ORDER ON

Final true up for FY 2024-25,

ARR for Control Period from FY 2026-27 to FY 2029-30

and

SLDC Charges for FY 2026-27

For

Chhattisgarh State Load Despatch Centre (CSLDC)

June 15, 2026

Chhattisgarh State Electricity Regulatory Commission
Vidyut Niyamak Bhawan
Irrigation Colony, Shanti Nagar,
Raipur (Chhattisgarh)

Chhattisgarh State Electricity Regulatory Commission
Vidhyut Niyamak Bhawan
Irrigation Colony, Shanti Nagar, Raipur - 492 001 (C.G.)
Ph.0771-4048788, Fax: 4073553
www.cserc.gov.in, e-mail: cserc.sec.cg@nic.in

P. No. 08/2026

In the matter of

Final true-up for FY 2024-25 and approval of ARR for the control period from FY 2026-27 to FY 2029-30 and determination of SLDC Charges for FY 2026-27.

Chhattisgarh State Load Despatch Centre ...... Petitioner

Present: Vivek Ganodwale, Member (Law)
Ajay Kumar Singh, Member (Tech)

ORDER

(Passed on 15/06/2026)

1. As per provisions of the Electricity Act, 2003 (hereinafter referred as 'the Act') and the Tariff Policy, the Commission has notified the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of Multi-Year Tariff) Regulations, 2025 (hereinafter referred as 'CSERC MYT Regulations, 2025') for determination of tariff for the transmission licensee CSLDC which is applicable for control period from FY 2026-27 to FY 2029-30.

2. The Commission had 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 'CSERC MYT Regulations, 2021') for determination of tariff for the generating company, transmission licensee, distribution licensees, and CSLDC, which is applicable for truing up for FY 2024-25 for the generating company, transmission licensee, distribution licensees and CSLDC.

3. This order is passed under the provisions of Section 32(3) read with Section 86(1) of the Act in respect of the petitions filed by CSLDC for final true-up for FY 2024-25 and determination of SLDC Charges for the control period from FY 2026-27 to FY 2029-30.

4. The Commission, before passing this order on the above petitions, has considered the documents filed along with the petitions, supplementary information obtained after

technical validation, suggestions emerging from the applicant companies, the consumers, their representatives and other stakeholders during the Public Hearing.

5. The petition was made available for perusal of public and stakeholders on the Commission's website and petitioner's websites. Hard copies of the petition were also made available at the offices of the petitioner for above purpose. Apart from these, for wide publicity a public notice along with the gist of the petition was also published in newspapers widely circulated in the State, inviting objections/suggestions as per the procedure laid down in the regulations. The Commission also conducted public hearings on 17th, 18th, 19th & 20th February 2026 on the petition. The Commission called a meeting of members of the State Advisory Committee on 21st February 2026, for seeking their valuable suggestions and comments.

6. The Commission has undertaken final true-up of ARR for FY 2024-25 based on the audited accounts submitted by the CSLDC in accordance with the provisions of the CSERC MYT Regulations, 2021.

7. The revenue gap/(surplus) of CSLDC arising out of true-up for FY 2024-25 while computing the cumulative revenue gap/(surplus) to be allowed for CSLDC for FY 2026-27.

8. After considering the holding cost on the revenue surplus of CSLDC for FY 2024-25, cummulative revenue surplus up to FY 2026-27 has been approved as Rs. 6.76 Crore, as against the revised claim of CSLDC for revenue surplus of Rs. 5.73 Crore.

9. The Commission has approved the capitalisation for the MYT control period considering approved Capital Investment Plan (CIP) for the MYT Control Period and the past trend of capitalisation.

10. For CSLDC, the Charges for FY 2026-27 shall be as under:

Sr. No.	Particulars	Unit	Approved
1	ARR for FY 2026-27	Rs. in Cr.	22.28
2	Less: Surplus of FY 2024-25 with holding cost up to FY 2026-27	Rs. in Cr.	6.76
3	**Annual Adjusted ARR for FY 2026-27**	**Rs. in Cr.**	**15.52**
4	Annual System Operation Charges*	Rs. in Cr.	12.41*
5	Annual Intra-State Market Operation Charges*	Rs. in Cr.	3.11*
6	**Total Annual SLDC Charges**	**Rs. in Cr.**	**15.52**

* CSLDC shall bill the differential amount for the period from April to May 2026 in two equal instalments over the period from June to July 2026.

11. The levy of system operation charges and market operation charges shall be in accordance with the applicable Regulations.

12. The short-term open access customer shall pay the Operating Charges to SLDC at the rate of Rs. 2000 per day.

13. The Order will remain in force till March 31, 2027 or till the issue of the next Tariff Order.

14. The Commission directs the petitioner to take appropriate steps to implement the Tariff Order.

Sd/-	**Sd/-**
(Ajay Kumar Singh)	**(Vivek Ganodwale)**
Member (Tech)	**Member (Law)**

LIST OF ABBREVIATIONS

Abbreviation	Description
A&G	Administrative and General
ABR	Average Billing Rate
ADMS	Automatic Demand Management System
AFC	Annual Fixed Charges
AMC	Annual Maintenance Contract
APTEL	Hon’ble Appellate Tribunal of Electricity
ARR	Annual Revenue Requirement
AT&C	Aggregate Technical and Commercial
BESS	Battery Energy Storage System
BSP	Bhilai Steel Plant
CAGR	Compounded Annual Growth Rates
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CIP	Capital Investment Plan
COD	Date of Commercial Operation
CPI	Consumer Price Index
CSD	Consumer Security Deposit
CSEB	Chhattisgarh State Electricity Board
CSERC	Chhattisgarh State Electricity Regulatory Commission
CSLDC	Chhattisgarh State Load Despatch Centre
CSPDCL	Chhattisgarh State Power Distribution Company Limited
CSPGCL	Chhattisgarh State Power Generation Company Limited
CSPHCL	Chhattisgarh State Power Holding Company Limited
CSPTCL	Chhattisgarh State Power Transmission Company Limited
CSPTrCL	Chhattisgarh State Power Trading Company Limited
CTU	Central Transmission Utility
CWIP	Capital Work in Progress
DA	Dearness Allowances
DISCOM	Distribution Company
DPC	Delayed Payment Charges
DPS	Delayed Payment Surcharge
DS	Domestic Service
DSM	Deviation settlement mechanism
DT	Distribution Transformer
EHV	Extra High Voltage
FCA	Fuel Cost Adjustment
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoCG	Government of Chhattisgarh

Abbreviation	Description
GoI	Government of India
HP	Horse Power
HPO	Hydro Purchase Obligation
HR	Human Resource
HT	High Tension
HV	High Voltage
IDC	Interest During Construction
IoWC	Interest on Working Capital
IPDS	Integrated Power Development Scheme
IPP	Independent Power Producer
Kcal	Kilocalorie
Kg	Kilogram
Km	Kilometer
kV	kilo Volt
kVA	kilo Volt-Ampere
kW	Kilo Watt
kWh	kilo Watt-hour
LV	Low Voltage
M&G	Maintenance and General
MAT	Minimum Alternate Tax
MCLR	Marginal Cost of Fund based Lending Rate
MGR	Merry-Go-Round
Ml	Millilitre
MMC	Monthly Minimum Charges
MT	Metric Tonnes
MU	Million Units
MYT	Multi Year Tariff
NTI	Non-Tariff Income
NTPC	National Thermal Power Corporation Ltd.
O&M	Operation and Maintenance
P&G	Pension & Gratuity
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
PTC	Power Trading Corporation of India Limited
R&M	Repair and Maintenance
RBI	Reserve Bank of India
RDSS	Revamped Distribution Sector Scheme
RE	Renewable Energy
RoE	Return on Equity
RPO	Renewable Purchase Obligation

Abbreviation	Description
Rs.	Rupees
RSA	Revenue Sharing Agreement
SAIL	Steel Authority of India Ltd.
SAMAST	Scheduling, Accounting, Metering and Settlement of Transaction
SBI	State Bank of India
SCADA	Supervisory Control and Data Acquisition
SERC	State Electricity Regulatory Commission
SLDC	State Load Despatch Centre
SLM	Straight Line Method
STPS	Super Thermal Power Station
STU	State Transmission Utility
T&D Loss	Transmission and Distribution Loss
ToD	Time of Day
TSAF	Transmission System Availability Factor
TSA~~F~~	Transmission Service Agreement
TVS	Technical Validation Session
UDAY	Ujjwal DISCOM Assurance Yojana
UI	Unscheduled Interchange
VCA	Variable Cost Adjustment
WLDC	Western Regional Load Despatch Center
WPI	Wholesale Price Index
YoY	Year-on-Year

TABLE OF CONTENTS

LIST OF TABLES

1 BACKGROUND AND BRIEF HISTORY

1.1 Background

The Chhattisgarh State Electricity Board (CSEB) was restructured by the Government of Chhattisgarh (GoCG) in pursuance of the provisions of Part XIII of the Electricity Act, 2003. GoCG, vide notification No. 1-8/2008/13/1 dated December 19, 2008. The erstwhile CSEB was unbundled into five different Companies, viz., Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Power Distribution Company Limited (CSPDCL), Chhattisgarh State Power Trading Company Limited (CSPTrCL), and Chhattisgarh State Power Holding Company Limited (CSPHCL). The assets and liabilities of the erstwhile CSEB have been allocated to the successor Companies w.e.f. January 1, 2009 according to the provisions of the CSEB Transfer Scheme Rules, 2010.

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

The Commission 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 to as MYT Regulations, 2021) on 14th November, 2021 for the Control Period from FY 2022-23 to FY 2024-25 for determination of tariff for the Generating Company, Licensees, and CSLDC. Based on the above Regulations, the Commission issued the MYT Order dated 13 April, 2022 for CSPGCL, CSPTCL, CSLDC, and CSPDCL for the Control Period from FY 2022-23 to FY 2024-25.

The Commission 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) (First Amendment) Regulations, 2023 on May 10, 2023, which shall be effective from 1 April, 2023.

In accordance with the MYT Regulations, 2021, as amended CSLDC filed the Petition for approval of final true-up for FY 2024-25.

The Commission notified the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of Multi-Year Tariff) Regulations, 2025 (hereinafter referred to as MYT Regulations, 2025) on 11th December 2025 for the Control Period from FY 2026-27 to FY 2029-30 for determination of tariff for the Generating Company, Licensees, and CSLDC. Based on the above Regulations, CSLDC filed the petition for determination of ARR and determination of SLDC charges for the Control Period from FY 2026-27 to FY 2029-30.

In this instant Order, the Commission has undertaken the final true-up for FY 2024-25 in accordance with the provisions of the MYT Regulations, 2021 and determination of SLDC charges for the Control Period from FY 2026-27 to FY 2029-30 in accordance with the provisions of the MYT Regulations, 2025.

1.4 Admission of the Petition and Hearing Process

The Petitions filed by CSLDC were registered on 13/01/2026. The CSLDC 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 Petitioners' websites. 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 proposals were published by the Petitioners in the leading newspapers of the State.

