafter referred to as 'the IT Act, 1961'). Income Tax computation is made under the normal provisions of the IT Act, 1961, considering deductions permissible under extended provisions, including depreciation as per Annexure-I of the Income



Tax Rules, 1962, and Tax Holiday benefits under Section 80 IA. After deducting depreciation and tax holiday benefits under the normal provisions, the income tax for the respective year has been calculated along with surcharge and cess.

54. We have considered the submissions of the parties and have gone through the record. We note that entities covered under the MAT regime pay Income Tax at 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 115JB (2) of the IT Act, 1961, defines book profit as the net profit in the Statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, with some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates for the respective financial year, the notified MAT rates for the respective financial year shall be considered as the effective tax rate for the purpose of grossing up the RoE for the tariff true-up for the 2019-24 tariff period, in accordance with the provisions of the 2019 Tariff Regulations. The interest imposed on any additional income tax demand, as per the Assessment Order of the Income Tax Authorities, shall be considered based on the actual payment made. However, any penalty (due to default on the part of the Assessee), if imposed, shall not be considered for the purpose of grossing up the rate of RoE. Furthermore, any under-recovery or over-recovery of grossed-up RoE rates after true-up shall be recovered or refunded to the beneficiaries or long-term customers, as applicable, on a year-to-year basis. Therefore, the effective tax rates based on the notified MAT rates are used for the grossing-up of the RoE rate.

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



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

		(₹ in lakh)				
	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Return on Equity					
A	Opening Equity	11971.57	11971.57	12042.60	12042.60	12042.60
B	Additions	0.00	71.03	0.00	0.00	0.00
C	Closing Equity (A+B)	11971.57	12042.60	12042.60	12042.60	12042.60
D	Average Equity (A+C)/2	11971.57	12007.08	12042.60	12042.60	12042.60
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	2248.50	2255.17	2261.84	2261.84	2261.84

56. The details of the RoE approved by order dated 3.6.2022 in Petition No. 32/TT/2021 for the Combined Assets, RoE claimed by the Petitioner in the current Petition, and the trued-up RoE allowed in this order are as follows:

		(₹ in lakh)				
Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24	
Allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021	2255.56	2262.61	2262.61	2262.61	2262.61	
Claimed by the Petitioner in the instant Petition	2248.50	2255.17	2261.84	2261.84	2261.84	
Approved after true-up in this order	2248.50	2255.17	2261.84	2261.84	2261.84	

Operation and Maintenance Expenses (O&M Expenses)

57. The Operation and Maintenance Expenses (O&M Expenses) claimed by the Petitioner for the Combined Assets for the 2019-24 tariff period are as follows:

		(₹ in lakh)				
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24	
	277.77	287.48	297.56	308.05	318.81	

58. We have considered the Petitioner's submissions. The O&M Expenses allowed for the Combined Assets as per Regulation 35(3) of the 2019 Tariff Regulations are as follows:



(₹ in lakh)

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Line					
Extension of One 400 kV D/C (Quad) Sasaram - Varanasi TL and 2x LILO of Gaya- Fatehpur 765 kV S/C Line at Varanasi					
Line Length (km)	131.74	131.74	131.74	131.74	131.74
D/C (Bundled conductor with four or more sub-conductors) Sasaram-Varanasi TL in km	125.30	125.30	125.30	125.30	125.30
S/C (Bundled conductor with four or more sub-conductors) TL in km	3.42	3.42	3.42	3.42	3.42
S/C (Twin and Triple Conductor) TL in km	3.03	3.03	3.03	3.03	3.03
Norm: D/C (Bundled conductor with four or more sub-conductors) (₹ in lakh/km)	1.32	1.37	1.42	1.47	1.52
Norm: S/C (Bundled conductor with four or more sub-conductors) (₹ in lakh/km)	0.76	0.78	0.81	0.84	0.87
Norm: S/C (Twin and Triple Conductor) (₹ in lakh/km)	0.50	0.52	0.54	0.56	0.58
Total Transmission Line Expense	169.74	175.65	181.81	188.23	194.79
SubStation Bays (₹ in lakh/bay)					
765 kV Bay GIS (Nos.)	2	2	2	2	2
400 kV Bay GIS (Nos.)	2	2	2	2	2
Norm: 765 kV Bay GIS	31.51	32.62	33.76	34.95	36.18
Norm: 400 kV Bay GIS	22.51	23.30	24.12	24.96	25.84
Total Substation Expense	108.02	111.83	115.75	119.83	124.03
Total O&M Expenses allowed (₹ in lakh)	277.77	287.48	297.57	308.06	318.81

