



Uttar Pradesh Electricity Regulatory Commission

Lucknow

Petition No. 2166 of 2024



Order under Section 62 and 64 of the Electricity Act, 2003

on

True-up for FY 2023-24,

Annual Performance Review for FY 2024-25,

Aggregate Revenue Requirement and Tariff for FY 2025-26

for

**Uttar Pradesh Power Transmission Corporation Limited &
State Transmission Utility**

September 08, 2025



Contents

1	INTRODUCTION AND HISTORICAL BACKGROUND	12
1.1	INTRODUCTION	12
1.2	HISTORICAL BACKGROUND	12
1.3	GRANT OF LICENSE TO TBCB / PROJECT DEVELOPERS	13
1.4	LOAD LEVELS OF UPPTCL	15
1.5	TRANSMISSION TARIFF REGULATIONS	17
2	FILING OF PETITIONS	19
2.1	DETAILS OF BUSINESS PLAN ORDERS / MYT ORDERS / PREVIOUS YEARS' ARR AND TARIFF ORDERS/ STU TRANSMISSION PLAN ORDERS	19
2.2	TRUE-UP FOR FY 2023-24, APR FOR FY 2024-25 and ARR FOR FY 2025-26:	19
2.3	PRELIMINARY SCRUTINY OF THE PETITION	20
2.4	ADMITTANCE OF THE PETITION	21
2.5	PUBLICITY OF THE PETITION	21
3	PUBLIC HEARING PROCESS	23
3.1	PUBLIC HEARING	23
3.2	VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON TRUE-UP OF FY 2023-24, APR FOR FY 2024-25 AND ARR / TARIFF FILINGS FOR FY 2025-26	23
3.3	OPERATION AND MAINTENANCE EXPENSES	24
3.4	NON-TARIFF INCOME	25
3.5	COMMENTS ON AGGREGATE REVENUE REQUIREMENT FOR FY 2025-26	27
3.6	MISCELLANEOUS COMMENTS/ SUGGESTIONS	34
4	TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24:	42
4.1	INTRODUCTION	42
4.2	TRANSMISSION SYSTEM AVAILABILITY	43
4.3	INTRA-STATE TRANSMISSION LOSS	44
4.4	OPERATION AND MAINTENANCE EXPENSES (O&M)	45
4.5	CAPITAL WORK IN PROGRESS & GROSS FIXED ASSET	54
4.6	CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES	58
4.7	DEBT: EQUITY RATIO OF CAPITALIZATION	59
4.8	DEPRECIATION	61
4.9	INTEREST ON LONG-TERM LOANS:	67
4.10	INTEREST ON WORKING CAPITAL:	70
4.11	RETURN ON EQUITY	72
4.12	INCOME TAX	74
4.13	NON-TARIFF INCOME	74
4.14	INCOME FROM OTHER BUSINESSES	75
4.15	SLDC ARR for FY 2021-22	77
4.16	REVENUE	80
4.17	SUMMARY OF AGGREGATE REVENUE REQUIREMENT AND GAP/(SURPLUS)	82
4.18	TRANSMISSION TARIFF	84
5	ANNUAL PERFORMANCE REVIEW FOR FY 2024-25	86



5.1	INTRODUCTION	86
5.2	TRANSMISSION LOSS.....	86
5.3	OPERATION AND MAINTENANCE (O&M) EXPENSES.....	87
5.4	CAPITAL WORK IN PROGRESS (CWIP) & GROSS FIXED ASSET (GFA).....	91
5.5	DEBT: EQUITY RATIO OF CAPITALIZATION, CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES	94
5.6	DEPRECIATION	97
5.7	INTEREST ON LONG TERM LOANS	102
5.8	INTEREST ON WORKING CAPITAL	105
5.9	RETURN ON EQUITY	107
5.10	INCOME TAX	109
5.11	NON-TARIFF INCOME	109
5.12	INCOME FROM OTHER BUSINESSES.....	110
5.13	REVENUE	111
5.14	SUMMARY OF ANNUAL PERFORMANCE REVIEW FOR FY 2024-25.....	112
5.15	UPPTCL REVENUE SURPLUS FOR FY 2024-25	114
6	AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2025-26	116
6.1	INTRODUCTION	116
6.2	INTRA-STATE TRANSMISSION LOSS	116
6.3	OPERATION AND MAINTENANCE (O&M) EXPENSES.....	119
6.4	CAPITAL WORK IN PROGRESS, GROSS FIXED ASSET & ASSET CAPITALISATION.....	132
6.5	CONSUMER CONTRIBUTION, CAPITAL GRANTS AND GRANTS.....	138
6.6	DEBT-EQUITY RATIO OF CAPITALIZATION	141
6.7	DEPRECIATION.....	143
6.8	INTEREST ON LONG TERM LOANS.....	152
6.9	INTEREST ON WORKING CAPITAL.....	155
6.10	BANKING AND FINANCE CHARGES.....	158
6.11	RETURN ON EQUITY	159
6.12	TAX ON RETURN ON EQUITY	161
6.13	NON-TARIFF INCOME:	163
6.14	INCOME FROM OTHER BUSINESS:	164
6.15	SUMMARY OF ARR FOR FY 2025-26.....	167
6.16	UPPTCL REVENUE SURPLUS FOR FY 2025-26	169
7	INTRA STATE TRANSMISSION TARIFF FOR FY 2025-26.....	170
7.1	BRIEF BACKGROUND	170
7.2	PETITION FOR INTRA- STATE TRANSMISSION TARIFF	173
7.3	Pooled Total Transmission System Cost for FY 2025-26	174
7.4	BASE TRANSMISSION CAPACITY RIGHTS	177
7.5	INTRA STATE TRANSMISSION TARIFF FOR DISTRIBUTION LICENSEES AND INDIAN RAILWAYS 184	
7.6	ADJUSTED TOTAL TRANSMISSION SYSTEM COST AND TREATMENT OF REBATE ON INTRA STATE TRANSMISSION CHARGES	187
7.7	INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMERS OTHER THAN DISTRIBUTION LICENSEES AND INDIAN RAILWAYS.....	193



8	DIRECTIVES.....	198
8.1	COMPLIANCE OF DIRECTIVES ISSUED IN THE TARIFF ORDER DATED OCTOBER 10, 2024`	198
8.2	DIRECTIVES ISSUED IN THIS ORDER.....	205
9	REPORT ON WAY FORWARD ISSUED IN LAST TARIFF ORDER	208
9.1	COMPLIANCE OF STATUS OF WAY FORWARD ISSUED IN THE TARIFF ORDER DATED OCTOBER 10, 2024`	208
9.2	WAY/FORWARD ISSUED IN THIS ORDER.....	212
10	APPLICABILITY OF THE ORDER.....	214
	ANNEXURE I: ADMITTANCE ORDER	215
	ANNEXURE II: PUBLIC NOTICE ISSUED BY THE COMMISSION FOR PUBLIC HEARING.....	220
	ANNEXURE III: LIST OF PERSONSWHO ATTENDED PUBLIC HEARING	221

List Of Tables

Table 1-1: TRANSMISSION LICENSEE ENTITIES UNDER TBCB	13
Table 1-2: NETWORK DETAILS OF THE TRANSMISSION LICENSEES UPTO OCTOBER 31, 2024.....	14
Table 1-3: UPPTCL TRANSMISSION CAPACITY AT DISTRIBUTION LEVEL AS ON MARCH/APRIL 2025 (MVA)	15
Table 1-4: YEARLY SYSTEM PEAK (UDM) OF UPPTCL IN MW.....	16
Table 1-5: INSTALLED GENERATING CAPACITY AS ON APRIL 30, 2025 (MW)	16
Table 1-6: SOLAR PROJECTS PLANNED	17
Table 2-1: LIST OF TARIFF ORDERS ISSUED DURING THE MYT CONTROL PERIOD FOR THE PETITIONER	19
Table 2-2: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE BY PETITIONER ...	22
Table 3-1: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE FOR PUBLIC HEARING BY THE COMMISSION	23
Table 4-1: SUMMARY STATUS OF TARIFF ORDERS	42
Table 4-2: BASE YEAR O&M EXPENSES SUBMITTED BY THE PETITIONER (RS. CRORE)	45
Table 4-3: O&M EXPENSES FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	46
Table 4-4: O&M EXPENSES FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	47
Table 4-5: ACTUAL VS TRUE-UP GROSS O&M EXPENSES FOR PAST YEARS. (RS. CRORE).....	47
TABLE 4-6: ENERGY HANDLED	47
Table 4-7: UPPTCL'S NETWORK GROWTH IN THE PAST YEARS SUBMITTED BY THE PETITIONER	48
Table 4-8: COMMISSION APPROVED -BASE YEAR O&M EXPENSES (RS. CRORE)	49
Table 4-9: WPI/CPI AND INFLATION RATES CONSIDERED BY THE COMMISSION	49
Table 4-10: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)	52
Table 4-11: COMMISSION APPROVED -O&M EXPENSES FOR FY 2023-24 (RS. CRORE)	53
Table 4-12: CAPITAL INVESTMENTS IN FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE).....	55
Table 4-13: GROSS FIXED ASSETS FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	55
Table 4-14: PROJECTIONS OF OPENING EQUITY & LOAN AS ON 1.4.2020 SUBMITTED BY THE PETITIONER (RS. CRORE)	56
Table 4-15: COMMISSION APPROVED - CAPITAL EXPENDITURE AND CAPITALISATION FOR FY 2023-24 (RS. CRORE)	57
Table 4-16: COMMISSION APPROVED - GFA FOR FY 2023-24 (RS. CRORE).....	57
Table 4-17: CONSUMER CONTRIBUTION SUBMITTED BY THE PETITIONER (RS. CRORE).....	58
Table 4-18: COMMISSION APPROVED - CONSUMER CONTRIBUTION FOR FY 2023-24 (RS. CRORE)...	59
Table 4-19: COMMISSION APPROVED - DEBT: EQUITY RATIO DURING FY 2023-24 (RS. CRORE).....	60
Table 4-20: DEPRECIATION EXPENSE FOR FY 2023-24 FOR THE GROSS BLOCK UPTO MARCH 31, 2020 (PART-A) SUBMITTED BY THE PETITIONER (RS. CRORE)	62
Table 4-21: DEPRECIATION EXPENSE FOR FY 2023-24 FOR THE GROSS BLOCK OR ASSETS CAPITALISED APRIL 1, 2020 ONWARDS (PART-B) SUBMITTED BY THE PETITIONER (RS. CRORE)	63
Table 4-22: GROSS DEPRECIATION FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	64
Table 4-23: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS UPTO MARCH 31, 2020 (PART-A) FOR FY 2023-24 (RS. CRORE)	65
Table 4-24: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS FROM APRIL 01, 2020 (PART-B) FOR FY 2023-24 (RS. CRORE)	66
Table 4-25: NET DEPRECIATION (PART-A + PART-B) APPROVED BY THE COMMISSION (RS. CRORE)....	67



Table 4-26: OPENING NORMATIVE LOAN AS ON APRIL 1, 2020 SUBMITTED BY THE PETITIONER (RS. CRORE)	67
Table 4-27: ALLOWABLE INTEREST ON LONG TERM LOANS FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	68
Table 4-28: COMMISSION APPROVED - INTEREST RATE ON LONG TERM LOAN FOR FY 2023-24 (RS. CRORE)	69
Table 4-29: COMMISSION APPROVED - INTEREST ON LONG TERM LOAN FOR FY 2023-24 (RS. CRORE)	70
Table 4-30: INTEREST ON WORKING CAPITAL FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	70
Table 4-31: WEIGHTED AVERAGE RATE COMPUTATION BY THE COMMISSION FOR FY 2023-24.....	71
Table 4-32: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY 2023-24 (RS. CRORE)	72
Table 4-33: RETURN ON EQUITY SUBMITTED BY THE PETITIONER (RS. CRORE).....	73
Table 4-34: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2023-24 (RS. CRORE).....	74
Table 4-35: COMMISSION APPROVED - NON-TARIFF FOR FY 2023-24 (RS. CRORE)	75
Table 4-36: REVENUE FROM OPGW LEASING IN FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	76
Table 4-37: SLDC ARR FOR FY 2021-22 (RS. CRORE).....	78
Table 4-38: REVENUE FROM OPERATIONS PERTAINING TO FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)	80
Table 4-39: REVENUE FROM OPERATIONS APPROVED BY THE COMMISSION (RS. CRORE)	81
Table 4-40: COMMISSION APPROVED - DETAILED BREAKUP OF REVENUE FROM OPERATIONS FOR FY 2023-24 (RS. CRORE)	81
Table 4-41: SUMMARY OF ARR SUBMITTED BY THE PETITIONER (RS. CRORE).....	82
Table 4-42: COMMISSION APPROVED SUMMARY OF ARR FOR FY 2023-24 (RS. CRORE).....	83
Table 4-43: TRUED UP TRANSMISSION TARIFF APPROVED BY THE COMMISSION	85
Table 5-1: O&M EXPENSES FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)	87
Table 5-2: WPI AND CPI INDICIES AND INFLATION RATES CONSIDERED BY THE COMMISSION.....	89
Table 5-3: WPI AND CPI INFLATION RATES CONSIDERED BY THE COMMISSION	89
Table 5-4: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION (RS. CRORE)	90
Table 5-5: O&M EXPENSES PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	90
Table 5-6: CAPITAL INVESTMENT FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)	91
Table 5-7: PROJECTIONS OF CAPITALISATION & WIP OF INVESTMENT SUBMITTED BY THE PETITIONER (RS. CRORE)	92
Table 5-8: PROJECTIONS OF GROSS FIXED ASSETS SUBMITTED BY THE PETITIONER (RS. CRORE)	92
Table 5-9: CAPITAL EXPENDITURE AND CAPITALISATION PROVISIONALLY COMPUTED FOR FY 2024-25 BY THE COMMISSION (RS. CRORE).....	93
Table 5-10: GFA PROVISIONALLY COMPUTED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)	94
Table 5-11: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES SUBMITTED BY THE PETITIONER (RS. CRORE)	94
Table 5-12: FINANCING OF CAPITAL INVESTMENT SUBMITTED BY THE PETITIONER (RS CRORE)	95
Table 5-13: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES COMPUTED PROVISIONALLY FOR FY 2024-25 (RS. CRORE).....	96
Table 5-14: DEBT: EQUITY RATIO PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	97



Table 5-15: DEPRECIATION EXPENSE FOR THE GROSS BLOCK OR ASSETS CAPITALISED AFTER APRIL 1, 2020 (PART-B) SUBMITTED BY THE PETITIONER (RS. CRORE)	98
Table 5-16: GROSS ALLOWABLE DEPRECIATION SUBMITTED BY THE PETITIONER (RS. CRORE)	99
Table 5-17: GROSS DEPRECIATION FOR ASSETS UPTO MARCH 31, 2020 (PART-A) FOR FY 2024-25 PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	101
Table 5-18: GROSS DEPRECIATION FOR ASSETS FROM APRIL 01, 2020 (PART-B) FOR FY 2024-25 PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	101
Table 5-19: NET DEPRECIATION (PART-A + PART-B) PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	102
Table 5-20: OPENING NORMATIVE LOAN AS ON APRIL 1, 2020 AS SUBMITTED BY THE PETITIONER (RS. CRORE)	103
Table 5-21: INTEREST ON LONG TERM LOANS SUBMITTED BY THE PETITIONER (RS. CRORE)	103
Table 5-22: INTEREST RATE ON LONG TERM LOAN PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	104
Table 5-23: LONG TERM LOANS PROVISIONALLY COMPUTED BY COMMISSION FOR FY 2024-25 (RS. CRORE)	105
Table 5-24: INTEREST ON WORKING CAPITAL FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)	106
Table 5-25: INTEREST ON WORKING CAPITAL PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	106
Table 5-26: RETURN ON EQUITY FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)	107
Table 5-27: RETURN ON EQUITY COMPUTED BY COMMISSION FOR FY 2024-25 (RS. CRORE)	108
Table 5-28: NON-TARIFF INCOME PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	110
Table 5-29: REVENUE FROM OPERATIONS PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	112
Table 5-30: DETAILED BREAKUP OF REVENUE FROM OPERATIONS PROVISIONALLY CONSIDERED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)	112
Table 5-31: SUMMARY OF APR FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)	113
Table 5-32: SUMMARY OF APR PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)	114
Table 5-33: REVENUE SURPLUS PROVISIONALLY CONSIDERED BY THE COMMISSION UPTO FY 2024-25 (WITH ADJUSTMENT OF SURPLUS OF FY 2023-24) (RS. CRORE)	115
Table 6-1: ACTUAL INTRA-STATE TRANSMISSION LOSS FROM FY 2015-16 TO FY 2023-24 (%)	117
Table 6-2: INTRA-STATE TRANSMISSION LOSS (%)	118
Table 6-3: COMPUTATION OF BASE YEAR EXPENSES AND AUDITED VALUES OF EMPLOYEE EXPENSES & A&G EXPENSES CONSIDERED BY THE PETITIONER (RS. CRORE)	119
Table 6-4: COMPUTATION OF EMPLOYEE EXPENSES AND A&G EXPENSES CONSIDERING WPI & CPI INFLATION BY THE PETITIONER FOR FY 2025-26	120
Table 6-5: NET GFA (ACCOUNTING DEPRECIATION) (RS. CRORE)	120
Table 6-6: GFA CONSIDERED BY THE COMMISSION FOR FY 2021-22 (RS. CRORE)	121
Table 6-7: Total GFA COMPUTED BY THE PETITIONER for FY 2022-23 (Rs. Crore)	121
Table 6-8: GFA DETAILS RECOMPUTED BY THE PETITIONER FOR TRUE-UP 2023-24 & APR 2024-25 (RS. CRORE)	122
Table 6-9: COMPUTATION OF R&M EXPENSES BY THE PETITIONER FOR FY 2025-26	122
Table 6-10: O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2025-26 (RS. CRORE)	122
Table 6-11: RECLASSIFICATION OF R&M (IN RS. CRORE)	126

Table 6-12: AUDITED FIGURES CONSIDERED BY THE COMMISSION FOR COMPUTATION OF MID YEAR VALUE FOR FY 2022-23 (RS. CRORE)	126
Table 6-13: MID YEAR COMPUTATION FOR FY 2022-23 BY THE COMMISSION (RS. CRORE)	127
Table 6-14: INFLATION INDEX CONSIDERED BY THE COMMISSION (INDEX VALUE)	127
Table 6-15: INFLATION INDEX CONSIDERED BY THE COMMISSION FOR FY 2025-26 (%)	128
Table 6-16: COMPUTATION OF NORMATIVE EMPLOYEE EXPENSES & A&G EXPENSES BY THE COMMISSION FOR THE BASE YEAR I.E. FY 2024-25 (RS. CRORE)	129
Table 6-17: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION (RS. CRORE)	132
Table 6-18: COMMISSION APPROVED - O&M EXPENSES FOR FY 2025-26 (RS. CRORE)	132
Table 6-19: CAPITAL INVESTMENT FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE) ..	133
Table 6-20: PROJECTIONS OF CAPITALISATION & WIP OF INVESTMENT DURING FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE).....	133
Table 6-21: PROJECTIONS OF GROSS FIXED ASSETS FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE)	134
Table 6-22: ZONE WISE SUMMARY OF CAPITAL EXPENDITURE FOR FY 2025-26 (WITHOUT GEC-II) AS SUBMITTED BY THE PETITIONER (RS. CRORE).....	136
Table 6-23: PROJECT WISE SUMMARY OF CAPEX FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (RS. CRORE)	137
Table 6-24: DETAIL CAPITAL INVESTMENT PLAN FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (RS. CRORE)	137
Table 6-25: CAPITAL EXPENDITURE AND CAPITALISATION PROVISIONALLY COMPUTED BY THE COMMISSION FOR FY 2025-26 (RS. CRORE)	138
Table 6-26: COMMISSION APPROVED - GFA FOR FY 2025-26 (RS. CRORE).....	138
Table 6-27: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES SUBMITTED BY THE PETITIONER (RS. CRORE)	139
Table 6-28: FINANCING OF THE CAPITAL INVESTMENT SUBMITTED BY THE PETITIONER (RS. CRORE)	139
Table 6-29: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES APPROVED BY THE COMMISSION FOR FY 2025-26 (RS. CRORE)	141
Table 6-30: DEBT: EQUITY RATIO OF CAPITALIZATION SUBMITTED BY THE PETITIONER (RS. CRORE).....	141
Table 6-31: COMMISSION APPROVED - DEBT-EQUITY RATIO (RS. CRORE)	143
Table 6-32: DEPRECIATION EXPENSE FOR FY 2025-26 FOR THE GROSS BLOCK OR ASSETS CAPITALISED 1ST APRIL 2025 ONWARDS (PART-C) AS SUBMITTED BY THE PETITIONER	144
Table 6-33: NET DEPRECIATION (PART-A + PART-B + PART-C) SUBMITTED BY THE PETITIONER (RS. CRORE)	145
Table 6-34: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS UPTO 31.03.2020 (PART-A) (RS. CRORE)	148
Table 6-35: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS FROM 01.04.2020 UPTO 31.03.2025 ONWARDS (PART-B) (RS. CRORE)	149
Table 6-36: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS FROM 01.04.2025 ONWARDS (PART-C) (RS. CRORE)	150
Table 6-37: COMMISSION APPROVED - NET DEPRECIATION (PART-A + PART-B + PART-C) (RS. CRORE)	151
Table 6-38: OPENING NORMATIVE LOAN AS ON APRIL 1, 2020 SUBMITTED BY THE PETITIONER (RS. CRORE)	152
Table 6-39: INTEREST ON LONG TERM LOANS SUBMITTED BY THE PETITIONER (RS. CRORE)	153

Table 6-40: COMMISSION APPROVED - INTEREST ON LONG TERM LOANS FOR FY 2025-26 (RS. CRORE)	155
Table 6-41: INTEREST ON WORKING CAPITAL SUBMITTED BY THE PETITIONER (RS. CRORE)	155
Table 6-42: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY 2025-26 (RS. CRORE)	157
Table 6-43: RETURN ON EQUITY FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE)	159
Table 6-44: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2025-26 (RS. CRORE)	161
Table 6-45: COMMISSION APPROVED - NON-TARIFF INCOME (RS. CRORE)	164
Table 6-46: COMMISSION APPROVED - INCOME FROM OTHER BUSINESS (RS. CRORE)	167
Table 6-47: SUMMARY OF ARR OF FY 2025-26, SUBMITTED BY THE PETITIONER (RS. CRORE)	167
Table 6-48: COMMISSION APPROVED - SUMMARY OF ARR FOR FY 2025-26 (RS. CRORE)	168
Table 6-49: COMMISSION APPROVED NET ARR FOR FY 2025-26 (WITH ADJUSTMENT OF APR SURPLUS OF FY 2024-25) (RS. CRORE)	169
Table 7-1: TTSC CLAIMED BY THE PETITIONER (RS. CRORE)	174
Table 7-2: TTSC APPROVED BY THE COMMISSION FOR FY 2025-26 (RS. CRORE)	176
Table 7-3: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY DVNNL (MW)	178
Table 7-4: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY MVNNL (MW)	178
Table 7-5: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY PVNNL (MW)	178
Table 7-6: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY PUVNNL (MW)	178
Table 7-7: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY KESCO (MW)	179
Table 7-8: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY NPCL (MW)	179
Table 7-9: COMPUTATION OF X & Y FOR INDIAN RAILWAYS BY THE PETITIONER FOR FY 2023-24 & FY 2024-25 (MW)	179
Table 7-10: COMPUTATION OF X & Y FOR INDIAN RAILWAYS BY THE PETITIONER FOR FY 2025-26 (MW)	180
Table 7-11: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY NIDP (MW)	181
Table 7-12: BASE TCR OF DISTRIBUTION LICENSEE & INDIAN RAILWAYS FOR FY 2025-26 SUBMITTED BY THE PETITIONER FOR FY 2025-26 (MW)	181
Table 7-13: COMMISSION APPROVED - BASE TCR APPROVED FOR FY 2025-26 (IN MW)	184
Table 7-14: TRANSMISSION TARIFF FOR DISTRIBUTION LICENSEES AND INDIAN RAILWAYS, AS SUBMITTED BY THE PETITIONER FOR FY 2025-26	185
Table 7-15: ANNUAL TRANSMISSION CHARGES & MONTHLY TRANSMISSION CHARGES SUBMITTED BY THE PETITIONER FOR FY 2025-26	185
Table 7-16: COMMISSION APPROVED - TRANSMISSION TARIFF FOR DISTRIBUTION LICENSEES AND INDIAN RAILWAYS FOR FY 2025-26	186
Table 7-17: COMMISSION APPROVED - ANNUAL TRANSMISSION CHARGES & MONTHLY TRANSMISSION CHARGES FOR FY 2025-26	186
Table 7-18: TOTAL TRANSMISSION CHARGES EXEMPTED SUBMITTED BY THE PETITIONER (RS. CRORE)	189
Table 7-19: ADJUSTED TTSC SUBMITTED BY THE PETITIONER (RS. CRORE)	189
Table 7-20: ALLOCATION OF ADJUSTED TTSC SUBMITTED BY THE PETITIONER FOR FY 2025-26	189
Table 7-21: COMMISSION APPROVED - REBATE ON INTRAS STATE TRANSMISSION CHARGES (RS. CRORE)	191
Table 7-22: COMMISSION APPROVED - ADJUSTED TTSC FOR FY 2025-26 (RS. CRORE)	192
Table 7-23: COMMISSION APPROVED - ALLOCATION OF ADJUSTED TTSC FOR FY 2025-26	192
Table 7-24: ESTIMATED ENERGY REQUIREMENT AT STATE PERIPHERY OF INDIAN RAILWAYS FOR FY 2025-26 SUBMITTED BY THE PETITIONER (MUS)	193



Table 7-25: TOTAL ENERGY AT STATE PERIPHERY AS SUBMITTED BY THE PETITIONER (MUS).....	194
Table 7-26: INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMERS FOR FY 2025-26 PROPOSED BY THE PETITIONER	194
Table 7-27: COMMISSION APPROVED - ENERGY PROJECTIONS FOR FY 2025-26 (MUS)	195
Table 7-28: COMMISSION APPROVED - INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMER OTHER THAN DISTRIBUTION LICENSEE AND INDIAN RAILWAYS FOR FY 2025-26 (Rs/kWH)	196
Table 7-29: COMMISSION APPROVED - INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMER OTHER THAN DISTRIBUTION LICENSEE AND INDIAN RAILWAYS FOR FY 2025-26 (RS/KWH).....	197
Table 8-1: STATUS OF COMPLIANCE/PETITIONER'S REPLY TO COMMISSION'S DIRECTIVES	198



BEFORE

UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Petition No.: 2166 of 2024

In the matter of:

Determination of Annual Revenue Requirement (ARR) & Intra State Transmission Tariff for FY 2025-26, Annual Performance Review (APR) for FY 2024-25 and True-up for FY 2023-24 (Petition No. 2166 of 2024) of Uttar Pradesh Power Transmission Corporation Limited, Lucknow (UPPTCL).

And

In the matter of:

Uttar Pradesh Power Transmission Corporation Limited, Lucknow (UPPTCL) as Transmission Licensee and in the capacity of State Transmission Utility (STU)

..... **Petitioner**

Order

The Commission, having deliberated upon the above Petition and the subsequent filings by the Petitioner, admitted the Petition on July 25, 2025. Further, having considered the views/comments/suggestions/objections/representations received from the stakeholders during the course of the above proceedings, including the Public Hearing held on August 20, 2025, the Commission hereby passes this Order in exercise of the powers vested to it under Sections 61, 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as 'the Act').

The STU, in accordance with Regulation 3.10 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Transmission) Regulations, 2025 shall publish the Intra State Transmission Tariff within three working days from the approval of the Commission in at least two English and two Hindi daily newspapers having wide circulation in the state of Uttar Pradesh. Further, STU/UPPTCL shall upload the approved Tariff on its internet website both in English and Hindi.

The Tariff so published shall be in force after seven days from the date of such publication of the Tariffs and unless amended or revised, shall continue to be in force till the next tariff order becomes effective. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

1 INTRODUCTION AND HISTORICAL BACKGROUND

1.1 INTRODUCTION

- 1.1.1 This Order relates to Petition No. 2166 of 2024, filed by Uttar Pradesh Power Transmission Corporation Limited (hereinafter referred to as 'UPPTCL' or the 'Petitioner') for approval of True Up of FY 2023-24, Annual Performance Review of FY 2024-25 and Annual Revenue Requirement & Intra-State Transmission Tariff for FY 2025-26 (in the capacity of State Transmission Utility).

1.2 HISTORICAL BACKGROUND

- 1.2.1 Uttar Pradesh Electricity Regulatory Commission: The Uttar Pradesh Electricity Regulatory Commission (hereinafter referred to as the 'UPERC' or 'the Commission') was constituted under Section 17 of the Electricity Regulatory Commission's Act, 1998 and came into being on September 10, 1998, vide Government of Uttar Pradesh (GoUP) Notification No. 2813-P-1/98-24. It was later deemed to have been appointed under Section 3 of the Uttar Pradesh Electricity Reforms Act, 1999 and continues to be the State Commission under the first proviso of Section 82 of Electricity Act, 2003 (hereinafter referred to as 'the Act' or 'EA, 2003').
- 1.2.2 Historical Background of Reforms and UPPTCL: In pursuance of the reforms and restructuring process, the erstwhile Uttar Pradesh State Electricity Board (UPSEB) was unbundled into the following three separate entities through the Reforms Transfer Scheme 2000, dated January 14, 2000:
- Uttar Pradesh Power Corporation Limited (UPPCL): vested with the function of Transmission and Distribution within the State;
 - Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL): vested with the function of Thermal Generation within the State;
 - Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL): vested with the function of Hydro Generation within the State.
- 1.2.3 Subsequently, the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), a Transmission Company (Transco), came into existence in compliance with GoUP letter No. 293 dated May 16, 2006. UPPTCL started functioning with effect from July 26, 2006, and was entrusted with the business of transmission of electrical energy

to various Utilities within the State of Uttar Pradesh, which was earlier vested with UPPCL. Further, the Government of Uttar Pradesh (GoUP), in the exercise of powers vested under Section 30 of the Electricity Act, 2003, vide notification No. 122/U.N.N.P/24-07 dated July 18, 2007, notified UPPTCL as the “State Transmission Utility” (STU) of Uttar Pradesh. Subsequently, on December 23, 2010, the GoUP notified the Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets, Liabilities and Related Proceedings) Scheme, 2010, which provided for the transfer of assets and liabilities from UPPCL to UPPTCL with effect from April 01, 2007.

1.3 GRANT OF LICENSE TO TBCB / PROJECT DEVELOPERS

1.3.1 Section 63 of the Electricity Act, 2003 provides for the Determination of tariff by bidding process and states that the Appropriate Commission shall adopt the tariff if such tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government. Further, Regulation 6.1 of Uttar Pradesh Electricity Regulatory Commission (Modalities of Tariff Determination) Regulations, 2023 provides that all new greenfield intra-state transmission projects of 220 kV & above voltage level, being part of the STU Transmission Plan, shall be implemented through Tariff Based Competitive Bidding (TBCB) in accordance with the guidelines issued under Section 63 of the Act and any deviation from the guidelines should have prior approval of the Commission. The tariff of such intra-state transmission projects shall be discovered under Section 63 of the Act.

1.3.2 **Transmission Licenses Awarded Under TBCB:** The following companies have been granted Transmission Licenses under TBCB:

TABLE 1-1: TRANSMISSION LICENSEE ENTITIES UNDER TBCB

S. No.	Transmission Licensee Entities under TBCB	Date of grant of Transmission License by the Commission
1	Western UP Power Transmission Company Ltd. (WUPPTCL)	June 20, 2012
2	South East UP Power Transmission Company Ltd. (SEUPPTCL)	April 29 2013
3	Ghatampur Transmission Ltd. (GTL)	October 25, 2018
4	Obra ‘C’ Badaun Transmission Ltd. (OCBTL)	July 5, 2019

S. No.	Transmission Licensee Entities under TBCB	Date of grant of Transmission License by the Commission
5	POWERGRID Jawaharpur Firozabad Transmission Ltd. (PGJFTL)	July 5, 2019
6	POWERGRID Meerut Simbhavali Transmission Ltd. (PGMSTL)	September 18, 2020
7	POWERGRID Rampur Sambhal Transmission Ltd. (PGRSTL)	September 18, 2020
8	POWERGRID Gomti Yamuna Transmission Ltd. (PGGYTL) [formerly Mohanlalganj Transmission Ltd. (MTL)]	December 22, 2022
9	TP Jalpura Khurja Power Transmission Ltd. (TPJKPTL)	November 11, 2024
10	Meerut Shamali Power Transmission Ltd. (MSPTL)	February 02, 2025
11	Jewar Transmission Ltd. (JTL)	February 02, 2025
12	Tirwa Transmission Ltd. (TTL)	February 02, 2025

1.3.3 Network Details of the Transmission Licensees in the State of Uttar Pradesh upto October 31, 2024, as submitted by UPPTCL are as shown below:

TABLE 1-2: NETWORK DETAILS OF THE TRANSMISSION LICENSEES UPTO OCTOBER 31, 2024

Voltage Level (kV)	Project	132 KV	220 KV	400 KV	765 KV	Total
No. of Substations (Nos.)	UPPTCL	480	170	29	2	681
	SEUPPTCL	0	1	1	1	3
	WUPPTCL	0	0	5	2	7
	GTL	0	0	0	0	0
	PGJFTL	0	0	1	0	1
	OCBTL	0	0	1	0	1
	PGRSTL	0	0	1	1	2
	PGMSTL	0	0	1	1	2
	PGGYTL	0	0	1	0	1
	MSPTL	0	0	0	0	0
	TTL	0	0	0	0	0
	JKPTL	0	0	0	0	0
	JTL	0	0	0	0	0
	Total	480	171	40	7	698
Transformation Capacity (MVA)	UPPTCL	69,532	64,920	28,625	6,000	1,69,077
	SEUPPTCL	0	200	1,260	2,000	3,460
	WUPPTCL	0	560	5,860	6,000	12,420
	GTL	0	0	0	0	0
	PGJFTL	0	320	1,000	0	1,320
	OCBTL	0	320	630	0	950
	PGRSTL	0	320	2,000	3,000	5,320
	PGMSTL	0	400	2,000	3,000	5,400
	PGGYTL	0	400	1,000	0	1,400
	MSPTL	0	0	0	0	0
	TTL	0	0	0	0	0
	JKPTL	0	0	0	0	0
	JTL	0	0	0	0	0
	Total	69,532	64,920	28,625	6,000	1,69,077

Voltage Level (kV)	Project	132 KV	220 KV	400 KV	765 KV	Total
	Total	69,532	67,440	42,375	20,000	1,99,347
Transmission Lines (Ckt. Km)	UPPTCL	29,346.99	16,845.54	7,388.22	1,511.18	55,091.92
	SEUPPTCL	0	0	503.10	377	880.10
	WUPPTCL	0	0	506	650	1,156
	GTL	0	0	98	1,028	1,126
	PGJFTL	105.35	21.68	166.82	22.80	316.65
	OCBTL	41	38	502	18	599
	PGRSTL	0	0	148.78	0	148.78
	PGMSTL	0	0	199.64	61	260.64
	PGGYTL	0	0	120	347.32	467.32
	MSPTL	0	0	0	0	0
	TTL	0	0	23.38	0	23.38
	JKPTL	0	0	0	0	0
	JTL	0	0	0	0	0
	Total	29,493.34	16,905.22	9,655.95	4,015.30	60,069.80
TBCB (Total)	No of S/s	0	1	11	5	17
	MVA	0	2,520	13,750	14,000	30,270
	Ckt. Km	146.35	59.68	2,267.73	2,504.12	4,977.88

1.3.4 Further, as on March/April 2025, the Transmission Capacity of UPPTCL at Distribution level stands at 73,213 MVA, as shown in the Table below:

TABLE 1-3: UPPTCL TRANSMISSION CAPACITY AT DISTRIBUTION LEVEL AS ON MARCH/APRIL 2025 (MVA)

DISCOMS	Transmission Capacity
DVVNL	14,951
MVVNL	15,441
PVVNL	22,120
PuVVNL	17,491
KESCO	1,910
NPCL	1,300

1.4 LOAD LEVELS OF UPPTCL

1.4.1 The load centre power demands, daily, monthly & yearly load levels and associated load power factors are crucial factors that influence the planning of the bulk Transmission system. UPPTCL loads are scattered throughout the State with large demands in Varanasi, Prayagraj, Lucknow, Kanpur, Agra, Meerut, Noida, and Ghaziabad areas. The annual peak load occurs either in summer months or in rainy season. The following Table depicts peak demand for various years from 2007-08 uptill now.

TABLE 1-4: YEARLY SYSTEM PEAK (UDM) OF UPPTCL IN MW

Month	System Peak (MW)	Percentage of Increase Over the Previous Year
2007-08	10,104	-
2008-09	10,587	5%
2009-10	10,856	2%
2010-11	11,082	2%
2011-12	12,123	9%
2012-13	14,300	15%
2013-14	15,044	5%
2014-15	15,670	4%
2015-16	16,988	8%
2016-17	17,886	5%
2017-18	20,274	12%
2018-19	21,128	4%
2019-20	22,599	7%
2020-21	23,917	6%
2021-22	25,117	5%
2022-23	27,369	8%
2023-24	29,043	6%
2024-25	30,764	6%
2025-26 (upto August, 2025)	32,002	4%

1.4.2 The overall installed generating capacity in the State of Uttar Pradesh as of April 30, 2025, is 33,947.36 MW as mentioned in the Table below:

TABLE 1-5: INSTALLED GENERATING CAPACITY AS ON APRIL 30, 2025 (MW)

Ownership/ Sector	Mode wise breakup of Installed Capacity			Grand Total
	Thermal	Nuclear	Renewable (including Hydro)	
State Share	8,455	-	774.70	9,229.70
Private Share	8,814.33	-	6,490.41	15,304.74
Central Share	6,994.95	370.45	2,047.52	9,412.92
Sub-Total	24,264.28	370.45	9,312.63	33,947.36

1.4.3 UPNEDA, vide its letter No. 1785/NEDA-SE-GEC/88/2016 dated July 15, 2022, has informed that instead of the earlier plan for a 4000 MW distributed solar park a revised plan has been formulated for the Bundelkhand region. As per the revised plan, bulk solar parks with an aggregate capacity of 2,600 MW and distributed solar generating plants of 1,400 MW are proposed to be developed. Accordingly, the

Transmission Works Committee of UPPTCL has approved transmission network works amounting to Rs. 4,971.33 crore under the Green Energy Corridor-II (GEC-II) scheme, for evacuation of 4,000 MW of solar power, in the first quarter of FY 2023-24.

1.4.4 Further, the Commission vide its Order dated August 29, 2023, in Petition No. 2000/2023 had approved a capital expenditure of Rs. 5,375.85 crore towards the transmission system under the Green Energy Corridor-II scheme.

1.4.5 Additionally, UPNEDA, vide letter dated July 15, 2022, has informed that construction of Bulk solar parks of 3200 MW (2600 MW Connectivity planned through InSTS and 600 MW Connectivity planned through ISTS by BSUL in Jalaun), in-principle approved by MNRE, and distributed solar generating plants of 1400 MW to be established in Bundelkhand region. The details of the planned connectivity of 4,000 MW through the InSTS are provided below:

TABLE 1-6: SOLAR PROJECTS PLANNED

Plant Capacity (MW)	Developer	District/Region
1,200	TUSCO (JV of THDC & UPNEDA)	Jhansi & Lalitpur
600	BSUL (JV of NHPC & UPNEDA)	Jalaun
800	TUSCO (JV of THDC & UPNEDA)	Chitrakoot
1,400	Distributed Solar Generating plants	Bundelkhand Region

1.5 TRANSMISSION TARIFF REGULATIONS

1.5.1 The Uttar Pradesh Electricity Regulatory Commission (Multi-Year Transmission Tariff) Regulations, 2014 were notified on May 12, 2014, and were applicable for the period from April 01, 2015, to March 31, 2020. As per these regulations, the Commission divided the period of five years (i.e., April 01, 2015 to March 31, 2020) into two periods, namely:

- Transition period (April 01, 2015, to March 31, 2017)
- Control period (April 01, 2017, to March 31, 2020)

1.5.2 Thereafter, the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 (hereinafter referred to as “MYT Regulations, 2019”), was notified on September 23, 2019, which remained applicable for the determination of Tariff from April 01, 2020, onwards up to FY

2024-25 (i.e., till March 31, 2025).

- 1.5.3 Subsequently, the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Transmission) Regulations, 2025 (hereinafter referred to as “MYT Transmission Regulations, 2025”), was notified on June 06, 2025, which are applicable for the determination of Intra State Transmission Tariff from April 01, 2025, onwards up to FY 2029-30 (i.e., till March 31, 2030), unless extended by the Commission
- 1.5.4 The Petitioner has filed the details of True Up of FY 2023-24 and APR of FY 2024-25 under MYT Regulations, 2019 along with ARR & Intra-State Transmission Tariff under MYT Transmission Regulations, 2025, in the instant Petition (Petition No. 2166 of 2024).

2 FILING OF PETITIONS

2.1 DETAILS OF BUSINESS PLAN ORDERS / MYT ORDERS / PREVIOUS YEARS' ARR AND TARIFF ORDERS/ STU TRANSMISSION PLAN ORDERS

- 2.1.1 The Commission, vide its Order dated October 15, 2020, had approved the Business Plan of the UPPTCL (hereinafter referred as the 'Licensee' or the 'Petitioner') for MYT Control Period from FY 2020-21 to FY 2024-25.
- 2.1.2 Further, during the MYT Control Period from FY 2020-21 to FY 2024-25, the Commission has annually approved the following True-Up, APR and ARR & Transmission Tariff Orders of the Petitioner, till now, under MYT Regulations 2019 as shown in the Table below:

TABLE 2-1: LIST OF TARIFF ORDERS ISSUED DURING THE MYT CONTROL PERIOD FOR THE PETITIONER

Details of Order	Date of Issuance
True-Up for FY 2017-18 and FY 2018-19, APR for FY 2019-20, ARR and Transmission Tariff for FY 2020-21	November 10, 2020
True-up for FY 2019-20, APR for FY 2020-21 and determination of ARR and Tariff for FY 2021-22	June 29, 2021
True-up for FY 2020-21, APR for FY 2021-22 and determination of ARR and Tariff for FY 2022-23	July 20, 2022
True-up for FY 2021-22, APR for FY 2022-23 and determination of ARR and Tariff for FY 2023-24	May 24, 2023
True-up for FY 2022-23, APR for FY 2023-24 and determination of ARR and Tariff for FY 2024-25	October 10, 2024

- 2.1.3 As per Regulation 11(4) of the MYT Transmission Regulation, 2025, the Capital cost to be allowed by the Commission for the purpose of determination of Tariff will be based on the Transmission Plan prepared by the Transmission Licensee under Modalities of Tariff Determination Regulation, 2023 and Capital Investment Project approved by the Commission.

2.2 TRUE-UP FOR FY 2023-24, APR FOR FY 2024-25 and ARR FOR FY 2025-26:

- 2.2.1 As per the provisions of MYT Regulations, 2019, the Transmission Licensee(s) are required to file their ARR / Tariff Petitions before the Commission latest by November 30th of each financial year.
- 2.2.2 The True-Up Petition for FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-26

was filed by the Petitioner under Section 64 of Electricity Act, 2003 on November 30, 2025 (Petition No. 2166 of 2024).

2.2.3 As the validity period of the MYT Regulations, 2019 concluded on March 31, 2025, the Commission, in exercise of its powers under Section 181 read with Sections 36, 39, 40, 41, 61, 62, 64, 65, and 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, notified the UPERC (Multi Year Tariff for Transmission) Regulations, 2025.

2.2.4 Pursuant to the issuance of the MYT Transmission Regulations 2025, the Commission vide letter no. UPERC/D(T&S)/JD(T)/156-386 dated June 23, 2025, directed UPPTCL/STU to submit its revised submission for ARR and Intra-State Transmission Tariff for FY 2025-26 as per MYT Transmission Regulations 2025.

2.2.5 Accordingly, the Petitioner submitted a revised filing dated July 21, 2025, before the Commission for the determination of ARR and Intra-State Transmission Tariff for FY 2025-26, in accordance with MYT for Transmission Regulation, 2025.

2.3 PRELIMINARY SCRUTINY OF THE PETITION

2.3.1 A preliminary analysis was conducted of the Petition, wherein various deficiencies were observed in the Petition and the deficiencies were communicated to the Petitioner vide 1st deficiency dated January 20, 2025, 2nd deficiency dated April 16, 2025, 3rd deficiency (TVS MOM) dated July 23, 2025, 4th deficiency dated August 05, 2025 and 5th deficiency dated August 14, 2025, respectively.

2.3.2 The Petitioner has submitted its response to the deficiencies in respect to True-Up Petition for FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-26. TVS was conducted on July 23, 2025, which was attended by senior officials of the Petitioner and during the TVS, the Petitioner clarified the various issues raised in the deficiencies. Minutes of Meeting (MOM) dated July 23, 2025, of the TVS meeting along with 3rd deficiency was also communicated to the Petitioner.

2.3.3 The Petitioner has submitted its response to the 1st, 2nd, 3rd deficiencies (raised through TVS MoM), 4th deficiency and 5th deficiency vide letters dated February 04, 2025, May 20, 2025, August 08, 2025, August 12, 2025 and August 19, 2025

respectively.

- 2.3.4 The Commission has scrutinized the Petition along with additional data/ information and supporting documents, as submitted by the Petitioner, in response to the deficiencies identified and considered the same while passing this Order.

2.4 ADMITTANCE OF THE PETITION

- 2.4.1 The Commission admitted the Petition vide its Order dated July 25, 2025, (Annexed as: **Annexure-I**). The Commission, in accordance with Regulation 5.8 of MYT Regulations, 2019, and Clause (8) of Regulation 3 of UPERC (MYT for Transmission) Regulations, 2025 directed the Petitioner to publish a Public Notice within three working days of issue of the Admittance Order in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in its license area, outlining the ARR, proposed Intra State Transmission Tariff, APR, True Up etc., and invite suggestions and objections within 21 days from the date of publication of the Public Notice(s) from the Stakeholders and public at large.
- 2.4.2 The Petitioner was also directed to upload on its website the True up Petition, the APR Petition and updated ARR and Intra-State Transmission Tariff along with formats filed before the Commission along with all regulatory filings, information, particulars, and related documents in their original version (not in zipped or compress folder), which should be signed digitally and in searchable pdf formats along with all Excel files and as per any other provision of the Regulations and Order of the Commission. The Petitioner was also directed to ensure that these files are broken into such sizes so that they can be easily downloaded and for downloading the same, there should be no requirement of providing personal information. The Petitioner was also directed to not provide or put up any such information, particulars, or documents, which are confidential in nature, without the prior approval of the Commission.

2.5 PUBLICITY OF THE PETITION

- 2.5.1 The Petition is uploaded on UPPTCL's official website (<https://upptcl.org/upptcl/en/article/arr-Tariff-Order>). In addition to the above, the Public Notice was issued by the Petitioner in various newspapers as given in the table below and a period of

twenty-one days (21) days was given to the general public and all the stakeholders for submitting their comments/suggestions.