A period of twenty-one (21) days was given for submission of written objections and suggestions by the public. No objection was received in the petition.

In order to have better clarity on the data submitted by the Petitioners and to remove inconsistency in the data, the Technical Validation Sessions (TVS) was held on February 12, 2026 with CSLDC. During the TVS, additional information required for processing of the Petition was sought from the Petitioner. The Petitioner submitted the additional information sought during TVS.

The Public Hearing on the Petition was held on 17.02.2026, 18.02.2026, 19.02.2026 and 20.02.2026. The Commission has ensured that the due process as contemplated under the law to ensure transparency and public participation was followed at every stage and adequate opportunity was given to all the persons to offer their views.

1.5 State Advisory Committee Meeting

A copy of the abridged Hindi and English version of the Petitions were sent to all the Members of the State Advisory Committee (SAC) for their comments.

A meeting of the SAC was convened on 21 February, 2026 to discuss the Petitions and seek inputs from the Committee. CSPGCL, CSPTCL, CSLDC and CSPDCL presented the salient features of their petitions. Various aspects of the petitions and Tariff design were discussed by the Members of the Committee in the meeting. The list of the SAC Members who participated in the meeting is annexed as **Annexure-I**.

The following suggestions and objections were submitted by SAC members:

a) It is observed that annual increase in retail tariff of CSPDCL is different for different years. Increase in tariff ranges from around 0% to 10% causing tariff shocks to the consumers. To avoid this tariff shocks, Retail tariff of CSPDCL should regularly be increased evenly to take care the impact of annual inflation.

b) Earlier various concession were provided to RE power to promote green energy. Now that RE power has attain a fair growth and has attractive market, therefore, providing concessions to RE power may be reviewed.

c) The growth in Rooftop solar power will result in under recovery of network charges or fixed costs of CSPDCL. Therefore, some methodology should be devised so that network charges/fixed charges may be recovered from various consumers in appropriate proportion except from marginal consumers who have installed solar systems under government scheme.

d) Considering massive solar penetration, the ToD tariff should be aligned with Solar and Non-Solar hours.

e) Expenses incurred towards Smart Meters should be allowed after considering cost benefit analysis and reduction in the O&M costs.

f) Few of the members also suggested that possibility for installing smart meter (prepaid) for industrial consumers also which will remove the burden of paying heavy security deposit.

g) The Commission should explore the possibility of fixing tariff so that it may take care of Wheeling Charges as separate component in addition to Fixed/ Demand Charges, and Energy Charges.

h) Parallel Operation Charges can be replaced by the Commitment Charges - fixed or service charges.

i) Annual Load Survey should be done in line with the Resource Adequacy Study so that the tariff can be further made cost reflective for different consumer categories.

j) The Capital Expenditure proposed by DISCOM should be approved based on improvement in Reliability Indices and reduction Distribution losses.

k) Use of Battery Energy Storage System may be explored for improving and reliability and quality of power supply.

l) The issue of arrears of Government department was also raised in the SAC meeting.

m) For the overall economic development of the State, it is necessary that the industrial tariff needs to be competitive. There should not be sharp hike in the industrial tariff. Further, provisions related to Renewable Energy, Open Access (Green/ Regular), Captive/ Group Captive should be revisited for future industrial growth. It was also suggested that the Industrial tariff should be set for entire control period which will give an idea about the trend in tariff.

n) Rebate is being provided to Steel industry should be linked with electricity consumption towards measure taking by industry to control pollution. Rebate for Steel industry may be linked for electricity consumption of ESP. Separate meter for ESP in the respective industry may be allowed and rebate given for the same.

o) Rebate for more than one agriculture pump connection should be allowed.

p) Electricity consumption of Municipal Corporation should be categorized under domestic category as no commercial activity is being performed by Municipal Corporation.

2 TRUE-UP OF ARR FOR FY 2024-25 FOR CSLDC

2.1 Background

The Commission notified the CSERC MYT Regulations, 2021 for the 4th MYT Control Period from FY 2022-23 to FY 2024-25 on November 14, 2021. The Commission issued the last Tariff Order dated 11 July 2025 on true up of ARR for FY 2023-24 based on the audited accounts for FY 2023-24 and Determination of SLDC Charges for FY 2025-26. The Commission has determined the ARR and SLDC charges for FY 2024-25 in the MYT Order dated 13 April 2022 and the final true up of ARR for FY 2024-25 had been carried out by comparing actual performance with the values as approved in the MYT Order dated April 13, 2022.

Based on the audited accounts of FY 2024-25, CSLDC has submitted the Petition for final true-up of ARR for FY 2024-25.

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

> *"10.4. The scope of the truing up shall consist of comparison of the performance of the generating company or STU/ transmission licensee or distribution licensee or SLDC with the approved forecast and shall include following:*
>
> *(a) A comparison of the audited performance of the applicant for the previous financial year(s) with the approved forecast for such previous financial year(s), subject to the prudence check including pass-through of impact of uncontrollable factors;*
>
> *(b) Review of compliance to directives issued by the Commission from time to time;*
>
> *(c) Any other relevant details."*

In accordance with Regulation 10.4 of the CSERC MYT Regulations, 2021, the Commission has undertaken the true-up of FY 2024-25.

As discussed in the earlier chapter, the Commission observed discrepancies in the distribution of revenue and expenses between CSPTCL and CSLDC as reflected in the Segment Note of the Audited Accounts. Further, CSLDC submitted a revised statement of Employee, A&G and R&M Expenses duly signed by the Addl. General Manager (F&A), CSPTCL, Raipur.

The Commission observed that the adjustments made by CSPTCL in respect of CSLDC are the same as the claims submitted by CSLDC. Since both CSPTCL and CSLDC have agreed on the allocation of expenses and revenue between them, the Commission considers it appropriate to accept the claims of CSLDC.

In this Chapter, the Commission has analysed all the elements of actual expenditure and revenue of CSLDC for FY 2024-25 and undertaken the final true-up of expenses and revenue. The Commission has approved the sharing of gains and losses on account of controllable factors between CSLDC and its beneficiaries, in accordance with Regulation 13 of the CSERC MYT Regulations, 2021.

2.2 Annual Charges for SLDC

Regulation 101.1 of the CSERC MYT Regulations, 2021 specifies the components of Annual Charges for SLDC as under:

(a) Return on Equity;

(b) Interest on loan capital;

(c) Depreciation;

(d) O&M expenses:

   a. HR expenses

      i. Employee expenses;

      ii. Impact of Pay Revision;

      iii. Manpower deployed on outsourcing basis;

   b. M&G expenses

(e) Pension & Gratuity fund contribution; and

(f) Interest on Working Capital.

2.3 Operation and Maintenance (O&M) expenses

CSLDC's Submission

CSLDC has claimed O&M expenses in accordance with Regulation 101.5 of CSERC MYT Regulations, 2021. CSLDC submitted that O&M Expenses includes Employee expenses and Maintenance & General (M&G) expenses. CSLDC has considered O&M expenses for FY 2024-25, as shown in the Table below:

Table 2-1: O&M Expenses for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	FY 2024-25
1	Gross Employee Expenses	10.86
2	Gross A&G Expenses	0.62
3	Gross R&M Expenses	2.27
Total O&M Expenses		**13.74**

Also, CSLDC submitted the details of sanctioned employee strength, current employee strength, and vacant positions for different class of employees, as on March 31, 2025. The total sanctioned strength of different class of employees of CSLDC is 76 out of which 53 are currently working and balance 23 are envisaged to be filled in the coming FYs, as shown in the Table below:

Table 2-2: Employee strength of CSLDC as on 31st March 2025

Sr. No.	Particulars	Sanctioned	Working	Vacant
1	Class I	20	20	0
2	Class II	24	15	9
3	Class III	24	16	8
4	Class IV	8	2	6
Total		**76**	**53**	**23**

CSLDC requested to approve actual O&M Expenses of Rs. 13.74 Crore for FY 2024-25.

Sharing of gain and losses on account of O&M Expenses

For computation of gain and losses, CSLDC has considered the provisions of Regulations 8, 11.2 and 13 of the MYT Regulations, 2021.

As per the MYT Regulations, 2021, the Employee expenses have been considered based on actuals and have not been subjected to sharing of gains or losses. A&G expenses and R&M expenses have been subjected to sharing of gains/losses after considering the revised normative expenses as per Regulation 101.5 of the MYT Regulations, 2021.

CSLDC submitted that the MYT Regulations, 2021, allows incentive/disincentive for better/under performance in operational norms so that such efforts are appropriately recognized and promoted, thereby, ensuring improved efficiency on a sustainable basis

The normative A&G expenses and R&M expenses for FY 2024-25 as approved in the final true-up of ARR for FY 2023-24 have been considered to arrive at the normative A&G expenses and R&M expenses for FY 2024-25.

CSLDC submitted the sharing of gains/(loss) of (Rs. 0.17) Crore on account of variation in actual A&G expenses and R&M expenses vis-à-vis normative expenses in the true-up of ARR for FY 2024-25.

CSLDC submitted that the Commission approved normative A&G and R&M expenses of Rs. 0.86 Crore and Rs. 1.42 Crore vide Order dated July' 11, 2024; respectively, for FY 2023-24. Accordingly, an escalation rate of 2.94% has been applied to the A&G expenses, while an escalation rate of 2.27% has been applied to the R&M expenses as shown below in Table:

Table 2-3: Normative M&G Expenses as submitted by CSLDC for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Particulars	Revised Normative for FY 2023-24 as per Tariff Order dated 11.07.2025	Inflation rate	Revised Normative for FY 2024-25 to be claimed in True-Up
A&G Expenses	0.86	2.94%	0.89
R&M Expenses	1.42	2.27%	1.45
Total	**2.28**		**2.34**

Additional O&M Expenses

CSLDC submitted that as per Regulation 101.5.2 of the MYT Regulations, 2021, claim for additional normative A&G expenses and R&M expenses on account of addition to GFA during FY 2024-25 has been made.

