

**JOINT ELECTRICITY REGULATORY COMMISSION
(Goa & UTs)**



MYT Tariff Order

**Truing up for FY 2023-24, Annual Performance Review of FY
2024-25, Multi Year Aggregate Revenue Requirement for
Control Period FY 2025-26 to FY 2029-30 and
Determination of Transmission Tariff for FY 2025-26**

For

DNH & DD Power Corporation Ltd. – DNHDDPCL

Petition No. 147 of 2025

17th September, 2025

**JOINT ELECTRICITY REGULATORY COMMISSION
3rd and 4th Floor, Plot No. 55-56, Sector -18, Udyog Vihar – Phase IV
Gurugram -122 015 (Haryana), INDIA
Phone: +91-124-4684705 Fax: +91-124-4684706
E-mail: secy.jercuts@gov.in : Website www.jercuts.gov.in**

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List of Abbreviations

Abbreviation	Full Form
A&G	Administrative and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
CERC	Central Electricity Regulatory Commission
Cr	Crores
ED-DNH	Electricity Department, UT of Dadra and Nagar Haveli
FY	Financial Year
GFA	Gross Fixed Assets
HT	High Tension
JERC	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
LT	Low Tension
MYT	Multi Year Tariff
O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
MCLR	Marginal Cost of Lending Rate
R&M	Repair and Maintenance
RoE	Return on Equity
SBI MCLR	State Bank of India Marginal Cost of Lending Rate
SLDC	State Load Despatch Centre
STOA	Short Term Open Access
TVS	Technical Validation Session
UT	Union Territory

Before the
Joint Electricity Regulatory Commission
For the State of Goa and Union Territories, Gurugram

CORAM

Sh. Alok Tandon – Chairperson

Smt. Jyoti Prasad, Member (Law)

Petition No. 147/2025

In the matter of

Approval for the True-up of FY 2023-24, Annual Performance Review for FY 2024-25, MYT Aggregate Revenue Requirements (ARR) for Control Period from FY 2025-26 to FY 2029-30 & Transmission Tariff for MYT Control Period from FY 2025-26 to FY 2029-30.

And in the matter of

DNH & DD Power Corporation Ltd. – DNHDDPCL.

Petitioner

ORDER

Dated: 11 September 2025

1. This Order is passed in respect of Petition filed by the DNH and DD Power Corporation Limited (herein after referred to as “The Petitioner” or “DNH and DD Power Corporation Limited” or “The Licensee”) for approval of True-up of FY 2023-24, Annual Performance Review for FY 2024-25, MYT Aggregate Revenue Requirements (ARR) and Transmission Tariff for Control Period from FY 2025-26 to FY 2029-30 before the Joint Electricity Regulatory Commission (herein after referred to as “The Commission” or “JERC”).
2. The Commission scrutinised the said Petition and generally found it in order. The Commission admitted the Petition on 5th May, 2025. The Commission thereafter requisitioned further information/ clarifications on the data gaps observed to take a prudent view of the said Petition. Further, suggestions/comments were invited from the public/stakeholders. The Public Hearing was held on 18th and 24th June 2025 at Daman and Diu respectively, to enable the stakeholders to raise issues, if any, related to the Petition filed by the Petitioner.
3. The Commission, based on the Petitioner’s submission, relevant JERC (MYT Tariff)



Regulations, 2021 and 2024, facts of the matter and after proper due diligence has approved the True-up of FY 2023-24, APR of FY 2024-25 and proposed MYT ARR Control Period from FY 2025-26 to FY 2029-30 along with the Transmission Tariff for Control Period from FY 2025-26 to FY 2029-30.

4. A Summary has been provided as follows:

- i. The Commission while truing up of FY 2022-23 in Tariff Order dated 10th June, 2024 had determined the cumulative revenue surplus of Rs. 41.17 Crore at the end of FY 2022-23.
- ii. Now, the Commission in this Order has trued up for FY 2023-24 and has approved Annual Revenue Requirement of Rs. 155.20 Crore vis-à-vis actual revenue of INR 173.34 Cr, resulting in standalone revenue surplus of Rs. 18.14 Crore for FY 2023-24.
- iii. The Aggregate Revenue Requirement as submitted by the Petitioner and approved by the Commission for FY 2023-24 for DNHDDPCL, DNH-T and EDDD are as follows:

Table 1 Aggregate Revenue Requirement (INR Crore)

S. No.	Particulars	DNHDDPCL		DNH-T		EDDD	
		Petitioner's Submission	Approved by Commission	Petitioner's Submission	Approved by Commission	Petitioner's Submission	Approved by Commission
1	Net Revenue Requirement	71.22	72.55	27.58	27.67	62.86	54.98
2	Add: (gap)/surplus of previous years	(34.25)	(34.25)	4.18	4.18	24.14	24.14
3	Revenue from Power Transmission	108.38	108.38	29.98	29.98	34.98	34.98
4	Carrying Cost	(8.63)	(7.78)	0.86	0.40	(0.34)	3.06
5	(Gap)/Surplus	(5.72)	(6.21)	7.44	6.89	(4.08)	7.20

- iv. The Aggregate Revenue Requirement as submitted by the Petitioner and approved by the Commission for FY 2024-25 for DNHDDPCL, DNH-T and EDDD are as follows:



Table 2 Aggregate Revenue Requirement (INR Crore)

S. No.	Particulars	DNHDDPCL		DNH-T		EDDD	
		Petitioner's Submission	Approved by Commission	Petitioner's Submission	Approved by Commission	Petitioner's Submission	Approved by Commission
1	Net Revenue Requirement	61.67	61.81	33.21	32.60	69.45	56.61
2	Add: (gap)/surplus of previous years	-	-	-	-	-	-
3	Net Revenue Requirement	61.67	61.81	33.21	32.60	69.45	56.61

- v. The Aggregate Revenue Requirement as submitted by the Petitioner and approved by the Commission for Control Period from FY 2025-26 to FY 2029-30 for DNHDDPCL are as follows:

Table 3 Approved Net ARR for MYT Control period (INR Crore)

S. No.	Particular	Formula	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Petitioner's Net ARR	A	195.18	222.19	264.94	297.88	345.87
2	Approved Net ARR	B	147.56	171.37	186.55	201.01	217.51

- vi. Thus, the cumulative revenue gap/surplus remaining at the end of FY 2025-26 is shown in the following table:

Table 4 Cumulative Revenue gap/ (Surplus) at end of FY 2025-26 (INR Crore)

S. No.	Particular	FY 2023-24	FY 2024-25	FY 2025-26
1	Net revenue Requirement	155.20	151.14	156.98
2	Revenue from Power Transmission	173.34	101.73	-
3	(Gap)/Surplus	18.14	(49.41)	(156.98)
4	Previous Year (gap)/surplus for FY 2021-22	(47.10)	-	-
5	Carrying Cost on (Gap)/Surplus for FY 2021-22	(8.24)	-	-
4	Previous Year (gap)/surplus for FY 2022-23	41.17	-	7.88
5	Holding Cost on (Gap)/Surplus for FY 2022-23	3.91	-	1.55
6	Cumulative (Gap)/Surplus at the end of FY 2023-24	7.88	-	(147.56)

- vii. Considering the Aggregate Revenue Requirement for FY 2025-26 and the transmission capacity, the transmission charges have been approved in "Chapter 6: Transmission Tariff for MYT Control Period from FY 2025-26 to FY 2029-30" of

this Order for long-term/medium-term consumers and short-term open access consumers as shown below:

Table 5 Transmission Tariff for MYT Control Period (Rs. Crore)

Tariff Determination	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Net ARR (Rs Crore)	147.56	171.37	186.55	201.01	217.51
Capacity (MW)	1,379.72	1,448.71	1,521.14	1,597.20	1,677.06
Energy Required at Periphery	11,303.30	11,731.00	12,177.51	12,644.45	13,133.90
Long/Medium Term Transmission Charges (Rs./MW/Month)	89,124	98,573	1,02,197	1,04,876	1,08,080
Short Term Open Access Transmission Charges (Rs./MW/Day)	2,930	3,241	3,360	3,448	3,553

- viii. The open access consumers shall pay charges in accordance with charges determined above and Regulation 4.1 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended from time to time.
5. This Order shall come into effect from 1st October, 2025 and shall remain applicable till further Orders. All existing provisions that are not modified by this Order shall continue to be in force.
6. The Petitioner shall publish the tariff as determined by the Commission in this Order within one week of receipt of the Order in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply and also upload the Tariff Order on its website.
7. Ordered accordingly. The attached documents giving detailed reasons, grounds and conditions are integral part of this Order.

-Sd-

(Jyoti Prasad)
Member (Law)

-Sd-

(Alok Tandon)
Chairperson

Certified Copy

(S.D. Sharma)

Secy (I/c), JERC

Place: Gurugram, Haryana

Date: 17 September 2025



Chapter 1: Introduction

1.1 About Joint Electricity Regulatory Commission (JERC)

In exercise of powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all the Union Territories except Delhi to be known as “the Joint Electricity Regulatory Commission for the Union Territories” vide notification no. 23/52/2003-R&R dated May 2, 2005. Later with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” (hereinafter referred to as “the JERC” or “the Commission”) vide notification no. 23/52/2003-R&R (Vol. II) dated May 30, 2008.

JERC is a statutory body responsible for regulation of the Power Sector in the State of Goa and the Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra & Nagar Haveli and Daman & Diu and Puducherry, consisting of generation, transmission, distribution, trading and use of electricity. Its primary objective includes taking measures conducive to the development of the electricity industry, promoting competition therein, protecting interest of consumers and ensuring supply of electricity to all areas.

1.2 About DNH & DD Power Corporation Limited (DNHDDPCL)

Pursuant to the policy direction from the Government of India, the Administration of DNH & DD has implemented a reorganization plan aimed at improving operational efficiency, accountability, and customer-centric service delivery in the electricity sector.

DNHPDCL has been transferred to newly formed entity as DNH and DD Power Corporation Limited (DNHDDPCL) and designated as the transmission licensee for the UT and ED-DD will continue as a transmission licensee. This restructuring was formally notified through The Dadra and Nagar Haveli and Daman and Diu

Electricity (Reorganisation and Reforms) Transfer Scheme, 2022, via Gazette Notification No. 1(FTS-118044)/Electricity Distribution/Privatisation/ 2022/411 dated 09.03.2022. Concurrently, a policy directive under Sections 108 and 109 of the Electricity Act, 2003, was issued vide Notification No. 1(FTS-118044)/Electricity Distribution/Privatisation/2022/412, effective from April 1, 2022.

To streamline power sector governance and consolidate operational control under a single transmission entity, the Government exercised its powers under Sections 131, 133, and 134 of the Electricity Act, 2003, to transfer the transmission undertakings, including assets, liabilities, personnel, and associated obligations of ED-DNH and ED-DD, to DNHDDPCL.

The updated transfer framework was subsequently notified via The Dadra and Nagar Haveli and Daman and Diu Electricity (Re-organisation and Reforms) Transfer Plan, 2025, through Gazette Notification No. DNHDDPCL/01/2022 /HR&ADMIN/135 dated 28.03.2025, and became effective on April 1, 2025. A revised policy direction was issued simultaneously under Gazette Notification No. DNHDDPCL/01/2022/HR&ADMIN/136.

The electricity transmission network within the Union Territory (UT) of Dadra & Nagar Haveli and Daman & Diu (DNH & DD) is well-integrated and strategically positioned to support the region's industrial load. The current system comprises:

- 69.48 circuit kilometers of 220 kV double-circuit (D/C) transmission lines
- 368.60 kilometers of 66 kV D/C lines

The UT sources power through the following critical grid interface points:

- 400/220 kV PGCIL Substation – Vapi
- 400/220 kV PGCIL Substation – Kala (DNH)
- 220/66 kV Magarwada Substation

- 220/66 kV Ringanwada Substation

Additionally, the island region of Diu is supplied through the 66 kV Una Substation, connected via a 66 kV D/C line from the 220/66 kV Kansari Substation operated by GETCO.

The UT's sub-transmission infrastructure further includes:

- 14 substations (66/11 kV) in Dadra & Nagar Haveli
- 8 substations (66/11 kV) in Daman
- 1 substation (66/11 kV) in Diu

The electricity consumption profile is predominantly industrial, with High Tension (HT) and Low Tension (LT) industrial consumers accounting for approximately 97% of the total energy sales. Based on current growth trends, energy demand is projected to reach ~12,000 Million Units (MUs) by the end of FY 2025–26.

In anticipation of this growing demand, DNHDDPCL has formulated a set of transmission system augmentation and strengthening initiatives aimed at enhancing grid reliability, capacity, and operational efficiency.

The total installed transmission capacity across the UT stands at 2,120 MVA, distributed across key substations as follows:

- Kharadpada – 520 MVA
- Khadoli – 480 MVA
- Vagchipa – 320 MVA
- Magarwada – 520 MVA
- Ringanwada – 260 MVA
- Malala (Diu) – 20 MVA

This transmission backbone forms the critical enabler for supporting the UT's industrial development and ensuring future energy security.

1.3 Multi Year Tariff Regulations, 2024

The Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024 on 15 October, 2024. The said Regulations have been hereinafter referred to as the "JERC MYT Regulations". As per Clause 2.1.22 of these Regulations, the "Control Period" is defined as the multi-year period comprising of five financial years from FY 2025-26 to FY 2029-30.

These Regulations are applicable to all the generation companies and transmission and distribution licensees in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Puducherry.

DNHDDPCL's tariff determination is now governed by "Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024, hereinafter referred to as "JERC MYT Regulations, 2024". The MYT Regulations, 2024 provide a framework for calculating tariffs on a cost-plus basis initially for a period of five years and allow the licensee to recover operational expenses including depreciation, interest on working capital and debt, and return on equity amongst others. The MYT Regulations, 2024 segregate the items impacting tariffs into controllable and uncontrollable factors. Items that are uncontrollable are passed through to the consumers. Further, the MYT Regulations, 2024 identifies the uncontrollable and controllable parameters related to transmission as follows:

Uncontrollable factors include:

- (a) Force Majeure events;

- (b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;
- (c) ;
- (d) Transmission loss;
- (e) ;
- (f) ;
- (g) ;
- (h) Inflation;
- (i) ;
- (j) Variation in market interest rates for long-term loans;
- (k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;
- (l) Taxes and Statutory levies;
- (m) Taxes on income;
- (n) Income from the realization of bad debts written off:

Controllable parameters include:

- (a) Variations in capitalization on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;
- (b) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalization, as specified in clause (a) above;
- (c) ;
- (d) Availability of transmission system;
- (e) Variations in performance parameters;
- (f) Failure to meet the standards specified in the Joint Electricity Regulatory Commission for the State of Goa & UTs (Standard of Performance for Distribution Licensees) Regulation, 2015, as amended from time to time;
- (g) Variations in labour productivity;
- (h) Variation in O&M Expenses, except to the extent of inflation;
- (i) Bad debts written off;

1.4 Approval of Business Plan and MYT Order for 4th MYT Control Period

In accordance with the Regulation 8.1 of the JERC MYT Regulations 2024, the Petitioner filed the Petition for approval of Business Plan for 4th Multi-Year Control Period from FY 2025-26 to FY 2029-30 on April 22, 2025. The Commission issued the Business Plan Order for the MYT Control Period (hereinafter referred to as 'Business Plan Order') on August 8, 2025.

1.5 Filing and Admission of the Present Petition

In accordance with the Regulation 9.1 of the JERC MYT Regulations, 2021 the Petitioner filed the Petition for approval of True-up of FY 2023-24 and Annual Performance Review for FY 2024-25.

Further, under the same Petition, the Petitioner in accordance with the Regulation 9.1 of the JERC MYT Regulations, 2024 filed the Petition for Multi Year Tariff Annual Revenue Requirement for Control Period from FY 2025-26 to FY 2029-30 and Transmission Tariff for MYT Control Period from FY 2025-26 to FY 2029-30 for the Transmission Business after merger of three transmission business entities into single transmission entity i.e., DNHDDPCL.

After initial scrutiny/analysis, the present Petition was admitted on 5th May, 2025 and marked as Petition No. 147/2025.

1.6 Interaction with the Petitioner

A preliminary scrutiny/analysis of the Petition was conducted, and certain deficiencies were observed. Accordingly, deficiency notes were issued to the Petitioner. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed various concerns of the Petitioner and key data gaps, which included retail sales, revenue from retail tariff, capitalization, tariff proposal etc. The Petitioner submitted its response on the issues through various letters/emails.

The following table provides the list of interactions with the Petitioner along with the dates:

TABLE 1-1 LIST OF INTERACTIONS WITH THE PETITIONER

S. No.	Subject	Date
1	Receipt of Petition by the Commission	29 th April, 2025
2	Admission of the Petition by the Commission	05 th May, 2025
3	Deficiency Note issued by the Commission	30 th May, 2025
4	Reply to the Deficiency Note received by the Commission	20 th June, 2025

1.7 Notice for Public Hearing

Public notices were published by the Petitioner for inviting suggestions/comments from Stakeholders on the Tariff Petition as given below:

TABLE 1-2 DETAILS OF PUBLIC NOTICES PUBLISHED BY THE PETITIONER

S. No.	Name of Newspaper	Date	Place
1	Financial Express (English)	13 th May, 2025	Silvassa
2	Silvasa Mirror (English)	13 th May, 2025	Silvassa
3	Times of India (Gujarati)	13 th May, 2025	Diu
4	Vartaman Pravah (Gujarati)	13 th May, 2025	Silvassa
5	Daman Ganga Times (Gujarati)	13 th May, 2025	Daman
6	Kesari (Gujarati)	13 th May, 2025	Diu
7	Ashali Azadi (Hindi)	13 th May, 2025	Daman
8	UT Today (Hindi)	13 th May, 2025	Silvassa

The Commission also placed the petition on its website (www.jercuts.gov.in) for information and study for all the stakeholders.

The Commission also issued a notice for public hearing in the following newspapers in order to solicit wider participation by the stakeholders:

TABLE 1-3 LIST OF NOTICES ISSUED BY THE COMMISSION IN THE NEWSPAPERS

S. No.	Name of Newspaper	1 st Notice Date	2 nd Notice Date	3 rd Notice Date	Place
1	Janadesh (Gujarati)	22 nd May, 2025	6 th June, 2025	16 th June, 2025	Silvassa
2	Daman Khabar (Hindi)	22 nd May, 2025	6 th June, 2025	16 th June, 2025	Silvassa
3	Vartaman Pravah (Gujarati)	-	-	16 th June, 2025	Daman

4	Ashali Azadi (Hindi)	22 nd May, 2025	6 th June, 2025		Daman & Diu
5	Janadesh (Gujarati)	22 nd May, 2025	6 th June, 2025	16 th June, 2025	Daman & Diu

The Commission received objections/suggestions from the consumers/consumer and examined the objections/suggestions received from the stakeholders and fixed the date for public hearing for the petition on 18th June, 2025 at Daman and on 24th June, 2025 in Diu.

The Commission also published the notice for Public Hearing on the Commission's website www.jercuts.gov.in intimating the date and venues as given below in order to solicit participation by the objectors who have submitted their objections, comments and also by any stakeholders who are interested.

Chapter 2: Summary of Suggestions/Comments received, response from the Petitioner and the Commission's Views

2.1 Regulatory Process

On admitting the Petition, the commission directed the Petitioner to make copies of the Petition available to the public, upload the petition on its website and also publish the same in the newspapers in shortened form inviting comments from the public as per the provisions of the JERC MYT Regulations, 2021 and 2024.

The Public hearing was held on 18th June, 2025 from 10.30 AM onwards at Daman and on 24th June 2025 at 10:30 A.M at Diu on Petition for the True-up of FY 2023-24, Annual Performance Review (APR) of FY 2024-25 and MYT Aggregate Revenue Requirement (ARR) for Control Period from FY 2025-26 to FY 2029-30. During the Public Hearing, a few of the stakeholders who had submitted their comments in writing were asked to present their views in person before the Commission.

2.2 Suggestions/Comments, Response of the Petitioner and Commission's Views

The commission appreciates the efforts of various stakeholder's in providing their suggestions/comments/observations towards the Electricity transmission sector. The commission has noted the concerns of all the stakeholders and has considered them while finalizing the Business Plan Order. The submissions of the stakeholders, response of the Petitioner and views of the Commission are summarized below

Issue 1: Previous Year's Gap/(Surplus)

Stakeholder's comment

The Objector has requested for the detail break-up and treatment of the previous year's revenue gap/surplus.

Petitioner's Submission

It is submitted that as per the Commission's Order, the surplus of Rs. 28.62 Crore has to be adjusted in three instalments from FY 2023-24 to FY 2025-26. In this regards the DNHDDPCL has adjusted Rs. 9.54 Crore from the true-up petition of FY 2023-24 as provided in table no. 36 of the current MYT Petition. Further, the surplus of Rs. 9.54 Crore shall be adjusted from the ARR of the FY 2024-25 and FY 2025-26 during the true up for the respective years.

Commission's Analysis

The Commission acknowledges the objector's suggestion and Petitioner's response to the same. Consequently, the Commission has addressed this matter in the Chapter 3 of this order.

Issue 2: Transmission Charges

Stakeholder's comment

The Objector has requested for the detail break-up and rationale of the transmission charges and basis of calculation.

Petitioner's Submission

The Petitioner has submitted that the tariff proposal for the Multi-Year Tariff (MYT) Control Period, spanning Financial Year (FY) 2025-26 to FY 2029-30, has been formulated based on the Corporation's current allocation of transmission capacity. Furthermore, in accordance with Regulation 55.1 of the relevant regulations, which defines CCn as the allotted transmission capacity, and given that the Corporation presently has only one long-term user, namely DNHDDPDCL, the proposed transmission tariff has been calculated considering DNHDDPDCL as the sole beneficiary of the Corporation's services. In the event of any new long-term consumer availing the Corporation's services in the future, a proposal for suitable amendments shall be duly submitted to the Hon'ble Commission for its consideration.

The Petitioner has further requested that Commission may also provide the Short-Term Open Access (STOA) transmission charges in Rupees per MW per Block, in adherence to the provisions of the Joint Electricity Regulatory Commission (JERC) Connectivity Regulations, during the determination of the transmission tariff for the MYT period FY 2025-26 to FY 2029-30.

Commission's Analysis

The Commission noted the suggestion of the stakeholder and Petitioner's response on the same. Consequently, the Commission has addressed this matter in the Chapter 6 of this order.

Issue 3: Open Access

Stakeholder's comment

The stakeholder has requested for the detail of Open Access Charges recovery from consumers for FY 2024-25.

Petitioner's Submission

The Petitioner has submitted that the details pertaining to the recovery of open access charges have been provided through the application of a credit in each monthly invoice raised, consistent with the provisions stipulated in the Bulk Power Transmission Agreement.

Commission's Analysis

The Commission noted the stakeholder's suggestion and the Petitioner's response on the same.

Issue 4: Capital Expenditure for new 220/66 substations

Stakeholder's comment

The stakeholder has objected to the creation of new 66kV outlet from new 220/66kV substations as the distribution licensee has decided to introduce 33 KV voltage level in overall interest of consumers, the proposal of adding new 220/66 kV and 66/11 KV substations does not meet with the requirements of distribution licensee. Further, as part of its submission, the stakeholder has also brought on record the CEA letter no. CEA/ DPD/ DNHDDCL/ 2025/ 100-101 dated 29th May, 2025 wherein CEA has referred to its suggestions in the matter of stakeholder's proposal for setting up 4 nos. of 33/11kv Substation as well as suggested the Petitioner being a Transmission Licensee to seek inputs of distribution licensee on the requirement of proposed new 66/11 KV Sub-station. CEA has also suggested Transmission Licensee to develop a long-term transmission plan of 5 to 10 years horizon, in coordination with the Distribution Licensee.

Petitioner's Submission

The Petitioner has submitted that the proposal for establishing the 66/11 kV GIS Substation at Panchal, Bhimpore (Daman) was technically approved by CEA (Ref: CEA/DPT/UT/Daman/2017/455, dated 20.04.2017) and included in the Hon'ble Commission's Business Plan for FY 2019-20 to FY 2021-22. As DNHDDPDCL took over distribution operations in the UT from 01.04.2022—post-approval—non-compliance with Regulation 3.3 of the JERC Grid Code, 2010 does not arise.

Project execution was initially delayed due to land non-allotment, which has since been resolved. The proposal has been re-submitted under the Business Plan for FY 2025-26 to FY 2029-30. A revised scheme (66/11 kV, 2x20 MVA GIS) was earlier submitted to CEA to account for cost escalation. CEA convened a meeting on 28.05.2025 for discussion. During this process, CEA was informed of the corporatization of the Electricity Department into DNHDDPDCL, and that the Corporation holds the authority for all technical and financial approvals. Subsequently, the proposal was withdrawn from CEA and placed before the Board of Directors, which approved it on 27.06.2025 with a sanctioned cost of ₹50.40 crore.

Additionally, as per the Dadra and Nagar Haveli and Daman and Diu Electricity Transfer Scheme, 2022 (notified on 11.03.2022), all 11 kV and below assets were transferred to DNHDDPDCL. Consequently, 51% shareholding was transferred to Torrent Power Ltd., while 49% remains with the UT Administration. Assets above 11 kV remain under the State Transmission Utility (STU) of the UT.

JERC (State of Goa and Union Territories (UTs) Electricity Supply Code Regulations) 2018 and its amendments wherein Distribution and Transmission system has been defined as follows:

“2.3 (31) “Distribution system” means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers; Explanation: Any system consisting mainly of overhead lines, underground cables, service lines, electrical plant, control switchgear and meters having design voltage of 33 kV and below and shall also include any other system of higher voltage as the Commission may specifically recognize. The Distribution System shall not include any part of the Transmission System except the terminal equipment (metering system, CT and PT) connected at consumer end and used for the supply of electricity to extra high voltage (66 kV and above) consumers;

“2.3 (70) “Transmission System” means the system consisting of EHV electric lines being operated at EHV (excluding generator interconnection facilities) owned and/or operated by the Transmission Licensee for the purposes of transmission of electricity from one power station to a sub-station or to another power station or between sub-stations or to or from any external interconnection equipment up to the interconnection with the distribution system and includes the plant and apparatus and meters owned or used by the Transmission Licensee in connection with the transmission of electricity, but shall not include any part of any Licensee’s distribution system;

“2.3 (36) “Extra High Voltage (EHV)” or “Extra High Tension (EHT)” means a voltage exceeding 33000 Volts;

DNHDDPDCL has proposed to develop a 33 kV and above network in the UT of Dadra & Nagar Haveli and Daman & Diu. Currently, there is no 33 kV network in operation within the UT. As per the JERC (State of Goa and UTs) Electricity Supply Code Regulations, 2018 (and subsequent amendments), systems above 33 kV are categorized under the Transmission System.

In its affidavit filed under Petition No. 121/2024, DNHDDPDCL (a subsidiary of Torrent Power Ltd.) confirmed the absence of a 33 kV network in the UT. It clarified that in the event of a consumer requiring supply at the 33 kV level, the Transmission Utility would facilitate necessary infrastructure at existing 66/11 kV substations to enable power supply at that level.

Responses to Key Objections/Suggestions:

i) 220/66 kV GIS Substation – Dabhel, Daman:

Originally approved by the Hon’ble Commission under the Business Plan for FY 2019-20 to FY 2021-22, the project was conceptualized by the erstwhile Electricity Department, DD, prior to the formation of DNHDDPDCL. While the implementation was delayed due to evolving load requirements, the proposal has been resubmitted under the Business Plan for FY 2025-26 to FY 2029-30.

ii) 220/66/11 kV Substation – Sayli:

Approved in the 50th Board Meeting of DNHDDPDCL held on 27.06.2025 with a project cost of ₹150.51 crore. Land for the project has now been allotted by the UT Administration. Although previously approved under an earlier Business Plan, execution was deferred due to land unavailability. With land now secured, execution will commence post completion of codal formalities.

iii) 66/11 kV Substations (Multiple Locations):

Several 66/11 kV substations approved by JERC during the MYT period FY 2016-17 to FY 2018-19 could not be executed earlier due to non-availability of land. These projects have now been re-submitted for Commission's approval under the upcoming MYT period (FY 2025-26 to FY 2029-30) following land allotment by the UT Administration.

Commission's Analysis

In accordance with the JERC MYT Tariff Regulations, 2024, the Commission disallows the proposed schemes that exceed the ₹50 crore CAPEX threshold. Further, the remaining schemes are approved in principle, subject to the condition that the Petitioner should obtain approvals of such schemes separately by filing petition with all due approvals along with detailed project reports, competent authority approval, cost-benefit analysis, and all supporting documents adhering to the JERC MYT Regulations, 2024.

Chapter 3: Truing-Up for FY 2023-24

SECTION -I TRUING-UP FOR FY 2023-24 DNHDDPCL (PRIOR TO MERGER)

3.1 Background

The Commission had issued the Tariff Order which includes Truing-up for FY 2022-23, APR of FY 2023-24 and ARR and determination of transmission tariff for FY 2024-25 on June 11, 2024 (hereinafter referred to as the “APR Order” for the purpose of truing- Up of FY 2023-24).

As per Regulation 12 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021, the review and true-up of revenue and expenses of the Petitioner shall be carried out as follows:

“12 Annual Performance Review, Truing-up and tariff determination during the Control Period

12.1 The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.

12.2 The Generating Company, Transmission Licensee and Distribution Licensee shall file an application for the annual performance review of the current year, truing up of the previous Year or the Year for which the audited accounts are available and determination of tariff for the ensuing Year on or before 30th November of each Year, in formats specified by the Commission from time to time :

12.3 The scope of the annual performance review, truing up and tariff determination shall be a comparison of the performance of the Generating Company, Transmission Licensee or Distribution Licensee with the approved

forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges and shall comprise of the following:

a) True-up: a comparison of the audited financial and actual operational performance of the Applicant for the Financial Year for which the true up is being carried out with the approved forecast for such previous Financial Year, subject to the prudence check;

.....”