TABLE 2-2: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE BY PETITIONER

Newspaper	Date of Publication
Amar Ujala (Hindi) All editions of U.P.	July 29, 2025
Times of India (English) (of Lucknow & Delhi)	July 29, 2025
Hindustan (Hindi) All editions of U.P.	July 29, 2025
Hindustan Times (English) (of Delhi)	July 29, 2025

3 PUBLIC HEARING PROCESS

3.1 PUBLIC HEARING

- 3.1.1 The Commission, in order to achieve the twin objectives of observing transparency in its proceedings and to protect the interests of consumers, has always attached importance to the views / comments / suggestions / objections / representations of the stakeholders / public on the True up and ARR / Tariff determination process. The process gains significant importance in a “cost plus regime,” wherein the entire cost allowed to the Petitioner gets transferred to the consumer.
- 3.1.2 The Commission, in order to have participation and views / comments / suggestions / objections from the public at large and all stakeholders, had uploaded the Notice dated August 05, 2025 for Public hearing on its website (www.uperc.org) and the same was also published in the following daily newspapers:

TABLE 3-1: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE FOR PUBLIC HEARING BY THE COMMISSION

Newspaper	Date of Publication
Amar Ujala (Hindi) UP Edition	August 05, 2025
The Times of India (English) Lucknow Edition	August 05, 2025
Dainik Jagran (Hindi) UP Edition	August 05, 2025
Hindustan Times (English) Delhi Edition	August 05, 2025

- 3.1.3 The Commission held the “Public Hearing” for the Petitioner on August 20, 2025 after informing all the Stakeholders and the public at large through advertisements in newspapers dated August 05, 2025, and on the Commission website (**Annexed as: Annexure-II**). In the Public Hearing, various stakeholders and the public were provided a platform where they were able to share their views / comments / suggestions / objections / representations on the proceedings on True up of FY 2023-24, APR for FY 2024-25, ARR for FY 2025-26 and Intra State Transmission Tariff for FY 2025-26.

3.2 VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON TRUE-UP OF FY 2023-24, APR FOR FY 2024-25 AND ARR / TARIFF FILINGS FOR FY 2025-26

- 3.2.1 The Commission considers the submissions made during the public hearing and

written comments/ suggestions offered by various stakeholders and the public at large on the Petition filed by UPPTCL on True up of FY 2023-24, APR for FY 2024-25 and ARR & Intra-State Transmission Charges for FY 2025-26 and also the response of the Petitioner thereon. The comments/ suggestions of various Stakeholders, the replies/responses by the Petitioner and the views of the Commission thereon are summarized below:

3.3 OPERATION AND MAINTENANCE EXPENSES

Comments/Suggestions of the Stakeholders

3.3.1 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that as per the True-Up Petition for FY 2023-24, the Petitioner has claimed an Aggregate Revenue Requirement (ARR) of Rs. 4,523.96 Crore. However, the audited accounts reflect a net expenditure of Rs. 3,702 Crore. This indicates a potential reduction of nearly Rs. 820 Crore in the claimed expenditure. It was further submitted that such a difference primarily arises on account of inflated O&M expenses and interest costs being claimed by the Petitioner. As per the provisions of the UPERC MYT Regulations, 2019, the Commission is required to approve the lower of the normative or audited figures. Therefore, he requested that the Commission to undertake a detailed prudence check of the O&M expenses and ensure that the allowance does not exceed the audited levels.

Petitioner's Response

3.3.2 The Petitioner submitted that it has claimed a True-Up ARR of Rs. 4,523.96 Crore for FY 2023-24 strictly in line with the provisions of the UPERC MYT Regulations, 2019. It was further submitted that at the time of ARR filing for FY 2023-24, the projected ARR was Rs. 4,594.97 Crore, whereas the claim in the True-Up Petition is marginally lower at Rs. 4,523.96 Crore. Against this projection, the Commission, while approving the ARR for FY 2023-24, had allowed Rs. 3,606.58 Crore only.

3.3.3 With respect to O&M expenses, the Petitioner clarified that the same have been claimed strictly as per the normative methodology prescribed under the MYT Regulations, 2019. By design, normative O&M expenses may be higher than the

audited actual expenditure in a given year, since the Regulations do not provide for approval of actuals but rather on a normative basis. The Petitioner also submitted that in the past, the Commission has made significant disallowances of O&M expenses during True-Up proceedings, thereby reducing the O&M expenses of the base year, which in turn lowers the normative O&M for subsequent years. Further, the Commission has disallowed 25% of the actual capital expenditure incurred during FY 2017-18 to FY 2019-20, which has consequently reduced the Gross Fixed Assets (GFA), depreciation, and loan and equity balances in subsequent years.

- 3.3.4 The Petitioner submitted that such disallowances were made vide tariff orders dated 10th November 10, 2020, June 29, 2021, July 20, 2022, May 24, 2023, and October 10, 2024, which have been challenged by the Petitioner before the Hon'ble APTEL.

Commission's View

The Commission has considered the comments of the Stakeholder and the response of the Petitioner. It is to mention that against the Petitioner's revised claim of Rs. 4,501.27 crore in True-Up Petition, the Commission has disallowed around Rs. 847 crore and allowed only Rs. 3,654.12 crore in True-Up to Petitioner. Therefore, the Commission has carried out the prudence check of the claims of the Petitioner in line with MYT Regulation 2019 and the issue has been dealt appropriately in the True Up Chapter of this Order.

3.4 NON-TARIFF INCOME

Comments/Suggestions of the Stakeholders

- 3.4.1 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that as per the True-Up Petition for FY 2023-24, the Petitioner has claimed a Non-Tariff Income of Rs. 287.82 Crore, whereas the audited accounts reflect a higher value of Rs. 538.66 Crore. He submitted that the Non-Tariff Income claimed by the Petitioner is therefore incorrect and requested that the Commission shall consider the audited figure of Rs. 538.66 Crore.

Petitioner's Response

- 3.4.2 The Petitioner has submitted that the Non-Tariff Income as per the audited accounts

for FY 2023-24 is Rs. 538.66 Crore, which includes income from consumer contributions amounting to Rs. 250.84 Crore recognized under “Other Income.” The Petitioner submitted that this amount of Rs. 250.84 Crore has already been reduced from the gross allowable depreciation while computing the ARR. Accordingly, the net Non-Tariff Income considered for True-Up for FY 2023-24 is Rs. 287.82 Crore (i.e., Rs. 538.66 Crore – Rs. 250.84 Crore), which has been claimed in the Petition.

Commission’s View

- 3.4.3 The Commission has considered the comments of the Stakeholder and the response of the Petitioner. It is pertinent to mention that the Non-Tariff Income (NTI) of Rs. 287.82 Crore is correctly considered by the Petitioner as Rs. 250.84 Crore is on account of amortization of consumer contribution received by the Petitioner. Accordingly, the Commission has reduced the depreciation by the same amount as well as reduced it from NTI. Further, the Commission has carried out the prudence check of the claims of the Petitioner in line with MYT Regulation 2019 and the issue has been dealt appropriately in the True Up Chapter of this Order.

Comments/Suggestions of the Stakeholders

- 3.4.4 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that as per the audited accounts, a surplus of Rs. 680 Crore has been generated, whereas the Petitioner has claimed Return on Equity (RoE) of Rs. 233 Crore. Even after allowing the claimed RoE, there would remain a surplus of Rs. 447 Crore. He submitted that the intent of the Regulations cannot be to permit recovery of expenditure higher than that reflected in the audited accounts, as this would result in the Petitioner recovering more than the actual expenditure even without factoring RoE. Therefore, he submitted that the Commission needs to carefully examine the expenditure claimed in the True-Up Petition. He requested that the Commission to allow expenditure strictly as per the audited accounts along with the claimed RoE. Accordingly, instead of the claim of Rs. 4,462 Crore, it was suggested that only Rs. 3,154.94 Crore towards expenditure and Rs. 233 Crore towards RoE be allowed.

Petitioner's Response

3.4.5 The Petitioner submitted that the expenditure claimed in the True-Up Petition for FY 2023-24 has been computed strictly in accordance with the methodology and norms specified under the MYT Regulations, 2019. Further the True-Up process, as envisaged under the Regulations, is guided by normative parameters and regulatory prudence, and is not confined to the figures reflected in the audited accounts. The Petitioner has clarified that where norms are prescribed, the expenditure is to be allowed on a normative basis, which in certain cases may result in amounts higher than the actual expenditure reported in the audited accounts.

Commission's View

3.4.6 The Commission has considered the comments of the Stakeholder and the response of the Petitioner. In this regard, the Commission, after carrying out prudence check, has allowed an expenditure of Rs. 3,654.12 Crore against the Petitioner's claim of Rs. 4,462.92 Crore. The stakeholder has indicated the profit of Rs. 680 Crore as per balance sheet however, the Commission in line with MYT Regulation 2019 has allowed the expenses considering the norms and the issue has been dealt appropriately in the True Up Chapter of this Order.

3.5 COMMENTS ON AGGREGATE REVENUE REQUIREMENT FOR FY 2025-26

R&M Expenses

Comments/Suggestions of the Stakeholders

- 3.5.1 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that as per the MYT Regulations, 2025, R&M expenses are required to be determined on the basis of the GFA approved by the Commission. He submitted that UPPTCL has erred in considering the claimed GFA value instead of the approved GFA value, and therefore, the GFA considered for determining R&M expenses needs to be reduced.
- 3.5.2 He further submitted that for FY 2024-25, no deletion in GFA has been accounted by the Petitioner. Since the audited balance sheet for FY 2024-25 is available, the deletion of GFA should be taken from the audited accounts. He contended that reliance on APR values would be inappropriate, as it would artificially inflate the GFA

and thereby result in higher R&M expenses.

Petitioner's Response

3.5.3 The Petitioner has submitted that the MYT Regulations, 2025, provides that R&M expense is to be computed as a percentage of the Gross Fixed Assets (GFA). Accordingly, the Petitioner has computed R&M expenses using the normative percentage prescribed under the Regulations, based on the actual gross GFA. Regarding the observation on considering no deletion in the Gross Fixed Assets (GFA) for FY 2024-25, the Petitioner submitted that the same will be considered at the time of truing-up, based on the audited figures for the year.

Commission's View

3.5.4 The Commission has considered the submissions of the stakeholder and the response of the Petitioner. The Petitioner has claimed the GFA as per its own computation however, the Commission has considered the opening GFA of FY 2025-26 as the closing GFA of FY 2024-25 as approved by the Commission in this Order. Accordingly, the R&M expenses are allowed as per the GFA determined by the Commission instead of the Petitioner's claim. Further, in line with the MYT Regulations, 2025, R&M expenses are to be computed as a percentage of the GFA approved by the Commission, the details of which are provided in the ARR Chapter of this Order.

3.5.5 In regard to any decapitalization of assets for FY 2024-25, the same has been considered as per audited accounts. Accordingly, this issue is dealt with appropriately in ARR Chapter of this Order.

Employee Expense Capitalized

Comments/Suggestions of the Stakeholders

3.5.6 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that the Petitioner in the ARR Petition filed on Nov 29, 2024, the Petitioner had claimed capitalization of employee expenses amounting to Rs. 339.41 Crore. However, in the revised submission, this capitalization has been reduced to Rs. 219.28 Crore. He submitted that there is no justification for such reduction in employee expense capitalization. He requested that amounts

unaffected by the framing of the MYT Regulations, 2025-26, may be retained at the same level. He further submitted that the actual employee capitalization will be available at the time of Truing-up, and therefore UPPTCL would not be adversely impacted. However, reducing the capitalization of employee expenses without adequate justification indicates that the licensee is showing lower capitalization of employee expenses only to inflate the ARR, which would consequently result in higher transmission tariff.

Petitioner's Response

- 3.5.7 The Petitioner has submitted in line with the practice adopted in past Tariff Orders, the employee expense capitalization for the ensuing year is determined by applying the same capitalization rate as observed in the audited accounts of the relevant True-Up year.
- 3.5.8 Accordingly, in the ARR petition for FY 2025-26 filed on Nov 29, 2024, the employee expenses were computed as per the norms of the MYT Regulations, 2019, at Rs. 1,265.86 Crore. Applying the capitalization rate of 26.81% (as per audited figures of FY 2023-24), the employee expense capitalization was claimed at Rs. 339.41 Crore. However, in the revised ARR Petition for FY 2025-26 filed under the MYT Regulations, 2025, the methodology for computation of employee expenses underwent a change. Consequently, the employee expenses were computed at Rs. 817.83 Crore, and applying the same capitalization rate of 26.81%, the capitalization of employee expenses has been claimed at Rs. 219.28 Crore.

Commission's View

- 3.5.9 The Commission has considered the comments of the Stakeholder and the response of the Petitioner. The Commission after prudence check has observed that the Employee Expenses capitalized (as projected by the Petitioner for FY 2025-26) has been provisionally considered at 26.81% of the employee expenses, which is at same percentage as per audited accounts of FY 2024-25. Considering the same percentage of previous year, the Commission has allowed the same and has been dealt appropriately in the ARR Chapter of this Order.

Return on Equity

Comments/Suggestions of the Stakeholders

- 3.5.10 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that the Petitioner has historically claimed Return on Equity (RoE) at 2%, including in the Tariff Petition filed in November 2024. He submitted that there is no change in the RoE provisions under the MYT Regulations, 2025, yet the Petitioner has sought a higher RoE without furnishing reasons. He contended that a mere reference to a regulatory RoE of 14.5% cannot justify a departure from the previously claimed 2% in the absence of a cogent explanation and requested that the RoE be limited accordingly.
- 3.5.11 Sh. Avadhesh Kumar Verma, Chairman, UPRVUP, also submitted that in the ARR for FY 2025-26, the Petitioner has claimed RoE at 14.5%, whereas in past Petitions, only 2% RoE had been claimed.

Petitioner's Response

- 3.5.12 The Petitioner has submitted that, upon reassessing its financial requirements and long-term sustainability considerations, it has claimed RoE at 14.5% in the revised petition for FY 2025-26, as permitted under the MYT Regulations, 2025. The earlier claim of 2% RoE in the petition filed in November 2024 does not preclude UPPTCL from seeking RoE at the normative rate prescribed in the applicable Regulations, particularly when the revised petition has been filed pursuant to the directions of the Commission. The Petitioner emphasized that the revised claim strictly adheres to the regulatory framework and does not involve any deviation from the provisions governing tariff determination. Accordingly, the RoE sought in the revised petition is fully justified and in line with the Regulations.

Commission's View

- 3.5.13 The Commission has considered the submissions of the stakeholder and the response of the Petitioner. The Commission notes that the RoE has been claimed at 14.5% in the revised petition in line with the provisions of the MYT Transmission Regulations, 2025. Therefore, the Petitioner is entitled for 14.5% of ROE in line with provisions of MYT Regulation 2025. However, the Commission will carry out

prudence check before allowing RoE at the time Truing up. The issue is dealt in detail in ARR Chapter of this order.

Additional claim of Annual Transmission Service Charges (ATSC) of TBCB projects under section 63

Comments/Suggestions of the Stakeholders

3.5.14 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that in the ARR Petition filed in November 2024, the Petitioner had claimed an ARR of Rs. 4,665.20 Cr. However, in the revised submission, the ARR has increased to Rs. 6,279 Cr. In addition, Annual Transmission Service Charges (ATSC) of Rs. 2,294.39 Cr. towards TBCB projects under Section 63 of the Act have also been claimed. Thus, the total claim stands at Rs. 8,573.50 Cr., reflecting an increase of about 84% over the earlier ARR. He further submitted that such a revision would translate into around 20% increase in transmission charges, and considering per unit basis, the increase in transmission charges may effectively double.

He pointed out that as per the ARR Petition, UPPTCL owns and operates 676 out of 693 substations in the State. Under the TBCB framework, there are only 17 substations. Similarly, out of the total transformation capacity of 1,94,929 MVA, UPPTCL accounts for 1,65,289 MVA, and out of 59,460 ckt. km of transmission lines, UPPTCL operates 54,839 ckt. km. Thus, for such a relatively small contribution of TBCB licensees, allowing such a high level of ARR towards them would not be reasonable.

Accordingly, he requested that, in order to ensure fairness, the transmission charges of TBCB licensees be passed on only in proportion to their share in transmission assets. The balance cost may instead be accounted for in the ARR of the distribution licensees so that the overall increase in transmission charges payable by consumers remains limited

Petitioner's Response

3.5.15 The Petitioner submitted that the ARR petition filed in November 2024 was prepared in accordance with the provisions of the MYT Regulations, 2019.

Subsequently, upon notification of the MYT Regulations, 2025 for the control period FY 2025-26 to FY 2029-30, the Commission directed the Petitioner to file a revised ARR petition for FY 2025-26 in line with the new Regulations.

Accordingly, the revised ARR submission was filed by incorporating the methodology prescribed under the 2025 Regulations, resulting in an ARR claim of Rs. 6,279 crores for FY 2025-26. The Annual Transmission Service Charges (ATSC) of TBCB projects awarded under Section 63 of the Act have also been included as per the provisions of the 2025 Regulations, wherein a pooled transmission charge framework has been adopted covering both UPPTCL and TBCB projects for computation of Intra-State Transmission charges.

Commission's View

The Commission has considered the objections / suggestions made by the stakeholders and the response of the Petitioner. The Commission has examined the Petition, various submissions of the Petitioner and comments of the Stakeholder. Historically, the intra-State transmission network in Uttar Pradesh has been developed by Uttar Pradesh Power Transmission Corporation Ltd. (UPPTCL), the successor entity of the erstwhile UPSEB/UPPCL. With the progressive addition of transmission assets under Section 63 of the Act into the InSTS, the need arose for a methodology to ensure that all Transmission System Users (TSUs) contribute equitably towards the use of the common network. As per the National Tariff Policy, the guiding principle of transmission pricing is that TSUs should share the total transmission cost in proportion to their actual utilization of the system. In a meshed network, power flows along the path of least resistance, and the flow in one element can impact flows in other elements, including those of another licensee, irrespective of contractual allocation. Accordingly, the transmission costs of all transmission licensees are required to be pooled and shared among all Distribution Licensees and other TSUs through the consolidated ARR and ATSC framework. Previously, the charges of TBCB licensees were being borne only by the five DISCOMs—PVVNL, DVVNL, PuVVNL, MVVNL, and KESCO. However, since such assets are functionally utilized by all entities, the MYT Regulations, 2025 provide for

allocation of these costs to all Distribution Licensees, including the Indian Railways, in line with the methodology adopted for computation of Base Transmission Capacity Rights (Base TCR). Accordingly, the issue is dealt in detail in Chapter 7 of this Order.

STU Transmission Charges

Comments/Suggestions of the Stakeholders

3.5.16 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that the Petitioner has claimed transmission charges of Rs. 0.5037 per unit, whereas in the Tariff Petition filed in November 2024, the transmission charges claimed were Rs. 0.2818 per unit. Such a steep increase, according to him, is not in compliance with the Regulations of the Commission. He pointed out that as per Regulation 29(4), the intra-State transmission tariff for Open Access Customers other than the Distribution Licensee(s) and Indian Railways, during any year of the Control Period, shall not increase by more than 15% of the applicable transmission tariff determined by the Commission for the preceding year. He further noted that the Commission had approved transmission tariff of Rs. 0.23 per unit in the previous year.

Petitioner's Response

3.5.17 The petitioner has submitted that the 15% capping provision under Regulation 29(4) of the MYT Regulations, 2025 is intended to apply from the second year of the Control Period (i.e., from FY 2026-27 onwards), once the benchmark transmission tariff is established under the revised methodology in the first year (FY 2025-26). It was emphasized that, for the first time, pooled transmission charges including TBCB (Tariff-Based Competitive Bidding) charges have been considered for computation of intra-State transmission charges. Accordingly, the revised tariff claim is fully consistent with the methodology prescribed under the MYT Regulations, 2025 and is in compliance with the regulatory framework.

Commission's View

3.5.18 The Commission has considered the objections / suggestions made by the stakeholders and the response of the Petitioner. It is pertinent to mention that in

order to avoid tariff shock to Open Access Customers other than Distribution Licensees and Indian Railways, the Commission in MYT Regulation, 2025 had provided that intra state transmission tariff of Open Access Customers other than Distribution Licensees and Indian Railways during a particular year of the Control Period shall not increase by more than 15% of the applicable Transmission tariff determined by the Commission for preceding year.

- 3.5.19 The Commission had opined that this will ensure regulatory certainty for the Stakeholders investing in the State and will provide transition time, thereby not filtering away the benefits of their investment. Accordingly, the capping of 15% is applied in line with MYT Regulations 2025 as detailed in Chapter 7 of this Order.

3.6 MISCELLANEOUS COMMENTS/ SUGGESTIONS

Comments/Suggestions of the Stakeholders

- 3.6.1 Sh. Nihar Varshney, Vice President, Rimjhim Ispat Limited (RIL), Bharuwa Sumerpur, District Hamirpur, submitted that the Commission is aware that any increase in transmission charges directly impacts the expenses of distribution companies, leading to higher tariffs. At a time when the economy is passing through a difficult phase, such an increase would be challenging not only for the distribution companies but also for open access consumers. He submitted that limiting the rise in expenditure by not allowing a tariff hike for FY 2025-26 would be essential to provide necessary support to industry.
- 3.6.2 He further submitted that with an increase in transmission charges, open access would become unviable. Consequently, the charges expected to be recovered from open access consumers would instead have to be borne by State DISCOMs, since power would then be purchased from them. Thus, State DISCOMs would not gain, while open access entities would be adversely affected.

As per the Tariff Order dated October 10, 2024 of State Discoms, approved by the Commission, the details of revenue expected to be realized, as submitted by the five State Discoms (Table 9-6), is as below:

Particular	Amount	Percentage
Fixed Charges	Rs 12.178.71 Crore	16 16%

Particular	Amount	Percentage
Energy Charges	Rs. 63,382.92 Crore	83.88%
Total Revenue from Sales	Rs. 75,561.62 Crore	100%

Similarly, based on the allocation table for wheeling and retail sales approved by the Commission (Table 10-2), the breakup is shown below:

Particular	Amount	Percentage
Wheeling	Rs. 12,178.71 Crore	12.65%
Transmission	Rs. 3,284 Crore	3.41%
Total	Rs. 15,462.71	16.06%
Retail	Rs. 80,517 Crore	83.67%
Total ARR	Rs. 96,225 Crore	100%

3.6.3 He submitted that, it can be clearly seen from the above, that the combined share of wheeling and transmission in the total ARR is broadly the same as the share of fixed charges in total revenue. In other words, under the prevailing tariff structure, wheeling and transmission charges are effectively aligned with fixed charges, while retail expenses are largely operational in nature and cannot be fixed. This seems appropriate since fixed charges are associated with the network required for the flow of electricity, i.e., transmission and wheeling.

3.6.4 He further submitted that transmission charges are already considered while determining the cross-subsidy surcharge. Accordingly, DISCOMs are not adversely affected, as transmission charges are recovered through fixed charges irrespective of whether consumers procure power from DISCOMs or through open access. However, open access consumers are adversely impacted, as transmission charges are effectively recovered twice, once through fixed charges and again through the cross-subsidy surcharge.

Petitioner's Response

3.6.5 The Petitioner submitted that the transmission charges claimed by it have been computed strictly in accordance with the MYT Regulations, 2025. Once the Regulations are notified by the Commission, the Petitioner is bound to comply with the methodology and provisions specified therein. It was further submitted that the said Regulations were framed and notified by the Commission after due consideration of the views and comments of all stakeholders, including Distribution

Licensees and Open Access consumers, through the public consultation process. Accordingly, the observations made by the stakeholder regarding the impact of transmission charges are matters of policy, which lie beyond the scope of the Petitioner.

Commission's View

3.6.6 The Commission has considered the objections / suggestions made by the stakeholders and the reply of the Petitioner. It is pertinent to mention that each component of ARR is considered in line with the MYT Regulations, 2025. The Commission has examined the Petition and various submissions of the Petitioner. The Commission has determined the intra state transmission charges in line with methodology as mentioned in Chapter 7, which is in line with provisions of MYT regulations 2025. Further, computation & methodology of determination of Cross Subsidy Surcharge will be appropriately dealt in the Tariff Order of FY 2025-26 of Distribution Licensees as the same is not part of this Order.

Comments/Suggestions of the Stakeholders

3.6.7 Sh. Avadhesh Kumar Verma, Chairman, UPRVUP, submitted that the transmission capacity of the Petitioner is not matching with connected load of Consumers in the State. He further mentioned that the total combined load of electricity consumer of the State is about 8,17,00,000 KW whereas transformation capacity of UPPTCL as on March'2025 at 132 kV was 69,532 MVA.

Petitioner's Response

3.6.8 The Petitioner has submitted that the transmission system is generally planned for the following:

- For evacuation of power from generating stations within the state,
- To handle the expected peak demand of Discoms and Long-Term Open Access consumers,
- System augmentation considering the operational constraints in the transmission system and to improve the overall performance in respect of reliability, resistance and safety/stability of the grid.

3.6.9 The Petitioner submitted that it plans the state transmission network as per the Central Electricity Authority's ("CEA") Transmission Planning Criteria which provides for creation of transmission infrastructure to sustain even during contingencies. Further, the transmission capacity is planned and developed as per the projected peak demand of discoms and not for the connected load. The Petitioner has met the peak demand of the state in the past years as mentioned below:

FY	Peak Demand Met (MW)
FY 2016-17	16,110
FY 2017-18	18,061
FY 2018-19	20,062
FY 2019-20	21,632
FY 2020-21	23,868
FY 2021-22	24,795
FY 2022-23	26,589
FY 2023-24	28,284
FY 2024-25	30,618
FY 2025-26 (projected)	33,374*

*Peak demand of 31,486 MW has been met on 11 June 2025.

3.6.10 As observed from the above table, the peak demand handled by the State has increased by about 90% during FY 2016-17 to FY 2024-25. Further, the Petitioner has planned to suitably augment its network capacity to meet the projected peak demand of 33,374 MW for FY 2025-26. Accordingly, in order to meet this rising demand, ensure evacuation of power from generating stations, facilitate drawal from ISTS, and to undertake augmentation works considering operational constraints and system contingencies, the Petitioner has proposed the capital expenditure plan for FY 2025-26.

3.6.11 With regard to the issue of system mismatch and connected load data, the Petitioner submitted that the transmission network is developed in line with the peak demand projections provided by the DISCOMs, considered by the Commission, and those indicated in the CEA's Electricity Plan (EPS). The DISCOMs project their peak demand based on existing connected load and anticipated load growth, duly factoring in diversity factor, load factor, supply hours, and other relevant considerations.

3.6.12 It is further submitted that the installed transformation capacity of the DISCOMs at

33 kV level stood at 62,123 MVA in FY 2024-25, while the Petitioner's transformation capacity at the corresponding voltage level was 69,556 MVA, supported by commensurate upstream source capacity at 220/132 kV level. This has enabled the Petitioner to meet the peak demand requirements of the State without any significant peak or energy deficit during the year.

- 3.6.13 The Petitioner further submitted that if its transformation capacity at 33 kV level were to be developed equivalent to the connected load at DISCOM level (i.e., about 81,700 MW), it would necessitate additional investments by both the DISCOMs and the Petitioner. Such investments would result in higher transmission and retail tariffs, while also leading to significant under-utilisation of transformation capacity at 132/33 kV level during most off-peak periods.

Commission's View

- 3.6.14 The Commission has considered the comments of the stakeholders and the Submission of the Petitioner. It is observed that transmission planning is not based on the total connected load in the State, but rather on the projected peak demand as per the planning criteria of CEA and the demand projections submitted by the DISCOMs. The Commission considers that the Petitioner has been able to meet the rising peak demand of the State over the past years, which has increased from 16,110 MW in FY 2016-17 to 30,618 MW in FY 2024-25, and further, peak demand of 31,486 MW has been successfully met in June 2025.

- 3.6.15 The Commission further notes that as per the CEA Manual on Transmission Planning Criteria, 2023 (Chapter 4), the transmission system is required to be developed to comply with the N-1 contingency principle, ensuring reliability, security and quality of supply. The Commission observes that the licenses have been following these criteria while developing the transmission network.

With respect to the submission that the transformation capacity at the 33 kV level is to be developed equivalent to the connected load at the DISCOM level (i.e., about 81,700 MW), it may be noted that the connected load is different from the actual load on account of the load diversity factor. Since the maximum demand of different consumers does not occur simultaneously, the system capacity requirement is not

equal to the sum of all individual maximum loads. If the same approach, as suggested by the Petitioner, is adopted, it would result in creation of redundant transformation capacity and avoidable asset expenditure, thereby imposing an additional burden on consumers through tariffs.

Comments/Suggestions of the Stakeholders

3.6.16 Sh. Avadhesh Kumar Verma, Chairman, UPRVUP, submitted that in the past UPPCL/UPPTCL has made lateral appointments at senior-level accounts positions, and the costs associated with such hiring should not be passed on to the consumers of the State.

Petitioner's Response

3.6.17 The Petitioner has submitted that the officers of UPPTCL and UPPCL belong to a common cadre, and accordingly, the recruitment process is undertaken by UPPCL. Hence, the issue raised does not fall within the purview of UPPTCL.

Commission's View

3.6.18 The Commission has considered the comments of the stakeholders and the Submission of the Petitioner. It is observed that the issue regarding recruitment is intrinsic to UPPTCL and UPPCL. The Commission is not required to entertain such issues unless it is required to be addressed under the purview of EA 2003 while determining the Tariff. However, UPPCL is advised to examine its internal mechanism so that the transparency and fairness of the recruitment process is not compromised. Moreover, the employee cost is being allowed after considering the normative values. Hence the issue is accordingly addressed.

Comments/Suggestions of the Stakeholders

3.6.19 Sh. Avadhesh Kumar Verma, Chairman, UPRVUP, submitted that certain Transmission Sub-stations are operating at around 30% under-loaded while others are over-loaded up to 80%. He requested that proper load balancing is necessary, which would ultimately benefit the Consumers of the State.

Petitioner's Response

3.6.20 The Petitioner has submitted that the 132/33 kV Grid Sub-stations are the interface

points between the Transmission Utility and the Distribution Licensees, through which the demand of the latter is met. For planning new 132 kV Sub-stations, the Discoms provide details regarding the existing loading of 33/11 kV Sub-stations, anticipated load growth, and upcoming new 33/11 kV Sub-stations in the area. The DPR for a new 132/33 kV Sub-station is prepared in consultation with the concerned Discom, and the respective Discom authority is also a signatory to the DPR.

- 3.6.21 The Petitioner further submitted that planning is also undertaken at the Discom level for the development of their 33 kV, 11 kV, and 0.4 kV networks to serve the loads and to connect their substations to the Transmission Sub-stations within a matching timeline. However, the actual drawal of power by Discoms from Transmission Sub-stations depends on the readiness of their distribution networks, load development in the area, and financial constraints.
- 3.6.22 The Petitioner stated that it regularly monitors and pursues the concerned Discoms to ensure that 33 kV feeders are completed and connected with Transmission projects at the earliest so as to avoid non-utilization or under-utilization of the Transmission assets.
- 3.6.23 The Petitioner submitted that, at present, 33 kV feeders of the Discoms are yet to be connected at the 132 kV Dudhali Sub-station, energized on March 12, 2025, and the 132 kV Newajganj Sub-station, energized on July 25, 2025. The Petitioner further mentioned that both substations were planned and constructed in consultation with the concerned Discoms to feed the 33 kV feeders as intimated by them. However, there has been a delay in the construction of 33 kV feeders by the Discoms. The concerned Discoms have assured that the 33 kV feeders will be connected at the earliest.

Commission's View

- 3.6.24 The Commission has considered the comments of the stakeholders and the Submission of the Petitioner. It is observed that the planning and establishment of 132/33 kV Grid Sub-stations are undertaken in consultation with the concerned Discoms, who also provide inputs regarding load growth and feeder connectivity. The Petitioner is directed to adhere to the provisions of the CEA Manual on

Transmission Planning Criteria so as to avoid overloading of transmission elements, and accordingly submit in the next year's Tariff Petition a list of all transformers and substations operating below 50% loading along with justification, as well as furnish a half-yearly report (by 30th September and 31st March each year) on the peak and average loading of 400 kV, 220 kV and 132 kV transmission elements (substations and lines) which are operating at 80% and above under normal conditions.

Therefore, the Petitioner shall submit the above said reports along with action plan before the Commission during submission of STU transmission plan.

- 3.6.25 The list of Stakeholders, who attended the Public Hearing, is Annexed at: **Annexure-III.**

4 TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24:

4.1 INTRODUCTION

4.1.1 Regulation 6 of the MYT Regulations, 2019 provides as follows:

Quote

6 True-Up

6.1 The Licensee shall file Petition for True-Up as provided in Regulation 4.1 of these Regulations:

Provided that the Petition shall include information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of books of account and such other details, etc., as per the Guidelines and Formats as may be prescribed by the Commission.

6.2 The Commission shall carry out Truing-Up exercise stipulated in the provisions of these Regulations. True-Up of Expenses and Revenue shall be on the basis of approved and actual expenses, revenue, etc., based on prudence check of Accounting Statements of the Licensee for the Financial Year.

Unquote

4.1.2 The Petitioner has sought approval for True-Up for FY 2023-24 based on the audited accounts under the provisions of MYT Regulations, 2019.

4.1.3 The Commission, in its past annual Tariff Orders, have approved the True-Up, APR and ARR of respective years. Further, the Petitioner had filed appeals before the Hon'ble APTEL challenging these Orders. Status of these Tariff Orders are shown in the Table below:

TABLE 4-1: SUMMARY STATUS OF TARIFF ORDERS

Details of Order	Date of Issuance	Status
True-up for FY 2017-18, APR for FY 2018-19 and determination of ARR and Tariff for FY 2020-21	November 10, 2020	Challenged before Hon'ble APTEL in Apl No. 183 of 2023
True-up for FY 2019-20, APR for FY 2020-21 and determination of ARR and Tariff for FY 2021-22	June 29, 2021	Challenged before Hon'ble APTEL in Apl No. 96 of 2023
True-up for FY 2020-21, APR for FY 2021-22 and determination of ARR and Tariff for FY 2022-23	July 20, 2022	Challenged before Hon'ble APTEL in Appeal No. 131 of 2023

Details of Order	Date of Issuance	Status
True-up for FY 2021-22, APR for FY 2022-23 and determination of ARR and Tariff for FY 2023-24	May 24, 2023	Challenged before Hon'ble APTEL in Appeal No. 622 of 2023
Petition no. 2044/2023 order dt 10.10.2024 True up 2022-23, APR for FY 2023-24 and determination of ARR and Tariff for FY 2024-25	October 10, 2024	Challenged before Hon'ble APTEL in Appeal No. 25 of 2025

4.1.4 The Petitioner in its instant Petition has sought approval for True-Up for FY 2023-24 based on the audited accounts taking into consideration the provisions of MYT Regulations, 2019, as well as materials placed before the Commission while maintaining consistency with the methodology adopted by the Commission in its earlier Orders as far as possible.

4.1.5 As per Regulation 30.10 of MYT Regulations 2019, the Annual Transmission Charges consist of following components:

- (a) Operation and maintenance expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;
- (d) Interest on Working Capital;
- (e) Contribution to Contingency Reserves;
- (f) Return on Equity;
- (g) Income Tax;

Minus:

- (h) Non-Tariff Income;
- (i) Income from other Business to the extent stipulated in these Regulations:

4.1.6 Accordingly, the component-wise description of the Petitioner's submission and the Commission's analysis on the same is detailed in next sections.

4.2 TRANSMISSION SYSTEM AVAILABILITY

Petitioner's Submission

4.2.1 The Petitioner has submitted that the overall transmission availability of its transmission network during FY 2023-24 was 98.7393%, against the normative

availability of 98% as specified under the MYT Regulations, 2019.

Commission's Analysis

4.2.2 Regulation 33.1.1 of MYT Regulations, 2019 specifies the Normative Annual Transmission System Availability Factor (NATSAF) for AC system as 98%. Since the Actual Annual Transmission System Availability Factor submitted by the Petitioner for AC system is 98.7393%, duly certified by SLDC, which is more than the Normative Annual Transmission System Availability Factor (NATSAF), therefore, the Commission approves NATSAF of 98.7393%, as submitted by the Petitioner and certified by UPSLDC. On reviewing the voltage wise availability of AC system of the Petitioner, it is observed that availability of 400 kV system is approximately 95% well below Normative Annual Transmission System Availability Factor. Therefore, although the overall ATSAF is more than the normative value however, the Petitioner is required to take necessary steps to improve the availability of 400kV transmission system.

4.3 INTRA-STATE TRANSMISSION LOSS

Petitioner's Submission

4.3.1 The Petitioner has submitted that Transmission Losses for FY 2023-24 were 3.16% as against the approved losses of 3.22% by the Commission in the Business Plan Order dated October 15, 2020 for FY 2023-24.

Commission's Analysis

4.3.2 As per Regulation 38 of MYT Regulations, 2019, the energy losses in the Intra-State Transmission System, as determined by the State Load Despatch Centre and approved by the Commission, shall be borne by the Transmission System Users in proportion to their usage of the Intra-State Transmission System.

4.3.3 Further, the Commission observes that the actual Intra-State Transmission Losses as per joint statement signed by UPPTCL and UPSLDC for FY 2023-24 are 3.16%, which is lower than the approved Intra-State Transmission Losses and are better than 3.30% for FY 2022-23.

4.3.4 Therefore, the Commission has considered the actual Intra-State Transmission Losses of 3.16% as per the joint statement signed by UPPTCL and UPSLDC.

4.4 OPERATION AND MAINTENANCE EXPENSES (O&M)

Petitioner's Submission

4.4.1 The Petitioner has submitted that Regulation 34 of the MYT Regulations, 2019 provides that the Operation and Maintenance (O&M) Expenses shall comprise of following elements:

- (a) Employee Expenses,
- (b) Repair and Maintenance (R&M) Expenses,
- (c) Administrative and General (A&G) Expenses

4.4.2 The Petitioner has further added that the Commission, in its Tariff Orders dated November 10, 2020, June 29, 2021, July 20, 2022, May 24, 2023 and October 10, 2024 while Truing-up of the O&M Expenses for FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22 and FY 2022-23 respectively, had considered the lower of the normative and actual O&M Expenses against which the Petitioner's appeal is pending before the Hon'ble APTEL for FY 2017-18 to FY 2022-23.

4.4.3 In light of the same, the Petitioner considers the True-up O&M Expenses for FY 2015-16 to FY 2016-17 as allowed by the Commission in the respective True-up Orders and normative O&M Expenses as per the True-up Petitions for FY 2017-18 to FY 2019-20 to work out the base year O&M Expenses i.e., for FY 2019-20. The base year O&M Expenses computed for FY 2019-20 are as mentioned below:

TABLE 4-2: BASE YEAR O&M EXPENSES SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	True-up Expenses (Rs. Crore)					Avg. Expenses for Mid-year	Normative Expenses Considered (upto base year)	
	FY 2015-16	FY 2016-17	FY 2017-18*	FY 2018-19*	FY 2019-20*	FY 2017-18	FY 2018-19	FY 2019-20
Employee Expenses	473.99	513.86	848.56	1054.67	1227.95	823.80	866.64	921.23
A&G Expenses	28.35	62.51	38.14	37.81	54.16	44.20	46.49	49.42
R & M Expenses	167.81	205.35	344.94	423.70	495.72	327.50	344.53	366.23
WPI & CPI combined Inflation Rate considered (%)	-	-	-	-	-	-	5.20%	6.30%

*Normative Expenses as per the True-up Petitions.

4.4.4 Further, based on the O&M Expenses for FY 2019-20 as worked out in the Table above, the Petitioner has computed the O&M Expenses for FY 2023-24 as

mentioned in the Table below:

TABLE 4-3: O&M EXPENSES FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Employee Expenses	FY 2019-20 (Base Year)	FY 2020-21 (True-up Petition)	FY 2021-22 (True-up Petition)	FY 2022-23 (True-up Petition)	FY 2023-24 (True-up Petition)
CPI Inflation Index (%): Avg. of last 3 years	-	5.35%	6.00%	5.89%	5.40%
Gross Employee Costs and Provisions	921.23	970.54	1028.77	1089.39	1148.23
<i>Less: Employee Expenses capitalized</i>	255.21	240.26	192.89	256.28	204.69
Net Employee Expenses	666.02	730.29	835.88	833.11	943.54
A&G Expenses	FY 2019-20 (Base Year)	FY 2020-21 (True-up Petition)	FY 2021-22 (True-up Petition)	FY 2022-23 (True-up Petition)	FY 2023-24 (True-up Petition)
WPI Inflation Index (%): Avg. of last 3 years	-	2.96%	2.42%	5.32%	7.90%
<i>i. Normative A&G Expenses</i>	49.42	50.88	52.11	54.89	59.23
<i>ii. Licensee Fee</i>	-	5.88	5.94	7.49	7.49
<i>iii. Finance Charges</i>	-	0.06	0.06	0.06	0.07
<i>Less: A&G Expenses Capitalised</i>	-	0.00	0.00	0.00	0.00
Net A&G Expenses	49.42	56.83	58.12	62.44	66.79
R & M Expenses	FY 2019-20 (Base Year)	FY 2020-21 (True-up Petition)	FY 2021-22 (True-up Petition)	FY 2022-23 (True-up Petition)	FY 2023-24 (True-up Petition)
WPI Inflation Index (%): Avg. of last 3 years	-	2.96%	2.42%	5.32%	7.90%
R & M Expenses	366.23	377.07	386.18	406.73	438.87
Net O&M Expenses	1,081.68	1,164.18	1,280.18	1,302.28	1,449.20

4.4.5 The Petitioner has considered Employee Expense capitalization of Rs 204.69 Cr (as shown in the table above) for FY 2023-24 as per the Annual Accounts for FY 2023-24.

4.4.6 The Petitioner has also submitted that the normative R&M expenses and the normative A&G expenses as worked out as per Regulation 34 of the MYT Regulations, 2019 in the above table are lower than the actual audited figures for the year. Therefore, the Petitioner has requested the Commission to allow net normative O&M Expenses of Rs. 1,449.20 Crore for True-up of FY 2023-24 as mentioned below:

TABLE 4-4: O&M EXPENSES FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Approved as Per Tariff Order dated 24.05.2023	Audited Accounts	True-up Petition
Employee cost	743.41	763.42	1,148.23
A&G Expenses	66.21	80.27	66.79
R&M Expenses	469.73	578.29	438.87
Gross O&M Expenses	1,279.35	1,421.98	1,653.89
<i>Less: Employee cost capitalized</i>	<i>308.34</i>	<i>204.69</i>	<i>204.69</i>
Net O&M Expenses	971.01	1,217.29	1,449.20

4.4.7 The Petitioner has further submitted that due to the approach of component wise lower of the normative and actual of O&M expenses while truing-up of the O&M expenses from FY 2017-18 onwards, the Petitioner has been allowed O&M expenses even lower than the actual expenses of each year in the past years, depicted in the table below:

TABLE 4-5: ACTUAL VS TRUE-UP GROSS O&M EXPENSES FOR PAST YEARS. (RS. CRORE)

FY	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Actual as per Accounts	968	1,043	1,168	1,098	1,185	1,224
Trued-up by UPERC	887	1,005	1,154	1,002	1,115	1,194

4.4.8 The Petitioner submitted that it is its duty to build, maintain and operate an efficient Intra-State transmission system for reliable and seamless flow of power to the consumers of the State. However, as per the present practice, the overall O&M expenses allowed are lower than the actual expenses which leads to cash crunch and the Petitioner is not able to meet even the actual expenses towards the effective maintenance of its Transmission network and the salary expenses, which further hamper the operation and maintenance activity to be carried out for reliable transmission network.

4.4.9 Further, the Petitioner has submitted the comparison details in below table, wherein approved O&M expenses of UPPTCL are much lower than that of the other States having comparable energy transmitted.

TABLE 4-6: ENERGY HANDLED

Years	State	Energy Handled (MU)	O&M Expenses (Rs. in Cr.)	O&M Expense Rs. Per KWh
As per True-up Order for FY 2021-22	Maharashtra	1,62,931	1,949	0.1196
	Gujarat	1,13,960	1,902	0.1669
	Uttar Pradesh	1,24,075	1,115	0.0899

4.4.10 The Petitioner has further submitted that the MYT Regulations, 2019 do not provide for allowing any additional or incremental O&M Expenses on account of addition of new assets into the UPPTCL's network system. However, the previous Tariff Regulations i.e., the Tariff Regulations, 2006 and the MYT Regulations, 2014 provided for allowance of additional and incremental O&M Expenses on account of addition of new assets. It is important to note that UPPTCL's network has grown significantly in the past few years. UPPTCL's overall transformation capacity at various voltage levels has increased by ~85% in past years and Transmission line length has grown up by ~65% during the same period, as shown in the Table below:

TABLE 4-7: UPPTCL'S NETWORK GROWTH IN THE PAST YEARS SUBMITTED BY THE PETITIONER

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Nos. of Substation	497	537	564	585	608	631	659
Capacity (MVA)	93,397	1,12,993	1,25,241	1,36,180	1,43,977	1,55,226	1,73,212
Line Length (Ckt. Km.)	33,096	37,544	42,119	45,449	47,505	50,732	54,578

4.4.11 The Petitioner has further added that the O&M Expenses allowed by the Commission for FY 2020-21 and FY 2021-22 were lower than the O&M Expenses allowed for FY 2019-20, which is contrary to the business conditions, as UPPTCL is neither getting compensated for inflation nor against the asset growth.

Commission's Analysis

4.4.12 The Commission, in its Tariff Order dated May 24, 2023, had already shown the computation of normative O&M Expenses for the base year (FY 2019-20) in line with Regulation 34 of the MYT Regulations, 2019. In order to compute the O&M Expenses of base year, the mid-year value (i.e., FY 2017-18) was computed after taking into account the normative Trued-up values for the last five financial years (i.e., FY 2015-16 to FY 2019-20). Further, for computing normative values for base

year (i.e., FY 2019-20), the mid-year value (FY 2017-18) was escalated on yearly basis with the escalation factor considering actual CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2019-20 (base year). The computation of base year values is again shown herein below for reference:

TABLE 4-8: COMMISSION APPROVED -BASE YEAR O&M EXPENSES (RS. CRORE)

Particulars	True-up Expenses (Rs. Crore)					Avg. Expenses for Mid-year	Normative Expenses Considered (upto base year)	
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2017-18	FY 2018-19	FY 2019-20
Employee Expenses	473.99	513.86	507.06	553.70	640.21	537.76	565.74	601.37
A&G Expenses	28.35	62.51	39.00	38.25	53.41	44.79	47.12	50.08
R & M Expenses	167.81	205.35	341.83	413.44	460.19	317.72	334.25	355.30
O & M Expenses	671.41	782.88	887.88	1,005.39	1,153.81	900.27	947.10	1,006.76
WPI & CPI combined Inflation Rate considered (%)	-	-	-	-	-	-	5.20%	6.30%

4.4.13 Further, for computation of normative O&M Expenses for FY 2023-24, the escalation factor is first derived based on WPI and CPI indices as notified by Labour Bureau, Govt. of India (GoI) (http://labourbureau.gov.in/LBO_indexes.htm) and Economic Advisor Govt. of India (<https://eaindstry.nic.in/>) as shown in the Table below.

TABLE 4-9: WPI/CPI AND INFLATION RATES CONSIDERED BY THE COMMISSION

Particulars	Wholesale Price Index (WPI)		Consumer Price Index (CPI)	
	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24
	(A)	(B)	(C)	(D)
April	152.30	151.10	367.78	386.50
May	155.00	149.40	371.52	387.94
June	155.40	148.90	372.10	392.83
July	154.00	152.10	374.11	402.34
August	153.20	152.50	374.98	400.90
September	151.90	151.80	378.14	396.00
October	152.90	152.50	381.60	398.59
November	152.50	153.10	381.60	400.61
December	150.50	151.80	381.02	399.74
January	150.70	151.20	382.46	400.03
February	150.90	151.20	382.18	400.90
March	151.00	151.40	383.90	400.03

Particulars	Wholesale Price Index (WPI)		Consumer Price Index (CPI)	
	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24
	(A)	(B)	(C)	(D)
Average for the year	152.53	151.42	377.62	397.20
Calculation of Inflation for the Year $\{=(B-A)/A \text{ OR } (D-C)/C\}$		(0.73)%		5.19%

* () bracket denotes figure is negative.

4.4.14 Subsequently, the norms for each component of O&M Expenses of FY 2023-24 are derived based on respective escalation factors shown in the table above as per Regulations 34 of the MYT Regulations, 2019, which are explained in subsequent paras.

4.4.15 **Employee Expenses:** The normative Employee Expenses for FY 2023-24 have been computed by escalating the normative Employee Expenses for FY 2022-23 (as per normative Employee Expenses computed in True-Up for FY 2022-23 in Tariff Order dated October 10, 2024), with inflation factor of 5.19% i.e., CPI for FY 2023-24. Thereafter, the capitalized Employee Expenses (as per the audited accounts) during the year are deducted from the calculated normative value to arrive at the Net Employee Expenses.