Accordingly, CSLDC has computed additional normative A&G and R&M expenses for FY 2024-25, as shown in the following Table:

Table 2-4: Additional Normative O&M Expenses as submitted by CSLDC for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	Formula	Amount
1	Average of opening and closing GFA for previous FY	A	19.80
2	Average of opening and closing GFA for previous FY	B	22.26
3	Increase in GFA (%)	C=(B-A)/Ax100	12.45%
4	Normative A&G Expenses arrived at for FY	D	0.89
5	Normative R&M Expenses arrived for FY	E	1.45
6	Additional A&G Expenses on account of increase in GFA	F=D x C	0.11
7	Additional R&M Expenses on account of increase in GFA	G= E x C	0.18

CSLDC submitted the revised normative A&G Expenses and R&M Expenses for FY 2024-25 after adding Additional Normative expenses to base normative expenses, as shown in the Table below:

Table 2-5: Revised Normative A&G Expenses and R&M Expenses as submitted for FY 2024-25 (Rs. Crore)

Particulars	Amount
Normative A&G Expenses	
Base Normative A&G Expenses	0.89
Additional A&G Expenses	0.11
Total Normative A&G Expenses	**1.00**
Normative R&M Expenses	
Base Normative R&M Expenses	1.45
Additional R&M Expenses	0.18
Total Normative R&M Expenses	**1.63**

SLDC submitted that normative A&G expenses and R&M expenses computed above, and actual A&G expenses and R&M expenses have been considered for computation of gain/(loss). CSLDC submitted the sharing of gain/(loss) for FY 2024-25, as shown in the following Table:

Table 2-6: Sharing of gain/(loss) on A&G expenses and R&M expenses for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	Normative	Actual	Gain/(Loss)
1	Net A&G expenses	1.00	0.62	0.38
2	Net R&M expenses	1.63	2.27	-0.64
3	**Total**	**2.63**	**2.89**	**-0.26**
4	**CSLDC share**			**-0.17**

CSLDC submitted the sharing of loss of Rs. 0.17 Crore on account of sharing of normative A&G expenses and R&M expenses vis-à-vis actual expenses in the true-up of ARR for FY 2024-25.

Commission's View

Regulation 101.5 of the MYT Regulations, 2021 specifies the basis for computation of normative O&M expenses and the method of sharing the efficiency gains/losses vis-à-vis actual O&M expenses, as reproduced in the earlier Chapter.

It is observed that CSLDC in its submissions has mentioned that the Commission had approved normative A&G and R&M expenses of Rs. 0.86 crore and Rs. 1.42 crore, respectively, for FY 2023-24.

However, the Normative A&G expenses and Normative R&M expenses approved vide Order dated July 11, 2025, for FY 2023-24 are Rs. 1.01 Crore and Rs. 1.66 Crore respectively.

Accordingly, the Commission has computed the revised normative O&M expenses for FY 2024-25 by applying the actual inflation over base-year's approved Normative A&G expenses and Normative R&M expenses vide Order dated July 11, 2025, for FY 2023-24 are Rs. 1.01 Crore and Rs. 1.66 Crore respectively.

The Commission has considered the CPI and WPI as per the MYT Regulations, 2021 and, accordingly, computed escalation factor of 2.94% (60% weightage of CPI and 40% weightage of WPI) for A&G Expenses and 2.27% (WPI) for R&M Expenses for FY 2024-25.

Further, Regulation 101.5.2 of the MYT Regulations, 2021, provides for consideration of additional O&M expenses on account of addition to GFA. The Commission has computed the additional O&M expenses by considering approved GFA with the base O&M expenses allowed for the previous year and in the same proportion for corresponding increase in GFA. The additional normative A&G expenses and R&M expenses on account of addition to GFA in FY 2024-25 are computed as shown in the Table below:

Table 2-7: Computation of Additional A&G expenses and R&M expenses for FY 2024-25, as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Formula	Amount
1	Average of opening and closing GFA for previous FY	A	19.80
2	Average of opening and closing GFA for previous FY	B	22.26
3	Increase in GFA (%)	C=(B-A)/Ax100	12.46%
4	Normative A&G Expenses approved in this Order	D	1.04
5	Normative R&M Expenses approved in this Order	E	1.70
6	**Additional A&G Expenses on account of increase in GFA for FY 2024-25**	F=D x C	0.13
7	**Additional R&M Expenses on account of increase in GFA for FY 2024-25**	G= E x C	0.21

For the purpose of true-up for FY 2024-25, the Commission approves the normative A&G Expenses and R&M Expenses including additional A&G expenses and R&M expenses on account of addition to GFA, as shown in the following Table:

Table 2-8: Approved Normative O&M Expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in MYT Order	Petition	Revised Normative Expenses
A&G Expenses	0.88	1.00	1.17
R&M Expenses	1.40	1.63	1.91

The Commission has considered actual O&M expenses for FY 2024-25 as submitted by CSLDC. Accordingly, the Commission approves actual O&M Expenses of Rs. 13.74 Crore for FY 2024-25, as shown in the Table below:

Table 2-9: Approved Actual O&M Expenses for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Petition	Approved
1	Employee Expenses	10.86	10.86
2	A&G Expenses (Net of Capitalisation)	0.62	0.62
3	R&M Expenses (Net of Capitalisation)	2.27	2.27
4	**Net O&M Expenses**	**13.74**	**13.74**

The Commission has undertaken sharing of gains and losses of normative expenses vis-à-vis actual expenses for FY 2024-25, as per MYT Regulations, 2021.

In accordance with the MYT Regulations, 2021, the Commission approves the Employee Expenses at actuals as Rs. 10.86 Crore for FY 2024-25.

As CSPTCL and CSLDC do not have separate accounts, the entire capitalization of O&M expenses has been considered against CSPTCL. The Commission has considered the actual A&G expenses and R&M expenses for sharing of gains and losses for FY 2024-25, as shown in the Table below:

Table 2-10: Sharing of gain/(loss) on A&G expenses and R&M expenses for FY 2024-25 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Normative	Actual	Gain
1	Net A&G expenses	1.17	0.62	0.55
2	Net R&M expenses	1.91	2.27	(0.36)
3	**Total**	**3.08**	**2.89**	**0.19**
4	**CSLDC share (1/3 of Total Gain**			**0.06**

In this Order, the Commission approves the O&M expenses based on the submissions by CSLDC for FY 2024-25. Further, the Commission approves sharing of gains of Rs. 0.06 Crore for FY 2024-25.

2.4 Contribution to Pension and Gratuity Fund

CSLDC's Submission

CSLDC submitted that the Pension and Gratuity expenses for FY 2024-25 have been considered as per the audited accounts, based on the actuarial valuation carried out for CSPTCL. The Pension and Gratuity expenses attributable to SLDC have been derived by apportioning the total number of employees in CSLDC and CSPTCL, in proportion to the respective working employees of CSPTCL and SLDC.

Table 2-11: Ratio of Working Employees submitted by CSPTCL and SLDC (Rs. Crore)

Company	Working Employees	Employee Cost	Working Employee Proportion
CSPTCL	1,665	385.42	96.92%
CSLDC	53	10.71	3.08%
Total	1,718	396.13	100.00%

Table 2-12: Terminal benefits (P&G) Fund for FY 2024-25 submitted by the Commission CSLDC (Rs. Crore)

Particulars	Tariff Order dated 13.04.2022	Petition
Contribution to P&G Fund	3.35	4.84

Commission's View

In response to the Commission's query, CSLDC submitted a letter dated 02.12.2025 from CSPGCL to CSEB Gratuity & Pension Fund Trust, providing the details of Contribution to P&G Trust. For FY 2024-25 the contribution for CSPTCL was Rs. 139.28 as approved vide Order dated 13.04.2022.

Accordingly, the Commission considered Rs. 139.28 Crore, comprising Rs. 135.93 Crore for CSPTCL and Rs. 3.35 Crore for CSLDC.

Table 2-13: Contribution to P&G Fund for FY 2024-25 as approved by the Commission (Rs. Crore)

Particulars	Tariff Order dated 13.04.2022	Petition	Approved
Contribution to P&G Fund	3.35	4.84	3.35

2.5 Gross Fixed Assets and Means of Finance

CSLDC submitted that the Commission in MYT Order for the control period from FY 2016-17 to FY 2020-21 dated 30.04.2016 had approved the methodology for determination of capital structure of GFA into debt and equity. CSLDC would like to submit that the capital structure for FY 2024-25 has been determined based on the following:

Table 2-14: Gross Fixed Assets for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2024-25
1	Opening GFA	22.26
2	Capitalisation during the Year	
3	Closing GFA	22.26
4	Average of Opening and Closing GFA	**22.26**

Commission's View

The Commission has approved the closing GFA for FY 2023-24 as Rs. 22.26 Crore after True-up in the Order dated July 11, 2025. The Commission has accordingly considered the same amount as Opening GFA for FY 2024-25. CSLDC, has claimed NIL capitalisation in FY 2024-25 and the Commission has considered the same for FY 2024-25. Accordingly, the Commission approves the GFA and its funding for FY 2024-25 as shown in the following Table:

Table 2-15: Gross Fixed Assets and its Funding for FY 2024-25 for CSLDC as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	MYT Order	Petition	Approved
1	Opening GFA	26.88	22.26	22.26
2	Capitalisation during the Year	20.52	-	-
3	Closing GFA	47.40	22.26	22.26
	Means of Finance			
4	Consumer Contribution/Grants	0.00	-	-
5	Equity	6.16	-	-
6	Debt	14.36	-	-
7	**Total Capitalisation**	**20.52**	**-**	**-**

2.6 Depreciation

CSLDC's Submission

CSLDC submitted that it has computed depreciation as per Regulation 25 of the MYT Regulations, 2021. The asset base of CSLDC comprises SCADA system, computer terminals, equipment, building, etc. The asset base has been identified from the accounts of CSLDC by the Asset Segregation Committee and the same has been considered in its computations. As the asset class-wise segregation of the SLDC's asset base is not available, the weighted average depreciation rate as considered for CSPTCL for FY 2024-25 has been considered for CSLDC.

CSLDC requested the Commission to approve depreciation of Rs. 1.17 Crore for FY 2024-25 as shown in the Table below:

Table 2-16: Depreciation for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2024-25
1	Opening GFA	22.26
2	Add: Additional capitalization during the year	-
3	GFA at the end of the year	22.26
4	Average GFA for the year	22.26
5	Depreciation Rate	5.26%
6	**Depreciation**	**1.17**

Commission's View

The Commission has approved the depreciation for FY 2024-25 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. No GFA addition has been considered as approved in earlier Section of this Chapter. The weighted average depreciation rate of 5.27%, computed for CSPTCL on the basis of deprecation rates provided in the MYT Regulations, 2021, has been considered for FY 2024-25 for CSLDC. The depreciation approved by the Commission for FY 2024-25 is shown in the Table below:

Table 2-17: Depreciation for FY 2024-25 for CSLDC as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	MYT Order	Petition	Approved
1	Opening GFA	26.88	22.26	22.26
2	Additional capitalization during the year	20.52	-	-
3	GFA at the end of the year	47.40	22.26	22.26
4	Average GFA for the year	37.14	22.26	22.26
5	Depreciation Rate	5.26%	5.26%	5.27%
6	**Depreciation**	**1.95**	**1.17**	**1.17**

2.7 Interest on Loan

CSLDC's Submission

CSLDC has calculated Interest and Finance Charges as per Regulation 24 of the CSERC MYT Regulations, 2021. CSLDC has considered the opening normative loan balance for true-up of ARR for FY 2024-25 equal to the closing normative loan balance for FY 2023-24 as per the true-up order, The debt component of 70% of the GFA addition during FY 2024-25 has been considered as the normative loan addition during the year. The allowable depreciation for the year as calculated above has been considered as the normative repayment for the year. The rate of interest has been computed as the weighted average rate of interest. The actual weighted average interest rate of 9.28% of CSPTCL has been considered for computation of the interest on loan for FY 2024-25 for CSLDC.

