CHHATTISGARH STATE ELECTRICITY REGULATORY COMMISSION

RAIPUR

Jindal Steel & Power Limited (JSPL)...... P. No. 01/2025

Present: **Hemant Verma, Chairperson**
Vivek Ganodwale, Member (Law)
Ajay Kumar Singh, Member

In the matter of –

1. Truing up of JSPL-T for FY 2023-24;
2. Determination of ARR and Transmission Tariff for FY 2025-26

ORDER

(Passed on 23.07.2025)

1. The Commission has notified the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2021 (hereinafter referred as 'MYT

Regulations, 2021') for determination of tariff for the Generating Company, Licensees, and CSLDC, which is applicable for Determination of ARR and Transmission Tariff for FY 2022-23 to FY 2024-25 for the Generating Company, Licensees, and CSLDC.

2. The Commission, vide Order dated 24 October 2024, directed the Licensees and Generating Companies to file the Tariff Petition for FY 2025-26 along with the true-up Petition for FY 2023-24 in accordance with the provisions of the Act and broadly following the principles specified in prevailing MYT Regulations, 2021.

3. In compliance to above-mentioned Regulations, M/s Jindal Steel & Power Limited (JSPL), as a Transmission Licensee filed a petition for truing up for FY 2023-24 and determination of ARR and Transmission Tariff for FY 2025-26.

4. The Petition was registered as Petition No. 01 of 2025 dated 07/01/2025. For inviting objections/suggestions as per the procedure laid down in the Regulations, the Petitioner published a Public Notice along with the gist of the Petition in the newspapers. For this purpose, the Petition was made available in the office of the Commission. The Petition was also made available on the Commission's website.

5. On the scrutiny of the Petition filed by JSPL-T, the Commission observed certain deficiencies and sought clarification/additional information from JSPL-T.

6. A Technical Validation Session (TVS) on the Petition was held on 28 January 2025, in the office of Commission. Further, the Commission conducted Public Hearing on 19.06.2025.

7. No comments from public were received on the petition. No objections were presented by public in the hearing too.

8. The Commission has undertaken final true-up for FY 2023-24 for JSPL-T based on the audited accounts submitted by the Petitioner, and in accordance with the provisions of the MYT Regulations, 2021.

9. The Commission has approved Revenue Surplus of FY 2023-24 as Rs. 305.36 Lakh as against the claim of JSPL-T for Revenue Surplus of Rs. 38.07 Lakh.

10. After applying the holding cost on the Revenue Surplus of JSPL-T for FY 2023-24, the total Revenue Surplus up to FY 2025-26 has been approved as Rs. 373.43 Lakh, as against the claim of JSPL-T for Revenue Surplus of Rs. 48.97 Lakh.

11. Adjusted approved ARR for FY 2025-26 (Rs. Lakh)

Sl. No.	**Particulars**	**Unit**	**Approved**
1	ARR for FY 2025-26	Rs. Lakh	635.35
2	Adjustment of Gap/(Surplus) of FY 2023-24 with carrying cost up to FY 2025-26	Rs. lakh	(373.43)
3	**Adjusted ARR for FY 2025-26**	Rs. Lakh	261.93
4	Monthly Transmission Charges for FY 2025-26	Rs. Lakh/ Month	21.83*

* JSPL-T shall bill/adjust the differential amount for the period from April to July 2025 in equal instalments over the period from August to November 2025

12. The Monthly Transmission Charges shall be recovered from JSPL-D and other Open Access consumers, if any, in the ratio of their Maximum Demand in MW.

13. The Order will be applicable from August 01, 2025 and will remain in force till March 31, 2026 or till the issue of the next Tariff Order, whichever is later.

14. The Commission directs JSPL-T to take appropriate steps to implement the Tariff Order.

Sd/-	**Sd/-**	**Sd/-**
(AJAY KUMAR SINGH)	**(VIVEK GANODWALE)**	**(HEMANT VERMA)**
MEMBER	**MEMBER (LAW)**	**CHAIRPERSON**

LIST OF ABBREVIATIONS

Abbreviation	Description
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
CPI	Consumer Price Index
CSERC	Chhattisgarh State Electricity Regulatory Commission
CSLDC	Chhattisgarh State Load Despatch Centre
DC	Double Circuit
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government of India
IoWC	Interest on Working Capital
JSPL	Jindal Steel and Power Limited
JSPL-T	Jindal Steel and Power Limited – Transmission
JSPL-D	Jindal Steel and Power Limited – Distribution
Km	Kilometre
kV	kilo Volt
kWh	kilo Watt-hour
MAT	Minimum Alternative Tax
MCLR	Marginal Cost of Funds based Lending Rate
MU	Million Units
MYT	Multi Year Tariff
NEP	National Electricity Policy
NPV	Net Present Value
O&M	Operation and Maintenance
R&M	Repair and Maintenance
RoE	Return on Equity
Rs.	Rupees
SBI	State Bank of India
SLDC	State Load Despatch Centre
SLM	Straight Line Method
STU	State Transmission Utility
WPI	Wholesale Price Index

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1. BACKGROUND AND BRIEF HISTORY

1.1 Background

Jindal Steel & Power Limited **("JSPL")** was granted a Transmission Licencee by the Commission vide Order No. 22/2007 (L)/ 2008/722 dated June 20, 2008 for the two transmission lines in Raigarh district of Chhattisgarh, namely:

a. 220 kV Double Circuit (DC) transmission line from JSPL to O.P. Jindal Industrial Park, Punjipatra (23.7 km), and

b. 220 kV Double Circuit (DC) transmission line from O.P. Jindal Industrial Park, Punjipatra to Jindal Power Limited (19.5 km)

The Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2021 (referred as **"MYT Regulations 2021")** are applicable for the Control Period from FY 2022-23 to FY 2024-25. Regulation 5.7 (b)(i) provides that the Transmission Licensee is required to file yearly Petition for Truing Up for preceding years. The relevant extract from the Regulation is provided below:

"(b) After the first year of control period and onwards, the yearly petition shall comprise of:

i. Generation, Transmission and SLDC business — truing up for the preceding year(s).".

The Commission, vide Order dated 24 October 2024, directed the Licensees and Generating Companies to file the Tariff Petition for FY 2025-26 along with the true-up Petition for FY 2023-24 in accordance with the provisions of the Act and broadly following the principles specified in prevailing MYT Regulations, 2021.

1.2 The Electricity Act, 2003, Tariff Policy and Regulations

Section 61 of the Electricity Act, 2003 (herein after referred as "the EA, 2003" or "the Act") stipulates the guiding principles for determination of tariff by the Commission and mandates that the tariff should progressively reflect the cost of supply of electricity, reduce cross subsidy, safeguard consumers interest and recover the cost of electricity in a reasonable manner. This Section also stipulates that the Commission while framing the Tariff Regulations shall be guided by the principles and methodologies specified by the Central Electricity Regulatory Commission for determination of the tariff applicable to generating companies and transmission licensees. Section 62 of the Act stipulates that the Commission shall determine the tariff for:

- Supply of electricity by a Generating Company to a Distribution Licensee;
- Transmission of electricity;
- Wheeling of electricity; and
- Retail sale of electricity.

The Tariff Policy notified by the Government of India in January 2006, as well as the amended Tariff Policy notified in January 2016, provides the framework to balance the conflicting objectives of attracting investments to ensure availability of quality power and protecting the interest of consumers by ensuring that the electricity tariffs are affordable.

1.3 Procedural History

JSPL-T filed the Petition for approval of final true-up for FY 2023-24 and Determination of ARR and Transmission Tariff for FY 2025-26 on 03.01.2025, which was registered as Petition No. 01 of 2025.

In this instant Order, the Commission has undertaken the final true-up for FY 2023-24 based on audited accounts, and determined the ARR and Transmission Tariff for FY 2025-26 in accordance with the provisions of the MYT Regulations, 2021.