This chapter deals with the truing-up of FY 2023-24 for DNHDDPCL. The Commission has studied and analysed each component of the ARR for FY 2023-24 in the following paragraphs.

3.2 Approach for True up of FY 2023-24 for DNHDDPCL

The Petitioner has submitted the audited accounts for FY 2023-24 audited by M/s. Satyam SVG & Co a CA firm. The Commission now carries out the true-up of FY 2023-24 in accordance with the principles laid down in JERC MYT Regulations, 2021.

3.3 Operation & Maintenance (O&M) Expenses

As per Regulation 42 of the JERC (Generation, Transmission & Distribution MYT) Regulations, 2021:

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

a) Employee expenses - salaries, wages, pension contribution and other employee costs;

b) Administrative and General expenses including insurance charges if any; and

c) Repairs and Maintenance expenses.

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

It is pertinent to highlight that, consequent to the privatization of utilities in Daman & Diu, the asset base of DNHDDPCL has undergone reclassification. In the absence of the last three years' audited financial statements aligned with the revised asset structure as mandated under the JERC MYT Regulations, 2021—the Commission finds it appropriate and necessary to consider the base year figures on an actual basis for the purpose of truing-up for FY 2023-24.

TABLE 3-1 WPI INFLATION

Month/Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY 2020-21	119	118	119	121	122	123	123	125	125	127	128	130	123
FY 2021-22	132	133	134	135	136	137	141	144	143	144	145	149	139
FY 2022-23	152	155	155	154	153	152	153	153	151	151	151	151	153
FY 2023-24	151	149	149	152	153	152	152	153	152	151	151	151	151
FY 2024-25	153	154	154	155	154	155	157	156	156	155	155	155	155

TABLE 3-2 CPI INFLATION

Month/Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY 2020-21	329	330	332	336	338	340	344	345	342	340	343	344	339
FY 2021-22	346	347	351	354	354	355	360	362	361	360	360	363	356
FY 2022-23	368	372	372	374	375	378	382	382	381	383	382	384	377
FY 2023-24	387	388	393	402	401	396	399	401	400	400	401	400	397
FY 2024-25	402	403	407	411	411	413	416	416	414	412	411	412	411

TABLE 3-3 INFLATION COMPUTATION

Indices	2021-22	2022-23	2023-24	2024-25
WPI	139.41	152.53	151.42	154.86
% Increase		9.41%	-0.73%	2.27%
Average WPI				3.65%
CPI	356.06	377.62	397.20	410.64
% Increase		6.05%	5.19%	3.38%
Average CPI				4.87%

As above, the components comprising of the O&M expenses– employee expenses, R&M expenses and A&G expenses have been discussed separately below.

3.4 Employee Expenses

Petitioner's Submission:

The Petitioner has incurred actual Employee Expense to the tune of Rs. 5.50 Crore against the approved expenses of Rs. 5.94 Crore in the APR Order.

Commission's Analysis:

The employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses. The Petitioner has submitted actual employee cost for FY 2023-24 as Rs. 5.50 Crore.

It is worthwhile to mention here that as part of the Aatmanirbhar Bharat Abhiyaan, the power departments/utilities in Union Territories (UTs) have been privatized. Under this initiative, the DNHDDPCL has been designated as the transmission licensee, assuming responsibility for all electricity functions including transmission, state transmission utility (STU), state load dispatch center (SLDC), generation, and planning. This restructuring has led to a reduction in the number of employee for DNHDDPCL. Therefore, it is necessary to recalibrate the employee cost for DNHDDPCL in accordance with Regulation 42.2 and 42.6 of the JERC MYT Tariff Regulations, 2021.

In lieu of above, in order to allow the O&M expenses for FY 2023-24, the Commission has considered Regulation 42.2 and 42.6 of the JERC MYT Regulations, 2021 which specifies the following:

"42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for

the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

It is to be noted that due to restructuring, the O&M norms shall be determined on case to case basis, thus, as per the Regulations stipulated above, the Commission has considered the actual prudent employee expenses for FY 2023-24 to be allowed in truing-up.

The following table provides the employee expenses submitted by the Petitioner and now trued-up by the Commission:

TABLE 3-4 EMPLOYEE EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Employee Expenses	5.50	5.50

Accordingly, the Commission approves Employee Expenses of Rs. 5.50 Crore for FY 2023-24.

3.5 Repair & Maintenance (R&M) Expenses

Petitioner's Submission:

The Petitioner has incurred actual R&M Expense to the tune of Rs. 12.62 Crore against the approved expenses of Rs. 11.68 Crore in the APR Order. The Petitioner has submitted that major component due to which the R&M expenses have increased is O&M expenses of all sub-station, security expenses.

Commission's Analysis:

As per the approach and methodology adopted while allowing employee expenses in earlier section, the Commission has considered Regulation 42.2 and 42.6 of the JERC MYT Regulations, 2021 for allowing R&M expenses which specifies the following:

"42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

Therefore, in view of above, the Commission has considered the actual prudent R&M expenses for FY 2023-24 to be allowed in truing-up.

It has been observed that the Petitioner has included an amount of Rs. 0.95 Crore for licensee fee within R&M expenses. However, in accordance with the JERC MYT Regulations, 2021, this amount has been categorized under A&G expenses by the Commission. Consequently, Rs. 0.95 Crore attributed to licensee fee within R&M expenses has been adjusted during the truing-up for FY 2023-24, and will now be accounted for under A&G expenses. Following this adjustment, the allowable R&M expenses for FY 2023-24 stand at Rs. 12.62 Crore after deducting this amount from the overall R&M expenses of Rs. 13.57 Crore.

The following table provides the R&M expenses submitted by the Petitioner and now trued-up by the Commission:

TABLE 3-5 R&M EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (Rs. Crore)

Particulars	Petitioner's Submission	Approved by Commission
R&M Expenses	13.57	12.62

The Commission approves R&M Expenses of Rs. 12.62 Crore for FY 2023-24.

3.6 Administrative and General (A&G) Expenses

Petitioner's Submission:

The Petitioner has incurred actual A&G Expense to the tune of Rs. 9.44 Crore against the approved expenses of Rs. 5.11 Crore in the APR Order. The Petitioner further submitted that the variation in the A&G expense is mainly due to the incentive expenses incurred by the utility for the past arrear collection as per the policy direction issued by the Government of India under the transfer scheme.

Commission's Analysis:

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc. Similar to the methodology followed for approving the Employee Expenses, the Commission verifies the A&G expenses as per the audited accounts of FY 2023-24.

Furthermore, the Commission has incorporated an additional sum of Rs. 0.95 Crore into A&G expenses, which has been reallocated from R&M expenses, as discussed in Para 3.5 of this Order. Consequently, the total permissible actual A&G expenses for FY 2023-24 amount to Rs. 10.39 Crore.

Based on the methodology adopted by the Commission in approving the Employee Expenses and R&M Expenses for FY 2023-24 in the previous sections, the following table provides the A&G expenses submitted by the Petitioner and now trued-up by the Commission:

TABLE 3-6 A&G EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
A&G Expenses	9.44	10.39

The Commission approves A&G Expenses of Rs. 10.39 Crore for FY 2023-24.

3.7 Total Operation & Maintenance (O&M) Expenses

The following table provides the O&M Expenses submitted by the Petitioner and trued-up by Commission:

TABLE 3-7 TOTAL O&M EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Employee Expenses	5.50	5.50
R&M Expenses	13.57	12.62
A&G Expenses	9.44	10.39
Total O&M Expenses	28.51	28.51

3.8 Capital Expenditure and Capitalization

Petitioner's Submission:

The Petitioner has incurred actual capitalization to the tune of Rs. 6.52 Crore during the FY 2023-24, as against Rs. 11.00 Crore approved by the Commission in its APR Order dated 11th June, 2024. The capital expenditure & capitalization incurred for FY 2023-24 is shown below:

TABLE 3-8 CAPITAL EXPENDITURE & CAPATILIZATION CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Capital Expenditure	11.00	6.52
Capitalisation	11.00	6.52

Commission's Analysis:

The Commission has worked out the opening gross fixed assets for FY 2023-24 to the tune of Rs. 359.63 Crore. The Commission asked the Petitioner to furnish the

asset-wise capitalisation duly certified, against which the Petitioner has submitted the same and the Commission has duly verified the Petitioner submissions and audited annual accounts for FY 2023-24, under which overall capitalization is to the tune of Rs. 6.52 Crore. Thus, the Commission has considered the same while allowing the capitalization for FY 2023-24. Accordingly, the Commission allows overall capitalization for truing-up of FY 2023-24 to the tune of Rs. 6.52 Crore.

TABLE 3-9 CAPITALISATION APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	359.63	359.63
Addition to GFA	6.52	6.52
Deletion to GFA	-	-
Closing GFA	366.15	366.15

3.9 Depreciation

Petitioner's Submission:

The Petitioner has submitted that the depreciation has been worked out after applying the depreciation rates, as per the JERC (Multi Year Distribution Tariff) Regulations, 2021. For computation of depreciation, Petitioner has considered the opening balance of the GFA for FY 2023-24 as per the audited annual accounts and subsequently added the assets capitalized during FY 2023-24. The same has been tabled below:

TABLE 3-10 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening GFA	359.64	359.64
Addition during the year	11.00	6.52
Disinvestment during the year	-	-
Closing GFA	370.64	366.15
Average GFA	365.14	362.89
Depreciation during the year	18.65	11.10

Further, Petitioner requested to approve the actual depreciation of Rs. 11.10 Crores.

Commission's Analysis:

As per Regulation 31 of the JERC (Generation, Transmission & Distribution Multi Year Tariff) Regulations, 2021:

"31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) percent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

.....

"31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system."

The Commission has gone through the Audited Accounts with respect to Depreciation which was based on asset-wise depreciation rates as specified in the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24. The overall depreciation rate was found to be 3.06%.

Accordingly, the Commission has considered the same and has arrived at the depreciation values as tabled below:

TABLE 3-11 DEPRECIATION APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	359.63	359.63
Addition during the Year	6.52	6.52
Disposal during the year	-	-
Closing GFA	366.15	366.15
Average GFA	362.89	362.89
Depreciation Rate (%)	3.06%	3.06%
Depreciation	11.10	11.10

Accordingly, the Commission approves Depreciation of Rs. 11.10 Crore for the truing-up of FY 2023-24.

3.10 Interest and Finance Charges

Petitioner's Submission:

The Petitioner has considered the opening loan balance for FY 2023-24 as approved by the Commission in its Tariff Order dated 11th June, 2024. The normative loan addition in FY 2023-24 has been computed as 70% of the capitalization for FY 2023-24. The repayment of loans has been considered equal to the depreciation during FY 2023-24.

Further, the Petitioner has considered the rate of interest of 9.50 % (Using State Bank of India Prime Lending Rate (SBI PLR) as on 01.04.2023 plus 100 basis points). Accordingly, the interest and finance charges submitted by the Petitioner as shown in the table below:

TABLE 3-12 INTEREST AND FINANCE CHARGES CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Actual
Opening Loan	13.69	13.69
Loan for additional Capex (70:30 debt equity)	7.70	4.56
Loan Repayment	18.65	11.10
Closing Loan	2.74	7.15
Interest cost on Avg. Loans	0.78	0.99

Commission's Analysis:

The Commission has approved the closing balance of normative loan of Rs. 13.69 Crore in its truing-up Order for FY 2022-23. Addition to loan during the year is considered at 70% of net value of assets added during the year and repayment is considered equal to the depreciation for the year.

As per Regulation 29.4 of the JERC (MYT) Regulations, 2021, in case there is no actual loan portfolio for the licensee, the rate of interest shall be equal to the SBI MCLR as on 1st April of the relevant financial year plus 100 basis points. The relevant excerpt of the aforesaid regulation is stipulated as under:

"29 Interest on Loan

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

..."

As there is no actual loan borrowed by the Petitioner, thus, in line with the fourth proviso of Regulation 29.4 of the JERC (MYT) Regulations, 2021, the Commission has considered the rate of interest of 9.50 % (Using SBI MCLR as on 01.04.2023 plus 100 basis points).

The following table provides the Interest on Loan submitted by the Petitioner and now trued-up by the Commission:

TABLE 3-13 INTEREST ON LOAN APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Opening Normative Loan	13.69	13.69
Addition of Loan due to Capitalization	4.56	4.56
Repayment of Loan	11.10	11.10
Closing Normative Loan	7.15	7.15
Average	10.42	10.42
Rate of Interest (%)	9.50%	9.50%
Interest Expenses	0.99	0.99

Accordingly, the Commission approves Interest on Loans of Rs. 0.99 Crore for the truing-up of FY 2023-24.

3.11 Return on Equity

Petitioner's Submission:

The Petitioner has considered the Opening Balance of Equity for FY 2023-24 as approved in Tariff Order dated 11th June, 2024. The normative equity addition

during FY 2023-24 has been computed as 30% of the new capitalization as per Regulation 28.1 of the JERC MYT Regulations, 2021. Hence, a normative equity on the assets is considered and claimed the RoE of 15.50% for FY 2023-24 as per Regulation 30 (2) of the JERC MYT Regulations, 2021. Accordingly, the ROE for the FY 2023-24 is computed as below:

TABLE 3-14 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening Equity	72.79	72.79
Equity Addition	3.30	1.95
Closing Equity	76.09	74.74
Average Equity	74.44	73.77
Rate of Return (%)	15.50	15.50
Return on Capital Base	15.51	15.28

Additionally, the Petitioner has sought approval for an Additional Return on Equity, aligning with Regulation 33 of the MYT Regulation 2021. The relevant provision of the said Regulation stipulates that the Return on Equity should be calculated in accordance with prevalent CERC tariff regulation in the matter of tax on income. The Regulation 31 of the CERC regulation provides that rate of return on equity shall be rounded off to three decimal places.

The Petitioner has emphasized that they have opted the special provisions for discharge of income tax as per Section-115BAA of the Income Tax Act, wherein the base income tax rate is 22%. The copy of ITR, Assessment Order from Income Tax and Form 10-IC for FY 2023-24 has been submitted by the Petitioner.

Furthermore, the Petitioner has filed an appeal before the Hon'ble APTEL against the lower Return on Equity allowance in deviation from the specific provision of JERC MYT Regulation 2014 in the true-up tariff order of FY2019-20. In this appeal, a claim of Rs. 22.65 Crore has been made for the less allowance of return on equity for the fiscal years 2016-17 to 2019-20.

Commission's Analysis:

The Commission had approved the closing balance of normative equity of Rs. 72.79 Crore in its truing-up Order for FY 2022-23. As per Regulation 28 of the JERC MYT Tariff Regulations, 2021, return on equity shall be allowed for the assets put to use for the transmission licensee in accordance with prevailing CERC Tariff Regulations, thus, addition to equity during the year is considered at 30% of net value of assets added during the year.

The relevant excerpt of the aforesaid regulation is stipulated as under:

"28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system."

Further, the Regulation 30 (2) of the CERC (Terms and Conditions of Tariff) Regulations, 2019, states that:

"(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station ..."

Furthermore, as per first proviso of the Regulation 31 of the CERC Tariff Regulations, 2019, the base rate of equity shall be grossed with the effective tax rate of the respective financial year based on actual tax paid. The relevant excerpt of the aforesaid regulation is stipulated as under:

31. Tax on Return on Equity. (1) The base 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. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in

respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

The Petitioner has apprised the Commission regarding pending Appeal in Hon'ble APTEL against approval of lower return on equity in previous years. Since, the Petitioner has not sought any relief in the current Petition, the Commission has not considered the same.

Accordingly, the Commission has worked out the effective tax rate for the purpose of allowing pre-tax rate of return on equity for transmission business to the tune of 20.71%. The following table provides the Return on Equity submitted by the Petitioner and and now trued-up by the Commission:

TABLE 3-15 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. Crore)

Particulars	Claimed By Petitioner	Approved by Commission
Opening Equity	72.79	72.79
Equity Addition	1.95	1.95
Closing Equity	74.74	74.74
Average Equity	73.77	73.77
Rate of Return	15.50%	15.50%
Effective Tax Rate	25.17%	25.17%
Rate of Return after tax	20.71%	20.71%
Total Return on Equity	15.28	15.28

Accordingly, the Commission approves return on equity for FY 2023-24 to the tune of Rs. 15.28 Crore.

3.12 Interest on Working Capital

Petitioner's Submission:

The Petitioner has submitted the computation of interest on working capital based on the principles outlined in the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, by considering the below parameters:

- a) Receivables equivalent to 45 days of annual fixed cost.
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses.
- c) Operation and maintenance expenses, including security expenses for one month.

The Petitioner has considered rate of interest on working capital as 10.50 % (SBI Base Rate plus 200 basis points).

TABLE 3-16 INTEREST ON WORKING CAPITAL CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner Submission
Receivables equivalent to 45 days of Annual Fixed Cost	7.25	9.10
Maintenance spares @15% of operation and maintenance expenses	3.41	4.13
Operation and maintenance expense for one month	1.89	2.30
Total Working Capital	12.55	15.56
Interest on Working Capital	1.32	1.62

Commission's Analysis:

The Commission has computed the working capital requirement as specified in Regulation 43 JERC (MYT) Regulations, 2021.

Regulation 43.1 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest on working capital calculation:

“43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations.

Further, Regulation 34 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24 specifies:

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

.....

(c) Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:

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

Regulation 32 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest rate to be considered on working capital calculation:

“32. Interest on Working Capital

32.1 The norms for working capital for Transmission Licensee shall be as specified in Chapter 5 of these Regulations.

32.2 The norms for working capital for Distribution Wires Business and Retail Supply Business shall be as specified in Chapter 6 and Chapter 7 of these Regulations.

32.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points."

Accordingly, the Commission has computed the working capital requirement for the Petitioner for FY 2023-24. The interest on working capital has been computed considering the interest rate as SBI MCLR on April 1, 2023 plus 200 basis points-10.50%.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated is detailed in the table below:

TABLE 3-17 INTEREST ON WORKING CAPITAL APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Petitioner Submission	Approved by Commission
Receivables equivalent to 45 days of Annual Fixed Cost	9.10	8.94
Maintenance spares @15% of operation and maintenance expenses	4.13	4.28
Operation and maintenance expense for one month	1.89	2.38
Total Working Capital	12.55	15.60
Interest rate	10.50%	10.50%
Interest on Working Capital	1.62	1.64

Accordingly, the Commission approves the interest on working capital of Rs. 1.64 Crore for FY 2023-24.

3.13 Non-Tariff Income

Petitioner's Submission:

The Petitioner has submitted Rs. 2.24 Crore towards Non-Tariff Income for FY 2023-24 as against the approved Rs. 0.70 Crore by the Commission in its Tariff Order dated 11th June, 2024. The details are shown in the table below:

TABLE 3-18 NON-TARIFF INCOME CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Claimed By Petitioner
Non-Tariff Income	0.73	2.23
Tender Fees		0.01
Provision written back		1.08
Miscellaneous Income		0.28
Lease Income		0.88
Supervision Charges		0.09

The Petitioner further submitted that the total other income as per Note-22 of the Financial Statement of FY 2023-24 is Rs. 46.05 Cr. However, the said other income also included the elements like interest and delayed payment charges amounting to Rs. 43.91 Cr, which are not part of non-tariff income as per the applicable provisions of Regulation 44.2 of the MYT Regulation, 2021. Hence, the net other income to be considered as non-tariff income is Rs. 2.14 Cr. Moreover, there is operating other income of Rs. 0.09 Cr as per Note-21 of the Financial Statement of FY 2023-24.

Commission's Analysis:

The Commission noted that the Petitioner overlooked the interest income of Rs. 40.97 Crore from investments, as per the annual audited account for FY 2023-24. According to JERC Regulations on Income from Other Business, interest income should be categorized as Non-Tariff Income. The Commission has asked the Petitioner to submit the yearly reconciliation and the detailed break-up of the interest income of Rs. 40.97 Crore against which the Petitioner has submitted the details as follows;

TABLE 3-19 INTEREST EARNED ON RETURN ON EQUITY TILL FY 2023-24 (RS. CRORE)

Year	RoE Approved	Opening RoE as per Books	Interest earned on RoE	Closing RoE as per Books
A	B	C = (F of Last Year) +B	D	E = C+D
Opening Equity	82.09	82.09	6.77	88.86
2011-12	7.73	96.59	7.97	104.56
2012-13	8.98	113.54	11.35	124.90
2013-14	5.17	130.07	12.62	142.68
2014-15	4.90	147.58	14.76	162.34
2015-16	4.84	167.18	16.47	183.65
2016-17	13.61	197.26	18.35	215.61
2017-18	14.75	230.36	20.96	251.32
2018-19	15.55	266.87	23.22	290.09
2019-20	15.90	305.99	27.39	333.37
2020-21	20.06	353.43	26.15	379.59
2021-22	23.50	403.09	29.83	432.91
2022-23	11.01	443.92	33.52	477.44
2023-24	15.28	492.72	40.97	533.69
Effective Rate of Return		7.68%		
Interest Earned		40.97		

Since, the Delayed Payment Surcharge amounting to Rs. 2.14 Crore (46.05-43.91) is also not part of Non-tariff income, the Commission has excluded the DPS of Rs. 2.14 Crore and interest earned on investment amount to Rs. 40.97 Crore while approving the non-tariff income for FY 2023-24.

TABLE 3-20 NON-TARIFF INCOME APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Petitioner Submission	Approved by Commission
Non-Tariff Income	2.23	2.23

3.14 Power Cost Expenses

Petitioner's Submission:

The Petitioner has submitted that a PPA was signed between DNHDDPCL AND GMR Warora Energy limited for providing 200 MW power to DNHDDPCL during the period April-2013 to June -2020 (i.e. PPA period – 7 years 3 months). As per the PPA

clause of change in law, the GWEL has raised the issue in the matter of Coal Shortage and New Coal Distribution Policy.

The letter of assurance regarding the supply of coal from Coal India Limited was issued in June-2010 to M/s GMR Warora Energy Limited (GWEL) for Unit-2. In the said assurance letter, the 100% supply of coal was assured to GWEL with the stipulation that the parameters of imported coal shall be as specified by Coal India Limited. Further, officials of GWEL in the discussion meeting with the officials of DNHDDPCL and also in letter dated 27.07.2012 confirmed that the quoted rates for 200MW power supply are very competitive keeping in view the shortfall of domestic coal which is required to be met by power producer either by auction coal/imported coal. In spite of above, CERC vide its common order in Petition No. 284/MP/2018 dated 16.05.2019 allowed shortfall in linkage coal due to change in NCDP (New Coal Distribution Policy by Ministry of Coal) as change in law compensation for DNHDDPCL and MSEDCL both. Whereas, the case of MSEDCL was altogether different from the case of DNHDDPCL as letter of assurance to GWEL for MSEDCL PPA by Coal India Limited was issued in November 2006 before pronouncement of NCDP in October 2007. The total coal shortage compensation claim raised by GWEL is Rs. 124.06 Cr. Whereas, the said claim as per the computation of the Petitioner is Rs. 23.93 Cr. The GWEL claim is excessive on account of various reasons such as delay in execution of FSA (Fuel Supply Agreement) before supply of power, non-consideration of cheaper coal for computation of weighted average and consideration of linkage coal for supply of power in open market. The step wise calculation methodology/details of claim raised by GWEL has been requested vide office letter dated 25.06.2019 and 01.08.2019. However, GWEL has failed to submit the requested information till date, whereas CERC order in Petition No. 284/MP/2018 dated 16.05.2019 categorically states the submission of all the relevant documents along with the claim by GWEL. APTEL vide its order in Appeal No. 283 of 2019 dated 13.10.2020 has confirmed the view of CERC for the payment of coal shortage compensation claim as change in law.

An appeal was filed before Supreme Court (SC) of India against the order of APTEL. The Hon'ble SC has also granted interim stay against the order of APTEL subject to depositing half of the amount ordered to be paid and offering security to the satisfaction of Secretary General of the Registry for the other half. Accordingly, the Petitioner has deposited an amount of Rs. 23.93 Crores in the SC dated 27.03.2021 as per the calculation of the Petitioner, which was admitted before the APTEL in the said matter. In view of the above, the half of the amount i.e. Rs. 12.00 Cr has been deposited to SC by way of pay order /demand draft and further another half of the amount i.e. Rs. 11.93 Cr has been offered as Bank Guarantee in favour of SC. As per the order of SC, change in law has been allowed as per the given order of CERC/APTEL. In accordance with order, Supreme Court has issued order to encash and paid to GWEL an amount of Rs. 23.93 Cr.

The Petitioner has withheld an amount of Rs. 7.45 Cr pertaining to the non-issuance of provisional invoices, resulting in an additional rebate loss of Rs. 7.45 Cr for the Petitioner. Consequently, the net settled amount was Rs. 16.48 Cr in FY 2023-24, which is offset against total claim of Rs. 23.93 Cr.

The Petitioner has therefore made a claim of Rs. 16.48 Cr as pass through for FY 2023-24.

Commission's Analysis:

In accordance with Clause 3 of Schedule C of the Transfer Scheme, it explicitly outlines provisions stating that unless expressly indicated by the Hon'ble Administrator, the liabilities and contingent liabilities of the Electricity Department/DNHPDCL will not be transferred to the company. This encompasses unpaid arrears or disputed power purchase bills from previous periods with due dates preceding the transfer date. Therefore, in alignment with the aforementioned clause, the past liabilities of power purchase from the previous period will be retained by the former company, and such liabilities will be factored into its Aggregate Revenue Requirement (ARR).

The Commission in the ARR Order has considered the amount asserted by the Petitioner for Payment in response to the change in law, as mandated by the Supreme Court Order. Consequently, in consideration of the aforementioned, the Commission has considered to incorporate the same into the Aggregate Revenue Requirement for fiscal year 2023-24, considering the documents placed on record by the Petitioner the Commission allows the claimed net settled amount of Rs. 16.48 Crore in FY 2023-24, offset against the claim of Rs. 23.93 Crore.

3.15 Transmission System Availability

Petitioner's Submission:

The Petitioner has submitted its transmission system availability of 99.07% for FY 2023-24. The Petitioner has requested that the incentive for higher transmission system availability of Rs. 0.42 Cr may be allowed.

Commission's Analysis:

As per JERC (MYT) Regulations, 2021, incentive on achieving the higher transmission system availability shall be in accordance with the CERC Tariff regulations, 2019.

TABLE 3-21 INCENTIVE ON TRANSMISSION SYSTEM AVAILABILITY FOR FY 2023-24 (RS. CRORE)

Particulars	Approved by Commission
Net ARR (Rs. Crore)	72.55
Actual System Availability (%)	99.07%
Target Availability for Incentive (%)	98%
Incentive (Rs. Crore)	0.79

The Commission has reviewed and duly verified the transmission system availability for the licensee for FY 2023-24 to the tune of 99.07% against the target of 98%. The Commission has computed the incentive on achieving higher transmission system availability for FY 2023-24 in accordance with the CERC Tariff Regulations, 2019, as Rs. 0.79 Crore. Accordingly, the Commission has approved

incentive for higher transmission system availability of Rs. 0.79 Crore for the true-up of FY 2023-24.

3.16 Annual Revenue Requirement for the FY 2023-24

Petitioner's Submission:

The Petitioner has summarized the ARR for FY 2023-24 in comparison with values approved by the Hon'ble Commission in the last tariff order.

TABLE 3-22 ANNUAL REVENUE REQUIREMENT CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
O&M Expense	22.73	27.56
Depreciation	18.65	11.10
Interest cost on long-term capital Loans	0.78	0.99
Interest on Working Capital Loans	1.32	1.62
Return on Equity	15.51	15.28
Power Cost Expense	23.93	16.48
Incentive for Transmission availability	0.00	0.42
Total	82.92	73.45
Less: Non-Tariff Income	0.70	2.23
Net ARR	82.22	71.22

Petitioner requested to approve the ARR submitted herein above.

Commission's Analysis:

The Commission has reviewed the performance of the Petitioner under Regulation 12 of the JERC (MYT) Regulations, 2021, for FY 2023-24. Based on the parameters claimed by the Petitioner and as now approved by the Commission in truing up, in accordance with the JERC (MYT) Regulations, 2021 are given in the Table below:

TABLE 3-23 ANNUAL REVENUE REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Petitioner Submission	Approved by Commission
O&M Expense	27.56	28.51

Particulars	Petitioner Submission	Approved by Commission
Depreciation	11.10	11.10
Interest cost on long-term capital Loans	0.99	0.99
Interest on Working Capital Loans	1.62	1.64
Return on Equity	15.28	15.28
Power Cost Expenses	16.48	16.48
Incentive for achieving higher transmission availability (99.07%)	0.42	0.79
Total	73.45	74.78
Less: Non-Tariff Income	2.23	2.23
Net ARR	71.22	72.55

The Commission approves net Aggregate Revenue Requirement of Rs. 72.55 Crore in the true-up of FY 2023-24.

3.17 Revenue for FY 2023-24

Petitioner's Submission:

The Petitioner has submitted an actual revenue to the tune of Rs. 108.38 Crore for FY 2023-24, against Rs. 108.18 Crore approved by the Commission vide its Tariff Order dated 11th June, 2024.

TABLE 3-24 REVENUE CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Revenue from transmission of power	108.18	108.38

Commission's Analysis:

The Commission has observed that the revenue recovered by the Petitioner in FY 2023-24 as per the audited annual accounts was to the tune of Rs. 108.38 Crore excluding the non-tariff income. Accordingly, the Commission approves revenue from approved tariff for FY 2023-24 of Rs. 108.38 Crore.