CSLDC requested the Commission to approve the Interest and Finance Charges of Rs. 0.22 Crore for FY 2024-25, as shown in the Table below:

Table 2-18: Interest on Loan for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2024-25
1	Total Opening Net Loan	2.94
2	Repayment during the period	1.17
3	Additional Capitalization of Borrowed Loan during the year	0.00
4	Total Closing Net Loan	1.77
5	Average Loan during the year	2.35
6	Weighted Average Interest Rate	9.15%
7	**Interest Expenses**	**0.22**

Commission's View

The Commission has approved interest on loan capital for FY 2024-25 as per Regulation 24 of the MYT Regulations, 2021. The Commission has considered the closing net normative loan balance for FY 2023-24, as approved after True-up, as the opening net normative loan balance for FY 2024-25. The addition of normative loan has been considered based on debt component towards additional capitalisation, as considered earlier in this Chapter. The repayment has been considered equal to depreciation approved by the Commission in this Order.

Regulation 24.5 of the MYT Regulations, 2021 provides for the rate of interest based on actual loan portfolio at the beginning of the year. For computation of weighted average rate of interest, the Commission has considered the applicable rate of interest on the outstanding loan portfolio of CSPTCL at the beginning of the financial year as per the audited accounts of FY 2024-25, in absence of segregation of actual loan for CSLDC. Accordingly, the Commission has considered the weighted average rate of interest of 9.15% for FY 2024-25. The interest on loan approved for FY 2023-24 is shown in the Table below:

Table 2-19: Interest on Loan for FY 2024-25 for CSLDC approved by Commission (Rs. Crore)

Sr. No.	Particulars	MYT Order	Petition	Approved
1	Total Opening Net Loan	5.62	2.94	2.94
2	Repayment during the period	1.95	1.17	1.17
3	Additional Capitalization of Borrowed Loan during the year	14.36	0.00	0.00
4	Total Closing Net Loan	18.03	1.77	1.77
5	Average Loan during the year	11.83	2.35	2.35
6	Weighted Average Interest Rate	9.76%	9.15%	9.15%
7	**Interest Expenses**	**1.15**	**0.22**	**0.22**

2.8 Return on Equity (RoE) and Income Tax

CSLDC's Submission

CSLDC has computed RoE as per the Regulation 23 of the MYT Regulations, 2021. The closing permissible equity balance of FY 2023-24, as approved in the true-up Order has been considered as opening equity balance for true-up of FY 2024-25. CSLDC has considered base rate of RoE of 14.00% (without grossing up by MAT rate). CSLDC requested the Commission to approve RoE of Rs. 0.99 Crore for FY 2024-25. CSLDC further submitted that it has not paid any income tax during FY 2024-25 and accordingly NIL Income Tax has been considered for the year.

Table 2-20: Return on Equity for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2024-25
1	Opening Normative Equity	7.04
2	Normative Addition During the Year	0.00
3	Closing Normative Equity	7.04
4	**Average Normative Equity**	**7.04**
5	Rate of Return on Equity	14.00%
6	**Return on Equity for the Year**	**0.99**

Commission's View

Regulation 23 of the MYT Regulations, 2021 provides that RoE shall be computed at the rate of 14.0% for SLDC. The Commission notes that CSLDC has not paid any Income Tax separately, hence, rate of return of RoE has not been grossed up with the prevailing MAT rate. Accordingly, the Commission has approved RoE at the rate of 14.0% as per Regulation 23 of the MYT Regulations, 2021.

For computation of RoE, the Commission has considered the closing equity as approved for FY 2023-24 after True-up, as opening equity for FY 2024-25. The equity addition for FY 2024-25 has been considered as 30% of the capitalisation during the year. The Commission approves the RoE for FY 2024-25 as shown in the Table below:

Table 2-21: Return on Equity for FY 2024-25 for CSLDC as approved by Commission (Rs. Crore)

Sr. No.	Particulars	MYT Order	Petition	Approved
1	Permissible Equity in Opening GFA	8.43	7.04	7.04
2	Addition of Permissible Equity during the year	6.16	0.00	0.00
3	Permissible Equity in Closing GFA	14.59	7.04	7.04
4	Average Gross Permissible Equity during the year	11.51	**7.04**	**7.04**
5	Rate of Return on Equity	14.00%	14.00%	14.00%
6	**Return on Equity**	**1.61**	**0.99**	**0.99**

2.9 Interest on Working Capital (IoWC)

CSLDC's Submission

CSLDC has considered normative IoWC as per Regulation 26 of the MYT Regulations, 2021. CSLDC submitted that it has considered 15 days of O&M expenses, maintenance spares at 20% of M&G expenses, and receivables equivalent to 45 days of fixed cost for computing the working capital requirement for FY 2024-25. CSLDC has considered the interest rate of 8.92% (average actual sanctioned rate of interest during the year) for computing the IoWC for FY 2024-25.

The computation of rate of interest on Working Capital (%) as submitted by CSLDC is shown in the Table below:

Table 2-22: Interest Rate submitted by CSLDC for FY 2024-25

Sr. No.	Bank Details	Amount of WC Drawn	Rate of Interest (%)	Interest (Rs. Crore)	Weighted Avg. Rate of Interest (%)
1	IDBI	30.00	7.99%	2.40	
2	SBI	130.00	9.13%	11.87	
Total		**160.00**		**14.27**	**8.92%**

CSLDC requested the Commission to approve IoWC of Rs. 0.30 Crore for FY 2024-25, as shown in the Table below:

Table 2-23: Interest on Working Capital for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2024-25
1	Operation and maintenance expenses for 15 days	0.55
2	Maintenance spares @ 20% of maintenance and general expenses	0.53
3	Receivables equivalent to 45 days of fixed cost	2.23
4	**Total Working Capital**	3.31
5	Interest rate	**8.92%**
6	**Interest on Working Capital**	**0.30**

Commission's View

The Commission has computed IoWC in accordance with Regulation 26 of the MYT Regulations, 2021. For computation of working capital requirement as per the formula specified in the MYT Regulations, 2021, the Commission has considered the revised normative value of M&G expenses for FY 2024-25, as approved earlier in this Order. The receivables for 45 days have been considered based on the revenue from SLDC charges for FY 2024-25. The computation of rate of interest on Working Capital (%) is shown in the Table below:

Table 2-24: Approved Interest Rate for FY 2024-25 (%)

Sr. No.	Bank Details	Amount of WC Drawn	Rate of Interest (%)	Interest (Rs. Crore)	Weighted Avg. Rate of Interest (%)
1	SBI WC	130.00	9.13%	11.87	
2	IDBI WC	30.00	7.99%	2.40	
	Total	**160.00**		**14.27**	**8.92%**

The normative IoWC approved by the Commission is shown in the Table below:

Table 2-25: Approved Interest on Working Capital for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Tariff Order	Petition	Approved
1	O&M expenses for fifteen days	0.58	0.55	0.57
2	Maintenance Spares @ 20% of M&G Expenses	0.45	0.53	0.62
3	Receivables @ 45 Days	1.85	2.23	2.23
4	Total Working Capital requirement	2.88	3.31	3.42
5	Rate of Interest on Working Capital	9.00%	8.92%	8.92%
6	**Interest on Working Capital**	**0.26**	**0.30**	**0.30**

2.10 Non-Tariff Income

CSLDC's Submission

CSLDC has considered Rs. 3.32 Crore as non-tariff income based on the Application Charges, SLDC System Operating Charges (50%) Registration Amount and REC Charges. CSLDC has claimed non-tariff income of Rs. 3.32 Crore as per the below table for FY 2024-25.

Table 2-26: Non-Tariff Income for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Particulars	Amount (Rs. Crore)
Application Charges	0.15
SLDC System Operating Charges	0.66
Registration Amount	2.50
REC Charges	
Total	**3.32**

Commission's View

As discussed in the earlier paragraphs, both CSPTCL and CSLDC have mutually agreed on the allocation of expenses and revenue between them. Accordingly, CSPTCL has deducted Rs. 3.32 Crores of Non-Tariff Income corresponding to SLDC, the same has been claimed by CSLDC in its Petition.

Accordingly, the Commission has considered Non-Tariff income of Rs. 3.32 Crore for FY 2024-25, as shown in the Table below:

Table 2-27: Approved Non-Tariff Income for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	MYT Order	Petition	Approved
1	Non-Tariff Income	0.02	3.32	3.32

2.11 Aggregate Revenue Requirement for CSLDC

Based on the above, the ARR approved for CSLDC after final truing-up for FY 2024-51is shown in the Table below:

Table 2-28: Aggregate Revenue Requirement (ARR) for FY 2024-25 approved by the Commission (Rs. Crore)

Sr. No	Particulars	Tariff Order	Petition	Approved after True-up
A	**O&M Expenses**	**17.25**	**18.59**	**17.09**
1	Employee Expense	11.62	10.86	10.86
2	A&G Expenses	0.88	0.62	0.62
3	R&M Expenses	1.40	2.27	2.27
4	Terminal Benefits	3.35	4.84	3.35

Sr. No	Particulars	Tariff Order	Petition	Approved after True-up
B	**Interest and Finance Charges**	**1.41**	**0.51**	**0.52**
1	Interest on Loan	1.15	0.22	0.22
2	Interest on Working Capital	0.26	0.30	0.30
C	**Other Expenses**	**3.56**	**2.16**	**2.16**
1	Depreciation	1.95	1.17	1.17
2	Return on Equity	1.61	0.99	0.99
D	**Gain/ (Loss) on sharing O&M Expenses**		**-0.17**	**0.06**
E	**Total**	**22.22**	**21.09**	**19.84**
1	Less: Non-Tariff Income	0.02	3.32	3.32
G	**Net Aggregate Revenue Requirement**	**22.21**	**17.77**	**16.52**

2.12 Revenue from CSLDC Charges

CSLDC's Submission

CSLDC submitted the revenue from CSLDC Charges of Rs. 18.10 Crore for FY 2024-25 based on the audited annual accounts.

Commission's View

The Commission has considered the actual revenue from CSLDC Charges of Rs. 18.10 Crore in the true-up for FY 2024-25.

Revenue Gap/(Surplus) for CSLDC

CSLDC's Submission

CSLDC submitted the Revenue Gap/(Surplus) for FY 2024-25, as shown in the Table below:

Table 2-29: Revenue Gap/(Surplus) for FY 2024-25 as submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	Amount
1	Aggregate Revenue Requirement	17.77
2	*Less:* Revenue from SLDC Charges	18.10
3	**Adjustment of Gap/ (Surplus) of FY 2022-23 after treatment of holding cost upto FY 2024-25**	**(4.11)**
4	Total Revenue for FY 2024-25	22.21
5	**Total Revenue Gap/(Surplus)**	**(4.44)**

CSLDC requested the Commission to approve the Surplus for FY 2024-25 and adjust Rs. 5.23 Crore (with carrying cost) in the ARR of FY 2026-27.