1.4 Admission of the Petition and Hearing Process

The Petition filed by JSPL-T on 07.01.2025 was registered as Petition No. 01 of 2025. JSPL-T was directed to publish the abridged version of the Petition in Hindi and English newspapers for inviting comments/objections/suggestions from all the stakeholders. The Petitions were made available on the website of the Commission as well as on the Petitioner's website. As required under Clause 21 of the CSERC (Details to be furnished by licensee, etc.) Regulations, 2004, notices inviting suggestions /comments/objections from the stakeholders on the above Petition were published by the Petitioner in the leading newspapers of the State.

The notices under Section 94(2) of the Act were published in the leading newspapers of the State.

The hearing was scheduled on 19.06.2025 and Public Notice in this regard was also published.

1.5 Organisation of the Order

This Order includes the following Chapters:

Chapter 1: Introduction (present Chapter) - provides a brief background of the regulatory process undertaken by the Commission.

Chapter 2: Objections Received, JSPL-T's Response and Commission's Ruling –no written or oral suggestions or objections were submitted.

Chapter 3: True-up for FY 2023-24 - deals with Final True-up for FY 2023-24 as per CSERC MYT Regulations, 2021.

Chapter 4: Revised estimate for FY 2024-25

Chapter 5: ARR for FY 2025-26 – sets out the ARR and Transmission Tariff approved by the Commission for FY 2025-26.

Chapter 6: Determination of Transmission Charges for FY 2025-26 – sets out the Transmission Tariff approved by the Commission for FY 2025-26.

2. HEARING PROCESS, INCLUDING THE COMMENTS MADE BY VARIOUS STAKEHOLDERS, THE PETITIONER'S RESPONSES AND VIEWS OF THE COMMISSION

2.1 For inviting objections/suggestions as per the procedure laid down in the Regulations, Petitioner has published a Public Notice along with the gist of the Petition in the newspapers. For this purpose, the Petition was made available in the office of the Commission. The Petition was also made available on the Commission's website.

2.2 Further, the Commission conducted Public Hearing on 19.06.2025.

2.3 No comments from public were received on the petition. No objections were presented by public in the hearing too.

3. TRUE-UP FOR FY 2023-24

3.1 Background

The Commission notified the MYT Regulations, 2021 for the third MYT Control Period from FY 2022-23 to FY 2024-25 on November 18, 2021. Subsequently, the Commission notified the First Amendment to the MYT Regulations, 2023 on May 19, 2023.

JSPL-T has submitted the Petition for final true up of ARR for FY 2023-24 based on the audited accounts of FY 2023-24.

Regulation 10.4 of the MYT Regulations, 2021 specifies as under:

"10.4. The scope of the truing up shall be a comparison of the performance of the generating company or STU/transmission licensee or distribution licensee or SLDC with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

(a) A comparison of the audited performance of the applicant for the previous financial year(s) with the approved forecast of such previous financial year(s), subject to the prudence check including pass-through of impact of uncontrollable factors;

(b) Review of compliance with directives issued by the Commission from time to time;

(c) Other relevant details, if any."

In accordance with the above Regulation, the Commission, in the present Order, has undertaken true-up of ARR for FY 2023-24 on the basis of Audited Accounts of JSPL-T.

In this Chapter, the Commission has analysed all the elements of actual expenditure and revenue of JSPL-T for FY 2023-24 and considered the final true-up of expenses and revenue in accordance with Regulation 10 of the MYT Regulations, 2021. The Commission has approved the sharing of gains and losses on account of controllable factors between JSPL-T and its beneficiaries, in accordance with Regulation 13 of the MYT Regulations, 2021.

3.2 Gross Fixed Assets

JSPL-T's submission

The Commission approved GFA of Rs. 3622.33 Lakh in the Order dated 10.05.2024 passed in Petition No. 100 of 2023. The Petitioner submitted the Gross Fixed Assets (GFA) as Rs. 3622.33 Lakh for FY 2023-24 and has claimed that no capital investment has been made in FY 2023-24, as shown in the Table below:

Table 3-1: Gross Fixed Assets as submitted by JSPL-T for FY 2023-24 (Rs. Lakh)

Sl. No.	Particulars	Petition
1	Land under full ownership	3.92
2	Switchgears, Control gear & Protection equipment including cable	748.82
3	SCADA	152.93
4	Others	9.15
5	Lines	2702.56
6	Furniture and fixtures	0.37
7	Office equipment	4.57
8	**Total**	**3622.33**

Commission's View

Since, no capitalization has been done during FY 2023-24, the Commission has approved the GFA for FY 2023-24 as Rs. 3622.33 Lakh, which is the closing GFA for FY 2022-23, as approved vide order dated 10.05.2024 in the true up for FY 2022-23.

3.3 O&M Expenses

JSPL-T's submission

The Petitioner submitted that it has claimed O&M expenses in accordance with Regulation 73.5 of the MYT Regulations, 2021 for true-up of FY 2023-24. The Petitioner has considered actual employee expenses of Rs. 209.99 Lakh for FY 2023-24 as per the audited accounts.

Based on the above Regulations, the Petitioner has computed the normative A&G expenses and R&M expenses for FY 2023-24. The Petitioner has considered WPI escalation factor of 3.97% over the R&M expense and A&G expense for FY 2022-23.

The normative O&M expenses for FY 2023-24 as submitted by the Petitioner is shown in the following Table:

Table 3-2: Normative O&M Expenses for FY 2023-24 as submitted by JSPL-T (Rs. Lakh)

Particulars	True-up Petition
Employee Expenses	219.30
A&G Expenses	56.32
R&M Expenses	43.39
Total O&M Expenses	**319.01**

Sharing of Gains and Losses on Account of Controllable Factors

The Petitioner has computed the net gains and losses in accordance with MYT Tariff Regulations, 2021, as shown in the following Table:

Table 3-3: Sharing of Gains and Losses for FY 2023-24 as submitted by JSPL-T (Rs. Lakh)

Particulars	Normative	Actual	(Gain)/Loss
Employee Expenses	219.30	209.99	(9.31)
A&G Expenses	56.32	56.10	(0.34)
R&M Expenses	43.39	66.36	22.98
Total Expenses	**319.01**	**332.45**	**13.43**

Commission's View

The Petitioner has claimed actual O&M Expenses of Rs. 332.459 Lakh for FY 2023-24 based on audited accounts. The Petitioner has submitted that no expenses against Corporate Social Responsibility (CSR) and Donations are included under A&G expenses or any other head of expenses claimed for FY 2023-24.

Actual O&M Expenses

The Commission has verified the actual O&M expenses from the Audited Accounts of FY 2023-24.

The Commission asked JSPL-T to submit the details of 'Other Administrative & General Expenses' of Rs. 18.10 Lakh and head-wise details and justification for 'Corporate Office Expenses' of Rs. 6.96 Lakh. In the reply submitted by JSPL-T, it is observed that the 'Other Administrative & General Expenses' includes 'Ineligible ITC CGST' of Rs. 0.08 Lakh, and 'Ineligible ITC SGST' of Rs. 0.08 Lakh. The Commission is of the view that these expenses cannot be allowed as prudent expenses. Also, JSPL-T submitted that the 'Corporate Office Expenses' of Rs. 6.96

Lakh have been incurred for certain expenses such as salary, legal and professional fees and general expenses are incurred centrally by the Head Office to support various business units, including the Transmission Business. Centralizing certain expenses at the Head Office provides several benefits, including efficiency, consistency, cost allocation, risk management, and strategic decision-making. By leveraging centralized resources and expertise, the Head Office can better support various business units, including the Transmission Business, and contribute to the overall success of the organization.

