CHHATTISGARH STATE ELECTRICITY REGULATORY COMMISSION
RAIPUR

Jindal Steel Ltd -Transmission (JSL-T) **P. No. 17/2026 (T)**

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

In the matter of –

1. Truing up of ARR of JSL-T for FY 2024-25;
2. Determination of ARR for the control period from FY 2026-27 to FY 2029-30 and Transmission Tariff for FY 2026-27

ORDER

(Passed on 25/08/2026)

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 generating company, transmission licensee, distribution licensee and 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 62 read with Section 86(1) of the Act in respect of the petition filed by the Jindal Steel Limited – Transmission (JSL-T) for final true-up for FY 2024-25, determination of Annual Revenue Requirement (ARR) & Transmission Tariff for the control period from FY 2026-27 to FY 2029-30.

4. The Petition was registered as Petition No. 17 of 2026 dated 27.01.2026. For inviting objections/suggestions as per the procedure laid down in the Regulations, the Petitioner published a Public Notice along with the gist of the Petition in the newspapers. For this purpose, the Petition was made available in the office of the Commission. The Petition was also made available on the Commission's website.

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

6. A Technical Validation Session (TVS) on the Petition was held on 11.06.2026, in the office of Commission. Further, the Commission conducted Public Hearing on 04.08.2026.

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

8. The Commission has undertaken final true-up for FY 2024-25 for JSL-T based on the audited accounts submitted by the Petitioner, and in accordance with the provisions of the CSERC MYT Regulations, 2021.

9. The Commission has approved Revenue Surplus of FY 2024-25 as Rs. 135.54 Lakh as against the claim of JSL-T for Revenue Gap of Rs. 20.19 Lakh vide its response dated 08.06.2026.

10. After applying the holding cost on the Revenue Surplus of JSL-T for FY 2024-25, the total Revenue Surplus up to FY 2026-27 has been approved as Rs. 155.95 Lakh, as against the claim of JSL-T for Revenue Gap of Rs. 165.22 Lakh vide its response dated 11.03.2026.

11. Adjusted approved ARR for FY 2026-27 (Rs. Lakh):

Sl. No.	Particulars	Units	FY 2026-27
1	ARR for FY 2026-27	Rs. Lakh	679.93
2	Allowable ARR for FY 2026-27 based Transmission Capacity Utilization	Rs. Lakh	522.15
2	Adjustment of Gap/(Surplus) of FY 2024-25 with carrying cost up to FY 2026-27	Rs. Lakh	(155.95)
3	**Adjusted ARR for FY 2026-27**	**Rs. Lakh**	**366.20**
4	Monthly Transmission Charges for FY 2026-27	Rs. Lakh/month	30.52*

* JSL-T shall adjust/ bill the differential amount for the period from April 2026 to August 2026 in equal instalments over the period from September 2026 to January 2026

12. The monthly transmission charges shall be recovered from JSL-D and other Open Access consumers, if any, in the ratio of their Maximum Demand in MW.

13. The Order will be applicable from September 01, 2026 and will remain in force till March 31, 2027 or till the issue of the next Tariff Order, whichever is later.

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

Sd/-
(Ajay Kumar Singh)
Member (Tech)

Sd/-
(Vivek Ganodwale)
Member (Law)

LIST OF ABBREVIATIONS

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

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1 BACKGROUND AND BRIEF HISTORY

1.1 Background

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

a) 220 kV Double Circuit (DC) transmission line from JSL (earlier known as JSPL) to O.P. Jindal Industrial Park, Punjipatra (23.7 km), and
b) 220 kV Double Circuit (DC) transmission line from O.P. Jindal Industrial Park, Punjipatra to Jindal Power Limited (19.5 km)

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.

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 generating company, transmission licensee, distribution licensees and CSLDC which is applicable for control period from FY 2026-27 to FY 2029-30.

Regulation 5.7 (b) (i) of the MYT Regulations 2025 provides that the transmission licensee is required to file yearly Petition for truing up for preceding years. The relevant extract from the Regulation is provided below:

"…….

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

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

Provided that, the STU/transmission licensee shall also file proposal for determination of transmission charges for the ensuing year for the short-term open access customers along with true-up Petition:

……"

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 licensee, and CSLDC, which is applicable for truing up for FY 2024-25 for the generating company, transmission licensee, distribution licensee, and CSLDC.

1.3 Procedural history

JSL-T filed the Petition for approval of final true-up for FY 2024-25, determination of Annual Revenue Requirement (ARR) and Transmission Tariff for the control period from FY 2026-27 to FY 2029-30.

In the instant Order, the Commission has undertaken the final true-up for FY 2024-25 based on audited accounts, in accordance with the provisions of the MYT Regulations, 2021 and determined the ARR for the control period from FY 2026-27 to FY 2029-30 and Transmission Tariff for FY 2026-27 in accordance with the provisions of the MYT Regulations, 2025.

1.4 Admission of the Petition and Hearing Process

The Petition filed by JSL-T on 15.01.2026 was registered as Petition No. 17 of 2026. JSL-T was directed to publish the abridged version of the Petition in Hindi and English newspapers for inviting comments/objections/suggestions from all the stakeholders. The Petitions were made available on the website of the Commission as well as on the Petitioner's website. As required under Clause 21 of the CSERC (Details to be furnished by licensee, etc.) Regulations, 2004, notices inviting suggestions /comments/objections from the stakeholders on the above Petition were published by the Petitioner in the leading newspapers of the State.

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

The hearing was scheduled on 04.08.2026 and Public Notice in this regard was also published.

1.5 Organisation of the Order

This Order includes the following chapters:

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

Chapter 2: Objections received, JSL-T's response and Commission's ruling

Chapter 3: True-up for FY 2024-25 – deals with Final true-up for FY 2024-25 as per CSERC MYT Regulations, 2021.

Chapter 4: Revised estimate for FY 2025-26

Chapter 5: ARR for the Control Period from FY 2026-27 to FY 2029-30 – sets out the ARR approved by the Commission for the Control Period.

Chapter 6: Determination of Transmission Charges for FY 2026-27 – sets out the Transmission Tariff approved by the Commission for FY 2026-27.

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

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

Further, the Commission conducted Public Hearing on 04.08.2026.

No comments from public were received on the petition. Also, no objections were presented by public in the hearing.

3 TRUE-UP OF ARR FOR FY 2024-25 FOR JSL-T

3.1 Background

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

JSL-T has submitted the Petition for final true up of ARR for FY 2024-25 based on the audited accounts of FY 2024-25.

However, it is observed that JSL-T in its Petition claimed components of ARR as in accordance with the CSERC MYT Regulations, 2025.

The Commission directed JSL-T to revise its Petition in accordance with CSERC MYT Regulations, 2021 which is applicable for truing up for FY 2024-25 for the generating company, transmission licensee, distribution licensees and CSLDC.

Regulation 10.4 of the CSERC 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 the above Regulation, the Commission, in the present Order, has undertaken true-up of ARR for FY 2024-25, on the basis of Audited Accounts of JSL-T.

In this chapter, the Commission has analysed all the elements of actual expenditure and revenue of JSL-T for FY 2024-25 and considered the final true-up of expenses and revenue in accordance with Regulation 10 of the MYT Regulations, 2021. The Commission has approved the sharing of gains and losses on account of controllable factors between JSL-T and its beneficiaries, in accordance with Regulation 13 of the MYT Regulations, 2021.

3.2 Gross Fixed Assets of JSL-T

JSL-T's submission

JSL-T submitted that the Commission has approved Gross Fixed Assets (GFA) of Rs. 3,622.33 Lakh vide order dated 10.02.2020 in Case No. 66 of 2018 in the matter of determination of ARR for the MYT control period from FY 2016-17 to FY 2020-21 along with true-up of FY 2012-13 to FY 2016-17 against 16 bays amounting to Rs. 4,371.15 Lakh claimed by JSL-T and disallowed expenditure of Rs. 748.82 Lakh corresponding to cost of rest 8 bays.

Aggrieved by the Order dated 10.02.2020, JSL-T filed a Review Petition to allow capital cost of 16 bays, which was also dismissed by the Commission vide order dated 18.02.2021.

JSL-T further submitted that for the purpose of filing instant Petition, it has considered some of the numbers as per the impugned Orders in interest of the stakeholders to understand Petition. However, the submissions made in the Petition are without prejudice to the Petitioner's right to seek legal remedy.

JSL-T has considered GFA of Rs. 3,622.33 Lakhs, as approved by the Commission. Further, JSL-T submitted that it has not carried out any capital investment in FY 2024-25. The GFA for FY 2024-25 as submitted by JSL-T is provided in the Table below:

Table 3-1: Opening GFA for FY 2024-25 as submitted by JSL-T (Rs. Lakh)

S. No.	Particulars	Petition
1.	Land under full ownership	3.92
2.	Switchgears, Control gear & Protection equipment including cable	748.82

S. No.	Particulars	Petition
3.	SCADA	152.93
4.	Others	9.15
5.	Lines	2,702.56
6.	Furniture and fixtures	0.37
7.	Office Equipment	4.57
8.	**Total**	**3,622.33**

Commission's View

Since, no capitalization has been done by the Petitioner during FY 2024-25, the Commission has approved the GFA for FY 2024-25 as Rs. 3,622.33 Lakh, which is the closing GFA for FY 2023-24, as approved vide order dated 23.07.2025 in the true-up for FY 2023-24.