Commission's View

After undertaking the final true-up for FY 2024-25, the Commission has computed the Revenue Gap/(Surplus) for FY 2024-25, as shown in the following Table:

Table 2-30: Revenue Gap/(Surplus) for FY 2024-25 for CSLDC as approved by the Commission (Rs. Crore)

Sr. No	Particulars	Petition	Approved
1	Aggregate Revenue Requirement	17.77	16.52
2	Revenue from SLDC Charges	18.10	18.10
3	**Plus: (Surplus) adjusted with carrying cost up to FY 2024-25 as approved in Tariff Order**	**(4.11)**	**(4.11)**
4	**Total Revenue for FY 2024-25**	22.21	22.21
5	**Revenue Gap/ (Surplus)**	**(4.44)**	**(5.69)**

The Commission approves the Revenue Surplus of Rs. 5.69 Crore after true-up for CSLDC for FY 2024-25, as against the Revenue Surplus of Rs. 4.44 Crore computed by CSLDC.

3 ARR AND SLDC CHARGES OF CSLDC FOR FY 2026-27 TO FY 2029-30

3.1 Background

The Commission notified the CSERC MYT Regulations, 2025 for the Control Period from FY 2026-27 to FY 2029-30 on December 11, 2025.

CSLDC has submitted the present Petition for determination of ARR and SLDC Charges for the Control Period from FY 2026-27 to FY 2029-30. CSLDC has submitted details of its projected expenses likely to be incurred during the Control Period under various heads, viz., O&M expenses, depreciation, interest on loans, interest on working capital, etc., as per the CSERC MYT Regulations, 2025.

In accordance with the CSERC MYT Regulations, 2025, in the present Order, the Commission has determined the ARR and SLDC Charges for the Control Period from FY 2026-27 to FY 2029-30 based on the submission by CSLDC.

3.2 Annual Charges for SLDC

Regulation 101.1 of the CSERC MYT Regulations, 2025 specifies the components of Annual Charges for SLDC as under:

1) Return on equity;
2) Interest on loan capital;
3) Depreciation;
4) O&M expenses:
    a) HR expenses
        (i) Employee expenses;
        (ii) Impact of Pay revision;
        (iii) Manpower deployed on outsourcing basis;
    b) M&G expenses:
5) Pension & Gratuity Trust Fund contribution
6) Interest on working capital.

3.3 Operation and Maintenance (O&M) expenses

CSLDC's Submission

CSLDC has computed O&M expenses considering the provisions of Regulation 101.5 CSERC MYT Regulations, 2025, which comprises Human Resource and Maintenance & General expenses.

Human Resource (HR) Expenses

CSLDC has derived HR expenses for the base year, i.e., FY 2025-26 on the basis of the normalized average of the actual HR expenses excluding pension fund contribution, impact of pay revision arrears and any other expenses of non-recurring nature, as per the Annual Accounts for the previous five years immediately preceding the base year i.e., FY 2025-26

The HR expenses have been normalized based on the average CPI (IW) increase for the past five years on year-to-year basis i.e., 4.95%. The average of normalized net present value of HR expenses for FY 2020-21 to FY 2024-25, has been used to project the value for the base year FY 2025-26. Further, base value of HR expenses derived for FY 2025-26 has been escalated by the above-mentioned inflation rate to project the HR expenses for the Control Period.

A&G Expenses

CSLDC has derived A&G expenses for the base year i.e., FY 2025-26 on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower if any), as per the Annual Accounts for the previous five years immediately preceding the base year i.e., FY 2025-26.

The A&G expenses has been normalized based on the average inflation increase for the past five years on year-to-year basis considering 40% weightage to WPI and 60% weightage to CPI, i.e., 4.99%. The average of normalized net present value of A&G expenses for FY 2020-21 to FY 2024-25, has been used to project the value for the base year FY 2025-26. Further, base value of A&G expenses derived for FY 2025-26 has been escalated by the above-mentioned inflation rate to project the A&G expenses for the Control Period.

R&M Expenses

CSLDC has derived R&M expenses for the base year, i.e., FY 2025-26, on the basis of the normalized average of the actual R&M expenses (excluding expenses towards outsourcing manpower), as per the Annual Accounts for the previous five years immediately preceding the base year, i.e., FY 2025-26.

The R&M expenses has been normalized by applying last five year average increase in WPI on year-to-year basis, i.e., 5.05 %. The average of normalized net present value of R&M expenses for FY 2020-21 to FY 2024-25, has been used to project the value for the base year FY 2025-26. Further, the R&M expenses derived for the base year FY 2025-26 has been escalated by the above-mentioned inflation rate to project the R&M expenses for the Control Period.

Total O&M expenses projected by CSLDC for the Control Period from FY 2022-23 to FY 2024-25 are shown in the Table below

Table 3-1: O&M Expenses projected by CSPTCL (Rs. Crore)

Particulars	FY 2026-27	FY2027-28	FY 2028-29	FY 2029-30
HR Expenses	12.30	12.91	13.55	14.22
A&G Expense	0.73	0.77	0.80	0.84
R&M Expense	2.29	2.41	2.53	2.66
Total O&M Expenses	**15.32**	**16.09**	**16.88**	**17.72**

- *Submitted in replies to Data Gaps*

Commission's View

As regards O&M Expenses, Regulation 101.5 of the CSERC MYT Regulations, 2025 specifies as under:

*"**101.5 Operation and Maintenance expenses***

101.5. Human Resource (HR) Expenses

i. Human Resource (HR) Expenses

(a) HR expenses shall comprise:

(i) employee 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.

(d) The HR expenses for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual HR expenses excluding Pension & Gratuity Trust 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 2025-26, subject to prudence

(e) The normalization of HR expenses shall be done by applying last five-year average increase in Consumer Price Index Industrial Worker (CPI (IW)) on year to year basis.

(f)The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.

(g) The projected base year value shall be escalated by the above inflation rate to estimate the HR expense (excluding impact of Pension & Gratuity Trust Fund contribution, and pay revision and any other expense of non-recurring nature, if any) for each year of the Control Period.

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

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

(i) CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.

ii. Maintenance & General (M&G) Expenses

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

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

(ii) Repair and Maintenance (R&M) expenses

ii. *The Commission shall stipulate a separate trajectory for each of the components of M&G expenses, viz., A&G expenses and R&M expenses for the Control Period:*

Provided that, additional O&M expenses incurred due to additional capital investment or any change in law or any direction by any statutory authority shall be pass through over and above the O&M expenses allowed in the Tariff Order, after prudence check by the Commission.

iii. *The A&G expenses (excluding expenses towards outsourcing manpower) (A&G) and R&M expenses (excluding expenses towards outsourcing manpower) (R&M) for the base year, i.e., FY 2025-26, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower) and R&M expenses (excluding expenses towards outsourcing manpower), respectively, available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26, subject to prudence check by the Commission:*

Provided that, any other expense of non-recurring nature shall be excluded while determining normalized average for the previous five (5) years.

iv. *The normalization of R&M expenses shall be done by applying last five-year average increase/decrease in Wholesale Price Index (WPI) of all commodities on year-to-year basis.*

v. *The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.*

vi. *Normalization of A&G expenses shall be done by applying last five-year average increase/decrease in Inflation to be considered on the basis of 40% weightage of WPI and 60% weightage of CPI respectively on year-to-year basis.*

vii. *The average of normalized net present value for FY 2020-21 to FY 2024-25, shall then be used to project base year value for FY 2025-26.*

viii. *The projected base year value shall be escalated by the above inflation rate to estimate the A&G expenses and R&M expenses for each year of the control period.*

ix. *Wholesale Price Index numbers of all commodities shall be as per Office of Economic Advisor, Ministry of Commerce & Industry, Government of India {Base Year: 2011-12 Series}.*

x. *Consumer Price Index for Industrial Workers (all India) shall be as per Labour Bureau, Government of India {Base Year: 2016=100}.*

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

The O&M expenses for the Control Period from FY 2020-21 to FY 2024-25 have been approved in accordance with the said Regulations. The above Regulations specify that the normalization shall be done applying last five-year average increase in CPI on year-to-year basis for HR expenses, WPI R&M expenses and weightage of 40% of WPI and 60% CPI for A&G expenses.

The data published by Labour Bureau, Government of India and the Office of Economic Advisor, Ministry of Commerce & Industry, Government of India for CPI and WPI, respectively, has been relied upon to compute average increase in CPI and WPI over past five years from FY 2020-21 to FY 2024-25.

The summary of the 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 3-2: Computation of Inflation Rate for projections (%)

Particulars	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average of 5 years increase
CPI- IW (%)	5.02%	5.13%	6.05%	5.19%	3.38%	**4.95%**
WPI- AC (%)	1.29%	13.00%	9.41%	-0.73%	2.27%	**5.05%**
WPI@40% & CPI 60%	3.53%	8.28%	7.40%	2.82%	2.94%	**4.99%**

As per the above Regulation, the Commission has determined the HR expenses for the base year, i.e., FY 2025-26 on the basis of the normalized average of the actual HR expenses excluding pension fund contribution, impact of pay revision arrears and any other expenses of non-recurring nature, as per the Annual Accounts for the previous five years immediately preceding the base year, i.e., FY 2025-26.

Then, the HR expenses has been normalized based on the average CPI (IW) increase for the past five years on year-to-year basis, i.e., 4.95%. The average of normalized net present value of HR expenses for FY 2020-21 to FY 2024-25, has been used to project the value for the base year FY 2025-26. Further, the HR expenses derived for base value FY 2025-26 has been escalated by the above-mentioned inflation rate to project the HR expenses for the Control Period.

For A&G expenses, the Commission has computed A&G expenses for the base year, i.e., FY 2025-26 on the basis of the normalized average of the prudent actual A&G expenses (excluding expenses towards outsourcing manpower), for the previous five years immediately preceding the base year, i.e., FY 2025-26.

The A&G expenses have been normalized based on the average inflation increase for the past five years on year-to-year basis considering 40% weightage of WPI and 60% weightage of CPI, i.e., 4.99%. The average of normalized net present value of A&G expenses for FY 2020-21 to FY 2024-25, has been used to project the value for base year FY 2025-26. Further, A&G expenses derived for base year FY 2025-26 has been escalated by the above-mentioned inflation rate to project the A&G expenses for the Control Period.

The Commission has computed R&M expenses for the base year, i.e., FY 2025-26 on the basis of the normalized average of the prudent actual R&M expenses (excluding expenses towards outsourcing manpower), for the previous five years immediately preceding the base year, i.e., FY 2025-26

Then, the R&M expenses have been normalized based on average inflation increase for past five years on year-to-year basis, i.e. 5.05 %. The average of normalized net present value for FY 2020-21 to FY 2024-25, is then used to project the value for base year FY 2025-26. Further, the base of R&M expenses derived for base year FY 2025-26 has been escalated by the above-mentioned inflation rate to project the R&M expenses for the Control Period.