Accordingly, the actual O&M Expenses considered by the Commission for sharing of gains and losses are given in the following Table:

Table 3-4: Actual O&M Expenses for FY 2023-24 as approved by the Commission (Rs. Lakh)

Particulars	**True-up Petition**	**Approved after True-up**
Employee Cost	209.99	209.99
A&G Expenses	56.10	55.94
R&M Expenses	66.36	66.36
Total O&M Expenses	**332.45**	**332.29**

Normative O&M Expenses

Regulation 73.5 of the MYT Regulations, 2021 specifies as under:

*"**73.5.1. Human Resource (HR) Expenses***

(a) HR expenses shall include:

(i) employees costs;

(ii) impact of Pay revision;

(iii) manpower deployed on outsourcing basis;

(b) The Commission shall stipulate a separate trajectory for each of the components of HR expenses for the Control Period.

(c) The HR expenses includes employee cost, impact of pay revision arrears, all expenses towards manpower deployed on outsourcing basis, pension fund contribution, and any other expense of non-recurring nature related to HR. The base year i.e. FY 2021-22. shall be derived on the basis of the normalized average of the actual HR expenses excluding pension fund contribution, impact of pay revision arrears and any other expense of

non-recurring nature, available in the accounts for the previous five (5) years immediately preceding the base year FY 2021-22, subject to prudence check by the Commission.

(d) *The normalization of HR expenses shall be done by applying last five year average increase in Consumer Price Index lndustrial Worker (CPI (IW)) on year to year basis. The average of normalized net present value for FY 2016-17 to FY 2020-21, shall then be used to project base year value for FY 2021-22. The projected base year value shall be escalated by the above inflation rate to estimate the HR expense (excluding impact of pension fund contribution and pay revision and any other expense of non-recurring nature, if any) for each year of the control period.*

(e) *At the time of true up, the HR expenses shall be considered at actual and shall not be subjected to gain/loss mechanism.*

Provided further that during the true-up, actual cash outflow on impact of pay revision (including arrears) and pension fund contribution shall be allowed as per accounts, subject to prudence check and any other factor considered appropriate by the Commission.

(0 CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2001=l 00) .

73.5.2. Maintenance & General (M&G) Expenses

(a) *Maintenance & General (M&G) expenses shall include:*

(i) Administrative and General (A&G) expenses;

(ii Repair and Maintenance (R&M) expenses

(b) *The Commission shall stipulate a separate trajectory for M&G expenses i.e., R&M and A&G expenses for the Control Period.*

(c) *The A&G expenses (excluding expenses towards outsourcing manpower if any) for the base year i.e. FY 2020-2I, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower if any) available in the accounts for the previous five (5) years immediately preceding the base year FY 2021-22, subject to prudence check by the Commission. Any other expense of non-recurring* *nature shall be excluded while determining normalized average for the previous five (5) years.*

(d) For normalization of A&G expenses shall be estimated by applying last five year average increase/decrease in inflation to be considered on the basis of40% weightage of WPI and 60% weightage of CPI respectively on year to year basis. The average of normalized net present value for FY 2016-17 to FY 2020-21, shall then be used to project base year value for FY 2020-21. The projected base year value shall be escalated by the above inflation rate to estimate the A&G expense.

(e) R&M expenses for the first year of the control period shall be calculated as a percentage (as per the norm decided in the tariff order) of opening Gross Fixed Assets. For arriving at the R&M expenses of subsequent years of the control period, projected WPI rate shall be applied on the estimated R&M expenses of first year.

Wholesale Price Index numbers of all commodities shall be as per Office of Economic Advisor Ministry of Commerce & Industry, Government of India {Base Year: 20ll-12 Series};

Consumer Price Index for Industrial Workers (all India) shall be as per Labour Bureau, Government of India {Base Year: 2001:100}.

At the time of true up, the A&G and R&M expenses shall be considered after taking into account the actual inflation instead of projected inflation for that period."

The Commission observed that JSPL-T has computed the normative A&G expenses by the escalation factor equal to the average inflation rate of the past five years instead of the actual inflation rate for the current year. In its reply to the data gaps, JSPL-T submitted the revised computation of normative A&G expenses. The Commission also observed that JSPL-T has computed the normative R&M expenses equal to 1.2% of the GFA instead of escalating the normative R&M expenses approved by the Commission for FY 2022-23 by actual inflation rate for FY 2023-24. In its reply to the data gaps, JSPL-T submitted the revised computation of normative R&M expenses in accordance with the MYT Regulations, 2021.

In line with the MYT Regulations, 2021, the applicable escalation factor for calculating R&M expenses works out to -0.74% (100% WPI). It may be noted that growth in escalation indices is always computed with reference to the index in the previous period, and as the WPI for FY 2023-24 has reduced, the escalation index in FY 2024-25 will be correspondingly higher, which will be allowed at actuals in the true-up for FY 2024-25. Therefore, the Commission has considered escalation factor of -0.74% for computing revised normative R&M Expenses for FY 2023-24.

The Commission has considered an escalation factor of 2.82% (40% weightage of WPI and 60% weightage of CPI) for calculating A&G expenses for FY 2023-24. The base-year's O&M Expenses value is considered as approved in the final true-up for FY 2022-23 in the Order dated 10.05.2024.

The revised normative A&G expenses and R&M expenses approved in the true-up for FY 2023-24 are shown in the Table below:

Table 3-5: Revised Normative O&M Expenses for FY 2023-24 as approved by the Commission (Rs. Lakh)

Particulars	True-up Petition	Approved after True-up
A&G Expenses	56.32	47.61
R&M Expenses	43.39	42.07

As regards sharing of Gains and Losses, Regulation 13 of the MYT Tariff Regulations, 2021 specifies as under:

"13. MECHANISM FOR SHARING OF GAINS OR LOSSES ON ACCOUNT OF CONTROLLABLE FACTORS

13.1. The mechanism for sharing of aggregate net gain on account of over achievement in reference to the target set in tariff order for efficiency linked controllable items other than energy losses computed in accordance to Regulation 7l shall be passed on to the beneficiary / consumer(s) and retained by the generating company or the licensee or SLDC, as the case may be, in the ratio of 50:50 or as may be specified in the Order of the Commission passed under these Regulations.

Provided that the mechanism for sharing of aggregate net gain on account of over achievement in reference to the target set in tariff order for energy losses computed in accordance to Regulation 7l shall be passed on to the consumer(s) and retained by the licensee, as the case may be, in the ratio of 2:1 or as may be specified in the Order of the Commission passed under these Regulations.

13.2 *The mechanism for sharing of aggregate net loss on account of under achievement in reference to the target set in tariff order for efficiency linked controllable items shall be passed on to the beneficiary / consumer(s) and retained by the generating company or the licensee, as the case may be, in the ratio of 50:50 or as may be specified in the Order of the Commission passed under these Regulations."*

The Commission notified the MYT Regulations, 2021 on November 18, 2021 and made it effective from April 1, 2022, whereby employee expenses are excluded from accounting of sharing of (gains)/losses. The relevant Regulation is as under:

"In clause 13.1 of the principal regulations, the following proviso shall be inserted, namely: -

Provided further that the employee cost shall not be factored in for sharing of gains or losses on account of Operation and Maintenance expenses"

In line with above amendment, the employee expenses are now considered as uncontrollable expenses and therefore, the actual employee expenses approved in the truing-up of FY 2023-24 after due prudence check, are considered without any sharing of efficiency gains/losses.

As per the provisions in the Regulations for sharing of (gains)/losses of O&M expenses, the Commission has computed the efficiency gains/losses for FY 2023-24 on the basis of revised normative A&G expenses and R&M expenses, in accordance with the MYT Regulations, 2021, as shown in the following Table:

Table 3-6: Revised Normative O&M Expenses and Sharing of Gain and Loss for FY 2023-24 as approved by the Commission (Rs. Lakh)

Particulars	Normative Expenses	Actual Expenses	(Gain)/Loss
Employee Expenses	209.99	209.99	-
A&G Expenses	47.61	55.94	8.32
R&M Expenses	42.07	66.36	24.30
Total Expenses	**299.67**	**332.29**	**32.62**

The Commission approves the sharing of (Gain)/Loss after true-up for FY 2023-24 as shown above. In accordance with the MYT Regulations, 2021, 1/3rd of the above computed Loss has been passed on to the beneficiaries of JSPL-T, and the effective Loss to be passed on works out to Rs. 10.76 Lakh for FY 2023-24.