4.4.16 **R&M Expenses:** The normative R&M Expenses for FY 2023-24 have been computed by escalating the normative R&M Expenses for FY 2022-23 (as per normative R&M Expenses computed in True-Up for FY 2022-23 in Tariff Order dated October 10, 2024), with inflation factor of (0.73)% i.e., WPI for FY 2023-24.

4.4.17 **A&G Expenses:** The Commission observes that the Petitioner has claimed Rs. 7.49 Crores and Rs. 0.07 Crores towards Licensee fee and Finance fee respectively for FY 2023-24 over and above the normative A&G Expenses. In response to the Commission's query on the same, the Petitioner has submitted that UPPTCL's License Fee was finalised only after the Commission's letter dated November 29, 2018, in accordance with the UPERC (Fees and Fines) Regulations, 2010. Hence, the License Fee was claimed for the first time during True-up for FY 2016-17. Further, the Commission had allowed the actual License Fee paid under the A&G Expenses over and above the normative A&G Expenses. Thereafter, the same was also allowed by the Commission on actual basis in its subsequent Tariff Orders.

Accordingly, the Petitioner has claimed the actual License Fee paid for FY 2023-24 over and above the normative A&G Expenses.

4.4.18 Further, the Petitioner in regard to the Finance fee submitted that prior to FY 2020-21, the Finance and Banking charges were claimed separately on actual basis during Truing up. Further, in the MYT Regulations, 2019, the Finance and Banking charges are considered as a part of the A&G Expenses. However, while computing the normative A&G Expenses, the base year A&G Expenses do not include the Finance and Banking charges. Therefore, the same is claimed over and above the normative A&G Expenses.

4.4.19 The Commission in regard to Licensee Fee and Finance Charges, while Truing up of FY 2021-22 in Tariff Order dated May 24, 2023 observed as follows:

Quote

4.4.22 The Commission observes that the Petitioner has claimed the Licensee Fee and Finance Charge over and above the normative value, whereas the Commission has considered the Licensee Fee and Finance Charge as a part of A&G Expenses while deriving the Mid-Year value (FY 2017-18) and Base-Year value (FY 2019-20). Hence, the claim of Petitioner for allowing Licensee Fee and Finance Charge separately over and above the normative value cannot be considered as the same has been taken into consideration while deriving the normative value of A&G Expenses for FY 2021-22.

4.4.23 The Commission has calculated the normative A&G Expenses for FY 2020-21 by escalating the normative A&G Expenses (A&G Expenses including Licensee Fee and Finance Charge) for FY 2019-20 derived above, with inflation factor (2.96%) i.e. Wholesale Price Index (WPI) as per Regulations 34.3 of MYT Regulations, 2019. Further, the Commission has computed the normative A&G Expenses for FY 2021-22 by escalating the normative A&G Expenses (A&G Expenses including Licensee Fee and Finance Charge) for FY 2020-21, with inflation factor (13.00%) i.e. Wholesale Price Index (WPI) for FY 2021-22 as per Regulations 34 (e) and 34.3 of MYT Regulations, 2019.

Unquote

4.4.20 The Commission has examined the Petitioner's submission and has observed that the Licensee Fee and Finance Charges have been considered as a part of A&G Expenses while deriving the Mid-Year value (FY 2017-18) and Base-Year value (FY 2019-20). Hence, the claim of the Petitioner for allowing Licensee Fee and Finance

Charges separately over and above the normative value is not correct, as the same has already been taken into consideration while deriving the normative value of A&G Expenses for FY 2023-24, which is in line with the approach taken by the Commission in its past Tariff Orders also.

4.4.21 Accordingly, the Commission has calculated the normative A&G Expenses as per Regulations 34 (e) and 34.3 of the MYT Regulations, 2019. The normative A&G Expenses for FY 2023-24 have been computed by escalating the normative A&G Expenses (A&G Expenses including Licensee Fee and Finance Charges) for FY 2022-23 (as approved in True-Up for FY 2022-23 in Tariff Order dated October 10, 2024), with inflation factor of (- 0.73)% i.e., WPI for FY 2023-24.

4.4.22 **O&M Expenses:** The Normative O&M Expenses for FY 2023-24 are calculated based on the methodology discussed above and are summarised in the Table below:

TABLE 4-10: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Derivation	FY 2022-23	FY 2023-24	
		Normative (Computed)	WPI / CPI	Normative (Computed)
		(P) Table 4-7 of Tariff Order dated 10.10.2024	(Q) (Table 4-9)	(R) = (P)*[1+(Q)]
Employee Expenses	A	706.37	5.19%	743.01
Less: Employee Expenses Capitalised	B	256.28	-	204.69*
Net Employee Expenses	C=A-B	450.09	-	538.32
Net: A&G Expenses	D	63.75	(0.73)%	63.29
Net R&M Expenses	E	452.25	(0.73)%	448.96
O&M Expenses	F=C+D+E	966.09	-	1,050.57

*As per Audited Accounts of FY 2023-24

(-) bracket denotes figure is negative

4.4.23 Further, the Commission observes that there was a huge variation between the normative values of the O&M Expenses as claimed by the Petitioner and the O&M Expenses as per Audited Accounts for FY 2023-24. In response to the Commission's query regarding the same, the Petitioner has submitted that for computation of the normative O&M expenses, the Petitioner has considered Trued-up O&M expenses for FY 2015-16 to FY 2016-17 as per the true-up order and normative O&M Expenses

as computed in its True-up Petitions for FY 2017-18 to FY 2019-20. Whereas the Commission in its Tariff Order dated November 10, 2020, June 29, 2021, July 20, 2022, and May 24, 2023, while Truing-up of the O&M Expenses, allowed lower of the normative and actual O&M expenses. The Petitioner has challenged the above-mentioned Orders before the Hon'ble APTEL. Accordingly, the Petitioner has continued the same approach for computing normative O&M Expenses for arriving at the base year norms and normative O&M Expenses for FY 2023-24.

4.4.24 The Commission observes that Regulation 9 of the MYT Regulations, 2019 provides that the variation in O&M Expenses are controllable factor and Regulation 10 of the MYT Regulations, 2019 stipulates the treatment of gains or losses on account of controllable factors, which provides that lower of the value approved in ARR or actual value as per the True-up shall be allowed by the Commission. Therefore, the Commission in past years' Tariff Orders had decided to allow lower of normative or actual expenses for each component of O&M Expenses. The same may be referred at para 4.7.17 of Tariff Order dated November 10, 2020 in the matter of True-up Order of FY 2018-19 of UPPTCL. Accordingly, the Commission considers the net approved O&M Expenses for FY 2023-24 based on lower of actual or normative value of each component of O&M Expenses. Accordingly, the Commission approves the O&M Expenses of UPPTCL for FY 2023-24 as shown in the Table below:

TABLE 4-11: COMMISSION APPROVED -O&M EXPENSES FOR FY 2023-24 (RS. CRORE)

Particulars	Derivation	FY 2023-24 (True up)				
		Tariff Order for FY 2023-24 dated 24.05.2023	Audited Accounts	Petition (True-up)	Computed (Normative)	Approved (True up)
		(A)	(B)	(C)	(D)	(E) = Lower of (B) & (D)
		Table 4-4	Table 4-4	Table 4-4	Table 4-10	
Employee Expenses	A	743.41	763.42	1,148.23	743.01	743.01
Less: Employee Expenses Capitalised	B	308.34	204.69	204.69	204.69	204.69
Net Employee Expenses	C=A-B	435.07	558.73	943.54	538.32	538.32
Net A&G Expenses	D	66.21	80.27	66.79	63.29	63.29

Particulars	Derivation	FY 2023-24 (True up)				
		Tariff Order for FY 2023-24 dated 24.05.2023	Audited Accounts	Petition (True-up)	Computed (Normative)	Approved (True up)
		(A)	(B)	(C)	(D)	(E) = Lower of (B) & (D)
		Table 4-4	Table 4-4	Table 4-4	Table 4-10	
Net R&M Expenses	E	469.73	578.29	438.87	448.96	448.96
Total O&M Expenses	F=C+D+E	971.01	1217.29	1,449.20	1,050.57	1,050.57

4.4.25 It is observed that the Petitioner has wrongly computed the normative Employee Expenses by considering inflation index (CPI) of 5.40% (average of CPI for immediately preceding three financial years), whereas correct figure as computed by the Commission works out to 5.19% (actual point to point inflation over CPI). Similarly, in case of A&G Expenses and R&M Expenses, Petitioner has claimed the inflation index (WPI) of 7.90% (average of WPI for immediately preceding three financial years), whereas correct figure as computed by the Commission works out to (0.73%) (actual point to point inflation over WPI).

4.5 CAPITAL WORK IN PROGRESS & GROSS FIXED ASSET

Petitioner's Submission

4.5.1 The Petitioner has submitted that the Commission, in the Tariff Orders dated November 10, 2020 and June 29, 2021, had disallowed 25% of the capital investment for FY 2017-18 to FY 2019-20 as the Petitioner had not taken prior approval of the assets/schemes of value above Rs. 10 Crores. Subsequently, the Commission had made disallowance in the Gross Fixed Asset (GFA) and capital work in progress (CWIP) for the period from FY 2017-18 to FY 2019-20. The Petitioner had filed a Review Petition seeking review of the disallowance in the capital investment in above Tariff Orders and subsequent disallowance in the GFA & CWIP. However, the same was rejected by the Commission on the grounds of maintainability. Further, the Petitioner has challenged the above-mentioned Order before the Hon'ble APTEL and the same is pending before the Hon'ble APTEL.

4.5.2 The Petitioner has added that in light of the above it has considered CWIP and GFA

balances as per annual accounts, the Petitioner has derived the actual capital investments undertaken by it in FY 2023-24, the details of which are provided in the Table below:

TABLE 4-12: CAPITAL INVESTMENTS IN FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2023-24
Opening WIP as on 1 st April	A	4302.40
Investments during the year	B	2846.75
Employee Expenses Capitalisation	C	204.69
A&G Expenses Capitalisation	D	-
Interest Capitalisation on Interest on long term loans	E	115.15
Total Investments	F= A+B+C+D+E	7,469.00
Transferred to GFA (Total Capitalisation)	G	3,153.70
Closing WIP	H= F-G	4,315.30

4.5.3 The GFA balance considered by the Petitioner for FY 2023-24 is provided in the Table below:

TABLE 4-13: GROSS FIXED ASSETS FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2023-24
Opening GFA	A	40,528.88
Add: Addition to GFA	B	3,153.70
Less: Deletion in the GFA	C	73.11
Closing GFA	D=A+B-C	43,609.46

4.5.4 The Petitioner has submitted that, in line with Regulation 20.2 of the MYT Regulations, 2019 and the methodology considered by the Commission, the fixed asset base as on March 31, 2020 is computed taking into consideration the True-up of FY 2019-20. Further, the equity capital (as on April 1, 2020) has been computed to be 30% of such fixed asset base. Accordingly, the Debt capital has been computed to the extent of 70% of such fixed asset base. The resulting opening Debt and Equity (as on April 1, 2020) and values computed for FY 2020-21 are shown below:

TABLE 4-14: PROJECTIONS OF OPENING EQUITY & LOAN AS ON 1.4.2020 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2020-21
Opening GFA	A	28,543.10
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	B	1,548.05
Net Opening GFA	C=A-B	26,995.05
Opening Debt	E=C*70%	18,896.53
Opening Equity	D=C*30%	8,098.51

4.5.5 The Petitioner, in compliance with Regulation 32.2 of the MYT Regulations, 2019, has obtained prior approval of the Commission for various Capital Expenditure (Capex) schemes. The details of the approved assets/projects have been duly submitted before the Commission.

Commission's Analysis

4.5.6 The Commission has computed the opening and closing value of CWIP for FY 2023-24 for the purpose of computation of capitalisation/ GFA addition for FY 2023-24.

4.5.7 While computing CWIP, it is observed that the opening CWIP claimed by the Petitioner does not match with the Trued-up closing value of FY 2022-23. The Petitioner has informed that the said variation is due to the restatement in the Audited Accounts of FY 2022-23.

4.5.8 The Commission considers the Closing CWIP as on March 31, 2023 approved in Table 4-12 of the Tariff Order dated October 10, 2024 as the opening CWIP for FY 2023-24. Further, the Commission observes that the Petitioner has been taking prior approval of capital expenditure schemes/ projects of value exceeding Rs. 20 Crore as per Regulation 32.2 of the MYT Regulations, 2019 and directions issued in past Tariff Orders from time to time. Accordingly, the Commission considers the values of Investment, Expenses Capitalized and Capitalisation (transferred to GFA) during the year as claimed by the Petitioner, and in accordance with Audited Accounts for FY 2023-24, as shown in the Table below:

**TABLE 4-15: COMMISSION APPROVED - CAPITAL EXPENDITURE AND CAPITALISATION FOR FY 2023-24
(RS. CRORE)**

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True-up) (Table 4-12)	Approved (True up)	
				Values	Remarks
Opening CWIP as on 01.04.2023	A	7,451.48	4,302.40	2,908.22	Closing CWIP as of March 31, 2023 approved in Table 4-12 for Tariff Order dated October 10, 2024
Investments during FY 2023-24	B	4,945.24	2,846.75	2,846.75	Table 4-12
Employee Expenses Capitalisation	C	308.34	204.69	204.69	Table 4-11 (Audited Accounts)
Interest Capitalisation on Interest on Long Term Loans	D	177.43	115.15	115.15	Table 4-29 (Audited Accounts)
Total Investments	E= A+B+C+D	12,882.49	7,469.00	6,074.82	-
Transferred to GFA (Total Capitalisation)	F	3,569.17	3,153.70	3,153.70	Table 4-12 (Audited Accounts)
Closing CWIP as on 31.03.2024	G= E-F	9,313.32	4,315.30	2,921.12	-

4.5.9 Considering the above, the Commission approves the Gross Fixed Assets for FY 2023-24 as per the following Table:

TABLE 4-16: COMMISSION APPROVED - GFA FOR FY 2023-24 (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
Opening GFA as on 01.04.2023	A	36,943.86	40,528.88	31,406.52	Closing GFA as on March 31, 2023, approved in Tables 4-13 of Tariff Order dated October 10, 2024
GFA Addition during FY 2023-24	B	3,569.17	3,153.70	3,153.70	Table 4-15
Decapitalisation / Deduction during FY	C	188.94	73.11	73.11	As per Audited Accounts

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
2023-24					
Closing GFA as on 31.03.2024	D=A+B-C	40,324.09	43,609.46	34,487.10	-

4.6 CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES

Petitioner's Submission

4.6.1 The Petitioner has claimed the Consumer Contributions, Capital Grants and Capital Subsidies based on the Audited Accounts for FY 2023-24, as shown in the Table below:

TABLE 4-17: CONSUMER CONTRIBUTION SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2023-24
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	2,836.72*
Additions during the year	624.09
Less: Amortisation	250.84
Closing Balance	3,209.97

*The Petitioner has considered above opening balance as per the restatement of the annual accounts for FY 2023-24

Commission's Analysis

4.6.2 Regulation 20.1 of the MYT Regulations, 2019 provides that Debt: Equity ratio shall be considered after making appropriate adjustment of fixed assets funded by consumer contribution/deposit works/ capital subsidies/ grants subject to prudence check. The Commission based on prudence check has observed that opening balance of Consumer Contributions, Grants & Subsidies towards cost of capital assets for FY 2023-24 claimed by the Petitioner does not match with closing Trued up value of FY 2022-23, as approved by the Commission in its Tariff Order for FY 2024-25.

4.6.3 The Commission further has observed that amortization / depreciation on Consumer Contributions, Grants and Subsidies claimed by Petitioner is as per the audited accounts, which is based on the Straight-Line method (SLM) for the period from FY 2017-18 to FY 2019-20. Whereas, the value of the amortization /

depreciation on Consumer Contributions, Grant and Subsidies is required to be computed on the Written Down Value (WDV) method as per the MYT Regulations, 2014 for the period from FY 2017-18 to FY 2019-20. Thus, the amortization / depreciation during the period from FY 2017-18 to FY 2019-20 is considered as per regulatory accounting in line with the MYT Regulations, 2014, resulting in variation in computed value of closing Consumer Contributions, Grants and Subsidies with respect to audited value.

4.6.4 Further, as per Regulation 21.1 (b) of the MYT Regulations, 2019, the amortization / depreciation on Consumer Contributions, Grant and Subsidies is required to be computed as per the Straight-Line Method from FY 2020-21 onwards which is also in line with the methodology adopted in Audited Accounts. Thus, the Commission considers the addition to Consumer Contributions, Grant, and Subsidies for FY 2023-24 and amortization as mentioned below:

TABLE 4-18: COMMISSION APPROVED - CONSUMER CONTRIBUTION FOR FY 2023-24 (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
			Table 4-17	Values	Remarks
Opening Balance of Consumer Contributions (CC), Grants and Subsidies towards Cost of Capital Assets as on 01.04.2023	A	2,912.01	2,836.72	3,011.01	Table 4-15 of Tariff Order dated 10.10.2024
Additions during FY 2023-24	B	1,337.11	624.09	624.09	Audited Accounts
Less: Amortisation during FY 2023-24	C	175.08	250.84	250.84	Audited Accounts
Closing Balance of CC, Grants and Subsidies towards Cost of Capital Assets as on 31.03.2024	D=A+B-C	4,074.04	3,209.97	3,384.26	-

4.7 DEBT: EQUITY RATIO OF CAPITALIZATION

Petitioner's Submission

4.7.1 The Petitioner has submitted that it has made an investment of Rs. 2,846.75 Crore

in FY 2023-24. The Consumer Contributions, Capital Subsidies and Grants received during the corresponding period is Rs. 624.09 Crore. Thus, the balance of Rs. 2,222.66 Crore has been funded through Debt and Equity. Considering a Debt: Equity ratio of 70:30, Rs. 1,555.86 Crore or 70% of the capital investment is considered to be funded through Debt and the balance 30% equivalent to Rs. 666.80 Crore through Equity.

Commission's Analysis

- 4.7.2 Regulation 20 of the MYT Regulations, 2019 provides that Debt-Equity ratio shall be 70:30 of the amount of capital cost approved by the Commission, after making appropriate adjustments of Assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant subject to prudence check. Where the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Licensee for determination of Tariff.
- 4.7.3 The Commission observes that the Petitioner has computed the Debt: Equity portion on total investment instead of total Capitalisation for the year.
- 4.7.4 The Commission has adjusted the assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant in the capital cost/ GFA addition during the year. The assets that are decapitalized / deducted during FY 2023-24 are deducted from capitalization during the year as per the audited accounts to derive net Equity and Debt addition during FY 2023-24. It is also observed from the audited accounts that the equity infused during the year by the Petitioner is more than 30% of the net capitalisation approved by the Commission. Accordingly, the equity is capped at 30% of the net capitalisation and excess equity deployed more than 30% has to be treated as normative debt as per Regulation 20 of the MYT Regulations, 2019, which is shown in the Table below:

TABLE 4-19: COMMISSION APPROVED - DEBT: EQUITY RATIO DURING FY 2023-24 (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
Capitalisation during FY	A	3,569.17	3,153.70	3,153.70	Table 4-16

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
2023-24					
Less: Decapitalisation / Deduction during FY 2023-24	B	188.94	-	73.11	Audited Accounts
Less: Consumer Contribution, Grants & Capital Subsidies during FY 2023-24	C	1,337.11	624.09	624.09	Audited Accounts
Net Capitalisation to be funded by Debt & Equity	D=A-B-C	2,043.12	2,529.61	2,456.49	-
Equity (%)	E	30%	30%	30%	-
Debt (%)	F	70%	70%	70%	-
Equity addition during FY 2023-24	G=E*D	612.94	758.88	736.95	
Debt addition during FY 2023-24	H=F*D	1,430.18	1,770.72	1,719.54	

4.8 DEPRECIATION

Petitioner's Submission

4.8.1 The Petitioner has submitted that for the purpose of computing the allowable depreciation, the Petitioner has considered normative closing gross fixed asset base for FY 2019-20 and subsequent addition and the yearly capitalizations for FY 2020-21 onwards as per the annual accounts. Further, the Petitioner has computed the asset-wise depreciation as per the rates provided in the MYT Regulations, 2019, upon the normative opening and closing gross fixed asset base for FY 2020-21.

4.8.2 The Petitioner has added that the Commission, while allowing the depreciation for Part A has applied the WDV method for arriving at the opening value for FY 2019-20, which is contrary to the MYT Regulations, 2019. The Petitioner further added that the methodology for calculating depreciation under the MYT Regulations, 2019 is different from that of the erstwhile MYT Regulations, 2014, as in 2014 Regulations, the opening GFA was computed considering the impact of cumulative depreciation by applying Written Down Value ("WDV") method. The Petitioner has highlighted that the methodology to calculate depreciation on the assets under the MYT Regulations, 2014 was WDV method as against the SLM under the MYT Regulations,

2019. The Petitioner emphasized that there is huge variation in the SLM and WDV methodology depreciation rates. The rates of depreciation are significantly higher in the case of the WDV method as compared to SLM. It is estimated that the impact of considering the depreciation rate as per the SLM instead of WDV is approximately 25%. The Petitioner has also challenged this methodology of the Commission of allowing lower opening GFA for the Part A before the Hon'ble APTEL.

4.8.3 The Petitioner has computed the allowable depreciation for Part-A & Part-B as mentioned in the Table below:

**TABLE 4-20: DEPRECIATION EXPENSE FOR FY 2023-24 FOR THE GROSS BLOCK UPTO MARCH 31, 2020
(PART-A) SUBMITTED BY THE PETITIONER (RS. CRORE)**

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Depreciation Rate (%)	Allowable Depreciation
Land & Land Rights						
i) Unclassified	141.97	1.31	43.84	99.44	0.00%	-
ii) Freehold Land	1.26	0.09	1.29	0.06	0.00%	-
Buildings	1,085.14	145.76	1.11	1,229.79	3.34%	38.66
Other Civil Works	91.63	11.91	0.00	103.54	3.34%	3.26
Plants & Machinery	12,822.19	1,435.39	690.83	13,566.75	5.28%	696.67
Lines, Cable Network, etc.	11,314.74	1,707.37	128.35	12,893.76	5.28%	639.10
Vehicles	3.37	0.00	0.08	3.29	9.50%	0.32
Furniture & Fixtures	8.74	1.23	0.21	9.76	6.33%	0.59
Office Equipment	9.55	2.56	1.82	10.29	6.33%	0.63
Jeep & Motor Car	0.00	0.00	0.00	0.00	9.50%	-
Intangible Assets	4.27	0.03	3.09	1.21	15.00%	0.41
Assets taken over from Licensees pending final valuation	105.44	4.74	5.22	104.96	5.28%	5.55
Total Depreciable Assets	25,445.07	3,309.00	830.71	27,923.35	6.78%	1,385.19
Total Non-Depreciable Assets	143.23	1.41	45.13	99.50		0.00
GRAND TOTAL	25,588.30	3,310.41	875.84	28,022.85	6.75%	1,385.19

Note: Deductions in the GFA during FY 2020-21 and FY 2023-24 are considered in Part A.

**TABLE 4-21: DEPRECIATION EXPENSE FOR FY 2023-24 FOR THE GROSS BLOCK OR ASSETS CAPITALISED
APRIL 1, 2020 ONWARDS (PART-B) SUBMITTED BY THE PETITIONER (RS. CRORE)**

Particulars	Opening GFA	Additio ns to GFA	Deductio ns to GFA	Closing GFA	Depreciati on Rate (%)	Allowable Depreciati on
Land & Land Rights						
i) Unclassified	104.03	8.89	-	112.92	0.00%	-
ii) Freehold Land	0.02	8.88	-	8.90	0.00%	-
Buildings	496.09	86.24	-	582.33	3.34%	18.01
Other Civil Works	38.56	11.52	-	50.08	3.34%	1.48
Plants & Machinery	5,407.84	1,541.18	-	6,949.02	5.28%	326.22
Lines, Cable Network, etc.	6,292.24	1,482.53	-	7,774.77	5.28%	371.37
Vehicles	0.12	0.00	-	0.12	9.50%	0.01
Furniture & Fixtures	3.63	0.99	-	4.62	6.33%	0.26
Office Equipment	4.91	5.65	-	10.56	6.33%	0.49
Jeep & Motor Car	0.00	0.00	-	0.00	9.50%	0.00
Intangible Assets	55.14	7.26	-	62.40	15.00%	8.82
Assets taken over from Licensees pending final valuation	32.62	0.57	-	33.19	5.28%	1.74
Total Depreciable Assets	12,331.1 5	3,135.93	-	15,467.0 8	5.24%	728.39
Total Non-Depreciable Assets	104.05	17.77	-	121.82	-	-
GRAND TOTAL	12,435.2 0	3,153.70	-	15,588.9 0	5.20%	728.39

4.8.4 The Petitioner has further added that the depreciation on assets created out of Consumer Contributions, Capital Grants and Subsidies for FY 2023-24 are considered as per the actuals in the annual accounts of FY 2023-24. The Petitioner has reduced the equivalent depreciation amounting to Rs. 250.84 Crore for FY 2023-24 in respect of depreciation on assets created out of Consumer Contributions, Capital Grants and Subsidies. Thus, the allowable depreciation claimed for FY 2023-24 has been depicted in the Table below:

TABLE 4-22: GROSS DEPRECIATION FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2023-24
Allowable Depreciation for assets upto 31.03.2020	1,385.19
Allowable Depreciation for assets capitalised 01.04.2020 onwards	728.39
Gross Allowable Depreciation	2,113.58
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy (if any)	250.84
Net Allowable Depreciation	1,862.74

Commission's Analysis

4.8.5 Regulation 21 of the MYT Regulations, 2019 specifies the methodology for the computation of Depreciation. Further, The Commission in its Tariff Order for FY 2020-21 dated November 10, 2020, directed the Petitioner to maintain a separate individual asset-wise Fixed Asset Register (FAR) for assets capitalized after April 01, 2020, and the Gross Block and Depreciation for this category may be computed separately from the Gross Block before April 01, 2020. Accordingly, from FY 2020-21 onwards, the Petitioner has to maintain two separate Gross Blocks (one for assets upto March 31, 2020 (Part-A) and second for assets after April 1, 2020 (Part B) and two separate FARs depicting addition of assets details from April 1, 2020, onwards for the purpose of depreciation computation.

4.8.6 The Commission observes that the Petitioner has submitted gross depreciation for Part-A and Part-B, separately and later combined to derive the gross depreciation for FY 2023-24. Further, the Commission also observes that the Petitioner's working is not in line with the methodology approved by the Commission in Para 7.5.11 of Tariff Order of FY 2020-21 dated November 10, 2020, which requires the written down closing value of FY 2019-20 as the opening GFA for FY 2020-21 due to the change in methodology of depreciation computation from WDV to SLM. Thereafter, the year-on-year GFA balance has continued based on the annual deductions in Part A assets.

4.8.7 The Commission has computed the depreciation by considering the provisions of the above Regulations and the approach adopted in last year's Tariff Order. The Commission considers closing GFA of FY 2022-23 of Part-A and Part-B, as per True up for FY 2022-23 in Tariff Order dated October 10, 2024, as opening GFA of FY 2023-

24 of Part-A and Part-B respectively.

4.8.8 Further, the Commission observes that the depreciation on assets created out of Consumer Contribution, Capital Grants and Capital Subsidies in audited accounts for FY 2023-24 are as per the Straight-Line Method and the rates of depreciation adopted by the Petitioner are as per CERC, which are also in accordance with MYT Regulations, 2019. Hence, the depreciation on such assets is considered as per Audited Accounts for FY 2023-24.

4.8.9 The Petitioner has not considered the de-capitalisation in FY 2023-24. However, the Commission considers de-capitalisation as per the Audited Accounts of FY 2023-24. Further, the assets in Part-A are older than the assets under Part-B, therefore, practically the assets in Part-A will be decapitalised/deducted first as compared to Part-B assets. Hence, the Commission considers the complete decapitalisation in Part-A asset base during FY 2023-24.

4.8.10 Accordingly, the Commission approves the depreciation for Part A and Part B for FY 2023-24 in the following Tables.

TABLE 4-23: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS UPTO MARCH 31, 2020 (PART-A) FOR FY 2023-24 (RS. CRORE)

Particulars	FY 2023-24 (True -up)					
	Opening GFA as on 01.04.2023	GFA Addition during FY	Deduction / Decapitalisation during FY	Closing GFA as on 31.03.2024	Depreciation Rate	Depreciation
	(A) Table 4-20 of Tariff Order dated 10.10.2024	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(Avg. (A,D)*E)
Land & Land Rights						
(i) Unclassified	90.31	-	-	90.31	-	-
(ii) Freehold Land	0.03	-	-	0.03	-	-
Buildings	913.37	-	-	913.37	3.34%	30.51
Other Civil Works	74.97	-	-	74.97	3.34%	2.50
Plant & Machinery	8,562.17	-	0.75	8,561.42	5.28%	452.06
Lines, Cables, Network, etc.	9,264.11	-	72.35	9,191.76	5.28%	487.24
Vehicles	1.64	-	0.01	1.63	9.50%	0.16
Furniture & Fixtures	5.66	-	-	5.66	6.33%	0.36



Particulars	FY 2023-24 (True -up)					
	Opening GFA as on 01.04.2023	GFA Addition during FY	Deduction / Decapitalisation during FY	Closing GFA as on 31.03.2024	Depreciation Rate	Depreciation
	(A) Table 4-20 of Tariff Order dated 10.10.2024	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(Avg. (A,D)*E)
Office Equipment	5.43	-	0.01	5.42	6.33%	0.34
Other Assets	54.37	-	-	54.37	5.28%	2.87
Intangible Assets	-	-	-	-	15.00%	-
Total Fixed Assets	18,972.08	-	73.13*	18,898.95	5.15%	976.04

*Deduction / Decapitalisation considered as per Audited Accounts of FY 2023-24.

**TABLE 4-24: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS
FROM APRIL 01, 2020 (PART-B) FOR FY 2023-24 (RS. CRORE)**

Particulars	FY 2023-24- True-up					
	Opening as on 01.04.2023	Addition during FY	Deduction / Decapitalisation during FY	Closing GFA as on 31.03.2024	Depreciation Rate	Depreciation
	(A) Table 4-21 of Tariff Order dated 10.10.2024	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(Avg. (A,D)*E)
Land & Land Rights						
(i) Unclassified	104.03	8.89	-	112.92	-	-
(ii) Freehold Land	0.01	8.88	-	8.90	-	-
Buildings	496.09	86.24	-	582.33	3.34%	18.01
Other Civil Works	38.56	11.52	-	50.08	3.34%	1.48
Plant & Machinery	5,407.84	1541.18	-	6949.02	5.28%	326.22
Lines, Cables, Network, etc.	6,292.24	1482.53	-	7774.77	5.28%	371.37
Vehicles	0.12	-	-	0.12	9.50%	0.01
Furniture & Fixtures	3.63	0.99	(0.01)	4.63	6.33%	0.26
Office Equipment	4.91	5.65	-	10.56	6.33%	0.49
Other Assets	11.03	0.00	-	11.03	5.28%	0.58
Intangible Assets	54.39	7.26	-	61.65	15.00%	8.70
Assets taken over from Licensees pending final valuation	21.58	0.57		22.15	5.28%	1.15
Fixed Assets from FY 2020-21 Onwards	12,434.45	3,153.70	(0.01)	15,588.15	5.20%	728.28

*Deduction / Decapitalisation considered as per Audited Accounts of FY 2023-24.

4.8.11 The following Table summarizes the Depreciation as claimed by the Petitioner and as approved by the Commission for FY 2023-24:

TABLE 4-25: NET DEPRECIATION (PART-A + PART-B) APPROVED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
Depreciation of Assets upto 31.03.2020	A	967.33	1385.19	976.04	Table 4-23
Depreciation of Assets from 01.04.2020 onwards	B	625.54	728.39	728.28	Table 4-24
Less: Depreciation of assets created from Consumer Contribution, Capital Grants and Capital Subsidies	C	175.08	250.84	250.84	As per Audited Accounts
Net Depreciation	D=A+B-C	1,417.79	1,862.74	1,453.48	-

4.9 INTEREST ON LONG-TERM LOANS:

Petitioner's Submission

4.9.1 The Petitioner has submitted that normative tariff approach with Debt: Equity ratio of 70:30 has been considered for purpose of computing interest on long-term loan. The Petitioner has, accordingly, worked out the normative opening loan as on April 1, 2020 as below:

TABLE 4-26: OPENING NORMATIVE LOAN AS ON APRIL 1, 2020 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2020-21
Opening Debt	A	18,896.53
Cumulative Net Depreciation upto 31.3.2020	B	7,490.39
Opening Normative Loan	C=A-B	11,406.15

4.9.2 The Petitioner further added that the Commission, with respect to opening of the Debt and Equity in terms of Regulation 20.2, has stated in the Order dated July 20, 2022, that it would consider either value derived as per Regulation 23.2 of MYT Regulations 2019 or the normative closing Equity base of FY 2019-20 as approved in the True-up Order dated June 29, 2021, whichever is lower.

- 4.9.3 The Petitioner highlighted that the said approach has not been provided for in the extant regulations being MYT Regulations, 2019, specifically Regulation 20.2 and the same has been challenged before the Hon'ble APTEL. Accordingly, for the purpose of the computation of the normative interest on the loan, the Petitioner has considered the loan addition as 70% of the actual capitalisation after adjusting the Consumer Contribution and Grants. The portion of capital expenditure financed through Consumer Contributions, Capital Subsidies and Grants has been separated as the depreciation and interest thereon has not been charged to the beneficiaries.
- 4.9.4 The Petitioner has submitted that allowable depreciation for the year has been considered as normative loan repayment. The weighted average rate of interest of the overall long-term loan portfolio for FY 2023-24 is 8.85% and the same has been considered as per the actuals. The interest capitalisation has been considered at a rate of 9.17% for FY 2023-24, which is the actual capitalization rate for FY 2023-24 as per the annual accounts. The computations for interest on long-term loan are depicted below:

TABLE 4-27: ALLOWABLE INTEREST ON LONG TERM LOANS FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2023-24
Opening Loan	14,241.62
Loan Additions (70% of Capitalisation)	1,770.72
Less: Repayments (Depreciation allowable for the year)	1,862.74
Closing Loan Balance	14,149.61
Weighted Average Rate of Interest (%)	8.85%
Interest on long term loan	1,256.31
Interest Capitalisation Rate (%)	9.17%
Less: Interest Capitalized	115.15
Net Interest Charged	1,141.16

Commission's Analysis

- 4.9.5 The Commission has computed the interest on long-term loans as per Regulation 23 of the MYT Regulations, 2019. The closing value of the loan for FY 2022-23, as approved by the Commission in the Tariff Order dated October 10, 2024, is taken as the opening loan base for FY 2023-24. Further in order to arrive at closing value,

70% of Net GFA addition (after considering deduction/de-capitalization, Consumer Contribution and Grants in GFA) as approved for FY 2023-24 has been considered as loan addition during the year and the repayment has been deducted equal to net depreciation approved by the Commission during the Financial Year.

4.9.6 The said Regulations also provide that at the time of Truing Up, the weighted average rate of interest of the actual long-term loan portfolio during the concerned year shall be considered as the rate of interest. The Commission on prudence check observes that the interest paid during FY 2023-24 claimed by the Petitioner matches the audited accounts (Note 26). Therefore, the Commission has considered the interest rate for long term loan based on the audited figures for FY 2023-24, as submitted by the Petitioner, as shown in the Table below:

**TABLE 4-28: COMMISSION APPROVED - INTEREST RATE ON LONG TERM LOAN FOR FY 2023-24
(RS. CRORE)**

Loan No.	Lender	FY 2023-24 (True up)				Interest Paid (as per audited accounts)
		Opening as on 01.04.23	Addition during FY	Repayment during FY	Closing as on 31.03.24	
		A	B	C	D=A+B-C	
Loan-1	PFC	5,887.74	273.55	340.14	5,821.16	515.96
Loan-2	REC	6,941.79	61.85	902.94	6,100.70	577.71
Loan-3	Indian Bank	347.96	80.52	17.30	411.18	35.24
Loan-4	IREDA	3.80	41.39	3.54	41.65	2.58
Total		13,181.29	457.31	1,263.91	12,374.69	1,131.49
Less Interest Subsidy		-	-	-	-	-
Grand Total		13,181.29	457.31	1,263.91	12,374.69	1,131.49
Weighted Average Interest Rate for Long-Term Loan $E*100\%/\{(A+D)/2\}$						8.85%

4.9.7 Further, for computing interest on long-term loans, the Interest Capitalisation is approved based on actuals as per audited accounts and interest rate as per the table above. Accordingly, the Interest on Long Term Loan as submitted by the Petitioner and approved by the Commission for FY 2023-24 is shown below:

**TABLE 4-29: COMMISSION APPROVED - INTEREST ON LONG TERM LOAN FOR FY 2023-24
(RS. CRORE)**

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
Opening Loan as on 1 st April of FY 2023-24	A	12,843.42	14,241.62	14,259.55	Table 4-26 of Tariff Order dated 10.10.2024
Addition during FY 2023-24	B	1,430.18	1,770.72	1,719.54	Table 4-19
Less: Repayment during FY 2023-24	C	1,417.79	1,862.74	1,453.48	Table 4-25
Closing Loan	D=A+B-C	12,855.81	14,149.61	14,525.61	-
Weighted Average Interest Rate	E	10.22%	8.85%	8.85%	Table 4-28
Interest on Loan	F=Average (A, D)*E	1,313.44	1,256.31	1,274.46	-
Interest Capitalisation Rate	G=H/F (%)	13.51%	9.17%	9.04%	-
Less: Interest Capitalised	H	177.43	115.15	115.15	Audited Accounts
Net Interest Charged	I=F-H	1,136.02	1,141.16	1,159.31	-

4.10 INTEREST ON WORKING CAPITAL:

Petitioner's Submission

4.10.1 The Petitioner has submitted that in accordance with Regulation 25 of the MYT Regulations, 2019, the interest on the working capital requirement is considered as the "weighted average SBI MCLR (1 Year) prevailing during the concerned Year plus 250 basis points" i.e., 11.07%. The Petitioner has claimed the interest on working capital which is shown in the Table below:

TABLE 4-30: INTEREST ON WORKING CAPITAL FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2023-24
One Month of O&M Expenses	137.82
Maintenance spares @ 40% of R&M Expenses for two months	29.26
Receivable equivalent to 45 days average billing of consumers	473.37
Total Working Capital Requirement	640.46
Interest rate (%)	11.07%
Interest on working capital	70.87

Commission's Analysis

4.10.2 Regulation 25.1 of the MYT Regulations, 2019 provides that the working capital requirement of the Transmission Licensee shall cover:

- (i) Operation and maintenance expenses for one month;
- (ii) Maintenance spares at 40% of the R&M expenses for two months; and
- (iii) One-and-a-half-month equivalent of the expected revenue from transmission charges at the prevailing Tariff;

Minus

- (iv) Amount held as security deposits, if any, from Transmission System Users:

4.10.3 Further, Regulation 25.1 of the MYT Regulations, 2019 provides that for the purpose of Truing Up for any year, simple interest rate on working capital shall be allowed at a rate equal to the weighted average SBI MCLR (1 Year) prevailing during the concerned year plus 250 basis points. The weighted average SBI MCLR (1 Year) prevailing during the year (FY 2023-24) was 8.57%¹. Accordingly, the Commission approves the Interest rate on working capital as 11.07% (8.57% + 250 basis points) and the corresponding interest as shown in the Table below:

TABLE 4-31: WEIGHTED AVERAGE RATE COMPUTATION BY THE COMMISSION FOR FY 2023-24

Date	Days	1 Year Rate
01-04-2023	14	8.50
15-04-2023	30	8.50
15-05-2023	31	8.50
15-06-2023	30	8.50
15-07-2023	31	8.55
15-08-2023	31	8.55
15-09-2023	30	8.55
15-10-2023	31	8.55
15-11-2023	30	8.55
15-12-2023	31	8.65
15-01-2024	31	8.65
15-02-2024	29	8.65
15-03-2024	17	8.65
31-03-2024	-	-
WA Rate	366	8.57%
Basis Point		250
Interest Rate for Working Capital for FY 2023-24		11.07%

¹ Source: SBI MCLR (1 Year) prevailing during the year (FY 2023-24).

Link: <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>

TABLE 4-32: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY 2023-24 (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
O&M Expenses for one Month	A= O&M/12	80.92	137.82	87.55	O&M Expenses approved in Table 4-11
Maintenance Spares at 40% of R&M Expenses for two Months	B= 40%*R&M* 2/12	31.32	29.26	29.93	R&M Expenses approved in Table 4-11
One and Half Month equivalent of the expected revenue for Transmission Charges at prevailing Tariff	C= ARR*1.5/12	450.82	473.37	456.76	ARR approved in Table 4-42
Total Working Capital	D=A+B+C	563.06	640.46	574.24	-
Interest Rate on Working Capital Requirement	E	10.20%	11.07%	11.07%	Table 4-30
Interest on Working Capital Requirement	F=D*E	57.43	70.87	63.54	-

4.11 RETURN ON EQUITY

Petitioner's Submission

4.11.1 The Petitioner has submitted that under the provisions of the MYT Regulations, 2019, the Petitioner is eligible to a return of @ 14.5% on Equity base. The Petitioner, in view of the huge gap in the recovery of cost of supply at the Discoms' level, feels that RoE at this level would only result in increase in arrears and accumulation of receivables. It is further added in the Petition that the Petitioner has been claiming the RoE @ 2% since the financial year 2009-10 onwards as such the Petitioner is providing a discount of 12.50% of the RoE in FY 2023-24, which is to the tune of Rs. 1,455.47 Crore. The RoE has been computed on the normative Equity portion (30%) of capitalized assets.

4.11.2 The Petitioner has computed the eligible RoE by considering the opening normative Equity as on April 1, 2023, as discussed above. Subsequently, it has considered the normative Equity closing based on the capital additions for FY 2023-24 as discussed

in the afore-mentioned sections. Thus, the claimed RoE for FY 2023-24 has been computed to be Rs. 232.88 Crore by the Petitioner as depicted in the Table below:

TABLE 4-33: RETURN ON EQUITY SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2023-24
Equity at the beginning of the year	A	11,264.34
Assets Capitalised	B	2,529.61
Addition to Equity	C = 30% of B	758.88
Closing Equity	D = A + C	12,023.22
Average Equity	E = Average of A & D	11643.78
Rate of Return (%)	F	14.50%
Return on Equity @ 14.50%	G = E x F	1688.35
Less: Discount in RoE @ 12.50%	H = E x 12.50%	1455.47
Return on Equity claimed @ 2.00%	I = G – H	232.88

Commission's Analysis

4.11.3 The Commission observes that the Petitioner has submitted the opening Equity as per closing value claimed in the True-up Petition of FY 2022-23 instead of the closing value approved by the Commission in the previous Tariff Order dated October 10, 2024, resulting in variation of opening Equity base. The Commission considers the closing Equity, as approved by the Commission while Truing up of FY 2022-23 in Tariff Order dated October 10, 2024, as opening Equity base for FY 2023-24. Further, 30% of Net GFA addition (after considering deduction / de-capitalization, Consumer Contribution and Grants) in GFA as approved for FY 2023-24 has been considered as Equity addition during the year.

4.11.4 The Commission also observes that the Petitioner has claimed the rate of RoE as 2.00% instead of 14.50% as per Regulation 22.1 of the MYT Regulations, 2019, citing the reason that the Distribution Licensees are already in financial stress, hence, claiming RoE at 14.50% will further worsen the financial condition of Distribution Licensee. Therefore, the Commission, taking into account the plea / claim of the Petitioner, considers the rate of RoE as 2.00% instead of 14.50%. Accordingly, the RoE for FY 2023-24 is shown in the Table below:

TABLE 4-34: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2023-24 (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
Opening Normative Equity	A	10,070.66	11,264.34	10,688.55	Table 4-30 of Tariff Order dated 10.10.2024
Equity addition during the year (30% of net capitalisation)	B	612.94	758.88	736.95	Table 4-19
Closing Normative Equity	C=A+B	10,683.59	12,023.22	11,425.50	-
Average Normative Equity	D=(A+C)/2	10,377.13	11,643.78	11,057.02	-
Rate of Return on Equity	E	2.00%	2.00%	2.00%	-
Return on Equity	F=D*E	207.54	232.88	221.14	-

4.12 INCOME TAX

4.12.1 The Petitioners have not claimed any expenses towards the Income Tax paid. The Commission also made prudence of the same and observes Nil Income Tax is paid by the Petitioners during the year. Hence, the Commission approves the Income Tax for FY 2023-24 as Nil in accordance with Regulation 26.2 of MYT Regulation, 2019.

4.13 NON-TARIFF INCOME

Petitioner's Submission

4.13.1 The Petitioner has claimed a Non-Tariff income of Rs. 538.66 Crore as per Audited Accounts of FY 2023-24 against the Non-Tariff income of Rs. 114.59 Crore approved in the Tariff Order dated May 24, 2023. Further, as per Audited Accounts of FY 2023-24, the income from Consumer Contribution to the tune of Rs. 250.84 Crore is also recognized under the Other Income, which has been already deducted from the gross allowable depreciation in the section above. Thus, the Petitioner has considered the net Non-Tariff income of Rs. 287.82 Crore for the Truing-up of FY 2023-24.

Commission's Analysis:

4.13.2 Regulation 35 of the MYT Regulations, 2019 provides that the amount of non-tariff

income relating to the transmission business as approved by the Commission shall be deducted from the ARR in determining the Annual Transmission Charges.

- 4.13.3 The Commission has scrutinized the Audited Accounts and finds that the claim of the Petitioner is in line with MYT Regulations, 2019. Accordingly, the Non-Tariff Income approved by the Commission on different heads is shown below:

TABLE 4-35: COMMISSION APPROVED - NON-TARIFF FOR FY 2023-24 (RS. CRORE)

Particulars	FY 2023-24 (True up)		
	Tariff Order for FY 2023-24 dated 24.05.2023	Petition (True up)	Approved (True up)
Interest Income	114.59	51.14	51.14
Maintenance & Shutdown Charges		45.49	45.49
Income from Contractors/Suppliers		86.92	86.92
Incomes from Consumer Contribution Reserve		250.84	250.84
Supervision Charges		74.49	74.49
Rental from Staff		3.06	3.06
Miscellaneous Receipts		26.72	26.72
Non-Tariff Income		538.66	538.66
Less: Consumer Contribution reserve during FY 2023-24		250.84	250.84
Net Non-Tariff Income	114.59	287.82	287.82

4.14 INCOME FROM OTHER BUSINESSES

Petitioner's submission

- 4.14.1 The Petitioner has submitted that it has initiated the leasing of the dark fiber cable (OPGW) for optimum utilization of Transmission assets by way of the utilization of surplus capacity of UPPTCL's OPGW. In this regard, the Petitioner had approached the Commission vide Petition No. 1848/2022 for permission of the Commission about engaging in Other Business for leasing of UPPTCL's OPGW infrastructure. Accordingly, the Commission had given approval of the same vide its Order dated November 2, 2022, as mentioned below:

“...

....., the Commission has allowed utilization of surplus capacity of UPPTCL's OPGW infrastructure by leasing out its dark fiber for a lease

period of 15 years subject to compliance of conditions stipulated under UPERC (Other Business) Regulations, 2004 or any subsequent amendment/re-enactment thereof. The utilization of the assets and facilities of the licensed business for other business shall not, in any manner, affect the license conditions, performance of obligations or quality of service required from UPPTCL under licensed business.”

4.14.2 Further, with respect of the sharing of such income, the Commission had decided that:

“Accordingly, the Commission has decided that an amount equal to 70% of the gross revenue from such other business in a given financial year shall be utilised for reducing the transmission charges of the licensed business, whereas 30% of the gross revenue shall be retained with the other business. The operation and maintenance cost of leased dark fibers shall be borne by UPPTCL out of their revenue share.”