3.3 Operations and Maintenance (O&M) Expenses

JSL-T's Submission

The Petitioner originally submitted its expenses in accordance with the CSERC MYT Regulations, 2025 and upon Commission's query, revised its claim and submitted the O&M Expenses as per the CSERC MYT Regulations, 2021. JSL-T has considered actual employee expenses of Rs. 201.40 Lakhs for FY 2024-25.

Further, the Petitioner submitted that the Normative A&G and R&M expense after considering the actual inflation rate for the current year are Rs. 58.94 Lakhs and Rs. 42.38 Lakhs respectively.

The normative O&M expenses for FY 2024-25 as submitted by the Petitioner is shown in the following Table:

Table 3-2: Normative O&M Expenses for FY 2024-25 as submitted by JSL-T (Rs. Lakh)

Sr. No.	Particulars	Petition	Revised Submission
1.	Employee Expense	220.40	201.40

2.	A&G Expense	58.94	58.68
3.	R&M Expense	42.38	69.42
	Total	**321.72**	**329.50**

Sharing of gains and losses on account of O&M expenses

In response to the Commission's query, the Petitioner in response dated 11.03.2026 submitted the net gains and losses in accordance with CSERC MYT Regulations, 2021 as following:

Table 3-3: Sharing of Gains and Losses for FY 2024-25 as submitted by JSL-T vide its response dated 11.03.2026 (Rs. Lakhs)

Particulars	Normative	Actual	Gain (-)/ Loss
Employee Expenses	201.40	201.40	0.00
A&G Expenses	58.68	54.54	-4.14
R&M Expenses	69.42	231.56	162.14
Total	**329.50**	**487.50**	**158.00**

Commission's View

Actual O&M Expenses

The Petitioner has claimed actual Employee Expense, A&G Expense and R&M Expense of Rs. 487.50 Lakhs for FY 2024-25 based on the audited accounts.

The Petitioner submitted that no expenses have been incurred against Corporate Social Responsibility (CSR) and Donations for the year.

In response to Commission's query, the Petitioner vide response dated 11.03.2026 submitted actual employee expenses as per audited accounts as Rs. 201.40 Lakh. Further, JSL-T did not claim any gain/losses in its revised submission.

The Commission has verified the employee expenses as per the audited accounts submitted by JSL-T and are found to be correct.

As per note 13 of audited accounts, the A&G expenses are Rs. 60.86 Lakhs. Out of which Rs. 6.32 Lakhs are against social welfare expenses. The Petitioner has claimed difference of both the numbers i.e. Rs. 54.54 Lakhs as A&G expenses in the final ARR for FY 2024-25.

In response to Commission's query, the Petitioner vide its response dated 11.03.2026 submitted that, the corporate office expenses include the certain expenses such as salary, legal and professional fees, & general expenses and are incurred centrally by the Head Office to support various business units, including the Transmission Business. Centralizing certain expenses at the Head Office provides several benefits, including efficiency, consistency, cost allocation, risk management, and strategic decision-making. By leveraging centralized resources and expertise, the Head Office can better support various business units, including the Transmission Business, and contribute to the overall success of the organization. Therefore, the petitioner booked part of corporate expenses in Transmission Business.

The Petitioner further submitted the head-wise details of the "Other Administrative & General Expenses" of Rs. 24.87 Lakhs as following:

Particulars	Value
R&M- Non-Plant Building	10.86
Security Expenses	11.69
Telephone Expenses	0.04
Printing And Stationery	0.03
R&M - Light Vehicle	0.18
R&M-Heavy Vehicle	-0.02
Pooja Expenses	0.06
Office Expenses	0.02
Ineligible ITC CGST	0.96
Ineligible ITC SGST	0.96
Total	**24.78**

The detailed break up of 'Other administrative & general expenses' includes 'Ineligible ITC CGST' of Rs. 0.96 Lakh, and 'Ineligible ITC SGST' of Rs. 0.96 Lakh. In line with the approach adopted by the Commission in the previous tariff order dated 23.07.2025, the Commission is not allowing these expenses, not being prudent. The Commission has approved actual A&G expenses of Rs. 52.62 Lakhs as against Rs. 54.54 Lakhs proposed by JSL-T in its Petition.

In response to the Commission's query about higher R&M expenses, JSL-T in its response dated 08.06.2026 submitted that the observed escalation in R&M cost in FY 2024-25 compared to previous year is attributable to essential major overhauls and deferred maintenance of machinery accumulated over the preceding years. Such comprehensive maintenance activities were undertaken during FY 2024–25 with the objective of restoring operational efficiency, preserving asset life, and mitigating the risk of accelerated wear and tear in future operations. The detailed break-up of the R&M expenses incurred in FY 2024-25 and FY 2023-24 as submitted by JSL-T in its response dated 08th June 2026 is provided in the table below:

Table 3-4: Break up of R&M expenses for FY 2024-25 and FY 2023-24 as submitted by JSL-T vide its response dated 08.06.2026 (Rs Lakhs)

Particulars	FY 2024-25	FY 2023-24
Stores and Spares Consumed	18.37	6.78
Repairs and Maintenance-Plant and Machinery	110.15	12.76
General Repairs and Maintenance	29.39	15.59
Rates and Taxes	73.65	31.23
Total	**231.56**	**66.36**

During the TVS held on 11.06.2026, the Commission further inquired about R&M cost and asked JSL-T to submit the R&M activity carried out in FY 2024-25 in detail. In its response dated 24.06.2026, JSL-T submitted that escalation in R&M expenses – plant and Machinery is primary attributable to the winding repair of a 120 MVA 220/33/11 transformer carried out under PO No. 4512039076. JSL-T submitted that this work was essential to restore the transformer's operational efficiency, extend its service life, and mitigate the risk of accelerated wear and tear, thereby ensuring reliable and uninterrupted future operations.

The Commission has verified the R&M expenses as per the audited accounts submitted by JSL-T and found the same to be correct.

Normative O&M Expenses

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

"73.5. Operation And Maintenance (O&M) Expenses

73.5.1. Human Resource (HR) Expenses

(a) HR expenses shall include:

(i) employees costs;

(ii) impact of Pay revision;

(iii) manpower deployed on outsourcing basis;

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

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

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

pay revision and any other expense of non-recurring nature, if any) for each year of the control period.

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

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

(f) CPI (IW) (all India) shall be as per Labour Bureau, Government of India {Base Year: 2001=100}.

73.5.2. Maintenance & General (M&G) Expenses

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

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

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

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

(c) The A&G expenses (excluding expenses towards outsourcing manpower if any) for the base year i.e. FY 2020-21, shall be derived on the basis of the normalized average of the actual A&G expenses (excluding expenses towards outsourcing manpower if any) available in the accounts for the previous five (5) years immediately preceding the base year FY 2021-22, subject to prudence check by the Commission. Any other expense of non-recurring nature shall be excluded while determining normalized average for the previous five (5) years.

(d) For normalization of A&G expenses shall be estimated by applying last five year average increase/decrease in

inflation to be considered on the basis of 40% weightage of WPI and 60% weightage of CPI respectively on year to year basis. The average of normalized net present value for FY 2016-17 to FY 2020-21, shall then be used to project base year value for FY 2020-21. The projected base year value shall be escalated by the above inflation rate to estimate the A&G expense.

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

(f) 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};

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

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

73.5.3. In cases the 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 charges allowed in the Tariff order after prudence check by the Commission."

(Emphasis added)

JSL-T submitted revised normative O&M expenses and sharing of gains and losses vide its response dated 11.03.2026. This time JSL-T considered employee expenses on actual basis. The revised normative O&M expenses and sharing of gains and losses as submitted by JSL-T in its response dated 11.03.2026 is provided in the table below:

Table 3-5 Revised normative expenses and sharing of gains and losses as submitted by JSL-T for FY 2024-25 vide its response dated 11.03.2026 (Rs. Lakhs)

Particulars	Revised Normative	Actual	Gain (-)/ Loss
Employee expenses	201.40	201.40	-
A&G expenses	58.68	54.54	-4.40
R&M expenses	69.42	231.56	162.14
Total	**329.50**	**487.50**	**158.00**

JSL-T requested the Commission to approve the normative O&M expenses and computed loss as provided in the table above. JSL-T has considered 1/3rd of the above computed net loss (i.e. Rs. 158 Lakh x 33% = Rs. 52.14 Lakhs) to be passed on to the beneficiary as per CSERC MYT Regulations, 2021.