3.4 Depreciation

JSPL-T's submission

The Petitioner submitted that the depreciation has been calculated on the aforesaid GFA based on the methodology and depreciation rates prescribed under the MYT Regulations, 2021 and as approved by the Commission in the MYT Order dated August 18, 2023.

Accordingly, the Depreciation claimed by the Petitioner for FY 2023-24 is as shown in the Table below:

Table 3-7: Depreciation for FY 2023-24 submitted by JSPL-T (Rs. Lakh)

Particulars	True-up Petition
Opening GFA	3622.33
Capitalisation during the year	0.00
Closing GFA	3622.33
Average GFA for the year	3622.33
Depreciation Rate (%)	3.91%
Depreciation	**141.77**

Commission's View

The Commission has approved the depreciation in accordance with the MYT Regulations, 2021 and the approach adopted in the past Orders.

For computation of depreciation, the closing GFA for FY 2022-23 as approved in the true up for FY 2022-23, has been considered as the opening GFA for FY 2023-24. Capitalisation during the year is Nil. The rate of Depreciation approved by the Commission for FY 2023-24 works out to 3.91%.

The depreciation approved by the Commission for FY 2023-24 after true-up is shown in the following Table:

Table 3-8: Depreciation for FY 2023-24 approved by the Commission (Rs. Lakh)

Particulars	True-up Petition	Approved after True-up
Opening GFA	3622.33	3622.33
Capitalisation during the year	0.00	0.00
Closing GFA	3622.33	3622.33
Average GFA for the year	3622.33	3622.33

Particulars	True-up Petition	Approved after True-up
Depreciation Rate (%)	3.91%	3.91%
Depreciation	**141.77**	**141.77**

3.5 Interest on Loan

JSPL-T's submission

Regulation 17.2 of the MYT Regulations, 2021 specifies as under:

"In case of the generating station and the licensee declared under commercial operation prior to 01.04.2016, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.03.2015 shall be considered."

The Petitioner submitted that the Commission in its Order dated August 18, 2023 approved normative debt:equity ratio of 70:30. Since, there has been no addition to the asset base for FY 2023-24, the Petitioner has considered same ratio while calculating the normative loan.

The Petitioner has considered the closing net normative loan balance for FY 2022-23, as approved by the Commission after True-up, as the opening net normative loan balance for FY 2023-24. Normative Repayment has been considered to be equal to depreciation during the year. The Petitioner has calculated interest on the aforesaid normative loan at the actual weighted average rate of interest.

The interest on loan capital for FY 2023-24 as claimed by JSPL-T is shown in the following Table:

Table 3-9: Interest on Loan for FY 2023-24 as submitted by JSPL-T (Rs. Lakh)

Particulars	True-up Petition
Opening Net Normative loan for the year	0.00
Addition of loan during the year	0.00
Repayment of normative loan during the year	0.00
Closing Net Normative loan	0.00
Average Normative Loan	0.00
Rate of Interest (%)	9.00%
Interest on loan capital	**0.00**

Commission's View

The Commission has approved interest on loan capital for FY 2023-24 as per Regulation 17 of the MYT Regulations, 2021.

The Commission has considered the closing net normative loan balance for FY 2022-23, as approved after True-up, as the opening net normative loan balance for FY 2023-24. The allowable depreciation for the year has been considered as the normative repayment for the year. Since, the capital investment is Nil, there is no addition of loan during the year.

The weighted average rate of interest of 9.00%. has been considered as per the Audited Accounts of FY 2023-24.

The interest on loan capital approved by the Commission after True-up for FY 2023-24 is shown in the following Table:

Table 3-10: Interest on Loan for FY 2023-24 approved by the Commission (Rs. Lakh)

Particulars	**True-up Petition**	**Approved after True-up**
Opening Net Normative loan for the year	0.00	0.00
Addition of Loan during the year	0.00	0.00
Repayment of normative loan during the year	0.00	0.00
Closing Net Normative loan	0.00	0.00
Average Normative Loan	0.00	0.00
Rate of Interest (%)	9.00%	9.00%
Interest on loan capital	**0.00**	**0.00**

3.6 Interest on Working Capital

JSPL-T's submission

The Petitioner has calculated normative working capital as per the norms specified in Regulation 26.1 of the MYT Regulations, 2021. The Petitioner has considered one month equivalent of revenue billed, 15 days of normative O&M expenses, and maintenance spares @ 20% of M&G expense for calculation of working capital.

Regulation 26.4 of the MYT Regulations, 2021 specifies the basis for considering rate of interest to be charged for working capital requirement. It has also been provided that at the time of true up, the average actual sanctioned rate of interest during the year shall be considered.

JSPL-T has considered the interest rate of 10.55% (1year MCLR Rate of 8.55% + 2.00%) for computing the IoWC for FY 2023-24 The detailed calculation of interest on working capital for FY 2023-24 as submitted by the Petitioner is provided below:

Table 3-11: Interest on Working Capital for FY 2023-24 submitted by JSPL-T (Rs. Lakh)

Particulars	**True-up Petition**
O&M Expenses for 15 days	13.11
Maintenance Spares @ 20% of M&G Expenses	19.94
Receivables for one month	54.54
Less: Consumer security deposit	87.59
Working Capital Requirement	**10.55%**
Rate of Interest (%)	9.24
Interest on Working Capital	**13.11**

Commission's View

Regulation 26.4 of the MYT Regulations, 2021 specifies as under:

"26.4. Interest on working capital shall be estimated at the rate equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India plus 200 basis point prevailing on 30th September of current financial year. During truing-up, the interest on working capital shall be computed at ***an average actual sanctioned rate of interest during the year****." **(emphasis added)***

The normative Interest on Working Capital (IoWC) has been computed in accordance with the MYT Regulations, 2021. The Commission has considered the normative O&M expenses for computing the working capital requirement. The receivables have been considered for 45 days rather than 1 month as considered by JSPL-T, in accordance with the amendment to the MYT Regulations, 2021.

In response to the Commission's query, JSPL-T submitted the normative computation of interest rate linked to the SBI MCLR rate. However, the actual rate of interest has to be considered at the time of true-up. The Commission has considered the actual rate of interest for working capital as 9%, based on the Audited Accounts.

The normative IoWC approved by the Commission after true-up for FY 2023-24 is shown in the following Table:

Table 3-12: Interest on Working Capital for FY 2023-24 approved by the Commission (Rs. Lakh)

Particulars	**True-up Petition**	**Revised Submission**	**Approved after True-up**
O&M Expenses for 15 days	13.11	12.58	12.28
Maintenance Spares @ 20% of M&G Expenses	19.94	19.20	17.94
Receivables for 45 days	54.54	54.54	80.47
Working Capital Requirement	**87.59**	**86.32**	**110.69**
Rate of Interest (%)	10.55%	9.00%	9.00%
Interest on Working Capital	**9.24**	**7.77**	**9.96**

3.7 Return on Equity

JSPL-T's submission

The Petitioner has considered the opening normative equity for FY 2023-24 to be equal to the closing normative equity of FY 2022-23 approved by the Commission in its Order dated May 10, 2024. Since, there is no asset addition during the year, there is no increase in equity base.