59. The details of the O&M Expenses approved vide order dated 3.6.2022 in Petition No. 32/TT/2021, O&M Expenses claimed by the Petitioner in the instant Petition and trued-up O&M



Expenses allowed in the instant order are as follows:

(₹ in lakh)

Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021	277.77	287.48	297.57	308.06	318.81
Claimed by the Petitioner in the instant Petition	277.77	287.48	297.56	308.05	318.81
Approved after true-up in this order	277.77	287.48	297.57	308.06	318.81

Interest on Working Capital (IWC)

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

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

(₹ in lakh)

	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for one month)	23.15	23.96	24.80	25.67	26.57
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	41.67	43.12	44.63	46.21	47.82



C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost /Annual Transmission Charges)	798.35	773.02	753.19	736.64	719.58
D	Total Working Capital (A+B+C)	863.16	840.09	822.62	808.52	793.97
E	Rate of Interest for Working Capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	104.01	94.51	86.38	84.89	95.28

62. The details of the IWC allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021, IWC claimed by the Petitioner in the instant Petition, and the trued-up IWC allowed in the instant order in respect of the Combined Assets are as follows:

(₹ in lakh)					
Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021	104.58	95.92	87.46	86.30	84.09
Claimed by the Petitioner in the instant Petition	104.02	94.52	86.38	84.90	95.28
Approved after true-up in this order	104.01	94.51	86.38	84.89	95.28

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

63. 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)						
	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Annual Transmission Charges					
A	Depreciation	2113.76	2120.02	2126.27	2126.27	2126.27
B	Interest on Loan	1749.17	1512.84	1337.15	1193.91	1050.42
C	Return on Equity	2248.50	2255.17	2261.84	2261.84	2261.84
D	Interest on Working Capital	104.01	94.51	86.38	84.89	95.28
E	O&M Expenses	277.77	287.48	297.57	308.06	318.81
F	Total (A+B+C+D+E)	6493.21	6270.02	6109.20	5974.97	5852.61



64. The details of the AFC allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021, AFC claimed by the Petitioner in the instant Petition, and trued-up AFC allowed in the instant order in respect of the Combined Assets are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 3.6.2022 in Petition No. 32/TT/2021	6531.42	6371.45	6192.68	6020.95	5847.40
Claimed by the Petitioner in the instant Petition	6493.58	6270.35	6109.52	5975.29	5852.94
Approved after true-up in this order	6493.21	6270.02	6109.20	5974.97	5852.61

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

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

(₹ in lakh)					
Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	2148.61	2144.79	2135.03	2102.56	2102.56
Interest on Loan	869.46	686.03	504.97	327.28	149.38
Return on Equity	2261.84	2261.84	2261.84	2261.84	2261.84
Interest on Working Capital	96.57	94.74	92.87	90.57	89.26
O&M Expenses	416.95	439.01	461.70	485.95	512.01
Total	5793.43	5626.41	5456.41	5268.20	5115.05

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

(₹ in lakh)					
Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	34.75	36.58	38.48	40.50	42.67
Maintenance Spares	62.54	65.85	69.26	72.89	76.80
Receivables	714.26	693.67	672.69	647.73	630.63
Total Working Capital	811.55	796.10	780.43	761.12	750.10
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	96.57	94.74	92.87	90.57	89.26



Capital Cost

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

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

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

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30% of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;*
- (c) *Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;*
- (d) *Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;*
- (e) *Capitalised initial spares subject to the ceiling rates in accordance with these regulations;*
- (f) *Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;*
- (g) *Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;*
- (h) *Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;*
- (i) *Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
- (j) *Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;*
- (k) *Capital expenditure on account of biomass handling equipment and facilities, for co-firing;*
- (l) *Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;*
- (m) *Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;*

- (n) *Expenditure on account of change in law and force majeure events; and*
- (o).....
- (p).....

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

- (a) *Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;*



(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;

(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;

(d) to (h).....