3.18 Revenue (Gap)/Surplus for FY 2023-24

Petitioner's Submission:

The Petitioner has submitted the Aggregate Revenue Requirement for FY 2023-24 to the tune of Rs. 71.22 Crore, against the approved a total Aggregate Revenue Requirement of Rs. 82.22 Crore for FY 2023-24. Petitioner has compared the revised Aggregate Revenue Requirement against the revised income under various heads including revenue with existing tariff of Rs. 108.38 Crore. Accordingly, total revenue gap of DNHDDPCL for FY 2023-24 is computed at Rs. 5.72 Crore as depicted in the Table below:

TABLE 3-25 REVENUE GAP/SURPLUS CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Annual Revenue Requirement	82.22	71.22
Revenue from transmission of power	62.94	108.38
Revenue (Gap)/Surplus	25.96	37.16
Previous year's (Gap) Surplus carried over	(56.64)	(34.25)
Holding Cost	-	(8.63)
Net Revenue (Gap)/ Surplus	(30.68)	(5.72)

Commissions Analysis:

Based on the component-wise approved in aforesaid paragraphs of this Chapter, the Commission has approved overall Net Revenue (gap)/surplus for FY 2023-24 as per table below:

TABLE 3-26 REVENUE GAP/SURPLUS APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Actual	Approved by Commission
Annual Revenue Requirement	71.22	72.55
Revenue from transmission of power	108.38	108.38
Revenue (Gap)/Surplus	37.16	35.80
Previous year's (Gap) Surplus for FY 2021-22	(56.64)	(56.64)
Previous year's (Gap) Surplus for FY 2022-23	22.39	22.39
Carrying Cost for FY 2021-22	(10.76)	(9.91)
Holding Cost for FY 2022-23	2.13	2.13

Particulars	Actual	Approved by Commission
Net Revenue (Gap)/ Surplus	(5.72)	(6.21)

The Commission, accordingly, considers the trued-up Revenue Gap of Rs. 6.21 Crore for FY 2023-24 for determination of tariff for FY 2025-26.

SECTION -II TRUING-UP FOR FY 2023-24 ED- DAMAN & DIU (PRIOR TO MERGER)

3.19 Approach for True up for FY 2023-24 for ED-Daman & Diu

The Petitioner has submitted the audited accounts for FY 2023-24 audited by M/s. Satyam SVG & Co. The commission now carries out the true-up of FY 2023-24 in accordance with the principles laid down in JERC MYT Regulations, 2021.

3.20 Operation and Maintenance Expenses

As per Regulation 42 of the JERC (Generation, Transmission & Distribution MYT) Regulations, 2021:

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

- a) Employee expenses - salaries, wages, pension contribution and other employee costs;*
- b) Administrative and General expenses including insurance charges if any; and*
- c) Repairs and Maintenance expenses.*

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

It is pertinent to highlight that, consequent to the privatization of utilities in Daman & Diu, the asset base of DNHDDPCL has undergone reclassification. In the absence of the last three years' audited financial statements aligned with the revised asset structure as mandated under the JERC MYT Regulations, 2021—the Commission

finds it appropriate and necessary to consider the base year figures on an actual basis for the purpose of truing-up for FY 2023-24.

As above, the components comprising of the O&M expenses– employee expenses, R&M expenses and A&G expenses have been discussed separately below.

3.21 Employee Expenses

Petitioner's Submission:

The Petitioner has incurred actual Employee Expense to the tune of Rs. 5.09 Crore against the approved expenses of Rs. 7.80 Crore in the APR Order.

Commission's Analysis:

The employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses. The Commission had approved employee expenses of Rs. 7.80 Crore in the ARR Order. The Petitioner has submitted actual employee cost for FY 2023-24 as Rs. 5.09 Crore.

In order to allow the O&M expenses for FY 2023-24, the Commission has considered Regulation 42.2 and 42.6 of the JERC MYT Regulations, 2021 which specifies the following:

"42. Operation and Maintenance (O&M) expenses for Transmission Licensees
42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

It is to be noted that due to restructuring, the O&M norms shall be determined on case to case basis, thus, as per the Regulations stipulated above, the Commission has considered the actual prudent employee expenses for FY 2023-24 to be allowed in truing-up.

The following table provides the employee expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-27 EMPLOYEE EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Petitioner's Submission	Approved by Commission
Employee Expenses	7.80	5.09	5.09

Accordingly, the Commission approves Employee Expenses of Rs. 5.09 Crore for FY 2023-24.

3.22 Repair & Maintenance (R&M) Expenses

Petitioner's Submission:

The Petitioner has incurred actual R&M Expense to the tune of Rs. 24.98 Crore against the approved expenses of Rs. 16.43 Crore in the APR Order. The Petitioner has submitted that major component due to which the R&M expenses have increased is O&M expenses of all sub-station, security expenses.

Commission's Analysis:

As per the approach and methodology adopted while allowing employee expenses in earlier section, the Commission has considered Regulation 42.2 and 42.6 of the JERC MYT Regulations, 2021 for allowing R&M expenses which specifies the following:

"42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

Therefore, in view of above, the Commission has considered the actual R&M expenses for FY 2023-24 to be allowed in truing-up.

The following table provides the R&M expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-28 R&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Approved by Commission
R&M Expenses	16.43	24.98	24.98

The Commission approves R&M Expenses of Rs. 24.98 Crore for FY 2023-24.

3.23 Administrative and General (A&G) Expenses

Petitioner's Submission:

The Petitioner has incurred actual A&G Expense to the tune of Rs. 17.45 Crore against the approved expenses of Rs. 10.39 Crore in the APR Order.

Commission's Analysis:

The Commission has observed that the A&G expenses as per audited accounts for FY 2023-24 is to the tune of Rs. 17.37 Crore. Further, the Commission has noted that the Petitioner has included an amount of ₹8.29 Crore under the A&G head towards celebration expenses. It is important to highlight that such expenses are

discretionary in nature and not directly linked to the core functions of power transmission. In line with established regulatory principles, only those expenses that are prudent, necessary, and directly attributable to the utility's operational efficiency are permissible under the A&G head within the ARR framework. As celebration-related costs do not enhance service delivery or provide tangible consumer benefits, their inclusion in the tariff is not justifiable and is therefore disallowed. Any such expenses not attributable to the core business and/or not causing enhancement in the operational efficiency of the utility maybe met by the Petitioner under CSR from its own profit.

Based on the methodology adopted by the Commission in approving the Employee Expenses and R&M Expenses for FY 2023-24 in the previous sections, the following table provides the A&G expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-29 A&G EXPENSES APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Approved by Commission
A&G Expenses	10.39	17.45	9.09

The Commission approves A&G Expenses of Rs. 9.09 Crore for FY 2023-24.

3.24 Total Operation & Maintenance (O&M) Expenses

The following table provides the O&M Expenses, as approved by the Commission in the APR Order, Petitioner's Submission, and O&M Expenses trued-up by Commission:

TABLE 3-30 A&G TOTAL O&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Approved by Commission
Employee Expenses	7.80	5.09	5.09
R&M Expenses	16.43	24.98	24.98
A&G Expenses	10.39	17.45	9.09
Total O&M Expenses	34.62	47.52	39.16

3.25 Capital Expenditure & Capitalization

Petitioner's Submission:

The Petitioner has incurred actual capitalization to the tune of Rs. 13.53 Crore during the FY 2023-24, as against Rs. 17.71 Crore approved by the Commission in its APR Order dated 10th June, 2024. The capital expenditure & capitalization incurred for FY 2023-24 is shown below:

TABLE 3-31 CAPITAL EXPENDITURE & CAPATILIZATION CLAIMED BY THE PETITIONER FOR FY 2023-24
(Rs. CRORE)

Particulars	Approved in APR Order	Actual
Capital Expenditure	-	13.53
Capitalisation	17.71	13.53

Commission's Analysis:

The Commission has worked out the opening gross fixed assets for FY 2023-24 to the tune of Rs. 235.09 Crore based on the closing balance of FY 2022-23 as approved in the true-up Order for FY 2022-23. The Commission asked the Petitioner to furnish the asset-wise capitalisation duly certified, against which the Petitioner has submitted the same and the Commission has duly verified the Petitioner submissions and audited annual accounts for FY 2023-24, under which overall capitalization is to the tune of Rs. 13.53 Crore. Thus, the Commission has deducted the same while allowing the capitalization for FY 2023-24, accordingly, the Commission allows overall capitalization for truing-up of FY 2023-24 to the tune of Rs. 13.53 Crore.

TABLE 3-32 CAPITALISATION APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	343.05	235.09
Addition to GFA	13.53	13.53
Deletion to GFA	-	-
Closing GFA	356.58	248.62

3.26 Depreciation

Petitioner's Submission:

The Petitioner has submitted that the depreciation has been worked out after applying the depreciation rates, as per the JERC (Multi Year Distribution Tariff) Regulations, 2021. For computation of depreciation, Petitioner has considered the opening balance of the GFA for FY 2023-24 as per the audited annual accounts and subsequently added the assets capitalized during FY 2023-24. The same has been tabled below:

TABLE 3-33 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening GFA	341.25	343.05
Addition during the year	17.71	13.53
Disinvestment during the year	-	-
Closing GFA	358.96	356.58
Average GFA	350.11	349.81
Depreciation during the year	11.29	13.64

Further, Petitioner requested to approve the actual depreciation of Rs. 13.64 Crores.

Commission's Analysis:

As per Regulation 31 of the JERC (Generation, Transmission & Distribution Multi Year Tariff) Regulations, 2021:

"31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) percent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

.....

"31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system."

It has been observed that the Petitioner has considered an opening GFA of Rs. 343.05 Crore for FY 2023-24. However, it is important to note that, during the truing-up process for FY 2022-23, the Commission had disallowed assets amounting to Rs. 106.16 Crore, as these assets had already depreciated up to 90% of their depreciable value. Accordingly, in line with the above approach, the Commission has considered the opening GFA for FY 2023-24 to be Rs. 235.09 Crore, based on the closing GFA approved in the truing-up order for FY 2022-23. Accordingly, the Commission has considered and applied the depreciation rates as specified in the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24. The Commission, after verification of the asset class wise fixed asset addition in the books of accounts, has arrived at the depreciation values as follows:

TABLE 3-34 DEPRECIATION APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Claimed by Petitioner	Approved by Commission
Opening GFA	341.25	343.05	235.09
Addition during the Year	17.71	13.53	13.53
Disposal during the year	-	-	-
Closing GFA	358.96	356.58	248.62
Average GFA	350.11	349.81	241.85
Depreciation Rate (%)	3.22%	3.90%	5.64%
Depreciation	11.29	13.64	13.64

Accordingly, the Commission approves Depreciation of Rs. 13.64 Crore for the truing-up of FY 2023-24.

3.27 Interest and Finance Charges

The Petitioner has considered the opening loan balance for FY 2023-24 as approved by the Commission in its Tariff Order dated 10th June, 2024. The normative loan addition in FY 2023-24 has been computed as 70% of the capitalization for FY 2023-24. The repayment of loans has been considered equal to the depreciation during FY 2023-24.

Further, the Petitioner has considered the rate of interest of 8.50 % (Using State Bank of India Prime Lending Rate (SBI PLR) as on 01.04.2023 plus 100 basis points). Accordingly, the interest and finance charges submitted by the Petitioner as shown in the table below:

TABLE 3-35 INTEREST AND FINANCE CHARGES CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening Loan	4.30	4.30
Loan for additional Capex (70:30 debt equity)	12.40	9.47
Loan Repayment	11.29	13.64
Closing Loan	5.40	0.13
Interest cost on Avg. Loans	0.46	0.21

Commission's Analysis:

The Commission has approved the closing balance of normative loan of Rs. 4.30 Crore in its truing-up Order for FY 2022-23. Addition to loan during the year is considered at 70% of net value of assets added during the year and repayment is considered equal to the depreciation for the year.

As per Regulation 29.4 of the JERC (MYT) Regulations, 2021, in case there is no actual loan portfolio for the licensee, the rate of interest of shall be equal to the SBI MCLR as on 1st April of the relevant financial year plus 100 basis points. The relevant excerpt of the aforesaid regulation is stipulated as under:

"29 Interest on Loan

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

..."

As there is no actual loan borrowed by the Petitioner, thus, in line with the fourth proviso of Regulation 29.4 of the JERC (MYT) Regulations, 2021, the Commission has considered the rate of interest of 9.50 % (Using SBI MCLR as on 01.04.2023 plus 100 basis points).

The following table provides the Interest on Loan, approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-36 INTEREST ON LOAN APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Claimed by Petitioner	Approved by Commission
Opening Normative Loan	4.30	4.30	4.30
Addition of Loan due to Capitalization	12.40	9.47	9.47
Repayment of Loan	11.29	13.64	13.64
Closing Normative Loan	5.40	0.13	0.13
Average	4.85	2.21	2.22
Rate of Interest (%)	9.50%	9.50%	9.50%
Interest Expenses	0.46	0.21	0.21

Accordingly, the Commission approves Interest on Loans of Rs. 0.21 Crore for the truing-up of FY 2023-24.

3.28 Return on Equity

Petitioner's Submission:

The Petitioner has considered the Opening Balance of Equity for FY 2023-24 as approved in Tariff Order dated 11th June, 2024. The normative equity addition during FY 2023-24 has been computed as 30% of the new capitalization as per Regulation 28.1 of the JERC MYT Regulations, 2021. Hence, a normative equity on the assets is considered and claimed the RoE of 15.50% for FY 2023-24 as per Regulation 30 (2) of the JERC MYT Regulations, 2021. Accordingly, the ROE for the FY 2023-24 is computed as below:

TABLE 3-37 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Actual
Return on Capital Base	2.12	2.02

Additionally, the Petitioner has sought approval for an Additional Return on Equity, aligning with Regulation 33 of the MYT Regulation 2021. The relevant provision of the said Regulation stipulates that the Return on Equity should be calculated in accordance with prevalent CERC tariff regulation in the matter of tax on income. The Regulation 31 of the CERC regulation provides that rate of return on equity shall be rounded off to three decimal places.

The Petitioner has emphasized that they have opted the special provisions for discharge of income tax as per Section-115BAA of the Income Tax Act, wherein the base income tax rate is 22%. The copy of ITR, Assessment Order from Income Tax and Form 10-IC for FY 2023-24 has been submitted by the Petitioner.

Furthermore, the Petitioner has filed an appeal before the Hon'ble APTEL against the lower Return on Equity allowance in deviation from the specific provision of JERC MYT Regulation 2014 in the true-up tariff order of FY2019-20. In this appeal, a claim of Rs. 22.65 Crore has been made for the less allowance of return on equity for the fiscal years 2016-17 to 2019-20.

Commission's Analysis:

As per Regulation 28 of the JERC MYT Tariff Regulations, 2021, return on equity shall be allowed for the assets put to use for the transmission licensee in accordance with prevailing CERC Tariff Regulations, thus, addition to equity during the year is considered at 30% of net value of assets added during the year.

The relevant excerpt of the aforesaid regulation is stipulated as under:

"28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system.”

Further, the Regulation 30 (2) of the CERC (Terms and Conditions of Tariff) Regulations, 2019, states that:

“(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station ...”

Since the Petitioner has not paid any income tax during FY 2023-24, the Commission has approved the return on equity without grossing it up by the effective tax rate.

The following table provides the Return on Equity approved by the Commission in the APR Order, Petitioner’s submission and now trued-up by the Commission:

TABLE 3-38 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Claimed By Petitioner	Approved by Commission
Opening Equity	11.03	11.03	11.03
Equity Addition	5.31	4.06	4.06
Closing Equity	16.35	15.09	15.09
Average Equity	13.69	13.06	13.06
Rate of Return	15.50%	15.50%	15.50%
Total Return on Equity	2.12	2.02	2.02

Accordingly, the Commission approves return on equity for FY 2023-24 to the tune of Rs. 2.02 Crore.

3.29 Interest on Working Capital

Petitioner's Submission:

The Petitioner has submitted the computation of interest on working capital based on the principles outlined in the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, by considering the below parameters:

- a) Receivables equivalent to 45 days of annual fixed cost.
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses.
- c) Operation and maintenance expenses, including security expenses for one month.

The Petitioner has considered rate of interest on working capital as 10.65 % (SBI Base Rate plus 200 basis points).

TABLE 3-39 INTEREST ON WORKING CAPITAL CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner Submission
Receivables equivalent to 45 days of Annual Fixed Cost	6.15	8.18
Maintenance spares @15% of operation and maintenance expenses	5.19	7.13
Operation and maintenance expense for one month	2.89	3.96
Total Working Capital	14.22	19.26
Interest on Working Capital	1.49	2.02

Commission's Analysis:

The Commission has computed the working capital requirement as specified in Regulation 43 JERC (MYT) Regulations, 2021.

Regulation 43.1 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest on working capital calculation:

“43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations.

Further, Regulation 34 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24 specifies:

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

.....

(c) Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:

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

Regulation 32 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest rate to be considered on working capital calculation:

“32. Interest on Working Capital

32.1 The norms for working capital for Transmission Licensee shall be as specified in Chapter 5 of these Regulations.

32.2 The norms for working capital for Distribution Wires Business and Retail Supply Business shall be as specified in Chapter 6 and Chapter 7 of these Regulations.

32.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.”

Accordingly, the Commission has computed the working capital requirement for the Petitioner for FY 2023-24. The interest on working capital has been computed considering the interest rate as SBI MCLR on April 1, 2023 plus 200 basis points- 10.50%.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated is detailed in the table below:

TABLE 3-40 INTEREST ON WORKING CAPITAL APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner Submission	Approved by Commission
Receivables equivalent to 45 days of Annual Fixed Cost	7.31	8.69	6.78
Maintenance spares @15% of operation and maintenance expenses	5.47	7.18	5.87
Operation and maintenance expense for one month	3.04	3.99	3.26
Total Working Capital	15.82	19.87	15.91
Interest rate	10.65%	10.65%	10.50%
Interest on Working Capital	1.66	2.12	1.67

Accordingly, the Commission approves the interest on working capital of Rs. 1.67 Crore for FY 2023-24.

3.30 Non-Tariff Income

Petitioner's Submission:

The Petitioner has submitted Rs. 2.56 Crore towards Non-Tariff Income for FY 2023-24 as against the approved Rs. 0.63 Crore by the Commission in its Tariff Order dated 10th June, 2024. The non-tariff income includes miscellaneous income of Rs. 0.83 Cr, scrap income of Rs. 1.21 Cr and lease rent of Rs. 0.52 Cr. The details are shown in the table below:

TABLE 3-41 NON-TARIFF INCOME CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Claimed By Petitioner
Non-Tariff Income	0.63	2.56

Commission's Analysis:

The Commission as per Regulation 44 of the MYT Regulations, 2021 has considered the Non-Tariff Income for FY 2023-24 as Rs. 2.56 Crore.

3.31 Sharing of Gains/(Loss)

As regards to mechanism of pass through of gains and losses on account of controllable factors Regulation 13.2 and 15 of the JERC MYT Regulations, 2021 stipulates as follows:

15 Mechanism for sharing of gains or losses on account of controllable factors

15.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

As per the above provisions, the O&M expenses as per JERC MYT Regulations, 2021 are controllable and the approved aggregate gain to the Transmission Licensee on account of controllable factors shall be shared equally between Licensee and Consumers. Since, the ED-DD is being considered as new entity and the O&M

Expenses are allowed on actual basis, the sharing of gains/loss on account of O&M expenses are not being considered for the true-up of FY 2023-24.

3.32 Transmission System Availability

Petitioner's Submission:

The Petitioner has not claimed any incentive on account of its transmission system availability.

Commission's Analysis:

The Commission vide its deficiency note asked the Petitioner to submit the transmission system availability for FY 2023-24 duly certified against which the Petitioner has submitted monthly transmission system availability for FY 2023-24 as tabled below:

TABLE 3-42 TRANSMISSION SYSTEM AVAILABILITY FOR FY 2023-24 (%)

S. No.	Month	FY 2023-24
1	Apr-23	98.49%
2	May-23	100.00%
3	June-23	99.99%
4	July-23	99.83%
5	Aug-23	100.00%
6	Sept-23	99.85%
7	Oct-23	98.85%
8	Nov-23	100.00%
9	Dec-23	100.00%
10	Jan-24	97.90%
11	Feb-24	100.00%
12	Mar-24	99.14%
Total		99.50%

As per JERC (MYT) Regulations, 2021, incentive on achieving the higher transmission system availability shall be in accordance with the CERC Tariff regulations, 2019.

TABLE 3-43 INCENTIVE ON TRANSMISSION SYSTEM AVAILABILITY FOR FY 2023-24 (Rs. Crore)

Particulars	Approved by Commission
Net ARR (Rs. Crore)	54.98
Actual System Availability (%)	99.50%
Target Availability for Incentive (%)	98%
Incentive (Rs. Crore)	0.84

The Commission has reviewed and duly verified the transmission system availability for the licensee for FY 2023-24 to the tune of 99.50% against the target of 98%. The Commission has computed the incentive on achieving higher transmission system availability for FY 2023-24 in accordance with the CERC Tariff Regulations, 2019, as Rs. 0.84 Crore. Accordingly, the Commission has approved incentive for higher transmission system availability of Rs. 0.84 Crore for the true-up of FY 2023-24.

3.33 Annual Revenue Requirement for FY 2023-24

The Petitioner has summarized the ARR for FY 2023-24 in comparison with values approved by the Hon'ble Commission in the last tariff order.

TABLE 3-44 ANNUAL REVENUE REQUIREMENT CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Actual
O&M Expenses	34.62	47.52
Depreciation	11.29	13.64
Interest cost on long-term capital Loans	0.46	0.21
Interest on Working Capital Loans	1.49	2.02
Return on Equity	2.12	2.02
Total	49.99	65.42
Less: Non-Tariff Income	0.63	2.56
Less: Surplus at the end of FY 2021-22	-	9.54
Net ARR	49.36	53.32

Petitioner requested to approve the ARR submitted herein above.

Commission's Analysis:

The Commission has reviewed the performance of the Petitioner under Regulation 12 of the JERC (MYT) Regulations, 2021, for FY 2023-24. Based on the parameters actuals claimed by the Petitioner and now approved by the Commission in truing up in accordance with the JERC (MYT) Regulations, 2021 are given in the Table below:

TABLE 3-45 ANNUAL REVENUE REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner Submission	Approved by Commission
O&M Expenses	34.62	47.52	39.16
Depreciation	11.29	13.64	13.64
Interest cost on long-term capital Loans	0.46	0.21	0.21
Interest on Working Capital Loans	1.49	2.02	1.67
Return on Equity	2.12	2.02	2.02
Incentive for Transmission Availability	-	-	0.84
Total	49.99	65.42	57.54
Less: Non-Tariff Income	0.63	2.56	2.56
Net ARR	49.36	62.86	54.98

The Commission approves net Aggregate Revenue Requirement of Rs. 54.98 Crore in the true-up of FY 2023-24.

3.34 Revenue for FY 2023-24

Petitioner's Submission:

The Petitioner has submitted an actual revenue to the tune of Rs. 34.98 as against Rs. 36.087 Cr approved by the Commission vide its order dated 30th March, 2023 and 10th June, 2024 for FY 2023-24.

TABLE 3-46 REVENUE CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Revenue from transmission of power	36.08	34.98

Commission's Analysis:

The Commission has observed that the revenue recovered by the Petitioner in FY 2023-24 as per the audited annual accounts was to the tune of Rs. 34.98 Crore excluding the non-tariff income. Accordingly, the Commission approves revenue from approved tariff for FY 2023-24 of Rs. 34.98 Crore.

3.35 Revenue (Gap)/Surplus for FY 2023-24

Petitioner's Submission:

Petitioner has compared the revised Aggregate Revenue Requirement against the revised income under various heads including revenue with existing tariff. As part of the review of FY 2024-25 ED-DD has arrived at Aggregate Revenue Requirement of Rs. 53.32 Cr. Accordingly, total revenue gap of E-DDD for FY 2023-24 is computed at Rs. 4.08 Crore as depicted in the Table below:

TABLE 3-47 REVENUE GAP/SURPLUS FOR CLAIMED BY THE PETITIONER FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Annual Revenue Requirement	49.35	62.86
Less: Surplus of FY 2021-22	-	9.54
Net Annual Revenue Requirement	49.35	53.32
Revenue from transmission of power	36.08	34.98
Revenue (Gap)/Surplus	(13.27)	(18.34)
Previous year's (Gap) Surplus carried over	-	14.60
Holding Cost		(0.34)
Net Revenue (Gap)/ Surplus	(13.27)	(4.08)

Commissions Analysis:

Based on the component-wise approved in aforesaid paragraphs of this Chapter, the Commission has approved overall Net revenue (gap)/surplus at the end of FY 2023-24 as per table below:

TABLE 3-48 REVENUE GAP/SURPLUS APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual	Approved by Commission
Annual Revenue Requirement	49.35	62.86	54.98
Revenue from transmission of power	36.08	34.98	34.98
Revenue (Gap)/Surplus	(13.27)	(27.88)	(20.01)
Surplus for FY 2021-22	-	9.54	9.54
Holding Cost for FY 2021-22	-	-	1.67
Surplus for FY 2022-23	-	14.60	14.60
Holding Cost for FY 2022-23	-	(0.34)	1.39
Net Revenue (Gap)/ Surplus	(13.27)	(4.08)	7.20

The Commission, accordingly, considers the trued-up Revenue Surplus of Rs. 7.20 Crore for FY 2023-24 for determination of tariff for FY 2025-26.

SECTION -III TRUING-UP FOR FY 2023-24 ED-DNH (PRIOR TO MERGER)

3.36 Approach for True up for FY 2023-24 for ED-DNH

The Petitioner has submitted the audited accounts for FY 2023-24 audited by M/s. Satyam SVG & Co. The commission now carries out the true-up of FY 2023-24 in accordance with the principles laid down in JERC MYT Regulations, 2021.

3.37 Operation and Maintenance Expenses

As per Regulation 42 of the JERC (Generation, Transmission & Distribution MYT) Regulations, 2021:

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

- a) Employee expenses - salaries, wages, pension contribution and other employee costs;*
- b) Administrative and General expenses including insurance charges if any; and*
- c) Repairs and Maintenance expenses.*

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

As above, the components comprising of the O&M expenses– employee expenses, R&M expenses and A&G expenses have been discussed separately below.

3.38 Employee Expenses

Petitioner's Submission:

The Petitioner has incurred actual Employee Expense to the tune of Rs. 3.40 Crore against the approved expenses of Rs. 2.63 Crore in the APR Order.

Commission's Analysis:

In lieu of above, in order to allow the O&M expenses for FY 2023-24, the Commission has considered Regulation 42.2 and 42.6 of the JERC MYT Regulations, 2021 which specifies the following:

"42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

It is to be noted that due to restructuring, the O&M norms shall be determined on case to case basis, thus, as per the Regulations stipulated above, the Commission has considered the Revised Norms for FY 2023-24 to be allowed in truing-up.

The following table provides the employee expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-49 EMPLOYEE EXPENSES APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Revised Norm	Approved by Commission
Employee Expenses	2.63	3.40	3.38	3.38

Accordingly, the Commission approves Employee Expenses of Rs. 3.38 Crore for FY 2023-24.

3.39 Repair & Maintenance (R&M) Expenses

Petitioner's Submission:

The Petitioner has incurred actual R&M Expense to the tune of Rs. 3.20 Crore against the approved expenses of Rs. 3.09 Crore in the APR Order. The Petitioner has submitted that major component due to which the R&M expenses have increased is O&M expenses of all sub-station, security expenses.

Commission's Analysis:

As per the approach and methodology adopted while allowing employee expenses in earlier section, the Commission has considered Regulation 42.2 and 42.6 of the JERC MYT Regulations, 2021 for allowing R&M expenses which specifies the following:

"42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

Therefore, in view of above, the Commission has considered the Revised Normative R&M expenses for FY 2023-24 to be allowed in truing-up.

In accordance with the aforementioned Regulation, the Commission has determined the normative R&M expenses for FY 2023-24, as presented in the table below:

TABLE 3-50 NORMATIVE R&M EXPENSES FOR FY 2023-24 (Rs. Crore)

Particulars	Revised Normative R&M
Opening GFA	301.04
K-factor	0.95%
Average WPI Indices	3.65%
Normative R&M Expenses	2.84

The following table provides the R&M expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-51 R&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Petitioner's Submission	Revised Normative R&M	Approved by Commission
R&M Expenses	3.09	3.20	2.84	2.84

The Commission approves R&M Expenses of Rs. 2.84 Crore for FY 2023-24.

3.40 Administrative and General (A&G) Expenses

Petitioner's Submission:

The Petitioner has incurred actual A&G Expense to the tune of Rs. 1.36 Crore against the approved expenses of Rs. 1.24 Crore in the APR Order.

Commission's Analysis:

Based on the methodology adopted by the Commission in approving the Employee Expenses and R&M Expenses for FY 2023-24 in the previous sections, the following table provides the A&G expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-52 A&G EXPENSES APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Revised Norm	Approved by Commission
A&G Expenses	1.24	1.36	1.33	1.33

The Commission approves A&G Expenses of Rs. 1.33 Crore for FY 2023-24.