4.14.3 Accordingly, the Petitioner has shared 70% of the overall actual revenue (i.e., as per the audited annual accounts) for FY 2023-24, which is to the tune of Rs. 6.10 Crore in FY 2023-24, from the leasing of dark fibers with the beneficiaries as depicted in the Table below:

TABLE 4-36: REVENUE FROM OPGW LEASING IN FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2023-24
Gross Income as per Audited Accounts	8.71
O&M Expenditure as per Audited Accounts	2.58
Gross Income to be shared @ 70%	6.10
Net Income / (Loss) after sharing 70% Income	0.03

Commission’s Analysis

4.14.4 Regulation 36 of the MYT Regulations, 2019, which provides for the Income from Other Business, specifies that the proportion of revenue from Other Business that shall be utilized in the Transmission business as stipulated in UPERC (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2004 or any subsequent amendment thereof.

4.14.5 The Petitioner had filed a Petition before the Commission (Petition No. 1848 of 2022) under Section 41 of the Electricity Act, 2003 read along with Regulation 3 of

UPERC (Treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensee) Regulations, 2004, for permission of the Commission for engaging in Other Business for optimum utilization of Transmission assets by way of the utilization of the surplus capacity of UPPTCL's OPGW infrastructure by leasing out its dark fiber. The Commission, in its Order dated November 02, 2002, in the matter had decided that an amount equal to 70% of the gross revenue from such other business in a given financial year shall be utilised for reducing the Transmission Charges of the licensed business, whereas 30% of the gross revenue shall be retained with the other business.

- 4.14.6 Accordingly, the Commission approves the Revenue from OPGW leasing at 70% of the gross revenue of Rs. 8.71 Crore, i.e. Rs. 6.10 Crore.

4.15 SLDC ARR for FY 2021-22

Petitioner's submission

- 4.15.1 The Petitioner has submitted that the Hon'ble Commission, in its order dated June 29, 2021, while approving the ARR of UPPTCL for FY 2021-22, did not allow the expenses and revenue pertaining to SLDC operations. The Commission directed that SLDC should separately file its petition in accordance with the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020
- 4.15.2 Accordingly, in the True-up Petition for FY 2021-22, the Petitioner did not claim SLDC-related expenses and revenue amounting to Rs. 38.35 crore and Rs. 10.70 crore respectively. In its order dated May 24, 2023, the Commission, while truing up the ARR for FY 2021-22, excluded Rs. 38.35 crore pertaining to SLDC expenses from UPPTCL's ARR. Similarly, the SLDC revenue of Rs. 10.70 crore was deducted from UPPTCL's revenue from operations.
- 4.15.3 Further, UPSLDC in its True-up petition for FY 2022-23, by way of additional submissions, sought recovery of the above UPSLDC charges which had earlier been disallowed from UPPTCL's ARR for that year.
- 4.15.4 However, the Commission, in its order dated October 10, 2024, did not allow the said claim. The Commission observes that during FY 2021-22, SLDC was functioning as an integral part of UPPTCL therefore, the relevant expenses formed part of

UPPTCL's accounts.

- 4.15.5 Since the claim for SLDC charges was disallowed to UPPTCL in the True-up Order for FY 2021-22 and the same was also not allowed to UPSLDC subsequently, the Petitioner is now claiming these expenses, as detailed below:-

TABLE 4-37: SLDC ARR FOR FY 2021-22 (RS. CRORE)

Particulars	Amount in Rs. Cr.
SLDC ARR for FY 2021-22	38.35
Less:	
SLDC charges for FY 2021-22	10.70
Net Revenue considered	27.65

- 4.15.6 The Petitioner has submitted that the Hon'ble Commission, in its order dated October 10, 2024 in Petition No. 2044/2023, allowed the ARR of SLDC functions for the period April 01, 2022 to August 22, 2022 to UPPTCL, since UP SLDC was operating as part of UPPTCL during that time. Accordingly, the Petitioner has requested that the ARR of SLDC for the entire FY 2021-22, when SLDC was similarly part of UPPTCL, may also be allowed in Petitioner's ARR.

Commission's Analysis

- 4.15.7 The Commission observes that the Petitioner had claimed SLDC expenses of Rs. 38.35 crore, along with corresponding revenue of Rs. 10.70 crore, for FY 2021-22, to be allowed in UPPTCL's ARR for FY 2023-24 (True Up).
- 4.15.8 In response to the Commission's query dated July 23, 2025, regarding the detailed item-wise breakup of the SLDC ARR of Rs. 38.35 Crore and the corresponding revenue of Rs 10.70 Crore along with appropriate justification for claiming the SLDC ARR of FY 2021-22. The Petitioner, in its reply dated August 05, 2025, submitted the detailed item-wise breakup of the SLDC ARR and corresponding revenue realized during the year as per the UPPTCL Balance sheet for FY 2021-22.
- 4.15.9 The Commission, in its order dated June 29, 2021, while disallowing the expenses of SLDC from the ARR for FY 2021-22 of the Petitioner had observed the following:

Quote

6.12.2 The Government of Uttar Pradesh (GoUP), in exercise of the powers vested under Section 31 of the Electricity Act, 2003, vide Notification No. 78/24-U.N.N.P.-11-525/08 dated January 24, 2011 notified the "Power System Unit" as the "State Load Despatch Centre" of Uttar Pradesh for the purpose of exercising the powers and discharging the functions under Part V of the Electricity Act, 2003. SLDC is operating as a part of the Uttar Pradesh Power Transmission Corporation Ltd., in its capacity as the State Transmission Utility. SLDC is the apex body to ensure integrated operation of the power system in the State.

6.12.3 The Commission also notified UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020 on 14th May 2020. Further, the Commission has directed UPPTCL from time to time to expedite the process to separate the SLDC from UPPTCL in order to make SLDC as an independent Organization. Also, SLDC shall ensure to file its ARR Petition separately.

6.12.4 Further, the non-separation of SLDC is a non-compliance of the Electricity Act, 2003 & UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020.

6.12.5 Taking all the above into consideration, the SLDC expenses are not being allowed in the UPPTCL ARR for FY 2021-22. SLDC is directed to approach the Commission separately under the SLDC Regulation, 2020 for the same. Accordingly, the ARR of SLDC of Rs. 36.71 Crore is disallowed from UPPTCL ARR of FY 2021-22.

Unquote

4.15.10 The Commission, vide its Order dated May 24, 2023 (Truing-up of ARR for FY 2021-22), had disallowed Rs. 38.35 Crore and revenue of Rs. 10.70 Crore in the approved True Up of ARR for FY 2021-22 of the Petitioner, for non-compliance of the directions issued by the Commission regarding establishing UPSLDC as an independent body separate from UPPTCL. Subsequently, the directions were complied upon and Petitioner has submitted to consider the disallowed amount on account of such non compliance.

4.15.11 Further, the Commission has observed that, prior to its incorporation as a separate entity on August 22, 2022, UPSLDC was functioning under UPPTCL, the disallowed amount of Rs. 38.35 Crore & revenue of Rs. 10.70 Crore on account of noncompliance has been adjusted in the closing revenue surplus of true up of FY 2023-24 as the directives issued have been complied with. The Commission is of the view that since the amount was disallowed from the approved ARR of UPPTCL

whereas, the expenditure had already been incurred and the compliance is also made hence, the Commission allows net amount of Rs. 27.65 Crore (Rs.38.35 - Rs.10.70) which was disallowed to the Petitioner without carrying cost till FY 2023-24. This will ensure that the Bonafide amount is passed on and carrying cost as a penal provision is borne by the Petitioner. Accordingly, the net amount of Rs.27.65 has been carried forward without carrying cost in APR and the details are mentioned in Table No. 5-33 of APR section.

4.16 REVENUE

Petitioner's Submission

4.16.1 The Petitioner has submitted that the Gross Transmission Charges in FY 2023-24 are to the tune of Rs. 3,835.40 Crore. The Open access charges are to the tune of Rs. 183.41 Crore in FY 2023-24 which includes the short-term open access charges recovered in FY 2023-24 for approved inter-state and intra-state transactions by NRLDC and UPSLDC. The net revenue pertaining to FY 2023-24 is provided in the Table below:

TABLE 4-38: REVENUE FROM OPERATIONS PERTAINING TO FY 2023-24 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Amount
Revenue from operations (Gross) for FY 2023-24	3,835.40
Less:	
SLDC Charges for FY 2023-24	-
True-up Adjustment for FY 2022-23	-
UPPTCL's Total Revenue considered for revenue side Truing up in FY 2022-23	3,835.40

4.16.2 The Petitioner has submitted that it has not considered the revenue of UPSLDC as the same has been segregated from UPPTCL. Further, UPSLDC shall file its ARR or True-up Petition before the Commission in line with the UPERC (Fees & Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2020.

Commission's Analysis

4.16.3 The Commission has considered the Revenue from Operations as per audited

accounts for FY 2023-24. The energy delivered for FY 2023-24 is considered as per the statement of UPPTCL. Accordingly, the net revenue of Rs. 3835.40 Crore is approved based on transmission charges and open access charges received during the year and deducting true-up adjustment for FY 2022-23 of UPPTCL as shown below:

TABLE 4-39: REVENUE FROM OPERATIONS APPROVED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)	
			Petition (True up)	Approved (True up)
Revenue from Operation for FY 2023-24	A	3,664.80	3,835.40	3,835.40
Less: True-up adjustment for FY 2021-22 approved by the Commission vide its Order dated May 24, 2023	B	-	-	-
Less: SLDC Charges for FY 2023-24	C	58.22	-	-
Net Revenue for FY 2022-23	D=A-B-C	3,606.58	3,835.40	3,835.40

4.16.4 Further, the energy wheeled during FY 2023-24 is considered as per the joint statement signed by UPPTCL and UPSLDC. Detailed breakup of revenue from operations approved by the Commission is as follows:

TABLE 4-40: COMMISSION APPROVED - DETAILED BREAKUP OF REVENUE FROM OPERATIONS FOR FY 2023-24 (RS. CRORE)

Particulars	FY 2023-24	
	Approved (True Up)	
	Energy Delivered (MU)	Amount (Rs. Crore)
DVVNL	29,628.43	774.46
MVVNL	28,314.37	739.27
PVVNL	39,107.84	1,021.14
PuVVNL	32,929.61	860.12
KESCO	4,289.15	111.95
NPCL	3,369.43	44.02
Sub-Total (Distribution Licensees) (A)	1,37,638.83	3,550.96
Open Access Consumer		
Northern Railway (U.P)	2,849.38	34.83
Open Access Customers	2,904.10	248.42
Sub-Total (Open Access Consumers) (B)	5,753.48	283.26

Particulars	FY 2023-24	
	Approved (True Up)	
	Energy Delivered (MU)	Amount (Rs. Crore)
Application Fee for Connectivity (C)		1.19
SLDC Charges		
SLDC Charges including Application Fee/ Concurrence Fee/SLDC Charges (from 01.04.2023 to 31.03.2024)	-	-
Sub-Total (SLDC Charges) (D)	-	-
Total (A+B+C+D)	1,43,392.31	3,835.40

4.17 SUMMARY OF AGGREGATE REVENUE REQUIREMENT AND GAP/(SURPLUS)

Petitioner's Submission

4.17.1 The Petitioner has projected a Gap / (Surplus) of Rs. 655.17 Crore for FY 2023-24 and requested the Commission to approve the same.

TABLE 4-41: SUMMARY OF ARR SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)
			Petition
Gross O&M Expenses	A=B+C+D	1,279.35	1,653.89
Employee Expenses	B	743.41	1,148.23
A&G Expenses	C	66.21	66.79
R&M Expenses	D	469.73	438.87
Interest on Loan Capital	E	1,313.44	1,256.31
Interest on Working Capital	F	57.43	70.87
Depreciation	G	1,417.79	1,862.74
Gross Expenditure	H=A+E+F+G	4,068.01	4,843.81
Less: Employee Expenses Capitalised	I	308.34	204.69
Less: A&G Expenses Capitalised	J	-	-
Less: Interest Expenses Capitalised	K	177.43	115.15
Net Expenditure	L=H-I-J-K	3,582.24	4,523.96
Add: Return on Equity	M	207.54	232.88
Less: Non-Tariff Income	N	114.59	287.82
Less: Income from Other Business	O	10.41	6.10
Aggregate Revenue Requirement	P=L+M-N-O	3,664.80	4,462.92
Less: SLDC ARR for FY 2023-24	Q	58.22	-
Aggregate Revenue Requirement (UPPTCL)	R=P-Q	3,606.58	4,462.92
Add: UPSLDC ARR for FY 2021-22	S	-	38.35
Less: UPSLDC charges for FY 2021-22	T	-	10.70
Net Aggregate Revenue	U=R+S	3,606.58	4,501.27

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)
			Petition
Requirement (Considering True Up Surplus)			
Revenue from Operations	U=R+S	3,606.58	3,835.40
Net Gap/ (Surplus)	V=R-S-T	-	655.17

Commission's Analysis

4.17.2 The Commission, based on a prudence check and after carrying out a detailed analysis of each parameter of ARR, has considered the True-up of ARR of FY 2023-24. Accordingly, the following Table summarizes the Aggregate Revenue Requirement and Gap/(Surplus) for FY 2023-24 as submitted by the Petitioner vis-à-vis the values approved by the Commission.

TABLE 4-42: COMMISSION APPROVED SUMMARY OF ARR FOR FY 2023-24 (RS. CRORE)

Particulars	Derivation	FY 2023-24 (True up)		
		Petition (True up)	Approved (True up)	
			Values	Remarks
Gross O&M Expenses	A=B+C+D	1,653.88	1,255.26	Table 4-11
Employee Expenses	B	1,148.23	743.01	Table 4-11
A&G Expenses	C	66.79	63.29	Table 4-11
R&M Expenses	D	438.87	448.96	Table 4-11
Interest on Loan Capital	E	1,256.31	1,274.46	Table 4-29
Interest on Working Capital	F	70.87	63.54	Table 4-32
Depreciation	G	1,862.74	1,453.48	Table 4-25
Gross Expenditure	H=A+E+F+G	4,843.81	4,046.73	
Less: Employee Expenses Capitalised	I	204.69	204.69	Table 4-11
Less: Interest Expenses Capitalised	J	115.15	115.15	Table 4-29
Net Expenditure	K=H-I-J	4,523.96	3,726.89	
Add: Return on Equity	L	232.88	221.14	Table 4-34
Less: Non-Tariff Income	M	287.82	287.82	Table 4-35
Less: Income from Other Business	N	6.10	6.10	Para 4.14.6
Aggregate Revenue Requirement	O=L+M-N	4,462.92	3,654.12	
Less: SLDC ARR for FY 2023-24	P	-	-	
Net Aggregate Revenue Requirement	Q=O-P	4,490.57	3,654.12	
Add: UPSLDC ARR for FY 2021-22	R	38.35	-	Refer W
Less: UPSLDC charges for FY 2021-22	S	10.70	-	
Net Aggregate Revenue Requirement (Considering SLDC ARR & Charges)	T=Q+R	4,501.27	3,654.12	
Revenue from Operations	U	3,835.40	3,835.40	Table 4-39
Net Gap/ (Surplus)	V=T-U-S	655.17	(181.29)	

Particulars	Derivation	FY 2023-24 (True up)		
		Petition (True up)	Approved (True up)	
			Values	Remarks
Net disallowed amount on account of UPSLDC ARR	W=R-S	-	27.65	Adjusted in opening surplus of APR.

4.18 TRANSMISSION TARIFF

Commission's Analysis

- 4.18.1 Regulation 33.2 of the MYT Regulations, 2019 specifies the methodology for allocation of Annual Transmission Service Charges to its Beneficiaries.
- 4.18.2 The MYT Regulations, 2019 provide for capacity (MW) based Transmission Charges. However, there were numerous issues in the determination of MW based Transmission Tariff, like allocation of Transmission capacity to the existing long-term Transmission system users, allocation of existing PPAs, etc. Presently, the State Distribution Licensees have not been allotted Transmission capacity as such; hence, the Transmission Tariff has been calculated by the Commission based on the number of units wheeled by the Transmission Licensee for the Distribution Licensees.
- 4.18.3 However, the Commission in its MYT Regulation 2025 have resolved this issues and has provided determination of Intra-State Transmission Tariff on MW capacity basis. The same approach will be reflected in approval of ARR/determination of Intra State Transmission Tariff for FY 2025-26 under new MYT Regulation 2025. Hence, the same methodology as continued in past tariff orders in line with past provisions under MYT Regulation 2019 has been kept while carrying out the True Up & APR of FY 2023-24 & FY 2024-25.
- 4.18.4 The Commission considers the energy delivered as 1,43,392.31 MUs for FY 2023-24. The following Table summarizes the Aggregate Revenue Requirement and Transmission Tariff for FY 2023-24 as submitted by the Petitioner vis-à-vis the values approved by the Commission.
- 4.18.5 Further, the energy wheeled during FY 2023-24 is considered as per the statement

signed by UPPTCL. Detailed breakup of revenue from operations approved by the Commission is as follows:

TABLE 4-43: TRUED UP TRANSMISSION TARIFF APPROVED BY THE COMMISSION

Particulars	Derivation	Tariff Order for FY 2023-24 dated 24.05.2023	FY 2023-24 (True up)		
			Petition (True up)	Approved (True up)	
				Values	Remarks
Net Aggregate Revenue Requirement (Rs. Crore)	A	3,606.58	4,501.27	3,654.12	Table 4-42
Energy Delivered (MU)	B	1,36,559.84	1,43,392.31	1,43,392.31	Table 4-40
Transmission Tariff (Rs. / kWh)	C=A*10/B	0.2641	0.3139	0.2548	-

4.18.6 Regulation 30.10 of the MYT Regulations, 2019 provides that in case of excess recovery of Transmission charges, the same shall be deducted from the ARR of the transmission licensee for the future years, along with carrying cost.

4.18.7 Hence, the Commission has computed the net Surplus of Rs. 181.29 Crore and carrying cost of Rs. 10.03 in the true-up of FY 2023-24. Further, the net disallowed amount of Rs. 27.65 crore has been carried forward without carrying cost in the APR. Therefore, the net surplus amount of Rs. 163.67 crore has been carried forward as opening surplus of FY 2024-25 (APR) The detailed computation is shown in Table No. 5-33 of ARR section.

5 ANNUAL PERFORMANCE REVIEW FOR FY 2024-25

5.1 INTRODUCTION

- 5.1.1 The Petitioner has submitted the APR for FY 2024-25 as per Regulation 7 of the MYT Regulations, 2019 and based on the revised projections of expenses and capital expenditure.
- 5.1.2 The Commission has provisionally computed the figures wherever required as per True-Up of FY 2023-24 approved by the Commission and submissions of the Petitioner in its Petition including deficiency replies and Audited Account for FY 2024-25. Further, the Commission has carried out a comparison of each component of APR as claimed by Petitioner with that approved in Tariff Order for FY 2024-25 dated October 10, 2024. Further, pursuant to submission of Tariff Petition, the audited accounts of the Petitioner were also finalized, which were submitted by the Petitioner. Therefore, the Commission, while carrying out the Annual Performance Review for FY 2024-25 has also relied upon the audited accounts of the Petitioner and has provisionally computed the figures. It is pertinent to mention that final prudence check will be carried out by the Commission at the time of true-up. Accordingly, components of APR are discussed in following Sections.

5.2 TRANSMISSION LOSS

Petitioner's Submission

- 5.2.1 The Petitioner has estimated the Intra-State Transmission losses as 3.18% in line with the Business Plan Order dated October 15, 2020, and Tariff Order for FY 2024-25 dated October 10, 2024. However, in its response to the 5th data gap, pursuant to the finalization of Audited Accounts, the Petitioner has submitted the actual Intra-State Transmission losses as 3.22%, as per joint statement signed by UPPTCL and UPSLDC for FY 2024-25.

Commission's Analysis

- 5.2.2 As per Regulation 38 of MYT Regulations, 2019, the energy losses in the Intra-State Transmission System, as determined by the State Load Despatch Centre and approved by the Commission, shall be borne by the Transmission System Users in proportion to their usage of the Intra-State Transmission System.

5.2.3 Further, the Commission observes that the actual Intra-State Transmission Losses as per joint statement signed by UPPTCL and UPSLDC for FY 2024-25 are 3.22%, which is marginally higher than the approved Intra-State Transmission Losses of 3.18%.

5.2.4 The Commission considers the same for the purpose of APR and the same shall be examined during the true up. Accordingly, the Petitioner is directed to submit the detailed reasons/ justification while filing the next year tariff petition in this regard.

5.3 OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

5.3.1 Based on the O&M Expenses for FY 2023-24 as claimed by the Petitioner in the True-up section above, the Petitioner has computed the allowable O&M Expenses for FY 2024-25 as mentioned in the Table below:

TABLE 5-1: O&M EXPENSES FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)

Employee Expenses	FY 2023-24 (True-up Petition)	FY 2024-25 (APR Petition)
CPI Inflation Index (%): Avg. of last 3 years	5.40%	5.46%
Gross Employee Costs and Provisions	1,148.23	1,210.88
<i>Less: Employee Expenses capitalized</i>	204.69	324.67
Net Employee Expenses	943.54	886.21
A&G Expenses	FY 2023-24 (True-up Petition)	FY 2024-25 (APR Petition)
WPI Inflation Index (%): Avg. of last 3 years	7.90%	7.21%
Gross A&G Expenses (i+ii+iii)	66.79	71.10
<i>i. Normative A&G Expenses</i>	59.23	63.50
<i>ii. Licensee Fee</i>	7.49	7.53
<i>iii. Finance Charges</i>	0.07	0.07
<i>Less: A&G Expenses Capitalised</i>	-	-
Net A&G Expenses	66.79	71.10
R&M Expenses	FY 2022-23 (True-up Petition)	FY 2023-24 (APR Petition)
WPI Inflation Index (%): Avg. of last 3 years	7.90%	7.21%
R & M Expenses	438.87	470.54
Net O&M Expenses	1,449.20	1,427.85

- 5.3.2 The Petitioner has submitted that the current MYT Regulations, 2019 do not provide for allowing any additional or incremental O&M Expenses on account of addition of new assets into the UPPTCL's network system. However, the previous Tariff Regulations i.e., Tariff Regulations, 2006 and MYT Regulations, 2014 provided for allowing of additional and incremental O&M Expenses on account of addition of new assets. It is important to note that the Petitioner's network has grown significantly in the past few years, which is expected to grow further in the coming years. However, FY 2020-21 onwards, the Petitioner has not been allowed any additional and incremental expenses incurred towards O&M Expenses on account of construction or addition of new assets year on year, as the Commission, while allowing the O&M Expenses has not given effect to the additional O&M cost incurred on account of new assets. Therefore, it is submitted by the Petitioner that the additional and incremental expense incurred towards O&M Expenses on account of construction or the addition of new assets each year must also be allowed.
- 5.3.3 The Petitioner has considered the Employee Expense capitalisation for FY 2024-25 at the same rate as per the actual capitalisation in the annual accounts for FY 2023-24.

Commission's Analysis

- 5.3.4 The Commission has considered the same methodology of computing O&M expenses as provided under Regulation 34 of MYT Regulations, 2019. It is observed that the overall O&M Expenses claimed by the Petitioner have increased vis-a-vis the O&M Expenses approved for FY 2024-25 in Tariff Order dated October 10, 2024. The Commission has provisionally computed the normative value of each component of O&M Expenses for FY 2024-25 by escalating the normative value of FY 2023-24 with inflation factor i.e., average of past three financial years (FY 2021-22 to FY 2023-24).
- 5.3.5 The Commission, in line with Regulation 34(e) of the MYT Regulations, 2019 considers the WPI and CPI inflation rate notified by Labour Bureau, Govt. of India (GoI) (http://labourbureau.gov.in/LBO_indexes.htm) and Economic Advisor Govt. of

India (<https://eaindustry.nic.in/>) respectively for different years as shown in the Table below:

TABLE 5-2: WPI AND CPI INDICIES AND INFLATION RATES CONSIDERED BY THE COMMISSION

Particulars	WPI		CPI	
	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
	(A)	(B)	(C)	(D)
April	151.10	152.90	386.50	401.47
May	149.40	153.50	387.94	402.91
June	148.90	154.00	392.83	407.23
July	152.10	155.30	402.34	410.98
August	152.50	154.40	400.90	410.69
September	151.80	154.70	396.00	412.70
October	152.50	156.70	398.59	416.16
November	153.10	156.40	400.61	416.16
December	151.80	155.70	399.74	413.86
January	151.20	155.00	400.03	412.42
February	151.20	154.90	400.90	411.26
March	151.40	154.80	400.03	411.84
Average for the year	151.42	154.86	397.20	410.64
Calculation of Inflation for the Year {=(B-A)/A OR (D-C)/C}	(0.73)%	2.27%	5.19%	3.38%

5.3.6 Further, in line with Regulation 34.1, 34.2 & 34.3, the Commission considers the WPI and CPI Indices for FY 2024-25 as per the following Table:

TABLE 5-3: WPI AND CPI INFLATION RATES CONSIDERED BY THE COMMISSION

FY	INDEX		INFLATION RATE		Average of Last 3 Years	
	WPI	CPI	WPI	CPI	WPI	CPI
FY 2021-22	139.41	356.06	13.00%	5.13%		
FY 2022-23	152.53	377.62	9.41%	6.05%		
FY 2023-24	151.42	397.20	(0.73)%	5.19%		
FY 2024-25	154.86	410.64	2.27%	3.38%	7.23% = average of (13.00%, 9.41% & (0.73%))	5.46% = average of (5.13%, 6.05% & 5.19%)

5.3.7 The Commission has computed the normative value of each component of O&M Expenses for FY 2024-25 by escalating the normative value of FY 2023-24 with the inflation factor. Any employee expenses capitalized are deducted to arrive at Net

Normative expenses as per the Audited Accounts for FY 2024-25. The Normative O&M Expenses computed for FY 2024-25 is shown in the Table below:

TABLE 5-4: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	FY 2023-24 (True up)	Average of previous 3 years CPI / WPI	FY 2024-25 (APR)
		(P) Table 4-11	(Q) Table 5-3	Provisionally Computed (R)=[(P)*{1+(Q)}]
Employee Expenses	A	743.01	5.46%	783.55
Less: Employee Expenses Capitalised	B	204.69	-	193.03*
Net Employee Expenses	C=A-B	538.32		590.51
Net A&G Expenses	D	63.29	7.23%	67.86
Net R&M Expenses	E	448.96	7.23%	481.40
Net O&M Expenses	F=C+D+E	1,050.57	-	1,139.78

*Considered as per Audited Accounts for FY 2024-25

5.3.8 Further, the Commission observes that there was a huge variation between the normative values of the O&M Expenses as claimed by the Petitioner and the O&M Expenses as per Audited Accounts for FY 2024-25. The Commission considers the net approved O&M Expenses for FY 2024-25 based on lower of actual or revised normative value of each component of O&M Expenses, in line with the methodology specified in paragraph 4.4.24 under the True-up section of this Order. The Normative O&M Expenses computed for FY 2024-25 is shown in Table below:

TABLE 5-5: O&M EXPENSES PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	FY 2024-25 (APR)				
		Tariff Order for FY 204-25 dated 10.10.2024	Audited Accounts	Petition (APR)	Computed (Normative)	Provisionally Computed (APR)
		(A)	(B)	(C)	(D)	(E) = Lower of (B) & (D)
		Table 6-7	-	Table 5-1	Table 5-4	
Employee Expenses	A	785.49	934.21	1,210.88	783.55	783.55
Less: Employee Expenses Capitalised	B	456.40	193.03	324.67	193.03	193.03
Net Employee Expenses	C=A-B	329.09	741.18	886.21	590.51	590.51

Particulars	Derivation	FY 2024-25 (APR)				
		Tariff Order for FY 204-25 dated 10.10.2024	Audited Accounts	Petition (APR)	Computed (Normative)	Provisionally Computed (APR)
		(A)	(B)	(C)	(D)	(E) = Lower of (B) & (D)
		Table 6-7	-	Table 5-1	Table 5-4	
Net A&G Expenses	D	73.76	57.45	71.10	67.86	57.45
Net R&M Expenses	E	523.26	491.51	470.54	481.40	481.40
Total O&M Expenses	F=C+D+E	926.11	1,290.13	1,427.85	1,139.78	1,129.37

5.4 CAPITAL WORK IN PROGRESS (CWIP) & GROSS FIXED ASSET (GFA)

Petitioner's Submission

5.4.1 The Petitioner has estimated the capital investment for FY 2024-25, based on the expected expenditure to be made towards the ongoing projects or schemes and those towards the new projects to be undertaken in FY 2024-25, as per the Table below:

TABLE 5-6: CAPITAL INVESTMENT FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)

Financing	FY 2024-25
Consumer Contribution/Deposit Works/Grant	1,260.74
Debt	2,256.02
Equity	966.87
Total Investment	4,483.62

5.4.2 The Petitioner has submitted that the above capital expenditure, as per the Business Plan, has been revised in view of the change in the timelines of the projects.

- Investment through "deposit work" has been taken for capital formation. The total Consumer Contribution considered towards the capital formation in FY 2024-25 is Rs. 1,260.74 Crore. The same has been considered as per the actual Consumer Contribution in the previous year. Further, an expenditure of Rs. 1,929.23 Crore is estimated in FY 2024-25 towards the GEC-II scheme, with a Grant Contribution of Rs. 636.65 Crore. The total capital investment planned for FY 2024-25 is Rs. 4,483.62 Crore towards ongoing and new schemes.

- In order to project the figures of capitalization of FY 2024-25, capitalization is considered as 25% of total investment during the year for FY 2024-25, in line with the past practice of the Commission.
- The capital investment plan (net of deposit works/grant) has been projected to be funded in the ratio of 70:30 (Debt to Equity).

5.4.3 The projected capital formation and capital work in progress for FY 2024-25 as submitted by the Petitioner is presented below:

TABLE 5-7: PROJECTIONS OF CAPITALISATION & WIP OF INVESTMENT SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2024-25
Opening WIP as on 1 st April	A	4,315.30
Investments	B	4,483.62
Employee Expenses Capitalisation	C	324.67
A&G Expenses Capitalisation	D	-
Interest Capitalisation on Interest on long term loans	E	109.62
Total Investments	F= A+B+C+D+E	9,233.21
Transferred to GFA (Total Capitalisation)	G	2,308.30
Closing WIP	H= F-G	6,924.91

5.4.4 The Petitioner has considered the actual closing CWIP of FY 2023-24 (as per the annual accounts) as opening for FY 2024-25. Further GFA balance, capital expenditure and capitalisation are also considered on actuals up to FY 2020-21 however, the disallowance made in the CWIP and the GFA by the Commission for FY 2017-18 to FY 2020-21 in the Tariff Order dated November 10, 2020, June 29, 2021, and July 20, 2022 has not been considered in the current APR Petition. The GFA balance considered for the 2024-25 is provided below:

TABLE 5-8: PROJECTIONS OF GROSS FIXED ASSETS SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2024-25
Opening GFA	A	43,609.46
Net Addition to GFA*	B	2,308.31
Closing GFA	C=A+B	45,917.57

*No deduction or deletion has been considered in the GFA during FY 2024-25; the same may be considered on actual basis at the time of Truing-up.

5.4.5 The Equity capital as on April 1, 2020, has been computed to the extent of 30% of such fixed asset base and the Debt capital has been computed to the extent of 70% of such fixed asset base. Accordingly, the Debt and Equity as on April 1, 2020, has been computed as mentioned in the True-up submissions.

Commission's Analysis

5.4.6 The Commission observes that the Petitioner has considered the normative closing GFA for FY 2023-24 proposed in the Petition as opening GFA for FY 2024-25. The Petitioner has not computed GFA based on approved values of past Tariff Orders of the Commission, which is the main reason for the difference in the claimed figure of the Petitioner against the approved value in last year's Tariff Order.

5.4.7 The Commission considers closing GFA for FY 2023-24 as determined in the True up Section of this Order, as the opening GFA for FY 2024-25. The investment claimed by the Petitioner for FY 2024-25 has been provisionally considered, further GFA addition (capitalization) & deduction in GFA (decapitalization) as per the Audited Account for FY 2024-25 has been taken into account to arrive at the closing GFA for FY 2024-25. The same is shown in the Table below:

TABLE 5-9: CAPITAL EXPENDITURE AND CAPITALISATION PROVISIONALLY COMPUTED FOR FY 2024-25 BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	FY 2024-25 (APR)		
		Tariff Order dated 10.10.2024	Petition (APR)	Provisionally Computed
Opening CWIP as on April 1, 2024	A	4,659.06	4,315.30	2,921.12*
Investments	B	4,619.08	4,483.62	4,483.62
Employee Expenses Capitalized	C	456.40	324.67	193.03**
Interest Capitalized on Long Term Loan	D	154.31	109.62	70.79**
Total Investments	E=A+B+C+D	9,888.85	9,233.21	7,668.57
Transferred to GFA	F	2,820.76	2,308.30	3,475.30**
Closing CWIP	G=E-F	7,068.09	6,924.91	4,193.27

*Considered as per closing CWIP as on March 31, 2024 as determined in the True Up for FY 2023-24

** Considered as per Audited Accounts for FY 2024-25

5.4.8 The Commission has computed the Gross Fixed Assets for FY 2024-25 as per the following Table:

TABLE 5-10: GFA PROVISIONALLY COMPUTED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Derivation	Tariff Order dated 10.10.2025	APR Petition for FY 2024-25	FY 2024-25	
				Provisionally Computed (APR)	
				Figures	Remarks
Opening GFA of FY 2024-25	A	33,424.27	43,609.46	34,487.10	Table 4-16
GFA Addition during FY 2024-25	B	2,820.76	2,308.30	3,475.30	Table 5-9
Decapitalisation / Deduction during FY 2024-25	C	0.00	0.00	11.85*	Audited Accounts
Closing GFA of FY 2024-25	D=A+B-C	36,245.03	45,917.76	37,950.55	-

** Considered as per Audited Accounts for FY 2024-25

5.4.9 The same is subject to prudence check at the time of truing-up based on the applicable Regulations.

5.5 DEBT: EQUITY RATIO OF CAPITALIZATION, CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES

5.5.1 The Petitioner has considered a normative Debt: Equity ratio for financing of the capital investment for FY 2024-25. Considering this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be financed through Equity contributions. The portion of capital expenditure financed through Consumer Contribution, Capital Subsidies and Grants has been separated as the depreciation and interest thereon would not be charged to the beneficiaries.

5.5.2 The Petitioner has submitted that total Consumer Contribution considered towards the capital formation in FY 2024-25 is the total value of the deposit works to be undertaken in FY 2024-25. The Table below summarizes the amounts considered towards Consumer Contributions, Capital Grants and Subsidies for FY 2024-25 and Grant towards GEC-II:

TABLE 5-11: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2024-25
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	3,209.97

Particulars	FY 2024-25
Additions during the year	1,260.74
Less: Deductions	250.84
Closing Balance	4,219.86

5.5.3 The Petitioner has submitted that out of the total capital investment of Rs. 4,483.62 Crore in FY 2024-25, the capital investment through deposit works has been considered as Rs. 624.09 Crore and Rs. 636.65 Crore has been considered towards the grant for GEC-II projects. The balance amount is considered to be funded through Debt and Equity in the ratio of 70:30. The Petitioner has considered the financing of the capital as per Table below:

TABLE 5-12: FINANCING OF CAPITAL INVESTMENT SUBMITTED BY THE PETITIONER (RS CRORE)

Particulars	Derivation	FY 2024-25
Investment	A	4,483.62
Less:		
Consumer Contribution	B	1,260.74
Investment funded by Debt and Equity	C=A-B	3,222.88
Debt Funded	70%	2,256.02
Equity Funded	30%	966.87

5.5.4 The Petitioner is planning large capital expenditure in the MYT period towards new and ongoing works of sub-stations and Transmission lines, augmentation schemes and power evacuation schemes. The Petitioner, in line with the Regulation 32.2 of the MYT Regulations, 2019 has requested the approval of the Commission for the new schemes/projects planned or to be undertaken during the period from FY 2020-21 to FY 2024-25. The Petitioner has provided the details of the assets/projects for which it has approached the Commission for prior approval.

Commission's Analysis

5.5.5 The Commission observes that the Petitioner has considered the opening and closing Consumer Contributions, Grants and Subsidies towards cost of capital assets for FY 2023-24 as per Audited Accounts instead of the approved value by the Commission, which resulted in difference in the claimed figure of the Petitioner against the approved value in Tariff Order of FY 2024-25.

5.5.6 The Commission considers the opening balance of the Consumer Contributions, Grants, and Subsidies towards the cost of capital assets for APR (FY 2024-25) as per the closing balance approved in True-Up section for FY 2023-24 in the Order. The asset addition and amortization during FY 2024-25 is considered as per the Audited Accounts of FY 2024-25 as shown below:

TABLE 5-13: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES COMPUTED PROVISIONALLY FOR FY 2024-25 (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2024-25 dated 10.10.2024	FY 2024-25 (APR)	
			Petition (APR)	Provisionally Computed (APR)
Opening Balance of Consumer Contributions (CC), Grants and Subsidies towards Cost of Capital Assets as on 01.04.2024	A	3,721.07	3,209.97	3,384.26*
Additions during FY 2024-25	B	1,396.20	1,260.74	1,039.73**
Less: Amortisation during FY 2024-25	C	203.61	250.84	301.84**
Closing Balance of CC, Grants and Subsidies towards Cost of Capital Assets as on 31.03.2025	D=A+B-C	4,913.66	4,219.86	4,122.15

*Considered as per closing CC, Grants and Subsidies as on March 31, 2024 as determined in the True Up for FY 2023-24

** Considered as per Audited Accounts for FY 2024-25

5.5.7 The above computation is subject to prudence check at the time of truing-up based on the applicable Regulations.

5.5.8 Further, Regulation 20 of the MYT Regulations, 2019 provides that Debt-Equity ratio shall be 70:30 of the amount of capital cost approved by the Commission, after making appropriate adjustments of Assets funded through Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant subject to prudence check for determination of Tariff. Where the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Licensee for determination of Tariff.

5.5.9 The Commission has adjusted the assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant in the capital cost/ GFA addition during the year. The assets that are decapitalized / deducted during FY 2024-25 are further deducted

from capitalisation as per the audited accounts to derive net Equity and Debt addition during FY 2024-25. It is also observed from the audited accounts that the equity infused during the year by the Petitioner is more than 30% of the net capitalisation approved by the Commission. Accordingly, the equity is capped at 30% of the net capitalisation and excess equity deployed more than 30% is treated as normative debt as per Regulation 20 of the MYT Regulations, 2019, which is shown in the Table below:

**TABLE 5-14: DEBT: EQUITY RATIO PROVISIONALLY COMPUTED BY THE COMMISSION
(RS. CRORE)**

Particulars	Derivation	Tariff Order for FY 2024-25 dated 10.10.2025	FY 2024-25 (APR)		
			Petition (APR)	Provisionally Computed (APR)	
				Values	Remarks
Capitalisation during FY 2024-25	A	2,820.76	2,308.30	3,475.30	Table 5-9
Less: Decapitalisation / Deduction during FY 2024-25	B	-	-	11.85	Table 5-10
Less: Consumer Contribution, Grants & Capital Subsidies during FY 2024-25	C	1,396.20	1260.74	1,039.73	Table 5-13
Net Capitalisation to be funded by Debt & Equity	D=A-B-C	1,424.56	1,047.57	2,423.72	-
Equity (%)	E	30%	30%	30%	-
Debt (%)	F	70%	70%	70%	-
Equity addition during FY 2024-25	G=E*D	427.37	314.27	727.12	-
Debt addition during FY 2024-25	H=F*D	997.19	733.30	1,696.60	-

5.6 DEPRECIATION

Petitioner's Submission

5.6.1 The Petitioner has submitted that Regulation 21 of the MYT Regulations, 2019, provides for the basis of charging depreciation. The MYT Regulations, 2019 provide for calculating depreciation based on the Straight – Line Method basis, whereas the previous MYT Transmission Regulations, 2014 provided for calculation of depreciation on Written Down Value method of the fixed assets of the

corresponding year. Further, for the allowable depreciation for the assets capitalized upto till March 31, 2020 and those capitalized after April 1, 2020, the Commission has observed the following in the Order dated November 10, 2020:

“7.5.8 Accordingly, the existing assets are to be dealt with separately as per Regulations 21.2 and their Net block (as on 31.3.2020) may be kept separate and may be considered Gross Block to apply SLM from 1.4.2020 onwards and the new assets to be dealt as per Regulations 21.1 of MYT Regulations, 2019.

7.5.9 Further, UPPTCL is directed to maintain a separate individual asset-wise FAR for assets capitalized after 1.4.2020 and the Gross Block and Depreciation may be computed separately from the Gross Block before 1.4.2020. Accordingly, from FY 2020-21 onwards, UPPTCL to maintain two separate Gross Blocks (one for assets upto 31.3.2020 (Part-A) and second for assets after 1.4.2020 (Part B) and two separate FARs depicting addition of assets details from 01.04.2020 onwards for the purpose of depreciation computation for Regulatory Accounts.”

5.6.2 Further, for the purpose of computing the allowable depreciation, the Petitioner has considered normative closing gross fixed asset base for FY 2019-20 and FY 2020-21 and subsequent addition and the yearly capitalizations for FY 2024-25 as per revised estimates. The Petitioner, in line with MYT Regulations, 2019, has computed the allowable depreciation for the Part-A i.e., assets up to March 31, 2020. The computation of the same is already covered in the Petitioner submission under True-up section of this Order. Further computation of depreciation of Part-B i.e., assets April 1, 2020 onwards (for FY 2024-25) by the Petitioner is mentioned below:

TABLE 5-15: DEPRECIATION EXPENSE FOR THE GROSS BLOCK OR ASSETS CAPITALISED AFTER APRIL 1, 2020 (PART-B) SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Depreciation Rate (%)	Allowable Depreciation
Land & Land Rights						
i) Unclassified	112.92	6.50	-	119.42	-	-
ii) Freehold Land	8.90	6.50	-	15.40	-	-
Buildings	582.33	63.12	-	645.45	3.34%	20.50
Other Civil Works	50.08	8.43	-	58.51	3.34%	1.81
Plants & Machinery	6,949.02	1,128.04	-	8,077.06	5.28%	396.69
Lines, Cable Network,	7,774.77	1,085.11	-	8,859.88	5.28%	439.15

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Depreciation Rate (%)	Allowable Depreciation
etc.						
Vehicles	0.12	0.00	-	0.12	9.50%	0.01
Furniture & Fixtures	4.62	0.73	-	5.35	6.33%	0.32
Office Equipment	10.56	4.13	-	14.69	6.33%	0.80
Jeep & Motor Car	0.00	0.00	-	0.00	9.50%	0.00
Intangible Assets	62.40	5.31	-	67.71	15.00%	9.76
Assets taken over from Licensees pending final Valuation	33.19	0.42	-	33.61	5.28%	1.76
Total Depreciable Assets	15,467.08	2,295.30	-	17,762.38	-	870.81
Total Non-Depreciable Assets	121.82	13.00	-	134.82	-	-
GRAND TOTAL	15,588.90	2,308.30	-	17,897.20	-	870.81

5.6.3 The Petitioner has considered the depreciation on assets created out of Consumer Contributions, Capital Grants and Subsidies for FY 2024-25 at the same level as provided in audited accounts of FY 2023-24. The Petitioner has reduced the equivalent depreciation amounting to Rs. 250.84 Crore for FY 2023-24 in respect of depreciation on assets created from Consumer Contributions, Capital Grants and Subsidies. Thus, the allowable depreciation for FY 2024-25 has been depicted in the Table below:

TABLE 5-16: GROSS ALLOWABLE DEPRECIATION SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2024-25
Allowable Depreciation for assets upto 31.03.2020	1,385.19
Allowable Depreciation for assets capitalised 01.04.2020 onwards	870.81
Gross Allowable Depreciation	2,255.99
Less: Equivalent amount of depreciation on assets acquired out of the Consumer Contribution, Grants, and GoUP Subsidy	250.84
Net Allowable Depreciation	2,005.15

5.6.4 The Petitioner further submitted that in compliance to the provisions of Appendix 'C' to IndAS-I8, from FY 2016-17 onwards, the Consumer Contribution Reserve has been recognized as revenue as equal to the annual income over the useful life of

the underlying asset/term of the arrangement with consumers. However, the Commission, in its Orders dated January 08, 2019 and August 27, 2019, while approving the revised ARR for FY 2018-19 & FY 2019-20 respectively, has allowed the net depreciation after deducting the equivalent amount of depreciation on assets acquired out of the consumer contribution. The Petitioner has considered the same approach while claiming the net deprecation amount for FY 2024-25. The Income from Consumer Contribution recognized as revenue (or equivalent depreciation amount) in FY 2024-25 has been considered the same as in the Annual Accounts of FY 2023-24.

Commission's Analysis

- 5.6.5 The Commission has computed the depreciation for Part-A and Part-B Fixed Assets, in line with the methodology followed in the True up section of this Order, based on the Audited Accounts for FY 2024-25 by the Petitioner. The Commission observes that the depreciation on assets created out of Consumer Contribution, Capital Grants and Capital Subsidies in audited accounts for FY 2024-25 are as per the Straight-Line Method and the rates of depreciation adopted by the Petitioner are as per CERC & MYT Regulations, 2019. Hence, the depreciation on such assets is considered as per Audited Accounts for FY 2024-25.
- 5.6.6 The Petitioner has not considered the de-capitalisation in FY 2024-25. However, the Commission considers de-capitalisation as per the Audited Accounts of FY 2024-25. Further, the assets in Part-A are older than the assets under Part-B, therefore, practically the assets in Part-A will be decapitalised/deducted first as compared to Part-B assets. Hence, the Commission considers the complete decapitalisation in Part-A asset base during FY 2024-25.
- 5.6.7 Accordingly, the Commission approves the depreciation for Part A and Part B for FY 2023-24 in the following Tables.

**TABLE 5-17: GROSS DEPRECIATION FOR ASSETS UPTO MARCH 31, 2020 (PART-A) FOR FY 2024-25
PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)**

Particulars	FY 2024-25 (APR)					
	Opening as on 01.04.2024	Addition during FY	Deduction / Decapitalisation during FY	Closing GFA as on 31.03.202 5	Depreciation Rate	Depreciation
	(A)	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(A+D/2)*(E)
Land & Land Rights						
(i) Unclassified	90.31	-	-	90.31	-	-
(ii) Freehold Land	0.03	-	-	0.03	-	-
Buildings	913.37	-	-	913.37	3.34%	30.51
Other Civil Works	74.97	-	-	74.97	3.34%	2.50
Plant & Machinery	8,561.42	-	14.38	8,547.04	5.28%	451.66
Lines, Cables, Network, etc.	9,191.76	-	0.46	9,191.30	5.28%	485.31
Vehicles	1.63	-	0.08	1.55	9.50%	0.15
Furniture & Fixtures	5.66	-	-	5.66	6.33%	0.36
Office Equipment	5.42	-	-	5.42	6.33%	0.34
Other Assets	54.37	-	-	54.37	5.28%	2.87
Intangible Assets	-	-	-	-	15.00%	-
Total Fixed Assets	18,898.95	-	14.93	18,884.03	5.15%	973.71

*Deduction / Decapitalisation considered as per Audited Accounts of FY 2024-25.

**TABLE 5-18: GROSS DEPRECIATION FOR ASSETS FROM APRIL 01, 2020 (PART-B) FOR FY 2024-25
PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)**

Particulars	FY 2024-25 (APR)					
	Opening as on 01.04.2024	Addition during FY	Deduction / Decapitalisation during FY	Closing GFA as on 31.03.25	Depreciation Rate	Depreciation
	(A)	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(A+D/2)*(E)
Land & Land Rights						
(i) Unclassified	112.92	11.92	(0.87)	125.70	-	-
(ii) Freehold Land	8.90	0.03	-	8.92	-	-
Buildings	582.33	93.26	-	675.59	3.34%	21.01
Other Civil Works	50.08	2.25	-	52.34	3.34%	1.71
Plant & Machinery	6,949.02	1,419.97	-	8,368.99	5.28%	404.40
Lines, Cables, Network, etc.	7,774.77	1,894.94	-	9,669.71	5.28%	460.53
Vehicles	0.12	-	-	0.12	9.50%	0.01
Furniture & Fixtures	4.63	1.46	-	6.08	6.33%	0.34
Office Equipment	10.56	3.68	(2.21)	16.44	6.33%	0.85
Other Assets	11.03	-	-	11.03	5.28%	0.58
Intangible Assets	61.65	22.79	-	84.44	15.00%	10.96

Particulars	FY 2024-25 (APR)					
	Opening as on 01.04.2024	Addition during FY	Deduction / Decapitalisation during FY	Closing GFA as on 31.03.25	Depreciation Rate	Depreciation
	(A)	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(A+D/2)*(E)
Assets taken over from Licensees pending final valuation	22.15	25.01	-	47.16	5.28%	1.83
Fixed Assets from FY 2020-21 Onwards	15,588.15	3,475.30	(3.08)	19,066.53	5.21%	902.22

*Addition and Deduction considered as per Audited Accounts of FY 2024-25.