The Commission observed that the methodology adopted by JSL-T for calculating normative M&G expenses, and the gains and losses calculated by JSL-T is not correct. Further, JSL-T has not provided any justification for considering WPI inflation of 5.05% for projecting the normative M&G expenses for FY 2024-25 over FY 2023-24. As per Regulation 73.5.2(h) of the MYT Regulations, 2021, at the time of true-up, the A&G and R&M expenses shall be considered based on the actual inflation instead of projected inflation for that period.

In response to Commission's query, JSL-T its response dated 08.06.026 submitted revised normative A&G and R&M expenses. JSL-T submitted that it has considered a revised escalation factor of 2.94% (40% weightage of WPI and 60% weightage of CPI) for calculating A&G expenses for FY 2024-25 as per Regulation 73.5.2 (d) & (h) of the CSERC MYT Tariff Regulations, 2021. The base-year O&M expense of Rs. 47.61 Lakhs, as approved in the final true-up for FY 2023–24 in the Order dated 23.07.2025, is considered by JSL-T to arrive at the normative A&G expense for FY 2024-25 by applying an escalation factor of 2.94%, resulting in an estimated normative A&G expense of Rs. 49.01 Lakhs.

In accordance with Regulation 73.5.2(e) and (h) of the CSERC MYT Tariff Regulations, 2021, the revised escalation factor for computation of R&M expenses determined by JSL-T was 2.27%, based on 100% WPI indexation which was considered by JSL-T on the trued-up R&M expense of Rs. 42.07 lakh for FY 2023–24, to arrive at normative R&M cost of Rs. 43.03 Lakhs for FY 2024-25.

The revised normative O&M expenses and sharing of gains and losses as submitted by JSL-T in its response to data gap set 2 dated 08.06.2026 is provided in the table below:

Table 3-6: Revised normative O&M expenses and sharing of gain and losses as submitted by JSL-T for FY 2024-25 vide its response dated 08.06.2026 (Rs. Lakh)

Particulars	Normative	Actual	(Gain)/Loss
Employee Expenses	201.40	201.40	0.00
A&G Expense	49.01	60.86	11.85
R&M Expense	43.03	231.56	188.53
Total	**293.44**	**493.82**	**200.38**

JSL-T has claimed 1/3rd of the above computed loss which works out to be Rs. 66.79 Lakh to be passed on to the beneficiaries of JSL-T.

It should be noted that JSL-T has incorrectly considered the actual A&G expenses of Rs. 60.86 Lakh. As per Table 5 of the Petition, the A&G cost is Rs 54.54 Lakhs (*ref: note 13 of the audited account for FY 2024-25*). As discussed earlier, the Commission has approved actual A&G expenses of Rs. 52.62 Lakhs as against Rs. 54.54 Lakhs (after deducting the social welfare expenses of Rs. 6.32 Lakhs from total A&G expenses of Rs. 60.86 Lakhs as per books) proposed by JSL-T.

In line with the CSERC MYT Regulations, 2021, the Commission has considered an escalation factor of 2.94% (40% weightage of WPI and 60% weightage of CPI) for calculating A&G expenses and an escalation factor of 2.27% (100% WPI) for calculating R&M expenses for FY 2024-25. The base-year's O&M expenses are considered as approved in the final true-up for FY 2023-24 in the Order dated

23.07.2025. The normative M&G expenses considered by the Commission for calculating sharing of gains/losses are provided in the table below:

Table 3-7 Approved Revised Normative A&G Expenses and R&M expenses as approved by the Commission for FY 2024-25 (Rs. Lakhs)

Particulars	FY 2023-24	WPI Inflation	FY 2024-25
A&G Expenses	47.61	2.94%	49.01
R&M Expenses	42.07	2.27%	43.03

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

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

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

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

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

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

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

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

In line with above amendment, the employee expenses are now considered as uncontrollable expenses and therefore, the actual employee expenses approved in the truing-up of FY 2024-25 after due prudence check, are considered without any sharing of efficiency gains/losses.

As per the provisions in the Regulations for sharing of (gains)/losses of O&M expenses, the Commission has computed the efficiency gains/losses for FY 2024-25 on the basis of revised normative A&G expenses and R&M expenses, in accordance with the MYT Regulations, 2021, as shown in the following Table:

Table 3-8: Approved O&M expenses and sharing of gains and losses for FY 2024-25 (Rs. Lakhs)

Particulars	Normative	Actual	Gain (-)/ Losses
Employee Expenses	201.40	201.40	-
A&G Expenses	49.01	52.62	3.61
R&M Expenses	43.03	231.56	188.53
Total	**293.44**	**485.58**	**192.14**

The Commission approves the sharing of (Gain)/Loss after true-up for FY 2024-25 as shown above. In accordance with the MYT Regulations, 2021, 1/3rd of the above computed Loss has been passed on to the beneficiaries of JSL-T, and the effective Loss to be passed on works out to Rs. 64.05 Lakh for FY 2024-25.

3.4 Depreciation

JSL-T's Submission

JSL-T has proposed Depreciation based on the Regulation 17.4 of the CSERC MYT Regulations, 2025.

In response to Commission's query, JSL-T vide its response dated 08.06.2026, submitted that for computation of depreciation, the closing GFA for FY 2023-24 as approved in the True up Order dated 23.07.2025, has been considered as the opening GFA for FY 2024-25. The Commission vide its Order dated 23.07.2025 has approved 3.91% as depreciation rate for FY 2023-24. Further, Capitalisation during the year FY 2024-25 is Nil.

Accordingly, the Depreciation claimed by the Petitioner for FY 2024-25 is as shown in the Table below:

Table 3-9: Depreciation for FY 2024-25 as submitted by JSL-T (Rs. Lakhs)

Particulars	Petition
Opening GFA	3,622.33
Capitalization during the year	0.00
Closing GFA	3,622.33
Average GFA for the year	3,622.33
Depreciation Rate (%)	3.91%
Depreciation	**141.77**

JSL-T requested the Commission to approve the above depreciation for FY 2024-25.

Commission's View

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

For computation of depreciation, the closing GFA for FY 2023-24 as approved in the true up for FY 2023-24, has been considered as the opening GFA for FY 2024-25. Further, Capitalisation during the year is Nil. The rate of Depreciation approved by the Commission for FY 2024-25 has been considered as 3.91%.

The depreciation approved by the Commission for FY 2024-25 after true-up is shown in the following table:

Table 3-10: Approved Depreciation for FY 2024-25 (Rs. Lakhs)

Particulars	Petition	Approved
Opening GFA	3,622.33	3,622.33
Capitalization during the year	-	-
Closing GFA	3,622.33	3,622.33
Average GFA for the year	3,622.33	3,622.33
Depreciation Rate (%)	3.91%	3.91%
Depreciation	**141.77**	**141.77**

3.5 Interest on Loan

JSL-T's Submission

JSL-T has proposed interest on loan based on the Regulation 17.4 of the CSERC MYT Regulation 2025. JSL-T also submitted that it has considered the Debt:Equity ratio of 70:30 while calculating the normative loan which was approved by the Commission in its Order dated 23.07.2025.

The net normative loan balance for FY 2023-24, as approved by the Commission after true-up, has been considered as the opening net normative loan balance for FY 2024-25. The allowable depreciation for the year has been considered as the normative repayment for the year in line with Regulation 25.3 of the CSERC MYT Regulations, 2025. Since the Capitalisation is 'Nil', there is no addition of loan during the year.

JSL-T has computed the interest in FY 2024-25 on the aforesaid normative loan at the actual weighted average rate of interest as approved by the Commission for FY 2023-24. The detailed calculation for interest on normative loan as submitted by JSL-T in its Petition is provided in the table given below:

Table 3-11: Interest on loan for FY 2024-25 as proposed by JSL-T (Rs. Lakhs)

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

Commission's View

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

The Commission has considered the closing net normative loan balance for FY 2023-24, as approved after True-up, as the opening net normative loan balance for FY 2024-25. The allowable depreciation for the year has been considered as the normative repayment for the year. Since, the Capitalisation during the year is Nil, there is no addition of loan during the year.

The weighted average rate of interest of 7.20% has been considered as per the Audited Accounts of FY 2024-25.