Regarding rate of return on equity investment, Regulation 23 of the MYT Regulations, 2021 allows for a return of 14.00%. Accordingly, a rate of 14.00% has been applied for calculating the normative return on equity. As no Tax has been paid for FY 2023-24, the same has been considered as Nil. Therefore, Return on Equity for FY 2023-24 is computed as shown in Table below:

Table 3-13: Return on Equity for FY 2023-24 submitted by JSPL-T (Rs. Lakh)

Particulars	**True-up Petition**
Opening Equity	1086.70
Equity Addition during the year	0.00
Closing Equity	1086.70
Average Equity	1086.70

Particulars	True-up Petition
Rate of Return	14.00%
Return on Equity	**152.14**

Commission's View

The RoE has been computed in accordance with Regulation 23 of the MYT Regulations, 2021, which specifies as under:

> *"23.1. Base rate for Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 17. Return on equity shall be computed at the rate of 14.0% for Generation and Transmission and SLDC…."*

For computation of RoE, the closing equity as approved after True-up for FY 2022-23 has been considered as opening equity for FY 2023-24. Equity addition during the year is Nil as there is no capitalisation during the year.

In view of the above, the Commission has considered rate of return as 14.00% (base rate) on average equity for the year, and no Income Tax has been paid in these years. The RoE approved after True-up for FY 2023-24 is shown in the following Table:

Table 3-14: Return on Equity for FY 2023-24 approved by the Commission (Rs. Lakh)

Particulars	True-up Petition	Approved after True-up
Opening Equity	1086.70	1086.70
Addition during the year	0.00	0.00
Closing Equity	1086.70	1086.70
Average Equity	1086.70	1086.70
Rate of Return	14.00%	14.00%
Return on Equity	**152.14**	**152.14**

3.8 Aggregate Revenue Requirement for FY 2023-24

JSPL-T's submission

The Petitioner has sought approval for the ARR after True-up for FY 2023-24, as shown in the Table below:

Table 3-15: ARR for FY 2023-24 submitted by JSPL-T (Rs. Lakh)

Sr. No.	Particulars	True-up Petition
1	Employee Expenses	219.30
2	A&G Expenses	56.32
3	R&M Expenses	43.39
4	Depreciation	141.77
5	Interest on Loan	0.00
6	Interest on Working Capital	9.24
7	Return on Equity	152.14
8	Sharing of Gain & Loss	4.43
9	Less: Non-Tariff Income	-
10	**Annual Fixed Cost**	**626.60**

Commission's View

The Commission notes that in the revised submission, JSPL-T has revised the computation of O&M expenses and IoWC for FY 2023-24, which has resulted in change of ARR from Rs. 626.60 Crore to Rs. 616.40 Crore. The Commission has considered the revised submission made by JSPL-T.

The ARR approved by the Commission after True-up for FY 2023-24, as discussed in the earlier paragraphs, is summarised in the Table below:

Table 3-16: ARR for FY 2023-24 approved by the Commission (Rs. Lakh)

Sr. No.	Particulars		True-up Petition	Revised Submission	Approved
1	**O&M Expenses**		**319.01**	**306.00**	**299.67**
	A	Employee Expenses	219.30	209.99	209.99
	B	A&G Expenses	56.32	53.87	47.61
	C	R&M Expenses	43.39	42.14	42.07
2	**Interest and Finance Charges**		**9.24**	**7.77**	**9.96**
	A	Interest on Loan	0.00	0.00	0.00
	B	Interest on Working Capital	9.24	7.77	9.96
3	**Other Expenses**		**293.91**	**293.91**	**293.91**
	A	Depreciation	141.77	141.77	141.77
	B	Return on Equity	152.14	152.14	152.14
4	Sharing of Gain & Loss		4.43	8.73	10.76
5	**Aggregate Revenue Requirement (ARR)**		**626.60**	**616.40**	**614.30**
6	Less: Non-Tariff Income		-		-
7	**Net ARR**		**626.60**	**616.40**	**614.30**

Further, the Commission asked JSPL-T to submit the capacity of transmission used in FY 2023-24. Vide its reply dated February 15, 2024, JSPL-T submitted the transmission capacity utilization for FY 2023-24 as 56.83%. Accordingly, the Commission has allowed 56.83% of the ARR approved after true-up for FY 2023-24.

Based on the above, the Net ARR approved by the Commission after true-up for FY 2023-24 is shown in the following Table:

Table 3-17: Net ARR for FY 2023-24 approved by the Commission (Rs. Lakh)

Sr. No.	Particulars	True-up Petition	Approved
1	Net ARR	**626.60**	**614.30**
2	Transmission Capacity Utilised (%)		56.83%
3	**ARR Allowable**		**349.11**

3.9 Revenue from Operations and Other Income

JSPL-T's submission

The Petitioner has recovered Rs. 654.47 Lakh for FY 2023-24 as Transmission Charges as reflected in the Audited Accounts.

Commission's View

The actual Revenue from Transmission Charges received for FY 2023-24 has been approved by the Commission based on the audited accounts, same as submitted by the Petitioner.

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

JSPL-T's submission

The Petitioner has calculated the Revenue Gap/(Surplus) based on the ARR claimed and revenue recovered during FY 2023-24, as shown in the Table below:

Table 3-18: Revenue Gap for FY 2023-24 as submitted by JSPL-T (Rs. Lakh)

Particulars	True-up Petition
ARR	626.60
Revenue recovered	654.47
Revenue Gap/(Surplus)	**(27.87)**

Commission's View

The Commission notes that JSPL-T has revised the Revenue Gap/(Surplus) for FY 2023-24 from Rs. 27.87 Crore to Rs. 38.07 Crore in the revised submission. The Commission has considered the revised submission made by JSPL-T.

The Commission has computed the Revenue Gap/(Surplus) after true-up of FY 2023-24, as shown in the Table below:

Table 3-19: Revenue Gap/(Surplus) for FY 2023-24 approved by the Commission (Rs. Lakh)

Particulars	**True-up Petition**	**Revised Submission**	**Approved after True-up**
Allowable ARR	626.60	616.40	349.11
Revenue from Transmission Charges	654.47	654.47	654.47
Revenue Gap/(Surplus)	**(27.87)**	**(38.07)**	**(305.36)**

The treatment of the Revenue Surplus approved as above after true-up for FY 2023-24, along with associated carrying/(holding) cost, is discussed in subsequent Chapter, while approving the Transmission Tariff for FY 2025-26.

4. REVISED ESTIMATES OF ARR FOR FY 2024-25

4.1 Background

The Commission notified the MYT Regulations, 2021 for the MYT Control Period from FY 2022-23 to FY 2024-25. Subsequently, the Commission vide its Order dated May 10, 2024 has approved the ARR for FY 2024-25.

JSPL-T submitted that it is seeking approval for revised estimates of ARR for FY 2024-25 for the licenced transmission business based on provisional figures and applicable MYT Regulations, 2021.

The Petitioner has estimated the ARR for FY 2024-25 as summarised in the Table below:

Table 4-1: ARR submitted by JSPL-T for FY 2024-25 (Rs. Lakh)

Sr. No.	Particulars	MYT Order	Petition
1	Employee Expense	230.36	230.36
2	A&G Expense	48.25	58.56
3	R&M Expense	44.42	44.42
4	Depreciation	141.77	141.77
5	Interest on Loan	-	-
6	Interest on Working Capital	7.55	9.56
7	Return on Equity	152.14	152.14
8	Less: Non-Tariff Income	-	-
9	**Net ARR**	**624.49**	**636.80**

Commission's View

In this Chapter, the Commission has summarized the Petitioner's submissions on components of the revised ARR. However, there is no scope for approval of revised ARR for any year under the MYT Regulations, 2021. Accordingly, no approval has been given for any of the components of the revised ARR, as claimed by JSPL-T. The true-up of the components of the ARR for FY 2024-25 shall be done at the time of true-up for FY 2024-25, in accordance with the provisions of the MYT Regulations, 2021.