5.6.8 The following Table summarizes the Depreciation as claimed by the Petitioner and as approved by the Commission for FY 2024-25:

TABLE 5-19: NET DEPRECIATION (PART-A + PART-B) PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2024-25 dated 10.10.2024	FY 2024-25 (APR)		
			Petition (APR)	Approved (APR)	
				Values	Remarks
Depreciation of Assets upto 31.03.2020	A	977.97	1385.19	973.71	Table 5-17
Depreciation of Assets from 01.04.2020 onwards	B	823.09	870.81	902.22	Table 5-18
Less: Depreciation of assets created from Consumer Contribution, Capital Grants and Capital Subsidies	C	203.61	250.84	301.84	As per Audited Account & given in Table 5-13
Net Depreciation	D=A+B-C	1,597.45	2,005.15	1,574.10	-

5.6.9 Further, the Commission will carry out the detailed prudence check of depreciation at the time of truing-up based on the applicable Regulations.

5.7 INTEREST ON LONG TERM LOANS

5.7.1 The Petitioner has iterated the normative Tariff approach with a Debt: Equity ratio of 70:30. In this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be funded through Equity contribution. The Commission in the Order dated November 10, 2020 has considered the normative opening of the loan as

mentioned below:

“7.6.5 As per the Regulation 23.2, the normative long term loan outstanding as on April 1, 2020, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2020, from the gross normative loan as shown below:”

5.7.2 Accordingly, the normative opening loan as on April 01, 2020, is worked out as below:

TABLE 5-20: OPENING NORMATIVE LOAN AS ON APRIL 1, 2020 AS SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2020-21
Opening Debt	A	18,896.53
Cumulative Net Depreciation upto 31.3.2020	B	7,490.39
Opening Normative Loan	C=A-B	11,406.15

5.7.3 The Petitioner has considered the normative opening loan for FY 2024-25 as per the closing loan balance of FY 2023-24 considered in the True-up Petition. Further, for the purpose of the computation of the normative interest on loan, the Petitioner has considered the loan addition as 70% of the actual capitalisation after adjusting the consumer contribution and grants. The portion of capital expenditure financed through Consumer Contributions, Capital Subsidies and Grants has been separated as the depreciation and interest thereon has not been charged to the beneficiaries.

5.7.4 The Petitioner has considered the allowable depreciation for the year as normative loan repayment. The actual weighted average rate of interest of the overall long term loan portfolio for FY 2023-24 has been considered for FY 2024-25. The interest capitalisation has been considered at a rate of 9.17% for FY 2024-25, which is the actual capitalization for FY 2023-24 as per the annual accounts. The computation for interest on long term loan submitted by the Petitioner is depicted below:

TABLE 5-21: INTEREST ON LONG TERM LOANS SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2024-25
Opening Loan	14,149.61
Loan Additions (70% of Capitalisation)	733.30
Less: Repayments (Depreciation allowable for the year)	2,005.15
Closing Loan Balance	12,877.75

Particulars	FY 2024-25
Weighted Average Rate of Interest (%)	8.85%
Interest on long term loan	1,195.96
Interest Capitalisation Rate (%)	9.17%
Less: Interest Capitalized	109.62
Net Interest Charged	1,086.34

Commission's Analysis

- 5.7.5 The Commission has computed the interest on long-term loan in line with the methodology followed in the True up section of this Order, based on submission of the Audited Accounts for FY 2024-25 by the Petitioner.
- 5.7.6 The closing value of the loan for FY 2023-24, is taken as the opening loan base for FY 2024-25. Further, in order to arrive at closing value, 70% of Net GFA addition (after considering deduction/de-capitalization, Consumer Contribution and Grants in GFA) as approved for FY 2024-25 has been considered as loan addition during the year and the repayment has been deducted equal to net depreciation provisionally computed by the Commission during the Financial Year.
- 5.7.7 Further, the Commission has computed the interest rate for long term loan based on the audited figures for FY 2024-25, as shown in the Table below:

TABLE 5-22: INTEREST RATE ON LONG TERM LOAN PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)

Loan No.	Lender	FY 2024-25 (APR)				Interest Paid (as per audited accounts)
		Opening as on 01.04.24	Addition during FY	Repayment during FY	Closing as on 31.03.25	
		A	B	C	D=A+B-C	
Loan-1	PFC	5,821.16	403.82	381.77	5,843.21	533.75
Loan-2	REC	6,100.70	552.05	796.53	5,856.22	560.65
Loan-3	Indian Bank	411.18	0.00	22.95	388.23	37.48
Loan-4	IREDA	41.65	0.00	14.13	27.52	2.88
Loan-5	HUDCO	-	123.88	-	123.88	2.88
Loan-5	UP Governmnet	-	374.65	-	374.65	4.99
Total		12,374.69	1,454.40	1,215.38	12,613.72	1,142.64
Less Interest Subsidy		-	-	-	-	-
Grand Total		12,374.69	1,454.40	1,215.38	12,613.72	1,142.64
Weighted Average Interest Rate for Long-Term Loan						9.15%

Loan No.	FY 2024-25 (APR)					
	Lender	Opening as on 01.04.24	Addition during FY	Repayment during FY	Closing as on 31.03.25	Interest Paid (as per audited accounts)
		A	B	C	D=A+B-C	E
E*100%/{(A+D)/2}						

5.7.8 Further, for computing interest on long-term loans, the Interest Capitalisation is approved based on actuals as per audited accounts and interest rate as per the table above. Accordingly, the Interest on Long Term Loan as submitted by the Petitioner and considered by the Commission for FY 2024-25 is shown below:

TABLE 5-23: LONG TERM LOANS PROVISIONALLY COMPUTED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particular	Derivation	Tariff Order dated 10.10.2024	FY 2024-25		
			APR Petition	Provisionally Computed in APR	Remarks
Opening Loan as on 1st April-FY 2024-25	A	13,559.89	14,149.61	14,525.61	Table 4-29
Addition during FY	B	997.19	733.30	1,696.60	Table 5-14
Less: Repayment during FY	C	1,597.45	2,005.15	1,574.10	Table 5-19
Closing Loan	D=A+B-C	12,959.63	12,877.75	14,648.12	-
Wt. Avg. Interest Rate	E	8.94%	8.85%	9.15%	Table 5-22
Interest on Loan	F=average (A, D)*E	1,186.08	1,195.96	1,334.02	-
Interest Capitalisation Rate	G=H/F (%)	13.01%	9.17%	5.31%	-
Less: Interest Capitalised	H	154.31	109.62	70.79	Table 5-9 & as per Audited Accounts of FY 2024-25
Net Interest Charged	I=F-H	1,031.77	1,086.34	1,263.23	-

5.7.9 Moreover, the Commission shall undertake a detailed prudence check of the interest on loan at that stage, based on the applicable Regulatory Provisions.

5.8 INTEREST ON WORKING CAPITAL

Petitioner's Submission

5.8.1 The Petitioner, in accordance with Regulation 25 of MYT Regulations, 2019, has considered normative interest on working capital. The Petitioner has considered SBI Marginal Cost of Funds based Lending Rate (MCLR) (i.e., 11.45%) as the interest on the working capital requirement. The Petitioner's estimation of working capital interest is shown in the Table below:

TABLE 5-24: INTEREST ON WORKING CAPITAL FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2024-25
One Month of O&M Expenses	146.04
Maintenance spares @ 40% of R&M Expenses for two months	31.37
Receivable equivalent to 45 days average billing of consumers	513.60
Total Working Capital Requirement	691.02
Interest rate (%)	11.45%
Interest on working capital	79.12

Commission's Analysis

5.8.2 The Commission has computed the Interest on Working Capital in line to the methodology followed under the True Up Section of this Order. Accordingly, the Interest on Working Capital as submitted by the Petitioner and considered by the Commission for FY 2024-25 is shown below:

TABLE 5-25: INTEREST ON WORKING CAPITAL PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	Tariff Order Dated 10.10.2024	FY 2024-25 (APR)		Remarks
			Petition (APR)	Provisionally Computed (APR)	
O&M Expenses for one Month	$A = O\&M/12$	77.18	146.04	94.11	Table 5-5
Maintenance Spares at 40% of R&M Expenses for two Months	$B = 40\% * R\&M * 2/12$	34.88	31.37	32.09	Table 5-5
One and Half Month equivalent of the expected revenue for Transmission Charges at Prevailing Tariff	$C = ARR * 1.5 / 12$	456.61	513.61	490.39	Table 5-32
Total Working Capital	D = A+B+C	568.67	691.02	616.60	
Interest Rate on Working Capital Requirement	E	11.05%	11.45%	11.45%	

Particulars	Derivation	Tariff Order Dated 10.10.2024	FY 2024-25 (APR)		Remarks
			Petition (APR)	Provisionally Computed (APR)	
Interest on Working Capital Requirement	$F=D \times E$	62.84	79.12	70.60	

5.8.3 Further, the Commission will carry out the detailed analysis and prudence at the time of truing up based on the applicable Regulations.

5.9 RETURN ON EQUITY

Petitioner's Submission

5.9.1 The Petitioner has submitted that under the provisions of the MYT Regulations, 2019, the Petitioner is eligible for RoE @ 14.5% on the allowable Equity base. However, the Petitioner has submitted that the RoE @14.5% would only result in increase in arrears and accumulation of receivables in view of the huge gap in the recovery of the cost of supply at the Discoms' level. As such, the Petitioner has been claiming the RoE @ 2% since the financial year 2009-10 onwards and the Petitioner is providing a discount of 12.50% on the RoE in FY 2024-25, amounting to Rs. 1,522.54 Crore. RoE has been computed on the normative Equity portion (30%) of capitalised assets.

5.9.2 The Petitioner has computed the RoE by considering the opening normative equity as on April 01, 2020 and the normative closing Equity based on the capital additions for FY 2024-25 depicted in the afore-mentioned sections. The Petitioner has claimed RoE as depicted in the Table below:

TABLE 5-26: RETURN ON EQUITY FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2024-25
Equity at the beginning of the year	A	12,023.22
Assets Capitalised	B	2,308.30
Less: CC during FY 2024-25	C	1,260.74
Net Capitalisation to be funded by Debt & Equity	$D=B - C$	1,047.57
Addition to Equity	$E= 30\% \text{ of } D$	314.27
Closing Equity	$F= A + E$	12,337.49
Average Equity	$G= \text{Average of } A \text{ \& } F$	12,180.36

Particulars	Derivation	FY 2024-25
Rate of Return (%)	H	14.50%
Return on Equity @ 14.50%	$I = G \times H$	1,766.15
Less: Discount in RoE @ 12.50%	$J = I \times 12.50\%$	1,522.54
Return on Equity claimed @ 2%	$K = I - J$	243.61

Commission Analysis:

5.9.3 The Commission considers the closing equity of FY 2023-24 as determined in the True up Chapter of this Order as the opening equity base for FY 2024-25. Further, equity addition during the year has been considered as 30% of the net Capitalisation considered for FY 2024-25 to arrive at the closing equity for FY 2024-25.

5.9.4 The Commission also observes that the Petitioner has claimed the rate of RoE as 2.00% instead of 14.50% as per Regulation 22.1 of the MYT Regulations, 2019, citing the reason that the Distribution Licensees are already in financial stress, hence, claiming RoE at 14.50% will further worsen the financial condition of Distribution Licensee. Therefore, the Commission, taking into account the plea / claim of the Petitioner, considers the rate of RoE as 2.00% instead of 14.50%. Accordingly, the RoE for FY 2024-25 is shown in the Table below:

TABLE 5-27: RETURN ON EQUITY COMPUTED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2024-25 dated 10.10.2024	FY 2024-25 (APR)		
			Petitioner (APR)	Provisionally Computed (APR)	Remarks
Opening Equity as on 01.04.2023	A	11,019.77	12,023.22	11,425.50	Table 4-34
Addition during the year	B	427.37	314.27	727.12	Table 5-14
Closing Equity as on 31.03.2024	$C=A+B$	11,447.14	12,337.49	12,152.61	-
Average Normative Equity	$D=(A+C)/2$	11,233.46	12,180.35	11,789.05	-
Rate of Return on Equity (%)	E	2.00%	2.00%	2.00%	-
Return on Equity	$F=D \times E$	224.67	243.61	235.78	-

5.9.5 Further, the Commission will carry out the detailed prudence check of RoE at the time of truing-up based on the applicable Regulations.

5.10 INCOME TAX

Commission Analysis:

5.10.1 The Petitioners have not claimed any expenses towards the Income Tax paid. The Commission also made prudence of the same and observes Nil Income Tax is paid by the Petitioners during the year. Hence, the Commission approves the Income Tax for FY 2024-25 as Nil in accordance with Regulation 26.2 of MYT Regulation, 2019.

5.11 NON-TARIFF INCOME

Petitioner's Submission

5.11.1 The Petitioner has submitted that Non-Tariff income comprises of interest on loans and advances to employees, income from fixed rate investment deposits and interest on loans and advances to the Licensees. Further, the amount of depreciation charged on assets created out of consumer contributions, capital grants, and subsidies is also booked under as Other Income in the annual accounts. The Non-Tariff income for FY 2024-25 is claimed as Rs. 287.82 Crore. The same has been Provisionally considered as per the annual accounts of FY 2023-24 after deducting the estimated amount of income from Consumer Contribution from the total non-Tariff income for the year.

Commission Analysis:

5.11.2 Regulation 35 of the MYT Regulations, 2019 provides that the amount of non-tariff income relating to the transmission business as approved by the Commission shall be deducted from the ARR in determining the Annual Transmission Charges.

5.11.3 Further, the Commission noted that the claim of the Petitioner was based on the Audited Accounts of FY 2023-24. However, since the Audited Accounts for FY 2024-25 have also been subsequently submitted, therefore, the Commission has considered the figures as per the Audited Accounts of FY 2024-25. Accordingly, the Non-Tariff Income approved by the Commission under different heads is shown below:

**TABLE 5-28: NON-TARIFF INCOME PROVISIONALLY COMPUTED BY THE COMMISSION
(RS. CRORE)**

Particulars	FY 2024-25 (APR)		
	Tariff Order for FY 2024-25 dated 10.10.2024	Petition (APR)	Provisionally Computed
Interest Income	114.59	51.14	126.58
Maintenance & Shutdown Charges		45.49	101.49
Income from Contractors/Suppliers		86.92	16.32
Incomes from Consumer Contribution Reserve		250.84	301.84
Supervision Charges		74.49	65.61
Rental from Staff		3.06	0.33
Miscellaneous Receipts		26.72	27.43
Non-Tariff Income		538.66	639.59
Less: Consumer Contribution reserve during FY 2022-23		250.84	301.84
Net Non-Tariff Income	114.59	287.82	337.75

5.12 INCOME FROM OTHER BUSINESSES

Petitioner's Submission

5.12.1 The Petitioner has submitted that it has initiated the leasing of the dark fiber cable (OPGW) for optimum utilization of Transmission assets by way of utilization of surplus capacity of UPPTCL's OPGW. In this regard, the Petitioner had approached the Commission vide Petition No. 1848/2022 for permission of the Commission about engaging in Other Business for leasing of UPPTCL's OPGW infrastructure. The Commission had given approval of the same vide its Order dated November 02, 2022.

5.12.2 In line with above Order, the Petitioner has shared 70% of the expected net revenue, i.e., Rs. 6.10 Crore in FY 2024-25, from the leasing of dark fibers. However, at the time of Truing-up for FY 2024-25, the overall Non-Tariff income including the revenue from leasing of the OPGW (up to 70%) shall be considered on actual basis for the purpose of computation of the allowable ARR.

Commission's Analysis:

- 5.12.3 Regulation 36 of the MYT Regulations, 2019, which provides for the Income from Other Business, specifies that the proportion of revenue from Other Business that shall be utilized in the Transmission business as stipulated in UPERC (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2004 or any subsequent amendment thereof.
- 5.12.4 The Petitioner had filed a Petition before the Commission (Petition No. 1848 of 2022) under Section 41 of the Electricity Act, 2003 read along with Regulation 3 of UPERC (Treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensee) Regulations, 2004, for permission of the Commission for engaging in Other Business for optimum utilization of Transmission assets by way of the utilization of the surplus capacity of UPPTCL's OPGW infrastructure by leasing out its dark fiber. The Commission, in its Order dated November 02, 2002, in the matter had decided that an amount equal to 70% of the gross revenue from such other business in a given financial year shall be utilised for reducing the Transmission Charges of the licensed business, whereas 30% of the gross revenue shall be retained with the other business.
- 5.12.5 The Commission approves the Revenue from OPGW leasing at 70% of the gross revenue of Rs. 17.40 Crore, i.e. Rs. 12.18 Crore taken from the Audited Accounts of FY 2024-25. Further, the detailed analysis and prudence check will be carried out at the time of Truing-up for FY 2024-25.

5.13 REVENUE**Commission's Analysis:**

- 5.13.1 The Commission has considered the Revenue from Operations as per audited accounts for FY 2024-25. The energy delivered for FY 2024-25 is considered as per the statement of the Petitioner. Accordingly, the net revenue of Rs. 4110.92 Crore is approved based on transmission charges and open access charges received during the year and deducting true-up adjustment for FY 2023-24 has been made as shown below:

TABLE 5-29: REVENUE FROM OPERATIONS PROVISIONALLY COMPUTED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2024-25 dated 10.10.2024	FY 2024-25 (APR)	
			Petition (APR)	Provisionally computed
Revenue from Operation for FY 2023-24	A	3,652.91	-	4,110.92
Less: True-up adjustment for FY 2021-22 approved by the Commission vide its Order dated May 24, 2023	B	-	-	-
Less: SLDC Charges for FY 2023-24	C	-	-	-
Net Revenue for FY 2022-23	D=A-B-C	3,652.91	-	4,110.92

5.13.2 Further, the energy wheeled during FY 2024-25 is considered as per the joint statement signed by UPPTCL and UPSLDC. Detailed breakup of revenue from operations approved by the Commission is as follows:

TABLE 5-30: DETAILED BREAKUP OF REVENUE FROM OPERATIONS PROVISIONALLY CONSIDERED BY THE COMMISSION FOR FY 2024-25(RS. CRORE)

Discom	FY 2024-25	
	Energy Delivered (MU)	Amount (Rs. Crore)
DVVNL	32,143.49	811.15
MVVNL	31,722.21	804.99
PuVVNL	36,301.87	918.76
PVVNL	42,913.41	1,088.37
KESCO	4,569.22	116.03
NPCL	3,878.76	91.79
Indian Railway	2981.60	76.09
Open Access Consumers	4,098.64	203.75
Total Energy Input at State Periphery (MU)	1,58,609.20	4,110.93

5.13.3 Further, the detailed analysis and prudence check will be carried out at the time of Truing-up for FY 2024-25.

5.14 SUMMARY OF ANNUAL PERFORMANCE REVIEW FOR FY 2024-25

5.14.1 The Petitioner has projected the Aggregate Revenue Requirement and Transmission Tariff as shown below:

TABLE 5-31: SUMMARY OF APR FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2024-25	
	ARR (as per Order dated 10.10.2024)	APR Petition
Gross O&M Expenses	1,382.51	1,752.52
Employee cost	785.49	1,210.88
A&G Expenses	73.76	71.10
R&M Expenses	523.26	470.54
Interest on Loan Capital	1,186.08	1,195.96
Interest on Working Capital	62.84	79.12
Depreciation	1,597.45	2,005.15
Gross Expenditure	4,228.88	5,032.75
<i>Less: Employee cost capitalized</i>	456.40	324.67
<i>Less: Interest Capitalisation</i>	154.31	109.62
Net Expenditure	3,618.17	4,598.46
Add: Return on Equity	224.67	1766.15*
<i>Less: Non-Tariff Income</i>	178.76	287.82
<i>Less: Income from other Business[#]</i>	11.17	6.10
<i>Less: Discount on Return on Equity @12.50%</i>	-	1,522.54
Aggregate Revenue Requirement (ARR)	3,652.91	4,548.15
Less: Estimated ARR for UPSLDC	-	-
ARR for UPPTCL	3,652.91	4,548.15
Less: Adjustment of Surplus	147.58	147.58
Net ARR (Considering True Up Surplus)	3,505.33	4,400.57
Energy Supplied to Discoms and LTCs (MU)	1,50,731.78	1,55,578.87
Transmission Tariff per unit (Rs./kWh)	0.2326	0.2829

*RoE Computed @ 14.50%

[#]Revenue from OPGW leasing

5.14.2 The Commission observes that the ARR for FY 2024-25 as estimated by the Petitioner is Rs. 4,400.57 Crore against the approved value of Rs. 3,505.33 Crore in the Tariff Order dated October 10, 2024. The Petitioner has also projected the Transmission Tariff at Rs. 0.2829/kWh for FY 2024-25, compared to the approved tariff of Rs. 0.2326/kWh. Based on prudence check and detailed analysis of each parameter under APR, the Commission has assessed the Aggregate Revenue Requirement and the resulting Gap/(Surplus) for FY 2024-25, as summarized in the Table below.

**TABLE 5-32: SUMMARY OF APR PROVISIONALLY COMPUTED BY THE COMMISSION
(RS. CRORE)**

Particulars	Derivation	FY 2024-25 (APR)		
		Petition (APR)	Provisionally Computed	
			Values	Remarks
Gross O&M Expenses	A=B+C+D	1,752.52	1322.40	Table 5-5
Employee Expenses	B	1,210.88	783.55	Table 5-5
A&G Expenses	C	71.10	57.45	Table 5-5
R&M Expenses	D	470.54	481.40	Table 5-5
Interest on Loan Capital	E	1,195.96	1,334.02	Table 5-23
Interest on Working Capital	F	79.12	70.60	Table 5-25
Depreciation	G	2,005.15	1574.10	Table 5-19
Gross Expenditure	H=A+E+F+G	5,032.75	4,301.11	-
Less: Employee Expenses Capitalised	I	324.67	193.03	Table 5-5
Less: Interest Expenses Capitalised	J	109.62	70.79	Table 5-9
Net Expenditure	K=H-I-J	4,598.46	4,037.29	-
Add: Return on Equity	L	243.61	235.78	Table 5-27
Less: Non-Tariff Income	M	287.82	337.75	Table 5-28
Less: Income from Other Business	N	6.10	12.18	Para 5.12.5
Aggregate Revenue Requirement	O=K+L-M-N	4548.15	3,923.14	-
Less: SLDC ARR for FY 2023-24	P	-	-	-
ARR for UPPTCL	Q=O-P	4548.15	3,923.14	-
Less: Adjustment of Surplus	R	147.58	-	-
Net ARR (Considering True Up Surplus)	S=Q-R	4,400.57	3,923.14	-
Revenue from Operations	T	4,400.57	4,110.92	-
Net Gap/ (Surplus)	U=S-T	-	(187.78)	-
Energy Supplied to Discoms and LTCs (MU)	V	155578.87	158609.20*	-
Transmission Tariff per unit (Rs./kWh)	W=(S*10)/V	0.2829	0.2473	-

* Considered as per submission of UPPTCL

5.14.1 The Commission determines a provisional Surplus of Rs. 187.78, based on prudence check and detailed analysis of each parameter under APR. The detailed analysis and prudence check will however, be undertaken at the time of Truing-up for FY 2024-25.

5.15 UPPTCL REVENUE SURPLUS FOR FY 2024-25

5.15.1 The Commission has considered the surplus of FY 2023-24 and FY 2024-25 as per the following Table:

**TABLE 5-33: REVENUE SURPLUS PROVISIONALLY CONSIDERED BY THE COMMISSION UPTO
FY 2024-25 (WITH ADJUSTMENT OF SURPLUS OF FY 2023-24) (RS. CRORE)**

Particulars (1)	Derivation (2)	FY 2023-24	FY 2024-25
		(True-Up) (3)	(APR) (4)
Opening Gap (Rs. Crore)	(A)	0.00	(163.67)
Gap/ (Surplus) addition during the year (Rs. Crore)	(B3) (Table 4-42) & (B4) (Table 5-32)	(181.29)	(187.78)
Rate of Interest on IoWC (%)	(C)	11.07%	11.45%
Carrying Cost (Rs. Crore)	(D)={ (A)+(B/2) }*(C)	(10.03)	(29.49)
Disallowed expenses on account of SLDC ARR for FY 2021-22	(E3) (Table 4-42)	38.35	-
Disallowed Revenue of SLDC for FY 2021-22	(F3) (Table 4-42)	10.70	-
Net SLDC Expenses for 2021-22	(G3)= (E)-(F)	27.65	-
Closing Gap/ (Surplus) (Rs. Crore)	(H)= (A)+(B)+(D)-(G)	(163.67)	(380.94)

5.15.2 In view of the above, the Commission considers the Revenue Surplus of Rs. 380.94 Crore upto FY 2024-25, which is considered in ARR of FY 2025-26.

6 AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2025-26

6.1 INTRODUCTION

6.1.1 The Petitioner, through its revised ARR submission dated July 21, 2024 under Petition No. 2166 of 2024, has sought approval of the Annual Revenue Requirement (ARR) for FY 2025-26 in accordance with the provisions of the MYT Regulations, 2025. In this context, it is important to note that Regulation 3.2 and Regulation 3.6(i) of the said Regulations govern the filing of ARR and Tariff Petitions.

6.1.2 As per Regulation 26.10 of MYT Regulations 2025, the ARR of the Transmission Licensee shall comprise of the following components:

- (a) Operation and maintenance expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;
- (d) Interest on Working Capital;
- (e) Banking and Finance Charges;
- (f) Return on Equity;
- (g) Tax on Return on Equity;

Minus:

- (h) Non-Tariff Income;
- (i) Income from other Businesses:

6.1.3 The Commission has projected/computed the ARR components based on the submission of the Petitioner, Audited figures for FY 2024-25 wherever applicable, and reply submitted by the Petitioner in response to the Commission's query. Accordingly, the component-wise description of the Petitioner's submission and the Commission's analysis is detailed in the next sections.

6.2 INTRA-STATE TRANSMISSION LOSS

Petitioner's Submission

6.2.1 The Petitioner has claimed the Intra-State Transmission losses of 3.18% in FY 2025-26 based on the losses approved by the Commission in Tariff Order dated October 10, 2024 for FY 2024-25.

6.2.2 The Petitioner has submitted that the actual Transmission losses are variable &

dynamic in nature and for a particular year largely depend on the quantum and direction of energy flow from generation point to load point and also on types of load, type of generation despatch voltage, reactive power compensation, voltage profile, seasonal variation etc. and the Commission is aware that the quantum of generation & load are source decisions and do not fall within the domain of the Petitioner.

6.2.3 The Petitioner further submitted that the Transmission losses also depend on the voltage level at which the power is transmitted. The Transmission losses are higher when a higher percentage of power is transmitted through low voltage (132 kV or below) Transmission system. The Petitioner's Transmission network majorly consists of 132 kV lines; therefore, in the real scenario, the Transmission losses are expected to remain at the current levels. However, the Petitioner endeavours to maintain Transmission losses at 3.18% as approved by the Commission in the last Tariff Order. The Petitioner further emphasized that due to its consistent efforts the actual Transmission losses have reduced from 3.30% in FY 2022-23 to 3.16% in FY 2023-24.

6.2.4 The Petitioner further added that the UPSLDC has engaged M/s PWC for implementation of transmission element-wise loss accounting module, which will enable the Petitioner to effectively monitor and identify the elements of high losses and take corrective actions accordingly. Therefore, the Petitioner requests the Commission to approve the Transmission losses of 3.18% for FY 2025-26.

Commission's Analysis

6.2.5 The actual Intra-State Transmission Losses of the Petitioner for the period FY 2015-16 to FY 2023-24, are summarized below:

TABLE 6-1: ACTUAL INTRA-STATE TRANSMISSION LOSS FROM FY 2015-16 TO FY 2023-24 (%)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Intra-State Transmission loss	3.59%	3.55%	3.56%	3.56%	3.43%	3.37%	3.33%	3.30%	3.16%

6.2.6 It is pertinent to note that during the previous Control Period (FY 2020-21 to FY

2024-25), the Commission had specified the Transmission Loss trajectory through its Order dated October 15, 2020 (Business Plan). The same is presented in the Table below.

TABLE 6-2: INTRA-STATE TRANSMISSION LOSS (%)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Trajectory of Intra-State Transmission loss (approved by the Commission)	3.40%	3.33%	3.27%	3.22%	3.18%
Actual Intra-State Transmission loss	3.37%	3.33%	3.30%	3.16%	3.22%

- 6.2.7 Regulation 33 of MYT Regulations, 2025 provides that energy losses in the Intra-State transmission system, as determined by the State Load Despatch Centre and approved by the Commission, shall be borne by the Transmission System Users in proportion to their usage of the Intra-State transmission system.
- 6.2.8 It is pertinent to mention that 220 kV and above transmission projects shall be developed through TBCB mode and UPPTCL will have to develop projects of lower voltage level i.e.132 kV only. Further some projects of 220 kV & above may be developed by UPPTCL under RTM mode, only if, approved by the Commission in accordance with UPERC (Modalities of Tariff) Regulations, 2023, like Green Energy Corridor project was approved. Therefore, the transmission loss trajectory of UPPTCL may not follow past trends as it will develop low voltage projects in the Control Period as compared to past Control Period projects. Moreover, the Commission has also observed that transmission loss level for FY 2024-25 has also increased as compared to FY 2023-24.
- 6.2.9 Considering the above, the Commission feels it appropriate to consider transmission loss target for FY 2025-26 to be 3.18% as proposed by the Petitioner. Further, the Commission directs UPPTCL to conduct a detailed study of impact on transmission loss for the Control Period, considering 220 kV and above transmission system to be developed through TBCB by other Transmission Licensees, and submit the same in next year's tariff petition. Based upon the same, the Commission may give average transmission loss reduction target with some variation in the loss band.

6.2.10 For commercial/transactional purposes, estimated or actual or normative InSTS losses, as approved / specified for that particular type of transaction in the applicable Regulations / Orders of the Commission, shall be used / considered by all concerned Utilities. Further, it is clarified that, if nothing is specified in relevant Regulations/Order, then the actual loss value as certified by UPSLDC shall be considered for that purpose.

6.3 OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

6.3.1 The Petitioner, in accordance with Regulations 13.6, 13.7 and 13.8 of the MYT Regulations, 2025, has computed and submitted the Employee Expenses, R&M Expenses, and A&G Expenses.

6.3.2 The Petitioner, in the absence of audited accounts for FY 2024-25, has computed Employee Cost and A&G Expenses by taking the average of the last five audited financial years (FY 2019-20 to FY 2023-24) to arrive at the Mid-Year Value for FY 2021-22. The details are provided in the Table below:

TABLE 6-3: COMPUTATION OF BASE YEAR EXPENSES AND AUDITED VALUES OF EMPLOYEE EXPENSES & A&G EXPENSES CONSIDERED BY THE PETITIONER (RS. CRORE)

Particulars	Audited Figures					Base Year
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2021-22
	(a)	(b)	(c)	(d)	(e)	(g)= Avg.(a,b,c,d,e)
Employee Expenses	640.21	584.72	714.49	677.58	763.42	676.08
A&G Expenses	67.46	64.82	79.41	75.56	80.27	73.50

6.3.3 The Petitioner for the purpose of ARR has considered average CPI & WPI of the preceding three financial years CPI and WPI in accordance with the provision of MYT Regulations, 2025. Based on these indices, the Employee Expenses and A&G Expenses claimed by the Petitioner for FY 2025-26 are summarized in the Table below:

TABLE 6-4: COMPUTATION OF EMPLOYEE EXPENSES AND A&G EXPENSES CONSIDERING WPI & CPI INFLATION BY THE PETITIONER FOR FY 2025-26

UPPTCL	Average of Last 5 years as Mid-Year value (FY 2021-22)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Employee Cost	676.08	717.05	754.27	779.79	817.83
CPI Inflation (%)		6.06%	5.19%	3.38%	4.88%
A&G Expenses	73.50	80.42	79.83	81.65	84.63
WPI Inflation (%)		9.41%	-0.74%	2.28%	3.65%

6.3.4 For the computation of normative R&M Expenses for FY 2025-26, the Petitioner has submitted that as per Regulation 13.7 of the MYT Regulations, 2025, the normative Repair & Maintenance (R&M) Expenses for the first year of the Control Period (FY 2025-26) are to be allowed at the rate of 2% of the opening GFA of FY 2025-26, as approved by the Commission. However, in the True-Up Order for FY 2022-23 (Order dated October 10, 2024), the Commission approved Net GFA (after accounting for depreciation) instead of Gross GFA, as shown in the Table below:

TABLE 6-5: NET GFA (ACCOUNTING DEPRECIATION) (RS. CRORE)

Particulars	Derivation	Tariff Order for FY 2022 23 dated 20.07.2022	FY 2022-23 (True –UP)		
			Petition (True up)	Approved (True-Up)	
				Values	Remarks
Opening GFA as on 01.04.2022	A	33,330.82	35,578.74	26,454.09	Refer Tables 4-28 and Table 4-29 of Tariff Order dated 24.05.2023
GFA Addition during FY 2022-23	B	3,739.95	5,028.05	5,028.05	Table 4-12 of Tariff Order dated 24.05.2023
De-capitalisation / Deduction during FY 2022-23	C	182.57	75.62	75.62	As per Audited Accounts
Closing GFA as on 31.03.2023	D=A+B+C	36,888.20	40,531.18	31,406.52	

6.3.5 The Petitioner has further submitted that R&M Expenses cannot be computed on Net Fixed Assets (after depreciation), as maintenance is linked to the existence of physical infrastructure rather than its depreciated book value. Accordingly, R&M Expenses should be allowed on total Gross Fixed Assets (GFA), since maintenance

costs are incurred irrespective of depreciation.

- 6.3.6 The Petitioner further submitted that in the True-Up Order for FY 2021-22, the Commission had approved the Opening and Closing GFA values on a gross basis, as shown in the Table below:

TABLE 6-6: GFA CONSIDERED BY THE COMMISSION FOR FY 2021-22 (RS. CRORE)

Particulars	Derivation	FY 2021-22 (True up)		
		Tariff Order for FY 2021-22 dated 29.06.2021	Petition (True up)	Approved (True up)
Opening GFA as on 01.04.2021	A	29,690.36	31,879.58	30,485.09
GFA Addition during FY 2021-22	B	3,506.53	3,888.09	3,888.09
De-capitalisation / Deduction during FY 2021-22	C	214.77	188.94	188.94
Closing GFA as on 31.03.2022	D=A+B-C	32,982.12	35,578.74	34,184.24

- 6.3.7 The Petitioner, on the basis of the above explanation, has considered the Opening and Closing GFA of FY 2021-22 and recomputed the Opening and Closing GFA for FY 2022-23, taking into account the GFA additions and de-capitalisation/deductions as per FY 2022-23 True-Up Petition, for arriving at the Opening GFA for FY 2025-26, as shown in the Table below:

TABLE 6-7: TOTAL GFA COMPUTED BY THE PETITIONER FOR FY 2022-23 (RS. CRORE)

Particulars	Derivation	FY 2022-23 (True up)		
		Tariff Order for FY 2022 23 dated 20.07.2022	Petition (True up)	If Hon'ble Commission had computed as in previous years
Opening GFA as on 01.04.2022	A	33,330.82	35,578.74	34,184.24
GFA Addition during FY 2022-23	B	3,739.95	5,028.05	5,028.05
De-capitalisation / Deduction during FY 2022-23	C	182.57	75.62	75.62
Closing GFA as on 31.03.2023	D=A+B-C	36,888.20	40,531.18	39,136.67

- 6.3.8 The Petitioner has submitted that it has challenged the Commission's Tariff Orders

dated November 10, 2020, June 29, 2021, July 20, 2022, May 24, 2023, and October 10, 2024, before the Hon'ble APTEL. Pending adjudication, the Petitioner has considered GFA values as per its True-Up Petitions and accordingly computed R&M Expenses on total Gross Fixed Assets. Further, in line with Clause 13.7 of the MYT Regulations, 2025, R&M Expenses for FY 2025-26 have been calculated at 2% of the Opening GFA, i.e., the Closing GFA of FY 2024-25 as submitted in the APR for FY 2024-25, as shown in the Table below:

TABLE 6-8 GFA DETAILS RECOMPUTED BY THE PETITIONER FOR TRUE-UP 2023-24 & APR 2024-25 (RS. CRORE)

Particulars	Derivation	True-Up 2023-24	APR FY 2024-25
Opening GFA	A	40,528.88	43,609.46
Add: Addition to GFA	B	3153.70	2308.31
Less: Deletion in the GFA*	C	73.11	0.00
Closing GFA	D=A+B-C	43,609.46	45,917.77

TABLE 6-9: COMPUTATION OF R&M EXPENSES BY THE PETITIONER FOR FY 2025-26

Opening GFA for FY 2025-26 (A)	R&M Expenses (@ 2% of (A))
45,917.77 Cr.	918.36 Cr.

6.3.9 Accordingly, the net normative O&M Expenses claimed by the Petitioner for FY 2025-26 amount to Rs. 1,601.54 crore, as shown in the Table below:

TABLE 6-10: O&M EXPENSES CLAIMED BY THE PETITIONER FOR FY 2025-26 (RS. CRORE)

Particulars	ARR Petition FY 2025-26
Employee Cost (Rs. in Cr.)	817.83
R&M Expenses (Rs. in Cr.)	918.36
A&G Expenses (Rs. in Cr.)	84.63
Gross O&M Expenses (Rs. in Cr.)	1,820.82
Less: Employee cost capitalized (Rs. in Cr.)	219.28
Net O&M Expenses	1,601.54

Commission's Analysis

6.3.10 The Commission has computed the normative O&M Expenses in accordance with Regulation 13 of the MYT Regulations, 2025. Further, Regulations 13.6, 13.7, and 13.8 specify the methodology for normative computation of these expenses, wherein the normative Employee Expenses and normative A&G Expenses are to be derived by escalating the base year value of FY 2024-25 with the applicable escalation factor, while the R&M Expenses are linked with the GFA. The relevant provisions of Regulation 13 are reproduced below:

Quote

"13. Operation and Maintenance Expenses

...

(6) Employee Cost

- (a) *The Employee Cost shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31, 2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) years will be considered and subsequently when the same are available the base year value (i.e. FY 2024-25) will be recomputed.*
- (b) *The average of such Employee Cost shall be considered as Employee Cost for the middle year of the previous Control Period (01.04.2020 to 31.03.2025) and shall be escalated year on year with the escalation factor considering CPI of respective years, for subsequent years up to FY 2024-25:*

Provided that impact of one time expenses such as Arrears due to impact of pay revision, change in pension scheme etc. shall be removed from the base Employee Cost.

After arriving the figure of FY 2024-25, the normative employee expenses shall be computed as per formula below:

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

Where:

EMP_n: Employee expense for the nth year;

EMP_{n-1}: Employee expense for the (n-1)th year;

For the purpose of ARR, CPI inflation is the average of Consumer Price Index (CPI) for Industrial Workers (All India) as per Labour Bureau, Government of India for the immediately preceding three Financial Years.

For the purpose of True-Up, CPI inflation is the actual point to point inflation for the concerned Financial Year.

G_n is a growth factor for the n^{th} year and it may be greater than or less than zero based on the actual performance. Value of G_n shall be determined by the Commission in the Tariff Order for meeting the additional manpower requirement based on the Licensees' filing, benchmarking or any other factor that the Commission feels appropriate.

(7) Repairs and Maintenance Expense

The normative Repair and Maintenance expense for first year of Control period shall be allowed at the rate of 2% of the opening GFA of the year as approved by the Commission. The normative Repair and Maintenance expense for subsequent years of the control period, shall be allowed at 2% of the incremental GFA of the respective year in addition to the normative R&M value of previous year along with an annual escalation based on the Wholesale Price Index (WPI) inflation: Provided that the normative R&M expense determined as per the above stipulation shall be inclusive of any impact of change in applicable taxes or duties.

For the purpose of ARR, WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years as per the Office of Economic Advisor of Government of India.

For the purpose of True-Up, WPI inflation is the actual point to point inflation for the concerned Financial Year.

(8) Administrative and General Expenses

- (a) The normative A&G Expenses shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31, 2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) financial years of previous Control Period (01.04.2020 to 31.03.2025) will be considered and subsequently when the same are available the base year value (i.e. FY 2024-25) will be recomputed.
- (b) The average of such A&G Expenses shall be considered as A&G Expenses for the middle year and shall be escalated year on year with the escalation factor considering WPI of respective years, for subsequent years up to FY 2024-25.
- (c) A&G expense shall be computed as per the following formula escalated by wholesale price index (WPI) and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Transmission Licensee and validated by the Commission) or other expected one-time

expenses:

After arriving the figure of FY 2024-25, the normative A&G expenses shall be computed as per formula below:

$$A\&G_n = A\&G_{n-1} (1 + WPI \text{ inflation}) + \text{Provision}$$

Where:

$A\&G_n$: A&G expense for the n^{th} year;

$A\&G_{n-1}$: A&G expense for the $(n-1)^{th}$ year;

For the purpose of ARR, WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years as per the Office of Economic Advisor of Government of India:

For the purpose of True-Up, WPI inflation is the actual point to point inflation for the concerned Financial Year.

Provision: Cost for initiatives which entail conversion of Capex projects into Totex or Opex mode or are undertaken to ensure compliance of any directives of the Commission or any other Expense as may be allowed by the Commission on the proposal of Transmission Licensee."

Unquote

- 6.3.11 The Commission observes that, in the revised ARR submission for FY 2025-26, the Petitioner has considered audited values of Employee Expenses and A&G Expenses for the period FY 2019-20 to FY 2023-24, and values of FY 2024-25 were not considered due to the unavailability of audited accounts for FY 2024-25. Accordingly, FY 2021-22 was adopted as the base year by the Petitioner in line with the provisions of Regulations 13.6(a) and 13.8(a). However, subsequently, the Petitioner furnished the audited accounts for FY 2024-25, and the same were considered by the Commission for computation of normative Employee Expenses and A&G Expenses for FY 2025-26. Therefore, FY 2022-23 was considered as the base year by the Commission in line with the provisions of Regulations 13.6(a) and 13.8(a) as the audited accounts of FY 2024-25 were available.
- 6.3.12 The Commission also observes that the Petitioner has made reclassification in its accounts for FY 2024-25, wherein some expenses earlier booked under R&M Expenses have been shifted to Employee Expenses. In response to the Commission query on the same, the Petitioner submitted that, from FY 2024-25 onwards, contractual manpower has been reported under employee cost due to the reason listed out below:

- a) Contractual manpower is engaged for operation and maintenance of substations on a 24x7 basis.
- b) The primary reason for incurring such costs is the deployment of contractual manpower owing to insufficient regular manpower at various substations against sanctioned posts.
- c) Vacancies created due to retirement of officials at the substation level have not been filled through regular hiring.

6.3.13 The Petitioner has also provided reclassified Audited values of Employee and R&M expenses from FY 2020-21 to FY 2024-25 along with restated Audited figures. The Petitioner's submissions in this regard are presented in the Table below:

TABLE 6-11: RECLASSIFICATION OF R&M (IN RS. CRORE)

FY	2020-21	2021-22	2022-23	2023-24	2024-25
R&M Audited Value*	347.48	281.38	374.72	487.71	491.51
Contractual Manpower for Substation[#]	104.25	103.68	98.70	101.50	144.95
R&M Expenses (Total)**	451.73	385.07	473.42	589.21	643.26

*Adjusted R&M Figures without Contractual Manpower Value. Figure for FY2020-21 to FY2022-23 have been computed based on submission of the Petitioner & FY 2023-24 to FY 2024-25 has been taken as actual from the Audited Accounts.

[#]Figures have been moved to Employee Expenses, due to a change in reclassification of Audited Accounts.

** R&M Values, if reclassification had not been initiated on the Petitioner end.

6.3.14 Since new control period under MYT Regulations 2025 has is going to start from FY 2025-26 and as per the said Regulations, norms are be framed on the basis of values in the audited accounts of last five years therefore, the restated Audited figures for FY 2020-21 to FY 2023-24 and Audited figure for FY 2024-25 have been considered by the Commission for computation of Mid-Year value for FY 2022-23, as shown in the Table Below:

TABLE 6-12: AUDITED FIGURES CONSIDERED BY THE COMMISSION FOR COMPUTATION OF MID YEAR VALUE FOR FY 2022-23 (RS. CRORE)

FY	2020-21	2021-22	2022-23	2023-24	2024-25
Employee Expenses*	689.18	818.70	802.09	866.95	934.21
A&G	64.22	80.45	76.57	76.22	57.45
R&M	347.48	281.38	374.72	487.71	491.51

* Contractual Manpower Values have been added under the head of Employee Expenses, due to a reclassification of expenses in the Audited Accounts for FY 2024-25 of the Petitioner.

6.3.15 Further, the Commission has observed that the inflation indices applied by the Petitioner are not consistent with the WPI and CPI indices issued by the Government of India.

6.3.16 The Commission has computed the normative Employee Expenses and A&G Expenses of the base year, by first computing the mid-year value (i.e., FY 2022-23), taking into account the above mentioned Audited value for the last five financial years (i.e., FY 2020-21 to FY 2024-25) after considering reclassification as submitted by the Petitioner.

TABLE 6-13: MID YEAR COMPUTATION FOR FY 2022-23 BY THE COMMISSION (RS. CRORE)

Particulars	Audited Figures					Expenses for Mid Year
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2022-23
	(a)	(b)	(c)	(d)	(e)	(g) = [(c)+(d)+(e)+(f)+(g)]/5
Employee Expenses*	689.18	818.70	802.09	866.95	934.21	822.23
A&G Expenses	64.22	80.45	76.57	76.22	57.45	70.98

* Restated Employee Expenses for FY 2020-21 to FY 2023-24 and Actual Audited Value for FY 2024-25.

6.3.17 Further, for computing normative values for the base year (i.e., FY 2024-25), the mid-year value (FY 2022-23) has been escalated on a yearly basis with the escalation factor considering actual CPI and WPI of respective years, for subsequent years up to FY 2024-25. Accordingly, the inflation rate computed for FY 2023-24 to FY 2024-25, as per Labour Bureau, Gol (<https://labourbureau.gov.in/all-india-general-index-1>) and Economic Advisor Government of India (https://eaindustry.nic.in/download_data_1112.asp) is shown in the Table below:

TABLE 6-14: INFLATION INDEX CONSIDERED BY THE COMMISSION (INDEX VALUE)

Particulars	Wholesale Price Index				Consumer Price Index			
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
April	132	152.30	151.10	152.90	345.9	367.78	386.50	401.47
May	132.9	155.00	149.40	153.50	347.3	371.5	387.94	402.91
June	133.7	155.40	148.90	154.00	350.5	372.1	392.83	407.23

Particulars	Wholesale Price Index				Consumer Price Index			
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
July	135.0	154.00	152.10	155.30	353.7	374.1	402.34	410.98
August	136.2	153.20	152.50	154.40	354.2	375.0	400.90	410.69
September	137.4	151.90	151.80	154.70	355.1	378.1	396.00	412.70
October	140.7	152.90	152.50	156.70	359.7	381.6	398.59	416.16
November	143.7	152.50	153.10	156.40	362.0	381.6	400.61	416.16
December	143.3	150.50	151.80	155.70	361.2	381.0	399.74	413.86
January	143.8	150.70	151.20	155.00	360.3	382.5	400.03	412.42
February	145.3	150.90	151.20	154.90	360.0	382.2	400.90	411.26
March	148.9	151.00	151.40	154.80	362.9	383.9	400.03	411.84
Average	139.4	152.53	151.42	154.86	356.06	377.62	397.20	410.64
Calculation of Inflation		9.41%	-0.73%	2.27%		6.05%	5.19%	3.38%

6.3.18 Further, for computation of the average of CPI & WPI inflation, respective CPI & WPI percentages for the immediately preceding three Financial Years i.e. FY 2022-23 to FY 2024-25 are shown below:

TABLE 6-15: INFLATION INDEX CONSIDERED BY THE COMMISSION FOR FY 2025-26 (%)

FY	INFLATION RATE	
	WPI	CPI
FY 2022-23	9.41%	6.05%
FY 2023-24	-0.73%	5.19%
FY 2024-25	2.27%	3.38%
FY 2025-26 (Avg. of last 3 Years)	3.65%	4.87%

6.3.19 Subsequently, the norms for Employee Expenses and A&G Expenses for FY 2025-26 is derived based on the respective escalation factor shown in the Table above as per Regulation 13.6 and Regulation 13.7 of MYT Regulations, 2025, which is explained in later paras.