3.41 Total Operation & Maintenance (O&M) Expenses

The following table provides the O&M Expenses, as approved by the Commission in the APR Order, Petitioner's Submission, and O&M Expenses trued-up by Commission:

TABLE 3-53 TOTAL O&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Approved by Commission
Employee Expenses	2.63	3.40	3.38
R&M Expenses	3.09	3.20	2.84
A&G Expenses	1.24	1.36	1.33
Total O&M Expenses	6.96	7.96	7.54

3.42 Capital Expenditure & Capitalization

Petitioner's Submission:

The Petitioner has incurred actual capitalization to the tune of Rs. 0.47 Crore during the FY 2023-24. The capital expenditure & capitalization incurred for FY 2023-24 is shown below:

TABLE 3-54 CAPITAL EXPENDITURE & CAPATILIZATION CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Capital Expenditure	5.25	0.47
Capitalisation	0.00	0.47

Commission's Analysis:

The Commission has worked out the opening gross fixed assets for FY 2023-24 to the tune of Rs. 301.04 Crore. The Commission asked the Petitioner to furnish the

asset-wise capitalisation duly certified, against which the Petitioner has submitted the same and the Commission has duly verified the Petitioner submissions and audited annual accounts for FY 2023-24, under which overall capitalization is to the tune of Rs. 0.47 Crore. Thus, the Commission has deducted the same while allowing the capitalization for FY 2023-24, accordingly, the Commission allows overall capitalization for truing-up of FY 2023-24 to the tune of Rs. 0.47 Crore.

TABLE 3-55 CAPITALISATION APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Opening GFA	301.43	301.04
Addition to GFA	0.47	0.47
Deletion to GFA	-	-
Closing GFA	301.51	301.51

3.43 Depreciation

Petitioner's Submission:

The Petitioner has submitted that the depreciation has been worked out after applying the depreciation rates, as per the JERC (Multi Year Distribution Tariff) Regulations, 2021. For computation of depreciation, Petitioner has considered the opening balance of the GFA for FY 2023-24 as per the audited annual accounts and subsequently added the assets capitalized during FY 2023-24. The same has been tabled below:

TABLE 3-56 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening GFA	301.04	311.11
Addition during the year	-	0.47
Disinvestment during the year	-	-
Closing GFA	301.04	311.58
Average GFA	301.04	311.35
Depreciation during the year	15.55	13.10

Further, Petitioner requested to approve the actual depreciation of Rs. 13.10 Crores.

Commission's Analysis:

As per Regulation 31 of the JERC (Generation, Transmission & Distribution Multi Year Tariff) Regulations, 2021:

"31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) percent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

.....

"31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system."

Accordingly, the Commission has considered and applied the depreciation rates as specified in the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24. The Commission, after verification of the asset class wise fixed asset addition in the books of accounts, has arrived at the depreciation values as follows:

TABLE 3-57 DEPRECIATION APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Claimed by Petitioner	Approved by Commission
Opening GFA	301.04	311.11	301.04
Addition during the Year	-	0.47	0.47
Disposal during the year	-	-	-
Closing GFA	301.04	311.58	301.51
Average GFA	301.04	311.35	301.27
Depreciation Rate (%)	5.17%	4.35%	4.35%
Depreciation	15.55	13.10	13.10

Accordingly, the Commission approves Depreciation of Rs. 13.10 Crore for the truing-up of FY 2023-24.

3.44 Interest and Finance Charges

The Petitioner has considered the opening loan balance for FY 2023-24 as approved by the Commission in its Tariff Order dated 10th June, 2024. The normative loan addition in FY 2023-24 has been computed as 70% of the capitalization for FY 2023-24. The repayment of loans has been considered equal to the depreciation during FY 2023-24.

Further, the Petitioner has considered the rate of interest of 8.50 % (Using State Bank of India Prime Lending Rate (SBI PLR) as on 01.04.2023 plus 100 basis points). Accordingly, the interest and finance charges submitted by the Petitioner as shown in the table below:

TABLE 3-58 INTEREST AND FINANCE CHARGES CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in APR Order	Actual
Opening Loan	16.80	16.80
Loan for additional Capex (70:30 debt equity)	-	0.33
Loan Repayment	15.55	13.10
Closing Loan	1.25	4.03
Interest cost on Avg. Loans	0.86	0.99

Commission's Analysis:

The Commission has approved the closing balance of normative loan of Rs. 16.80 Crore in its truing-up Order for FY 2022-23. Addition to loan during the year is considered at 70% of net value of assets added during the year and repayment is considered equal to the depreciation for the year.

As per Regulation 29.4 of the JERC (MYT) Regulations, 2021, in case there is no actual loan portfolio for the licensee, the rate of interest shall be equal to the SBI MCLR as on 1st April of the relevant financial year plus 100 basis points. The relevant excerpt of the aforesaid regulation is stipulated as under:

"29 Interest on Loan

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

...”

As there is no actual loan borrowed by the Petitioner, thus, in line with the fourth proviso of Regulation 29.4 of the JERC (MYT) Regulations, 2021, the Commission has considered the rate of interest of 9.50 % (Using SBI MCLR as on 01.04.2023 plus 100 basis points).

The following table provides the Interest on Loan, approved by the Commission in the APR Order, Petitioner’s submission and now trued-up by the Commission:

TABLE 3-59 INTEREST ON LOAN APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Claimed by Petitioner	Approved by Commission
Opening Normative Loan	16.80	16.80	16.80
Addition of Loan due to Capitalization	-	0.33	0.33
Repayment of Loan	15.55	13.10	13.10
Closing Normative Loan	1.25	4.03	4.03
Average	9.03	10.42	10.42
Rate of Interest (%)	9.50	9.50	9.50
Interest Expenses	0.86	0.99	0.99

Accordingly, the Commission approves Interest on Loans of Rs. 0.99 Crore for the truing-up of FY 2023-24.

3.45 Return on Equity

Petitioner’s Submission:

The Petitioner has considered the Opening Balance of Equity for FY 2023-24 as approved in Tariff Order dated 10th June, 2024. The normative equity addition

during FY 2023-24 has been computed as 30% of the new capitalization as per Regulation 28.1 of the JERC MYT Regulations, 2021. Hence, a normative equity on the assets is considered and claimed the RoE of 15.50% for FY 2023-24 as per Regulation 30 (2) of the JERC MYT Regulations, 2021. Accordingly, the ROE for the FY 2023-24 is computed as below:

TABLE 3-60 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening Equity	54.41	54.41
Addition in Equity on account of new capitalization	-	0.14
Closing Equity	54.41	54.55
Average Equity	54.41	54.48
Return on Equity	8.43	8.44

Commission's Analysis:

The Commission has approved the closing balance of normative equity of Rs. 54.41 Crore in its truing-up Order for FY 2022-23. As per Regulation 28 of the JERC MYT Tariff Regulations, 2021, return on equity shall be allowed for the assets put to use for the transmission licensee in accordance with prevailing CERC Tariff Regulations, thus, addition to equity during the year is considered at 30% of net value of assets added during the year.

The relevant excerpt of the aforesaid regulation is stipulated as under:

"28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system."

Further, the Regulation 30 (2) of the CERC (Terms and Conditions of Tariff) Regulations, 2019, states that:

“(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station ...”

Since the Petitioner has not paid any income tax during FY 2023-24, the Commission has approved the return on equity without grossing it up by the effective tax rate.

The following table provides the Return on Equity approved by the Commission in the APR Order, Petitioner’s submission and now trued-up by the Commission:

TABLE 3-61 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Claimed By Petitioner	Approved by Commission
Opening Equity	54.41	54.41	54.41
Equity Addition	-	0.14	0.14
Closing Equity	54.55	54.55	54.55
Average Equity	54.41	54.48	54.48
Rate of Return	15.50%	15.50%	15.50%
Total Return on Equity	8.43	8.44	8.44

Accordingly, the Commission approves return on equity for FY 2023-24 to the tune of Rs. 8.44 Crore.

3.46 Interest on Working Capital

Petitioner’s Submission:

The Petitioner has submitted the computation of interest on working capital based on the principles outlined in the JERC (Generation. Transmission & Distribution Multi Year Tariff), Regulations, 2021, by considering the below parameters:

- a) Receivables equivalent to 45 days of annual fixed cost.
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses.

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

The Petitioner has considered rate of interest on working capital as 10.65 % (SBI Base Rate plus 200 basis points).

TABLE 3-62 INTEREST ON WORKING CAPITAL CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner Submission
Receivables equivalent to 45 days of Annual Fixed Cost	3.99	3.89
Maintenance spares @15% of operation and maintenance expenses	1.04	1.19
Operation and maintenance expense for one month	0.58	0.66
Total Working Capital	5.62	5.74
Interest on Working Capital	0.59	0.60

Commission's Analysis:

The Commission has computed the working capital requirement as specified in Regulation 43 JERC (MYT) Regulations, 2021.

Regulation 43.1 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest on working capital calculation:

"43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations.

Further, Regulation 34 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24 specifies:

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

.....

(c) Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:

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

Regulation 32 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest rate to be considered on working capital calculation:

“32. Interest on Working Capital

32.1 The norms for working capital for Transmission Licensee shall be as specified in Chapter 5 of these Regulations.

32.2 The norms for working capital for Distribution Wires Business and Retail Supply Business shall be as specified in Chapter 6 and Chapter 7 of these Regulations.

32.3 The interest on working capital shall be payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.”

Accordingly, the Commission has computed the working capital requirement for the Petitioner for FY 2023-24. The interest on working capital has been computed

considering the interest rate as SBI MCLR on April 1, 2023 plus 200 basis points-10.50%.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated is detailed in the table below:

TABLE 3-63 INTEREST ON WORKING CAPITAL APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner Submission	Approved by Commission
Receivables equivalent to 45 days of Annual Fixed Cost	3.99	3.89	3.41
Maintenance spares @15% of operation and maintenance expenses	1.04	1.19	1.13
Operation and maintenance expense for one month	0.58	0.66	0.63
Total Working Capital	5.62	5.74	5.17
Interest rate	10.65%	10.65%	10.50%
Interest on Working Capital	0.59	0.60	0.54

Accordingly, the Commission approves the interest on working capital of Rs. 0.54 Crore for FY 2023-24.

3.47 Non-Tariff Income

Petitioner's Submission:

The Petitioner has submitted Rs. 2.56 Crore towards Non-Tariff Income for FY 2023-24 as against the approved Rs. 0.63 Crore by the Commission in its Tariff Order dated 10th June, 2024. The non-tariff income includes miscellaneous income of Rs. 0.83 Cr, scrap income of Rs. 1.21 Cr and lease rent of Rs. 0.52 Cr. The details are shown in the table below:

TABLE 3-64 NON-TARIFF INCOME CLAIMED BY PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Claimed By Petitioner
Non-Tariff Income	0.15	3.51

Commission's Analysis:

The Regulation 44 of the MYT Regulations, 2021 stipulates the following:

"44. Non-Tariff Income 44.1 The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

44.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of the 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contractors and others.*
- h) Income from advertisements, etc.;*
- i) Miscellaneous receipts like parallel operation charges;*
- j) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
- k) Excess found on physical verification;*
- l) Interest on investments, fixed and call deposits and bank balances;*
- m) Prior period income, etc.: Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Licensed Business of the Transmission Licensee shall not be included in Non-Tariff Income."*

The Commission approves the NTI of Rs. 3.51 Crore as claimed by the Petitioner.

3.48 Sharing of Gains/(Loss)

As regards to mechanism of pass through of gains and losses on account of controllable factors Regulation 13.2 and 15 of the JERC MYT Regulations, stipulates as follows:

15 Mechanism for sharing of gains or losses on account of controllable factors

15.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

As per the above provisions, the O&M expenses as per JERC MYT Regulations, 2021 are controllable and the approved aggregate gain to the Transmission Licensee on account of controllable factors shall be shared equally between Licensee and Consumers. The overall gains/losses on account of O&M expenses is tabulated as under:

TABLE 3-65 SHARING OF GAINS/(LOSS) FOR O&M EXPENSES FOR FY 2023-24 (RS. CRORE)

Particulars	Revised Normative EE	Petitioner's Submission	Approved by Commission	Sharing of Gains/Losses
Employee Expenses	3.38	3.40	3.38	-
R&M Expenses	2.84	3.20	2.84	-
A&G Expenses	1.33	1.36	1.33	-
Total O&M Expenses	7.54	7.95	7.54	-

Since, trued-up O&M Expenses are the Normative Expenses, the overall gain is NIL. Accordingly, the Commission does not approves the sharing of Gain on account of Operation & Maintenance Expenses for the true-up of FY 2023-24.

3.49 Transmission System Availability

Petitioner's Submission:

The Petitioner has not claimed any incentive on account of its transmission system availability.

Commission's Analysis:

The Commission vide its deficiency note asked the Petitioner to submit the transmission system availability for FY 2023-24 duly certified against which the Petitioner has submitted monthly transmission system availability for FY 2023-24 as tabled below:

TABLE 3-66 TRANSMISSION SYSTEM AVAILABILITY FOR FY 2023-24 (%)

S. No.	Month	FY 2023-24
1	Apr-23	100.00%
2	May-23	100.00%
3	June-23	100.00%
4	July-23	100.00%
5	Aug-23	100.00%
6	Sept-23	100.00%
7	Oct-23	100.00%
8	Nov-23	99.99%
9	Dec-23	99.99%
10	Jan-24	100.00%
11	Feb-24	100.00%
12	Mar-24	100.00%
Total		99.998%

As per JERC (MYT) Regulations, 2021, incentive on achieving the higher transmission system availability shall be in accordance with the CERC Tariff regulations, 2019.

TABLE 3-67 INCENTIVE ON TRANSMISSION SYSTEM AVAILABILITY FOR FY 2023-24 (Rs. Crore)

Particulars	Approved by Commission
Net ARR (Rs. Crore)	27.67
Actual System Availability (%)	99.998%
Target Availability for Incentive (%)	98%

Particulars	Approved by Commission
Incentive (Rs. Crore)	0.56

The Commission has reviewed and duly verified the transmission system availability for the licensee for FY 2023-24 to the tune of 99.998% against the target of 98%. The Commission has computed the incentive on achieving higher transmission system availability for FY 2023-24 in accordance with the CERC Tariff Regulations, 2019, as Rs. 0.56 Crore. Accordingly, the Commission has approved incentive for higher transmission system availability of Rs. 0.56 Crore for the true-up of FY 2023-24.

3.50 Annual Revenue Requirement for FY 2023-24

The Petitioner has summarized the ARR for FY 2023-24 in comparison with values approved by the Hon'ble Commission in the last tariff order.

TABLE 3-68 ANNUAL REVENUE REQUIREMENT CLAIMED BY THE PETITIONER (RS. CRORE)

Particulars	Approved in APR Order	Actual
O&M Expense	6.96	7.96
Depreciation	15.55	13.10
Interest cost on long-term capital Loans	0.86	0.99
Interest on Working Capital Loans	0.59	0.60
Return on Equity	8.43	8.44
Total	32.39	31.09
Less: Non-Tariff Income	0.15	3.51
Net ARR	32.34	27.58

Petitioner requested to approve the ARR submitted herein above.

Commission's Analysis:

The Commission has reviewed the performance of the Petitioner under Regulation 12 of the JERC (MYT) Regulations, 2021, for FY 2023-24. Based on the parameters actuals claimed by the Petitioner in truing up and as now approved by the

Commission in accordance with the JERC (MYT) Regulations, 2021 are given in the Table below:

TABLE 3-69 ANNUAL REVENUE REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner Submission	Approved by Commission
O&M Expense	6.96	7.96	7.54
Depreciation	15.55	13.10	13.10
Interest cost on long-term capital Loans	0.86	0.99	0.99
Interest on Working Capital Loans	0.59	0.60	0.54
Return on Equity	8.43	8.44	8.44
Incentive for Transmission Availability			0.56
Total	32.39	31.09	31.18
Less: Non-Tariff Income	0.15	3.51	3.51
Net ARR	32.34	27.58	27.67

The Commission approves net Aggregate Revenue Requirement of Rs. 27.67 Crore in the true-up of FY 2023-24.

3.51 Revenue for FY 2023-24

Petitioner's Submission:

The Petitioner has submitted an actual revenue to the tune of Rs. 29.98 as against Rs. 30.23 Cr approved by the Commission vide its order dated 30th March, 2023 and 10th June, 2024 for FY 2023-24.

TABLE 3-70 REVENUE CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Revenue from transmission of power	30.23	29.98

Commission's Analysis:

The Commission has observed that the revenue recovered by the Petitioner in FY 2023-24 as per the audited annual accounts was to the tune of Rs. 29.98 Crore excluding the non-tariff income. Accordingly, the Commission approves revenue from approved tariff for FY 2023-24 of Rs. 29.98 Crore.

3.52 Revenue (Gap)/Surplus for FY 2023-24

Petitioner's Submission:

Petitioner has compared the revised Aggregate Revenue Requirement against the revised income under various heads including revenue with existing tariff. As part of the review of FY 2023-24 ED-DNH has arrived at Aggregate Revenue Requirement of Rs. 27.58 Cr. Accordingly, total revenue gap of ED-DNH for FY 2023-24 is computed at Rs. 2.40 Crore as depicted in the Table below:

TABLE 3-71 REVENUE GAP/SURPLUS CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Annual Revenue Requirement	32.24	27.58
Revenue from transmission of power	30.23	29.98
Revenue (Gap)/Surplus	(2.01)	2.40
Previous year's (Gap) Surplus carried over	-	4.18
Holding Cost	-	0.86
Net Revenue (Gap)/ Surplus	(2.01)	7.44

Commissions Analysis:

Based on the component-wise approved in aforesaid paragraphs of this Chapter, the Commission has approved overall Net revenue (gap)/surplus at the end of FY 2023-24 as per table below:

TABLE 3-72 REVENUE GAP/SURPLUS APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in APR Order	Submitted by Petitioner	Approved by Commission
Annual Revenue Requirement	32.24	27.58	27.67
Revenue from transmission of power	30.23	29.98	29.98
Revenue (Gap)/Surplus	(2.01)	2.40	2.31
Previous year's (Gap) Surplus carried over	-	4.18	4.18
Holding Cost	-	0.86	0.40
Net Revenue (Gap)/ Surplus	(2.01)	7.44	6.89

The Commission, accordingly, considers the trued-up Revenue Surplus of Rs. 6.89 Crore for FY 2023-24 for determination of tariff for FY 2025-26.

3.53 Consolidated Revenue (Gap)/Surplus at the end of FY 2023-24

The overall consolidated Annual Revenue Requirement for FY 2023-24 for the merged entity is tabulated as under:

TABLE 3-73 CONSOLIDATED NET ARR APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

S. No.	Particulars	DNHDDPCL	ED-DD	ED-DNH	Total
1	Operation & Maintenance Expenses	28.51	39.16	7.54	75.20
2	Depreciation	11.10	13.64	13.10	37.83
3	Interest on Long Term Loans	0.99	0.21	0.99	2.19
4	Interest on Working Capital	1.64	1.67	0.54	3.85
5	Return on Equity	15.28	2.02	8.44	25.75
6	Power Cost Expenses	16.48	-	-	16.48
7	Sharing of Gains/Loss	-	-	-	-
8	Incentive for Transmission Availability	0.79	0.84	0.56	2.20
9	Total	74.78	57.54	31.18	163.50
10	Less: Non-Tariff Income	2.23	2.56	3.51	8.30
11	Aggregate Revenue Requirement	72.55	54.98	27.67	155.20

The overall consolidated revenue (gap)/surplus at the end of FY 2023-24 for the merged entity is tabulated as under:

**TABLE 3-74 CONSOLIDATED REVENUE (GAP)/SURPLUS APPROVED BY THE COMMISSION AT THE END OF
FY 2023-24 (RS. CRORE)**

Particulars	DNHDDPCL	ED-DD	ED-DNH	Total
Net revenue Requirement	72.55	54.98	27.67	155.20
Revenue from Power Transmission	108.38	34.98	29.98	173.34
(Gap)/Surplus	35.83	(20.00)	2.31	18.14
Previous Year (gap)/surplus for FY 2021-22	(56.64)	9.54	-	(47.10)
Carrying Cost on (gap)/surplus for FY 2021-22	(9.91)	1.67	-	(8.24)
Previous Year (gap)/surplus for FY 2022-23	22.39	14.60	4.18	41.17
Holding Cost on (gap)/surplus for FY 2022-23	2.13	1.39	0.40	3.91
Cumulative (Gap)/Surplus at the end of FY 2023-24	(6.21)	7.20	6.89	7.88

The consolidated revenue (gap)/surplus at the end of FY 2023-24 is being carried forward to FY 2025-26.

Chapter 4: Annual Performance Review for FY 2024-25 of (Prior to Merger) DNHDDPCL

SECTION -I APR FOR FY 2024-25 DNHDDPCL (PRIOR TO MERGER)

4.1 Background

The Commission had issued the Order on determination of transmission tariff for FY 2024-25 on June 11, 2024 (hereinafter referred to as the “ARR Order” for the purpose of APR of FY 2024-25). The Annual Performance Review for FY 2024-25 is to be carried out as per the provisions of the JERC MYT Regulations, 2021. Regulation 12.1 of the JERC MYT Tariff Regulations, 2021 states as follows:

“The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.”

Further Regulation 41.2 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 states as follows:

“41.2 The annual Transmission Charges of the Transmission licensee shall be determined by the Commission on the basis of application for determination of Aggregate Revenue Requirement made by Transmission licensee...”

As per Regulation 41.3 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021:

“The Aggregate Revenue Requirement for a Transmission Licensee shall comprise of the following components:

- a) Return on Equity;*
- b) Depreciation;*
- c) Interest and Finance Charges on Loan Capital;*

d) Interest on Working Capital and deposits from Transmission System Users;

e) Operation and maintenance expenses;

f) Income Tax

Less:

g) Income from Open Access Charges, in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended from time to time;

h) Non-Tariff Income;

i) Income from Other Business..."

The Commission has accordingly carried out the Annual Performance Review for FY 2024-25 as per the provisions of JERC MYT Regulations, 2021.

4.2 Approach for Review of FY 2024-25 for DNHDDPCL

The review of the ARR has been done by assessing various cost elements like capital expenditure, O&M expense, Interest on long term loans, depreciation & interest on working capital. The components of ARR have been approved based on the prudence check of the actual information provided by the petitioner & the principles laid down in JERC MYT Regulations, 2021.

4.3 Operation & Maintenance (O&M) Expenses

Petitioner's Submission:

The Petitioner has sought the O&M expenses as shown in the tabled below:

TABLE 4-1 O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in Tariff Order	Revised Estimates
Employee Cost	6.30	6.30
R&M Expenses	12.34	12.95

Particulars	Approved in Tariff Order	Revised Estimates
A&G Expenses	5.42	5.42
O&M Expenses	24.06	24.67

Commission's Analysis:

As per Regulation 42 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021:

“42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

- a) Employee expenses - salaries, wages, pension contribution and other employee costs;*
- b) Administrative and General expenses including insurance charges if any; and*
- c) Repairs and Maintenance expenses.”*

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.”

42.3 O&M expenses for the nth Year of the Control Period shall be approved based on the formula given below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$R\&M_n = K \times GF_{An-1} \times (1 + WPI_{inflation})$$

$$EMP_n = (EMP_{n-1}) \times (1 + G_n) \times (1 + CPI_{inflation})$$

$$A\&G_n = (A\&G_{n-1}) \times (1 + CPI_{inflation})$$

'K' is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPI_{inflation} – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the base Year;

WPI_{inflation} – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three (3) Years before the base Year;

EMP_n – Employee expenses of the Transmission Licensee for the nth Year;

A&G_n – Administrative and General expenses of the Transmission Licensee for the nth Year;

R&M_n – Repair and Maintenance expenses of the Transmission Licensee for the nth Year;

GFA_{n-1} – Gross Fixed Asset of the transmission Licensee for the n-1th Year;

X_n is an efficiency factor for nth Year. Value of X_n shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate;

G_n is a growth factor for the nth Year. Value of G_n shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that in case the Distribution Licensee has been in operation for less than three (3) Years as on the date of effectiveness of these Regulations, O&M Expenses shall be determined on case to case basis.

42.4 Terminal liabilities of employees of Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies.

Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.”

The components comprising of the O&M – employee expenses, R&M expenses and A&G expenses have been discussed separately as follows.

4.4 Employee Expenses

Petitioner’s Submission:

The Petitioner has submitted that the O&M expense is being estimated on the basis of the actual expenditure as being incurred in new restructured scenario in the current financial year. The Petitioner has submitted revised estimates for employee expenses at Rs. 6.30 Crore against Rs. 6.30 Crore as approved by the Commission in its Tariff Order dated 11th June, 2024.

Further, the Petitioner submitted that the employee expenses have been estimated based on the present employee strength of the utility which is 53 nos.

TABLE 4-2 O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in Tariff Order	Revised Estimates
Employee Cost	6.30	6.30

Commission's Analysis:

The employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses. The Commission had approved employee expenses of Rs. 6.30 Crore in the ARR Order. The Petitioner has submitted revised estimates for FY 2024-25 as Rs. 6.30 Crore. In order to compute the O&M expenses for FY 2024-25, the Commission has considered Regulation 6 of the JERC MYT Regulations, 2021 which specifies the following:

"6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts....."

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. The Commission, vide its deficiency note asked the Petitioner to submit the actual employee expenses of FY 2024-25 as the financial year 2024-25 has already come to an end. The Petitioner failed to submit the same, therefore, in absence of actual audited accounts for past three years due its restructuring, the Commission deems fit to consider the

employee cost as projected by the Petitioner after prudent check considering it as a new entity. Therefore, the Commission allows the employee cost for APR purpose for FY 2024-25 as projected by Petitioner.

The following table provides the employee expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-3 EMPLOYEE EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	Employee Expenses	6.30	6.30	6.30

Accordingly, the Commission approves employee expenses of Rs. 6.30 Crore for the APR of FY 2024-25.

4.5 Repair and Maintenance (R&M) Expenses

Petitioner's Submission:

The Petitioner has submitted revised estimates for R&M expenses at Rs. 12.95 Crore against Rs. 12.34 Crore as approved by the Commission in its Tariff Order dated 11th June, 2024, based on the actual expenses incurred during the first six months have been considered to estimate the costs for the remaining six months.

Commission's Analysis:

In order to compute the O&M expenses for FY 2023-24, the Commission has considered Regulation 6 of the JERC MYT Regulations, 2021 which specifies the following:

"6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.....”

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. The Commission, vide its deficiency note asked the Petitioner to submit the actual R&M expenses of FY 2024-25 as the financial year 2024-25 has already come to an end. The Petitioner failed to submit the same, therefore, in absence of actual audited accounts for past three years due its restructuring, the Commission deems fit to consider the R&M expenses as projected by the Petitioner after prudent check considering it as a new entity. Therefore, the Commission allows the R&M expense for APR purpose for FY 2024-25 as projected by Petitioner.

It has been observed that the Petitioner has included an amount of Rs. 0.91 Crore for licensee fee within R&M expenses. However, in accordance with the JERC MYT Regulations, 2021, this amount has been categorized under A&G expenses by the Commission. Consequently, the Rs. 0.91 Crore attributed to licensee fee within R&M expenses has been adjusted during the APR for FY 2024-25, and will now be accounted for under A&G expenses. Following this adjustment, the allowable R&M expenses for FY 2023-24 stand at Rs. 12.04 Crore after deducting this amount from the overall R&M expenses of Rs. 12.95 Crore.

The following table provides the R&M expenses approved by the Commission in the ARR Order, Petitioner’s submission and now approved by the Commission:

TABLE 4-4 R&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	R&M Expenses	12.34	12.95	12.04

Accordingly, the Commission approves R&M expenses of Rs. 12.04 Crore for the APR of FY 2024-25.

4.6 Administrative & General (A&G) Expenses

Petitioner's Submission:

The Petitioner has submitted revised estimates for A&G expenses at Rs. 5.42 Crore against Rs. 5.42 Crore as approved by the Commission in its Tariff Order dated 11th June, 2024, based on the actual expenses incurred during the first six months have been considered to estimate the costs for the remaining six months.

Commission's Analysis:

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc.

Similar to the methodology followed while estimating the Employee Expenses and R&M expenses, the Commission has considered the A&G expenses for FY 2023-24 as projected by Petitioner after prudence check for the APR purpose.

The Commission observed that the Petitioner has included an amount of Rs. 4.28 Crore in the A&G expenses under the other expenses, the Petitioner was asked to submit the detailed break-up vide deficiency note of the same against which the Petitioner has submitted the detailed break-up of the same and the Commission has found it in order.

Furthermore, the Commission has incorporated an additional sum of Rs. 0.91 Crore into A&G expenses, which has been reallocated from R&M expenses, as detailed in the Para 4.6 of this Order. Consequently, the total permissible actual A&G expenses for FY 2023-24 amounts to Rs. 6.33 Crore.

The following table provides the A&G expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-5 A&G EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	A&G Expenses	5.42	5.42	6.33

Accordingly, the Commission approves A&G expenses of Rs. 6.33 Crore for the APR of FY 2024-25.

4.7 Total Operation and Maintenance (O&M) Expenses

The following table provides the O&M expenses approved by the Commission in the ARR Order, Petitioner's submission and O&M expenses now approved by the Commission:

TABLE 4-6 O&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	Employee Expenses	6.30	6.30	6.30
2	R&M Expenses	12.34	12.95	12.04
3	A&G Expenses	5.42	5.42	6.33
4	Total O&M Expenses	24.06	24.67	24.67

Accordingly, the Commission approves O&M expenses of Rs. 24.67 Crore for the APR of FY 2024-25.