(i) Expenditure on account of change in law and force majeure events;

(4) & (5)

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

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

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

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

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

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

(d).....

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

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

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

Asset	Capital Cost claimed as on 1.4.2024	ACE Claimed	Estimated Completion Cost as on 31.3.2029
		2024-25	
Combined Assets	40141.97	--	40141.97

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



(₹ in lakh)

Element	Combined Assets
Freehold Land	-
Leasehold Land	-
Building Civil Works and Colony	-
Transmission Line	33853.84
Substation	5967.37
PLCC	281.53
Batteries	-
IT Equipment (Including Software)	39.23
Total	40141.97

Additional Capital Expenditure (ACE)

70. Regulations 24 and 25 of the 2024 Tariff Regulations provide as under:

“24. Additional Capitalisation within the original scope and up to 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) Payment made towards admitted liabilities for works executed up to the cut-off 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) Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;*
- (e) Change in law or compliance with 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 with 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 the 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) Assets whose useful life 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.
- (e) The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of lease of lease hold land on case to case basis.

Provided that any claim of additional capitalisation 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.”

71. The Petitioner has claimed Nil additional capitalisation for the Combined Assets for the 2024-29 tariff period. The same has been summarised as under:

Asset	Apportioned Approved Cost as per FR	Capital Cost allowed as on 1.4.2024	(₹ in lakh)	
			Estimated ACE 2024-29	Capital Cost as on 31.3.2029
Combined Assets	52440.00	40141.97	0.00	40141.97

72. We have noted the submissions of the Petitioner, and accordingly, Nil ACE has been considered for the Combined Assets, and the same is as follows:



(₹ in lakh)

Asset	Apportioned Approved Cost as per FR	Capital Cost allowed as on 1.4.2024	Approved ACE	Capital Cost as on 31.3.2029
			2024-29	
Combined Assets	52440.00	40141.97	0.00	40141.97

Debt-Equity Ratio

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

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

Provided that:

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

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

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or the 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 the communication system declared under commercial operation prior to 1.4.2024, the debt-equity ratio allowed by the Commission for the determination of tariff for the period ending 31.3.2024 shall be considered:

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

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

(4) In 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.”

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

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(In %)	ACE in the 2024-29 tariff period (₹ in lakh)	(In %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(In %)
Debt	28099.37	70	0.00	70	28099.37	70
Equity	12042.59	30	0.00	30	12042.59	30
Total	40141.97	100		100	40141.97	100

Depreciation

75. 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)



(11)

(12)"

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

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

(₹ in lakh)						
Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Capital Cost	40141.97	40141.97	40141.97	40141.97	40141.97
B	Addition during the year 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Capital Cost (A+B)	40141.97	40141.97	40141.97	40141.97	40141.97
D	Average Capital Cost (A+C)/2	40141.97	40141.97	40141.97	40141.97	40141.97
E	Average Capital Cost (90% depreciable assets)	40102.74	40102.74	40102.74	40102.74	40102.74
F	Average Capital Cost (100% depreciable assets)	39.23	39.23	39.23	39.23	39.23
G	Depreciable Value (excluding IT equipment and software) (E*90%)	36092.47	36092.47	36092.47	36092.47	36092.47
H	Depreciable Value of IT equipment and software (F*100%)	39.23	39.23	39.23	39.23	39.23
I	Total Depreciable Value (G+H)	36131.70	36131.70	36131.70	36131.70	36131.70
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.35	5.34	5.32	5.24	5.24
K	Balance useful life at the beginning of the year (Year)	7.00	8.00	9.00	10.00	11.00
L	Elapsed useful life at the beginning of the year (Year)	26.00	25.00	24.00	23.00	22.00
M	Depreciation during the year (D*J)	2148.58	2144.79	2134.88	2102.56	2102.56
N	Cumulative Depreciation at the end of the year	18936.40	21081.19	23216.08	25318.64	27421.20



Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
0	Remaining Aggregate Depreciable Value at the end of the year	17195.29	15050.50	12915.62	10813.06	8710.50

Interest on Loan (IoL)

78. 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.”