6.3.20 **Employee Expenses:** In order to compute the normative Employee Expenses for FY 2025-26, the Commission has taken the normative Employee Expenses of base year i.e FY 2024-25 and escalated the same with the corresponding inflation factor (average of CPI for immediately preceding three Financial Years i.e. FY 2022-23 to FY

2024-25).

6.3.21 For computing net Employee Expenses, the Employee Expenses capitalized (as projected by the Petitioner for FY 2025-26) has been provisionally considered at 26.81% of the employee expenses claimed by the Petitioner, which is at same percentage as per audited accounts of FY 2024-25. Further, the value claimed is higher than the audited value of FY 2023-24 and FY 2024-25 and therefore deducted from the normative Employee Expenses by the Commission.

6.3.22 **A&G Expenses:** The normative A&G Expenses for FY 2025-26 have been calculated by escalating the normative A&G Expenses of Base Year i.e. FY 2024-25 with the average of WPI for the immediately preceding three Financial Years (i.e., FY 2022-23 to FY 2024-25). The base year value has been arrived in a manner shown in the following table:

TABLE 6-16: COMPUTATION OF NORMATIVE EMPLOYEE EXPENSES & A&G EXPENSES BY THE COMMISSION FOR THE BASE YEAR I.E. FY 2024-25 (RS. CRORE)

Particulars	Mid-Year Value	Normative					
		Escalation Factor		FY 2023-24	Escalation Factor		FY 2024-25
	(g) Table 6-13	CPI	WPI	(h)= [(g)*(1+ escalation factor for FY 2022-23)]	CPI	WPI	(i)= [(h)*(1+ escalation factor for FY 2023-24)]
Employee Expenses	822.23	5.19%		864.87	3.38%		894.13
A&G Expenses	70.98		-0.73%	70.47		2.27%	72.07

6.3.23 **R&M Expenses:** Regulation 13.7 stipulates that R&M Expenses shall be allowed at 2% of the Opening GFA as approved by the Commission for FY 2025-26. It is pertinent to mention that the norms of R&M expenses under MYT Regulations 2025 were framed based upon the available audited values of past years. However, the Petitioner has now made reclassification in its audited accounts of FY 2024-25 and onwards, due to which certain expenses related to contracted manpower has been shifted into employee expenses from R&M expenses. This has led to reduction in expenses in R&M expenses and increase in employee expenses. In order to compute

normative value of O&M expenses, the Petitioner has submitted the reclassified audited values of employee expenses and R&M expenses for the last 5 years. Accordingly, the Commission has computed the normative values of employee expenses based upon the reclassified values, which have been appropriately factored for arriving at the normative values as the same are linked with the inflation index. However, in case of R&M expenses, the norms were framed while considering past audited values of R&M expenses and were linked with 2% of GFA. As the past audited values are now changed due to reclassification of manpower related expenses from R&M to employee expenses, it is observed that the 2% of GFA comes out to be unduly high.

In this regard, Regulation 13(5) of MYT Regulations 2025 provides that in case data required for establishing the norms is not available, the Transmission Licensee shall propose O&M norms with justification. The Commission shall approve the norms for the Transmission Licensee after prudence check which shall be applicable for the remaining Control Period. Further, Regulation 35(1) also provides that nothing in MYT Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary to meet the ends of justice.

Considering above, the Commission is of the opinion that since the data, on the basis of which the norms were established under MYT Regulations 2025, has been revised by the Petitioner therefore, the Commission is required to approve the norms afresh. Thus, the norms established for R&M expenses which were kept at value of 2% of GFA under MYT Regulations 2025 need revision.

In this regard, it is observed that contractual manpower accounted for 23–25% of total R&M expenditure considering the average of last five-year audited and reclassified values. With this shift, the effective R&M expenses have been reduced by the same proportion. By applying a similar 25% reduction factor to the GFA-linked R&M formula, new normative value comes out to be 1.5%. Further, the Commission has observed that the R&M expense of FY 2024-25 is Rs. 491 crores and if it is projected for the FY 2025-26 after applying projected WPI of 3.65%, it comes to be

Rs. 509 Crores. Therefore, after considering 1.5% of GFA, the normative R&M expenses work out to be around 59 crore higher than the above projected R&M expenditure. Further, it is pertinent to mention that reasonable R&M expenses must be provisioned as UPPTCL's network consists of old to very old assets across various voltage levels (765 kV, 400 kV, 220 kV and 132 kV levels). Maintenance of such aged assets requires higher upkeep to sustain reliability and availability. Therefore, some additional flexibility in R&M provisioning is essential to ensure 24x7 power supply to consumers and continuous availability of transmission infrastructure. Accordingly, R&M expenses has been kept at 1.5% of the opening GFA for this control period. Accordingly, an amendment to this effect shall be carried out in the UPERC (MYT for Transmission) Regulation, 2025.

6.3.24 Accordingly, the normative R&M Expenses for FY 2025-26 have been computed by taking the Closing GFA of FY 2024-25 (provisionally determined in the APR Chapter of this Order) as the Opening GFA for FY 2025-26 and applying a 1.5% growth factor thereon.

6.3.25 Further with respect to Petitioner's submission that the Commission in the True-Up Order for FY 2022-23 (Order dated October 10, 2024), has approved Net GFA (after accounting for depreciation) instead of Gross GFA, it is pertinent to mention the difference in the reported GFA figures is not because the Commission has adopted Net GFA, but because of the change in depreciation methodology from Written Down Value (WDV) to Straight Line Method (SLM) which was implemented from FY 2020-21 onwards. At that time, the Commission, while shifting to SLM, treated the closing written-down value of FY 2019-20 as the opening balance for FY 2020-21, and accordingly reversed the depreciation of FY 2019-20 to arrive at a regulatory gross asset base. This regulatory treatment was consistently followed in subsequent years and therefore the GFA admitted by the Commission differs from the asset base shown in the Petitioner's audited accounts.

6.3.26 **O&M Expenses:** Accordingly, the Commission has computed the O&M Expenses for FY 2025-26 based on the norms specified in Regulation 13 of MYT Regulations, 2025 as shown in the Table below:



TABLE 6-17: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION (RS. CRORE)

Particulars	Derivation	FY 2024-25 (Normative)	FY 2025-26			
			Average of previous 3 years CPI and WPI		1.5% of Opening GFA FY 2025-26	Normative Computation
		(j) (Table 6-16)	CPI	WPI	Table 6-26	(K)= [(j)*(1+ 3 year Avg. 2024- 25)
Employee Expenses	A	894.13	4.87%			937.72
A&G Expenses	B	72.07		3.65%		74.70
R & M Expenses	C				37,950.55*	569.26
Gross O&M Expenses	D=A+B+C		1,581.67			
Employee Expenses Capitalisation [#]	E		219.28			
Net O&M Expenses	F=D-E		1,362.39			

[#]Employee Expenses Capitalised is considered as claimed by the Petitioner in the Petition.

6.3.27 Considering above, the Commission approves the O&M Expenses for FY 2025-26 based on the norms specified in Regulation 13 of MYT Regulations, 2025 as shown in the Table below:

TABLE 6-18: COMMISSION APPROVED - O&M EXPENSES FOR FY 2025-26 (RS. CRORE)

Particulars	Derivation	FY 2025-26 (ARR)	
		Petition	Approved
		Table 6-10	Table 6-17
Employee Expenses	A	817.83	937.72
Less: Employee Expenses Capitalised	B	219.28	219.28
Net Employee Expenses	C=A-B	598.55	718.44
Net A&G Expenses	D	84.63	74.70
Net R&M Expenses	E	918.36	569.26
Net O&M Expenses	F=C+D+E	1,601.54	1,362.39

6.4 CAPITAL WORK IN PROGRESS, GROSS FIXED ASSET & ASSET CAPITALISATION

Petitioner's Submission

6.4.1 The Petitioner has estimated the total capital investment for FY 2025-26 based on the expected expenditure to be made towards the ongoing projects/ schemes and the new projects to be undertaken in FY 2025-26. The capital investment for FY

2025-26 has been estimated as per the Table below:

TABLE 6-19: CAPITAL INVESTMENT FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE)

Financing	ARR Petition for FY 2025-26
Grant towards the Green Energy Corridor (@ 33%)	625.77
Consumer Contribution/Deposit Works	624
Debt	2,110.16
Equity	904.36
Total Investment	4,624.29

6.4.2 The Petitioner has submitted that the above proposed capital expenditure has been revised in view of the change in the timelines of the projects.

6.4.3 The Petitioner has considered the expenditure of Rs. 1,896.29 Crore in FY 2025-26 towards Green Energy Corridor (GEC-II) scheme. Further, grant @33% under the GEC-II scheme during FY 2025-26 has been considered. In addition, the investment through “deposit work” has been taken for capital formation. The total Consumer Contribution projected towards the capital formation in FY 2025-26 is Rs. 624 Crore, same as the actual value in FY 2023-24. Furthermore, the total capital investment of Rs. 4,264.29 Crore is planned for FY 2025-26 towards ongoing and new schemes. It is to be noted that 25% of the summation of opening CWIP, investment made during the year, and total expenses & interest to be capitalized have been considered for capitalization during FY 2025-26 in line with the past practice of the Commission. The capital investment plan (net of deposit works) has been projected to be funded in the ratio of 70:30 (Debt to Equity).

6.4.4 Considering the aforementioned submissions, the projected capital formation and capital work in progress for FY 2025-26, as presented by the Petitioner, are shown below:

TABLE 6-20: PROJECTIONS OF CAPITALISATION & WIP OF INVESTMENT DURING FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2025-26
Opening CWIP as on April 1, 2025	A	6,924.91
Investments	B	4,264.29
Employee Expenses Capitalisation	C	219.28

Particulars	Derivation	FY 2025-26
A&G Expenses Capitalisation	D	-
Interest Capitalisation of Interest on long-term loans	E	100.48
Total Investments	F= A+B+C+D+E	11,509.18
Transferred to GFA (Total Capitalisation)	G = 25% of F	2,877.30
Closing CWIP	H= F-G	8,631.88

6.4.5 The Petitioner has submitted that it has considered the actual closing CWIP of FY 2019-20 (as per the annual accounts) as opening CWIP for FY 2020-21 to arrive at the opening CWIP of the control period. Thereafter, respective closing of next year is calculated considering the annual audited accounts for the true-up year. The closing CWIP of FY 2023-24 as per the audited accounts is considered to be opening CWIP for FY 2024-25. Subsequent closing of FY 2024-25 (as determined in the APR section) is considered to be the opening CWIP for FY 2025-26. The disallowances made by the Commission in the CWIP and the GFA for years FY 2017-18 to FY 2019-20 in the Tariff Order dated November 10, 2020, June 29, 2021, July 20, 2022 and May 24, 2023 have not been considered in the current Petition as the Petitioner has already challenged the orders dated November 10, 2020, June 29, 2021, July 20, 2022 and May 24, 2023. Further, the Petitioner is also in the process of filing Appeal on the order dated October 10, 2024 before the Hon'ble APTEL. The GFA balance considered for FY 2025-26 is provided below:

TABLE 6-21: PROJECTIONS OF GROSS FIXED ASSETS FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2025-26
Opening GFA	A	45,917.76
Net Addition to GFA*	B	2,877.30
Closing GFA	C=A+B	48,795.06

**No deduction or deletion has been considered in the GFA during FY 2025-26; the same may be considered on actual basis at the time of Truing-up.*

6.4.6 Further, the Petitioner has submitted that in line with the past methodology considered by the Commission, the fixed asset base (in which the retirement or replacement or decapitalisation of the assets is accounted for) is computed as on March 31, 2020 (taking into consideration the True-up of FY 2019-20). Equity capital

as on April 1, 2020 has been computed to be 30% of such fixed asset base and the Debt capital has been similarly computed to be 70%. Accordingly, the Debt and Equity as on April 1, 2020 is computed further for FY 2024-25 (as discussed in the APR section above). The addition for the Debt and Equity for FY 2025-26 has been considered in the ratio 70:30 of the total capitalisation amount after adjusting the Consumer Contribution and Grant.

Commission's Analysis:

6.4.7 Regulation 11(4) of the MYT Regulation 2025, provided that the Capital cost to be allowed by the Commission for the purpose of determination of Tariff will be based on the Transmission Plan prepared by the STU under Modalities of Tariff Determination Regulation, 2023 and Annual Capital Investment Plan approved by the Commission. The Relevant Provisions of the MYT Regulation 2025 are provided below:

Quote

"11.Capital Expenditure/ Cost and Capital Structure

(1) Capital cost for a Capital investment project shall include:

(a) The expenditure incurred or projected to be incurred, including interest during construction and financing charges, as admitted by the Commission after prudence check;

(b) Capitalised initial spares subject to the ceiling rates stipulated in these Regulations;

(c) Expenses incurred by the Transmission Licensee on obtaining right of way, as admitted by the Commission after prudence check;

(d) Additional capital expenditure determined under clause 12 of these Regulations;

(e) Incidental expenditure during construction including apportioned expenditure on relevant components of O&M;

(f) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed up to the date of commercial operation, as admitted by the Commission after prudence check:

Provided that any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed up to the date of commercial operation shall be adjusted only against the debt component of the capital cost:

Provided further that the capital cost of the assets forming part of the Project but not put to use or not in use, shall be excluded from the capital cost:

Provided also that the Transmission Licensee shall submit documentary evidence in support of its claim of assets being put to use.

(2) The capital cost admitted by the Commission after prudence check shall form the basis for determination of Tariff.

(3) The actual capital expenditure on a Project as on COD for the original scope of work based on audited accounts of the Transmission Licensee, as the case may be, shall be considered subject to prudence check by the Commission.

(4) Capital cost to be allowed by the Commission for the purpose of determination of Tariff will be based on the Transmission Plan prepared by the STU under Modalities of Tariff Determination Regulation, 2023 and Annual Capital Investment Plan approved by the Commission.

.....”

Unquote

6.4.8 The Commission observes that, in compliance with its directions in earlier Tariff Orders, the Petitioner has been filing petitions for capital investment on a quarterly basis for schemes/projects above Rs. 20 Crore, seeking prior approval of the Commission from FY 2020-21 onwards.

6.4.9 Further, in line with the above regulations, the Commission directed the Petitioner to file the Capital Investment Plan and Capitalisation for FY 2025-26. In response, the Petitioner submitted the detailed Capital Investment Plan for FY 2025-26 and stated that capitalisation details would be provided on an actual basis at the time of True-Up. The detailed Capital Investment Plan is provided in the table below:

TABLE 6-22: ZONE WISE SUMMARY OF CAPITAL EXPENDITURE FOR FY 2025-26 (WITHOUT GEC-II) AS SUBMITTED BY THE PETITIONER (RS. CRORE)

Name of the Projects/Scheme	TNE GKP	TSE Prayagraj	TSW Agra	TSC Jhansi	TW Meerut	TC Lucknow	Capex for FY 2025-26
Ongoing Scheme S/s	27.55	97.56	0.00	0.00	26.25	255.09	406.45
Ongoing Scheme lines	12.04	97.61	0.00	0.00	69.47	39.19	218.31
New Scheme S/s	48.90	45.00	23.61	0.00	76.72	8.89	203.12
New Scheme Lines	18.01	0.00	1.54	27.90	14.08	10.59	72.12
Capacity Enhancement S/s	101.93	149.65	170.59	40.57	128.91	128.74	720.38
Capacity Enhancement Lines	35.79	14.60	19.42	0.00	11.05	16.62	97.48
Misc works S/s	2.29	3.19	2.01	0.00	7.97	8.55	24.01
Misc works Lines	0.00	0.00	0.00	0.00	2.03	0.00	2.03
Total (Rs. in Cr.)	246.51	407.60	217.17	68.47	336.49	467.67	1,743.89

**TABLE 6-23: PROJECT WISE SUMMARY OF CAPEX FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER
(RS. CRORE)**

Name of Scheme	Capex
Ongoing Scheme S/s	406.445
Ongoing Scheme lines	218.309
New Scheme S/s	203.119
New Scheme Lines	72.118
Capacity Enhancement S/s	720.382
Capacity Enhancement Lines	97.481
Misc works S/s	24.009
Misc works Lines	2.03
Total	1,743.893

**TABLE 6-24: DETAIL CAPITAL INVESTMENT PLAN FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER
(RS. CRORE)**

Particular	Capex
UPPTCL:	1,743.89
GEC-II	1,896.29
Deposit	624
Total	4,264.18

6.4.10 The Commission has considered the capital investment of Rs. 4,264.28 Crore and capitalisation of Rs. 2,877.29 Crore for FY 2025-26, as projected by the Petitioner. However, the actual capitalisation shall be subject to prudence check at the time of True-Up and subject to prior approval of Scheme/Projects in line with the Provisions of MYT Regulation, 2025.

6.4.11 The Commission observes that the Petitioner has not claimed any de-capitalisation /deduction in the assets during FY 2025-26. The interest capitalisation is approved as claimed by the Petitioner, subject to prudence check at the time of Truing up. Accordingly, the Capital Expenditure and capitalization, considered by the Commission for FY 2025-26 is per the following Table:

TABLE 6-25: CAPITAL EXPENDITURE AND CAPITALISATION PROVISIONALLY COMPUTED BY THE COMMISSION FOR FY 2025-26 (RS. CRORE)

Particulars	Derivation	FY 2025-26		
		ARR Petition	Provisionally computed	Remarks
Opening CWIP as on April 1, 2025	A	6,924.91	4,193.27	Table 5-9
Investments	B	4,264.29	4,264.18	Table 6-24
Employee Expenses Capitalized	C	219.28	219.28	Table 6-20
Interest Capitalized on Long Term Loan	D	100.70	100.70	Table 6-20
Total Investments	E=A+B+C+D	11,509.18	8,777.43	-
Transferred to GFA	F	2,877.30	2,877.29	-
Closing CWIP	G=E-F	8,631.88	5,900.14	-

6.4.12 The Commission approves the closing Gross Fixed Assets for FY 2025-26 as per the following Table:

TABLE 6-26: COMMISSION APPROVED - GFA FOR FY 2025-26 (RS. CRORE)

Particulars	Derivation	FY 2025-26		
		Petition (ARR)	Approved (ARR)	
			Figures	Remarks
Opening GFA as on 01.04.2025	A	45,917.76	37,950.55	Table 5-10
GFA Addition during FY 2025-26	B	2,877.30	2,877.29	Table 6-25
Decapitalisation / Deduction during FY 2025-26	C	-	-	-
Closing GFA as on 31.03.2026	D=A+B-C	48,795.06	40,827.84	-

6.5 CONSUMER CONTRIBUTION, CAPITAL GRANTS AND GRANTS

Petitioner's Submission

6.5.1 The Petitioner has considered a normative Debt: Equity ratio of 70:30 for financing of the capital investment for FY 2025-26. Considering this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through a loan and the balance 30% has been considered to be financed through Equity Contributions. The portion of capital expenditure financed through Consumer Contribution, capital subsidies, and grants has been separated as the depreciation and interest thereon would not be charged to the beneficiaries. The Table below summarizes the amounts considered towards Consumer Contributions,

Capital Grants, and Subsidies for FY 2025-26:

TABLE 6-27: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2025-26
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	4,219.86
Additions during the year	1,249.77
Less: Deductions	250.84
Closing Balance	5,218.79

6.5.2 The financing of the capital investment is depicted in the Table below:

TABLE 6-28: FINANCING OF THE CAPITAL INVESTMENT SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2025-26
Total Investment proposed during the year	A	4,264.29
Less: Consumer Contribution/ Deposit Works and Grants	B	1,249.77
Investment funded by Debt and Equity	C=A-B	3,014.52
Debt Funded	70%	2,110.16
Equity Funded	30%	904.36

6.5.3 The Petitioner has submitted that, out of the total proposed capital investment of Rs. 4,264.29 Crore in FY 2025-26, capital investment considered through deposit works and grant amounts to Rs. 624 Crore and Rs. 625.77 Crore respectively. The balance amount is considered to be funded through Debt and Equity in the ratio of 70:30.

Commission's Analysis

6.5.4 Regulation 14.2 of MYT Regulations, 2025 provides that debt equity ratio shall be considered after making appropriate adjustment of assets funded through Consumer Contribution/ Deposit Works and Grants. The relevant provisions are provided below:

Quote

"14. Debt-Equity

(1) Closing balance of Equity as on 31.03.2025 approved by the Commission shall be taken as the opening Equity for Financial Year 2025-26.

(2) For a capital investment scheme declared under commercial operation on or after April 1, 2025, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under clause 11 of these Regulations after making appropriate adjustment of Assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant, subject to prudence check for determination of Tariff:

Provided that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Transmission Licensee for determination of Tariff:

Provided further that the Transmission Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:

Provided also that the equity invested in foreign currency shall be designated in Indian Rupees on the date of each investment:

Provided that in case of retirement or replacement or de-capitalisation or deletion/adjustment of the assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

Provided further that in case of retirement or replacement or deletion/adjustment or de-capitalisation of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of the outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets."

Unquote

- 6.5.5 The Commission considers the closing balance (provisional) of Consumer Contributions (Deposit Works), Grants, & Subsidies of FY 2024-25 as the opening balance of Consumer Contributions (Deposit Works), Grants & Subsidies for FY 2025-26. Further, the addition during FY 2025-26, is considered the same as claimed by the Petitioner and amortization during FY 2025-26 is considered as per the annual accounts for FY 2024-25 (APR Section). Accordingly, the Commission considers the Consumer Contributions (Deposit Works), Grants, & Subsidies towards the cost of capital assets for FY 2025-26 as follows:

TABLE 6-29: CONSUMER CONTRIBUTION, CAPITAL GRANTS & SUBSIDIES APPROVED BY THE COMMISSION FOR FY 2025-26 (RS. CRORE)

Particulars	Derivation	FY 2025-26 (ARR)		
		Petition (ARR)	Approved (ARR)	Remark
Opening Balance of Consumer Contributions (Deposit Works), Grants and Subsidies towards Cost of Capital Assets as on 01.04.2025	A	4,219.86	4,122.15	Table 5-13
Additions during FY 2025-26	B	1,249.77	1,249.77	Table 6-27
Less: Amortisation during FY 2025-26	C	250.84	301.84	Table 5-13
Closing Balance of Consumer Contributions (Deposit Works), Grants and Subsidies towards Cost of Capital Assets as on 31.03.2026	D=A+B-C	5,218.79	5,070.09	-

6.6 DEBT-EQUITY RATIO OF CAPITALIZATION

Petitioner's Submission

6.6.1 The Petitioner has submitted that it has considered the normative approach with Debt-Equity ratio as 70:30, i.e., 70% of capitalisation during FY 2025-26 to be financed through term loan and balance 30% through Equity. The amount of Consumer Contributions, Capital Subsidies and Grants towards the cost of capital assets projected for FY 2025-26 has been separated and reduced as the same would not be charged to consumers. Accordingly, the Debt and Equity addition during FY 2025-26 as claimed by Petitioner are as follows:

TABLE 6-30: DEBT: EQUITY RATIO OF CAPITALIZATION SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2025-26
	Petition (ARR)
Capitalisation during FY 2025-26	2,877.30
Less: De-capitalisation/Deduction during FY 2025-26	-
Less: Consumer Contribution, Grants & Capital Subsidies during FY 2025-26	1,249.77
Net Capitalisation to be funded by Debt & Equity	1,627.53
Equity (%)	30.00%
Debt (%)	70.00%
Equity Funded during FY 2025-26	488.26
Debt Funded during FY 2025-26	1,139.27

Commission's Analysis

6.6.2 As per Regulation 11 of the UPERC MYT Regulations, 2025, Debt-Equity is computed as under:

Quote

14. Debt-Equity

(1) Closing balance of Equity as on 31.03.2025 approved by the Commission shall be taken as the opening Equity for Financial Year 2025-26.

(2) For a capital investment scheme declared under commercial operation on or after April 1, 2025, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under clause 11 of these Regulations after making appropriate adjustment of Assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant, subject to prudence check for determination of Tariff:

Provided that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Transmission Licensee for determination of Tariff:

Provided further that the Transmission Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:

Provided also that the equity invested in foreign currency shall be designated in Indian Rupees on the date of each investment:

Provided that in case of retirement or replacement or de-capitalisation or deletion/adjustment of the assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

Provided further that in case of retirement or replacement or deletion/adjustment or de-capitalisation of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of the outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets."

Unquote

6.6.3 The Commission considers the normative Debt-Equity ratio of 70:30 as per Regulation 14 of MYT Regulations, 2025 i.e., 70% of estimated Capitalisation (net of consumer contribution, grants and subsidy) during FY 2025-26 is to be financed through debt and balance 30% through equity. The Commission observes that the

Petitioner has not considered the De-capitalisation/Deduction during FY 2025-26 while deriving the net capitalisation for FY 2025-26. The Commission considers the same for its computation of ARR for FY 2025-26, which will be subject to prudence check at the time of truing-up. Accordingly, the debt-equity considered by the Commission during FY 2025-26 are shown in the Table below:

TABLE 6-31: COMMISSION APPROVED - DEBT-EQUITY RATIO (RS. CRORE)

Particulars	Derivation	FY 2025-26 (ARR)		
		Petition	Approved	Remarks
Capitalisation during FY 2025-26	A	2,877.30	2,877.29	Table 6-25
Less: De-capitalisation/Deduction during FY 2025-26	B	0.00	0.00	
Less: Consumer Contribution, Grants & Capital Subsidies during FY 2025-26	C	1,249.77	1,249.77	Table 6-28
Net Capitalisation to be funded by Debt & Equity	D=A-B-C	1,627.53	1,627.52	
Equity (%)	E	30.00%	30.00%	
Debt (%)	F	70.00%	70.00%	
Equity addition during FY 2025-26	G=D*E	488.26	488.26	
Debt addition during FY 2025-26	H=D*F	1,139.27	1,139.26	

6.7 DEPRECIATION

Petitioner's Submission

6.7.1 The Petitioner has submitted that the MYT Regulations, 2019 provides for calculating depreciation based on the Straight – Line Method basis, whereas the previous MYT Transmission Regulations, 2014 provided for calculation of depreciation on written down value of the fixed assets of the corresponding year. Further, for the allowable depreciation of the assets capitalized upto till 31st March 2020 and those capitalized 1st April 2020 onwards the Commission, in its order dated November 10, 2020, observes the following:

Quote

“7.5.8 Accordingly, the existing assets are to be dealt with separately as per Regulations 21.2 and their Net block (as on 31.3.2020) may be kept separate and may be considered Gross Block to apply SLM from 1.4.2020 onwards and the new assets to be dealt as per Regulations 21.1 of MYT Regulations 2019.

7.5.9 Further, UPPTCL is directed to maintain a separate individual asset wise FAR for assets capitalized after 1.4.2020 and the Gross Block and

Depreciation may be computed separately from the Gross Block before 1.4.2020. Accordingly, from FY 2020-21 onwards UPPTCL to maintain two separate Gross Blocks (one for assets upto 31.3.2020 (Part-A) and second for assets after 1.4.2020 (Part B) and two separate FAR's depicting addition of assets details from 01.04.2020 onwards for the purpose of depreciation computation for Regulatory Accounts."

Unquote

- 6.7.2 The Petitioner further submitted that the Regulation 15 of MYT Regulation 2025, provides that the Depreciation shall be allowed annually based on the Straight- Line Method at the rates stipulated in the Annexure- A for existing Assets (capitalised on or before 31.03.2025) and at the rates stipulated in Annexure- B for Assets capitalised during the Control Period.
- 6.7.3 Accordingly, for the purpose of computing the allowable depreciation in line to the above regulation, the Petitioner considers the depreciation for the Part-A (assets capitalized up-to 31st March 2020, as submitted in the True-Up Section), Part-B (for assets capitalized 1st April 2020 onwards & up-to 31.03.2025, as submitted in the APR Section) and for assets capitalized from 1st April 2025 onwards (Part-C) as mentioned in the Table Below:

TABLE 6-32: DEPRECIATION EXPENSE FOR FY 2025-26 FOR THE GROSS BLOCK OR ASSETS CAPITALISED 1ST APRIL 2025 ONWARDS (PART-C) AS SUBMITTED BY THE PETITIONER

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing	Depreciati on Rate (%)	Allowable Depreciation
				GFA		
Land & Land Rights						
i) Unclassified	-	8.11	-	8.11	-	-
ii) Freehold Land	-	8.10	-	8.10	-	-
Buildings	-	78.68	-	78.68	3.34%	1.31
Other Civil Works	-	10.51	-	10.51	3.34%	0.18
Plants & Machinery	-	1,406.10	-	1406.10	4.22%	29.67
Lines, Cable Network etc.	-	1,352.59	-	1,352.59	4.22%	28.54
Vehicles	-	0.00	-	0.00	9.50%	-
Furniture & Fixtures	-	0.91	-	0.91	6.33%	0.03
Office Equipment's	-	5.15	-	5.15	6.33%	0.16
Jeep & Motor Car	-	0.00	-	0.00	9.00%	0.00
Intangible Assets	-	6.62	-	6.62	15.00%	0.50

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing	Depreciati on Rate (%)	Allowable Depreciation
				GFA		
Assets taken over from Licensees pending final Valuation	-	0.52	-	0.52	5.28%	0.01
Total Depreciable Assets	-	2,861.09	-	2,861.09		60.40
Total Non-Depreciable Assets	-	16.21		16.21	-	-
Grand Total	-	2,877.30				60.40

6.7.4 The Petitioner considers the depreciation on assets created out of Consumer Contributions, Capital Grants, and Subsidies for FY 2025-26 the same as per the Annual Audited Accounts of FY 2023-24. The Petitioner has reduced the equivalent depreciation of Rs. 250.84 Crore for FY 2025-26 in respect of depreciation on assets created out of Consumer Contributions, Capital Grants, and Subsidies. Thus, the allowable depreciation for FY 2025-26 computed by the Petitioner is depicted in the Table below:

TABLE 6-33: NET DEPRECIATION (PART-A + PART-B + PART-C) SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2025-26 Petition (ARR)
Allowable Depreciation for assets upto 31.03.2020	1,385.19
Allowable Depreciation for assets capitalised from 01.04.2020 onwards upto 31.03.2025	870.81
Allowable Depreciation for assets capitalised from 01.04.2025 onwards	60.40
Gross Allowable Depreciation	2,316.39
Less: Equivalent amount of depreciation on assets acquired out of the Consumer Contribution and Subsidy	250.84
Net Depreciation	2,065.55

6.7.5 The Petitioner further submitted that in compliance with the provisions of Appendix 'C' to IndAS-I8, FY 2016-17 onwards the Consumer Contribution Reserve has been recognized as revenue as equal annual income over the useful life of the underlying asset/term of the arrangement with consumers. However, the Commission in its order dated January 8, 2019, and August 27, 2019, for the revised ARR for FY 2018-19 & FY 2019-20 has allowed the net depreciation after deducting

the equivalent amount of depreciation on assets acquired out of the consumer contribution. The same approach has been followed by the Petitioner while claiming the net depreciation amount for FY 2025-26. The Income from Consumer Contribution recognized as revenue (or equivalent depreciation amount) in FY 2025-26 has been considered same as in the annual accounts of FY 2023-24).

Commission's Analysis

6.7.6 Regulation 15 of the MYT Regulations, 2025 specifies the methodology for computation of Depreciation. The Regulation 15.1(b) specifies for process of computation of depreciation, wherein depreciation shall be computed annually based on the Straight- Line Method at the rates stipulated in the Regulations (Annexure-A for existing assets & Annexure-B for new assets) and the Licensee has to ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing has to be spread over the balance Useful Life of the asset including the Extended Life. The Regulation 15 of the MYT Regulation 2025 has been provided below:

Quote

"15. Depreciation

(1) The Transmission Licensee, shall be permitted to recover Depreciation on the value of fixed assets used in their respective businesses, computed in the following manner:

(a) The approved original cost of the fixed assets shall be the value base for the calculation of Depreciation:

Provided that the Depreciation shall be allowed on the entire capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or de-capitalised assets.

(b) Depreciation shall be allowed annually based on the Straight- Line Method at the rates stipulated in the Annexure- A for existing Assets (capitalised on or before 31.03.2025) and at the rates stipulated in Annexure- B for Assets capitalised during the Control Period:

Provided that the Licensee shall ensure that once individual asset is depreciated to the extent of seventy percent, the remaining depreciable value as on 31st March of the year closing shall be spread over the balance Useful Life of the assets including the Extended Life, as per submission of the Licensee and approval by the Commission.

(c) The salvage value of the asset shall be considered at 10% of the allowable capital cost and Depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:

Provided that land owned shall not be treated as a Depreciable asset and shall be excluded from the capital cost while computing Depreciation:

Provided further that Depreciation shall be chargeable from the first year of commercial operation:

Provided that the salvage value of the IT equipment, software and underground cable shall be considered as nil and value of such assets shall be considered 100% depreciable.

(d) Depreciation shall not be allowed on assets funded by Consumer Contributions or Subsidies/ Grants/ Deposit works.

(2) In case of existing assets, for the purpose of computation of depreciation, the opening value of GFA shall be taken as the closing value as on March 31, 2025 as approved by the Commission in its Tariff Order.

(3) In case of projected commercial operation of the assets for part of the year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that the depreciation shall be re-computed for assets capitalised at the time of Truing-Up, based on Accounting Statements and documentary evidence of assets capitalised by the Petitioner, subject to prudence check of the Commission."

Unquote

6.7.7 The Commission has observed that the Petitioner as per the direction of the Commission in the past years Tariff Order is maintaining a separate individual asset wise Fixed Asset Register (FAR) for assets capitalized after April 01, 2020 and capitalized before April 01, 2020. Accordingly, from FY 2025-26 onwards, the Petitioner has to maintain three separate Gross Blocks (one for assets upto March 31, 2020 (Part-A), second for assets from April 1, 2020 and upto March 31, 2025 (Part B) and third for assets from April 1, 2025 and three separate FARs depicting addition of assets details from April 1, 2025 onwards for the purpose of depreciation computation and the same has been submitted by the Petitioner.

6.7.8 The Commission observes that the Petitioner has not calculated the depreciation for assets capitalized up to March 31, 2020, as per the methodology approved by the Commission in Tariff Order for FY 2020-21 dated November 10, 2020. The Petitioner was asked to submit the same as per the methodology approved by the Commission. In reply, the Petitioner has submitted that the MYT Regulations, 2019 provide for calculating the depreciation based on the Straight-Line Method (SLM),

whereas the previous MYT Transmission Regulations, 2014 provided for the calculation of depreciation on Written Down Value (WDV) of the fixed assets for the corresponding year. In addition, Para 7.5.11 of the Tariff Order dated November 10, 2020, for FY 2020-21 describes the methodology to calculate the allowable depreciation separately for the assets capitalized up to 31st March 2020 and those capitalized from 1st April 2020 onwards.

6.7.9 The Commission observes that it has already determined the methodology to compute the depreciation in Para 7.5.11 of Tariff Order dated November 10, 2020 for FY 2020-21, which clearly states that, due to change in the methodology of Depreciation from WDV to SLM, the Written Down closing balance of FY 2019-20 (Trued up value) shall be considered as opening value for FY 2020-21. Furthermore, the gross depreciation approved for FY 2019-20 shall be deducted from this opening value to arrive at the net Written-down opening balance (considered to be opening GFA). Subsequently, the same methodology has also been followed by the Commission in its Tariff Order dated June 29, 2021, for FY 2021-22, Tariff Order dated July 20, 2022, for FY 2022-23, Tariff Order dated May 4, 2023, for FY 2023-24 and Tariff Order dated October 10, 2024, for FY 2024-25. Accordingly, following the same methodology, the Commission considers the closing balances (provisionally) computed for FY 2024-25 in the APR section of this Order, as the opening balances for FY 2025-26 for Part A Gross Fixed Assets and computed the depreciation on GFA prior to 31.03.2020 (Part-A) in the table below:

TABLE 6-34: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS UPTO 31.03.2020 (PART-A) (RS. CRORE)

Particulars	Opening GFA as on 1.4.2025*	Additions to GFA during FY 2025-26	Deductions to GFA during FY 2025-26	Closing GFA as on 31.3.2026	Depreciation Rate (%)	Allowable Depreciation
	(A) (Table 5-17)	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(Avg(A,D)*E)
Land & Land Rights						
Unclassified	90.31	-	-	90.31	-	-
Freehold Land	0.03	-	-	0.03	-	-
Buildings	913.37	-	-	913.37	3.34%	30.51
Other Civil Works	74.97	-	-	74.97	3.34%	2.50

Particulars	Opening GFA as on 1.4.2025*	Additions to GFA during FY 2025-26	Deductions to GFA during FY 2025-26	Closing GFA as on 31.3.2026	Depreciation Rate (%)	Allowable Depreciation
	(A) (Table 5-17)	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(Avg(A,D)*E)
Plants & Machinery	8,547.04	-	-	8,547.04	5.28%	451.28
Lines, Cable Network, etc.	9,191.30	-	-	9,191.30	5.28%	485.30
Vehicles	1.55	-	-	1.55	9.50%	0.15
Furniture & Fixtures	5.66	-	-	5.66	6.33%	0.36
Office Equipment	5.42	-	-	5.42	6.33%	0.34
Other Assets	54.37	-	-	54.37	5.28%	2.87
Intangible Assets	-	-	-	-	15.00%	-
Total Assets	18,884.03	-	-	18,884.03	5.15%	973.31

*Considered as per closing GFA (Part-A) as on March 31, 2025 as provisionally computed in the APR for FY 2024-25.

6.7.10 For Part-B i.e., assets capitalised from April 01, 2020 upto March 31, 2025, the Commission has calculated the asset-wise depreciation considering the closing balances (provisionally) computed for FY 2024-25 in the APR section of this Order, as the opening balances for FY 2025-26 for Part B Gross Fixed Assets and computed the depreciation on GFA (Period between 31/03/2020 to 31/03/2025) (Part-B) in the table below:

TABLE 6-35: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS FROM 01.04.2020 UPTO 31.03.2025 ONWARDS (PART-B) (RS. CRORE)

Particulars	Opening GFA as on 1.4.2025*	Additions to GFA during FY 2025-26	Deductions to GFA during FY 2025-26	Closing GFA as on 31.3.2026	Depreciation Rate (%)	Allowable Depreciation
	(A) (Table 5-18)	(B)	(C)	(D)=[(A)+(B)-(C)]	(E)	(F)=(Avg(A,D)*E)
Land & Land Rights						
Unclassified	125.70	-	-	125.70	-	-
Freehold Land	8.92	-	-	8.92	-	-
Buildings	675.59	-	-	675.59	3.34%	22.56
Other Civil Works	52.34	-	-	52.34	3.34%	1.75
Plants & Machinery	8,368.99	-	-	8,368.99	5.28%	441.88
Lines, Cable Network, etc.	9,669.71	-	-	9,669.71	5.28%	510.56

Particulars	Opening GFA as on 1.4.2025*	Additions to GFA during FY 2025-26	Deductions to GFA during FY 2025-26	Closing GFA as on 31.3.2026	Depreciation Rate (%)	Allowable Depreciation
	(A) (Table 5-18)	(B)	(C)	(D)=[(A)+ (B)- (C)]	(E)	(F)=(Avg(A,D) *E)
Vehicles	0.12	-	-	0.12	9.50%	0.01
Furniture & Fixtures	6.09	-	-	6.09	6.33%	0.39
Office Equipment	16.44	-	-	16.44	6.33%	1.04
Other Assets	11.03	-	-	11.03	5.28%	0.58
Intangible Assets	84.44	-	-	84.44	15.00%	12.67
Assets taken over from Licensees pending final Valuation	47.16	-	-	47.16	5.28%	2.49
Total Assets	19,066.53	0.00	0.00	19,066.53	5.21%	993.93

*Considered as per closing GFA (Part-B) as on March 31, 2025 as provisionally computed in the APR for FY 2024-25

6.7.11 For Part-C i.e., assets capitalised after April 01, 2025, the Commission has calculated the asset-wise depreciation as per Regulation 15.1 of MYT Regulations, 2025, i.e., the depreciation is computed based on the Straight-Line Method at the rates stipulated in the Annexure-B of MYT Regulations, 2025.

6.7.12 Further, the depreciation on assets created out of Consumer Contribution, Capital Grants, and Capital Subsidies is considered as per the audited accounts for FY 2024-25 (APR Section).

6.7.13 The Commission observes that the Petitioner has not claimed any de-capitalisation/ deduction in the assets during FY 2025-26 and will claim the same at the time of Truing-Up based on the actuals. The Commission approves the Depreciation Part-C in the Table below:

**TABLE 6-36: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS FROM
01.04.2025 ONWARDS (PART-C) (RS. CRORE)**

Particulars	Opening GFA as on 1.4.2025*	Additions to GFA during FY 2025-26	Deductions to GFA during FY 2025-26	Closing GFA as on 31.3.2026	Depreciation Rate (%)	Allowable Depreciation
	(A)	(B)	(C)	(D)=[(A)+ (B)-(C)]	(E)	(F)=(Avg(A,D)*E)
Land & Land Rights						



Particulars	Opening GFA as on 1.4.2025*	Additions to GFA during FY 2025-26	Deductions to GFA during FY 2025-26	Closing GFA as on 31.3.2026	Depreciation Rate (%)	Allowable Depreciation
	(A)	(B)	(C)	(D)=[(A)+ (B)-(C)]	(E)	(F)=(Avg(A,D)*E)
Unclassified	-	8.11	-	8.11	-	-
Freehold Land	-	8.10	-	8.10	-	-
Buildings	-	78.68	-	78.68	3.34%	1.31
Other Civil Works	-	10.51	-	10.51	3.34%	0.18
Plants & Machinery	-	1,406.10	-	1,406.10	4.22%	29.67
Lines, Cable Network, etc.	-	1,352.59	-	1,352.59	4.22%	28.54
Vehicles	-	0.00	-	0.00	9.50%	-
Furniture & Fixtures	-	0.91	-	0.91	6.33%	0.03
Office Equipment	-	5.15	-	5.15	6.33%	0.16
Other Assets	-	0.00	-	0.00	9.00%	-
Intangible Assets	-	6.62	-	6.62	15.00%	0.50
Assets taken over from Licensees pending final Valuation	-	0.52	-	0.52	5.28%	0.01
Total Assets	-	2,877.29	0.00	2,877.29	4.20%	60.40

6.7.14 The following Table summarizes the Depreciation as claimed by the Petitioner and as approved by the Commission for FY 2025-26.

TABLE 6-37: COMMISSION APPROVED - NET DEPRECIATION (PART-A + PART-B + PART-C)
(RS. CRORE)

Particulars	Derivation	FY 2025-26 (ARR)		
		Petition (ARR)	Approved (ARR)	
		Table 6-33	Values	Remarks
Depreciation of Assets upto 31.03.2020	A	1,385.19	973.31	Table 6-34
Depreciation for assets capitalised from 01.04.2020 onwards upto 31.03.2025	B	870.81	993.93	Table 6-35
Depreciation for assets capitalised from 01.04.2025 onwards	C	60.40	60.40	Table 6-36
Gross Allowable Depreciation	D= A+B+C	2,316.39	2,027.65	
Less: Depreciation of assets created from Consumer Contribution, Capital Grants and Capital Subsidies	E	250.84	301.84	Table 5-19
Net Depreciation	F= D-E	2,065.55	1,725.81	

6.8 INTEREST ON LONG TERM LOANS

Petitioner's Submission

6.8.1 The Petitioner has considered a normative Tariff approach with a gearing of 70:30. In this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% through Equity contributions.

6.8.2 The Petitioner as per the direction of the Commission in order dated November 10, 2020, has computed the normative opening loan as on April 1, 2020 as below:

TABLE 6-38: OPENING NORMATIVE LOAN AS ON APRIL 1, 2020 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2020-21
Opening Debt	A	18,896.53
Cumulative Net Depreciation upto 31.3.2020	B	7,490.39
Opening Normative Loan	C=A-B	11,406.15

6.8.3 The Petitioner has considered the normative opening loan for FY 2025-26 to be the normative closing for FY 2024-25 (as worked out in the APR Section). Further, for the purpose of the computation of the normative interest on loan, the Petitioner has considered the loan addition as 70% of the actual capitalisation after adjusting the Consumer Contribution and Grants.

6.8.4 The Petitioner has submitted that the portion of capital expenditure financed through Consumer Contributions, Capital subsidies, and Grants has been separated as the depreciation and interest thereon have not been charged to the beneficiaries.

6.8.5 The Petitioner further submitted that the allowable depreciation for the year has been considered as normative loan repayment. The weighted average rate of interest of the overall long-term loan portfolio for FY 2023-24 is 8.85% and the same has also been considered for FY 2025-26. Interest capitalisation has been considered at a rate of 9.17% for FY 2025-26 as the same is the actual capitalization for FY 2023-24 as per the audited annual accounts. The computations for interest on a long-term loan as submitted by the Petitioner are depicted below:

TABLE 6-39: INTEREST ON LONG TERM LOANS SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2025-26
Opening Loan	12,877.75
Loan Additions (70% of Capitalisation)	1,139.27
Less: Repayments (Depreciation allowable for the year)	2,065.55
Closing Loan Balance	11,951.47
Weighted Average Rate of Interest (%)	8.85%
Interest on long term loan	1,098.69
Interest Capitalisation Rate (%)	9.17%
Less: Interest Capitalized	100.70
Net Interest Charged	997.99

Commission's Analysis

6.8.6 The Commission has computed normative debt and interest for FY 2025-26 in accordance with Regulation 17 of the MYT Regulations, 2025. The relevant provision is produced below:

Quote

"17. Interest on Long- Term Loan

(1) The long- term loans arrived at in the manner indicated in these Regulations on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalisation or deletion/adjustment of the assets in the balance sheet, the loan capital approved as mentioned above shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

(2) The closing normative long- term loan outstanding as on March 31, 2025, shall be taken as the opening normative long term loan outstanding for the financial year 2025-26.

(3) The repayment of long-term loans for each year shall be deemed to be equal to the depreciation allowed for that year.

(4) Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the asset.

(5) The rate of interest for ensuing year shall be the weighted average rate of interest computed on the basis of the actual long- term loan portfolio of previous year:

Provided that if there is no actual long- term loan for a particular year but the normative loan is still outstanding, then the rate of interest for the purpose of allowing the interest on the normative long- term loan

shall be the weighted average of SBI MCLR (1 year) prevailing during the previous year plus 100 basis points.

(6) At the time of Truing-Up, the weighted average rate of interest of the actual long- term loan portfolio during the concerned year shall be considered as the rate of interest:

Provided that if there is no actual long-term loan for a particular year but the normative loan is still outstanding, then the rate of interest for the purpose of allowing the interest on the normative long-term loan shall be the weighted average of SBI MCLR (1 year) prevailing during the concerned year plus 100 basis points.

(7) The interest on long- term loan shall be computed on the normative average long- term loan of the year by applying the weighted average rate of interest:

Provided that at the time of Truing-Up, the normative average loan of the concerned year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.”