4.8 Capital Expenditure and Capitalization

Petitioner's Submission:

The Petitioner has submitted that the capital expenditure and capitalization has been considered as per the ongoing works in the UT and based on the estimated expenditure to be incurred during the FY 2024-25. The details of the capital expenditure schemes proposed to be implemented and put to use during FY 2024-25 are provided in the table below:

TABLE 4-7 CAPITAL EXPENDITURE SCHEME PROPOSED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

S. No.	Name of the Scheme	Capital Expenditure	Capitalisation
1.	Strengthening of Transformer at Wagdhara S/s	3.78	4.28
2.	Strengthening of Transformer at Kala S/s	0.00	0.00
3.	Kharpada to Wagdhara to Dadra 66 KV Line	0.00	0.00
4.	Strengthening and Modification of S/s Equipments at Silli S/s	1.96	2.15
5.	Replacement and Upgradation of Protection Relays at Various S/s	1.88	1.88
6.	Replacement of existing conductor of 66 KV Khadoli-Rakholi CKT-1 and 2 line with high capacity conductor	3.20	3.20
7.	Replacement of existing conductor of 66 KV Kharadpada-Rakholi CKT-3 line with high capacity conductor	2.57	2.57
8.	Replacement of existing conductor with high ampacity conductor and erection of 66 KV tower due to low ground clearance of conductor of existing 66 KV Kharadpada-Masat CKT-1 line	2.70	2.70
9.	Vagchippa to Dadra Multi Circuit line	5.00	5.00
10.	Augmentation of Transformer at Silli S/s	6.22	6.22
11.	Building of Dadra S/s	0.00	0.00
Total		27.31	28.00

The Capital expenditure and capitalization for FY 2024-25 claimed by the petitioner is summarized below:

TABLE 4-8 CAPITAL EXPENDITURE & CAPITALISATION CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission
Capital Expenditure	28.00	27.31
Capitalisation	28.00	28.00

Commission's Analysis:

The Petitioner has claimed capitalization of INR 28.00 Crore for FY 2024-25. In this regard, Commission has asked the Petitioner to provide the schemes capitalized in FY 2024-25. In response to the Query of the Commission, the Petitioner submitted that the capital expenditure claimed for the FY 2024-25 is for miscellaneous

schemes and the same shall be revisited and submitted at the time of truing up for the FY 2024-25.

In the absence of the submission of the actual capitalization done in FY 2024-25, the Commission find it appropriate to allow estimated capital expenditure and capitalization for FY 2024-25 to the tune of Rs. 27.31 Crore and Rs. 28 Crore respectively with the condition that the same shall be subject to truing-up. Accordingly, the Commission approved Capital Expenditure and Capitalization for FY 2024-25 as tabulated under:

TABLE 4-9 CAPEX APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Claimed by Petitioner	Approved by Commission
Capital Expenditure	28.00	27.31	27.31
Strengthening of Transformer at Wagdhara S/s	-	4.28	4.28
Strengthening of Transformer at Kala S/s	-	0.00	0.00
Kharpada to Wagdhara to Dadra 66 KV Line	-	0.00	0.00
Strengthening and Modification of S/s Equipments at Silli S/s	-	2.15	2.15
Replacement and Upgradation of Protection Relays at Various S/s	-	1.88	1.88
Replacement of existing conductor of 66 KV Khadoli-Rakholi CKT-1 and 2 line with high capacity conductor	-	3.20	3.20
Replacement of existing conductor of 66 KV Kharadpada-Rakholi CKT-3 line with high capacity conductor	-	2.57	2.57
Replacement of existing conductor with high ampacity conductor and erection of 66 KV tower due to low ground clearance of conductor of existing 66 KV Kharadpada-Masat CKT-1 line	-	2.70	2.70
Vagchippa to Dadra Multi Circuit line	-	5.00	5.00
Augmentation of Transformer at Silli S/s	-	6.22	6.22
Building of Dadra S/s	-	0.00	0.00

TABLE 4-10 CAPITALIZATION APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Capitalisation	28.00	28.00	28.00
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4.9 Gross Fixed Assets

Petitioner's Submission:

The Petitioner has submitted that it has considered the closing GFA of FY 2023-24 has been considered as Opening GFA of Rs. 366.15 Crore in FY 2024-25, while, based on the revised estimated capitalization, assets amounting to Rs. 28.00 Crore have been estimated to be capitalized during FY 2024-25. A summary of the Opening and Closing GFA and capitalization for FY 2024-25 has been summarized in Table below:

TABLE 4-11 OPENING AND CLOSING GFA CLAIMED BY THE PETITIONER FOR FY 24-25 (RS. CRORE)

Particulars	Opening GFA	Additions during the year	Closing GFA
FY 2024-25	366.15	28.00	394.15

Commission's Analysis:

The Commission has considered the opening GFA for FY 2024-25 same as the closing GFA approved in truing-up of FY 2023-24 and addition during the year has being considered based on the approved capitalization for FY 2024-25 subject to prudence check of the actual capitalization during FY 2024-25 at the time of truing up. The table below provides the details of capitalization and GFA approved by the Commission for the FY 2024-25:

TABLE 4-12 GROSS FIXED ASSETS APPROVED BY THE COMMISSION FOR FY 24-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Opening GFA	370.64	366.15	366.15
Addition during the Year	28.00	28.00	28.00
Closing GFA	398.64	394.15	394.15

4.10 Depreciation

Petitioner's Submission:

The Petitioner has submitted that it has determined the depreciation by applying category-wise depreciation rates notified in the Central Electricity Regulatory

Commission (Terms & Conditions of Tariff) Regulations, 2019 on the opening balance of Gross Fixed assets and average of the addition for FY 2024-25. Accordingly, the depreciation for the FY 2024-25 has been submitted as below:

TABLE 4-13 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission
Opening GFA	370.64	366.15
Addition during the year	28.00	28.00
Closing GFA	398.64	394.15
Average GFA	384.63	380.15
Depreciation during the year	19.68	19.30

Commission's Analysis:

Regulation 31 of the JERC MYT Regulations, 2021 specifies the following:

"31. Depreciation

31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that depreciation shall be re-calculated during truing-up for assets capitalised at the time of truing up of each Year of the Control Period, based on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.

31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.

....." (Emphasis supplied)

Accordingly, depreciation rates have been considered based on CERC (Terms and Conditions of Tariff), 2019.

Further, depreciation for FY 2024-25 has been computed on average Gross Fixed Assets (GFA) after considering the net addition approved for the year.

The following table provides the calculation of depreciation approved by the Commission for FY 2024-25:

TABLE 4-14 DEPRECIATION APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	Depreciation
1	Plant and Machinery	5.28%	278.50	28.00	-	306.50	292.50	15.44
2	Buildings	3.34%	-	-	-	-	-	-

S. No.	Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	Depreciation
3	Furniture & Fixtures	6.33%	29.96	-	-	29.96	29.96	1.00
4	Computers & Others	6.33%	-	-	-	-	-	-
5	Land	0.00%	1.58	-	-	1.58	1.58	0.10
6	Software – Intangible Assets	15.00%	40.02	-	-	40.02	40.02	2.53
Total			366.15	28.00	-	394.15	380.15	19.44

Accordingly, the Commission approved depreciation of Rs. 19.44 Crore for the APR of FY 2024-25.

4.11 Interest and Finance Charges

Petitioner's Submission:

The Petitioner has considered normative debt-equity ratio of 70:30 as per the JERC MYT Regulations, 2021. Further, the Petitioner has considered interest rate of 9.65% to compute the interest on long-term loans similar to the prevailing 1-year SBI MCLR plus 100 basis points. The following table provides the Interest on Loan projected for FY 2024-25.

TABLE 4-15 INTEREST AND FINANCE CHARGES CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission
Opening Loan	2.74	7.15
Loan for additional Capex (70:30 debt equity)	19.60	19.60
Loan Repayment	19.68	19.30
Closing Loan	2.66	7.46
Interest cost on Avg. Loans	0.26	0.70

Commission's Analysis:

The Regulation 29 of the JERC MYT Regulations, 2021 specifies the following:

"29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

Provided further that in case of De-capitalisation or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the decapitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2022, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021, from the gross normative loan.

29.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 31.

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India

(SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

29.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the Year.

29.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.

29.7 The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission Licensee or Distribution Licensee.

....." (Emphasis supplied)

As discussed in para 4.8 of this Order, the Commission has considered capitalisation of Rs. 28.00 Crore for FY 2024-25.

Since, the Petitioner has no actual loans, the rate of interest will be in accordance with the Regulation 29 of the JERC MYT Regulations, 2021 and shall be the 1-year SBI MCLR as on 1st April of the relevant year plus 100 basis points. Accordingly, the latest available 1-year SBI MCLR as on 1st April, 2024 plus 100 basis points (9.65%) has been considered for FY 2024-25.

The closing loan balance in Truing-Up of FY 2023-24 has been considered as the opening loan balance for FY 2024-25. The normative loan addition for FY 2024-25 has been considered as 70% of the capitalization for FY 2024-25, which works out to be Rs. 19.60 Crore. The Interest on Loan has been calculated on the average loan during the year.

The following table provides the Interest on Loan approved by the Commission 2024-25:

TABLE 4-16 INTEREST ON LOAN APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Claimed by Petitioner	Approved by Commission
Opening Normative Loan	2.74	7.15	7.15
Add: Normative Loan during the year	19.60	19.60	19.60
Less: Normative Repayment equal to Depreciation	19.68	19.30	19.44
Closing Normative Loan	2.66	7.46	7.31
Average Normative Loan	2.70	7.30	7.23
Rate of Interest (%)	9.50%	9.65%	9.65%
Interest on Loan	0.26	0.70	0.70

Accordingly, the Commission approves Interest on Loans of Rs. 0.70 Crore for the APR of FY 2024-25.

4.12 Interest on Working Capital

Petitioner's Submission:

The Petitioner has calculated interest on working capital based on the principles outlined in the JERC MYT Regulations, 2021, by considering the below parameters (as in CERC Tariff Regulations, 2019):

- a) Receivables equivalent to 45 days of annual fixed cost;
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses;
- c) Operation and maintenance expenses including security expenses for one month

The Petitioner has considered rate of interest on working capital as 10.65% for FY 2024-25

The following table provides the Interest on Working Capital claimed by the Petitioner for FY 2024-25:

TABLE 4-17 INTEREST ON WORKING CAPITAL CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission
Receivables equivalent to 45 days of Annual Fixed Cost	7.66	7.70
Maintenance spares @15% of operation and maintenance expenses	3.61	3.70
Operation and maintenance expense for one month	2.00	2.06
Total Working Capital	13.27	13.46
Interest on Working Capital	1.39	1.43

Commission's Analysis:

The Regulation 43 of the JERC MYT Regulations, 2021 stipulates as follows:

"...43. Norms of Working Capital for Transmission Licensee

"43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations."

Further, Regulation 34 (C) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 specifies:

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

i. Receivables equivalent to 45 days of annual fixed cost;

ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses

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

The Regulation 32 of the JERC MYT Regulation, 2021 stipulates the following:

“

32.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.

.....” (Emphasis supplied)

In accordance with the JERC MYT Regulation, 2021, the Commission has computed the Working Capital for the FY 2024-25. The interest rate has been considered as 1-year SBI MCLR as on 1st April, 2024 (8.65%) plus 200 basis points.

The following table provides the Interest on Working Capital Approved by the Commission for each year of the control period.

TABLE 4-18 INTEREST ON WORKING CAPITAL APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Claimed By Petitioner	Approved By Commission
Receivables equivalent to 45 days of Annual Fixed Cost	7.66	7.70	7.62

Particulars	Approved in ARR Order	Claimed By Petitioner	Approved By Commission
Maintenance spares @15% of operation and maintenance expenses	3.61	3.70	3.70
Operation and maintenance expense for one month	2.00	2.06	2.06
Total Working Capital Requirement	13.27	13.46	13.38
<i>Rate of Interest (%)</i>	<i>10.50%</i>	<i>10.50%</i>	10.65%
Interest on Working Capital	1.39	1.43	1.42

Accordingly, the Commission approves Interest on Working Capital of Rs. 1.42 Crore for the APR of FY 2024-25.

4.13 Return on Equity

Petitioner's Submission:

The Petitioner has computed the Return on Equity (RoE) in accordance with the JERC MYT Regulations 2021, wherein RoE is computed on 30% of the capital base. The opening equity for FY 2024-25 is considered equivalent to the closing equity for FY 2023-24. Further, equity addition is considered to the tune of 30% of proposed capitalization during the year. The Petitioner has considered a post-tax rate of return on equity of 15.50% as per Regulations 30 (2) of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019.

The following table provides the return on equity proposed by the Petitioner for 2024-25:

TABLE 4-19 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission
Opening Equity	76.09	74.74
Additions on account of new capitalisation	8.40	8.40
Closing Equity	84.49	83.14
Average Equity	80.29	78.94
<i>Rate of Return (%)</i>	<i>15.50%</i>	<i>15.50%</i>
<i>Effective Rate of Corporate Tax (%)</i>	<i>25.63%</i>	<i>25.17%</i>
<i>Effective Return on Equity (%)</i>	<i>20.84%</i>	<i>20.71%</i>

Particulars	Approved in ARR Order	Petitioner Submission
Return on Equity	16.73	16.35

Commission's Analysis:

As per the JERC MYT Regulations, 2021, the return on equity for transmission business shall be governed by CERC Regulations, the relevant excerpt of the aforesaid JERC MYT Regulation, 2021 is stipulated as under:

"28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system."

The Regulation 30 and 31 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "CERC Tariff Regulations, 2019"), stipulates the following:

"...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 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 the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of

interest on actual loan portfolio of the generating station or the transmission system;

....

....31. Tax on Return on Equity. (1) The base 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. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

... ” (Emphasis supplied)

Accordingly, the Commission has considered a rate of return on equity of 15.50%. The opening equity for FY 2024-25 has been considered equal to the closing equity approved in truing-up of FY 2023-24.

The normative equity addition during FY 2024-25 has been considered as 30% of the capitalization for FY 2024-25 i.e., Rs. 28.00 Crore, which works out to be Rs. 8.40 Crore, the Commission has approved Return on Equity by grossing up with effective tax rate of 25.17%.

The following table provides the return on equity approved for 2024-25:

TABLE 4-20 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Claimed By Petitioner	Approved by Commission
Opening Equity	76.09	74.74	74.74
Equity Addition	8.40	8.40	8.40

Particulars	Approved in ARR Order	Claimed By Petitioner	Approved by Commission
Closing Equity	84.49	83.14	83.14
Average Equity	80.29	78.94	78.94
Return on Equity (%)	15.50%	15.50%	15.50%
Effective rate of Corporate Tax (%)	25.63%	25.17%	25.17%
Effective return on Equity (%)	20.84%	20.71%	20.71%
Total Return on Equity	16.73	16.35	16.35

The Commission accordingly, approves the return on Equity of Rs. 16.35 Crore for the APR of FY 2024-25.

4.14 Non-Tariff Income

Petitioner's Submission:

The Petitioner has proposed the Non-Tariff income of Rs. 0.78 Crore for FY 2024-25 considering supervision charges, tender fees, lease income etc. also submitted, one-time income like provision written back has not been considered to estimate the non-tariff income for FY 2024-25.

Commission's Analysis:

The Regulation 44 of the JERC MYT Regulations, 2021 stipulates the following:

"44. Non-Tariff Income

44.1 The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

44.2 The Non-Tariff Income shall inter-alia include:

a) Income from rent of land or buildings;

- b) Income from sale of scrap in excess of the 10% of the salvage value;*
 - c) Income from statutory investments;*
 - d) Interest on advances to suppliers/contractors;*
 - e) Rental from staff quarters;*
 - f) Rental from contractors;*
 - g) Income from hire charges from contractors and others.*
 - h) Income from advertisements, etc.;*
 - i) Miscellaneous receipts like parallel operation charges;*
 - j) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
 - k) Excess found on physical verification;*
 - l) Interest on investments, fixed and call deposits and bank balances;*
 - m) Prior period income, etc.:*
- Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Licensed Business of the Transmission Licensee shall not be included in Non-Tariff Income."*

The Commission approves the same as proposed by the Petitioner subject to true-up.

The following table provides the Non-Tariff Income approved by the Commission for FY 2024-25:

TABLE 4-21 NON-TARIFF INCOME APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Non-Tariff Income	0.00	0.78	0.78

Accordingly, the Commission approves the Non-Tariff Income of Rs. 0.78 Crore for the APR of FY 2024-25.

4.15 Annual Revenue Requirement for the FY 2024-25

Petitioner's Submission:

Based on the expenses as detailed above, the Petitioner submitted the net aggregate revenue requirement for FY 2024-25 as shown in the following table:

TABLE 4-22 ANNUAL REVENUE REQUIREMENT CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission
O&M Expense	24.06	24.67
Depreciation	19.68	19.30
Interest cost on long-term capital Loans	0.26	0.70
Interest on Working Capital Loans	1.39	1.43
Return on Equity	16.73	16.35
Income Tax	-	-
Total	62.12	62.45
Less: Non-Tariff Income	0.78	0.78
Annual Revenue Requirement	61.34	61.67

Commission's Analysis:

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above, the net revenue requirement for FY 2023-24 is approved by the Commission as provided in the following table:

TABLE 4-23 ANNUAL REVENUE REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
O&M Expense	24.06	24.67	24.67
Depreciation	19.68	19.30	19.44
Interest cost on long-term capital Loans	0.26	0.70	0.70
Interest on Working Capital Loans	1.39	1.43	1.42
Return on Equity	16.73	16.35	16.35
Power Cost Expense	-	-	-
Total	62.12	62.45	62.59
Less: Non-Tariff Income	0.78	0.78	0.78
Annual Revenue Requirement	61.34	61.67	61.81

The Commission approves net ARR of Rs. 61.81 Crore for FY 2024-25.

4.16 Revenue (Gap)/Surplus for FY 2024-25

Petitioner's Submission:

The Petitioner has submitted the total revenue gap at the end of FY 2024-25 by taking into account the revenue gap arrived at after truing up of FY 2023-24 of Rs. 27.50 Crore.

TABLE 4-24 REVENUE GAP/SURPLUS CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved (11 th June, 2024)	Petitioner Submission
Annual Revenue Requirement	61.34	61.67
Revenue from transmission of power	-	34.17
Revenue (Gap)/Surplus	(61.34)	(27.50)
Previous year's (Gap) Surplus carried over	22.39	-
Holding Cost	4.25	-
Net Revenue (Gap)/ Surplus	(34.70)	(27.50)

Commissions Analysis:

On the basis of the ARR approved as shown above in this Chapter and estimated revenue as proposed by the Petitioner and approved by the Commission, the standalone (gap)/surplus for FY 2024-25 is approved by the Commission as provided in the following table. In addition, the Commission has also considered the Order issued dated 10th December'2024 on the review Petition filed by the Petitioner to reassess the net revenue requirement for FY 2024-25.

TABLE 4-25 REVENUE GAP/SURPLUS APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Annual Revenue Requirement	61.34	61.67	61.81
Revenue from transmission of power	-	34.17	34.17
Revenue (Gap)/Surplus	61.34	(27.50)	(27.64)

As per Regulation 12.5 of the JERC (MYT Tariff) Regulations, 2021, the (gap)/surplus of the trued-up year only shall be carried forward in the tariff for the year for which tariff is to be determined. The relevant excerpt of the aforesaid regulation is stipulated as under:

12.5 Upon completion of the exercise, the Commission shall pass an order recording:

a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 14 of these Regulations:

Thus, in accordance with above clause, the Commission has not considered the (gap)/surplus for the APR of FY 2024-25 to be carried forward in the ARR of FY 2025-26.

SECTION -II APR FOR FY 2024-25 ED- DAMAN & DIU (PRIOR TO MERGER)

4.17 Background

The Commission had issued the Order on determination of transmission tariff for FY 2024-25 on June 10, 2024 (hereinafter referred to as the “ARR Order” for the purpose of APR of FY 2024-25). The Annual Performance Review for FY 2024-25 is to be carried out as per the provisions of the JERC MYT Regulations, 2021. Regulation 12.1 of the JERC MYT Tariff Regulations, 2021 states as follows:

“The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.”

Further Regulation 41.2 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 states as follows:

“41.2 The annual Transmission Charges of the Transmission licensee shall be determined by the Commission on the basis of application for determination of Aggregate Revenue Requirement made by Transmission licensee...”

As per Regulation 41.3 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021:

“The Aggregate Revenue Requirement for a Transmission Licensee shall comprise of the following components:

- a) Return on Equity;*
- b) Depreciation;*
- c) Interest and Finance Charges on Loan Capital;*
- d) Interest on Working Capital and deposits from Transmission System Users;*
- e) Operation and maintenance expenses;*

f) Income Tax

Less:

g) Income from Open Access Charges, in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended from time to time;

h) Non-Tariff Income;

i) Income from Other Business..."

The Commission has accordingly carried out the Annual Performance Review for FY 2024-25 as per the provisions of JERC MYT Regulations, 2021.

4.18 Approach for Review of FY 2024-25 for ED-Daman & Diu

The review of the ARR has been done by assessing various cost elements like capital expenditure, O&M expense, Interest on long term loans, depreciation & interest on working capital. The components of ARR have been approved based on the prudence check of the actual information provided by the petitioner & the principles laid down in JERC MYT Regulations, 2021.

4.19 Operation and Maintenance Expenses

Petitioner's Submission:

The Petitioner has sought the O&M expenses as shown in the tabled below:

TABLE 4-26 O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Revised Estimates
Employee Cost	8.23	5.40
R&M Expenses	17.28	23.98
A&G Expenses	10.96	18.51
O&M Expenses	36.47	47.88

Commission's Analysis:

As per Regulation 42 of the JERC (Generation, Transmission & Distribution MYT) Regulations, 2021:

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

- a) Employee expenses - salaries, wages, pension contribution and other employee costs;*
- b) Administrative and General expenses including insurance charges if any; and*
- c) Repairs and Maintenance expenses.*

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

The components comprising of the O&M – employee expenses, R&M expenses and A&G expenses have been discussed separately as follows.

4.20 Employee Expenses

Petitioner's Submission:

The Petitioner has incurred actual Employee Expense to the tune of Rs. 5.40 Crore against the approved expenses of Rs. 8.23 Crore in the APR Order.

TABLE 4-27 O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Revised Estimates
Employee Cost	8.23	5.40

Particulars	Approved in ARR Order	Revised Estimates
R&M	17.28	23.98
A&G	10.96	18.51
O&M Expense	36.47	47.88

Commission's Analysis:

In order to compute the O&M expenses for FY 2024-25, the Commission has considered Regulation 6 of the JERC MYT Regulations, 2021 which specifies the following:

"6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts....."

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. The Commission, vide its deficiency note asked the Petitioner to submit the actual employee expenses of FY 2024-25 as the financial year 2024-25 has already come to an end. The Petitioner failed to submit the same, therefore, in absence of actual audited accounts for past three years due its restructuring, the Commission deems fit to consider the employee cost as projected by the Petitioner after prudent check considering it as a new entity. Therefore, the Commission allows the employee cost for APR purpose for FY 2024-25 as projected by Petitioner.

The following table provides the employee expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-28 EMPLOYEE EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	Employee Expenses	8.23	5.40	5.40

Accordingly, the Commission approves employee expenses of Rs. 5.40 Crore for the APR of FY 2024-25.

4.21 Repair & Maintenance (R&M) Expenses

Petitioner's Submission:

The Petitioner has incurred actual R&M Expense to the tune of Rs. 23.98 Crore against the approved expenses of Rs. 17.28 Crore in the APR Order. The Petitioner has submitted that major component due to which the R&M expenses have increased is O&M expenses of all sub-station, security expenses.

Commission's Analysis:

As per the approach and methodology adopted while allowing employee expenses in earlier section, the Commission has considered Regulation 42.2 and 42.6 of the JERC MYT Regulations, 2021 for allowing R&M expenses which specifies the following:

"42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

Therefore, in lieu of above, the Commission has considered the actual R&M expenses for FY 2024-25 to be allowed for APR. Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. However, in absence of actual audited accounts for past three years due its restructuring, the Commission finds it deem fit to consider the employee cost as projected by the Petitioner considering it as a new entity. Therefore, the Commission allows the R&M expenses for APR purpose for FY 2024-25 as projected by Petitioner.

The following table provides the R&M expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-29 R&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	R&M Expenses	17.28	23.98	23.98

Accordingly, the Commission approves R&M expenses of Rs. 23.98 Crore for the APR of FY 2024-25.

4.22 Administrative and General (A&G) Expenses

Petitioner's Submission:

The Petitioner has incurred actual A&G Expense to the tune of Rs. 18.51 Crore against the approved expenses of Rs. 10.96 Crore in the APR Order.

Commission's Analysis:

The Commission has noted that the Petitioner has included an amount of ₹8.83 Crore under the A&G head towards celebration expenses. It is important to highlight that such expenses are discretionary in nature and not directly linked to the core

functions of power transmission. In line with established regulatory principles, only those expenses that are prudent, necessary, and directly attributable to the utility's operational efficiency are permissible under the A&G head within the ARR framework. As celebration-related costs do not enhance service delivery or provide tangible consumer benefits, their inclusion in the tariff is not justifiable and is therefore disallowed. Any such expenses not attributable to the core business and/or not causing enhancement in the operational efficiency of the utility maybe met by the Petitioner under CSR from its own profit.

Based on the methodology adopted by the Commission in approving the Employee Expenses and R&M Expenses for FY 2024-25 in the previous sections, the following table provides the A&G expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 4-30 A&G EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
A&G Expenses	10.96	18.51	9.68

The Commission approves A&G Expenses of Rs. 9.68 Crore for FY 2024-25.

4.23 Total Operation & Maintenance (O&M) Expenses

The following table provides the O&M Expenses, as approved by the Commission in the APR Order, Petitioner's Submission, and O&M Expenses trued-up by Commission:

TABLE 4-31 TOTAL O&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Employee Expenses	8.23	5.40	5.40
R&M Expenses	17.28	23.98	23.98
A&G Expenses	10.96	18.51	9.68
Total O&M Expenses	36.47	47.88	39.05

4.24 Capital Expenditure & Capitalization

Petitioner's Submission:

The Petitioner has incurred actual capitalization to the tune of Rs. 9.00 Crore during the FY 2024-25, as against Rs. 84.45 Crore approved by the Commission in its APR Order dated 11th June, 2024. The capital expenditure & capitalization incurred for FY 2024-25 is shown below:

TABLE 4-32 CAPITAL EXPENDITURE & CAPATILIZATION CLAIMED BY THE PETITIONER FOR FY 2024-25

(RS. CRORE)

Particulars	Approved in ARR Order	Actual
Capital Expenditure	129.92	9.00
Capitalisation	84.45	9.00

Commission's Analysis:

The Petitioner has claimed capitalization of INR 9.00 Crore for FY 2024-25. In this regard, Commission has asked the Petitioner to provide the schemes capitalized in FY 2024-25.

In the absence of the submission of the actual capitalization done in FY 2024-25, the Commission find it appropriate to allow estimated capital expenditure and capitalization for FY 2024-25 to the tune of Rs. 9.00 Crore with the condition that the same shall be subject to truing-up. Accordingly, the Commission approved Capital Expenditure and Capitalization for FY 2024-25 as tabulated under:

TABLE 4-33 CAPITAL EXPENDITURE & CAPATILIZATION APPROVED BY THE COMMISSION FOR FY 2024-

25 (RS. CRORE)

Particulars	Approved in ARR Order	Approved by Commission
Capital Expenditure	129.92	9.00
Capitalisation	84.45	9.00

4.25 Depreciation

Petitioner's Submission:

The Petitioner has submitted that the depreciation has been worked out after applying the depreciation rates, as per the JERC (Multi Year Distribution Tariff) Regulations, 2021. For computation of depreciation, Petitioner has considered the opening balance of the GFA for FY 2024-25 as per the audited annual accounts and subsequently added the assets capitalized during FY 2024-25. The same has been tabled below:

TABLE 4-34 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Actual
Opening GFA	358.96	356.58
Addition during the year	84.45	9.00
Disinvestment during the year	-	-
Closing GFA	443.41	365.58
Average GFA	401.19	361.08
Depreciation during the year	13.99	17.52

Further, Petitioner requested to approve the actual depreciation of Rs. 17.52 Crores.

Commission's Analysis:

As per Regulation 31 of the JERC (Generation, Transmission & Distribution Multi Year Tariff) Regulations, 2021:

"31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) percent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

.....

"31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system."

The Commission has considered the opening balance of GFA for FY 2024-25 as closing balance approved in FY 2023-24 truing-up. Accordingly, the Commission has considered and applied the depreciation rates as specified in the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24. The Commission, after verification of the asset class wise fixed asset addition in the books of accounts, has arrived at the depreciation values as follows:

TABLE 4-35 DEPRECIATION APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Claimed by Petitioner	Approved by Commission
Opening GFA	358.96	356.58	248.62
Addition during the Year	84.45	9.00	9.00

Particulars	Approved in ARR Order	Claimed by Petitioner	Approved by Commission
Disposal during the year	-	-	-
Closing GFA	443.41	365.58	257.62
Average GFA	401.19	361.08	253.12
<i>Depreciation Rate (%)</i>			<i>5.50%</i>
Depreciation	13.99	17.52	13.92

Accordingly, the Commission approves Depreciation of Rs. 13.92 Crore for the APR of FY 2024-25.

4.26 Interest and Finance Charges

The Petitioner has considered the opening loan balance for FY 2024-25 as approved by the Commission in its Tariff Order dated 10th June, 2024. The normative loan addition in FY 2024-25 has been computed as 70% of the capitalization FY 2024-25. The repayment of loans has been considered equal to the depreciation during FY 2024-25.

Further, the Petitioner has considered the rate of interest of 9.65 % (Using State Bank of India Prime Lending Rate (SBI PLR) as on 01.04.2024 plus 100 basis points). Accordingly, the interest and finance charges submitted by the Petitioner as shown in the table below:

TABLE 4-36 INTEREST AND FINANCE CHARGES CLAIMED BY THE PETITIONER (RS. CRORE)

Particulars	Approved in ARR Order	Actual
Opening Loan	5.40	0.13
Loan for additional Capex (70:30 debt equity)	59.11	6.30
Loan Repayment	13.99	17.52
Closing Loan	50.53	(11.10)
Interest cost on Avg. Loans	2.66	0.00

Commission's Analysis:

The Commission has approved the closing balance of normative loan of Rs. 0.13 Crore in its truing-up for FY 2023-24, as opening balance of loan for FY 2024-25. Addition to loan during the year is considered at 70% of net value of assets added during the year and repayment is considered equal to the depreciation for the year.