The interest on loan capital approved by the Commission after True-up for FY 2024-25 is shown in the following table:

Table 3-12: Interest on loan for FY 2024-25 approved by the Commission (Rs. Lakhs)

Particulars	Petition	Approved
Opening Net Normative loan for the year	0.00	0.00
Addition of loan during the year	0.00	0.00
Repayment of normative loan during the year	0.00	0.00
Closing Net Normative loan amount	0.00	0.00
Average Normative Loan	0.00	0.00
Interest Rate (%)	9.00%	7.20%
Interest on Normative Loan Capital	**0.00**	**0.00**

3.6 Interest on Working Capital

JSL-T's Submission

JSL-T submitted that it has calculated normative working capital and interest therein based on the Regulation 27.1 (c) The relevant extract from the Regulation is provided below for ready reference:

"……………

(c) In case of Transmission business:

i. Operation and maintenance expenses for 15 days; plus

ii. Maintenance spares @ 20% of maintenance and general expenses specified in Regulation 72.5.ii; plus

iii. Receivables equivalent to 45 days of Transmission Charges

*27.2 **At the time of True-Up**, the receivables for the computation of working capital requirement of the generating company, STU/ transmission licensee, distribution licensee and SLDC will be determined equivalent to **45 days of actual revenue billed** ……"*

(Emphasis Supplied)

JSL-T again relying on the provisions of MYT Regulations, 2025 computed working capital and interest thereon. Further, referring to Regulation 27.4 of CSERC MYT Regulations, 2025, JSL-T has considered average actual sanctioned rate of interest during FY 2024-25 of 9% for computing the interest on working capital. The same is provided in the table below:

Table 3-13: Interest on Working Capital (IoWC) for FY 2024-25 as submitted by JSL-T in its Petition (Rs. Lakhs)

Particulars	Petition
Operation and maintenance expenses for 15 days	13.22
Maintenance spares @ 20% of maintenance and general expenses	20.26
Receivables equivalent to 45 days of transmission charges	79.13
Total working capital	**112.62**
Rate of interest	9.00%
Interest on Working Capital	**10.14**

In response to Commission's query, JSL-T vide its response dated 11.03.2026 submitted that the Petitioner has computed the Interest on Working Capital for FY 2024-25 based on the actual average sanctioned rate of interest for the year.

Further, JSL-T submitted that in clause 4.29, the petitioner submits that "The average actual sanctioned rate of interest during 2024-25 is computed at 7.20%. Accordingly, Interest on working capital is calculated." JSL-T prayed to the Commission to consider the same.

Commission's View

Commission has computed IoWC in accordance with Regulation 26.4 of the MYT Regulations, 2021.The excerpts are provided below:

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

(Emphasis added)

The normative IoWC has been computed in accordance with the MYT Regulations, 2021. The Commission has considered the normative O&M expenses of 15 days and maintenance spares @ 20% of normative M&G expenses. Further, the receivables have been considered for 45 days, for computing the working capital requirement pursuant to the amendment made in CSERC First Amendment Regulations, 2023 to the Regulation 26 (c) (iii) and 26.2 of the Principal Regulations.

In the response to the data gap set 1 dated 11.03.2026, JSL-T has submitted average actual interest rate of 7.20% for FY 2024-25. The Commission has considered the same rate for computing normative interest on working capital for FY 2024-25.

Table 3-14: Interest on Working Capital for FY 2024-25 approved by the Commission (Rs. Lakhs)

Particulars	Petition	Approved
Operation and maintenance expenses for 15 days	13.22	12.06
Maintenance spares @ 20% of maintenance and general expenses	20.26	18.41
Receivables equivalent to 45 days of transmission charges	79.13	79.13
Total working capital	**112.62**	**109.60**
Rate of interest	9.00%	7.20%
Interest on Working Capital	**10.14**	**7.89**

3.7 Return on Equity (RoE)

JSL-T's Submission

JSL-T has computed RoE as per Regulation 24 of the MYT Regulations, 2025. JSL-T has considered the closing equity of FY 2023-24 as approved by the Commission in the Order dated 23.07.2025 as opening equity for FY 2024-25. Since no asset was added during the year, there has been no increase in equity base.

As per Regulation 24 of the CSERC MYT Regulations 2025, a rate of 15.5% has been considered by JSL-T for calculating the normative return on equity. As no tax has been paid for FY 2024-25, the same has been considered as 'Nil'. The detailed calculation of RoE as provided by JSL-T in its Petition is shown in the table below:

Table 3-15: Return on Equity for FY 2024-25 as submitted by JSL-T (Rs. Lakhs)

Particulars	Petition
Opening Equity	1,086.70
Addition during the year	-
Closing Equity	1,086.70
Average Equity	1,086.70
Allowable Rate of Return	15.50%
Return on Equity	**168.44**

Commission's View

JSL-T has computed RoE at a rate of 15.50% as per the provisions of 24.1 of the CSER MYT Regulations, 2025. However, the RoE for FY 2024-25 should be computed in accordance with Regulation 23 of the MYT Regulations, 2021, which specifies as under:

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

In its response to Commission's query, JSL-T vide response dated 08.06.2026, JSL-T has submitted revised RoE calculation based on Regulation 23 of MYT Regulations, 2021. The revised RoE submitted by JSL-T is provided in the Table below:

Table 3-16: Revised RoE calculation as submitted by JSL-T for FY 2024-25 in its response dated 08.06.2026 (Rs Lakhs)

Particulars	Approved in MYT Order dated 28th October 2022	Revised Submission
Opening Equity	1,086.70	1,086.70
Addition during the year	-	-
Closing Equity	1,086.70	1,086.70
Average Equity	1,086.70	1,086.70
Rate of Return	14.00%	14.00%
Return on Equity	**152.14**	**152.14**

For computation of RoE, the Commission has considered the closing equity as approved after true-up for FY 2023-24 as the opening equity for FY 2024-25. Equity addition during the year is 'Nil' as there is no capitalisation during the year. The Commission has considered rate of return as 14.00% on average equity for the year. The RoE approved by the Commission for FY 2024-25 is shown in the table below:

Table 3-17: Return on Equity for FY 2024-25 as approved by the Commission (Rs. Lakhs)

Particulars	Petition	Revised Submission 08.06.2026	Approved
Opening Equity	1,086.70	1,086.70	1,086.70
Addition during the year	0.00	0.00	0.00
Closing Equity	1,086.70	1,086.70	1,086.70
Average Equity	1,086.70	1,086.70	1,086.70
Allowable Rate of Return	15.50%	14.00%	14.00%
Return on Equity	**168.44**	**152.14**	**152.14**

3.8 Aggregate Revenue Requirement (ARR)

JSL-T's Submission

The ARR submitted by JSL-T for FY 2024-25 in its Petition is provided in the table below:

Table 3-18: ARR claimed by JSL-T in its Petition for FY 2024-25 (Rs. Lakhs)

Sr. No.	Particulars	Petition
1	Return on Equity	168.44
2	Interest and finance charges	-
3	Depreciation	141.77
4	Employee Expense	220.40
5	A&G Expense	58.94
6	R&M Expense	42.38
7	Interest on Working capital	10.14
8	Less: Non-Tariff Income	-
9	Sharing of gains & Loss	54.71
	Annual Fixed Cost	**696.77**

Commission's View

The Commission has raised certain data gaps on the Petition submitted by JSL-T due which values of components of the ARR, as submitted by JSL-T have changed. In its response to data gap set 2 vide dated 08.06.2026, JSL-T has submitted revised ARR of Rs. 662.03 Lakhs.

The ARR proposed by JSL-T in its Petition and revised submissions, and the ARR approved by the Commission for FY 2024-25 based on the discussion above is shown in the table below:

Table 3-19: ARR proposed by JSL-T and approved by the Commission for FY 2024-25 (Rs. Lakhs)

Sr. No.	Particulars	Petition	Revised Submission 08.06.2026	Approved
1	Return on Equity	168.44	152.14	152.14
2	Interest and finance charges	-	-	-
3	Depreciation	141.77	141.77	141.77
4	Employee Expense	220.40	201.40	201.40
5	A&G Expense	58.94	49.01	49.01
6	R&M Expense	42.38	43.03	43.03
7	Interest on Working capital	10.14	7.89	7.89
8	Less: Non-Tariff Income	-	-	-
9	Sharing of (Gains) & Loss	54.71	66.79	64.05
	Annual Fixed Cost	**696.77**	**662.03**	**659.28**

The Commission directed JSL-T to submit details of the transmission capacity utilization during FY 2024-25. In its response dated 11.03.2026, JSL-T submitted the transmission capacity utilization for FY 2024-25 as 53.59%. Upon Commission's query about the details of the balance 46.41%, JSL-T in its response dated 14.08.2026, submitted that the remaining available capacity of the transmission network was partially utilized for supply of power to the Petitioner's steel plant. However, the extent of such utilization was not specified by JSL-T.

In view of the above, the Commission has considered petitioner's submission of partial as half utilisation of the balance 46.41% capacity only for JSL-T, in addition to 53.59%. Accordingly, the Commission has considered the transmission capacity utilization as 76.80% (53.59% + (46.41%)/2) for JSL-T.

Based on the above consideration, the Net Allowable ARR approved by the Commission after true-up for FY 2024-25 is set out in the table below:

Table 3-20: Net ARR approved by the Commission for FY 2024-25 (Rs. Lakhs)

Sr. No.	Particulars	Petition	Response to data gap set 1 (11.03.2026)	Response to data gap set 2 (08.06.2026)	Approved
1	Net ARR	696.77	700.37	662.03	659.28
2	Transmission Capacity Utilized (%)				76.80%
3	**Allowable ARR**				506.30

3.9 Revenue from operations and other income

JSL-T's Submission

JSL-T submitted that it has recovered Rs. 641.84 Lakhs for FY 2024-25 as transmission charges which is also reflected in the audited accounts.