79. The WAROI on loan has been considered on the basis of the rate prevailing as on 1.4.2024. The Petitioner has prayed that the change in interest rate due to the floating rate of interest, if any, applicable during the 2024-29 tariff period, may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of true-up. The IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. We observe that there is a certain error in the actual loan portfolio summary for the 2024-29 tariff period submitted by the Petitioner. Accordingly, the IoL allowed for the 2024-29 tariff period in respect of the Combined Assets is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	28099.38	28099.38	28099.38	28099.38	28099.38
B	Cumulative Repayments upto Previous Year	16787.83	18936.40	21081.19	23216.08	25318.64
C	Net Loan-Opening (A-B)	11311.55	9162.97	7018.18	4883.30	2780.74
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	2148.58	2144.79	2134.88	2102.56	2102.56
F	Net Loan-Closing (C+D- E)	9162.97	7018.18	4883.30	2780.74	678.18
G	Average Loan (C+F)/2	10237.26	8090.58	5950.74	3832.02	1729.46
H	Weighted Average Rate of Interest on Loan (in %)	8.4820	8.4754	8.4811	8.5346	8.6488
I	Interest on Loan (G*H)	868.32	685.71	504.69	327.05	149.58

Return on Equity (RoE)

80. Regulations 30 and 31 of the 2024 Tariff Regulations provide as follows:

“30. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.

(2) Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;



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

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

Provided further that:

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

.....”

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

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

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

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

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

(3) The generating company or the transmission licensee, as the case may be, shall true up the effective tax rate for every financial year based on actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2024-29 on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered while computing the actual tax paid for the generating company or the transmission licensee, as the case may be:

Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB, the generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of



every financial year with the applicable MAT rate including surcharge and cess;

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

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

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

82. BRPL has submitted that the tax to be paid by the Petitioner for the 2024-29 tariff period has not been furnished as Form-3 submitted by the Petitioner has been left blank, and accordingly, RoE may not be grossed up during the 2024-29 tariff period.

83. In response, the Petitioner has submitted that income tax is deposited by the Petitioner and ITR is filed with the Income Tax Authority within the scheduled timeline notified by the Income Tax Department from time to time. However, the amount of 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 2024-29 tariff period on actual gross income of any financial year including any penalty is worked out by the Income Tax Department through assessment order and which is beyond the Petitioner’s control.

84. We have considered the submissions of the parties and have perused the record.

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

(₹ in lakh)

	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Return on Equity					
A	Opening Equity	12042.60	12042.60	12042.60	12042.60	12042.60
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	12042.60	12042.60	12042.60	12042.60	12042.60
D	Average Equity (A+C)/2	12042.60	12042.60	12042.60	12042.60	12042.60
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50



F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	2261.84	2261.84	2261.84	2261.84	2261.84

Operation and Maintenance Expenses (O&M Expenses)

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

(₹ in lakh)

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses (₹ in lakh)	416.95	439.00	461.71	485.95	512.01

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

“36. Operation and Maintenance Expenses:

...

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

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or per MVAR)	0.262	0.276	0.290	0.305	0.322
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.246	0.259	0.272	0.287	0.302
Double Circuit (Bundled conductor with four or more sub-conductors)	1.291	1.359	1.430	1.506	1.585
Double Circuit (Twin & Triple Conductor)	0.861	0.906	0.953	1.003	1.056
Double Circuit (Single Conductor)	0.369	0.388	0.409	0.430	0.453



Multi Circuit (Bundled Conductor with four or more sub-conductor)	2.266	2.385	2.510	2.642	2.781
Multi Circuit (Twin & Triple Conductor)	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
HVDC Back-to-Back stations (₹ Lakh per MW)	2.07	2.18	2.30	2.42	2.55
Gazuwaka BTB (₹ Lakh/ MW)	1.83	1.92	2.03	2.13	2.24
HVDC bipole scheme (₹ Lakh/MW)	1.04	1.10	1.16	1.22	1.28

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

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

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

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

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

.....”