As per Regulation 29.4 of the JERC (MYT) Regulations, 2021, in case there is no actual loan portfolio for the licensee, the rate of interest shall be equal to the SBI MCLR as on 1st April of the relevant financial year plus 100 basis points. The relevant excerpt of the aforesaid regulation is stipulated as under:

"29 Interest on Loan

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

..."

As there is no actual loan borrowed by the Petitioner, thus, in line with the fourth proviso of Regulation 29.4 of the JERC (MYT) Regulations, 2021, the Commission has considered the rate of interest of 9.65 % (Using SBI MCLR as on 01.04.2023 plus 100 basis points).

The following table provides the Interest on Loan, approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 4-37 INTEREST ON LOAN APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Claimed by Petitioner	Approved by Commission
Opening Normative Loan	5.40	0.13	0.14
Addition of Loan due to Capitalization	59.11	6.30	6.30
Repayment of Loan	13.99	17.52	13.92
Closing Normative Loan	50.53	(11.10)	-
Average	27.96		0.07
Rate of Interest (%)	9.50	9.65	9.65
Interest Expenses	2.66	0.00	0.01

Accordingly, the Commission approves Interest on Loans as Rs. 0.01 Crore for the ARR of FY 2024-25.

4.27 Return on Equity

Petitioner's Submission:

The Petitioner has computed the Return on Equity (RoE) in accordance with the JERC MYT Regulations 2021, wherein RoE is computed on 30% of the capital base. The opening equity for FY 2024-25 is considered equivalent to the closing equity for FY 2023-24. Further, equity addition is considered to the tune of 30% of proposed capitalization during the year. The Petitioner has considered a post-tax rate of return on equity of 15.50% as per Regulations 30 (2) of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019.

The following table provides the return on equity proposed by the Petitioner for 2024-25:

TABLE 4-38 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Actual
Opening Equity	16.35	15.09
Equity Addition	25.33	2.70
Closing Equity	41.68	17.79
Average Equity	29.02	16.44
Rate of Return (%)	15.50%	15.50%
Return on Capital Base	4.50	2.55

Commission's Analysis:

As per the JERC MYT Regulations, 2021, the return on equity for transmission business shall be governed by CERC Regulations, the relevant excerpt of the aforesaid JERC MYT Regulation, 2021 is stipulated as under:

"28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system."

The Regulation 30 and 31 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "CERC Tariff Regulations, 2019"), stipulates the following:

"...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 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 the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

....

....31. Tax on Return on Equity. (1) The base 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. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

... ” (Emphasis supplied)

Accordingly, the Commission has considered a rate of return on equity of 15.50%. The opening equity for FY 2024-25 has been considered equal to the closing equity approved in truing-up of FY 2023-24.

The normative equity addition during FY 2024-25 has been considered as 30% of the capitalization for FY 2024-25 i.e., Rs. 9.00 Crore, which works out to be Rs. 2.70 Crore.

The following table provides the return on equity approved for 2024-25:

TABLE 4-39 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Claimed By Petitioner	Approved by Commission
Opening Equity	16.35	15.09	15.09
Equity Addition	25.33	2.70	2.70
Closing Equity	41.68	17.79	17.79
Average Equity	29.02	16.44	16.44
Return on Equity (%)	15.50%	15.50%	15.50%
Total Return on Equity	4.50	2.55	2.55

The Commission accordingly, approves the return on Equity of Rs. 2.55 Crore for the APR of FY 2024-25.

4.28 Interest on Working Capital

Petitioner's Submission:

The Petitioner has submitted the computation of interest on working capital based on the principles outlined in the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, by considering the below parameters:

- a) Receivables equivalent to 45 days of annual fixed cost.
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses.
- c) Operation and maintenance expenses, including security expenses for one month.

The Petitioner has considered rate of interest on working capital as 10.65 % (SBI Base Rate plus 200 basis points).

TABLE 4-40 INTEREST ON WORKING CAPITAL CLAIMED BY THE PETITIONER (Rs. Crore)

Particulars	Approved in ARR Order	Petitioner Submission
Receivables equivalent to 45 days of Annual Fixed Cost	7.31	8.69
Maintenance spares @15% of operation and maintenance expenses	5.47	7.18

Particulars	Approved in ARR Order	Petitioner Submission
Operation and maintenance expense for one month	3.04	3.99
Total Working Capital	15.82	19.87
Interest on Working Capital	1.66	2.12

Commission's Analysis:

The Commission has computed the working capital requirement as specified in Regulation 43 JERC (MYT) Regulations, 2021.

Regulation 43.1 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest on working capital calculation:

"43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations.

Further, Regulation 34 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24 specifies:

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

.....

(c) Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:

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

Regulation 32 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest rate to be considered on working capital calculation:

"32. Interest on Working Capital

32.1 The norms for working capital for Transmission Licensee shall be as specified in Chapter 5 of these Regulations.

32.2 The norms for working capital for Distribution Wires Business and Retail Supply Business shall be as specified in Chapter 6 and Chapter 7 of these Regulations.

32.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points."

Accordingly, the Commission has computed the working capital requirement for the Petitioner for FY 2024-25. The interest on working capital has been computed considering the interest rate as SBI MCLR on April 1, 2023 plus 200 basis points-10.50%.

Based on the O&M expenses and other expenses now approved, the working capital and interest thereon calculated is detailed in the table below:

TABLE 4-41 INTEREST ON WORKING CAPITAL APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Petitioner Submission	Approved by Commission
Receivables equivalent to 45 days of Annual Fixed Cost	7.31	8.69	6.98
Maintenance spares @15% of operation and maintenance expenses	5.47	7.18	5.86
Operation and maintenance expense for one month	3.04	3.99	3.25
Total Working Capital	15.82	19.87	16.09
Interest rate	10.65%	10.65%	10.65%
Interest on Working Capital	1.66	2.12	1.71

Accordingly, the Commission approves the interest on working capital of Rs. 1.71 Crore for APR of FY 2024-25.

4.29 Non-Tariff Income

Petitioner's Submission:

The Petitioner has proposed the Non-Tariff income of Rs. 0.63 Crore for FY 2024-25 considering supervision charges, tender fees, lease income etc. also submitted, one-time income like provision written back has not been considered to estimate the non-tariff income for FY 2024-25.

TABLE 4-42 NON-TARIFF INCOME CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Claimed By Petitioner
Non-Tariff Income	0.63	0.63

Commission's Analysis:

The Regulation 44 of the JERC MYT Regulations, 2021 stipulates the following:

"44. Non-Tariff Income

44.1 The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate

Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

44.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of the 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contractors and others.*
- h) Income from advertisements, etc.;*
- i) Miscellaneous receipts like parallel operation charges;*
- j) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
- k) Excess found on physical verification;*
- l) Interest on investments, fixed and call deposits and bank balances;*
- m) Prior period income, etc.:*

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Licensed Business of the Transmission Licensee shall not be included in Non-Tariff Income.”

The Commission also approves the claim of the Petitioner, which shall be trued-up on actual basis at the time of processing of True-Up Petition for the corresponding financial year.

The following table provides the Non-Tariff Income approved by the Commission for FY 2024-25:

TABLE 4-43 NON-TARIFF INCOME APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Non-Tariff Income	0.63	0.63	0.63

Accordingly, the Commission approves the Non-Tariff Income of Rs. 0.63 Crore for the APR of FY 2024-25.

4.30 Annual Revenue Requirement for FY 2024-25

Based on the expenses as detailed above, the Petitioner submitted the net aggregate revenue requirement for FY 2024-25 as shown in the following table:

TABLE 4-44 ANNUAL REVENUE REQUIREMENT CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Actual
O&M Expense	36.47	47.88
Depreciation	13.99	17.52
Interest cost on long-term capital Loans	2.66	0.00
Interest on Working Capital Loans	1.66	2.12
Return on Equity	4.50	2.55
Total	59.28	70.08
Less: Non-Tariff Income	0.63	0.63
Net ARR	58.65	69.45

Petitioner requested to approve the ARR submitted herein above.

Commission's Analysis:

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above, the net revenue requirement for FY 2024-25 is approved by the Commission as provided in the following table:

TABLE 4-45 ANNUAL REVENUE REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission	Approved by Commission
O&M Expense	36.47	47.88	39.05
Depreciation	13.99	17.52	13.92
Interest cost on long-term capital Loans	2.66	-	0.01
Interest on Working Capital Loans	1.66	2.12	1.71
Return on Equity	4.50	2.55	2.55
Income Tax	-	-	-
Total	59.28	70.08	57.24
Less: Non-Tariff Income	0.63	0.63	0.63
Net ARR	58.65	69.45	56.61

The Commission approves net Aggregate Revenue Requirement of Rs. 56.61 Crore in the APR of FY 2024-25.

4.31 Revenue from Existing Tariff

Petitioner's Submission:

The Petitioner has submitted that it has estimated the revenue for FY 2024-25 based on the six month actual revenue at the exiting tariff and the estimated revenue for the remaining six months.

TABLE 4-46 REVENUE CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Actual
Revenue from transmission of power	-	41.27

Commission's Analysis:

The Commission has considered the revenue from transmission business as submitted by the Petitioner for the APR of FY 2024-25.

TABLE 4-47 REVENUE APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Revenue from Transmission of power	-	41.27	41.27

4.32 Revenue (Gap)/Surplus for FY 2024-25

Petitioner's Submission:

The Petitioner has submitted the total revenue gap at the end of FY 2024-25 by taking into account the revenue gap arrived at after truing up of FY 2023-24 for Rs. 28.18 Crore.

TABLE 4-48 REVENUE GAP/SURPLUS CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission
Annual Revenue Requirement	58.65	69.45
Revenue from transmission of power	-	41.27
Revenue (Gap)/Surplus	(58.65)	(28.18)
Previous year's (Gap) Surplus carried over	14.60	-
Holding Cost	2.77	-
Net Revenue (Gap)/ Surplus	(41.28)	(28.18)

Commissions Analysis:

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above in this chapter and revenue approved as shown above, the standalone (gap)/surplus for FY 2024-25 is approved by the Commission as provided in the following table:

TABLE 4-49 REVENUE GAP/SURPLUS APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Annual Revenue Requirement	58.65	69.45	56.61
Revenue from transmission of power	-	41.27	41.27
Revenue (Gap)/Surplus	(58.65)	(28.18)	(15.34)

As per Regulation 12.5 of the JERC (MYT Tariff) Regulations, 2021, the (gap)/surplus of the trued-up year only shall be carried forward in the tariff for the year for which tariff is to be determined. The relevant excerpt of the aforesaid regulation is stipulated as under:

12.5 Upon completion of the exercise, the Commission shall pass an order recording:

a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 14 of these Regulations:

Thus, in accordance with above clause, the Commission has not considered the (gap)/surplus for the APR of FY 2024-25 to be carried forward in the ARR of FY 2025-26.

SECTION -III APR FOR FY 2024-25 ED-DNH (PRIOR TO MERGER)

4.33 Background

The Commission had issued the Order on determination of transmission tariff for FY 2024-25 on June 11, 2024 (hereinafter referred to as the “ARR Order” for the purpose of APR of FY 2024-25). The Annual Performance Review for FY 2024-25 is to be carried out as per the provisions of the JERC MYT Regulations, 2021. Regulation 12.1 of the JERC MYT Tariff Regulations, 2021 states as follows:

“The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.”

Further Regulation 41.2 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 states as follows:

“41.2 The annual Transmission Charges of the Transmission licensee shall be determined by the Commission on the basis of application for determination of Aggregate Revenue Requirement made by Transmission licensee...”

As per Regulation 41.3 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021:

“The Aggregate Revenue Requirement for a Transmission Licensee shall comprise of the following components:

- a) Return on Equity;*
- b) Depreciation;*
- c) Interest and Finance Charges on Loan Capital;*
- d) Interest on Working Capital and deposits from Transmission System Users;*
- e) Operation and maintenance expenses;*
- f) Income Tax*

Less:

g) Income from Open Access Charges, in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended from time to time;

h) Non-Tariff Income;

i) Income from Other Business...”

The Commission has accordingly carried out the Annual Performance Review for FY 2024-25 as per the provisions of JERC MYT Regulations, 2021.

4.34 Approach for Review of FY 2024-25 for ED-DNH

The review of the ARR has been done by assessing various cost elements like capital expenditure, O&M expense, Interest on long term loans, depreciation & interest on working capital. The components of ARR have been approved based on the prudence check of the actual information provided by the petitioner & the principles laid down in JERC MYT Regulations, 2021.

4.35 Operation and Maintenance Expenses

Petitioner's Submission:

The Petitioner has sought the O&M expenses as shown in the tabled below:

TABLE 4-50 O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Revised Estimates
Employee Cost	4.93	3.60
R&M Expenses	2.93	3.60
A&G Expenses	2.26	1.45
O&M Expenses	10.12	8.65

Commission's Analysis:

As per Regulation 42 of the JERC (Generation, Transmission & Distribution MYT) Regulations, 2021:

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

- a) Employee expenses - salaries, wages, pension contribution and other employee costs;*
- b) Administrative and General expenses including insurance charges if any; and*
- c) Repairs and Maintenance expenses.*

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

The components comprising of the O&M – employee expenses, R&M expenses and A&G expenses have been discussed separately as follows.

4.36 Employee Expenses

Petitioner's Submission:

The Petitioner has incurred actual Employee Expense to the tune of Rs. 3.60 Crore against the approved expenses of Rs. 2.77 Crore in the APR Order.

TABLE 4-51 O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Revised Estimates
Employee Cost	2.77	3.60

Commission's Analysis:

In order to compute the O&M expenses for FY 2024-25, the Commission has considered Regulation 6 of the JERC MYT Regulations, 2021 which specifies the following:

"6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts....."

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. As the Commission in this Order has carried out the truing up for FY 2023-24 based on the audited accounts, the Commission has considered the trued-up expenses for FY 2023-24 as base expenses and applied the Average Increase in CPI Indices over 3 Years preceding FY 2024-25 for approving the revised trajectory of employee expenses FY 2024-25.

The following table provides the employee expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-52 EMPLOYEE EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	Employee Expenses for the previous year (EMPn-1)	2.63	-	3.38

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
2	Growth in number of employees (Gn)	0.00%	-	0.00%
3	CPI Inflation	5.40%	-	3.38%
4	Employee Expenses (EMPn)= (EMPn-1) x (1+Gn) x (1+CPI inflation)	2.77	-	3.49
5	Total Employee Expenses	2.77	3.60	3.49

Accordingly, the Commission approves employee expenses of Rs. 3.49 Crore for the APR of FY 2024-25.

4.37 Repair & Maintenance (R&M) Expenses

Petitioner's Submission:

The Petitioner has incurred actual R&M Expense to the tune of Rs. 3.60 Crore against the approved expenses of Rs. 3.09 Crore in the ARR Order. The Petitioner has submitted that major component due to which the R&M expenses have increased is O&M expenses of all sub-station, security expenses.

Commission's Analysis:

Regulation 42.3 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 states as shown below:

“.....

‘K’ is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee’s filing, bench marking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

.....”

As provided in clause 42.3 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 the Commissions has approved the value of 'K' factor as 0.95% in its MYT Order for FY 2024-25.

The 'K' factor multiplied with the GFA approved for opening GFA of the Year. The resultant amount is then escalated by Average Increase in CPI Indices over 3 Years preceding FY 2024-25 to arrive upon the R&M Expenses for FY 2024-25.

The following table provides the R&M expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-53 R&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	K-Factor	1.33%	-	0.95%
2	GFA _n -1 (Opening GFA)	301.04	-	301.51
3	WPI Inflation (%)	7.90%	-	2.27%
4	R&M Expenses	3.09	3.60	2.93

Accordingly, the Commission approves R&M expenses of Rs. 2.93 Crore for the APR of FY 2024-25.

4.38 Administrative and General (A&G) Expenses

Petitioner's Submission:

The Petitioner has incurred actual A&G Expense to the tune of Rs. 1.45 Crore against the approved expenses of Rs. 1.31 Crore in the ARR Order.

Commission's Analysis:

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc. The Commission has determined A&G expenses for FY 2024-25 by escalating trued-up A&G expenses for FY 2023-24 by average CPI Inflation for (FY 2021-22 to FY 2023-24).

Similar to the methodology followed while estimating the Employee Expenses, the Commission has considered the trued-up A&G expenses for FY 2023-24 as Base Year expenses and escalated the same with Average Increase in CPI Indices over 3 Years preceding FY 2024-25 for approving the revised trajectory of A&G expenses for FY 2024-25.

The following table provides the A&G expenses approved by the Commission in the ARR Order, Petitioner's submission and revised estimates now approved by the Commission:

TABLE 4-54 A&G EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
1	A&G Expenses for the previous year (A&Gn-1)	1.24	-	1.33
2	CPI Inflation	5.40%	-	3.38%
3	A&G Expenses	1.31	1.45	1.37

4.39 Total Operation & Maintenance (O&M) Expenses

The following table provides the O&M Expenses, as approved by the Commission in the ARR Order, Petitioner's Submission, and O&M Expenses approved by Commission:

TABLE 4-55 TOTAL O&M EXPENSES APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Employee Expenses	2.77	3.60	3.49
R&M Expenses	3.09	3.60	2.93
A&G Expenses	1.31	1.45	1.37
Total O&M Expenses	7.17	8.65	7.79

4.40 Capital Expenditure & Capitalization

Petitioner's Submission:

The Petitioner has considered capitalization to the tune of Rs. 0.48 Crore during the FY 2024-25, as against Rs. 1.64 Crore approved by the Commission in its ARR Order

dated 10th June, 2024. The details of capital expenditure schemes proposed to be implemented and put to use during FY 2024-25 are provided in table below:

TABLE 4-56 CAPITAL EXPENDITURE & CAPATILIZATION CLAIMED BY THE PETITIONER FOR FY 2024-25

(RS. CRORE)

S.No.	Name of Scheme	Total Estimated	2024-25
1	Augmentation of 220/66KV Vaghchipa sub-station from 2x160 MVA to 3x160 MVA with associated 220KV bay and 66 KV Bay in the UT of DNH and DD.	30.33	7.00
2	Supply Erection and testing and commissioning of HVW & Fire hydrant system at 220/66kV Kharadpada sub-station of UT of DNH and DD	0.48	0.48
Total		30.82	7.48

A summary of the capital expenditure and capitalization for FY 2024-25 is summarised below:

TABLE 4-57 CAPITAL EXPENDITURE & CAPATILIZATION CLAIMED BY THE PETITIONER FOR FY 2024-25

(RS. CRORE)

Particulars	Approved in ARR Order	Actual
Capital Expenditure	14.29	7.48
Capitalisation	1.64	0.48

Commission's Analysis:

The Petitioner has claimed capitalization of INR 0.48 Crore for FY 2024-25. In this regard, Commission has asked the Petitioner to provide the schemes capitalized in FY 2024-25.

In the absence of the submission of the actual capitalization done in FY 2024-25, the Commission find it appropriate to allow estimated capital expenditure and capitalization for FY 2024-25 to the tune of Rs. 7.48 Crore and Rs. 0.48 Crore respectively with the condition that the same shall be subject to truing-up. Accordingly, the Commission approved Capital Expenditure and Capitalization for FY 2024-25 as tabulated under:

TABLE 4-58 CAPITAL EXPENDITURE & CAPATILIZATION APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR	Claimed	Approved
Capital Expenditure	14.29	7.48	7.48
Capitalisation	1.64	0.48	0.48

4.41 Depreciation

Petitioner's Submission:

The Petitioner has submitted that the depreciation has been worked out after applying the depreciation rates, as per the JERC (Multi Year Distribution Tariff) Regulations, 2021. For computation of depreciation, Petitioner has considered the opening balance of the GFA for FY 2024-25 as per the audited annual accounts and subsequently added the assets capitalized during FY 2024-25. The same has been tabled below:

TABLE 4-59 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Actual
Opening GFA	301.04	311.58
Addition during the year	1.64	0.48
Disinvestment during the year	-	-
Closing GFA	302.68	312.06
Average GFA	301.86	311.82
Depreciation during the year	15.59	15.58

Further, Petitioner requested to approve the actual depreciation of Rs. 17.52 Crores.

Commission's Analysis:

As per Regulation 31 of the JERC (Generation, Transmission & Distribution Multi Year Tariff) Regulations, 2021:

"31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) percent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

.....

"31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system."

Accordingly, the Commission has considered and applied the depreciation rates as specified in the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2024-25. The Commission, after verification of the asset class wise fixed asset addition in the books of accounts, has arrived at the depreciation values as follows:

TABLE 4-60 DEPRECIATION APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	Depreciation
Plant & Machinery	5.28%	291.80	0.48	-	292.28	292.04	15.42
Buildings	5.28%	3.97	-	-	3.97	3.97	0.21
Vehicles	3.34%	-	-	-	-	-	-
Furniture & Fixtures	9.50%	0.53	-	-	0.53	0.53	0.05
Computers & Others	6.33%	-	-	-	-	-	-
Land	6.33%	5.21	-	-	5.21	5.21	-
Total		301.51	0.48	-	301.99	301.75	15.68

Accordingly, the Commission approves Depreciation of Rs. 15.68 Crore for the APR of FY 2024-25.

4.42 Interest and Finance Charges

Petitioner's Submission:

The Petitioner has considered the opening loan balance for FY 2024-25 as approved by the Commission in its Tariff Order dated 10th June, 2024. The normative loan addition in FY 2024-25 has been computed as 70% of the capitalization FY 2024-25. The repayment of loans has been considered equal to the depreciation during FY 2024-25.

Further, the Petitioner has considered the rate of interest of 9.65 % (Using State Bank of India Prime Lending Rate (SBI PLR) as on 01.04.2024 plus 100 basis points). Accordingly, the interest and finance charges submitted by the Petitioner as shown in the table below:

TABLE 4-61 INTEREST AND FINANCE CHARGES CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Actual
Opening Loan	1.25	4.03
Loan for additional Capex (70:30 debt equity)	1.15	0.34

Particulars	Approved in ARR Order	Actual
Loan Repayment	15.59	15.58
Closing Loan	-	(11.21)
Interest cost on Avg. Loans	0.00	0.00

Commission's Analysis:

The Commission has approved the closing balance of normative loan of Rs. 4.03 Crore in its truing-up Order for FY 2023-24. Addition to loan during the year is considered at 70% of net value of assets added during the year and repayment is considered equal to the depreciation for the year.

As per Regulation 29.4 of the JERC (MYT) Regulations, 2021, in case there is no actual loan portfolio for the licensee, the rate of interest of shall be equal to the SBI MCLR as on 1st April of the relevant financial year plus 100 basis points. The relevant excerpt of the aforesaid regulation is stipulated as under:

"29 Interest on Loan

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st

April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

...”

As there is no actual loan borrowed by the Petitioner, thus, in line with the fourth proviso of Regulation 29.4 of the JERC (MYT) Regulations, 2021, the Commission has considered the rate of interest of 9.65 % (Using SBI MCLR as on 01.04.2024 plus 100 basis points).

The following table provides the Interest on Loan, approved by the Commission in the ARR Order, Petitioner’s submission and now approved by the Commission:

TABLE 4-62 INTEREST ON LOAN APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. Crore)

Particulars	Approved in ARR Order	Claimed by Petitioner	Approved by Commission
Opening Normative Loan	1.25	4.03	4.03
Addition of Loan due to Capitalization	1.15	0.34	0.34
Repayment of Loan	15.59	15.58	15.68
Closing Normative Loan	0.00	(11.21)	-
Average	0.00	0.00	2.02
Rate of Interest (%)	9.50%	9.65%	9.65%
Interest Expenses	0.00	0.00	0.19

Accordingly, the Commission approves Interest on Loans as Rs. 0.19 Crore for the APR of FY 2024-25.

4.43 Return on Equity

Petitioner’s Submission:

The Petitioner has computed the Return on Equity (RoE) in accordance with the JERC MYT Regulations 2021, wherein RoE is computed on 30% of the capital base. The opening equity for FY 2024-25 is considered equivalent to the closing equity for FY 2023-24. Further, equity addition is considered to the tune of 30% of proposed capitalization during the year. The Petitioner has considered a post-tax rate of

return on equity of 15.50% as per Regulations 30 (2) of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019.

The following table provides the return on equity proposed by the Petitioner for 2024-25:

TABLE 4-63 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Actual
Opening Equity	54.41	54.55
Equity Addition	0.49	0.14
Closing Equity	54.90	54.70
Average Equity	54.65	54.62
Rate of Return (%)	15.50%	15.50%
Return on Capital Base	8.47	8.47

Commission's Analysis:

As per the JERC MYT Regulations, 2021, the return on equity for transmission business shall be in governed by CERC Regulations, the relevant excerpt of the aforesaid JERC MYT Regulation, 2021 is stipulated as under:

"28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system."

The Regulation 30 and 31 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "CERC Tariff Regulations, 2019"), stipulates the following:

"...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 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 the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

....

....31. Tax on Return on Equity. (1) The base 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. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

... ” (Emphasis supplied)

Accordingly, the Commission has considered a rate of return on equity of 15.50%. The opening equity for FY 2024-25 has been considered equal to the closing equity approved in truing-up of FY 2023-24.

The normative equity addition during FY 2024-25 has been considered as 30% of the capitalization for FY 2024-25 i.e., Rs. 0.48 Crore, which works out to be Rs. 0.14 Crore.

The following table provides the return on equity approved for 2024-25:

TABLE 4-64 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Claimed By Petitioner	Approved by Commission
Opening Equity	54.55	54.55	54.55
Equity Addition	0.49	0.14	0.14
Closing Equity	54.90	54.90	54.69
Average Equity	54.65	54.65	54.62
Return on Equity (%)	15.50%	15.50%	15.50%
Total Return on Equity	8.47	8.47	8.47

The Commission accordingly, approves the return on Equity of Rs. 8.47 Crore for the APR of FY 2024-25.

4.44 Interest on Working Capital

Petitioner's Submission:

The Petitioner has submitted the computation of interest on working capital based on the principles outlined in the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, by considering the below parameters:

- a) Receivables equivalent to 45 days of annual fixed cost.
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses.
- c) Operation and maintenance expenses, including security expenses for one month.

The Petitioner has considered rate of interest on working capital as 10.65 % (SBI Base Rate plus 200 basis points).

**TABLE 4-65 INTEREST ON WORKING CAPITAL CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs.
CRORE)**

Particulars	Approved in ARR Order	Petitioner Submission
Receivables equivalent to 45 days of Annual Fixed Cost	3.92	4.17
Maintenance spares @15% of operation and maintenance expenses	1.08	1.30
Operation and maintenance expense for one month	0.60	0.72
Total Working Capital	5.60	6.19
Interest on Working Capital	0.59	0.66

Commission's Analysis:

The Commission has computed the working capital requirement as specified in Regulation 43 JERC (MYT) Regulations, 2021.

Regulation 43.1 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest on working capital calculation:

"43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations.

Further, Regulation 34 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2023-24 specifies:

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

.....

(c) Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:

i. Receivables equivalent to 45 days of annual fixed cost;

ii. Maintenance spares @ 15% of operation and maintenance including security expenses and

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

Regulation 32 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest rate to be considered on working capital calculation:

“32. Interest on Working Capital

32.1 The norms for working capital for Transmission Licensee shall be as specified in Chapter 5 of these Regulations.

32.2 The norms for working capital for Distribution Wires Business and Retail Supply Business shall be as specified in Chapter 6 and Chapter 7 of these Regulations.

32.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.”

Accordingly, the Commission has computed the working capital requirement for the Petitioner for FY 2024-25. The interest on working capital has been computed considering the interest rate as SBI MCLR on April 1, 2024 plus 200 basis points- 10.65%.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated is detailed in the table below:

TABLE 4-66 INTEREST ON WORKING CAPITAL APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission	Approved by Commission
Receivables equivalent to 45 days of Annual Fixed Cost	3.92	4.17	4.02
Maintenance spares @15% of operation and maintenance expenses	1.08	1.30	1.17
Operation and maintenance expense for one month	0.60	0.72	0.65
Total Working Capital	5.60	6.19	5.84
Interest rate	10.65%	10.65%	10.65%
Interest on Working Capital	0.59	0.66	0.62

Accordingly, the Commission approves the interest on working capital of Rs. 0.62 Crore for FY 2024-25.

4.45 Non-Tariff Income

Petitioner's Submission:

The Petitioner has proposed the Non-Tariff income of Rs. 0.78 Crore for FY 2024-25 considering supervision charges, tender fees, lease income etc. also submitted, one-time income like provision written back has not been considered to estimate the non-tariff income for FY 2024-25.

TABLE 4-67 NON-TARIFF INCOME CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Claimed By Petitioner
Non-Tariff Income	0.15	0.15

Commission's Analysis:

The Regulation 44 of the JERC MYT Regulations, 2021 stipulates the following:

"44. Non-Tariff Income

44.1 The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate

Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

44.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of the 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contractors and others.*
- h) Income from advertisements, etc.;*
- i) Miscellaneous receipts like parallel operation charges;*
- j) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
- k) Excess found on physical verification;*
- l) Interest on investments, fixed and call deposits and bank balances;*
- m) Prior period income, etc.:*

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Licensed Business of the Transmission Licensee shall not be included in Non-Tariff Income.”

The Commission also approves the claim of the Petitioner, which shall be trued-up on actual basis at the time of processing of True-Up Petition for the corresponding financial year.