Commission's View

The Commission has verified actual revenue from transmission charges claimed by JSL-T in true-up of FY 2024-25 with the audited accounts. Based on the same, the Commission has approved revenue of Rs. 641.84 Lakhs for FY 2024-25.

3.10 Revenue Gap/(Surplus) for FY 2024-25

JSL-T's Submission

JSL-T submitted that it has calculated the revenue gap by deducting the ARR eligible for recovery and revenue recovered during FY 2024-25. The Revenue gap/(surplus) for FY 2024-25 as submitted by JSL-T in its Petition is provided in the table below:

Table 3-21: Revenue Gap/(Surplus) claimed by JSL-T in it Petition for FY 2024-25 (Rs. Lakh)

Sr. No.	Particulars	FY 2024-25
1	ARR eligible for recovery	696.77
2	Revenue recovered	641.84
3	**Revenue Gap**	**54.93**

Commission's View

The Commission observed that JSL-T has submitted different numbers for revenue Gap in its Petition (Rs. 54.93 Lakhs), response to data gap set 1 (Rs. 58.53 Lakhs) and response to data gap 2 (Rs. 20.19 Lakhs).

Based on the ARR and revenue approved, the Commission has computed the revenue gap/(surplus) after true-up for FY 2024-25 for JSL-T, as shown in the table below:

Table 3-22: Revenue Gap/(Surplus) approved by the Commission for FY 2024-25 (Rs. Lakhs)

Sr. No.	Particulars	Petition	Response to data gap set 1 (11.03.2026)	Response to data gap set 2 (08.06.2026)	Approved
1	ARR eligible for recovery	696.77	700.37	662.03	506.30
2	Revenue recovered	641.84	641.84	641.84	641.84
3	**Revenue Gap/ (Surplus)**	**54.93**	**58.53**	**20.19**	**(135.54)**

The Commission approves the revenue surplus of Rs. 135.54 Lakh after true-up for JSL-T for FY 2024-25.

The treatment of the revenue gap approved as above after true-up for FY 2024-25, along with associated carrying/ (holding) cost, is discussed in the subsequent chapter, while approving the Transmission Tariff for FY 2026-27.

4 REVISED ESTIMATES OF ARR FOR FY 2025-26

The Commission notified MYT Regulations, 2021 for the MYT Control Period from FY 2022-23 to FY 2024-25. Subsequently, the Commission vide its Order dated 23.07.2025 has approved the ARR for JSL-T for FY 2025-26.

JSL-T's Submission

JSL-T submitted that it is seeking approval for revised estimates of ARR for FY 2025-26 for the licensed transmission business based on provisional figures and applicable MYT Regulations, 2025. The ARR estimated by JSL-T for FY 2025-26 is summarized in the Table below:

Table 4-1: Revised ARR estimated by JSL-T for FY 2025-26 (Rs. Lakhs)

Sl. No.	Particulars	Approved	Revised Estimate
1	Return on Equity	152.14	168.44
2	Interest and finance charges	-	-
3	Depreciation	141.77	141.77
4	Employee Expense	234.98	244.82
5	A&G Expense	52.94	58.58
6	R&M Expense	46.31	42.38
7	Interest on Working capital	7.21	12.06
8	Less: Non-Tariff Income	-	-
	Annual Fixed Cost	**635.35**	**668.04**

Commission's View

In this Chapter, the Commission has summarized the Petitioner's submissions on components of the revised ARR. However, there is no scope for approval of revised ARR for any year under the MYT Regulations, 2021. Accordingly, no approval has been given for any of the components of the revised ARR, as claimed by JSL-T. The scrutiny of the components of the ARR for FY 2025-26 and subsequent treatment, if any, shall be done at the time of true-up for FY 2025-26, in accordance with the provisions of the MYT Regulations, 2021.

5 ARR OF JSL-T FOR FY 2026-27 TO FY 2029-30

5.1 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.

Accordingly, JSL-T has submitted the present Petition for determination of ARR and transmission charges for the control period from FY 2026-27 to FY 2029-30. JSL-T has submitted details of the expenses likely to be incurred during the control period under various heads, viz., O&M expenses, depreciation, return on equity, interest on working capital, etc., as per the CSERC MYT Regulations, 2025.

As regards filing of tariff Petition, Regulation 5.7 of the CSERC MYT Regulations, 2025 specifies as under:

"5.7. The filing for the Control Period under this Regulation shall be as under;

(a) MYT Petition shall comprise of:

i. For Generation, Transmission and SLDC business

1. Truing up for previous year;

2. Multi-Year Aggregate Revenue Requirement for each year of the entire Control Period;

3. Application for determination of tariff and fees and charges for each year of the entire Control Period;"

As regard determination of tariff, Regulation 9.1 and 9.2 of the CSERC MYT Regulations, 2025 specify as under:

"9.1. Notwithstanding anything contained in this Regulation, the Commission shall at all times have the authority, either on suo-motu basis or on a Petition filed by the applicant, to determine the tariff, including terms and conditions thereof, of any generating company or STU/ transmission licensee or distribution licensee or SLDC.

9.2 Tariff in respect of a generating station may be determined for the whole of the generating station or a stage or unit or block of the generating *station, and tariff for the transmission system may be determined for the whole of the transmission system or any part of the transmission system."*

In accordance with the above Regulations, in the present Order, the Commission has determined the ARR for the control period from FY 2026-27 to FY 2029-30 and transmission charges for FY 2026-27, based on the submissions by JSL-T.

5.2 Gross Fixed Assets

JSL-T's Submission

JSL-T has considered the closing GFA of Rs. 3,622.33 Lakhs for FY 2024-25 as an opening GFA for FY 2026-27, as there is no capitalization in FY 2025-26. Further, no capital expenditure is expected for the ensuing years. However, JSL-T submitted that in case there would be any such requirement, it shall submit the same in the ARR Petition of the corresponding year seeking approval from the Commission. JSL-T has requested the Commission to approve the GFA as provided in the table below:

Table 5-1: Details of the GFA submitted by JSL-T for the control period (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Land under full ownership	3.92	3.92	3.92	3.92
2	Switchgears, control gear & protection equipment including cable	748.82	748.82	748.82	748.82
3	SCADA	152.93	152.93	152.93	152.93
4	Others	9.15	9.15	9.15	9.15
5	Lines	2,702.56	2,702.56	2,702.56	2,702.56
6	Furniture and fixtures	0.37	0.37	0.37	0.37
7	Office equipment	4.57	4.57	4.57	4.57
	Total	**3,622.33**	**3,622.33**	**3,622.33**	**3,622.33**

Commission's View

Regulation 7 of the CSERC MYT Regulations, 2025 specifies for filing of Capital Investment Plan by the entities; the relevant extract of the Regulation is as under:

"7. CAPITAL INVESTMENT PLAN

The generating company, STU/ transmission licensee, SLDC, and distribution licensee shall file the capital investment plan for approval of the Commission by 30th November 2025.

The capital investment plan shall cover the entire Control Period, with separate details for each year of the Control Period.

The capital investment plan may be in respect of new generation projects or transmission/ distribution schemes (for lines, sub stations, bays, etc.) or system operation for capacity addition/ enhancement or renovation of existing capacities on completion of useful life or work required for compliance of law or expenditure incurred to comply with revised emission standards or deferred execution of work included in original scope or efficiency improvement or such works, which may be expedient for operation of the system:

The capital investment plan shall show separately, on-going projects that will spill over into the Control Period, and such new projects (along with justification) which will commence in the Control Period but may be completed within or beyond the Control Period.

The capital investment plan shall contain the scheme details, item-wise break up of capital cost, justification for the work, capitalization schedule, capital structure, cost-benefit analysis, and approval of the competent authority for the schemes, as applicable………."

JSL-T has not filed any separate Capital Investment Plan (CIP) for approval in accordance with the above mentioned Regulation 7 of the CSERC MYT Regulations, 2025.

Further, no capitalization has been proposed by JSL-T during FY 2025-26 & for the control period from FY 2026-27 to FY 2029-30.

JSL-T has submitted that, in case any such requirement arises in the future, the same shall be submitted along with the ARR Petition of the corresponding year for approval of the Commission.

The Commission allows JSL-T to undertake capital expenditure, if required, in the future and seek approval of the Commission at the time of truing-up of the respective year.

The Commission has approved the GFA for the control period of Rs. 3,622.33 Lakhs, which is the closing GFA for FY 2024-25 as approved in the truing up of FY 2024-25 in the earlier chapter.

5.3 Operations and Maintenance (O&M) Expenses

JSL-T's Submission

JSL-T submitted that it has calculated the O&M expense as per the Regulation 72.5 of the CSERC MYT Regulations, 2025 for its licensed transmission business for the control period from FY 2026-27 to FY 2029-30.