5. ARR FOR FY 2025-26

5.1 Background

The Commission has notified the MYT Regulations, 2021, which are applicable for the MYT Control Period from FY 2022-23 to FY 2024-25. The same Regulations are applicable for FY 2025-26 also. Accordingly, the Petitioner submitted the present Petition for determination of ARR and Transmission Tariff for FY 2025-26 in accordance with the MYT Regulations, 2021.

5.2 Gross Fixed Assets

JSPL-T's submission

The Petitioner has considered the closing GFA of Rs. 3,622.33 Lakh for FY 2024-25 as opening GFA for FY 2025-26 as approved by the Commission in Order dated 10.05.2024 and has claimed that no capital expenditure is planned for ensuing year FY 2025-26, as shown in the Table below:

Table 5-1: Gross Fixed Assets as submitted by JSPL-T for FY 2025-26 (Rs. Lakh)

Sl. No.	Particulars	Petition
1	Land under full ownership	3.92
2	Switchgears, Control gear & Protection equipment including cable	748.82
3	SCADA	152.93
4	Others	9.15
5	Lines	2702.56
6	Furniture and fixtures	0.37
7	Office equipment	4.57
8	**Total**	**3622.33**

Commission's View

Since, no additional capitalization has been proposed during FY 2025-26 by JSPL-T, the Commission has approved the GFA for FY 2025-26 as Rs. 3622.33 Lakh, which is the closing GFA for FY 2024-25, as approved in Order dated 10.05.2024.

5.3 O&M Expenses

JSPL-T's submission

The Petitioner submitted that it has claimed O&M expenses in accordance with Clause 73.5 of the MYT Regulations, 2021 for FY 2025-26.

Employee Expense

The Petitioner has adopted similar methodology as adopted in Order dated 28.10.2022 and has projected the employee expense for FY 2025-26 to be Rs. 241.97 Lakh.

A&G Expense

The revised normalized A&G expense considering the actual A&G expense eligible for determination of A&G expense for base year FY 2021-22 as per MYT Regulations, 2021 has been calculated to Rs. 50.11 Lakh. Further, escalating the A&G expense calculated for FY 2023-24 by approved inflation of 3.97% (i.e. @ 40% weightage of WPI (last 5 years average) and 60% weightage of CPI (last 5 years average)) the A&G expense for FY 2025-26 works out to be Rs. 60.89 Lakh.

R&M Expense

The Commission has considered the R&M expenses for the first year of the Control Period as 1.17% of Opening GFA of FY 2022-23 in Order dated 28.10.2022 and then escalated the same with last 5 years' average WPI inflation of 2.38% to determine the normative R&M expenses for FY 2023-24.

The R&M expense for FY 2025-26 has been considered to be Rs. 45.47 Lakh.

The normative O&M expenses for FY 2025-26 as submitted by the Petitioner is shown in the following Table:

Table 5-2: O&M Expenses for FY 2025-26 submitted by JSPL-T (Rs. Lakh)

Particulars	Petition
Employee Expenses	241.97
A&G Expenses	60.89
R&M Expenses	45.47
Total O&M Expenses	**348.33**

Commission's View

As regards O&M Expenses, Regulation 73.5 of the MYT Regulations, 2021 specifies as under:

*" **73.5.1. Human Resource (HR) Expenses***

(a) HR expenses shall include:

(i) employees costs;

(ii) impact of Pay revision;

(iii) manpower deployed on outsourcing basis;

(b) The Commission shall stipulate a separate trajectory for each of the components of HR expenses for the Control Period.

(c) The HR expenses includes employee cost, impact of pay revision arrears, all expenses towards manpower deployed on outsourcing basis, pension fund contribution, and any other expense of non-recurring nature related to HR. The base year i.e. FY 2021-22. shall be derived on the basis of the normalized average of the actual HR expenses excluding pension fund contribution, impact of pay revision arrears and any other expense of non-recurring nature, available in the accounts for the previous five (5) years immediately preceding the base year FY 2021-22, subject to prudence check by the Commission.

(d) The normalization of HR expenses shall be done by applying last five year average increase in Consumer Price Index lndustrial Worker (CPI (IW)) on year to year basis. The average of normalized net present value for FY 2016-17 to FY 2020-21, shall then be used to project base year value for FY 2021-22. The projected base year value shall be escalated by the above inflation rate to estimate the HR expense (excluding impact of pension fund contribution and pay revision and any other expense of non-recurring nature, if any) for each year of the control period.

(e) At the time of true up, the HR expenses shall be considered at actual and shall not be subjected to gain/loss mechanism.

Provided further that during the true-up, actual cash outflow on impact of pay revision (including arrears) and pension fund contribution shall be allowed as per *accounts, subject to prudence check and any other factor considered appropriate by the Commission.*

(0 CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2001=l 00) .

73.5.2. Maintenance & General (M&G) Expenses

(a) Maintenance & General (M&G) expenses shall include:

(i) Administrative and General (A&G) expenses;

(ii Repair and Maintenance (R&M) expenses

(b) The Commission shall stipulate a separate trajectory for M&G expenses i.e., R&M and A&G expenses for the Control Period.

(c) The A&G expenses (excluding expenses towards outsourcing manpower if any) for the base year i.e. FY 2020-2I, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower if any) available in the accounts for the previous five (5) years immediately preceding the base year FY 2021-22, subject to prudence check by the Commission. Any other expense of non-recurring nature shall be excluded while determining normalized average for the previous five (5) years.

(d) For normalization of A&G expenses shall be estimated by applying last five year average increase/decrease in inflation to be considered on the basis of40% weightage of WPI and 60% weightage of CPI respectively on year to year basis. The average of normalized net present value for FY 2016-17 to FY 2020-21, shall then be used to project base year value for FY 2020-21. The projected base year value shall be escalated by the above inflation rate to estimate the A&G expense.

(e) R&M expenses for the first year of the control period shall be calculated as a percentage (as per the norm decided in the tariff order) of opening Gross Fixed Assets. For arriving at the R&M expenses of subsequent years of the control period, projected WPI rate shall be applied on the estimated R&M expenses of first year.

Wholesale Price Index numbers of all commodities shall be as per Office of Economic Advisor Ministry of Commerce & Industry, Government of India {Base Year: 20ll-12 Series};

Consumer Price Index for Industrial Workers (all India) shall be as per Labour Bureau, Government of India {Base Year: 2001:100}.

At the time of true up, the A&G and R&M expenses shall be considered after taking into account the actual inflation instead of projected inflation for that period.”

The Commission has considered escalation factor of 5.78% (5-year average inflation rate, 100% CPI weightage) to calculate HR Expenses, escalation factor of 5.44% (5-year average inflation rate @ 40% WPI and 60% CPI weightage) to calculate A&G expenses, and escalation factor of 4.93 % (5-year average inflation rate, 100% WPI weightage) to calculate R&M expenses for FY 2025-26. These escalation rates have been applied to net actual HR Expenses for FY 2023-24 and the revised normative M&G Expenses for FY 2023-24 as approved in this Order, to arrive at the normative O&M Expenses for FY 2025-26.

The summary of yearly inflation and the average inflation considered for projecting the HR expenses, A&G expenses and R&M expenses is shown in the Table below:

Table 5-3: Computation of Inflation Rate for projections (%)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Average of 5 years increase
CPI – IW (%)	7.53%	5.02%	5.13%	6.05%	5.19%	**5.78%**
WPI – AC (%)	1.68%	1.27%	13.02%	9.40%	-0.74%	**4.93%**
WPI @ 40% & CPI @ 60%	5.19%	3.52%	8.28%	7.39%	2.82%	**5.44%**

Accordingly, the Commission has approved the normative O&M expenses for FY 2025-26 as shown in the Table below:

Table 5-4: Approved Normative O&M Expenses for FY 2025-26 (Rs. Crore)

Sr. No.	Particulars	Petition	Approved
1	HR Expenses	241.97	234.98
2	A&G Expenses	60.89	52.94
3	R&M Expenses	45.47	46.31
4	**Total O&M Expenses**	**348.33**	**334.23**

5.4 Depreciation

JSPL-T's submission

The Petitioner submitted that the depreciation has been calculated on the aforesaid GFA based on the methodology and depreciation rates prescribed under the MYT Regulations, 2021 and as approved by the Commission in the Order dated October 28, 2022 and May 10, 2024.