The following table provides the Non-Tariff Income approved by the Commission for FY 2024-25:

TABLE 4-68 NON-TARIFF INCOME APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Non-Tariff Income	0.15	0.15	0.15

Accordingly, the Commission approves the Non-Tariff Income of Rs. 0.15 Crore for the APR of FY 2024-25.

4.46 Annual Revenue Requirement for FY 2024-25

Based on the expenses as detailed above, the Petitioner submitted the net aggregate revenue requirement for FY 2024-25 as shown in the following table:

TABLE 4-69 ANNUAL REVENUE REQUIREMENT CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Actual
O&M Expense	7.17	8.65
Depreciation	15.59	15.58
Interest cost on long-term capital Loans	-	-
Interest on Working Capital Loans	0.59	0.66
Return on Equity	8.47	8.47
Total		
Less: Non-Tariff Income	0.15	0.15
Net ARR	31.67	33.21

Petitioner requested to approve the ARR submitted herein above.

Commission's Analysis:

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above, the net revenue requirement for FY 2024-25 is approved by the Commission as provided in the following table:

TABLE 4-70 ANNUAL REVENUE REQUIREMENT APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission	Approved by Commission
O&M Expense	7.81	8.65	7.79
Depreciation	15.61	15.58	15.68
Interest cost on long-term capital Loans	0.00	0.00	0.19
Interest on Working Capital Loans	0.61	0.66	0.62
Return on Equity	8.47	8.47	8.47
Total	32.51	33.36	32.75
Less: Non-Tariff Income	0.15	0.15	0.15
Net ARR	32.35	33.21	32.60

The Commission approves net Aggregate Revenue Requirement of Rs. 32.60 Crore in the APR of FY 2024-25.

4.47 Revenue from Existing Tariff

Petitioner's Submission:

The Petitioner has submitted that it has estimated the revenue for FY 2024-25 based on the six month actual revenue at the exiting tariff and the estimated revenue for the remaining six months.

TABLE 4-71 REVENUE CLAIMED BY THE PETITIONER FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Actual
Revenue from transmission of power	-	26.29

Commission's Analysis:

The Commission has considered the revenue from transmission business as submitted by the Petitioner for the APR of FY 2024-25.

TABLE 4-72 REVENUE APPROVED BY THE COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Approved in ARR Order	Petitioner's Submission	Approved by Commission
Revenue from Transmission of power	-	26.29	26.29

4.48 Revenue (Gap)/Surplus for FY 2024-25

Petitioner's Submission:

The Petitioner has submitted the total revenue gap at the end of FY 2024-25 by taking into account the revenue gap arrived at after truing up of FY 2023-24 of Rs. 6.92 Crore.

TABLE 4-73 REVENUE GAP/SURPLUS CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Approved ARR Order	Petitioner Submission
Annual Revenue Requirement	31.67	33.21
Revenue from transmission of power	-	26.29
Revenue (Gap)/Surplus	(31.67)	(6.92)
Previous year's (Gap) Surplus carried over	4.18	-
Holding Cost	0.79	-
Net Revenue (Gap)/ Surplus	26.69	(6.92)

Commissions Analysis:

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above in this chapter and revenue approved as shown above, the standalone (gap)/surplus for FY 2024-25 is approved by the Commission as provided in the following table:

TABLE 4-74 REVENUE GAP/SURPLUS APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Approved in ARR Order	Petitioner Submission	Approved by Commission
Annual Revenue Requirement	31.67	33.21	32.60
Revenue from transmission of power	-	26.29	26.29
Revenue (Gap)/Surplus	(31.67)	(6.92)	(6.31)
Previous year's (Gap) Surplus carried over	4.18	-	-
Holding Cost	0.79	-	-
Net Revenue (Gap)/ Surplus	26.69	(6.92)	(6.31)

As per Regulation 12.5 of the JERC (MYT Tariff) Regulations, 2021, the (gap)/surplus of the trued-up year only shall be carried forward in the tariff for

the year for which tariff is to be determined. The relevant excerpt of the aforesaid regulation is stipulated as under:

12.5 Upon completion of the exercise, the Commission shall pass an order recording:

a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 14 of these Regulations:

Thus, in accordance with above clause, the Commission has not considered the (gap)/surplus for the APR of FY 2024-25 to be carried forward in the ARR of FY 2025-26.

4.49 Consolidated Revenue (Gap)/Surplus at the end of FY 2024-25

The overall consolidated Net ARR at the end of FY 2024-25 for the merged entity is tabulated as under:

TABLE 4-75 CONSOLIDATED NET ARR APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	DNHDDPCL	ED-DD	ED-DNH	Total
1	Operation & Maintenance Expenses	24.67	39.05	7.79	71.51
2	Depreciation	19.44	13.92	15.68	49.04
3	Interest on Long Term Loans	0.70	0.01	0.19	0.90
4	Interest on Working Capital	1.42	1.71	0.62	3.76
5	Return on Equity	16.35	2.55	8.47	27.37
6	Total	62.59	57.24	32.75	152.58
7	Less: Non-Tariff Income	0.78	0.63	0.15	1.56
8	Aggregate Revenue Requirement	61.81	56.61	32.60	151.02

The overall consolidated revenue (gap)/surplus at the end of FY 2024-25 for the merged entity is tabulated as under:

TABLE 4-76 CONSOLIDATED REVENUE (GAP)/SURPLUS APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

S. No.	Particulars	DNHDDPCL	ED-DD	ED-DNH	Total
1	Net Revenue Requirement	61.81	56.61	32.60	151.02
2	Revenue from Power Transmission	34.17	41.27	26.29	101.73
3	(Gap)/Surplus	(27.64)	(15.34)	(6.31)	(49.29)

As per Regulation 12.5 of the JERC (MYT Tariff) Regulations, 2021, the (gap)/surplus of the trued-up year only shall be carried forward in the tariff for the year for which tariff is to be determined. The relevant excerpt of the aforesaid regulation is stipulated as under:

12.5 Upon completion of the exercise, the Commission shall pass an order recording:

a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 14 of these Regulations:

Thus, in accordance with above clause, the Commission has not considered the (gap)/surplus for the APR of FY 2024-25 to be carried forward in the ARR of FY 2025-26.

Chapter 5: ARR for MYT Control Period FY 2025-26 to FY 2029-30 of Merged Transmission Utility - DNHDDPCL

5.1 Background

The Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024 on 15 October, 2024. The said Regulations have been hereinafter referred to as the “JERC MYT Regulations”. As per Clause 2.1.22 of these Regulations, the “Control Period” is defined as the multi-year period comprising of five financial years from FY 2025-26 to FY 2029-30.

These Regulations are applicable to all the generation companies and transmission and distribution licensees in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Puducherry.

DNHDDPCL’s tariff determination is now governed by “Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024, hereinafter referred to as “JERC MYT Regulations, 2024”. The MYT Regulations, 2024 provide a framework for calculating tariffs on a cost-plus basis initially for a period of five years and allow the licensee to recover operational expenses including depreciation, interest on working capital and debt, and return on equity amongst others. The MYT Regulations, 2024 segregate the items impacting tariffs into controllable and uncontrollable factors. Items that are uncontrollable are passed through to the consumers.

The Multi-Year Tariff Determination for the Transmission Business for the Control Period from FY 2025-26 to FY 2029-30 is to be carried out as per the provisions of the JERC MYT Regulations, 2024. Regulation 9 of the JERC MYT Tariff Regulations, 2024 states as follows:

"9 Multi Year Tariff Application

9.1 The Applicant shall, based on the Business Plan as approved by the Commission, submit Multi Year Tariff Application containing the forecast of Aggregate Revenue Requirement, expected revenue and tariff proposal for each year of the Control Period, in a manner as provided in these Regulations and in formats specified by the Commission from time to time. The application shall be accompanied by such fee payable, as may be specified by the Commission in the Joint Electricity Regulatory Commission (Conduct of Business) Regulations, 2009, as amended from time to time by the date as directed by the Commission:

Provided that the application shall also be accompanied by the true-up Petition of previous years based on the latest available audited accounts.

Provided also that the Applicant shall keep on filing true up petition for succeeding years, separately, by 30th November of each year.

9.2 The Applicant shall develop the forecast of Aggregate Revenue Requirement for each year of the control period using the assumptions relating to the behaviour of individual variables that comprise the Aggregate Revenue Requirement during each year of the Control Period, including inter-alia detailed category-wise sales and demand projections, power procurement plan, Capital Investment Plan, trajectories of parameters specified in these Regulations and as approved in the Business Plan, in accordance with guidelines and formats, as may be specified by the Commission from time to time.

9.3 The Applicant shall develop the forecast of Expected Revenue from Tariff and Charges based on the following:

a) In the case of a Generating Company, estimates of the quantum of electricity to be generated by each unit/station for each Financial Year of the Control Period;

b) In the case of a Transmission Licensee, estimates of the transmission capacity allocated to Transmission System Users for each Financial Year of the Control Period;

c) In the case of a Distribution Licensee, estimates of the quantum of electricity to be supplied to Consumers and to be wheeled on behalf of distribution system users for the each Financial Year of the Control Period;

d) Prevailing Tariff Categories and the tariff as on the date of making the application.

e) Proposed Tariff Categories & Sub-categories along with proposed slabs in cases of Telescopic tariff.

f) Proposed Miscellaneous income, which includes but not limited to recovery of Service Connection Charges, Reconnection Charges, Testing Fees, Meter Shifting Charges etc.

g) Proposed Open Access Charges.

9.4 Based on the forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges for each year of the Control Period, the Generating Company, Transmission Licensee and Distribution Licensee for the Distribution Wires Business and Retail Supply Business, shall propose the tariff for each year of the Control Period:

Provided that the tariff proposed by Distribution Licensee shall be in accordance with Regulation 83 and these Regulations.

9.5 The Applicant shall provide full details supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.

9.6 On receipt of the application, the Commission shall either:

a) issue an Order approving the Aggregate Revenue Requirement and the tariff for each year of the Control Period; or

b) reject the application for reasons to be recorded in writing, as the Commission may deem appropriate:

Provided that the Applicant shall be given a reasonable opportunity of being heard before rejecting its application.

9.7 The Multi Year Tariff approved by the Commission shall be sacrosanct for the entire control period and shall not be tampered mid-way in any case. Any gap/surplus, if any, arising on account of review/true up duly admitted by the Commission shall be levied as surcharge/rebate over & above the approved tariff.”

Further Regulation 46.2 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024 states as follows:

“46.2 The annual Transmission Charges of the Transmission licensee shall be determined by the Commission on the basis of application for determination of Aggregate Revenue Requirement made by Transmission licensee...”

As per Regulation 47.1 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024:

“The Aggregate Revenue Requirement for a Transmission Licensee shall comprise of the following components:

a) Return on Equity;

b) Depreciation;

c) Interest and Finance Charges on Loan Capital;

d) Interest on Working Capital and deposits from Transmission System Users;

e) Operation and maintenance expenses;

f) Income Tax

Less:

g) Income from Open Access Charges, in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended from time to time;

h) Non-Tariff Income;

i) Income from Other Business...”

The Commission has accordingly carried out the MYT Tariff determination for Control Period from FY 2025-26 to FY 2029-30 as per the provisions of JERC MYT Regulations, 2024.

5.2 Approach for ARR of FY 2025-26 to FY 2029-30

The Commission has computed individual elements constituting the Aggregate Revenue Requirement for MYT Control Period in line to the principles laid down in JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024.

5.3 Operation & Maintenance (O&M) Expenses

The Operation & Maintenance Expenses comprise of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance Expenses (R&M). Regulation 48 of the JERC MYT Regulation, 2024 states the following:

“48 Operation and Maintenance (O&M) expenses for Transmission Licensees

48.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

a) Employee expenses - salaries, wages, pension contribution and other employee costs;

*b) Administrative and General expenses including insurance charges if any;
and*

c) Repairs and Maintenance expenses.

48.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

48.3 O&M expenses for the nth Year of the Control Period shall be approved based on the formula given below:

O&M_n = (R&M_n + EMP_n + A&G_n) + Terminal Liabilities Where,

R&M_n = K x GFA_{n-1} x (1+WPI_{inflation}) EMP_n = (EMP_{n-1}) x (1+G_n) x (1+CPI_{inflation}) A&G_n = (A&G_{n-1}) x (1+CPI_{inflation})

'K' is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPI_{inflation} – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the base Year;

WPI_{inflation} – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three (3) Years before the base Year;

EMP_n – Employee expenses of the Transmission Licensee for the nth Year;

A&G_n – Administrative and General expenses of the Transmission Licensee for the nth Year;

R&Mn – Repair and Maintenance expenses of the Transmission Licensee for the nth Year; GFA_{n-1} – Gross Fixed Asset of the transmission Licensee for the n-1th Year;

G_n is a growth factor for the nth Year. Value of G_n shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate.

48.4 Terminal liabilities of employees of Licensee including pension expenses etc. shall be approved, as part of Employee cost, as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.

48.5 For the purpose of estimation, the same value of factors – CPIinflation and WPIinflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of base O&M components from audited accounts and also actual values of the factors – CPIinflation and WPIinflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year.

48.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

Provided that the same shall not apply to those New Projects, which are awarded on a competitive bidding basis.

Note: The term "New Transmission Licensee" shall mean the Transmission Licensee(s) for which transmission licence is granted by the Commission after the date of effectiveness of these Regulations, and whose transmission project assets are commissioned on or after April 1, 2025.

Provided that at the time of truing up, the variation in the normative and actual O&M expenses shall be dealt in accordance with Regulation 15.”

The components comprising of the O&M – employee expenses, R&M expenses and A&G expenses have been discussed separately as follows. The Commission has determined the base year value for each component of O&M expenses considering the last three years actual values which are as tabulated under:

TABLE 5-1 O&M EXPENSES FROM FY 2022-23 TO FY 2024-25 (Rs. CRORE)

S. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25	Base Year
1	Employee Expenses	15.60	13.95	15.19	14.91
2	R&M Expenses	34.33	40.44	38.95	37.91
3	A&G Expenses	14.24	20.80	17.38	17.48
4	Total	64.17	75.20	71.51	70.30

5.4 Employee Expenses

Petitioner’s Submission:

The Petitioner has projected the employee cost for FY 2025-26 to FY 2029-30 as per principles laid in MYT regulations, 2024, based on the average increase in the consumer price index (CPI) of 6.11% for immediately preceding three years. Total employee cost for the FY 2025-26 to FY 2029-30 is provided in the table below:

TABLE 5-2 EMPLOYEE EXPENSES PROJECTED BY THE PETITIONER FOR FY 2025-26 TO FY 2029-30 (Rs. CRORE)

Particulars	FY 24-25 Base Value	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Employee Cost	15.30	16.23	17.22	18.28	19.39	20.58

Commission’s Analysis:

The employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses. In order to compute the O&M expenses for the Control Period from FY 2025-26 to FY 2029-30, the Commission has considered Regulation 6 of the JERC

(Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2024 which specifies the following:

“6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.....”

From above, it is clear that the value for base year has to be considered on the basis of audited accounts or provisional accounts of last three years. Since, unified DNHDDPCL is formed merging erstwhile DNHDDPCL, EDDD and DNH-T which were erstwhile transmission licensees with effect from 1st April’2025, only two years i.e., FY 2022-23 and FY 2023-24 audited accounts are available. In view of the above, the Commission has considered the values of the base year from audited accounts for FY 2022-23 and FY 2023-24 and revised estimates of FY 2024-25 approved by the Commission in this Order.

In order to estimate the employee expenses for the Control Period from FY 2025-26 to FY 2029-30, the Commission has considered the average of the audited or provisional employee cost for last three years as per Regulation 6 of the JERC MYT Tariff Regulations, 2024. The base year employee expenses for FY 2024-25 has been escalated by average CPI inflation to arrive upon the employee expenses of each year of the Control Period.

It is worthwhile to mention here that any impact arising from the 8th Pay Revision under employee costs will be addressed separately, as it is an uncontrollable item and is not included in the normative employee cost for the upcoming control period under this Order.

The following table provides the employee expenses as Petitioner's submission and now approved by the Commission:

TABLE 5-3 EMPLOYEE EXPENSES APPROVED BY THE COMMISSION (Rs. Crore)

Particulars	Base Year FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Employee Cost	14.91	14.91	15.64	16.40	17.20	18.04
Average CPI	-	4.87%	4.87%	4.87%	4.87%	4.87%
Closing Employee Cost	14.91	15.64	16.40	17.20	18.04	18.92

5.5 Repairs & Maintenance Expenses

Petitioner's Submission:

The Petitioner has projected R&M expenses in line to the principles laid in MYT Regulations, 2024, considering the WPI inflation as 7.90%. Total repair & maintenance cost of the Petitioner is summarized in the table below:

TABLE 5-4 REPAIRS & MAINTENANCE EXPENSES PROJECTED BY THE PETITIONER FOR FY 2025-26 TO FY 2029-30 (Rs. Crore)

Particulars	FY 24-25 Base Value	FY 25- 26	FY 26- 27	FY 27- 28	FY 28- 29	FY 29- 30
Repair & Maintenance Expenses	40.53	40.61	47.56	56.26	64.66	69.22

Commission's Analysis:

In order to compute the O&M expenses for FY 2025-26 to FY 2029-30, the Commission has considered Regulation 6 of the JERC MYT Regulations, 2024 which specifies the following:

“6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.....”

The ‘K’ factor has been determined as the average of ratio of R&M expenses to opening GFA for FY 2022-23, FY 2023-24 & FY 2024-25, average for three years. The ‘K’ factor has been computed as follows:

TABLE 5-5 K-FACTOR APPROVED BY COMMISSION FOR FY 2025-26 TO FY 2029-30 (%)

S. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25
1	R&M Expenses	34.33	40.44	38.99
2	Opening GFA	986.13	1,003.72	1,024.24
3	K-Factor	3.48%	4.03%	3.81%
4	Average K-Factor (Approved)	3.77%		

The ‘K’ factor is kept constant for all the years and multiplied with the GFA approved for (n-1)th year. The resultant amount is then escalated by WPI Inflation to arrive upon the R&M Expenses for each year of the Control Period.

TABLE 5-6 AVERAGE WPI INFLATION (%)

FY	Average of (Apr-Mar)	Increase in WPI Index	Average increase in WPI indices over 3 years
2020-21	139.41		
2021-22	152.53	9.41%	
2022-23	151.42	-0.73%	
2023-24	154.86	2.27%	
WPI Inflation			3.65%

It has been observed that the Petitioner has included an amount of Rs. 2.85 Crore in FY 2025-26, Rs. 3.34 Crore in FY 2026-27, Rs. 3.95 Crore in FY 2027-28, Rs. 4.53 Crore in FY 2028-29 and Rs. 4.85 Crore in FY 2029-30 for licensee fee within R&M expenses. However, in accordance with the JERC MYT Regulations, 2024, this amount has been categorized under A&G expenses by the Commission. Consequently, the amount attributed to licensee fee within R&M expenses has been adjusted and will now be accounted for under A&G expenses. Following this adjustment, the allowable R&M expenses for MYT Control Period FY 2025-26 to FY 2029-30 stand as per the following table for R&M expenses approved by the Commission:

TABLE 5-7 R&M EXPENSES APPROVED BY THE COMMISSION FOR MYT PERIOD (Rs. CRORE)

S. No.	Particulars	Base Year FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1	Opening GFA	37.92	1,061.72	1,143.56	1,216.28	1,315.04	1,368.71
2	K-Factor		3.77%	3.77%	3.77%	3.77%	3.77%
3	WPI		3.65%	3.65%	3.65%	3.65%	3.65%
4	R&M Expenses		40.18	43.62	46.69	50.85	53.11

Accordingly, the Commission approves Repair & Maintenance (R&M) expense for MYT Control Period FY 2025-26 to FY 2029-30 as tabulated above.

5.6 Administration & General Expenses

Petitioner's Submission:

The Petitioner has computed A&G expense as per the principles laid in MYT Regulations, 2024, considering CPI inflation as 6.11%. The A&G expense projected for the FY 2025-26 to FY 2029-30 is provided in the table below:

TABLE 5-8 A&G EXPENSES PROJECTED BY THE PETITIONER FOR MYT PERIOD (Rs. CRORE)

Particulars	FY 24-25 Base Value	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Administrative & General Expenses	13.69	26.39	28.57	30.32	32.17	34.14

Commission's Analysis:

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc.

Similar to the methodology followed while estimating the Employee Expenses and R&M expenses, the approved A&G expenses has been escalated by average CPI inflation to estimate the A&G expenses for FY 24-25. The Commission has determined the A&G expenses for the median year after taking the average of actual A&G expenses of FY 2022-23, FY 2023-24 and FY 2024-25. The resultant A&G expenses have been escalated by CPI inflation last three years to arrive upon the A&G expenses for the base year. Thereafter, the A&G expenses are escalated by CPI Inflation to determine the A&G expenses for each year of the Control Period. Hence, the Commission has determined the A&G expenses for control period by escalating approved A&G expenses for FY 2024-25 by average CPI inflation increase for last three available fiscal years.

Furthermore, the Commission has observed that the Petitioner has sought an additional amount of Rs. 2.85 Crore in FY 2025-26, Rs. 3.34 Crore in FY 2026-27, Rs. 3.95 Crore in FY 2027-28, Rs. 4.53 Crore in FY 2028-29 and Rs. 4.85 Crore in FY 2029-30 into A&G expenses, against the Licensee fee for the respective years. The Commission wants to clarify that values for the base year already includes licensee fee hence, the A&G expenses as approved in table below includes licensee fee and hence there is no need of allowing any additional fee on this account. However the same shall be given pass through based on actuals at the time of true-up.

The following table provides the A&G expenses approved by the Commission for each year of the Control Period:

TABLE 5-9 A&G EXPENSES APPROVED BY THE COMMISSION FOR MYT PERIOD (Rs. CRORE)

S. No.	Particulars	Base Year FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1	Opening A&G Expenses	17.48	17.48	18.33	19.22	20.16	21.14

S. No.	Particulars	Base Year FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
2	CPI Inflation		4.87%	4.87%	4.87%	4.87%	4.87%
3	Closing A&G Expenses		18.33	19.22	20.16	21.14	22.17

Accordingly, the Commission approves A&G expenses for the MYT Control Period from FY 2025-26 to FY 2029-30 as tabulated above.

5.7 Total Operation and Maintenance (O&M) Expenses

The following table provides the O&M expenses as per Petitioner's submission and approved by the Commission:

TABLE 5-10 O&M EXPENSES APPROVED BY THE COMMISSION FOR MYT PERIOD (RS. CRORE)

S. No.	Particulars	Base year FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Employee Expenses	14.91	15.64	16.40	17.20	18.04	18.92
2	R&M Expenses	37.91	40.18	43.62	46.69	50.85	53.11
3	A&G Expenses	17.48	18.33	19.22	20.16	21.14	22.17
4	Total O&M Expenses	70.30	74.14	79.25	84.05	90.03	94.20

Accordingly, the Commission approves O&M expenses for the MYT Control Period from FY 2025-26 to FY 2029-30 as tabulated above.

5.8 Capital Expenditure and Capitalization

Petitioner's Submission:

The Petitioner has projected capital expenditure to be incurred during FY 2025-26 to FY 2029-30. The scheme wise details for the capital expenditure are provided in the table below:

TABLE 5-11 CAPITAL EXPENDITURE & CAPITALIZATION CLAIMED BY THE PETITIONER FOR MYT PERIOD

(RS. CRORE)

S. No	Name of the Scheme	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Capital Expenditure	284.89	242.35	242.33	220.70	208.64
2	Capitalisation	181.88	227.48	219.46	119.26	457.84

Commission's Analysis:

The Commission has deliberated the Capital Expenditure and Capitalization for the Control Period FY 2025-26 to FY 2029-30 in the Business Plan Order.

Further, it has been observed that DNHDDPDCL being the distribution licensee of the UT of DNH & DD and the long term beneficiary of the Petitioner has submitted its detailed objections/suggestions on the capex schemes proposed by the Petitioner under which the DNHDDPDCL has objected to the creation of new 66kV outlet from new 220/66kV substations and conveyed that since DNHDDPDCL the distribution licensee has decided to introduce 33 KV voltage level in overall interest of consumers, the proposal of adding new 220/66 kV and 66/11 KV substations does not meet with the requirements of distribution licensee.

Further, as part of its submission DNHDDPDCL has also brought on record the CEA letter no. CEA/ DPD/ DNHDDCL/ 2025/ 100-101 dated 29th May, 2025 wherein CEA has referred to its suggestions in the matter of DNHDDPDCL's proposal for setting up 4 nos. of 33/11kv Substation as well as suggested the Petitioner being a Transmission Licensee to seek inputs of distribution licensee on the requirement of proposed new 66/11 KV Sub-station. CEA has also suggested Transmission Licensee to develop a long-term transmission plan of 5 to 10 years horizon, in coordination with the Distribution Licensee.

In view of the above, the Commission deems it appropriate to direct that the Petitioner should obtain approval of such schemes separately by filing petition in consultation with DNHDDPDCL along with detailed project reports, CEA approval,

cost-benefit analysis, and all supporting documents adhering to the JERC MYT Regulations, 2024.

Accordingly, the Commission has considered capitalization as follows with direction to the Petitioner in the Business Plan Order. The Following table provides the CAPEX and capitalisation approved by the Commission for each year of the Control Period:

TABLE 5-12 CAPEX AND CAPITALISATION APPROVED BY THE COMMISSION FOR MYT PERIOD (Rs. CRORE)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Capital Expenditure	259.90	178.47	212.35	190.71	168.65
Capitalisation	81.85	72.72	98.76	53.67	147.53

Accordingly, the Commission approves the Capitalization as shown in the table above.

5.9 Gross Fixed Assets

Petitioner's Submission:

The Petitioner has submitted summary of the Opening and Closing GFA and proposed Rs. 1205.91 Cr capitalization for FY 2025-26 to FY 2029-30 as per table below:

TABLE 5-13 OPENING AND CLOSING GFA CLAIMED BY THE PETITIONER FOR MYT PERIOD (Rs. CRORE)

Particulars	Opening GFA	Additions during the year	Closing GFA
FY 2024-25 (Base Year)	1024.24	37.48	1061.73
FY 2025-26 (Projected)	1061.73	181.88	1243.60
FY 2026-27 (Projected)	1243.60	227.48	1471.08
FY 2027-28 (Projected)	1471.08	219.46	1690.55
FY 2028-29 (Projected)	1690.55	119.26	1809.80
FY 2029-30 (Projected)	1809.80	457.84	2267.64

Commission's Analysis:

The Commission has considered the opening GFA for FY 2025-26 same as the closing GFA approved in APR of FY 2024-25 and addition during each year of the Control Period is being considered based on the approved capitalization for the Control Period FY 2025-26 to FY 2029-30 subject to prudence check of the actual capitalization for each year of the Control Period at the time of truing up.

The table below provides the details of capitalization and GFA approved by the Commission:

TABLE 5-14 GROSS FIXED ASSETS APPROVED BY THE COMMISSION FOR MYT PERIOD (RS. CRORE)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	953.75	1,035.60	1,108.32	1,207.08	1,260.75
Addition during the Year	81.85	72.72	98.76	53.67	147.53
Closing GFA	1,035.60	1,108.32	1,207.08	1,260.75	1,408.28

5.10 Depreciation

Petitioner's Submission:

The Petitioner has submitted that it has determined the depreciation by applying category-wise depreciation rates notified in the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2024 on the opening balance of Gross Fixed assets and average of the addition for FY 2025-26 to FY 2029-30. Accordingly, the depreciation for the FY 2025-26 to FY 2029-30 has been submitted as below:

TABLE 5-15 DEPRECIATION CLAIMED BY THE PETITIONER FOR MYT PERIOD (RS. CRORE)

Particulars	FY 24-25 Base Year	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Opening GFA	1024.24	1061.73	1243.60	1471.08	1690.55	1809.80
Addition during the year	37.48	181.88	227.48	219.46	119.26	457.84
Closing GFA	1061.73	1243.60	1471.08	1690.55	1809.80	2267.64
Average GFA	1042.98	1152.67	1357.34	1580.82	1750.17	2038.72
Depreciation during the year	52.40	57.03	65.67	75.10	82.24	94.42

Commission's Analysis:

Regulation 31 of the JERC MYT Regulations, 2024 specifies the following:

"31. Depreciation

31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2025, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2025, from the gross depreciable value of the assets.

31.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that depreciation shall be re-calculated during truing-up for assets capitalised at the time of truing up of each Year of the Control Period, based

on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.

Provided further that in case, the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis:

31.6 The depreciation shall be calculated at rates and norms specified in Appendix-I of these Regulations.

Provided that for Generation and Transmission, the depreciation shall be calculated at the rate and norms specified in the prevalent CERC Tariff Regulations.

.....”

(Emphasis supplied)

The Commission has computed asset-wise depreciation considering asset-wise depreciation rates as specified in the JERC MYT Tariff Regulations, 2024 and CERC (Terms and Conditions of Tariff) Regulations, 2024.

Further, depreciation for FY 2025-26 to FY 2029-30 has been computed on average Gross Fixed Assets (GFA) after considering the net addition approved for the year.

The following table provides the calculation of depreciation approved by the Commission for FY 2025-26 to FY 2029-30:

TABLE 5-16 DEPRECIATION APPROVED BY THE COMMISSION FOR MYT PERIOD (RS. CRORE)

Particulars	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Opening GFA	953.75	1,035.60	1,108.32	1,207.08	1,260.75
Addition during the year	81.85	72.72	98.76	53.67	147.53
Adjustment/ Retirement during the year	-	-	-	-	-
Closing GFA	1,035.60	1,108.32	1,207.08	1,260.75	1,408.28
Average GFA	994.68	1,071.96	1,157.70	1,233.91	1,334.52
Depreciation Rate (%)	5.02%	5.04%	5.06%	5.07%	5.09%
Depreciation	49.96	54.04	58.57	62.60	67.91

Accordingly, the Commission approves depreciation for the MYT Control Period from FY 2025-26 to FY 2029-30 as tabulated above.