JSL-T submitted that it has considered the average CPI yearly inflation for FY 2021-22 to FY 2024-25 which is 4.96% and average of WPI yearly inflation for FY 2021-22 to FY 2024-25 of 5.05%, while projecting the O&M cost for the control period.

Human Resource (HR) Expenses

JSL-T submitted that as per CSERC MYT Regulations 2025, employee expenses have been considered on the basis of normalized average of the actual prudent Human Resource (HR) expenses available in the accounts for the previous five (5) years immediately preceding the base year FY 2025-26. The normalisation has been done by applying last five-year average increase in CPI on year-to-year basis. The average of normalized Net Present Value (NPV) for the period FY 2020-21 to FY 2024-25, has been used to project base-year value for FY 2025-26. The projected base-year value so arrived, has been escalated by the above inflation rate to estimate the HR expense for each year of the control period.

A&G Expenses

JSL-T submitted that as per CSERC MYT Regulations, 2025, the A&G expenses have been considered on the basis of the normalized average of the actual prudent A&G expenses (excluding expenses towards outsourcing manpower) available in the accounts for the previous five (5) years immediately preceding the base-year

FY 2025-26. JSL-T further mentioned that the normalization of A&G expenses has been done by applying last five-year average increase/decrease in inflation on the basis of 40% weightage of WPI and 60% weightage of CPI, respectively, on year-to-year basis. The average of normalized net present value for FY 2020-21 to FY 2024-25, has then been used to project base-year value for FY 2025-26. The projected base-year value has been escalated by the above inflation rate to estimate the A&G expenses for each year of the Control Period.

R&M Expenses

JSL-T has mentioned in its Petition that the R&M expenses have been considered as per CSERC MYT Regulations, 2025. However, no methodology is explained by JSL-T on the basis, the R&M expenses are projected for the control period.

The O&M expenses, consisting of employee expenses, A&G, R&M expenses as estimated by JSL-T for the control period are provided in the table below:

Table 5-2: O&M expenses estimated by JSL-T for FY 2026-27 to FY 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1.	Employee Expense	256.96	269.71	283.09	297.13
2.	Administrative & General Expense	61.51	64.59	67.82	71.21
3.	Repair & Maintenance Expense	44.53	46.79	49.16	51.65
	Total	**363.00**	**381.09**	**400.07**	**419.99**

The Petitioner prayed to approve the O&M expenses as claimed above.

Commission's View

As regards O&M Expenses, Regulation 72.5 of the CSERC MYT Regulations, 2025 specifies as under:

"72.5. Operation And Maintenance (O&M) Expenses

i. Human Resource (HR) Expenses

(a) HR expenses shall include:

(i) employees costs;

(ii) impact of Pay revision;

(iii) manpower deployed on outsourcing basis;

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

(c) *The HR expenses includes employee cost, impact of pay revision arrears, all expenses towards manpower deployed on outsourcing basis, Pension & Gratuity Trust 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 check by the Commission.*

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

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

(h) *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

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

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

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

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

(c) The A&G expenses (excluding expenses towards outsourcing manpower, if any) 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 if any) 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.

(d) The 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 on year-to-year basis.

(e) 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.

(f) The projected base year value shall be escalated by the above inflation rate to estimate the A&G expenses for each year of the Control Period.

(g) R&M expenses for the first year of the Control Period shall be calculated as a percentage (as per the norm decided in the Tariff Order) of opening Gross Fixed Assets.

(h) For arriving at the R&M expenses for subsequent years of the Control Period, projected WPI rate shall be applied on the estimated R&M expenses of first year.

(i) 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}

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

(k) 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.

iii. Any 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

JSL-T in its response to the Commission's query has resubmitted the O&M expenses and its components along with the audited accounts from FY 2020-21 to FY 2024-25. The Commission has considered past actual O&M cost as per audited accounts for projecting O&M expenses for the control period from FY 2026-27 to FY 2029-30.

The O&M expenses for the control period from FY 2026-27 to FY 2029-30 have been approved in accordance with the above-mentioned Regulation which specifies that the normalization shall be done by applying last five-year average increase in CPI on year-to-year basis for HR 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 by the Commission for projecting the HR expenses and A&G expenses is shown in the table below:

Table 5-3: Computation of inflation rate for projections of HR and A&G expenses (%)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	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%	7.39%	2.82%	2.94%	4.99%

The Commission has considered actual employee expenses incurred for the past five years, i.e., from FY 2020-21 to FY 2024-25 to derive employee or HR expenses for 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 HR expenses thus normalised to arrive at base value for FY 2025-26 are provided in the table below:

Table 5-4: HR expenses normalized to arrive at base year's HR expenses (Rs. Lakh)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Employee Expenses	238.53	212.47	196.00	209.99	201.40	
Normalized FY 2020-21 to net present value FY 2024-25	238.53	250.35	262.75	275.77	289.43	
Normalized FY 2021-22 to net present value FY 2024-25	-	212.47	223.00	234.04	245.64	
Normalized FY 2022-23 to net present value FY 2024-25	-	-	196.00	205.71	215.90	
Normalized FY 2023-24 to net present value FY 2024-25	-	-	-	209.99	220.39	
Normalized net present value FY 2024-25	-	-	-	-	201.40	
Average of NPV of 5 FY's used for projection of base year FY 2024-25	-	-	-	-	234.55	
Projected Expenses for FY 2025-26	-	-	-	-		24

For A&G Expenses, the Commission has computed A&G expenses for the base year, i.e., FY 2025-26 based on the normalized average of the prudent actual A&G expenses 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 the 40% weightage of WPI and 60% weightage of CPI respectively on year-to-year basis, 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 base year value for 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.

The A&G expenses thus normalised to arrive at base value for FY 2025-26 are provided in the table below:

Table 5-5: A&G expenses normalized to arrive at base year's A&G expenses (Rs. Lakhs)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
A& G expenses	27.86	47.06	73.82	56.10	54.54	
Normalized FY 2020-21 to net present value FY 2024-25	27.86	29.25	30.71	32.24	33.85	
Normalized FY 2021-22 to net present value FY 2024-25		47.06	49.41	51.88	54.46	
Normalized FY 2022-23 to net present value FY 2024-25			73.82	77.50	81.37	
Normalized FY 2023-24 to net present value FY 2024-25				56.10	58.90	
Normalized net present value FY 2024-25					54.54	
Average of NPV of 5 FY's used for projection of base year FY 2024-25					56.63	
Projected Expenses for FY 2025-26						59.45

As per CSERC MYT Regulations 2025, R&M expenses for first year of the control period must be computed as a percentage of Opening GFA. Accordingly, the Commission has approved R&M expenses for FY 2026-27 as 1% of Opening GFA of Rs. 3,622.33 Lakh for FY 2026-27 (discussed in subsequent Paragraph) and then escalated the same with WPI of 5.05% to determine the normative R&M expenses for the remaining three years of the control period.

The approved R&M expenses for the control period are shown in the table below:

Table 5-6: Approved R&M expenses for the control period (Rs. Lakhs)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
R&M Expenses	36.22	38.05	39.97	41.99

The summary of O&M expenses approved by the Commission for JSL-T for the control period by escalating the base values of FY 2025-26 by relevant escalation factors, are shown in the table below:

Table 5-7: O&M Expenses approved by the Commission for the control period (Rs. Lakhs)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Employee/ HR expenses	258.37	271.17	284.60	298.70
A&G expenses	62.42	65.54	68.81	72.24
R&M expenses	36.22	38.05	39.97	41.99
Total O&M expenses	**357.01**	**374.75**	**393.38**	**412.93**

5.4 Depreciation

JSL-T's Submission

JSL-T submitted that it has considered the weighted average depreciation rate of 3.91% as approved by the Commission for FY 2025-26 vide Order dated 23.07.2025. The depreciation for the control period as proposed by JSL-T is provided in the table below:

Table 5-8: Depreciation proposed by JSL-T for the control period (Rs. Lakh)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1.	Opening GFA	3,622.33	3,622.33	3,622.33	3,622.33
2.	Capitalization during the year	-	-	-	-
3.	Closing GFA	3,622.33	3,622.33	3,622.33	3,622.33
4.	Average GFA for the year	3,622.33	3,622.33	3,622.33	3,622.33
5.	Depreciation Rate (%)	3.91%	3.91%	3.91%	3.91%
6.	**Depreciation**	**141.77**	**141.77**	**141.77**	**141.77**

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 above-mentioned provisions of Regulation 26 of the CSERC MYT Regulations, 2025. The Commission has approved the depreciation for the control period at weighted average rate of 3.91%.

NIL capitalisation is projected by JSL-T for FY 2025-26 and during the control period from FY 2026-27 to FY 2029-30.

Accordingly, the Commission has approved the GFA of Rs. 3,622.33 Lakh for the control period, which is the closing GFA for FY 2024-25 as approved in the truing up of FY 2024-25 in the earlier chapter.