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

(₹ in lakh)					
Combined Assets					
Transmission Line: Extension of one 400 kV D/C (Quad) Sasaram - Varanasi TL & 2x LILO of Gaya- Fatehpur 765 kV S/C Line at Varanasi					
Line Length (km)	131.74	131.74	131.74	131.74	131.74
D/C (Bundled conductor with four or more sub-conductors) Sasaram-	125.30	125.30	125.30	125.30	125.30



Varanasi TL in km					
S/C (Bundled conductor with four or more sub-conductors) TL in km	3.42	3.42	3.42	3.42	3.42
S/C (Twin and Triple Conductor) TL in km	3.03	3.03	3.03	3.03	3.03
Norm: D/C (Bundled conductor with four or more sub-conductors) (₹ in lakh/km)	1.29	1.36	1.43	1.51	1.59
Norm: S/C (Bundled conductor with four or more sub-conductors) (₹ in lakh/km)	0.74	0.78	0.82	0.86	0.91
Norm: S/C (Twin and Triple Conductor) (₹ in lakh/km)	0.49	0.52	0.55	0.57	0.60
Total Transmission Line Expense	165.77	174.50	183.61	193.37	203.51
Sub-station Bays (₹ in lakh/bay)					
765 kV Bay GIS (Nos)	2	2	2	2	2
400 kV Bay GIS (Nos)	2	2	2	2	2
Norm: 765 kV Bay GIS	28.938	30.457	32.053	33.74	35.511
Norm: 400 kV Bay GIS	20.671	21.756	22.897	24.101	25.361
Total Sub-station Expense	99.22	104.43	109.90	115.68	121.74
Transformer/Reactor (₹ in lakh/MVA)					
765 kV Bay : 2x240 MVAR	480	480	480	480	480
400 kV Bay : 2x 50 MVA	100	100	100	100	100
Norm: 765 kV Bay	0.262	0.276	0.290	0.305	0.322
Norm: 400 kV Bay	0.262	0.276	0.290	0.305	0.322
Total Transformer/Reactor Expense	151.96	160.08	168.20	176.90	186.76
Total O&M Expenses allowed (₹ in lakh)	416.95	439.00	461.71	485.95	512.01



Interest on Working Capital (IWC)

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

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

.....

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

(i) *Receivables equivalent to 45 days of annual fixed cost; (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*

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

(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.”*

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

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

		(₹ in lakh)				
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	34.75	36.58	38.48	40.50	42.67



B	Working Capital for Maintenance Spares (15% of O&M Expenses)	62.54	65.85	69.26	72.89	76.80
C	Working Capital for Receivables (Equivalent to 45 days of Annual Fixed Cost/Annual Transmission Charges)	714.11	693.63	672.66	647.70	630.65
D	Total Working Capital (A+B+C)	811.40	796.06	780.39	761.09	750.12
E	Rate of Interest for Working Capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on Working Capital (D*E)	96.56	94.73	92.87	90.57	89.26

Annual Fixed Charges of the 2024-29 Tariff Period

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

	(₹ in lakh)				
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	2148.58	2144.79	2134.88	2102.56	2102.56
Interest on Loan	868.32	685.71	504.69	327.05	149.58
Return on Equity	2261.84	2261.84	2261.84	2261.84	2261.84
Interest on Working Capital	96.56	94.73	92.87	90.57	89.26
O&M Expenses	416.95	439.00	461.71	485.95	512.01
Total	5792.24	5626.07	5456.00	5267.97	5115.26

Filing Fee and Publication Expenses

93. The Petitioner has claimed the Petition filing fee and expenditure on publishing notices in the newspapers in terms of Regulation 94(1) of the 2024 Tariff Regulations.

94. BRPL, in its reply, has submitted that the claim of the Petitioner for reimbursement of the fee paid for filing the Petition and publication expenses may be rejected. Even though Regulation 94(1) of the 2024 Tariff Regulations permits the Commission to exercise such discretion and allow reimbursement of fees and publication expenses paid by the Petitioner, the Petitioner has not provided any justification to enable the Commission to exercise this discretion. It is further submitted that the Commission, in its order dated 11.9.2008 in Petition No. 129 of 2005, held that the Central Power Sector Undertaking, in furtherance of their business interests, are



statutorily required to approach the Central Commission for determination and approval of the tariff, and therefore declined the claim of the Central Power Sector Undertaking for reimbursement of the application filing fee.

95. In response, the Petitioner has reiterated its submissions as made in the Petition. Additionally, the Petitioner has submitted that the Commission, in its various orders, rejected similar contentions on the same issue and allowed the recovery of the Petition filing fee and publication of notices from the beneficiaries.