The approved HR expenses, A&G expenses and R&M expenses for the Control Period are shown in the Table below:

Table 3-3: Approved HR Expenses for the Control Period (Rs. Crore)

Particulars	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
HR Expenses	8.99	9.60	10.06	11.33	10.86					
Normalized FY 2020-21 to net present value FY 2024-25	8.99	9.44	9.90	10.39	10.91					
Normalized FY 2021-22 to net present value FY 2024-25		9.60	10.08	10.57	11.10					
Normalized FY 2022-23 to net present value FY 2024-25			10.06	10.56	11.08					
Normalized FY 2023-24 to net present value FY 2024-25				11.33	11.89					
Normalized net present value FY 2024-25					10.86					
Average of NPV of 5 FY's used for projection of base year FY 2025-26					11.17					
HR Expenses for Control Period				Projected Base year value for FY 2025-26		11.72	12.30	12.91	13.55	14.22

Table 3-4: Approved A&G Expenses for the Control Period (Rs. Crore)

Particulars	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
A&G Expenses	0.43	0.76	0.45	0.75	0.62					
Normalized FY 2020-21 to net present value FY 2024-25	0.43	0.45	0.47	0.50	0.52					
Normalized FY 2021-22 to net present value FY 2024-25		0.76	0.80	0.84	0.88					
Normalized FY 2022-23 to net present value FY 2024-25			0.45	0.47	0.50					
Normalized FY 2023-24 to net present value FY 2024-25				0.75	0.79					
Normalized net present value FY 2024-25					0.62					
Average of NPV of 5 FY's used for projection of base year FY 2025-26					0.66					
A&G Expenses for Control Period				Projected Base year value for 2025-26		0.69	0.73	0.76	0.80	0.84

Table 3-5: Approved R&M Expenses for the Control Period (Rs. Crore)

Particulars	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
R&M Expenses	1.66	1.70	2.18	1.64	2.27					
Normalized FY 2020-21 to net present value FY 2024-25	1.66	1.74	1.83	1.92	2.02					
Normalized FY 2021-22 to net present value FY 2024-25		1.70	1.79	1.88	1.97					

Particulars	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Normalized FY 2022-23 to net present value FY 2024-25			2.18	2.29	2.41					
Normalized FY 2023-24 to net present value FY 2024-25				1.64	1.72					
Normalized net present value FY 2024-25					2.27					
Average of NPV of 5 FY's used for projection of base year FY 2025-26					2.08					
A&G Expenses for Control Period				Projected Base year value for 2025-26		2.18	2.29	2.41	2.53	2.66

Based on the above, the Commission has approved O&M expenses for the Control Period, as shown in the Table below:

Table 3-6: O&M Expenses approved for the Control Period (Rs. Crore)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
HR Expenses	12.30	12.91	13.55	14.22
A&G Expenses	0.73	0.76	0.80	0.84
R&M Expenses	2.29	2.41	2.53	2.66
Total O&M Expenses	**15.32**	**16.08**	**16.88**	**17.72**

3.4 Contribution to Pension and Gratuity (P&G) Fund

CSLDC's Submission

CSLDC submitted that contribution towards P&G Fund for the Control Period from FY 2026-27 to FY 2029-30 as per the letter dated 02.12.2025 from CSPGCL to the CSEB Gratuity and Pension Trust Board, the P&G contribution by CSPTCL, which includes CSLDC's share is allocated between CSPTCL and CSLDC in proportion to their respective employee costs.

Table 3-7: Company Share of CSEB Companies submitted by CSPTCL (Rs. Crore)

Particulars	Total	CSPGCL	CSPTCL	CSPDCL
Company Share	100%	36%	14%	50%
FY 2026-27	1861.00	669.96	260.54	930.50
FY 2027-28	2092.00	753.12	292.88	1046.00
FY 2028-29	2467.00	888.12	345.38	1233.50
FY 2029-30	2825.00	1017.00	395.50	1412.50
Total	**9245.00**	**3328.20**	**1294.30**	**4622.50**

CSLDC submitted that cost has been apportioned between CSPTCL and CSLDC in the ratio of actual employee cost for FY 2024-25 (CSTPCL Employee Cost Rs 385.42 Cr, CSLDC Employee Cost Rs. 10.86 Cr; hence ratio of 96.92%: 3.08%).

The P&G Expenses projected by CSLDC for the Control Period from FY 2026-27 to FY 2029-30 are shown in the Table below:

Table 3-8: Contribution to P&G Fund for the Control Period FY 2026-27 to FY 2029-30 submitted by CSLDC (Rs. Crore)

Company	FY 2026-27	FY 2027- 28	FY 2028-29	FY 2029-30
CSPTCL and CSLDC Share	260.54	292.88	345.38	395.50
CSPTCL's Share	**8.04**	**9.04**	**10.65**	**12.20**

Commission's View

Regulation 34 of the MYT Regulations, 2025 specifies as under:

"34. PENSION FUND

34.1. The contribution to the Pension and Gratuity Trust Fund shall be allowed by the Commission on the basis of actuarial analysis, expected pension outflow for the State Power Companies and availability of funds with the Pension Trust at the time of determination of MYT / ARR for each year of the Control Period.

34.2. The pension outflow shall be met from the Pension and Gratuity Trust Fund.

34.3. Contribution to the Pension and Gratuity Trust Fund as approved by the Commission shall be recoverable as specified in these Regulations.

34.4. Till the time SLDC is administered by STU, SLDC's share of the Pension and Gratuity Trust Fund shall be met by the STU on pro-rata basis:

Provided that, for the purpose of ratio determination, the employee strength of SLDC and STU as on 1st April of the preceding year shall be considered."

The Commission notes that CSPTCL has projected expected outgo from Pension Fund as per Actuarial Analysis from FY 2026-27 to FY 2029-30 as per the as per the letter dated 02.12.2025 from CSPGCL to the CSEB Gratuity and Pension Trust Board.

The Commission has considered the projections and approves the same.The apportionment between CSPTCL and CSLDC is done in accordance with the share considered by CSPTCL and CSLDC.

Table 3-9: Approved Contribution to Pension and Gratuity for CSPTCL for the Control Period (Rs. Crore)

Particular	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
CSPTCL and CSLDC Share	220.35	251.03	280.37	310.46
P&G Contribution	6.80	7.74	8.65	9.58

3.5 Gross Fixed Assets

CSLDC's Submission

In the additional submissions, CSLDC submitted that capital structure for the MYT Period has been determined based on methodology adopted by the Hon'ble Commission in the previous Orders and considering the following:

- The closing GFA for Fy 2024-25, as per the True-Up Petition, has been considered as the opening GFA for FY 2025-26, and the addition to GFA of Rs. 7.32 Crore has been considered as per the approved capitalization for FY 2025 26 in the Tariff Order. Similarly, the closing GFA for FY 2025-26 has been considered as the opening GFA for FY 2026-27, and the same methodology has been consistently followed for the subsequent years of the Control Period.;
- The additions in the GFA have been considered as submitted in the CIP Petition for the years of the Control Period from FY 2026-27 to FY 2029-30;
- The loan addition has been considered as 70% of the total asset addition;
- Addition in consumer contribution has been considered as Nil;
- Equity addition has been considered as 30% of the total asset addition;
- The means of finance for FY 2025-26 has been considered as approved in the Tariff Order.

CSLDC has requested the Commission to approve Capital Structure for the Control Period as shown in the Table below:

Table 3-10: Capital Structure Projected by CSLDC (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	22.26	29.58	73.31	194.81	196.94
Capitalisation during the Year	7.32	43.73	121.50	2.13	4.30
Decapitalisation	-	-	-	-	-
Closing GFA	29.58	73.31	194.81	196.94	201.24
Average of GFA	25.92	51.45	134.06	195.8	199.09
Means of Finance					
Consumer Contribution/ Grants					
Equity	2.20	13.12	36.45	0.64	1.29
Debt	5.12	30.61	85.05	1.49	3.01
Total Capitalisation	**7.32**	**43.73**	**121.50**	**2.13**	**4.30**

Commission's View

The Closing GFA of FY 2024-25 as approved in this Order has been considered as the opening GFA of FY 2025-26.

CSLDC in response to the data gaps, submitted that the actual capitalization of Rs. 0.75 Crores, till February 2026 for FY 2025-26, pertains to the "Replacement of Web Servers, Networking Storage and Firewalls at Main SLDC" and the capitalization for the month of March 2026 can only be submitted after the completion of the month.

Accordingly, the Commission has considered Rs. 1.00 Crores for GFA addition in FY 2025-26 which is closer to the actual capitalisation of Rs. 0.75 Crores till February 2026.

The actual capitalisation achieved by CSLDC for FY 2025-26 shall be considered at the time of true up for FY 2025-26.

Closing GFA for FY 2025-26 has been considered as opening GFA for FY 2026-27 and onwards.

The Commission observed that the capitalisation projected by CSLDC for control period is much higher than the capitalisation typically achieved in the past years. CSLDC has achieved actual average capitalisation of Rs. 1.93 Crore during the last three financial years, as against the projected capitalisation of Rs. 43.73 Crore for FY 2026-27, Rs. 121.50 Crore for FY 2027-28, Rs. 2.13 for FY 2028-29 and Rs. 4.30 Crores for FY 2029-30, respectively

The Commission is of the view that it may not be appropriate to consider such high level of capitalisation, as it will result in increase in ARR and tariff approved for the Control Period, in the absence of any such track record on the part of CSLDC. Hence, the Commission has considered capitalisation for Rs. 5.00 Crore for each of years of Control Period.

The funding of the capitalisation has been considered in the normative Debt:Equity ratio of 70:30, with Grant/Consumer Contribution being considered as Nil, as submitted by CSLDC. The actual Grant/Consumer Contribution utilised for capitalisation, if any, shall be considered at the time of true-up for the respective year.

Accordingly, the Commission has approved capitalisation and its funding for the Control Period, as shown in the Table below:

Table 3-11: GFA Addition and Means of Finance for the Control Period (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening GFA	23.26	28.26	33.26	38.26
2	**Capitalisation during the year**	**5.00**	**5.00**	**5.00**	**5.00**
3	Closing GFA	28.56	33.26	38.26	43.26
4	Grant/Consumer Contribution	0.00	0.00	0.00	0.00
5	Equity	1.5	1.5	1.5	1.5
6	Debt	3.5	3.5	3.5	3.5

3.6 Depreciation

CSLDC's Submission

CSLDC submitted that it has computed depreciation in accordance with Regulation 26 of the CSERC MYT Regulations, 2025. CSLDC requested the Commission to approve depreciation for the Control Period as shown in the Table below:

Table 3-12: Depreciation of Old Assets for Control Period FY 2026-27 to FY 2029-30 submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening GFA	29.58	29.58	29.58	29.58
2	Capitalization during the year				
3	Closing GFA	29.58	29.58	29.58	29.58
4	Average GFA for the year	29.58	29.58	29.58	29.58
5	Depreciation Rate	5.27%	5.27%	5.27%	5.27%
6	**Gross Depreciation**	**1.56**	**1.56**	**1.56**	**1.56**

- **Submitted in replies to Data Gaps**

Table 3-13: Depreciation of New Assets for Control Period FY 2026-27 TO FY 2029-30 submitted by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening GFA	-	43.73	165.23	167.36
2	Capitalization during the year	43.73	121.50	2.13	4.30
3	Closing GFA	43.73	165.23	167.36	171.66
4	Average GFA for the year	21.87	104.48	166.30	169.51
5	Depreciation Rate	14.66%	14.66%	14.66%	14.66%
6	**Gross Depreciation**	**3.21**	**15.32**	**24.38**	**24.85**

- **Submitted in replies to Data Gaps**

Commission's View

Regulation 26 of the CSERC MYT Regulations, 2025 specifies as under:

"26. DEPRECIATION

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

Provided that, the capital cost shall not include funds from grant or consumer contribution received for funding of fixed asset as specified in Regulation 23.