The depreciation approved by the Commission for the control period is shown in the following table:

Table 5-9: Depreciation approved by the Commission for the control period (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1.	Opening GFA	3,622.33	3,622.33	3,622.33	3,622.33
2.	Capitalization during the year	-	-	-	-
3.	Closing GFA	3,622.33	3,622.33	3,622.33	3,622.33

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
4.	Average GFA for the year	3,622.33	3,622.33	3,622.33	3,622.33
5.	Depreciation Rate (%)	3.91%	3.91%	3.91%	3.91%
6.	**Depreciation**	**141.77**	**141.77**	**141.77**	**141.77**

5.5 Interest on Loan

JSL-T's Submission

JSL-T submitted that for computing Interest on Loan, the closing normative loan for FY 2025-26 as approved by the Commission in Order dated 23.07.2025 has been considered as the opening normative loan for FY 2026-27 to FY 2029-30 in line with the methodology given under Regulation 25 of the CSERC MYT Regulations, 2025 and Commission's Order dated 23.07.2025. The closing normative loan for FY 2025-26 works out to be nil. Further, no capitalization has been envisaged for FY 2026-27. Hence, there is no addition to the outstanding normative loan amount during the year. Therefore, no interest on loan has been claimed for FY 2026-27 to FY 2029-30

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 Commission has approved 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 which is nil. Also, no capitalization is proposed by JSL-T for FY 2025-26 and for the control period from FY 2026-27 to FY 2029-30.

As, the Capitalisation is Nil, there is no addition of loan during the FY 2025-26. The closing balance of loan for FY 2024-25 has been considered as the opening loan balance for FY 2026-27. The repayment has been considered equal to net depreciation approved for control period approved in this Order.

Accordingly, there is no addition to the outstanding normative loan amount during the year. Therefore, the Commission approves interest on loan as 'Nil' for FY 2026-27 to FY 2029-30.

5.6 Interest on Working Capital

JSL-T's Submission

JSL-T submitted that the normative interest on Working Capital for the control period has been calculated as per Regulation 27 of CSERC MYT Regulations, 2025.

Further, the rate of interest on working capital has been considered as per Regulation 27.4 of the CSERC MYT Regulations, 2025. JSL-T has calculated the interest on working Capital for the control period considering SBI Base Rate of 8.70% prevailing on 30.09.2025 plus 200 Basis Points (i.e. 8.70% + 2.00%).

The detailed calculation for the interest of working capital as submitted by JSL-T is provided in the table below:

Table 5-10: Interest on Working Capital estimated by JSL-T for FY 2026-27 to FY 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	O&M expenses for 15 days	14.92	15.66	16.44	17.26
2	Maintenance spares @ 20% of maintenance and general expenses (A&G + R&M)	21.21	22.28	23.40	24.57

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
3	Receivables equivalent to 45 days of fixed cost	78.33	78.33	78.33	78.33
4	**Total working capital**	**114.46**	**116.27**	**118.17**	**120.16**
5	Rate of interest (SBI 1Yr MCLR + 200 basis point)	10.70%	10.70%	10.70%	10.70%
6	**Interest on working capital**	**12.25**	**12.44**	**12.64**	**12.86**

Commission's View

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

"27.1. The normative working capital shall comprise:

…….

(c) For Transmission business:

i. O&M expenses for 15 days; plus

ii. Maintenance spares @ 20% of Maintenance and General expenses specified in Regulation 72.5.1; plus

iii. Receivables equivalent to 45 days of Transmission Charges.

……..

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 points prevailing on 30th September of current financial year:

Provided that, during truing-up, the interest on working capital shall be computed at the 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 the transmission charges as approved in this Order.

The interest rate of 10.75% has been considered as per Regulation 27.4 of the CSERC MYT Regulations, 2025, (i.e., 8.75% - SBI Base Rate – one year tenure 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 5-11: Interest on working capital approved by the Commission for FY 2026-27 to FY 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	O&M expenses for 15 days	14.67	15.40	16.17	16.97
2	Maintenance spares @ 20% of maintenance and general expenses	19.73	20.72	21.76	22.85
3	Receivables equivalent to 45 days of transmission charges	83.83	86.07	88.42	90.89
4	**Total working capital**	**118.23**	**122.19**	**126.34**	**130.70**
5	Rate of Interest (SBI 1Year MCLR + 200 basis point)	10.75%	10.75%	10.75%	10.75%
6	**Interest on Working Capital**	**12.71**	**13.13**	**13.58**	**14.05**

5.7 Return on Equity (RoE)

JSL-T's Submission

JSL-T has submitted that it has computed RoE as per Regulation 24 of the CSERC MYT Regulations, 2025, using the Base Rate of 15.50% as shown in the table below:

Table 5-12: Normative Return on equity projected by JSL-T for FY 2026-27 to 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening Equity	1,086.70	1,086.70	1,086.70	1,086.70
2	Addition to Equity	-	-	-	-
3	Closing balance of normative Equity	1,086.70	1,086.70	1,086.70	1,086.70
4	Average Normative Equity	1,086.70	1,086.70	1,086.70	1,086.70
5	Rate of Return	15.50%	15.50%	15.50%	15.50%
6	**Return on Equity**	**168.44**	**168.44**	**168.44**	**168.44**

Commission's View

As regards RoE, the 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."

The Commission has approved RoE based on the above regulatory provisions. 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 as 'Nil' as there is no capitalization projected by JSL-T during FY 2025-26. The closing balance of equity for FY 2025-26 has been considered as the opening equity balance for FY 2026-27 and onward, as there is no capitalization expected in the control period.

The Commission has approved RoE for the control period considering the base rate of RoE as 15.50% as per Regulation 24.1 as shown in the Table below:

Table 5-13: Return on Equity approved by the Commission for FY 2026-27 to 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening Equity	1,086.70	1,086.70	1,086.70	1,086.70
2	Addition to Equity	-	-	-	-
3	Closing balance of normative Equity	1,086.70	1,086.70	1,086.70	1,086.70
4	Average Normative Equity	1,086.70	1,086.70	1,086.70	1,086.70
5	Rate of Return	15.50%	15.50%	15.50%	15.50%
6	**Return on Equity**	**168.44**	**168.44**	**168.44**	**168.44**

5.8 ARR for FY 2026-27 to FY 2029-30

JSL-T's Submission

JSL-T in its Petition has sought approval for the ARR for FY 2026-27 to FY 2029-30 as shown in the table below:

Table 5-14: ARR estimated by JSL-T for FY 2026-27 to FY 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Return on Equity	168.44	168.44	168.44	168.44
2	Interest and Finance Charges	-	-	-	-
3	Depreciation	141.77	141.77	141.77	141.77
4	Employee Expenses	256.96	269.71	283.09	297.13
5	A&G Expenses	61.51	64.59	67.82	71.21
6	R&M Expenses	44.53	46.79	49.16	51.65
7	Interest on Working Capital	12.26	12.25	12.44	12.64
8	Less: Non-Tariff Income	-	-	-	-
	Annual Revenue Requirement	**685.46**	**703.74**	**722.92**	**743.06**

In response to Commission's query, JSL-T vide reply dated submitted revised ARR for approval for FY 2026-27 to FY 2029-30 as shown in the table below:

In response to Commission's query, JSL-T vide reply dated 11.03.2026 submitted revised ARR for approval for FY 2026-27 to FY 2029-30 as shown in the Table below:

Table 5-15: ARR for FY 2026-27 to FY 2029-30 submitted by JSL-T vide response dated 11.03.2026 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Return on Equity	168.44	168.44	168.44	168.44
2	Interest and Finance Charges	-	-	-	-
3	Depreciation	141.77	141.77	141.77	141.77
4	Employee Expenses	256.96	269.71	283.09	297.13
5	A&G Expenses	61.51	64.59	67.82	71.21
6	R&M Expenses	44.53	46.79	49.16	51.65
7	Interest on Working Capital	12.25	12.44	12.64	12.86
8	Less: Non-Tariff Income	-	-	-	-
	Annual Revenue Requirement	**685.46**	**703.74**	**722.92**	**743.06**

Commission's View

The ARR approved by the Commission for the control period from FY 2026-27 to FY 2029-30, as discussed in the earlier paragraphs, is summarized in the table below:

Table 5-16: ARR Approved by the Commission for FY 2026-27 to FY 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27		FY 2027-28		FY 2028-29		FY 2029-30	
		Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved
1	Return on Equity	168.44	168.44	168.44	168.44	168.44	168.44	168.44	168.44
2	Interest and Finance Charges	-	-	-	-	-	-	-	-
3	Depreciation	141.77	141.77	141.77	141.77	141.77	141.77	141.77	141.77
4	Employee Expenses	256.96	258.37	269.71	271.17	283.09	284.60	297.13	298.70
5	A&G Expenses	61.51	62.42	64.59	65.54	67.82	68.81	71.21	72.24
6	R&M Expenses	44.53	36.22	46.79	38.05	49.16	39.97	51.65	41.99
7	Interest on Working Capital*	12.25	12.71	12.44	13.13	12.64	13.58	12.86	14.05
8	Less: Non-Tariff Income	-	-	-	-	-	-	-	-
9	Sharing of (Gains)/ Losses	-	-	-	-	-	-	-	-
10	**Annual Revenue Requirement**	**685.46**	**679.93**	**703.74**	**698.10**	**722.92**	**717.17**	**743.06**	**737.19**

**as per Revised Submission dated 11.03.2026*

As mentioned in the earlier chapter, the Commission has considered the transmission capacity utilization as 76.80% (53.59% + (46.41%)/2) for JSL-T for FY 2024-25. The Commission has considered the same transmission capacity utilization of 76.80% for FY 2026-27 to FY 2029-30.