Accordingly, the Depreciation claimed by the Petitioner for FY 2025-26 is as shown in the Table below:

Table 5-5: Depreciation for FY 2025-26 submitted by JSPL-T (Rs. Lakh)

Particulars	Petition
Opening GFA	3622.33
Capitalisation during the year	0.00
Closing GFA	3622.33
Average GFA for the year	3622.33
Depreciation Rate (%)	3.91%
Depreciation	**141.77**

Commission's View

The Commission has approved the depreciation in accordance with the MYT Regulations, 2021 and the approach adopted in the past Orders.

The closing GFA approved in the true-up for FY 2023-24 has been considered as the opening GFA for FY 2024-25, and Capitalisation during the year is Nil. The closing GFA for FY 2024-25 have been considered as the opening GFA for FY 2025-26. The depreciation rate of 3.91%, computed on the basis of deprecation rates specified in the MYT Regulations, 2021, has been considered for FY 2025-26.

The depreciation approved by the Commission for FY 2025-26 is shown in the following Table:

Table 5-6: Depreciation for FY 2025-26 approved by the Commission (Rs. Lakh)

Particulars	Petition	Approved
Opening GFA	3622.33	3622.33
Capitalisation during the year	0.00	0.00
Closing GFA	3622.33	3622.33

Particulars	Petition	Approved
Average GFA for the year	3622.33	3622.33
Depreciation Rate (%)	3.91%	3.91%
Depreciation	**141.77**	**141.77**

5.5 Interest on Loan

JSPL-T's submission

For computing Interest on Loan, the closing normative loan for FY 2024-25 as approved by the Commission in Order dated 28.10.2022 and 10.05.2024 has been considered as the opening normative loan for FY 2025-26 in line with the methodology given under the Regulation 24 of the MYT Regulations 2021 and the Commission's Order dated 28.10.2022. The closing normative loan for FY 2024-25 works out to be nil. Further, no capitalization has been envisaged for FY 2025-26. Hence, there is no addition to the outstanding normative loan amount during the year. Therefore, no interest on loan has been claimed for FY 2025-26.

Commission's View

The Commission has approved interest on loan capital for FY 2025-26 as per Regulation 24 of the MYT Regulations, 2021.

The Commission has considered the closing balance of loan capital as approved in the truing up for FY 2023-24 as the opening balance of loan for FY 2024-25 which is nil. Since, the capital investment is Nil, there is no addition of loan during the year. The closing balance of loan for FY 2024-25 has been considered as the opening loan balance for FY 2025-26. The repayment has been considered equal to net depreciation approved for FY 2025-26 in this Order. Hence, there is no addition to the outstanding normative loan amount during the year. Therefore, no interest on loan has been approved for FY 2025-26.

5.6 Interest on Working Capital

JSPL-T's submission

The Petitioner has calculated normative working capital as per the norms specified in Regulation 26.1 of the MYT Regulations, 2021. The Petitioner has considered one month equivalent of standalone ARR, 15 days of normative O&M expenses, and maintenance spares @ 20% of M&G expense for calculation of working capital.

Regulation 26.4 of the MYT Regulations, 2021 specifies the basis for considering rate of interest to be charged for working capital requirement.

JSPL-T has considered the interest rate of 10.95% (1year MCLR Rate of 8.95% prevailing on 30.09.2024 + 2.00%). The detailed calculation of interest on working capital for FY 2025-26 as submitted by the Petitioner is provided below:

Table 5-7: Interest on Working Capital for FY 2025-26 submitted by JSPL-T (Rs. Lakh)

Particulars	Petition
O&M Expenses for 15 days	14.31
Maintenance Spares @ 20% of M&G Expenses	21.27
Receivables for one month	54.34
Working Capital Requirement	**89.93**
Rate of Interest (%)	10.95%
Interest on Working Capital	**9.85**

Commission's View

Regulation 26.4 of the MYT Regulations, 2021 specifies as under:

"26.4. Interest on working capital shall be estimated at the rate equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India plus 200 basis point prevailing on 30th September of current financial year. During truing-up, the interest on working capital shall be computed at ***an average actual sanctioned rate of interest during the year****." **(emphasis added)***

The normative Interest on Working Capital (IoWC) has been computed in accordance with the MYT Regulations, 2021. The Commission has considered the normative O&M expenses for computing the working capital requirement. Further, the receivables for 45 days have been considered equal to the adjusted ARR for FY 2025-26, in accordance with the amendment to the MYT Regulations, 2021. The interest rate has been considered as per Regulation 26.4 of the MYT Regulations, 2021, i.e., 10.95% (SBI MCLR rate as on the date of filing the Petition which was 8.95% plus 200 basis points) for FY 2025-26.

The Commission observed that JSPL-T has computed the IoWC by linking the receivables to the standalone ARR for FY 2025-26, instead of the cumulative ARR claimed, after adjusting for Gap/(Surplus) after true-up for FY 2023-24. In reply, JSPL-T submitted the revised computation of normative IoWC.

The normative IoWC approved by the Commission for FY 2025-26 is shown in the following Table:

Table 5-8: Interest on Working Capital for FY 2025-26 approved by the Commission (Rs. Lakh)

Particulars	**Petition**	**Revised Submission**	**Approved**
O&M Expenses for 15 days	14.31	13.73	13.74
Maintenance Spares @ 20% of M&G Expenses	21.27	20.48	19.85
Receivables for 45 days	54.34	49.01	32.29
Working Capital Requirement	**89.93**	**83.22**	**65.88**
Rate of Interest (%)	10.95%	10.95%	10.95%
Interest on Working Capital	**9.85**	**9.11**	**7.21**

5.7 Return on Equity

JSPL-T's submission

The Petitioner has considered the opening normative equity for FY 2025-26 to be equal to the closing normative equity of FY 2024-25. Since, there is no asset addition during the year, there is no increase in equity base.

Regarding rate of return on equity investment, Regulation 23 of the MYT Regulations, 2021 allows for a return of 14.00%. Accordingly, a rate of 14.00% has been applied for calculating the normative return on equity. Therefore, Return on Equity for FY 2025-26 is computed as shown in Table below:

Table 5-9: Return on Equity for FY 2025-26 submitted by JSPL-T (Rs. Lakh)

Particulars	**Petition**
Opening Equity	1086.70
Equity Addition during the year	0.00
Closing Equity	1086.70
Average Equity	1086.70
Rate of Return	14.00%
Return on Equity	**152.14**

Commission's View

The RoE has been computed in accordance with Regulation 23 of the MYT Regulations, 2021, which specifies as under:

"23.1. Base rate for Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 17. Return on equity shall be computed at the rate of 14.0% for Generation and Transmission and SLDC.…"

For computation of RoE, the closing equity as approved after True-up for FY 2023-24 has been considered as opening equity for FY 2024-25. Equity addition during the year is Nil as there is no capitalisation during the year. The closing equity for FY 2024-25 has been considered as the opening equity for FY 2025-26. There is no addition of equity for FY 2025-26 as the capitalisation is nil, as discussed in the earlier section of this Order.