96. We have considered the submissions of the parties.

97. 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. Therefore, the reimbursement of filing fees and publication expenses is allowed

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

98. 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.

99. 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.”

100. BRPL, in its reply, has submitted that the fee and charges of the Central Transmission



Utility of India Limited (CTUIL) may be allowed as per Regulation 99 of the 2024 Tariff Regulations. However, the Petitioner has not annexed any document in support of its claim and prayed that the Commission may allow the same only after a prudence check.

101. In response, the Petitioner has reiterated its submissions as made in the Petition.

102. We have considered the parties' submissions and perused Regulation 99 of the 2024 Tariff Regulations. In light of the clear provisions under Regulation 99 of the 2024 Tariff Regulations, we allow the Petitioner to bear the fees and charges of CTUIL and recover these as additional O&M Expenses through a separate Petition until such regulation is notified and issued by the Commission.

License Fee and RLDC Fees and Charges

103. The Petitioner has claimed reimbursement for the licence fee. RLDC fees and charges. The Petitioner is allowed to recover the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. Additionally, the Petitioner is allowed to recover the RLDC fees and charges from the beneficiaries under Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

104. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST. If GST is levied in the future, the Respondents shall pay it additionally, and it shall be charged and billed separately by the Petitioner. It is also prayed that if the Petitioner pays additional taxes due to demands by the Government or Statutory Authorities, the Commission may allow them to be recovered from the beneficiaries.

105. BRPL, in its reply, has submitted that the Petitioner's prayer for Goods and Services Tax (GST) is untenable.

106. We have examined the parties' submissions. Since GST is not currently levied on the transmission service at present, we are of the view that the Petitioner's request on this matter is



premature.

Security Expenses, Insurance and Capital Spares

107. The Petitioner has submitted that, as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the security expenses and capital spares of more than ₹10 lakh and insurance expenses arrived at through the competitive bidding for the transmission system and associated communication system shall be allowed separately after a prudence check.

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

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

110. The Petitioner has not claimed capital spares for the Combined Assets in the instant Petition for the 2024-29 tariff period. According to the Petitioner, it shall file a separate Petition for the capital spares consumed and consequential IWC thereon, on an actual basis, for the 2024-29 tariff period, as per the 2024 Tariff Regulations. The Petitioner has also submitted that it has filed Petition No. 45/MP/2024, claiming therein capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.



111. The Petitioner has submitted that a separate Petition has already been filed being Petition No. 30/MP/2025 for truing up of security expenses from 1.4.2019 to 31.3.2024 under the Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under the Regulation 36 (3)(d) of Tariff Regulations, 2024.

112. BRPL, in its reply, has submitted that separate petitions shall be filed by the Petitioner for security expenses, insurance and capital spares for the 2024-29 tariff period and the same shall be dealt with by BRPL during the adjudication of those respective Petitions.

113. We have considered the parties' submissions and perused the record.

114. 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.

Provided that the self-insurance premium shall be transferred to a separate fund for utilization to meet the claims, and the expenditure incurred or amount utilized from the self-insurance fund shall be made available to the Commission as and when directed.”

115. 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 an estimated basis as per the 2024 Tariff Regulations for the 2024-29 tariff period.



Sharing of Transmission Charges

116. The Petitioner has submitted that the trued-up 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 according to the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 (hereinafter referred to as “the 2020 Sharing Regulations”).

117. The Petitioner has submitted that the truing up of the transmission tariff should be done in light of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2019 (Sixth Amendment), till the 2020 Sharing Regulations came into force and later on, as per the 2020 Sharing Regulations, as amended from time to time.

118. 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.

119. To summarise:

- a. The trued-up AFC claimed and allowed for the 2019-24 tariff period in respect of the Combined Assets are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	6493.58	6270.35	6109.52	5975.29	5852.94
AFC Allowed	6493.21	6270.02	6109.20	5974.97	5852.61



b. The AFC claimed and allowed for the 2024-29 tariff period in respect of the Combined Assets as follows:

Particulars	(₹ in lakh)				
	2024-25	2025-26	2026-27	2027-28	2028-29
AFC claimed	5793.43	5626.41	5456.41	5268.20	5115.05
AFC Allowed	5792.24	5626.07	5456.00	5267.97	5115.26

120. This order disposes of Petition No. 202/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