However, JSL-T at the time of truing of respective year of the control period, can submit the details of actual transmission capacity utilized of that year along with the documentary evidence.

Based on the above consideration, the Net Allowable ARR approved by the Commission for FY 2026-27 to FY 2029-30 is set out in the table below:

Table 5-17: Net ARR approved by the Commission for FY 2026-27 to FY 2029-30 (Rs. Lakhs)

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Net ARR	679.93	698.10	717.17	737.19
2	Transmission Capacity Utilized (%)	76.80%	76.80%	76.80%	76.80%
3	**Allowable ARR**	522.15	536.10	550.75	566.13

6 TRANSMISSION CHARGES FOR FY 2026-27 FOR JSL-T

6.1 Recovery past gap/ (surplus) along with carrying cost/ (holding cost)

JSL-T's Submission

JSL-T has proposed recovery of the cumulative revenue gap along with carrying cost till FY 2029-30 in its Petition as shown in the table below:

Table 6-1: Revenue gap and carrying cost as proposed by JSL-T in its Petition (Rs. Lakhs)

Sr. No.	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening Revenue Gap	-	57.40	97.99	161.26	161.26	250.56
2	Addition (Approved ARR – Estimated ARR)	54.93	32.69	50.11	68.39	87.57	107.71
3	Closing Revenue Gap	54.93	90.10	148.09	229.65	248.83	358.27
4	Average Revenue Gap	27.47	73.75	123.04	195.46	205.05	304.42
5	Carrying Cost interest rate	9.00%	10.70%	10.70%	10.70%	10.70%	10.70%
6	Carrying Cost	2.47	7.89	13.17	20.91	21.94	32.57
7	**Closing Revenue Gap including Carrying Cost**	**57.40**	**97.99**	**161.26**	**250.56**	**270.77**	**390.84**

JSL-T requested the Commission to allow recovery of above revenue gap along with carrying cost from its beneficiaries as monthly transmission charge in the ensuing year. The adjusted ARR including recovery of above revenue gap as proposed by JSL-T in its Petition is provided in the table below:

Table 6-2: Adjusted ARR as proposed by JSL-T for FY 2026-27 to FY 2029-30 in its Petition (Rs. Lakhs)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
ARR	685.46	703.74	722.92	743.06

Adjustment of past gap/ (surplus)	161.26	250.56	270.77	390.84
Adjusted ARR	**846.72**	**954.30**	**993.70**	**1,133.90**

JSL-T has revised the revenue gap for FY 2024-25 twice in its response to data gap 1 and data gap 2 vide dated 11.03.2026 and 08.06.2026 respectively.

The petitioner has submitted revised revenue gap of Rs. 58.53 Lakhs vide its response dated 11th March 2026. The revenue gap and revised carrying cost computation submitted by JSL-T in response to data gap set 1 is provided in the table below:

Table 6-3: Revised revenue gap and carrying cost as proposed by JSL-T in its response to data gap set 1 vide dated 11.03.2026 (Rs. Lakhs)

Sr. No.	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening Revenue Gap	-	60.63	101.56	165.22	165.22	254.94
2	Addition (Approved ARR – Estimated ARR)	58.53	32.69	50.11	68.39	87.57	107.71
3	Closing Revenue Gap	58.53	93.33	151.67	233.61	252.79	362.65
4	Average Revenue Gap	29.26	76.98	126.62	199.41	209.00	308.80
5	Carrying Cost interest rate	7.20%	10.70%	10.70%	10.70%	10.70%	10.70%
6	Carrying Cost	2.11	8.24	13.55	21.34	22.36	33.04
7	**Closing Revenue Gap including Carrying Cost**	**60.63**	**101.56**	**165.22**	**254.94**	**275.15**	**395.69**

JSL-T also submitted revised adjusted ARR vide its response dated 11.03.2026. The same is provided in the table below:

Table 6-4: Adjusted ARR as submitted by JSL-T for FY 2026-27 to FY 2029-30 in its response to data gap set 1 dated 11.03.2026 (Rs. Lakh)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
ARR	685.46	703.74	722.92	743.06
Adjustment of past gap/(surplus)	165.22	254.94	275.15	395.69

Adjusted ARR	**850.70**	**958.68**	**998.07**	**1,138.75**

Vide its response dated 08.06.2026, JSL-T has submitted revised gap of Rs. 20.19 Lakh for FY 2024-25. However, it has not provided above calculations of carrying cost and the adjusted ARR.

Commission's view

The Commission has considered the Revenue Surplus of Rs. 135.54 Lakh after true up of FY 2024-25 and after considering the carrying cost the Revenue Surplus taken to FY 2026-27 comes out to Rs. 155.95 Lakh. This Revenue Surplus has been adjusted against the approved ARR for FY 2026-27 as shown in the table below

Table 6-5:Adjusted approved ARR for FY 2026-27 (Rs. Lakhs)

Particulars	FY 2026-27
Stand-alone ARR	522.15
Past gap/ (surplus)	(155.95)
Adjusted ARR	366.20

6.2 Transmission Charges for FY 2026-27

JSL-T's Submission

JSL-T submitted that as per the CSERC MYT Regulations 2025, the annual transmission charges (fixed cost) shall be recovered from the users of Jindal Steel Limited-T's system on a monthly basis as per the methodology specified in the CSERC Open Access Regulations, 2011 and amendment.

Further, JSL-T submitted that according to the CSERC Open Access Regulations, 2011, the basis of sharing monthly transmission charge shall be maximum demand in MW served by Jindal Steel Limited-T's system in the previous financial year.

The transmission charges proposed by JSL-T in its Petition are as follows:

Table 6-6: Transmission Charges for FY 2026-27 to FY 2029-30 (Rs. Lakhs) as submitted by JSL-T

Sr. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Annual Transmission Charges	846.72	954.30	993.70	1133.90
2	Monthly Transmission Charges	70.56	79.53	82.81	94.49

JSL-T further submitted that monthly charges shall be recovered from Jindal Steel Limited-D and other open access consumers, if any, in the ratio of their Maximum Demand (MW).

Commission's View

Regulations 70.1 and 70.2 of the CSERC MYT Regulations, 2025 specify as under:

"COMPONENTS OF TARIFF

70.1 ***The Annual Transmission Charges for each year of the Control Period*** *shall provide for the recovery of the Aggregate Revenue Requirement of the transmission licensee / STU for the respective financial year of the Control Period, reduced by the amount of Non-Tariff Income and income from other business, as approved by the Commission.*

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

As per the CSERC MYT Regulations, 2025, the annual transmission charges (fixed cost) shall be recovered from the users of JSL-T's system on monthly basis as per the methodology specified in the CSERC Open Access Regulations, 2011, according to which, the basis of sharing monthly transmission charge shall be maximum demand in MW served by JSL-T's system in the previous financial year.

Hence, JSL-T is allowed to recover the transmission charges as approved in the table below:

Table 6-7: Approved Transmission Charges for FY 2026-27 (Rs. Lakhs)

Sr. No.	Particulars	Approved
1	Annual transmission charges for FY 2026-27	366.20
2	Monthly transmission charges	30.52

JSL-T shall bill the differential amount for the period from April 2026 to August 2026 in equal instalments over the period from September 2026 to January 2026

The monthly transmission charges shall be recovered from JSL-D and other open access consumers, if any, in the ratio of their maximum demand in MW.

Solar energy generators located in the State and achieving COD after 27.12.2023 (unless otherwise exempted by the Commission) and up to 31.12.2026 and supplying power through long-term/medium-term Open Access shall be required to pay 33% of the applicable transmission charges for a period of seven years from the COD.

Solar energy generators achieving COD after 31.12.2026 and supplying power through long-term/medium-term Open Access shall be required to pay 100% of the applicable transmission charges.

Transmission losses of 0.55% for the energy scheduled for transmission at the point or points of injection shall be recoverable from open access consumers.

6.3 Applicability of Order

The Order will be applicable from 1st September, 2026 and will remain in force till 31st March, 2027 or till the issue of next Tariff Order, whichever is later. The Commission directs JSPL-T to take appropriate steps to implement the Tariff Order.