26.2. The salvage value of the asset except for IT equipment and software shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that, the salvage value for IT equipment and Software shall be considered as NIL and 100% value of the assets shall be considered depreciable:

26.3. Land other than the land held under lease and the land for reservoir in case of hydro generating station and the land for ash-bund for thermal power stations shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset:

Provided that, subject to specific provisions, the land for integrated mine shall also be considered for depreciation.

26.4. Depreciation for existing assets commissioned before 31.03.2026 shall be calculated annually based on Straight Line Method and at rates as specified in Appendix-I to these Regulations.

26.5. In case of existing projects, the balance depreciable value as on 01.04.2026 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.03.2026 from the gross depreciable value of the assets.

26.6. Depreciation for new assets commissioned on or after 01.04.2026 shall be calculated annually based on Straight Line Method and at rates as specified in Appendix-II to these Regulations.

26.7. The generating company or licensee or SLDC shall submit the depreciation computations separately for assets added up to March 31, 2026 and assets added on or after April 1, 2026.

26.8. Any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the Useful Life or the Extended Life.

26.9. In cases where additional capital investment is approved by the Commission for a plant at the end of its useful life or after its useful life is already over, the recoverable depreciation in respect of additional capital investment, shall be spread over the balance projected Operational Life or fifteen years, whichever is lower, in case of generation company, and spread over the balance projected Operational Life or ten years, whichever is lower, in case of licensee, after prudence check by the Commission.

26.10. Until a Government company or any authority or corporation is notified for operating the SLDC, the depreciation shall be calculated as applicable for the STU under these Regulations:

Provided that, the balance depreciable value as on the date of transfer for the SLDC shall be worked out by deducting the cumulative depreciation from the gross depreciable value of the assets appearing in the books of accounts of the SLDC as on the date of transfer.

26.11. Depreciation shall be chargeable from the first year of commercial operation and shall be computed on the average asset base during the year:

Provided that, for the new generating station or unit, assets of transmission licensee or assets of distribution licensee or SLDC, as the case may be, the *depreciation on such new assets shall be charged on day-wise pro-rata basis during the first year the asset has been declared under commercial operation:*

Provided further that, for subsequent years, the depreciation shall be computed on the average asset base during the year.

26.12. Depreciation of the emission control system of an existing generating station that is yet to complete its useful life or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on the straight-line method at rates specified in Appendix-I to these Regulations:

Provided that, the remaining depreciable value as on 31st March of the year closing in which, the emission control system is depreciated to the extent of seventy percent, shall be spread over the balance Operational Life of generating station:

Provided further that, in case the date of operation of the emission control system is after the 20th year of commercial operation of the generating station or unit thereof, but before the completion of the Useful Life of the generating station, the depreciation on emission control system shall be computed annually from the date of operation of such emission control system based on the straight-line method, with a salvage value of 10% and the depreciable value shall be recovered till the Operational Life of the generating station.

Provided also that, in case the date of operation of the emission control system is subsequent to the date of completion of Useful Life of generating station, depreciation of emission control system shall be computed annually from the date of operation of such emission control system based on the straight-line method, with a salvage value of 10% and recovered over ten years or a period mutually agreed by the generating company and the beneficiary/ies, whichever is higher."

The Commission has approved the depreciation in accordance with the provisions of Regulation 26 of the CSERC MYT Regulations, 2025 The opening and closing GFA for the Control Period have been considered as approved in this Chapter earlier.

The depreciation on assets capitalized till 01.04.2026 based on weighted average rate of depreciation as claimed in True-up for FY 2024-25. Further, depreciation is computed on assets capitalized after 01.04.2026 based on weighted average rate at rates as specified in Appendix-II to these Regulations.

The depreciation approved by the Commission for the Control Period is shown in the Table below:

Table 3-14: Depreciation on assets capitalised before 01.04.2026 approved by the Commission (Rs. Crore) (Rs. Crore)

Sr. No.	Particulars	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1	Opening GFA	23.26	23.26	23.26	23.26
2	Capitalization during the year				

Sr. No.	Particulars	FY 26-27	FY 27-28	FY 28-29	FY 29-30
3	Closing GFA	23.26	23.26	23.26	23.26
4	Average GFA for the year	23.26	23.26	23.26	23.26
5	Depreciation Rate	5.27%	5.27%	5.27%	5.27%
6	**Gross Depreciation**	**1.23**	**1.23**	**1.23**	**1.23**

Table 3-15: Depreciation on assets capitalised after 01.04.2026 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening GFA	0.00	5.00	10.00	15.00
2	Capitalization during the year	5.00	5.00	5.00	5.00
3	Closing GFA	5.00	10.00	15.00	20.00
4	Average GFA for the year	2.50	7.50	12.50	17.50
5	Depreciation Rate	14.66%	14.66%	14.66%	14.66%
6	**Gross Depreciation**	**0.37**	**1.10**	**1.83**	**2.57**

3.7 Interest on Loan

CSLDC's Submission

CSLDC submitted that it has calculated interest and finance charges as per Regulation 25 of the CSERC MYT Regulations, 2025. CSLDC has submitted that the closing loan balance as at the end of FY 2024-25 has been considered as the opening loan balance for FY 2025-26. Further, the actual closing GFA of FY 2024-25 have been adopted as the opening GFA for FY 2025-26, to which the approved capitalization for FY 2025-26, as per the Tariff Order, has been added. The closing loan balance for FY 2025-26 has thereafter been treated as the opening loan balance for FY 2026-27, and the same methodology has been consistently followed for subsequent years of the Control Period. The Interest on Loan for the Control Period as submitted by CSLDC is shown in the Table below. The Interest on Loan for the Control Period as submitted by CSLDC is shown in the Table below:

Table 3-16: Interest on Loan projected by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Total Opening Net Loan	5.52	31.37	99.54	75.09
2	Repayment during the period	4.76	16.88	25.94	26.41
3	Additional Loan during the year	30.61	85.05	1.49	3.01
4	Total Closing Net Loan	31.37	99.54	75.09	51.69
5	Average Loan during the year	18.45	65.46	87.32	63.39
6	Weighted Average Interest Rate	9.16%	9.16%	9.16%	9.16%
7	**Interest Expenses**	**1.69**	**5.99**	**8.00**	**5.81**

- **Submitted in replies to data gaps**

Commission's View

Regulation 25 of the CSERC MYT Regulations, 2025 specifies as under:

"25. INTEREST AND FINANCE CHARGES ON LOAN CAPITAL

25.1. The debt arrived at in the manner indicated in Regulation 17 shall be considered as gross normative loan for calculation of interest on loan.

25.2. The normative loan outstanding as on 01.04.2026 shall be worked out by deducting, the cumulative repayment as admitted by the Commission up to 31.03.2026, from the gross normative loan.

25.3. The repayment of loan for the year of the tariff period shall be deemed to be equal to the depreciation allowed for that year.

25.4. Notwithstanding any moratorium period availed by the generating company or the 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.

25.5. 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 project:

Provided 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 shall be considered:

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

Provided also that, in case the generating company or licensee does not have actual loan portfolio as a whole, the rate of interest shall be considered on normative basis and shall be equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India as applicable on 1st April of the relevant financial year:

Provided also that, in case of new generating station or the licensee commencing its operation after the date of effectiveness of this Regulation, and which does not have actual loan portfolio, the rate of interest shall be considered on normative basis and shall be equal to the Marginal Cost of Fund based Lending Rate (MCLR - one year tenor) of State Bank of India as applicable on 1st April of the relevant financial year:

Provided also that, at the time of true-up, the interest rate shall be the weighted average rate of interest for the year under consideration.

25.6. The interest on loan shall be calculated on the average of opening and closing normative loan of the year.

25.7. The interest amount as per Regulation 25.6 shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, grants or deposit works carried out by generating company, transmission licensee, SLDC or distribution licensee, as the case may be.

25.8. The generating company or SLDC or the 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 and the generating company or the STU or the transmission licensee or the distribution licensee, as the case may be, in the ratio of 2:1:

Provided that, in case of SLDC, this provision shall be applicable only to those intra State entities who are availing services of SLDC on long-term basis:

Provided further that, re-finance shall not be done if it results in net increase in interest cost or is subject to any adverse terms and conditions leading to additional cost:

Provided also that, the net savings in interest shall be computed after factoring all the terms and conditions, and based on the weighted average rate of interest of actual portfolio of loans taken from Banks and Financial Institutions recognised by the Reserve Bank of India, before and after re-financing of loans.

25.9. The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

25.10. In case of licensee, the interest paid on security deposit to the consumers shall not be allowed as a part of Aggregate Revenue Requirement, and the licensee shall bear the interest liability on consumer security deposit."

The Commission has calculated interest on loan capital for the Control Period in accordance with the above Regulation.

The closing balance of loan capital as approved in the truing up for FY 2024-25 has been considered as the opening balance of loan for FY 2025-26. The normative debt addition in FY 2025-26 has been considered equivalent to 70% of the capitalisation. The closing balance of loan of FY 2025-26 has been considered as the opening loan balance for FY 2026-27 and onwards. The addition of normative loan for FY 2026-27 and onwards has been considered based on debt component towards the approved capitalisation for each year of the Control Period, as discussed in the earlier section on this Order. The repayment has been considered equal to the net depreciation approved for respective year of the Control Period in this Chapter.

The Commission has adopted the weighted average rate of interest of 9.15 % for each year of the Control Period, same as computed for FY 2024-25.

Accordingly, the interest on loan approved for the Control Period is shown in the Table below:

Table 3-17: Interest on Loan approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Total Opening Net Loan	1.27	3.18	4.35	4.79
2	Repayment during the period	1.59	2.33	3.06	3.79
3	Additional Loan during the year	3.50	3.50	3.50	3.50
4	Total Closing Net Loan	3.18	4.35	4.79	4.50
5	Average Loan during the year	2.22	3.76	4.57	4.65
6	Weighted Average Interest Rate	9.15%	9.15%	9.15%	9.15%
7	**Interest Expenses**	**0.20**	**0.34**	**0.42**	**0.43**

3.8 Return on Equity (RoE) and Income Tax

CSLDC's Submission

CSLDC has computed RoE as per Regulation 24 of the CSERC MYT Regulations, 2021, using the base rate of Return on Equity of 15.50%. RoE projected by CSLDC for the Control Period is shown in the Table below:

Table 3-18: RoE projected by CSLDC (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Permissible Equity in Opening GFA	9.24	22.36	58.81	59.45
2	Addition of Permissible Equity during the year	13.12	36.45	0.64	1.29
3	Permissible Equity in Closing GFA	22.36	58.81	59.45	60.74
4	Average Gross Permissible Equity during the year	15.80	40.59	59.13	60.10
5	Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
6	**RoE**	**2.45**	**6.29**	**9.17**	**9.32**

- **Submitted in replies to data gaps**

Commission's View

Regulation 24 of CSERC MYT Regulations, 2025 specifies as under:

"24. RETURN ON EQUITY

24.1. Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 17 at the rate of 15.5% for generating company, transmission licensee, distribution wires business, and SLDC.