Unquote

- 6.8.7 For the purpose of arriving at the opening balance of FY 2025-26, the Commission has considered provisionally computed closing balance in APR for FY 2024-25 as per Regulation 17.2. The Commission has considered 100% investment as claimed by the Petitioner during FY 2025-26. Further, loan addition during FY 2025-26 is considered as 70% of net capitalisation after reducing Consumer Contribution and de-capitalised assets.
- 6.8.8 Inline with Regulation 17.5, the Commission has considered the rate of Interest for FY 2025-26 as the weighted average rate of interest computed on the basis of the actual long-term portfolio of previous financial year. The Commission observes that there is a variation in the opening loan base because the Petitioner has claimed the opening loan based on the audited value instead of closing value approved by the Commission in previous year True Up Orders. Thus, considering the regulatory accounts and provisions, the closing value of the loan for FY 2024-25 (provisionally computed) is considered as the opening loan base of FY 2025-26.
- 6.8.9 Further, 70% of Net GFA addition (after considering deduction/de-capitalization and Consumer Contribution in GFA as approved for FY 2025-26) has been considered as loan addition during the year in line with Regulation 17.1. The repayment is approved as equal to the net depreciation approved by the Commission during the Financial Year in line with Regulation 17.3.

6.8.10 The Commission considers the interest capitalized for FY 2025-26 as submitted by the Petitioner. Accordingly, interest on long-term loan approved for FY 2025-26 is shown in the Table below:

TABLE 6-40: COMMISSION APPROVED - INTEREST ON LONG TERM LOANS FOR FY 2025-26 (RS. CRORE)

Particulars	Derivation	Petition (ARR)	Approved	
			Values	Remarks
Opening Normative Loan as on 01.04.2025	A	12,877.75	14,648.12	Table 5-23
Loan Additions during the Year	B	1,139.27	1,139.26	
Less: Repayments (Depreciation allowable for Year)	C	2,065.55	1,725.81	Table 6-37
Closing Loan Balance as on 31.03.2026	D=A+B-C	11,951.47	14,061.58	
Weighted Average Rate of Interest (%)	E	8.85%	9.15%	Table 5-23
Interest on Long-term loan	F=(A+D)/2*E	1,098.69	1,312.80	
Less: Interest Capitalized	G=	100.70	100.70	
Net Interest Charged	H=F-G	997.99	1,212.10	

6.9 INTEREST ON WORKING CAPITAL

Petitioner's Submission

6.9.1 The Petitioner has submitted that MYT Regulations, 2025 provides for normative Interest on Working Capital based on the methodology outlined in the Regulations.

6.9.2 The Petitioner has considered State Bank of India's Marginal Cost of Funds based Lending Rate (SBI MCLR) as on June 15, 2025, plus 200 basis points (11%) as the interest on the working capital requirement for FY 2025-26. The Petitioner has submitted that it has considered the interest on working capital in accordance with Regulation 21 of MYT Regulations, 2025. The same is shown in the table below:

TABLE 6-41: INTEREST ON WORKING CAPITAL SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2025-26 Petition (ARR)
One Month of O&M Expenses	A=O&M/12	151.74
Maintenance spares @ 40% of R&M Expenses for two months	B=40%*R&M/6	61.22
Receivable equivalent to 45 days average billing of consumers	C=ARR*1.5/12	546.56

Particulars	Derivation	FY 2025-26 Petition (ARR)
Total Working Capital Requirement	$D = A+B+C$	759.52
Interest rate (%)	E	11.00%
Interest on working capital	$F = D * E$	83.55

Commission's Analysis

6.9.3 Regulation 21 of the MYT Regulation 2025, provides the methodology for the computation of Interest on Working Capital. The Regulation 21 has been provided below:

Quote

“(1) The working capital requirement of the Transmission Licensee shall cover:

*(a) Operation and maintenance expenses for one month;
(b) Maintenance spares at 40% of the R&M expenses for two months;
and*

*(c) One-and-a-half-month equivalent of the expected revenue from transmission charges at the prevailing Tariff;
minus*

(d) Amount held as security deposits, if any, from Transmission System Users:

Provided that if the working capital, determined based on the above formula, is positive, it shall be reduced by the amount of revenue surplus (if any) as of 31st March of the previous year so approved by the Commission:

Provided further that for the purpose of Truing- Up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing- Up.

(2) Rate of interest on working capital for ensuing year shall be simple interest and shall be equal to the SBI MCLR (1-year) as on date on which Petition for determination of Tariff is filed plus 200 basis points:

Provided that for the purpose of Truing- Up for any year, simple interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR (1-year) prevailing during the concerned year plus 200 basis points.”

Unquote

6.9.4 For computation of working capital, the Commission considers approved O&M Expenses for one Month, Maintenance Spares at 40% of R&M Expenses for two Months and One-and-a-half-month equivalent of the expected revenue from

transmission charges at the prevailing Tariff in line with the provisions of the above Regulations, 2025.

6.9.5 The Commission has noted that the Petitioner has considered the rate of interest on working capital at SBI MCLR (1 Year) on June 15, 2025, plus 200 basis points as per Regulation 21.2 of the MYT Regulations, 2025. However, the Commission is of the view that rate of interest on Working Capital requirement is to be taken as the prevailing rate as on November 30th, 2024 as per the Regulation 21.2. The SBI 1 Year MCLR as on November 30th, 2024 was 9% (Source: SBI MCLR (1 Year) <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>), which is equal to the rate considered by the Petitioner. Thus, the interest rate on working capital requirement for FY 2025-26 comes to be 11% (SBI 1 Year MCLR plus 200 basis points). The same will be revisited at the time of True-Up in line with the first Proviso of Regulation 21.2 of MYT Regulations, 2025.

6.9.6 Further, as per the first proviso to Regulation 21.1, if the working capital determined in accordance with the formula specified under Regulation 21 is positive, it shall be reduced by the amount of revenue surplus (if any) as of 31st March of the previous year i.e FY 2024-25. Therefore, the revenue surplus which needs to be reduced from the working capital requirement during the year is the half of revenue surplus standing at the opening of FY 2025-26 as the closing value of surplus shall be nil considering the surplus amount being reduced in the ARR for FY 2025-26. Hence, the interest on average of opening and closing surplus revenue amount shall be reduced in working capital only. Accordingly, the Commission has considered revenue surplus of Rs. 380.94 Crore, to be deducted from the Working Capital computed.

6.9.7 Considering the above, the Commission has computed the working capital requirement and interest on working capital as shown below:

**TABLE 6-42: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY 2025-26
(RS. CRORE)**

Particulars	Derivation	FY 2025-26 (ARR)		
		Petition	Approved	
			Values	Remarks
O&M Expenses for one Month	$A=O\&M/12$	151.74	113.53	Table 6-18
Maintenance Spares at 40% of R&M Expenses for two Months	$B=40\%*R\&M/6$	61.22	37.95	Table 6-18
One and Half Month equivalent of the expected revenue for Transmission Charges at prevailing Tariff	$C=ARR*1.5/12$	546.56	727.97	Table 6-48
Total Working Capital	$D=A+B+C$	759.52	879.45	
Average Revenue Surplus for FY 2025-26 (average of Opening & Closing)	$E=A+B+C-D$	-	190.47	Table 5-33
Work Capital (after deducting revenue surplus)	F	-	688.99	
Interest Rate on Working Capital Requirement	$G=E-F$	11.00%	11.00%	
Interest on Working Capital	H	83.55	75.79	

6.10 BANKING AND FINANCE CHARGES

Petitioner's Submission

- 6.10.1 The Petitioner has submitted that it has considers Banking and Finance Charges in line with the methodology specified in Regulation 18 of the MYT Regulation, 2025.
- 6.10.2 In accordance with the above provision, the Petitioner has considered Banking and Finance Charges of Rs. 0.0681 crore for FY 2025-26, based on the audited value for FY 2023-24.

Commission's Analysis

- 6.10.3 Regulation 18 of the MYT Regulation, 2025, Banking & Finance charges is computed as under:

Quote

*"The Banking & Finance charges shall be allowed as per actuals in Truing Up, subject to prudence check by the Commission:
Provided that the Banking and Finance charges shall be allowed in ARR as per the approval given by the Commission for the latest True-Up year."*

Unquote

6.10.4 The Commission notes that, in accordance with Regulation 18 of the MYT Regulations, 2025, Banking and Finance Charges are to be allowed in the ARR based on the approved value of the latest True-Up year, subject to prudence check at the time of Truing-up. Since the Petitioner has considered Rs. 0.681 Crore for FY 2025-26, based on the audited value for FY 2023-24, the Commission allows the same for ARR purposes. However, the final admissibility of Banking and Finance Charges shall be subject to prudence check at the time of Truing-up based on audited accounts.

6.11 RETURN ON EQUITY

Petitioner's Submission

6.11.1 The Petitioner has submitted that under the provisions of MYT Regulations, 2025, the Petitioner is eligible to a rate of Return on Equity (RoE) @ 14.5% (for Equity base calculation, Debt: Equity ratio shall be 70:30). Where Equity involved is more than 30%, the amount of Equity for the purpose of Tariff shall be limited to 30%. Equity amounting to more than 30% shall be considered as a loan. In case of actual Equity employed being less than 30%, actual Debt and Equity shall be considered for the determination of Tariff. In this Petition, RoE has been computed as per the methodology adopted by the Commission in the previous Tariff Order.

6.11.2 The Petitioner has computed the eligible RoE by considering the opening normative Equity as on April 1, 2020. Subsequently, it has considered the opening normative Equity of the later years same as the closing equity of the immediate previous year. Opening equity of FY 2025-26 is derived accordingly and equity addition is based on the capital additions for FY 2025-26 depicted in the aforementioned sections.

6.11.3 The claimed RoE for FY 2025-26 has been computed to be Rs. 1,824.33 Crore as depicted in the Table below:

TABLE 6-43: RETURN ON EQUITY FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	Derivation	FY 2025-26
Equity at the beginning of the year	A	12,337.49

Particulars	Derivation	FY 2025-26
Assets Capitalised	B	2,877.30
Less: Less: Consumer Contribution during FY 2023-24	C	1,249.77
Net Capitalisation to be funded by Debt & Equity	D= B-C	1,627.53
Addition to Equity	E= 30% of D	488.26
Closing Equity	F= A+E	12,825.75
Average Equity	G= Average of A & F	12,581.62
Rate of Return (%)	H	14.50%
Return on Equity @ 14.50%	I= H x G	1,824.33

Commission's Analysis

6.11.4 As per Regulation 16 of the UPERC MYT Regulations, 2025, Return on Equity is computed as under:

Quote

"16. Return on Equity

Return on equity shall be computed in ₹ terms on equity base at the rate of 14.5% post-tax per annum (hereinafter referred to as 'Base Rate') for the Transmission Licensee as determined in accordance with clause 14 of these Regulations:

Provided that assets funded by Consumer Contribution / Deposit works, Capital Subsidies / Grants and corresponding Depreciation shall not form part of the Capital Cost."

Unquote

6.11.5 The Commission, for the purpose of determination of Tariff, considers the Debt: Equity ratio of 70:30 for the assets capitalized in line with Regulation 14 of the MYT Regulations, 2025.

6.11.6 The Commission observes that there is a variation in the opening Equity base for FY 2025-26 because the Petitioner has considered the Closing Equity value of FY 2024-25 as claimed under the APR Section as the Opening Equity value for FY 2025-26. However, the Commission has consider the opening Equity base of FY 2025-26 as the closing of FY 2024-25 approved in the APR section of this Order.

6.11.7 In order to arrive at the closing equity base for FY 2025-26, equity addition as claimed by the Petitioner has been considered by the Commission. Further, the

Commission observes that the Petitioner has claimed the rate of RoE as 14.50%, the same has been considered by the Commission (as per Regulation 16 of MYT Regulations, 2025). Accordingly, the RoE approved by the Commission for FY 2025-26 is shown in the Table below:

TABLE 6-44: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2025-26 (RS. CRORE)

Particulars	Derivation	FY 2025-26 (ARR)		
		Petitioner (ARR)	Approved (ARR)	
		Table 6-43	Values	Remarks
Opening Equity as on 01.04.2025	A	12,337.49	12,152.61	Table 5-27
Addition during the year	B	488.26	488.26	Table 6-31
Closing Equity as on 31.03.2026	C=A+B	12,825.75	12,640.87	
Average Equity	D=(A+C)/2	12,581.62	12,396.74	
Rate of Return (%)	E	14.50%	14.50%	
Return on Equity	F=D*E	1,824.33	1,797.53	

6.12 TAX ON RETURN ON EQUITY

Petitioner's Submission

- 6.12.1 The Petitioner has submitted that it has carried forward tax losses of Rs.8,460 crores (up to FY 2023-24) which according to the Petitioner is expected to increase further post filing of Income tax Return for FY 2024-25. These accumulated losses as per Income Tax records are available for set off against taxable income arising in future, therefore no expenses with regards to income tax is expected by the Petitioner for FY 2025-26. Accordingly, no claim has been made in ARR for FY 2025-26.
- 6.12.2 With respect to applicability of Minimum Alternative Tax (MAT), the Petitioner has submitted that those companies which opt for concessional rate of rate under section 115BAA of Income tax Act are not required to apply for Minimum Alternative Tax (MAT). Since the Petitioner has opted for concessional rate of tax under section 115BAA of the Income Tax Act with effect from FY 2019-20. Therefore, MAT is not applicable on the Petitioner, starting from FY 2019-20.

Commission's Analysis

6.12.3 As per Regulation 22 of the UPERC MYT Regulations, 2025, Tax on Return on Equity is computed as under:

Quote

22. Tax on Return on Equity

(1) The rate of return on equity as allowed by the Commission under clause 16 of these Regulations shall be grossed up with the effective tax rate (hereinafter referred to as 't') of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned Transmission Licensee by excluding the income of other business and the corresponding tax thereon:

Provided that tax on any income other than that through its Licensed Business shall not be pass through and it shall be payable by the Licensee itself:

Provided that in case a Transmission Licensee is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess:

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

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

Rate of pre-tax return on equity = Base rate / (1-t)

(3) The Transmission Licensee shall true up the effective tax rate for every Financial Year based on the actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the Tariff period covered under these Regulations on actual gross income of any Financial Year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered while computing the actual tax paid by the Transmission Licensee:

Provided that in case a Transmission Licensee is paying Minimum Alternate Tax (MAT) under Section 115JB, the Transmission Licensee shall true up the grossed up rate of return on equity at the end of every Financial Year with the applicable MAT rate including surcharge and cess:

Provided that in case a Transmission Licensee is paying tax under Section 115BAA, the Transmission Licensee shall true up the grossed up rate of return on equity at the end of every Financial Year with the tax rate including surcharge and cess as specified under Section 115BAA:

Provided that any under-recovery or over recovery of grossed up rate on return on equity after truing-up, shall be recovered or refunded, on a year to year basis."

Unquote

6.12.4 The Commission observes that the Petitioner has not claimed any expenditure towards Tax on Return on Equity for FY 2025-26. As, no actual tax is applicable on the Petitioner thus, the Commission has not approved any expenditure towards Tax on Return on Equity for FY 2025-26 in line with Regulation 22 of the MYT Regulation, 2025.

6.13 NON-TARIFF INCOME:

Petitioner's Submission

6.13.1 The Petitioner has projected the Non-Tariff income of Rs. 287.82 Crore as per actual value claimed in True-Up Petition for FY 2023-24 based on Annual Audited Accounts.

Commission's Analysis

6.13.2 Regulation 23 of the MYT Regulation, 2025 specifies the methodology for the computation of Non- tariff Income. The relevant provisions are reproduced below:

Quote

(1) *The amount of Non-Tariff income relating to the Transmission Business as approved by the Commission shall be deducted from the ARR in determining the Annual Transmission Charges of the Transmission Licensee:*

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff income to the Commission in such form as may be stipulated by the Commission.

(2) *The Non-Tariff Income shall include:*

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap;*
- c) Income from investments;*

Provided that income arising from investment of shareholder's funds, if any, shall not be included in Non-Tariff Income subject to prudence check of requisite detailed information submitted by the Transmission Licensee before the Commission.

- d) Interest income on advances to suppliers/contractors;*
- e) Interest income on loans / advances to employees;*
- f) Income from rental from staff quarters;*
- g) Income from rental from contractors;*
- h) Income from advertisements;*
- i) Income from hire charges from contractors and others;*
- j) Income from Supervision Charge*

- k) Income from sale of tender documents;
l) Excess found on physical verification;
m) Income from Insurance Claim;
n) Prior Period Income;
o) Miscellaneous receipts; and
p) Any other Non-Tariff Incomes:
(3) The Non-Tariff income under item (j) above (income from advertisements) shall be shared between the Transmission Licensee and the consumers in the ratio of 30% and 70% respectively:
Provided that the Transmission Licensee shall undertake asset monetisation study within six months from the date of notification of these Regulations.

Unquote

- 6.13.3 The regulation 23 of the MYT Regulation 2025, provides that the Non-Tariff Income relating to the Transmission Business, as approved by the Commission, shall be deducted from the ARR while determining the Annual Transmission Charges of the Transmission Licensee.
- 6.13.4 The Commission observes that the Petitioner has projected Non-Tariff Income of Rs. 287.82 crore for FY 2025-26, based on the actual value claimed in the True-Up section. However, since the Petitioner has submitted the Audited Accounts for FY 2024-25, the Commission considers the Non-Tariff Income for FY 2025-26 in line with the value approved in the APR section of FY 2024-25 i.e. the value given in the audited accounts of FY 2024-25.
- 6.13.5 Accordingly, the Commission approves the Non-Tariff income of Rs. 337.35 Crore for FY 2025-26. Further, at the time of Truing-up for FY 2025-26, the non-Tariff income, shall be considered by the Commission on actual basis in the ARR.

TABLE 6-45: COMMISSION APPROVED - NON-TARIFF INCOME (RS. CRORE)

Particulars	FY 2025-26 (ARR)	
	Petition (ARR)	Approved (ARR)
Net Non-Tariff Income	287.82	337.75

6.14 INCOME FROM OTHER BUSINESS:

Petitioner's Submission

6.14.1 The Petitioner has submitted that it has initiated the leasing of the dark fiber cable (OPGW) for optimum utilization of Transmission assets by way of utilization of surplus capacity of its OPGW. In this regard, the Petitioner had approached the Commission vide Petition No. 1848/2022, seeking permission of the Commission about engaging in Other Business for leasing of its OPGW infrastructure. Accordingly, the Commission had given approval of the same vide its Order dated 2nd November 2022.

Quote

“
....., the Commission has allowed utilization of surplus capacity of UPPTCL's OPGW infrastructure by leasing out its dark fiber for a lease period of 15 years subject to compliance of conditions stipulated under UPERC (Other Business) Regulations, 2004 or any subsequent amendment/re-enactment thereof. The utilization of the assets and facilities of the Licensed Business for other business shall not, in any manner, affect the License conditions, performance of obligations or quality of service required from UPPTCL under Licensed Business.”

Unquote

6.14.2 Further, with respect of the sharing of such income, the Commission observes as below in the same order:

Quote

“Accordingly, the Commission has decided that an amount equal to 70% of the gross revenue from such other business in a given financial year shall be utilised for reducing the Transmission Charges of the Licensed Business, whereas 30% of the gross revenue shall be retained with the other business. The operation and maintenance cost of leased dark fibers shall be borne by UPPTCL out of their revenue share.”

Unquote

6.14.3 The Petitioner has shared 70% of the expected gross revenue of Rs. 6.10 Crore in FY 2025-26 from leasing of dark fibers. However, at the time of Truing-up for FY 2025-26, the overall non-Tariff income, including the revenue from leasing of the OPGW (upto 70%), shall be considered on actual basis for the purpose of computation of the allowable ARR.

Commission's Analysis

- 6.14.4 As per Regulation 24 of the UPERC MYT Regulations, 2025, Income from other business is computed as under:

Quote

24. Income from Other Business

(1) Where the Transmission Licensee has engaged in any Other Business under Section 41 of the Act for optimum utilisation of its assets, the income from such business will be deducted from the ARR in calculating the revenue requirement of the Transmission Licensee in the manner and in proportion as may be stipulated by the Commission. The proportion of revenue from Other Business that shall be utilized in the Transmission business shall be as stipulated in UPERC (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2004 or any subsequent amendment thereof: Provided that the Transmission Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Transmission Business and the Other Business and shall submit the Allocation Statement, duly certified by the Board of Directors, to the Commission along with its Petition for determination of ARR: Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, income from such other business shall be taken as zero."

Unquote

- 6.14.5 Regulation 24 of the MYT Regulations, 2025 provides that the proportion of revenue from Other Business shall be utilized in the Transmission business as stipulated in UPERC (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2004 or any subsequent amendment thereof.
- 6.14.6 The Commission observes that the Petitioner has projected revenue from other income of Rs. 6.10 Crore for FY 2025-26, based on the actual value claimed in the True-Up section. However, since the Petitioner has submitted the Audited Accounts for FY 2024-25, the Commission considers the revenue from other income for FY 2025-26 in line with the value approved in the APR section of FY 2024-25, which is again based on the Audited Accounts of FY 2024-25.
- 6.14.7 The Commission, after taking into cognizance of the Order dated November 02, 2022, in Petition No. 1848 of 2022 and the details submitted by the Petitioner, approves 70% of the gross revenue projected by the Petitioner for FY 2025-26 on

account of income from other business to be passed on for reducing the transmission charges of the Licensed Business. The said order has been discussed in True Up Section of this Order. This shall be subject to prudence check at the time of Truing-Up. Accordingly, the income from Other Businesses approved by the Commission for FY 2025-26 is shown below:

TABLE 6-46: COMMISSION APPROVED - INCOME FROM OTHER BUSINESS (RS. CRORE)

Particulars	FY 2025-26 (ARR)	
	Petition	Approved
Income from Other Business	6.10	12.18

6.15 SUMMARY OF ARR FOR FY 2025-26

Petitioner's Submission

6.15.1 The ARR Petition submitted by the Petitioner for FY 2025-26 is summarized in the Table below:

TABLE 6-47: SUMMARY OF ARR OF FY 2025-26, SUBMITTED BY THE PETITIONER (RS. CRORE)

Particulars	FY 2025-26 ARR Petition
Gross O&M Expenses	1,820.82
<i>Employee cost</i>	<i>817.83</i>
<i>A&G expenses</i>	<i>84.63</i>
<i>R&M expenses</i>	<i>918.36</i>
Interest on Loan Capital	1,098.69
Interest on Working Capital	83.55
Banking and Finance Charges	0.06
Depreciation	2,065.55
Gross Expenditure	5,068.68
<i>Less: Employee cost capitalized</i>	<i>219.28</i>
<i>Less: Interest Capitalisation</i>	<i>100.70</i>
Net Expenditure	4,748.69
Add: Return on Equity*	1,824.33
<i>Less: Non-Tariff Income</i>	<i>287.82</i>
<i>Less: Income from other Business[#]</i>	<i>6.10</i>
Annual Revenue Requirement (ARR)	6,279.11

Particulars	FY 2025-26 ARR Petition
Less: Estimated ARR for UPSLDC	-
ARR for UPPTCL	6,279.11

*RoE Computed @ 14.50%

#Revenue from OPGW leasing

Commission's Analysis

6.15.2 The Commission considers the ARR based on various components as approved for FY 2025-26. Accordingly, the summary of ARR for FY 2025-26 is given in the Table below:

TABLE 6-48: COMMISSION APPROVED - SUMMARY OF ARR FOR FY 2025-26 (RS. CRORE)

Particulars	Derivation	FY 2025-26 (ARR)		
		Claimed	Approved	
		Table 6-47	Values	Remarks
O&M Expenses	A=B+C+D	1,820.82	1,581.67	Table 6-18
Employee Expenses	B	817.83	937.72	Table 6-18
A&G Expenses	C	84.63	74.70	Table 6-18
R&M Expenses	D	918.36	569.26	Table 6-18
Interest on Loan Capital	E	1,098.69	1,312.80	Table 6-40
Interest on Working Capital	F	83.55	75.79	Table 6-42
Banking and Finance Charges	G	0.06	0.07	Para 6.10.3
Depreciation	H	2,065.55	1,725.81	Table 6-37
Gross Expenditure	I=A+E+F+G+H	5,068.68	4,696.14	-
Less: Employee Expenses Capitalised	J	219.28	219.28	Table 6-18
Less: Interest Expenses Capitalised	K	100.70	100.70	Table 6-25
Net Expenditure	L=I-J-K	4,748.69	4,376.16	-
Add: Return on Equity	M	1,824.33	1,797.53	Table 6-44
Less: Non-Tariff Income	N	287.82	337.75	Table 6-45
Less: Income from Other Business	O	6.10	12.18	Table 6-46
Aggregate Revenue Requirement	P=L+M-N-O	6,279.11	5,823.76	-
Less: UPSLDC ARR	Q	-	-	-
Net Aggregate Revenue Requirement	R=P-Q	6,279.11	5,823.76	-

6.15.3 The Commission observes that, based on a prudence check and detailed analysis of each parameter an ARR of Rs. 5,823.76 Crore has been determined. The detailed

analysis and prudence check will however, be undertaken at the time of Truing-up for FY 2025-26.

6.16 UPPTCL REVENUE SURPLUS FOR FY 2025-26

6.16.1 The Commission observes that there is a surplus in the True-up of FY 2023-24 and FY 2024-25. In accordance with the provisions of the MYT Regulations, 2025, the revenue surplus of FY 2024-25 has been deducted from the ARR and interest is adjusted in working capital. the summary of the same is given below:

TABLE 6-49: COMMISSION APPROVED NET ARR FOR FY 2025-26 (WITH ADJUSTMENT OF APR SURPLUS OF FY 2024-25) (RS. CRORE)

Particulars	Derivation	FY 2024-25	FY 2025-26
		(APR)	(ARR)
Opening Gap (Rs. Crore)	(A)	(163.67)	(380.94)
Gap/ (Surplus) addition during the year (Rs. Crore)	(B) (Table 4-42) & (Table 5-32)	(187.78)	-
Rate of Interest on IoWC (%)	(C)	11.45%	-
Carrying Cost (Rs. Crore)	(D)={ (A)+(B/2) }*(C)	(29.49)	-
SLDC Expenses for 2021-22	(E) (Table 4-42)	-	-
SLDC Revenue for 2021-22	(F) (Table 4-42)	-	-
Net SLDC Expenses for 2021-22	(G)= (E)-(F)	-	-
Closing Gap/ (Surplus) (Rs. Crore)	(H)= (A)+(B)+(D)+(G)	(380.94)	-
Net ARR for FY 2025-26 (Without Adjustment of Surplus)	(I)		5,823.76
Net ARR for FY 2025-26 (Considering Adjustment of Surplus)	(J)=(I)-(A)		5,442.82

6.16.2 In view of the above, the Commission considers the Net ARR of Rs. 5,442.82 Crore for the Petitioner after factoring revenue adjustment of FY 2024-25.

7 INTRA STATE TRANSMISSION TARIFF FOR FY 2025-26

7.1 BRIEF BACKGROUND

7.1.1 Historically, the transmission network in the State of Uttar Pradesh had been developed by Uttar Pradesh Power Transmission Corporation Ltd. (UPPTCL), being the successor entity of erstwhile UPSEB/UPPCL. Subsequently, there was addition of two Transmission Licensees in the State and the number got increased after the Commission's direction that 220 kV and above Transmission projects shall be implemented through TBCB. With the increasing number of transmission elements under Section 63 into the intra-State transmission network, a need arose to evolve a methodology that ensured all Transmission System Users (TSUs) contributed equitably towards the use of the intra-State transmission system. At present, there are twelve (12) intra-State Transmission Licensees in Uttar Pradesh, comprising UPPTCL under Section 62 of the Act and eleven licensees under Section 63, namely:

1. Uttar Pradesh Power Transmission Co. Ltd (UPPTCL)
2. Western U P Power Transmission Company Ltd. (WUPPTCL)
3. South East U P Power Transmission Company Ltd. (SEUPPTCL)
4. Ghatampur Transmission Limited (GTL)
5. Obra 'C' Badaun Transmission Limited (OBTL)
6. POWERGRID Jawaharpur Firozabad Transmission Ltd (PJFTL)
7. POWERGRID Meerut Simbhavali Transmission Ltd (PMSTL)
8. POWERGRID Rampur Sambhal Transmission Ltd (PRSTL)
9. POWERGRID Gomti Yamuna Transmission Limited (PGYTL)
10. Meerut Shamali Power Transmission Ltd. (MSPTL)
11. Jewar Transmission Ltd. (JTL)
12. Tirwa Transmission Ltd. (TTL)

7.1.2 Further, as per the National Tariff Policy, the ultimate objective of transmission pricing is that Transmission System Users share the total transmission cost in proportion to their respective utilisation of the transmission system. In a networked environment, power flows along the path of least resistance, and a change in flow in one transmission element may impact flows in the elements of another licensee

without any direct contractual arrangement. Accordingly, the transmission costs of all Transmission Licensees are to be spread across all Distribution Licensees and other TSUs by pooling the ARRs and ATSCs of all Transmission Licensees. This approach ensures recovery of transmission charges based on actual usage of the intra-State transmission system (InSTS), regardless of whether a TSU is directly connected to a particular licensee's network. Further, in order to promote open access across the State and enable competition, transmission pricing should be based on composite transmission charges linked to utilisation of transmission capacity under an integrated network environment, wherein augmentation and expansion benefit all users.

7.1.3 Accordingly, under the *MYT Regulations, 2025*, the Commission introduced the concept of pooled transmission tariff, wherein the *Total Transmission System Cost (TTSC)* represents the aggregate annual cost to be recovered from Distribution Licensees & Indian Railways for use of the InSTS. The TTSC is determined by pooling the following:

- a. Annual Revenue Requirements (ARR) of Transmission Licensees under Section 62 of the Electricity Act, 2003, as approved by the Commission.
- b. Annual Transmission Service Charges (ATSC) of competitively bid transmission projects under Section 63 of the Act, as adopted by the Commission.

7.1.4 The pooled cost so determined ensures equitable recovery of expenses associated with the operation and maintenance of the transmission infrastructure.

7.1.5 It is observed that linking recovery of ARR to energy units transmitted and denominating transmission tariff in Rs/kWh was simple and easy to implement. However, the same methodology exposed Transmission Licensees to the risk of under-recovery or over-recovery of charges if actual energy handled differed from the base energy assumed for tariff determination. Moreover, the energy-linked mechanism was not consistent with the transmission pricing mechanism adopted at the regional level.

7.1.6 Therefore, under the *MYT Regulations, 2025*, the Commission introduced a methodology whereby transmission tariff is determined in Rs/MW/month. To

ensure a smooth transition, the Rs/MW/month methodology was made applicable, in the first phase, to only to Distribution Licensees and Indian Railways, while Open Access Customers other than these entities continued under the earlier methodology of (Rs/kWh) i.e. energy consumed. It was observed that transmission costs are largely fixed in nature, and recovery linked to contracted capacity provides the right commercial signal to users to make projections correctly and thereby contract only the capacity they genuinely require. Accordingly, the Commission decided that transmission tariff would be based on the share of Distribution Licensees and Indian Railways towards yearly average of daily maximum InSTS drawal and yearly maximum InSTS drawal, with equal weightage ratio (50:50).

7.1.7 Thus, recovery of the ARR of transmission utilities or ATSC of competitively awarded transmission projects, as the case may be, was mandated to be based on the pooled cost principle. The pooled ARR/ATSC of all Transmission Licensees is to be shared among Distribution Licensees (TSUs) in proportion to their contribution towards yearly average of daily maximum InSTS drawal and yearly maximum InSTS drawal.

7.1.8 The salient features of the introduced 'Transmission Pricing' of Intra State Transmission System (InSTS) are as under.

- (i) Intra-State transmission system comprises the composite transmission network of UPPTCL, TCB licensees and any other Transmission Licensee(s) in future.
- (ii) The Commission shall approve Aggregate Revenue Requirement of Transmission Licensee every year.
- (iii) Total of the yearly Aggregate Revenue Requirements for all Transmission licensees, as approved by the Commission, shall form the "Pooled Cost" (or hereinafter termed as "Total Transmission System Cost – TTSC) of the Intra-State transmission system, to be recovered from the Transmission System Users (TSUs) for the year.
- (iv) The Commission shall approve yearly 'Base Transmission Capacity Rights' based on their average daily maximum drawl & yearly maximum drawl of all

Distribution Licensees including railways and accordingly determine yearly 'Intra State Transmission Tariff' for the same.

- (v) Intra State Transmission Tariff' for the year is derived as 'TTSC' of intra- State transmission system divided by 'Base Transmission Capacity Rights' and denominated in terms of "Rs/MW/month" (for Distribution Licensees & Indian Railway) and "Rs/kWh" (for Open Access Customers other than Distribution Licensees).
- (vi) In case of revision in Base Transmission Capacity Rights of distribution licensee occurring due to increase in actual from approved value, the same shall be dealt under true up as per actual. However, in case of decrease in actual from approved value, no revision under true up shall be allowed.
- (vii) Adjusted TTSC shall be calculated after adding the amount of the rebate applicable as per UP Solar Policy 2022 and the Data Centre Policy, 2021. Further Adjusted TTSC shall be shared in the ratio of Base TCR.
- (viii) UPSLDC, shall continue to undertake recording of state-wide energy accounts, monitoring power flows and recording utilization of capacity across intra-State transmission system and determination of transmission losses for intra-State transmission system.

7.2 PETITION FOR INTRA- STATE TRANSMISSION TARIFF

- 7.2.1 Regulation 3.3 of the MYT Regulation 2025, provides that the State Transmission Utility (STU), shall file the annual Petition for True-up of Total Transmission System Cost (TTSC) for previous year, APR of current year and TTSC of ensuing year for determination of Intra State Transmission Tariff in such form and in such manner as specified in these Regulations along with relevant formats, duly supported with detailed computations, by 30th November of each year.
- 7.2.2 Further the Uttar Pradesh Power Transmission Corporation Ltd (UPPTCL) has filed the instant Petition for determination of Intra- State Transmission Tariff, as per the First Proviso to the Regulation 3.3 of the MYT Regulation 2025, which provides that Uttar Pradesh Power Transmission Corporation Ltd. in the capacity of State

Transmission Utility shall file a single Petition for compliance of Regulation 3.2 and Regulation 3.3 of these Regulations till functions of STU are assigned to a separate entity.

7.3 Pooled Total Transmission System Cost for FY 2025-26

Petitioner's Submission

7.3.1 The Petitioner has submitted that Regulation 29.1 of the MYT Regulations, 2025 provides that the Total Transmission System Cost (TTSC) of the Intra-State Transmission System shall be computed as the aggregate of:

- Annual Revenue Requirements (ARR) of all Transmission Licensees determined under Section 62 of the Electricity Act, 2003;
- Annual Transmission Service Charges (ATSC) of TBCB projects adopted under Section 63 of the Electricity Act, 2003; and
- Adjustment for ATSC during True-Up, as applicable.

7.3.2 The Petitioner has submitted that as per the above Regulation, all the Transmission Licensees in the State form part of the InSTS, and their projected yearly revenue requirement for FY 2025-26 is to be considered for determining the TTSC. The Petitioner further submitted that UPPTCL is the Transmission Licensee under Section 62 of the Act, and there are 8 Transmission Licensees under Section 63 of the Act operating in the Uttar Pradesh. Accordingly, the Petitioner computed the TTSC for FY 2025-26, as detailed in the Table below:

TABLE 7-1: TTSC CLAIMED BY THE PETITIONER (RS. CRORE)

S. No.	Particular	Claimed
Transmission License Under Sec 62		
1	UPPTCL ARR (Claimed in the instant Petition)	6,279.11
Transmission License Under Sec 63		
1	M/s Ghatampur Transmission Limited	257.68
2	M/s Obra-C Badaun Transmission Limited	110.21
3	M/s South East U.P. Power Transmission Company Limited	708.8
4	M/s Westen U.P. Power Transmission Co. Ltd.	756.1
5	M/s Powergrid Jawaharpur Firozabad Transmission Limited	65.89
6	M/s Powergrid Rampur Sambhal Transco Limited	118.63
7	M/s Powergrid Gomti Yamuna Transmission Limited	143.48
8	M/s Meerut-Simbhavalali Transmission Limited	133.6

S. No.	Particular	Claimed
	Total TBCB Annual Transmission Service Charges (ATSC) approved under Sec 63*	2,294.39
	Total Transmission System Cost	8,573.50

* TBCB Claim as submitted by the Petitioner

Commission's Analysis

7.3.3 Regulation 29.1 of the MYT Regulations, 2025, stipulates that the Total Transmission System Cost (TTSC) of the Intra-State Transmission System shall be computed as the aggregate of:

- the Annual Revenue Requirement (ARR) of all Transmission Licensees determined under Section 62 of the Electricity Act, 2003;
- the Annual Transmission Service Charges (ATSC) of projects executed through the Tariff Based Competitive Bidding (TBCB) route and adopted under Section 63 of the Act; and
- adjustment for ATSC, wherever applicable, during True-Up.

7.3.4 Regulation 29.1 of the MYT Regulation, 2025, provide as below:

Quote

"29 (1) The aggregate of the yearly revenue requirement for all Transmission Licensees shall form the "Total Transmission System Cost" (TTSC) of the Intra-State transmission system, to be recovered from the Transmission System Users (TSUs) for the respective year of the Control Period, in accordance with the following Formula:

$$TTSC = \sum_{i=1}^n ARR_i + \sum_{j=1}^m ATSC_j + \text{Adjustment for ATSC}$$

Where,

TTSC = Pooled Total Transmission System Cost of year of the Control Period;

n = Number of Transmission Licensee(s) with projects under Section 62 of the Act;

m = Number of Transmission Licensee(s) with projects under Section 63 of the Act;

ARR_i = Yearly revenue requirement approved by the Commission for ith Transmission Licensee for the year of the Control Period as determined by the Commission under Section 62 of the Act;

ATSC_j = Annual Transmission Service Charges (ATSC) of TBCB Projects adopted by the Commission under Section 63 of the Act;

Adjustment for ATSC (during True-Up) = (Actual ATSC paid by LTTC - ATSC as adopted by the Commission) or nil whichever is lower."

Unquote

7.3.5 The Commission notes that the Petitioner has considered UPPTCL as the Transmission Licensee regulated under Section 62 of the Act, along with eight Transmission Licensees operating under Section 63 of the Act. The Commission further observes that the Petitioner has computed the TTSC for FY 2025-26 by aggregating the projected ARR of UPPTCL and the ATSC of TBCB projects.

7.3.6 The Commission observes that the methodology adopted by the Petitioner is consistent with the provisions of Regulation 29(1) of the MYT Regulations, 2025. However, for determination of the TTSC, the Commission has considered the ARR for FY 2025-26 of UPPTCL, as computed by the Commission (ARR Section of this Order), in accordance with the provisions of the MYT Regulations, 2025. Further, any adjustment towards ATSC at the time of True-Up shall be duly reconciled based on the actual ATSC paid by the Long-Term Transmission Customers (LTTCS) vis-à-vis the ATSC adopted by the Commission, in line with the provisions of the Regulations.

7.3.7 Accordingly, the Commission approves the Pooled Total Transmission System Cost (TTSC) of Rs. 7,854.55 Crore for FY 2025-26 as detailed in the Table below:

TABLE 7-2: TTSC APPROVED BY THE COMMISSION FOR FY 2025-26 (RS. CRORE)

S. No.	Particular	Petitioner Claimed	Approved ARR
Transmission License Under Sec 62			
1	UPPTCL ARR (Table 6-49)	6,279.11	5,442.82
A	Total Net ARR approved under Sec 62	6,279.11	5,442.82
Transmission License Under Sec 63			
1	M/s Ghatampur Transmission Limited	257.68	257.68
2	M/s Obra-C Badaun Transmission Limited	110.21	110.21
3	M/s South East U.P. Power Transmission Company Limited	708.8	708.80
4	M/s Westen U.P. Power Transmission Co. Ltd.	756.1	756.10
5	M/s Powergrid Jawaharpur Firozabad Transmission Limited	65.89	65.89
6	M/s Powergrid Rampur Sambhal Transco Limited	118.63	118.63
7	M/s Powergrid Gomti Yamuna Transmission Limited	143.48	143.48
8	M/s Meerut-Simbhawali Transmission Limited	133.6	133.60
B	Total TBCB Annual Transmission Service Charges (ATSC) approved under Sec 63*	2,294.39	2,294.39
	Total Transmission System Cost (A+B)	8,573.50	7,737.21

* Considered as per the Petitioner Submission

7.4 BASE TRANSMISSION CAPACITY RIGHTS

Petitioner's Submission

- 7.4.1 The Petitioner has submitted that Regulation 29.2 of the MYT Regulations, 2025 provides that the Commission shall approve yearly Base Transmission Capacity Rights (Base TCR) for each Distribution Licensee and Indian Railways, representing their capacity utilisation of the Intra-State Transmission System (InSTS).
- 7.4.2 The Petitioner further submitted that the Base TCR for a given year shall be computed as the average of:
- The Yearly average of daily maximum InSTS drawal (X), and
 - The Yearly maximum InSTS drawal (Y)
- 7.4.3 The Petitioner added that the drawal of Distribution Licensee(s) includes drawal of power by part Open Access Consumer but shall be exclusive of drawal of power by full Open Access consumers.
- 7.4.4 The Petitioner further submitted that in line with Regulation 29.3, the Base TCR for the ensuing year is to be computed on the basis of projections for X and Y, which in turn shall be derived from available drawal data of past years as submitted by the Distribution Licensees and Indian Railways to the State Transmission Utility. Further, the values of X and Y projected by each TSUs shall be inclusive of drawal by partial Open Access Customers of Distribution Licensees but exclusive of drawal of full Open Access Customers.

Projection of the Yearly average of daily maximum InSTS drawal (X), Yearly maximum InSTS drawal and Base Transmission Capacity Right by the Petitioner

- 7.4.5 The Petitioner submitted that for projecting X and Y values for FY 2025-26, DVVNL, MVVNL, PVVNL, PuVVNL, and KESCO (State Discoms) have considered the data of the last two financial years, i.e., FY 2023-24 and FY 2024-25 and percentage increase of previous year, and has accordingly proposed a Base TCR with an increase of 7.07%, 8.15%, 7.86%, 6.64%, and 7.38% respectively. The details are shown in the tables below:

TABLE 7-3: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY DVNNL (MW)

FY	Yearly Average of Daily Max drawal (X)	Yearly Max drawal (Y)	Base TCR = $(X+Y)/2$	% Increase from previous year
2023-24	4,358	5,511	4,935	
2024-25	4,798	7,307	6,052	22.64%
2025-26 (Projected)	5,288	7,672	6,480	7.07%

TABLE 7-4: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY MVNNL (MW)

FY	Yearly Average of Daily Max drawal (X)	Yearly Max drawal (Y)	Base TCR = $(X+Y)/2$	% Increase from previous year
2023-24	4,306	6,015	5,161	
2024-25	4,878	7,928	6,403	24.06%
2025-26 (Projected)	5,526	8,324	6,925	8.15%

TABLE 7-5: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY PVNNL (MW)

FY	Yearly Average of Daily Max drawal (X)	Yearly Max drawal (Y)	Base TCR = $(X+Y)/2$	% Increase from previous year
2023-24	5,722	8,170	6,946	
2024-25	6,410	9,358	7,884	13.50%
2025-26 (Projected)	7,182	9,826	8,504	7.86%

TABLE 7-6: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY PUVNNL (MW)

FY	Yearly Average of Daily Max drawal (X)	Yearly Max drawal (Y)	Base TCR = $(X+Y)/2$	% Increase from previous year
2023-24	5,122	6,611	5,867	
2024-25	5,588	7,347	6,467	10.23%
2025-26 (Projected)	6,080	7,714	6,897	6.64%

TABLE 7-7: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY KESCO (MW)

FY	Yearly Average of Daily Max drawal (X) (MW)	Yearly Max drawal (Y) (MW)	Base TCR = (X+Y)/2	% Increase from previous year
2023-24	595	828	711	
2024-25	947	658	803	12.88%
2025-26 (Projected)	730	994	862	7.38%

7.4.6 The Petitioner further submitted that NPCL has projected its values of X and Y based on the last two years' data and has projected the Base TCR with an increase of 16.20%, as detailed in the table below:

TABLE 7-8: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY NPCL (MW)

FY	Yearly Average of Daily Max drawal (X)	Yearly Max drawal (Y)	Base TCR = (X+Y)/2	% Increase from previous year
2023-24	463.83	638.44	551.13	
2024-25	531.78	761.68	646.73	17.35%
2025-26 (Projected)	613	890	751.50	16.20%

7.4.7 With respect to Indian Railways, the Petitioner submitted that Indian Railways, vide its letter No. 230-Elect/TED/64C dated 16.07.2025, has proposed a Base TCR of 401 MW for FY 2025-26, considering the GNA quantum allocated to NR-UP. However, in line with the MYT Regulations, 2025, the Base TCR for the ensuing year is required to be computed on the basis of projections for X and Y derived from historical drawal data. Accordingly, the Petitioner collected actual 15-minute block demand data for FY 2023-24 and FY 2024-25 from UPSLDC and computed the Base TCR based on percentage increase from FY 2023-24 to FY 2024-25, applying the same growth to project FY 2025-26 values.

TABLE 7-9: COMPUTATION OF X & Y FOR INDIAN RAILWAYS BY THE PETITIONER FOR FY 2023-24 & FY 2024-25 (MW)

FY	2023-24	2024-25	% Increase
Yearly Average of Daily Max drawl X (MW)	373.40	390.17	4.49%

FY	2023-24	2024-25	% Increase
Yearly Max drawl (Y) (MW)	420.23	444.16	5.69%
Base TCR = (X+Y)/2	396.81	417.16	5.13%

7.4.8 The Petitioner further submitted that for FY 2025-26, the Yearly Average of Daily Maximum Drawal (X) and Yearly Maximum Drawal (Y) of FY 2024-25 have been increased by 4.49% and 5.69% respectively, and the Base TCR has been computed accordingly, as shown in the Table below:

TABLE 7-10: COMPUTATION OF X & Y FOR INDIAN RAILWAYS BY THE PETITIONER FOR FY 2025-26 (MW)

Yearly Average of Daily Max drawl (X) (MW)	Yearly Max drawl (Y) (MW)	Base TCR = (X+Y)/ 2
407.69	469.46	438.57

7.4.9 The Petitioner further submitted that the Commission, vide its Order dated June 19, 2023, issued the Distribution License to NIDP, and thereafter issued Distribution License (License No. 1 of 2023)" dated June 20, 2023 for carrying out the business of distribution of electricity within the Area of Supply.

7.4.10 The Petitioner submitted that NIDP, vide its letter No. NIDP/UPPTCL/2025-26/003 dated July 04, 2025, stated that it commenced operations in April 2024. Presently, an operational record of 14 months is available, and the Data Centre Park is still at a nascent stage of development.

7.4.11 NIDP further submitted that its present load is around 6 MW, which is expected to increase gradually as occupancy in Building 1 and Building 2 scales up. The two buildings have a design capacity of 25 MW and 40 MW respectively.

7.4.12 Being in the initial years of operation, NIDP submitted that it is difficult to make accurate projections of its power requirement due to the evolving load growth of the Data Centre Park. However, based on available data for the last 12 months, NIDP has submitted its X and Y values at the TD Periphery and UP State Periphery (considering InSTS loss of 3.18%). The details are tabulated below:

TABLE 7-11: PROJECTIONS OF X, Y & BASE TCR SUBMITTED BY NIDP (MW)

Period: From 1 st June 2024 to 31 st May 2025		
Yearly average of Daily Max InSTS drawal (X) (MW)	Yearly Max InSTS drawal (Y) (MW)	Base TCR= (X+Y)/2
5.124	6.837	5.981
At UP State Periphery (InSTS loss considered 3.18%)		
Yearly average of Daily Max InSTS drawal (X) (MW)	Yearly Max InSTS drawal (Y) (MW)	Base TCR= (X+Y)/2
5.287	7.054	6.171

7.4.13 NIDP has accordingly requested to consider 6.171 MW as its Base TCR for FY 2025-26, and the same has been proposed by the Petitioner in this petition.