In view of the above, the Commission has considered rate of return as 14.00% (base rate) on average equity for the year. The RoE approved for FY 2025-26 is shown in the following Table:

Table 5-10: Return on Equity for FY 2025-26 approved by the Commission (Rs. Lakh)

Particulars	**Petition**	**Approved**
Opening Equity	1086.70	1086.70
Addition during the year	0.00	0.00
Closing Equity	1086.70	1086.70
Average Equity	1086.70	1086.70
Rate of Return	14.00%	14.00%
Return on Equity	**152.14**	**152.14**

5.8 Aggregate Revenue Requirement for FY 2025-26

JSPL-T's submission

The Petitioner has sought approval for the ARR for FY 2025-26, as shown in the Table below:

Table 5-15: ARR for FY 2023-24 submitted by JSPL-T (Rs. Lakh)

Sr. No.	**Particulars**	**Petition**
1	Employee Expenses	241.97
2	A&G Expenses	60.89

Sr. No.	Particulars	Petition
3	R&M Expenses	45.47
4	Depreciation	141.77
5	Interest on Loan	0.00
6	Interest on Working Capital	9.85
7	Return on Equity	152.14
9	Less: Non-Tariff Income	-
10	**Annual Fixed Cost**	**652.08**

Commission's View

The Commission notes that JSPL-T has revised the computation of O&M expenses and IoWC for FY 2025-26, which has resulted in change of ARR from Rs. 652.08 Crore to Rs. 637.11 Crore, in its revised submission. The Commission has considered the revised submission made by JSPL-T.

The ARR approved by the Commission for FY 2025-26, as discussed in the earlier paragraphs, is summarised in the Table below:

Table 5-16: ARR for FY 2025-26 approved by the Commission (Rs. Lakh)

Sr. No.		Particulars	Petition	Revised Submission	Approved
1		**O&M Expenses**	**348.33**	**334.09**	**334.23**
	a	Employee Expenses	241.97	231.69	234.98
	b	A&G Expenses	60.89	58.23	52.94
	c	R&M Expenses	45.47	44.17	46.31
2		**Interest and Finance Charges**	**9.85**	**9.11**	**7.21**
	a	Interest on Loan	0.00	0.00	0.00
	b	Interest on Working Capital	9.85	9.11	7.21
3		**Other Expenses**	**293.91**	**293.91**	**293.91**
	a	Depreciation	141.77	141.77	141.77
	b	Return on Equity	152.14	152.14	152.14
4		**Aggregate Revenue Requirement (ARR)**	**652.08**	**637.11**	**635.35**
5		Less: Non-Tariff Income	-	-	-
6		**Net ARR**	**652.08**	**637.11**	**635.35**

6. TARIFF FOR FY 2025-26

6.1 Carrying Cost of Revenue Gap pertaining to past Period

JSPL-T's submission

The Petitioner has submitted the Revenue Gap/(Surplus) calculated for the previous periods in its earlier Petitions. Considering the same, the Petitioner has estimated the cumulative Revenue Gap/(Surplus) along with carrying cost till FY 2025-26, as shown in the table below:

Table 6-1: Revenue Gap and Carrying cost as submitted by JSPL-T (Rs. Lakh)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening Revenue Gap	0.00	(29.34)	(19.56)
Addition	(27.87)	12.32	27.59
Closing Revenue Gap	(27.87)	(17.03)	8.02
Average Revenue Gap	(13.94)	(23.19)	(5.77)
Interest rate	10.55%	10.95%	10.95%
Carrying Cost	(1.47)	(2.54)	(0.63)
Closing Revenue Gap including Carrying Cost	(29.34)	(19.56)	7.39

Further, JSPL-T vide submission dated 15.02.2025, has revised the computation of Revenue Gap/ (Surplus) and Carrying cost for FY 2023-24 to FY 2025-26. The revised submission made by JSPL-T is as shown in the Table below:

Table 6-2: Revised Submission of Revenue Gap/ (Surplus) and Carrying cost for FY 2023-24 to FY 2025-26 as submitted by JSPL-T (Rs. Lakh)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening Revenue Gap/(Surplus)	0.00	(39.78)	(44.14)
Addition	(38.07)	0.00	0.00
Closing Revenue Gap/(Surplus)	(38.07)	(39.78)	(44.14)
Average Revenue Gap/(Surplus)	(19.03)	(39.78)	(44.14)
Interest Rate (%)	9.00%	10.95%	10.95%
Holding Cost	(1.71)	(4.36)	(4.83)
Revenue Gap/(Surplus) including Carrying/(Holding) Cost to be passed on through tariff	(39.78)	(44.14)	(48.97)

Commission's View

As elaborated in Chapter 3 of this Order, after carrying out the final True-up, the Commission has approved the Revenue Surplus of Rs.305.36 Lakh for FY 2023-24.

Considering the Revenue Surplus of FY 2023-24 along with associated holding cost, the amount of past Revenue Surplus to be passed through in the Tariff of FY 2025-26 works out to Rs. 373.43 Lakh, as shown in the Table below:

Table 6-3: Revenue Gap/ (Surplus) and Carrying cost for FY 2023-24 to FY 2025-26 as approved by the Commission (Rs. Lakh)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening Revenue Gap/(Surplus)	0.00	(319.10)	(354.04)
Addition	(305.36)	0.00	354.04
Closing Revenue Gap/(Surplus)	(305.36)	(319.10)	0.00
Average Revenue Gap/(Surplus)	(152.68)	(319.90)	(177.02)
Interest Rate (%)	9.00%	10.95%	10.95%
Holding Cost	(13.74)	(34.94)	(19.38)
Revenue Gap/(Surplus) including Carrying/(Holding) Cost to be passed on through tariff	(319.10)	(354.04)	(373.43)

This Revenue Surplus has been added to the approved ARR for FY 2025-26 as shown in the table below:

Table 6-4: Adjusted approved ARR for FY 2025-26 (Rs. Lakh)

Particulars	Petition	Revised Submission	Approved
ARR for FY 2025-26	652.08	637.11	635.35
Adjustment of Gap/(Surplus) of FY 2023-24 with carrying cost up to FY 2025-26	7.39	(48.97)	(373.43)
Adjusted ARR for FY 2025-26	659.47	588.14	261.93

6.2 Transmission Charges for FY 2025-26

Regulation 71.2 and 71.2 of the MYT Regulations, 2021 specify as under:

"71.1. Annual Transmission Charges for each year of the Control Period: The Annual Transmission Charges for each financial year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the

transmission licensee / STU for the respective financial year of the Control Period, reduced by the amount of Non-Tariff Income and income from other business, as approved by the Commission:

71.2. The Annual Transmission Charges of the transmission licensee shall be determined by the Commission on the basis of an application for determination of Aggregate Revenue Requirement made by the transmission licensee in accordance with Chapter- 2 of this Regulation."

As per the MYT Regulations, 2021, the annual transmission charges (fixed cost) shall be recovered from the users of JSPL-T's system on a monthly basis as per the methodology specified in the CSERC Open Access Regulations, 2011. According to the CSERC Open Access Regulations, 2011, the basis of sharing monthly transmission charge shall be maximum demand in MW served by JSPL-T's system in the previous financial year.

Hence, JSPL-T is allowed to recover the Transmission Charges as under:

Table 6-5: Transmission Charges for FY 2025-26 (Rs. Lakh)

Sr. No.	Particulars	Approved
1	Annual Transmission Charges for FY 2025-26	261.93
2	Monthly Transmission Charges for FY 2025-26	21.83*

* JSPL-T shall bill the differential amount for the period from April to July 2025 in equal instalments over the period from August to November 2025

The Monthly Transmission Charges shall be recovered from JSPL-D and other Open Access consumers, if any, in the ratio of their Maximum Demand in MW.

The Transmission Charges applicable for long-term/medium-term Open Access transactions involving Solar Energy shall be 33% of the above stipulated Transmission Charges.

Transmission Losses of 0.6% for the energy scheduled for transmission at the point or points of injection shall be recoverable from open access customers.

6.3 Applicability of Order

The Order will be applicable from 1st August, 2025 and will remain in force till March 31, 2026 or till the issue of next Tariff Order, whichever is later. The Commission directs JSPL-T to take appropriate steps to implement the Tariff Order.