24.2. Return on equity shall be computed in rupee terms on the equity base determined in accordance with Regulation 17 at the rate of 16.0% for retail supply business.

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

24.4. In case the generation company or licensee or SLDC claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional:

Provided that, such claim for lower Return on Equity shall be allowed subject to the condition that the reduction in Return on Equity shall be foregone permanently for that year and shall not be allowed to be recouped at the time of true-up."

RoE has been calculated as per the above Regulation. The closing balance of permissible equity as approved in the truing up for FY 2024-25 has been considered as the opening balance of equity for FY 2025-26. The normative equity addition for FY 2025-26 has been considered equivalent to 30% of the capitalisation. The closing balance of equity for FY 2025-26 has been considered as the opening equity balance for FY 2026-27 and onwards. The addition of normative equity for each year of the

Control Period has been considered based on equity component of the capitalisation for each year of the Control Period, as discussed in the earlier section on this Order.

The Commission approved RoE for the Control Period considering the base rate of RoE as 15.50%. As CSLDC is not a separate entity, there will be no incidence of Income Tax. The RoE allowed for CSLDC for the control period is shown in the table:

Table 3-19: Return on Equity approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Permissible Equity in Opening GFA	7.34	8.84	10.34	11.84
2	Addition of Permissible Equity during the year	1.50	1.50	1.50	1.50
3	Permissible Equity in Closing GFA	8.84	10.34	11.84	13.34
4	Average Gross Permissible Equity during the year	8.09	9.59	11.09	12.59
5	Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
6	**Return on Equity**	**1.25**	**1.49**	**1.72**	**1.95**

3.9 Interest on Working Capital

CSLDC's Submission

CSLDC has submitted that it has computed IoWC as per the Regulation 27 of the CSERC MYT Regulations, 2025.

For computation of IoWC, CSLDC has considered projected O&M expenses of 15 days, maintenance spares at 20% of Maintenance and General expenses (M&G) and receivables equivalent to 45 days of fixed cost. CSLDC has considered the interest rate of 10.75%. for computation of IoWC for the Control Period. CLSDC requested the Commission to approve IoWC, as shown in the Table below:

Table 3-20: IoWC projected by CSLDC (Rs. Crore)

Sr. No	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	O&M	0.63	0.66	0.69	0.73
2	Maintenance Spares	0.15	0.15	0.16	0.17
3	Receivables	3.63	6.38	8.40	8.53
4	**Total WC requirement**	4.40	7.19	9.25	9.42
5	Rate of Interest on WC	10.75%	10.75%	10.75%	10.75%
6	**Net Interest on Working Capital**	**0.47**	**0.77**	**0.99**	**1.01**

- **Submitted in replies to data gaps**

Commission's View

Regulation 27.1 (f) of the MYT Regulations, 2025 specifies as under:

"(f) For SLDC business:

i. Normative O&M expenses for 15 days; plus

ii. *Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 101.5; plus*

iii. *Receivables equivalent to 45 days of system operation charges and market operation charges as approved by the Commission.*

……..

27.4. 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."

The Commission has computed IoWC in accordance with Regulation 27 of the CSERC MYT Regulations, 2025. For computation of working capital requirement as per the formula provided in the CSERC MYT Regulations, 2025, the Commission has considered the normative value of O&M expenses for 15 days as approved in this Order, maintenance spares at 20% of the approved M&G expenses and receivables equivalent to 45 days of system operation charges and market operation charges as approved in this Order. The interest rate has been considered as per Regulation 27.4 of the CSERC MYT Regulations, 2025, i.e., 10.75% (8.75% - SBI Base Rate on 30th September 2025 plus 200 basis points) for the Control Period. The normative IoWC approved by the Commission for the Control Period is shown in the Table below:

Table 3-21: Approved IoWC for the Control Period (Rs. Crore)

Sr. No	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	O&M	0.63	0.66	0.69	0.73
2	Maintenance Spares	0.60	0.63	0.67	0.70
3	Receivables	2.75	3.09	3.44	3.79
4	**Total WC requirement**	**3.98**	**4.38**	**4.80**	**5.21**
5	Rate of Interest on WC	10.75%	10.75%	10.75%	10.75%
6	**Net Interest on Working Capital**	**0.43**	**0.47**	**0.52**	**0.56**

3.10 Non-Tariff Income

CSLDC's Submission

CSLDC submitted that it has considered the Non-Tariff Income for the Control Period same as approved for FY 2024-25. CSLDC requested the Commission to consider Non-Tariff Income of Rs. 3.32 Crore for each year of the Control Period.

Commission's View

The Commission has considered the Non-Tariff Income for the Control Period at the same level as that approved in Truing up of FY 2024-25 as shown in the Table below:

Table 3-22: Approved Non-Tariff Income (Rs. Crore)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY2028-29	FY2029-30
1	Non-Tariff Income	3.32	3.32	3.32	3.32

3.11 Aggregate Revenue Requirement (ARR)

Based on the above, the Commission has approved ARR for the Control Period from FY 2026-27 to FY 2029-30, shown in the Table below:

Table 3-23: Approved ARR for the Control Period (Rs. Crore)

Sr. No.	Particulars	FY 2026-27		FY 2027-28		FY 2028-29		FY 2029-30	
		Petition*	Approved	Petition*	Approved	Petition*	Approved	Petition*	Approved
1	HR expenses	12.30	12.30	12.91	12.91	13.55	13.55	14.22	14.22
2	A&G expenses	0.73	0.73	0.77	0.76	0.80	0.80	0.84	0.84
3	R&M expenses	2.29	2.29	2.41	2.41	2.53	2.53	2.66	2.66
4	Contribution to Pension and Gratuity	8.04	6.80	9.04	7.74	10.65	8.65	12.20	9.58
5	Depreciation	4.76	1.59	16.88	2.33	25.94	3.06	26.41	3.79
6	Interest on Loan	1.69	0.20	5.99	0.34	8.00	0.42	5.81	0.43
7	Interest on Working capital	0.47	0.43	0.77	0.47	0.99	0.52	1.01	0.56
8	Return on Equity	2.45	1.25	6.29	1.49	9.17	1.72	9.32	1.95
9	**Aggregate Revenue Requirement (ARR)**	**32.74**	**25.60**	**55.06**	**28.46**	**71.64**	**31.25**	**72.47**	**34.03**
10	Less: Non-Tariff Income	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32
11	**Net ARR**	**29.42**	**22.28**	**51.74**	**25.14**	**68.32**	**27.93**	**69.15**	**30.71**

Submitted in replies to data gaps

3.12 SLDC Fees and Charges

CSLDC's Submission

CSLDC has projected ARR for FY 2026-27 as Rs. 29.42 Crore. CSLDC has computed adjusted ARR for FY 2026-27 by considering surplus of FY 2024-25 with along with holding cost of Rs. 5.73 Crore, as discussed in the true up Chapter of this Order. Accordingly, CSLDC has requested the Commission to approve total SLDC charges as Rs. 23.69 Crore, as shown in the Table below:

Table 3-24: SLDC Charges claimed by CSLDC for FY 2026-27 (Rs. Crore)

Sr. No.	Particulars	FY 2026-27
1	ARR for FY 2026-27	29.42
2	Adjustment of (Surplus) of FY 2024-25 with carrying cost up to FY 2026-27	(5.73)
3	**Adjusted ARR for FY 2026-27**	**23.69**
4	System Operation Charges	18.95
5	Intra-State Market Operation Charges	4.74
6	**Total SLDC Charges**	**23.69**

- **Submitted in replies to data gaps**

Commission's View

Regulation 102.2 of the MYT Regulations, 2025 specifies as under:

> *"102.2. Allocation and apportionment of components of annual charges to system operation function and market operation function:*
>
> *(a) Annual charges towards State system operation function shall comprise 80% of the annual charges.*
>
> *(b) Annual charges towards intra-State market operation function shall comprise the balance 20% of annual charges.*
>
> *(c) The ratio of allocation of annual charges to system operation charges and market operation charges may be reviewed and decided by the Commission from time to time."*

The Commission in the final true up of FY 2024-25 has approved Surplus of Rs. 4.11 Crore. This Surplus along with carrying cost, amounting to Rs. 4.53 Crore has been adjusted against the ARR approved for FY 2026-27. Considering the adjusted ARR for FY 2026-27 and above Regulation, the Commission has approved the System Operation Charges and Intra-State Market Operation Charges, as shown in the Table below:

Table 3-25: Adjusted ARR and SLDC Charges approved for FY 2026-27 (Rs. Crore)

Sr. No.	Particulars	Petition	Approved
1	ARR for FY 2026-27	29.42	22.28
2	Less: Surplus of FY 2024-25 with holding cost up to FY 2026-27	5.73	6.76
3	**Annual Adjusted ARR for FY 2026-27**	**23.69**	**15.52**
4	Annual System Operation Charges	18.95	12.41
5	Annual Intra-State Market Operation Charges	4.74	3.11
6	**Total Annual SLDC Charges**	**23.69**	**15.52**

- **Submitted in replies to Data Gaps**

Accordingly, the Commission approves System Operation Charges and Intra-State Market Operation Charges as Rs. 12.41 Crore and Rs. 3.11 Crore, respectively. The levy of system operation charges and market operation charges shall be in accordance with the applicable Regulations.

ANNEXURE-I - List of Members who attend the State Advisory Committee (SAC)

1.	Managing Director, Chhattisgarh State Power Distribution Co. Ltd.
2.	Director, Chhattisgarh Renewable Energy Development Authority
3.	Chief Electrical Distribution Engineer, SECR, Bilaspur
4.	General Secretary, Urla Industries Association
5.	Shri Satyasiba Das, Professor, IIM, Raipur
6.	Dr. Deepak Sharma, Indira Gandhi Agriculture University, Raipur
7.	State President, Chhattisgarh Chamber of Commerce and Industries, Raipur
8.	Ms. Ann Jose, Prayas (Energy Group), Pune
9.	Dr. Vishal Chandrakar, Bhilai (Durg)
10.	Shri Arun Poddar, Renewable Energy Advisor, Raipur
11.	Shri Vivekanand Pandey, Retired Chief Engineer, CSPDCL
12.	President, Chhattisgarh Solar Welfare Association, Raipur