5.11 Interest and Finance Charges

Petitioner's Submission:

The Petitioner has considered normative debt-equity ratio of 70:30 as per the JERC MYT Regulations, 2024. Further, the Petitioner has considered interest rate of 8.65% to compute the interest on long-term loans similar to the prevailing 1-year SBI MCLR plus 100 basis points. The following table provides the Interest on Loan projected for FY 2025-26 to FY 2029-30.

TABLE 5-17 INTEREST AND FINANCE CHARGES CLAIMED BY THE PETITIONER FOR MYT PERIOD (Rs.

CRORE)

Particulars	FY 24-25 Base Year	FY 25- 26	FY 26- 27	FY 27- 28	FY 28- 29	FY 29- 30
Opening Loan	11.31	(14.85)	55.43	149.00	227.53	228.76
Loan for additional Capex (70:30 debt equity)	26.24	127.31	159.24	153.62	83.48	320.49
Loan Repayment	52.40	57.03	65.67	75.10	82.24	94.42
Closing Loan	(14.85)	55.43	149.00	227.53	228.76	454.83
Interest cost on Avg. Loans	0.00	1.76	8.84	16.28	19.73	29.57

Commission's Analysis:

The Regulation 29 of the JERC MYT Regulations, 2024 specifies the following:

"29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

Provided further that in case of De-capitalisation or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the decapitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2025, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2025, from the gross normative loan.

Provided that the repayment shall be deemed to be equal to the depreciation allowed.

29.3 Notwithstanding any moratorium period availed by the Generating Company or the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 31.

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Generating Company or the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Generating Company or Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided also that for the purpose of estimation, prior to 1st April of a financial year, when MCLR is not available for the relevant year, the latest available one (1) year State Bank of India (SBI) MCLR rate on the 1st April of the year in which the petition is filed, shall be taken.

Provided also that if the Generating Company or the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

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.

29.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest.

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the Year.

29.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as

may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Generating Company or Transmission Licensee or the Distribution Licensee.

29.7 The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by the Generating Company or the Transmission Licensee or Distribution Licensee.

29.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.

29.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Generating Company or Transmission or Distribution Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.

29.10 The Generating Company or the Transmission Licensee or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries; i.e., the Generating Company or the Transmission Licensee, as the case may be, and the Distribution Licensee and the Consumers of Distribution Licensee as the case may be, in accordance with Regulation 15 of these Regulations.

Provided that the Distribution Licensee shall submit the calculation of such benefit to the Commission for its approval.

29.11 Interest shall also be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the relevant Financial Year:

Provided that, for the purpose of estimation, prior to 1st April of a financial year, when Bank rate is not available for the relevant year, the latest available Bank Rate on the 1st April of the year, in which the petition is filed, shall be taken.

Provided further that at the time of truing-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission."

(Emphasis supplied)

As discussed under the GFA and Capitalization Section, the Commission has considered capitalisation which has already been approved in the Business Plan Order.

Since, the Petitioner has no actual loans, the rate of interest will be in accordance with the Regulation 29 of the JERC MYT Regulations, 2024 and shall be the 1-year SBI MCLR as on 1st April of the relevant year. For projection, the latest available 1-year SBI MCLR as on 1st April, 2025 (9.00%) has been considered for all the years of the Control Period i.e., from FY 2025-26 to FY 2029-30.

The closing loan balance in APR of FY 2024-25 has been considered as the opening loan balance for FY 2025-26. The normative loan addition for each year of the control period has been considered as 70% of the capitalization for each year of the control period. The Interest on Loan has been calculated on the average loan during the year.

The following table provides the Interest on Loan approved by the Commission for each year of the Control Period:

TABLE 5-18 INTEREST ON LOAN APPROVED BY THE COMMISSION FOR MYT PERIOD (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Normative Loan	7.31	14.63	11.49	22.05	-
Add: Normative Loan during the year	57.29	50.90	69.13	37.57	103.27
Less: Normative Repayment equal to Depreciation	49.96	54.04	58.57	62.60	67.91
Closing Normative Loan	14.63	11.49	22.05	-	35.36
Average Normative Loan	10.97	13.06	16.77	11.03	17.68
Rate of Interest (%)	9.00%	9.00%	9.00%	9.00%	9.00%
Interest on Loan	0.99	1.18	1.51	0.99	1.59

Accordingly, the Commission approves Interest on Loans for the Control Period from FY 2025-26 to FY 2029-30 as tabulated above.

5.12 Interest on Working Capital

Petitioner's Submission:

The Petitioner has calculated interest on working capital based on the principles outlined in the JERC MYT Regulations, 2024, by considering the below parameters (as in CERC Tariff Regulations, 2024):

- a) Receivables equivalent to 45 days of annual fixed cost;
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses;
- c) Operation and maintenance expenses including security expenses for one month

The Petitioner has considered rate of interest on working capital as 11.90% for FY 2025-26 to FY 2029-30.

The following table provides the Interest on Working Capital claimed by the Petitioner for FY 2025-26 to FY 2029-30:

TABLE 5-19 INTEREST ON WORKING CAPITAL CLAIMED BY THE PETITIONER FOR MYT PERIOD (Rs. CRORE)

Particulars	FY 24-25 Base Year	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Receivables equivalent to 45 days of Annual Fixed Cost	21.50	22.84	27.59	32.86	36.92	42.83
Maintenance spares @15% of operation and maintenance expenses	12.99	12.57	14.00	15.73	17.43	18.59
Operation and maintenance expense for one month	7.12	6.89	7.67	8.62	9.55	10.19
Total Working Capital	41.61	42.30	49.26	57.20	63.90	71.61
Interest on Working Capital	4.43	5.03	5.86	6.81	7.60	8.52

Commission's Analysis:

The Regulation 49 of the JERC MYT Regulations, 2024 stipulates as follows:

"...49. Norms of Working Capital for Transmission Licensee

"49.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for transmission system for the financial year computed as follows:

- a) Receivables equivalent to 45 days of Annual Fixed Cost;*
- b) Maintenance spares @ 15% of O&M expenses;*
- c) O&M expenses for one month;"*

Further, the Regulation 32 of the JERC MYT Regulation, 2024 stipulates the following:

".....

32.4 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from

any outside agency or has exceeded the working capital loan based on the normative figures.

32.5 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 325 basis points.

.....” (Emphasis supplied)

In accordance with the JERC MYT Regulation, 2024, the Commission has computed the Working Capital for the control period. The interest rate has been considered as 1-year SBI MCLR as on 1st April, 2025 (9.00%) plus 325 basis points.

The following table provides the Interest on Working Capital Approved by the Commission for each year of the control period.

TABLE 5-20 INTEREST ON WORKING CAPITAL APPROVED BY THE COMMISSION FOR MYT PERIOD (Rs. CRORE)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Receivables equivalent to 45 days of Annual Fixed Cost	19.35	21.13	23.00	24.78	26.82
Maintenance spares @15% of operation and maintenance expenses	11.12	11.89	12.61	13.50	14.13
Operation and maintenance expense for one month	6.18	6.60	7.00	7.50	7.85
Total Working Capital requirement	36.65	39.62	42.61	45.79	48.80
Rate of Interest (%)	12.25%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	4.49	4.85	5.22	5.61	5.98

Accordingly, the Commission approves Interest on Working Capitals for the MYT Control Period from FY 2025-26 to FY 2029-30 as tabulated above.

5.13 Return on Equity

Petitioner's Submission:

The Petitioner has computed the Return on Equity (RoE) in accordance with the JERC MYT Regulations 2024, wherein RoE is computed on 30% of the capital base. The opening equity for FY 2025-26 is considered equivalent to the closing equity for FY 2024-25. The Petitioner has considered a rate of pre-return on equity as per Regulations 30(2) of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2024.

The following table provides the return on equity proposed by the Petitioner for FY 2025-26 to FY 2029-30:

TABLE 5-21 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR MYT PERIOD (Rs. Crore)

Particulars	FY 24-25 Base Year	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Opening Equity	144.38	155.63	210.19	278.44	344.27	380.05
Additions on account of new capitalisation	11.24	54.56	68.24	65.84	35.78	137.35
Closing Equity	155.63	210.19	278.44	344.27	380.05	517.40
Average Equity	150.01	182.91	244.31	311.36	362.16	448.73
Rate of Return (%)	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Effective Rate of Corporate Tax (%)	25.17%	25.17%	25.17%	25.17%	25.17%	25.17%
Effective Return on Equity (%)	20.05%	20.05%	20.05%	20.05%	20.05%	20.05%
Return on Equity	31.07	37.71	50.01	63.45	73.64	90.99

Commission's Analysis:

The Regulation 28.1 of the JERC MYT Regulations, 2024 stipulates the following:

"28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use and shall be allowed in accordance with the prevalent CERC Tariff Regulations for the Generating Company and the transmission Licensees."

Provided that the Return on Equity shall be grossed up with the effective tax rate of the respective financial year

Further, the Regulation 30(2) of the CERC (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “CERC Tariff Regulations, 2024”), stipulates the following:

“...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 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 the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:*

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

....

....31. Tax on Return on Equity. (1) The base 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. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax

liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

... ” (Emphasis supplied)

Accordingly, the Commission has considered a rate of return on equity of 15.50%. The opening equity for FY 2025-26 has been considered equal to the closing equity approved in APR of FY 2024-25.

The normative equity addition during respective year has been considered as 30% of the approved capitalization.

The return on equity has been grossed-up with effective tax rate of 25.17% as was applicable for truing-up.

The following table provides the return on equity approved for each year of the Control Period:

TABLE 5-22 RETURN ON EQUITY APPROVED BY THE COMMISSION FOR MYT PERIOD (RS. CRORE)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Equity	155.63	180.18	202.00	231.62	247.73
Additions on account of new capitalisation	24.55	21.81	29.63	16.10	44.26
Closing Equity	180.18	202.00	231.62	247.73	291.99
Average Equity	167.90	191.09	216.81	239.67	269.86
Rate of Return (%)	15.00%	15.00%	15.00%	15.00%	15.00%
Effective Tax Rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%
Rate of Return after tax (%)	20.04%	20.04%	20.04%	20.04%	20.04%
Return on Equity	33.66	38.30	43.46	48.04	54.09

Accordingly, the Commission approves return on equity for the Control period from FY 2025-26 to FY 2029-30 as tabled above.

5.14 Non-Tariff Income

Petitioner's Submission:

The Petitioner has proposed the Non-Tariff income of Rs. 1.56 Crore for FY 2025-26 to FY 2029-30 considering supervision charges, tender fees, miscellaneous charges from consumers along with other income which includes interest on Staff loans & advances, Interest on advances to suppliers/contractors, and Miscellaneous receipts.

TABLE 5-23 NON-TARIFF INCOME CLAIMED BY THE PETITIONER FOR MYT PERIOD (RS. CRORE)

Particulars	FY 24-25 Base Year	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Non-Tariff Income	1.56	1.56	1.56	1.56	1.56	1.56

Commission's Analysis:

The Regulation 54 of the JERC MYT Regulations, 2024 stipulates the following:

"54 Non-Tariff Income

54.1 The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

54.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent on land or buildings;*
- b) Income from sale of scrap in excess of 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*

- f) Rental from contractors;
- g) Income from hire charges from contractors and others;
- h) Income from advertisements, etc.;
- i) Miscellaneous receipts ;
- j) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- k) Excess found on physical verification;
- l) Interest on investments, fixed and all deposits and bank balances;
- m) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Licensed Business of the Transmission Licensee shall not be included in Non-Tariff Income..”

The Commission observes that the actual average NTI of all three erstwhile transmission utilities (DNHDDPCL, EDDD and DNH-T) in the previous MYT period is Rs. 6.26 Crore. Accordingly, the Commission approves NTI of Rs. 6.26 Crore for each year of the Control Period as tabulated below subject to true-up.

TABLE 5-24 NON-TARIFF INCOME APPROVED BY THE COMMISSION FOR MYT PERIOD (RS. CRORE)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non-Tariff Income	6.26	6.26	6.26	6.26	6.26

Accordingly, the Commission approves the Non-Tariff Income of Rs. 6.26 Crore for each year of the MYT Control Period.

5.15 Annual Revenue Requirement for the FY 2025-26 to FY 2029-30

Petitioner’s Submission:

Based on the expenses as detailed above, the Petitioner submitted the net aggregate revenue requirement for FY 2025-26 to FY 2029-30 as shown in the following table:

TABLE 5-25 ANNUAL REVENUE REQUIREMENT CLAIMED BY THE PETITIONER FOR MYT PERIOD (Rs. CRORE)

Particulars	FY 24-25 Base Year	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
O&M Expense	81.20	83.77	93.36	104.86	116.22	123.93
Depreciation	52.40	57.03	65.67	75.10	82.24	94.42
Interest cost on long-term capital Loans	-	1.76	8.84	16.28	19.73	29.57
Interest on Working Capital Loans	4.43	5.03	5.86	6.81	7.60	8.52
Return on Equity	31.07	37.71	50.01	63.45	73.64	90.99
Income Tax	-	-	-	-	-	-
Total	169.11	185.29	223.75	266.50	299.44	347.43
Less: Non-Tariff Income	1.56	1.56	1.56	1.56	1.56	1.56
Annual Revenue Requirement	167.55	183.73	222.19	264.94	297.88	345.87

Commission's Analysis:

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above, the net revenue requirement for each year of the Control Period is approved by the Commission as provided in the following table:

TABLE 5-26 ANNUAL REVENUE REQUIREMENT APPROVED BY THE COMMISSION FOR MYT PERIOD (Rs. CRORE)

Particulars	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
O&M Expense	74.14	79.25	84.05	90.03	94.20
Depreciation	49.96	54.04	58.57	62.60	67.91
Interest cost on long-term capital Loans	0.99	1.18	1.51	0.99	1.59
Interest on Working Capital Loans	4.49	4.85	5.22	5.61	5.98
Return on Equity	33.66	38.30	43.46	48.04	54.09
Total	163.24	177.62	192.81	207.27	223.77
Less: Non-Tariff Income	6.26	6.26	6.26	6.26	6.26
Annual Revenue Requirement	156.98	171.37	186.55	201.01	217.51

The Commission approves net ARR for the Control Period from FY 2025-26 to FY 2029-30 as tabulated above.

5.16 Coverage of Revenue Gap

Petitioner's Submission:

The Cumulative Revenue gap for DNHDDPCL at the end of FY 2023-24 has been amortised in FY 2025-26. This is the combined revenue gap of DNHDDPCL, ED-DD and ED-DNH the resulting revenue (gap)/surplus have been summarized below:

TABLE 5-27 REVENUE GAP CLAIMED BY THE PETITIONER FOR FY 2025-26 (RS. CRORE)

S. No.	Particulars	FY 2023-24 Actual	FY 2024-25 RE	FY 2025-26 Projected
1	Total ARR	152.11	164.33	183.73
2	Revenue @ Existing Tariff	173.34	101.73	-
3	Total Revenue	173.34	101.73	-
4	Revenue (Gap)/Surplus (3-1)	21.23	(62.60)	(183.73)
5	Previous years (Gap)/ Surplus carried over	(15.47)	-	(2.35)
6	Total (Gap)/Surplus (4+5)	5.76	(62.60)	(186.09)
7	Holding Cost	(8.11)	-	(9.09)
8	Net (Gap)/ Surplus (6+7)	(2.35)	(62.60)	(195.18)

Commission's Analysis:

The cumulative revenue Surplus of Rs. 7.53 Crore at the end of FY 2023-24 has been amortised by the Commission in FY 2025-26. The total ARR approved by the Commission for FY 2025-26 including cumulative surplus till FY 2023-24 is as follows:

TABLE 5-28 NET ARR APPROVED BY THE COMMISSION FOR FY 2025-26 (RS. CRORE)

S. No.	Particulars	Petitioner's Submission	Approved by Commission
1	Total ARR	183.73	156.98
2	Revenue @ Existing Tariff	-	-
3	Total Revenue	-	-
4	Revenue (Gap)/Surplus	(183.73)	(156.98)
5	Previous years (Gap)/ Surplus carried over	(2.35)	7.88
6	Total (Gap)/Surplus (4+5)	(186.09)	(149.11)
7	Holding Cost	(9.09)	1.55
8	Net (Gap)/ Surplus (6+7)	(195.18)	(147.56)

Chapter 6: Transmission Tariff for FY 2025-26 to FY 2029-30

6.1 Transmission Capacity of System

The transmission system capacity is the contracted capacity made available to the beneficiary during the given period. The present capacity of 2120 MVA, including 520 MVA in Kharadpada, 480 MVA Khadoli sub-station, 320 MVA Vagchipa sub-station, 520 MVA Magarwada sub-station, 260 MVA Riganwada sub-station and 20 MVA Malala sub-station. A total of 1180 MVA capacity will be added during the MYT Control Period. The approved contracted transmission capacity of the system is as under:

TABLE 6-1 TRANSMISSION CAPACITY OF THE TRANSMISSION SYSTEM

Tariff Determination	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Transmission Capacity (MW)	2,099	2,257	2,257	2,485	2,643

6.2 Normative Availability

Regulation 45.1 of JERC MYT Regulations, 2024 stipulates as follows:

“45.1 The norms of operations for a Transmission Licensee shall be applicable as specified in the prevalent CERC Tariff Regulations”

Regulation 51 of the CERC Tariff Regulations, 2019 stipulates as under:

“51. Normative Annual Transmission System Availability Factor (NATAF):

(a) For recovery of Annual Fixed Cost, NATAF shall be as under:

(1) AC system: 98.00%;

....

”

Accordingly, the Commission approves the Annual Transmission System Availability Factor for recovery of full Annual Fixed Cost as proposed by the Petitioner as tabulated below:

TABLE 6-2 TRANSMISSION SYSTEM AVAILABILITY APPROVED BY THE COMMISSION

Tariff Determination	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24
Transmission System Availability (%)	99.15%	99.20%	99.25%	99.30%	99.35%

Further, the Commission directs the Petitioner to submit the Transmission Availability Report for Residual Transmission Entity of DNHDDPCL on Monthly Basis to the Commission starting from the month of August 2025.

6.3 Transmission Loss

The Commission sought the details regarding the energy audit conducted by the Petitioner for FY 2023-24. The Petitioner has submitted the energy audit report for FY 2023-24. Based on the Energy Audit Report submitted for FY 2023-24, the Commission observed that the Substation Level Energy Accounting done for 6 substations, only 2 substations have positive loss numbers and rest 4 have negative loss numbers. Therefore, it was not feasible for the Commission to arrive at an overall Transmission system loss for DNHDDPCL.

The Commission takes serious note of the same and directs the Petitioner to carry out Calibration and periodical testing of meters being used for conducting energy audit.

TABLE 6-3 TRANSMISSION LOSS (%) APPROVED BY THE COMMISSION

Tariff Determination	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Transmission System Availability (%)	1.41%	1.41%	1.41%	1.41%	1.41%

6.4 Tariff Determination

The Petitioner has submitted the tariff based upon the projected capacity of the transmission capacity as follows:

TABLE 6-4 TRANSMISSION TARIFF AS CLAIMED BY THE PETITIONER

Tariff Determination	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Net ARR (Rs Crore)	195.18	222.19	264.94	297.88	345.87
Transmission Capacity (MW)	2,099	2,257	2,257	2,485	2,643
LTOA (Rs./MW/Month)	77,490.09	82,036.57	97,826.27	99,892.09	1,09,051.68
STOA (Rs./MW/Day)	2,583	2,734.55	3,260.88	3,329.74	3,635.06

Commission's Analysis:

The Regulation 55 of the JERC MYT Regulations, 2024 states that:

"55. Sharing of charges for Intra-State Transmission Network

55.1 The Aggregate Revenue Requirement of the Transmission Licensee, as approved by the Commission, shall be shared by all long-term users and medium-term users of the transmission system on a monthly basis in the ratio of their respective Allotted Transmission Capacity to the total Allotted Transmission Capacity, in accordance with the following formula:

$ATC_n = (\text{Transmission ARR} / 12) \times (CC_n / SCC)$ Where,

ATC_n = annual transmission charges payable by the nth long-term user or medium-term user of the transmission system;

Transmission ARR = Aggregate Revenue Requirement of the Transmission Licensee, determined in accordance with these Regulations;

CC_n = Allotted Transmission Capacity by the nth long-term user or medium-term user of the transmission system;

SCC = sum of Allotted Transmission Capacity by all long-term users and medium-term users of the transmission system:

Provided that the ATCn shall be payable on a monthly basis by each long-term user or medium-term user of the transmission system and shall be collected by the State Transmission Utility (STU).

55.2 The short-term Open Access Consumers shall pay transmission charges on Rs/MW/day basis determined in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time

.....”

Further, the Regulation 4.1 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 states that:

“4.1 Transmission Charges

1. An Open Access Consumer using the Intra-State Transmission System, shall pay transmission charges to the State Transmission Utility or the Intra-State Transmission Licensee other than the State Transmission Utility for usage of their system as determined by the Commission in the Tariff Order from time to time:

Provided that transmission charges shall be payable on the basis of contracted capacity in case of Long-term and Medium-term Open Access Consumers and on the basis of scheduled load in case of Short-term Open Access Consumers. For Open Access for a part of a Day, the transmission charges shall be payable as under:

- a. Up to six (6) hours in a Day in one (1) block: 1/4th of the charges for Long-term and Medium-term users;*
- b. More than six (6) hours and up to twelve (12) hours in a Day in one (1) block: ½ of the charges for Long-term and Medium-term users; and*

c. More than twelve (12) hours and upto twenty-four (24) hours in a Day in one (1) block: equal to Long term and Medium-term users”

The Commission observes that Petitioner has proposed transmission tariff for each year of the Control Period based on its proposed transmission capacity. The Commission finds that the ARR has to be shared amongst the long- and medium-term users based on the allotted capacity. The Commission has sought allotted capacity of the users for each year of the Control Period vide its deficiency note, however, the Petitioner failed to submit the same. The Commission has approved peak demand for each year for the Control Period from FY 2025-26 to FY 2029-30 in its Business Plan Order dated 8th August 2025. In absence of the said allotted capacity the Commission deems fit to determine transmission tariff applying approved peak demand in the formula given under Regulation 55 of JERC MYT Tariff Regulations, 2024.

Accordingly, the transmission tariff approved by the Commission for long-term and medium-term consumers and short-term open access consumers for the MYT Control Period from FY 2025-26 to FY 2029-30 is as follows:

TABLE 6-5 TRANSMISSION TARIFF APPROVED BY THE COMMISSION FOR CONTROL PERIOD

Tariff Determination	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Net ARR (Rs Crore)	147.56	171.37	186.55	201.01	217.51
Capacity (MW)	1,379.72	1,448.71	1,521.14	1,597.20	1,677.06
Energy Required at Periphery	11,303.30	11,731.00	12,177.51	12,644.45	13,133.90
Long/Medium Term Transmission Charges (Rs./MW/Month)	89,124	98,573	1,02,197	1,04,876	1,08,080
Short Term Open Access Transmission Charges (Rs./MW/Day)	2,930	3,241	3,360	3,448	3,553

The short-term open access consumers shall pay the charges in accordance with the charges determined above and Regulation 4.1 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open

Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended
from time to time.

Chapter 7: Compliance of Directives

Directive 1: Capital Expenditure:

Originally Issued in Tariff Order dated 31st July 2012

Commission's direction in Tariff Order Dated 30th March 2023

The Commission has noted with concern that Petitioner is yet to submit the details as sought by the Commission. The Commission now directs the Petitioner to ensure compliance of this directive and submit the desired reports on quarterly basis, failing which the Commission will be constrained to take appropriate action against the Petitioner.

Petitioner's submission in present Tariff Petition:
--

The DNHDDPCL would like to submit that it has initiated the process of compiling the desired information. However, due to the complexity and volume of data required, we need some additional time to ensure accuracy and completeness.

Commission's Directive in present MYT Order:

The Commission directs the Petitioner for timely submission of quarterly progress report to the Commission.

Directive 2: Separate Accounting of Solar Plants

Originally Issued in Tariff Order dated 30 th March 2023

Commission's direction in Tariff Order Dated 30th March 2023

The Commission directs the Petitioner to prepare the separate accounts for Solar Plant for FY 2022-23 duly certified by statutory Auditor and submit the same along with True-Up for FY 2022-23. The Accounts shall clearly include the following details:
--

- | |
|---|
| <ul style="list-style-type: none">i. Revenue earned from sale of solar powerii. O&M expenses incurrediii. Gross Fixed Assetsiv. Loan and Equityv. Interest on Loan and Return on Equityvi. Depreciationvii. Interest on Working Capital |
|---|

Petitioner's submission in previous Tariff Petition:

The DNHDDPCL would like to submit that the utility is in the process of preparation of separate accounts of Solar Plant for the FY 2022-23.

Commission's Directive in previous MYT Order:
--

The Commission directs the Petitioner for timely submission of quarterly progress report to the Commission.

Petitioner's submission in Present Tariff Petition:
--

The DNHDDPCL acknowledges the impending merger of its Transmission Division ED-DNH and ED-DD. In anticipation of this merger, the Corporation will formulate a plan for the segregation of the Renewable Energy (i.e., Solar Plants) income and expense. Accordingly, the same will be submitting a separate petition data to the Commission in due course.

Commission's Directive in present MYT Order:

The Commission directs the Petitioner for compliance of the aforesaid directive within 90 days of issuance of this Order.

Directive 3: Reconciliation of Actual Interest on Security Deposit Paid

Originally Issued in Tariff Order dated 30th March 2023

Commission's direction in Tariff Order Dated 30th March 2023

The Commission directs the Petitioner to submit reconciliation of actual interest on security deposit paid and computation of security deposit considering the opening and closing values of security deposit for the last 5 years i.e., FY 2017-18 to FY 2021-22 within 3 months of issuance of this order.

Petitioner's submission in previous Tariff Petition:

The DNHDDPCL would like to submit that the utility will submit the reconciliation of actual interest on security deposit paid shortly to the Hon'ble Commission.

Commission's Directive in previous Tariff Order:

The Commission directs the Petitioner for submission of the details for actual interest on security deposit within 90 days of issuance of this Order.

Petitioner's submission in Present Tariff Petition:

The Corporation are committed to fulfilling the requirements of the Commission's directive. However, due to the complexity of the task and the volume of data involved, the data retrieval may require significant time and effort as all data related to security deposit is transferred to new DISCOM i.e., DNHDDPDCL under privatization. Therefore, it is requested to Commission to allow more for submission of data.

Commission's Directive in present MYT Order:

The Commission directs the Petitioner for submission of the details for actual interest on security deposit within 90 days of issuance of this Order.

Directive 4: Creation of SLDC

Originally Issued in Tariff Order dated 11th June 2024

Commission's direction in Tariff Order Dated 11th June 2024

The Commission directs the Petitioner for segregation of SLDC from its present business on priority. Further, a detailed report shall be furnished within 60 days from the issuance of this Tariff Order and a separate tariff petition should be filed from next true-up of FY 2023-24.

Petitioner's submission in Present Tariff Petition:

The DNHDDPCL acknowledges the impending merger of its Transmission Division ED-DNH and ED-DD. In anticipation of this merger, the Corporation will formulate a plan for the segregation of the Renewable Energy (i.e., Solar Plants) income and expense. Accordingly, the same will be submitting a separate petition data to the Commission in due course.

Commission's Directive in present MYT Order:

The Commission directs the Petitioner for compliance of the aforesaid directive within 90 days of issuance of this Order.

New Directive: Separate Petition for CAPEX/Capitalization

The Commission directs the Petitioner to obtain approval of all the schemes separately by filing petition along with detailed project reports, competent authority approval, cost-benefit analysis, and all supporting documents adhering to the JERC MYT Regulations, 2024.

Annexures

Annexure 1: List of stakeholders/public attended Public Hearing

The following is the list of the stakeholders who have attended the Public Hearing on 18th & 24th June, 2025.

TABLE ANNEXURE-1 LIST OF STAKEHOLDER

Sr. No.	Name of persons (Mr./Mrs.)
1.	Pawan
2.	D. V. Thapa
3.	Ajay Shuntla
4.	Jainendra Patil
5.	Kirit Mitnu
6.	Vijay Mehta
7.	Mahendra Damadar
8.	R.P Shah
9.	Dillepzha
10.	Rahul D
11.	Bijal Patel
12.	P.K Jadia
13.	Sanjay Dalal
14.	A.K. Shivhare
15.	Sohil
16.	Dinesh Paliwal
17.	Santosh Halpah
18.	Sanjay Halpti
19.	Harish Dalal
20.	R.K Shukla
21.	Shri Umesh Patil (M.P)
22.	Ravi Pandey
23.	Vijay Patil
24.	Navendra Trivedi
25.	Atul R. Shah
26.	Sanjeev Kapoor
27.	Sanjay Kumar
28.	Prashant
29.	Shirish
30.	Vishal Kumar
31.	Viral Bari
32.	Chintan
33.	Smit Patel
34.	Sanjay Patel
35.	Hashmukh Bhai
36.	Rakesh Patel
37.	Naushad

Sr. No.	Name of persons (Mr./Mrs.)
38.	Anish
39.	Uttam
40.	Ramas Bhai
41.	Irshad
42.	Mubarak
43.	Samshad
44.	Pema Gaon
45.	Shivam
46.	Anas
47.	Samshu
48.	Gaurang Tandel
49.	Pravin Chaudhari
50.	Vijay Prakash
51.	P. Gajjar
52.	Banty Kishor
53.	Anup Giri
54.	Dipak Mangola
55.	Wilson Ajick
56.	Umesh Rama
57.	Navin P
58.	Velji Lakha
59.	Lalabhai