7.4.14 The Petitioner further submitted that as per Regulation 29.4, the Open Access consumers other than Distribution Licensees and Indian Railways shall be billed at Rs/kWh rate as specified under Regulation 29.4 of the aforesaid Regulations.

7.4.15 The Petitioner added that in compliance with the above provisions of MYT Regulation 2025, it has undertaken the process of determining Base Transmission Capacity Rights for FY 2025-26. Accordingly, the projected X and Y data received from the existing Distribution Licensees and Indian Railways have been tabulated below:

TABLE 7-12: BASE TCR OF DISTRIBUTION LICENSEE & INDIAN RAILWAYS FOR FY 2025-26 SUBMITTED BY THE PETITIONER FOR FY 2025-26 (MW)

Distribution Lincesees	Claimed			
	Yearly Average of Daily MAX InSTS Drawal (X)	Yearly MAX InSTS Drawal (Y)	Base TCR = (X+Y)/2	% Contribution in Base TCR
DVVNL	5,288.00	7,672.00	6,480.00	21.00%
MVVNL	5,526.00	8,324.00	6,925.00	22.44%
PuVVNL	6,080.00	7,714.00	6,897.00	22.35%
PVVNL	7,182.00	9,826.00	8,504.00	27.55%
KESCO	730.00	994.00	862.00	2.79%
NPCL	613.00	890.00	751.50	2.43%
Railway	407.69	469.46	438.57	1.42%
NIDP	5.29	7.05	6.17	0.02%
Total	25,831.97	35,896.51	30,864.24	100%

Commission's Analysis

7.4.16 Regulation 29.2 and 29.3 of the MYT Transmission regulation, 2025, provides the methodology for projection of Yearly average of daily maximum InSTS drawal (X) and Yearly maximum InSTS drawal (Y) and computation of Base Transmission Capacity Right. The relevant provisions of MYT Regulation 2025, has been provided below:

Quote

(2) The Commission shall approve yearly 'Base Transmission Capacity Rights' as average of "Yearly average of daily max InSTS drawal" and "Yearly max InSTS drawal" for Distribution Licensee(s) and Indian Railways as projected for the respective year of the Control Period, representing the 'Capacity Utilisation' of Intra-State transmission system and accordingly determine 'Intra State Transmission Tariff, in accordance with the following formula:

Base Transmission Capacity Rights

(Base TCR) for the respective year = $\sum_{u=1}^n ([X + Y]/2)$

Where,

X = Yearly average of daily max InSTS drawal of respective year for each Distribution Licensee or Indian Railways (u) as the case may be;

Y = Yearly max InSTS drawal of respective year for each Distribution Licensee or Indian Railways (u) as the case may be;

Note: The X & Y shall reflect drawal of Distribution Licensee(s) (including drawal of power from Distribution Licensee by part Open Access Consumer) or Indian Railways, as the case may be, and same shall be exclusive of drawal of power by Open Access consumers.

(3) The Annual Transmission Charge payable by Distribution Licensees and Indian Railways shall be computed in accordance with the following formula:

ATC(u) = TTSC X ([Base TCR(u)] / $\sum_{u=1}^n$ [Base TCR(u)])

Where,

ATC(u) = Annual Transmission Charges to be shared by Distribution Licensees and Indian Railways (u) for the year;

Provided that the Base Transmission Capacity Rights for Distribution Licensees and Indian Railways for ensuing year shall be determined based on the projections of 'X' and 'Y' after taking into account available data of past years:

Provided further that projections of Base TCR for the ensuing year, shall be submitted by the Distribution Licensees and Indian Railways to the STU latest by last week of August of current year:"

Unquote

7.4.17 The Commission notes that the Petitioner has considered the projections of X and

Y, as submitted by the Distribution Licensees and Indian Railways, in accordance with above Regulation for determination of the Base Transmission Capacity Rights (Base TCR).

- 7.4.18 The Commission, while carrying out a prudence check on the values submitted by the Petitioner, observed that the Petitioner had used rounded-off values of Yearly average of daily maximum InSTS drawal for computing the Base TCR for FY 2025-26. However, the Commission, for the purpose of accuracy, has considered the exact values of X as submitted by each Transmission System Users (TSUs) for computation of Base TCR.
- 7.4.19 The Commission, for the purpose of verification, sought clarification from the Petitioner on whether the values of X (yearly average of daily maximum InSTS drawal) and Y (yearly maximum InSTS drawal), along with the Base TCR computed by each Distribution Licensee and Indian Railways, were based on historical data provided by SLDC. In response, the Petitioner submitted that the projections of X and Y for FY 2025-26 were provided by the Distribution Licensees and Indian Railways, based on their requirement and past trends as mentioned in petitioner's submission. However, the actual 15-minute time block data for FY 2024-25 was provided by SLDC and accordingly the daily Maximum InSTS Drawal (X) and Yearly Maximum InSTS Drawal (Y) has been projected.
- 7.4.20 Further, it is observed State owned distribution licensees and NPCL have projected their base TCR based upon past years growth factor and projected demand/ energy requirement for FY 2025-26. While in case of NIDP, data was available for 11 months hence, it has projected the same base TCR without applying any growth factor. The Commission has considered the same base TCR as projected by them. However, Indian Railways did not submit its projected base TCR as per the past trend of X & Y and had provided value as per its GNA only. The Commission has observed that the base TCR of Indian Railways for FY 2024-25 was 417.16 MW and it has proposed 401 MW as per GNA, which is lower than the last year base TCR. Further, no justification to that extent has been provided by the Indian Railways. Therefore, the commission has considered the base TCR of Indian Railways as proposed by STU considering

growth rate of last year i.e. on the Yearly Average of Daily Maximum Drawal (X) and Yearly Maximum Drawal (Y) of FY 2024-25 by 4.49% and 5.69% respectively.

7.4.21 Accordingly, the Commission has considered the projected values of X (Yearly average of daily maximum InSTS drawal) and Y (Yearly maximum InSTS drawal) presented in the Table below:

TABLE 7-13: COMMISSION APPROVED - BASE TCR APPROVED FOR FY 2025-26 (IN MW)

Distribution Licensee	Petitioner Claim				Inhouse Analysis			
	Yearly Average of Daily MAX InSTS Drawal (X)	Yearly MAX InSTS Drawal (Y)	Base TCR = (X+Y)/2	% Contribution in Base TCR	Yearly Average of Daily MAX InSTS Drawal (X)	Yearly MAX InSTS Drawal (Y)	Base TCR = (X+Y)/2	% Contribution in Base TCR
DVVNL	5,288.00	7,672.00	6,480.00	21.00%	5,287.00	7,672.00	6,479.50	20.99%
MVVNL	5,526.00	8,324.00	6,925.00	22.44%	5,525.00	8,324.00	6,924.50	22.44%
PuVVNL	6,080.00	7,714.00	6,897.00	22.35%	6,079.00	7,714.00	6,896.50	22.34%
PVVNL	7,182.00	9,826.00	8,504.00	27.55%	7,181.00	9,826.00	8,503.50	27.55%
KESCO	730.00	994.00	862.00	2.79%	729.00	994.00	861.50	2.79%
NPCL	613.00	890.00	751.50	2.43%	612.75	890.00	751.38	2.43%
Indian Railways	407.69	469.46	438.57	1.42%	407.69	469.46	438.57	1.42%
NIDP	5.29	7.05	6.17	0.02%	5.29	7.05	6.17	0.02%
Total	25,831.97	35,896.51	30,864.24	100%	25,826.73	35,896.51	30,861.62	100%

7.4.22 Further, at the time of Truing-Up, the Base TCR shall be considered in accordance with the MYT Regulations 2025.

7.5 INTRA STATE TRANSMISSION TARIFF FOR DISTRIBUTION LINCENSEES AND INDIAN RAILWAYS

Petitioner's Submission

7.5.1 The Petitioner has submitted that as per Regulation 29 (5) of the MYT Regulations, 2025, the Intra-State Transmission Tariff for each Year is to be determined as the ratio of the approved Total Transmission System Cost (TTSC) and the approved Base Transmission Capacity Rights (Base TCR).

7.5.2 Accordingly, the Petitioner has computed the Intra State transmission tariff of 27,77,810 (Rs. /MW/Year) for distribution licensees & Indian Railways for FY 2025-

26, as shown in the table below:

**TABLE 7-14: TRANSMISSION TARIFF FOR DISTRIBUTION LICENSEES AND INDIAN RAILWAYS,
AS SUBMITTED BY THE PETITIONER FOR FY 2025-26**

Particulars	Unit	Petition FY 2025-26
Total Transmission System Cost	Rs. Cr.	8,573.50
Total Base TCR	MW	30,864.24
Intra State Transmission Tariff for Distribution Licensees and Indian Railways	Rs./MW/Year	27,77,810/-

7.5.1 Further, the Petitioner has computed the Annual Transmission Charges (ATC) for each TSU in line with Regulation 29.3 of the MYT Regulation, 2025, as shown in the table below:

**TABLE 7-15: ANNUAL TRANSMISSION CHARGES & MONTHLY TRANSMISSION CHARGES
SUBMITTED BY THE PETITIONER FOR FY 2025-26**

Distribution Licensee	Base TCR (MW)	ATC= TCR x Tariff (Rs. Cr.)	*MTC= ATC / 12 (Rs. Cr.)
DVVNL	6,480.00	1,800.05	150.00
MVVNL	6,925.00	1,923.66	160.31
PuVVNL	6,897.00	1,915.88	159.66
PVVNL	8,504.00	2,362.29	196.86
KESCO	862.00	239.45	19.95
NPCL	751.50	208.76	17.40
Indian Railways	438.57	121.83	10.15
NIDP	6.17	1.71	0.14
Total	30,864.24	8,573.50	714.46

* Monthly Transmission Charges (MTC)

Commission's Analysis

7.5.2 As per Regulation 29.5 of the UPERC MYT Regulations, 2025, Intra State Transmission Tariff for Distribution Licensee and Indian Railways is computed as under:

Quote

“(5) Intra State Transmission Tariff for each Year shall be determined as ratio of approved TTSC for Intra-State transmission system and approved ‘Base Transmission Capacity Rights’ and shall be denominated in terms of “INR/MW/Year” (for Distribution Licensees)

or in terms of “INR/kWh” (for Open Access Customers other than the Distribution Licensees and Indian Railways) in accordance with the following formula:

Intra State Transmission Tariff for Distribution Licensees and Indian Railways:

Intra State Transmission Tariff for Distribution Licensees and Indian Railways in INR/MW/Year = $TTSC / \text{Base TCR}$ ”

Unquote

- 7.5.3 Accordingly, the Commission has computed the Intra State Transmission Tariff for Distribution Licensee and Indian Railways for FY 2025-26 in line with Regulation 29.3 of the MYT Regulation, 2025, as shown in the table below:

TABLE 7-16: COMMISSION APPROVED - TRANSMISSION TARIFF FOR DISTRIBUTION LICENSEES AND INDIAN RAILWAYS FOR FY 2025-26

Particulars	Unit	Claimed	Approved	Remarks
Total Transmission System Cost (TTSC)	Rs. Cr.	8,573.50	7,737.21	Table 7-2
Total Base Transmission Capacity Rights (TCR)	MW	30,864.24	30,861.62	Table 7-13
Intra State Transmission Tariff for Distribution Licensees and Indian Railways	Rs./MW/Year	27,77,809.81	25,07,065.22	

- 7.5.4 Further, in line with Regulation 29.3 of the MYT Regulation, 2025, the Commission has computed the Annual Transmission Charges (ATC) and Monthly transmission Charges (MTC) for each TSU, as shown in the table below:

TABLE 7-17: COMMISSION APPROVED - ANNUAL TRANSMISSION CHARGES & MONTHLY TRANSMISSION CHARGES FOR FY 2025-26

Distribution Licensee	Base TCR (MW)	ATC= TCR x Tariff (Rs. Cr.)	MTC= ATC/12 (Rs. Cr.)
DVVNL	6,479.50	1,624.45	135.37
MVVNL	6,924.50	1,736.02	144.67
PuVVNL	6,896.50	1,729.00	144.08
PVVNL	8,503.50	2,131.88	177.66
KESCO	861.50	215.98	18.00
NPCL	751.38	188.37	15.70
Indian Railways	438.57	109.95	9.16
NIDP	6.17	1.55	0.13
Total	30,861.62	7,737.21	644.77

7.6 ADJUSTED TOTAL TRANSMISSION SYSTEM COST AND TREATMENT OF REBATE ON INTRA STATE TRANSMISSION CHARGES

Petitioner's Submission

- 7.6.1 The Petitioner has submitted that the Uttar Pradesh Solar Energy Policy, 2022, the Data Centre Policy, 2021, and Regulation 31 of the MYT Regulations, 2025, provide for the accounting of rebates or exemptions on Intra-State Transmission Charges.
- 7.6.2 The Petitioner has submitted that the quantum of energy eligible for rebate, primarily from solar and other policy-specified sources shall be considered while computing the applicable transmission charges. It has further been submitted that the projected cost of transmission usage corresponding to such rebate-eligible energy shall be included in the Total Transmission System Cost (TTSC) to determine the Adjusted TTSC.
- 7.6.3 The Petitioner has submitted that the Adjusted TTSC determined above, is then allocated among all Distribution Licensees and Indian Railways based on their approved Base Transmission Capacity Rights (Base TCR) for the relevant year. It has further been submitted that the Licensees and Indian Railways are required to submit their projected energy procurement, segregated into solar and non-solar sources, to the STU on an annual basis.
- 7.6.4 Accordingly, the projected breakup of total energy (in kWh) for FY 2025–26, segregated into solar and non-solar sources for Distribution Licensees and Indian Railways has been compiled.
- 7.6.5 The Petitioner has submitted that, as per the Uttar Pradesh Solar Energy Policy, 2022, rebate is applicable on power procured from Intra-State generators. It has further been submitted that under the Uttar Pradesh Data Centre Policy, 2021, a 50% rebate is applicable for power procured from Intra-State sources and a 100% rebate is applicable for power procured from Inter-State sources.
- 7.6.6 Accordingly, the Petitioner has submitted that the quantum of energy eligible for such policy-based rebates has been identified based on the source and location of procurement. It has further been submitted that the corresponding exempted transmission charges have been computed in line with the methodology prescribed

under Regulation 31 of the UPERC MYT Transmission Regulations, 2025.

- 7.6.7 The Petitioner has submitted that, as per the Solar Policy, 100% exemption on Intra-State transmission charges is available for the sale of solar power to UPPCL. It has further been submitted that the total energy from Intra-State Solar Generators considered for rebate during the relevant period has been assessed at 3,462.452 Mus, as per the UPSLDC energy account of Intra-State Solar Generators selling power to UPPCL. The said energy has been apportioned among the State-owned DISCOMs (DVVNL, MVVNL, PuVVNL, PVVNL, and KESCO) in proportion to their respective energy input requirement at the State periphery.
- 7.6.8 The Petitioner has submitted that, as per the provisions of the Uttar Pradesh Solar Energy Policy, a 50% exemption on Intra-State transmission charges is applicable for energy procured from Intra-State Solar Generators. It has further been submitted that NPCL has projected procurement of 108.60 MU from Intra-State Solar Generators during the relevant period, accordingly, the applicable exemption in transmission charges has been computed.
- 7.6.9 The Petitioner has submitted that, in accordance with the provisions of the Uttar Pradesh Data Centre Policy, 2021, a 50% exemption on Intra-State transmission charges is applicable for energy procured from Intra-State sources and a 100% exemption is applicable for energy procured from Inter-State sources. It has further been submitted that as per the data provided by NIDP Developers Private Limited the energy drawn by NIDP at the State periphery during the relevant period was 32.78 MU from Intra-State sources and 21.27 MU from Inter-State sources, and the applicable exemptions have been computed accordingly.
- 7.6.10 The Petitioner has submitted that the total exemption considered amounts to Rs. 196.09 Crore during FY 2025-26 for State-owned DISCOMs, NPCL, and NIDP Developers Pvt. Ltd. As shown in the Table below:

**TABLE 7-18: TOTAL TRANSMISSION CHARGES EXEMPTED SUBMITTED BY THE PETITIONER
(RS. CRORE)**

DISCOMS	Transmission Charges Exempted
State Owned Discoms	174.39
NPCL	2.73
NIDP	18.97
Indian Railways	-
Total	196.09

7.6.11 Further, the Petitioner has submitted that the Adjusted TTSC has been computed by adding the cost of transmission usage corresponding to the energy eligible for rebate/exemption under the applicable policies, namely the Uttar Pradesh Solar Energy Policy, 2022, and the Data Centre Policy, 2021, to the Total Transmission System Cost (TTSC), as shown in the Table below:

TABLE 7-19: ADJUSTED TTSC SUBMITTED BY THE PETITIONER (RS. CRORE)

Particular	Derivations	Amount
Original TTSC	A	8,573.50
Total Transmission Charges exempted	B	196.09
Adjusted TTSC	C=A+B	8,769.59

7.6.12 The Petitioner has further submitted that the Adjusted TTSC is allocated among all beneficiaries in proportion to their respective Base Transmission Capacity Rights (Base TCR) share percentage for the relevant year as detailed below:

TABLE 7-20: ALLOCATION OF ADJUSTED TTSC SUBMITTED BY THE PETITIONER FOR FY 2025-26

Distribution Licensee	Base TCR (MW)	% Share	ATC Allocation from Adjusted TTSC (Rs. Cr.)
DVVNL	6,480.00	21.00%	1841.19
MVVNL	6,925.00	22.44%	1967.63
PuVVNL	6,897.00	22.35%	1959.67
PVVNL	8,504.00	27.55%	2416.28
KESCO	862.00	2.79%	244.92
NPCL	751.50	2.43%	213.53
Indian Railways	438.57	1.42%	124.61
NIDP	6.17	0.02%	1.75

Distribution Licensee	Base TCR (MW)	% Share	ATC Allocation from Adjusted TTSC (Rs. Cr.)
Total	30,864.24	100.00%	8,769.59

Commission's Analysis

7.6.13 Regulation 31 of the MYT Transmission Regulations, 2025, prescribes the methodology for computation of rebate on Intra-State Transmission Charges, determination of the Adjusted Total Transmission System Cost (TTSC), and its allocation among beneficiaries. The relevant provisions are shown below:

Quote

31. Treatment of Rebate on intra-State Transmission Charges

(1) In accordance with the Uttar Pradesh Solar Energy Policy, 2022, and Data Centre Policy, 2021, the exemption or rebate applicable on Intra-State Transmission Charges shall be treated as specified in this Regulation.

(2) The quantum of energy (in kWh) applicable for rebate and procured shall be considered while computing the total cost of transmission charges attributable to such procurement.

(3) The transmission usage cost corresponding to the energy eligible for rebate shall be added to the Total Transmission System Cost (TTSC) of the Intra-State transmission system for the relevant year of the Control Period, as determined under clause 1 of Regulation 29 to arrive at the Adjusted TTSC.

(4) The Adjusted TTSC shall be allocated among Distribution Licensees and Indian Railways, in proportion to their approved Base Transmission Capacity Rights (Base TCR) for the relevant year:

Provided that Distribution Licensees and Indian Railways shall submit the projected breakup of their total energy (in kWh) for the ensuing year, segregated into solar and non-solar sources, as part of their submissions to the State Transmission Utility (STU).

(5) Based on the transmission tariff in ₹/kWh determined under 5 of Regulation 29, the applicable monthly rebate shall be computed in accordance with the respective policy. The rebate, calculated on the monthly quantum of energy (applicable for rebate) consumed corresponding to per-unit rebate rate (₹/kWh), shall be credited in the monthly transmission charge invoices raised on Distribution Licensee(s) and Indian Railways.

(6) In the event of any deviation between the projected and trued-up Adjusted TTSC, such excess or shortfall shall be reconciled in the Adjusted TTSC of the following year, along with carrying cost at the applicable weighted average bank rate for the respective year.”

Unquote

7.6.14 As per above Regulation, the Commission has examined the submissions of the Petitioner. The Commission observes that the Petitioner has submitted the quantum of energy attributable to each beneficiary and eligible for rebate under the Uttar Pradesh Solar Energy Policy, 2022, and the Data Centre Policy, 2021. The Commission has considered the eligible energy quantum as furnished by the Petitioner. The Commission notes that such rebate/exemption is envisaged under the State Government’s policies and, therefore, has to be factored into the transmission tariff design to ensure appropriate recovery of the total transmission cost from all beneficiaries.

7.6.15 The Petitioner has submitted rebate admissible to each TSU on the basis of Rs/kWh rate of Rs. 0.5037/kWh as per their calculation. However, the Commission has determined the rebate admissible to each Transmission System User (TSU) by applying the approved Rs/kWh tariff of Rs. 0.4545/kWh for FY 2025-26 (as determined in Table 7-28) on the eligible energy quantum. Based on this computation, the total rebate works out to Rs. 161.56 Crore for FY 2025-26.

TABLE 7-21: COMMISSION APPROVED - REBATE ON INTRA STATE TRANSMISSION CHARGES (RS. CRORE)

Discoms	Claimed	Approved	
	Total Charges Exempted	Total Charges Exempted	Energy Considered (MUs)
State owned Discoms	174.39	157.38	3,462.45
NPCL	2.73	2.47	108.60
NIDP	18.97	1.71	54.06*
Indian Railways	-	-	-
Total	196.09	161.56	3,625.11

* 54.06 MUs includes 32.78 MUs at Energy from Intra-State Sources at State Periphery and 21.27 MUs at Energy from Inter-State Sources at State Periphery

7.6.16 The rebate has been factored into the TTSC approved by the Commission for FY 2025-26, for arriving an Adjusted TTSC of Rs. 7,898.77 Crore, as shown in the table

below:

TABLE 7-22: COMMISSION APPROVED - ADJUSTED TTSC FOR FY 2025-26 (RS. CRORE)

Particular	Claimed	Approved	Remarks
TTSC Approved by the Commission for FY 2025-26	8,573.50	7,737.21	Table 7-2
Total Transmission Charges exempted For FY 2025-26	196.09	161.56	Table 7-21
Adjusted TTSC	8,769.59	7,898.77	

7.6.17 The Commission further notes that the Regulation 31.4 provides that the Adjusted TTSC is required to be allocated among all beneficiaries in proportion to their approved Base TCRs for FY 2025-26. Accordingly, the allocation of the Adjusted TTSC of Rs. 7,898.77 Crore among the beneficiaries has shown in the Table below:

TABLE 7-23: COMMISSION APPROVED - ALLOCATION OF ADJUSTED TTSC FOR FY 2025-26

Distribution Licensee	Claimed			Approved			
	Base TCR (MW)	% Share	ATC Allocation from Adjusted TTSC (Rs. Cr.)	Base TCR (MW)	% Share	ATC Allocation from Adjusted TTSC (Rs. Cr.)	MTC= ATC/12 (Rs. Cr.)
DVVNL	6,480.00	21.00%	1841.19	6,479.50	21.00%	1,658.37	138.20
MVVNL	6,925.00	22.44%	1967.63	6,924.50	22.44%	1,772.27	147.69
PuVVNL	6,897.00	22.35%	1959.67	6,896.50	22.35%	1,765.10	147.09
PVVNL	8,504.00	27.55%	2416.28	8,503.50	27.55%	2,176.40	181.37
KESCO	862.00	2.79%	244.92	861.50	2.79%	220.49 s	18.37
NPCL	751.50	2.43%	213.53	751.38	2.43%	192.31	16.03
Indian Railways	438.57	1.42%	124.61	438.57	1.42%	112.25	9.35
NIDP	6.17	0.02%	1.75	6.17	0.02%	1.58	0.13
Total	30,864.24	100.00%	8,769.59	30,861.62	100.00%	7,898.77	658.23

7.6.18 In view of above, the Commission approves the monthly transmission cost of distribution licensees and Indian Railways as shown in above table. The same shall be billed to them each month unless revoked or next tariff order is effective. Further, it may be noted that in case this tariff order is applicable from the middle of the month, the monthly transmission cost shall be effective for the entire month and the Transmission Charge based on per unit for the days in the month before the applicability of Order shall not be raised. The rebate computed on monthly quantum of energy consumed corresponding to per unit rebate rate (Rs. 0.4545/ kWh), shall be credited in the monthly transmission charge invoices raised on distribution

licensee(s) and Indian Railways.

7.7 INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMERS OTHER THAN DISTRIBUTION LICENSEES AND INDIAN RAILWAYS

Petitioner's Submission

7.7.1 The Petitioner has submitted that Regulation 29 (5) of the MYT Regulations, 2025, provides the Intra-State Transmission Tariff for Open Access Customers (excluding Distribution Licensees and Indian Railways) shall be determined in INR/kWh, based on the actual or projected energy handled at the State Periphery, as per below formula:

Transmission Tariff (INR/kWh) = TTSC/ Total Energy input at State Periphery for the year

7.7.2 The Petitioner has submitted that in line with above Regulation, it has compiled the energy input requirement at the State Periphery for FY 2025-26 of all existing Distribution Licensees, Indian Railways, and Open Access Consumers.

7.7.3 The Petitioner has further submitted that energy requirement projection at the State Periphery was received from UPPCL for State Discoms, NPCL, and NIDP. However, due to non-submission of energy requirement projection for FY 2025-26 from Indian Railways, the Petitioner has computed their energy requirement by applying a normative escalation rate of 4.64% over the actual energy requirement at T-D interface for FY 2024-25, and further grossing it up by 3.18% (Intrastate Transmission loss) to arrive at the State Periphery level, as shown in the Table below:

TABLE 7-24: ESTIMATED ENERGY REQUIREMENT AT STATE PERIPHERY OF INDIAN RAILWAYS FOR FY 2025-26 SUBMITTED BY THE PETITIONER (MUS)

Actual Energy at T-D Point FY 2023-24	Actual Energy at T-D Point FY 2024-25	% Increase	Estimated Energy at T-D Point FY 2025-26	Estimated Energy at State Periphery FY 2025-26
<i>A</i>	<i>B</i>	$C = (B-A) / A$	$D = B * (1+C)$	$E = D * (1+3.18\%)$
2,849.380	2,981.598	4.64%	3,120	3,219

7.7.4 Accordingly, the petitioner has provided the total energy requirement of existing Distribution Licensees, Indian Railways & Open Access Consumers at State Periphery

for FY 2025-26, as depicted in the Table below:

TABLE 7-25: TOTAL ENERGY AT STATE PERIPHERY AS SUBMITTED BY THE PETITIONER (MUS)

Discom	Energy Input requirement at State Periphery
DVVNL	34,112.85
MVVNL	34,046.33
PuVVNL	38,933.91
PVVNL	46,765.77
KESCO	5,027.61
NPCL	4,698.22
Indian Railway	3,219.22
NIDP	54.06
Open Access Consumers	3,366.81
Total Energy at State Periphery (MU)	1,70,224.76

7.7.5 Based on above, the Petitioner has proposed Intra-State Transmission Tariff for Open Access consumers of Rs. 0.5037/kWh for FY 2025–26, as shown in the Table below:

TABLE 7-26: INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMERS FOR FY 2025-26 PROPOSED BY THE PETITIONER

Particulars	Unit	FY 2025-26
Total Transmission System Cost	Rs. in Cr.	8,573.50
Total Energy at State Periphery	MU	1,70,224.76
Intra State Transmission Tariff for Open Access Customers (LTOA & STOA)	Rs./kWh	0.5037

Commission's Analysis

7.7.6 As per Regulation 29.5 of the UPERC MYT Regulations, 2025, Intra State Transmission Tariff for Distribution Licensee and Indian Railways is computed as under:

Quote

“(5) Intra State Transmission Tariff for each Year shall be determined as ratio of approved TTSC for Intra-State transmission system and approved ‘Base Transmission Capacity Rights’ and shall be denominated in terms of “INR/MW/Year” (for Distribution Licensees) or in terms of “INR/kWh” (for Open Access Customers other than the Distribution Licensees and Indian Railways) in accordance with the following formula:

Intra State Transmission Tariff for Distribution Licensees and Indian Railways:

Intra State Transmission Tariff for Distribution Licensees and Indian Railways in INR/MW/Year = TTSC / Base TCR"

Intra State Transmission Tariff for Open Access Customers other than Distribution Licensees and Indian Railways:

Intra State Transmission Tariff for Open Access Customers other than Distribution Licensee and Indian Railways in INR/kWh

= TTSC / E (Total Energy input at State Periphery for the year)

Where,

TTSC = Pooled cost (in INR per Year) for InSTS for year of the Control Period;

Provided that the energy units transmitted within the State shall be based on the energy input requirement at State Periphery, as projected by each Distribution Licensee as part of its MYT Petition and as approved by the Commission for the ensuing year. Whereas for True-Up period, the energy units transmitted within the State shall be based on the actual energy handled at State Periphery:

Unquote

7.7.7 The Commission has considered the projected energy requirement at the State Periphery as submitted by UPPCL for State DISCOMs, NPCL, and NIDP. In addition, the energy requirement of Indian Railways and Open Access Consumers as projected by the Petitioner has also been taken into account. The energy requirement at the State Periphery for FY 2025-26 shall, however, be subject to Truing-up based on actuals. The energy projections approved by the Commission for FY 2025-26 are presented in the table below:

TABLE 7-27: COMMISSION APPROVED - ENERGY PROJECTIONS FOR FY 2025-26 (MUS)

Discom	Petitioner Claim		Approved	
	Energy at T-D Interface	Energy Input requirement at State Periphery	Energy at T-D Interface	Energy Input requirement at State Periphery
DVVNL	33,061.49	34,112.85	33,061.49	34,112.85
MVVNL	32,997.02	34,046.33	32,997.02	34,046.33
PuVVNL	37,733.97	38,933.91	37,733.97	38,933.91
PVVNL	45,324.45	46,765.77	45,324.45	46,765.77
KESCO	4,872.66	5,027.61	4,872.66	5,027.61
NPCL*	4,548.81	4,698.22	4,548.81	4,698.22
Indian Railway*	3,120.00	3,219.22	3,120.00	3,219.22
NIDP*	52.34	54.06	52.34	54.06

Discom	Petitioner Claim		Approved	
	Energy at T-D Interface	Energy Input requirement at State Periphery	Energy at T-D Interface	Energy Input requirement at State Periphery
Open Access Consumers	3,263.05	3,366.81	3,263.05	3,366.81
Total Energy Input at State Periphery	1,64,973.79	1,70,224.76	1,64,973.79	1,70,224.76

* Energy Projection at State Periphery considered as submitted by the Petitioner.

7.7.8 Accordingly, the Commission has computed the Intra State Transmission Tariff for Distribution Licensee and Indian Railways for FY 2025-26 in line with Regulation 29.3 of the MYT Regulation, 2025, as shown in the table below:

TABLE 7-28: COMMISSION APPROVED - INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMER OTHER THAN DISTRIBUTION LICENSEE AND INDIAN RAILWAYS FOR FY 2025-26 (RS/KWH)

Particulars	Unit	Claimed	Approved	Remarks
Total Transmission System Cost	Rs. Cr.	8,573.50	7,737.21	Table 7-2
Total Energy at State Periphery	MU	1,70,224.76	1,70,224.76	Table 7-27
Intra State Transmission Tariff for Open Access Customers	Rs./kWh	0.5037	0.4545	

7.7.9 However, the Proviso to Regulation 29.4 of the MYT Transmission Regulation 2025, provides that the intra-State transmission tariff for Open Access Customers other than the Distribution Licensee(s) and Indian Railways during a particular year of Control Period shall not increase by more than 15% of the applicable transmission tariff determined by the Commission for the preceding year.

7.7.10 For FY 2024-25, the Commission had approved an intra-State transmission tariff of Rs. 0.2326/kWh for Open Access Customers. The Commission in this order has computed intra state transmission tariff of Rs. 0.4545/kWh, which reflects an increase of more than 15% over the previous year tariff for Open Access Customer other than Distribution Licensees and Indian Railways. Therefore, in line with the aforesaid proviso, the Commission has capped the increase to 15% over the preceding year's tariff (FY 2024-25), as shown in the Table below:



TABLE 7-29: COMMISSION APPROVED - INTRA STATE TRANSMISSION TARIFF FOR OPEN ACCESS CUSTOMER OTHER THAN DISTRIBUTION LICENSEE AND INDIAN RAILWAYS FOR FY 2025-26 (RS/KWH)

Particulars	Unit	Approved	Remarks
Intra State Open Access Tariff Approved for FY 2024-25	Rs./kWh	0.2326	As per Table No. 6-41 of Order dated 10.10.2024
Intra State Transmission Tariff	Rs./kWh	0.4545	Table 7-28
Capping of InSTS Tariff for OA Customers	%	15.00%	
Intra State Transmission Tariff for Open Access Customers	Rs./kWh	0.2674	

- 7.7.11 Accordingly, the Commission approves the applicable intra-State transmission tariff for Open Access Customers (other than the Distribution Licensees and Indian Railways) at Rs. 0.2674/kWh for FY 2025-26. The same shall be effective from the date of applicability of this Tariff Order.
- 7.7.12 The Distribution Licensees and Indian Railways shall be billed monthly as per table 7-23 @ Rs. 213,284.55 /MW/Month.
- 7.7.13 A Rebate on Intra State Transmission charges in accordance with Uttar Pradesh Solar Energy Policy, 2022 and the Data Centre Policy, 2021 shall also be applicable and adjusted in the monthly invoices.

8 DIRECTIVES

8.1 COMPLIANCE OF DIRECTIVES ISSUED IN THE TARIFF ORDER DATED OCTOBER 10, 2024`

8.1.1 The Commission had issued certain directives to the Petitioner in the Tariff Order for FY 2023-24 dated May 24, 2023. The status of compliance submitted by the Petitioner viz-a-viz is shown in the Table given below:

Table 8-1: STATUS OF COMPLIANCE/PETITIONER'S REPLY TO COMMISSION'S DIRECTIVES

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
1.	The Petitioner was directed to adhere to the Manual of CEA on Transmission Planning Criteria to avoid overloading of transmission elements. The Petitioner was further directed to submit a report on the peak and average loading of various 400 kV, 220 kV & 132 kV transmission elements (substation & lines) which are running in overload condition (80% and above in normal condition) along with proposed action plan, by September 30th and March 31st every year. The Petitioner was also directed to submit the said reports along with the proposed action plan separately before the Commission.	The Petitioner will ensure compliance with the directives and will submit the report by 31 st May 2025.	Complied. The Petitioner has submitted the information and action plan vide letter dated 06.06.2025.
2.	The Petitioner was directed to ensure that reliable data communication is maintained to the Satisfaction of UPSLDC.	Presently, data communication is being carried out smoothly and the petitioner will ensure compliance of the directive in future also.	Complied. The Petitioner is directed to ensure that reliable data communication



S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
			is regularly maintained
3.	STU is mandated to plan an efficient, reliable, and economical intra-state transmission system through a transparent process of extensive, informed and inclusive consultation with distribution licensees and other Stakeholders and get it developed as per the provisions of the Act and Policies formulated thereunder. Therefore, as per the provisions of UPEGC, STU shall submit to the Commission an updated long-term Transmission System Plan for a time span of 5 years on a rolling basis every year by 28th February identifying specific transmission projects which are required to be taken up along with their implementation timelines. The Licensee/STU shall prepare and submit an updated five-year Transmission System Plan for the State (identifying specific transmission projects that are required to be taken up along with others (a) Brief Scope of Work; (b) Estimated Cost; (c) Estimated COD/implementation timelines) for approval of the Commission by 28th February every year on rolling basis in accordance with UPERC (Modalities of Tariff	The Commission have approved the STU Transmission plan for FY 2024-29 vide its order dated 27.03.2024. Further, the Petitioner has submitted the rolling STU Transmission Plan for consideration of the Commission.	Complied.

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
	Determination) Regulations, 2023 and State Grid Code read with Indian Electricity Grid Code and other guidelines/regulations of Central Electricity Authority. STU shall ensure that the schemes shall be approved at least by TWC and BOD prior to its inclusion in STU Transmission Plan.		
4.	The Licensee/STU shall plan the transmission substations and lines in light of the revised "Manual on Transmission Planning Criteria" issued by Central Electricity Authority in the year 2023, for the urban areas and near the load centres. During the TWC approval of transmission schemes, STU shall ensure that the proposed substation/switchyard should have provision of sufficient land space for its future extension in line with the said transmission planning criteria, as far as possible, for installation of transformers for capacity augmentation along with transformer bays, and additional feeder bays for upcoming upstream/downstream network to meet the future requirement.	The Petitioner has submitted that the same is being complied with.	Complied. The same shall be complied in future also.
5.	The Licensee/STU shall carry out planning studies for reactive power compensation of the intra-State transmission system Incl. reactive power requirement at the SSGS's	Petitioner have engaged PRDC for carrying out planning studies for reactive power compensation of the intra-State transmission system Incl. reactive power requirement at the SSGS's switchyard and the report will	Partly Complied. The Petitioner is directed to submit the report in the

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
	switchyard and submit the same before the Commission once a year by 30th November.	be submitted along with the next rolling plan.	next tariff petition.
6.	The Licensee/STU shall ensure calibration, periodical testing and maintenance of ABT interface metering system (G-T & T-D) Incl. replacement of existing conventional/TOD metering system installed at 33 kV & above feeders (T-D interface). The Licensee shall complete the testing and calibration of the ABT interface metering system at least once in five years (or as advised by SPC) as per CEA (Installation and Operation of Meters) Regulation, 2006 and amendments thereof. Status reports shall be shared with the SPC six-monthly, by September 30th and March 31st every year and further shall be followed up regularly in the SPC.	SAMAST Meters have been installed till the end of year 2024. Calibration, periodical testing and maintenance of ABT interface metering system shall be taken up as per CEA (Installation and Operation of Meters) Regulation, 2006 and amendments thereof. The reports were also discussed in SPC held on 09.04.2025.	Complied. The same shall be complied in future also. The Commission also directs the Petitioner to furnish the final detailed status report of implementation of SAMAST Scheme. Further, the petitioner is directed to ensure the availability of all the equipment's installed under SAMAST Scheme.
7.	The Petitioner shall conduct an internal audit of their protection system annually of each substation at 220 kV & above any shortcomings identified shall be rectified. The audit report along with the action plan for rectification of deficiencies detected, if any, shall be shared with SPC. The necessary compliance with such internal protection audit reports shall be followed up regularly in the SPC.	<ul style="list-style-type: none"> As per NRPC Guidelines, Internal Protection Audit of 220 kV and above substations is to be carried out every financial year during last quarter. Last year the Internal Protection Audit was carried out by UPPTCL protection engineer team w.e.f. Jan. 2024 to March 2024 and actions against shortcomings have been taken up to April 2024. 	Partly Complied. If the Protection Audit Report has not been discussed in SPC, then, the same shall be discussed in SPC & a detailed action plan shall be submitted to the Commission.

S. N.	Directives	Status of Compliance/ Petitioner’s Reply	Remarks																					
		<div> <ul style="list-style-type: none"> Further for FY-2024-25 the Internal Protection Audit Zone wise has been completed as detailed below: <table> <tr> <th>Name of Zone</th> <th>Internal Protection Audit done by</th> <th>Date of Protection Audit done from / to</th> </tr> <tr> <td>TW Meerut</td> <td>SE T&C Meerut</td> <td>06.01.25-25.03.25</td> </tr> <tr> <td>TC Lucknow</td> <td>SE T&C Prayagraj</td> <td>09.01.25-01.04.25</td> </tr> <tr> <td>TSW Agra</td> <td>SE T&C Gorakhpur</td> <td>03.02.25-25.02.25</td> </tr> <tr> <td>TSC Jhansi</td> <td>SE T&C Agra</td> <td>24.01.25-23.03.25</td> </tr> <tr> <td>TNE Gorakhpur</td> <td>SE T&C Lucknow</td> <td>17.03.25-21.03.25</td> </tr> <tr> <td>TSE Prayagraj</td> <td>SE T&C Jhansi</td> <td>27.01.25-20.03.25</td> </tr> </table> </div>	Name of Zone	Internal Protection Audit done by	Date of Protection Audit done from / to	TW Meerut	SE T&C Meerut	06.01.25-25.03.25	TC Lucknow	SE T&C Prayagraj	09.01.25-01.04.25	TSW Agra	SE T&C Gorakhpur	03.02.25-25.02.25	TSC Jhansi	SE T&C Agra	24.01.25-23.03.25	TNE Gorakhpur	SE T&C Lucknow	17.03.25-21.03.25	TSE Prayagraj	SE T&C Jhansi	27.01.25-20.03.25	
Name of Zone	Internal Protection Audit done by	Date of Protection Audit done from / to																						
TW Meerut	SE T&C Meerut	06.01.25-25.03.25																						
TC Lucknow	SE T&C Prayagraj	09.01.25-01.04.25																						
TSW Agra	SE T&C Gorakhpur	03.02.25-25.02.25																						
TSC Jhansi	SE T&C Agra	24.01.25-23.03.25																						
TNE Gorakhpur	SE T&C Lucknow	17.03.25-21.03.25																						
TSE Prayagraj	SE T&C Jhansi	27.01.25-20.03.25																						
8.	The Petitioner shall conduct third-party protection audit of each substation at 220 kV and above once in five years or earlier as advised by the Grid Code/ SPC.	<div> <ul style="list-style-type: none"> As per NRPC Guidelines, 3rd Party Protection Audit of 220 kV and above voltage level substations are to be carried out every 5 years by CPRI or any other reputed Agency. The 3rd Party Protection Audit of all Zones was previously ordered in Year 2019 to M/s CPRI on Nomination and completed during Year 2020, for the audit period pertaining to Year 2025. Further, the 3rd Party Protection Audit tender has been awarded to M/s ERDA for 200 Nos. of 220 kV and above substations. The process will be completed within 3 months. </div>	Complied																					
9.	Regarding transmission schemes of 220 kV and above and other	The petitioner is taking the prior approval of all the schemes costing	The Petitioner shall ensure to																					



S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
	capital expenditures of value exceeding Rs. 20 Crores which were approved by the Commission as per MYT Regulations under RTM mode - i. The Petitioner shall submit six monthly progress reports to the Commission indicating the financial and physical progress of the implementation of the schemes (by September 30st and March 31st every year). ii. The Petitioner shall submit the completion report of schemes indicating the actual cost incurred and time overrun if any in the implementation of the scheme.	above Rs.20Cr from the Hon'ble Commission and will ensure compliance in future also.	submit the progress report by due date.
10.	UPPTCL/STU shall furnish the details pertaining to electricity transmitted and measured at interface meter(s) (Main) installed at the points of interconnection(s) between electrical system(s) of Transmission Licensee(s) and UPPTCL/ any other Transmission or Distribution Licensee/ Generating Company (refer UPERC letter UPERC/Secy./D(L&L)/2024/1752 dated 05.02.2024).	The requisite data is being perused with UPSLDC and will be submitted within 03 weeks.	Not-Complied. The Petitioner shall ensure compliance and submit the information within the submitted timeline, failing which the Commission may initiate proceedings under Section 142 of the Electricity Act, 2003.
11.	The Commission observed that	Complied in present petition i.e. True-	Complied

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
	the Transmission Licensee has not filled a few formats like P3, P10 etc. and in the few formats the data is incomplete. Also, it has been observed that the Excel files are not linked and formula driven which delay the proceedings. Therefore, the Petitioner is directed to ensure that all the Tariff and additional Formats are completely filled and are with formulas and links.	up petition for FY 2023-24.	
12.	The Licensee is directed to seek innovative solutions based on energy storage systems, virtual transmission, other cutting edge technologies at the transmission level to address issues such as congestion in networks, to support voltage & frequency control, serve as the N-1 redundancy etc.	Partially complied, the petitioner has planned augmentation of capacity, addition of bays etc. to address issues of congestion in networks, N-1 redundancy etc.	Complied. the same is discussed in detail in the report of way forward.
13.	Central Electricity Regulatory Commission had issued the draft CERC (Indian Electricity Grid Code) Regulations, 2022. As per Section 86(1)(h) of the Electricity Act 2003, the State Grid Code should be consistent with the Grid Code specified by CERC. Accordingly, the Commission is also in process to amend/formulate the State Grid Code. Therefore, UPPTCL shall simultaneously prepare itself to ensure smooth transition/implementation of Central Grid Code in order to give effect when it comes into force.	Petitioner is ensuring smooth transition/implementation of Central grid code as amended from time to time.	Complied

8.2 DIRECTIVES ISSUED IN THIS ORDER

- 8.2.1 As per Section 17(4) of EA 2003 prior approval should be taken for transfer / sell / renting of its Assets. The Licensee shall strictly follow the same.

The Commission directs the Petitioner to submit the detailed capital investment plans / schemes/ projects of 220 kV and above and other capital expenditure of value exceeding Rs. 20 Crores for prior approval as per MYT Regulations, failing which the Commission may not allow the capex in the ARR and Tariff. Such investment approval Petitions should be accompanied with detailed techno-economic analysis preferably based on load flow study, IRR computations, if any.

- 8.2.2 The Commission directs the Petitioner to maintain a separate individual asset wise Fixed Asset Register for assets capitalized after 1.4.2025. Accordingly, from FY 2020-21 onwards UPPTCL to maintain three separate Gross Blocks (one for assets upto 31.3.2020, second for assets after 1.4.2020 upto 31.03.2025) and third for assets after 01.04.2025) and three separate FAR's depicting addition of Assets details from 01.04.2025 onwards for the purpose of depreciation computation.

- 8.2.3 The Commission directs the Petitioner to ensure to file its ARR/ Tariff Petition on time strictly in accordance with the MYT Regulations. 2019.

- 8.2.4 The Licensee is directed to seek innovative solutions based on energy storage systems, virtual transmission, other cutting edge technologies at the transmission level to address issues such as congestion in networks, to support voltage & frequency control, serve as the N-1 redundancy etc.

- 8.2.5 The Commission observed that the Transmission Licensee has not filled a few formats like P2, P7 etc. and in the few formats the data is incomplete. Also, it has been observed that the Excel files are not linked and formula driven which delay the proceedings. Therefore, the Petitioner is directed to ensure that all the Tariff and additional Formats are completely filled and are with formulas and links.

- 8.2.6 The Licensee is directed to ensure calibration, periodical testing and maintenance of the ABT interface metering system including replacement of existing

conventional/TOD metering installed at 33kV and above feeders (T-D interface) for smooth implementation of DSM framework in the State.

- 8.2.7 The First Proviso to Regulation 23.3 mandates UPPTCL to conduct the asset monetization study within six months from the date of issuance of MYT Regulation, 2025. The regulation has reproduced below:

Quote

23. Non-Tariff Income

.....

- 8.2.8 *(3). The Non-Tariff income under item (j) above (income from advertisements) shall be shared between the Transmission Licensee and the consumers in the ratio of 30% and 70% respectively: Provided that the Transmission Licensee shall undertake asset monetisation study within six months from the date of notification of these Regulations.*

Unquote

- 8.2.9 The Commission further in Statement of Reason had directed the Petitioner to conduct asset monetization study within six months of the notification of the Final MYT Transmission Regulations, 2025. Accordingly, the Commission directs the Petitioner to submit the study by December 31, 2025. The study shall be comprehensive and must, inter alia, cover the following elements:

- Evaluation of monetization opportunities,
- Identification of monetizable transmission assets, and
- Proposal of phased implementation plans.

- 8.2.10 The Commission directs the Petitioner to furnish the final detailed status report of implementation of SAMAST Scheme. Further, the petitioner is directed to ensure the availability of all the equipment's installed under SAMAST Scheme.

- 8.2.11 The Commission directs the Petitioner to submit System Study Report on the Network Elements experiencing congestion on a yearly basis.

- 8.2.12 The Licensee shall conduct the study for maintenance of Voltage profile/reactive power management at various Substations where solar generation or proposed solar generation is substantial. The detailed Report shall be submitted before the Commission on yearly basis.

- 8.2.13 The Petitioner is directed to take appropriate measures to overcome the underloading/overloading of Substation/lines and submit such details before the Commission from time to time.
- 8.2.14 The Petitioner shall conduct an internal audit of their protection system annually of each substation at 220 kV & above any shortcomings identified shall be rectified. The audit report along with the action plan for rectification of deficiencies detected, if any, shall be shared with SPC. The necessary compliance with such internal protection audit reports shall be followed up regularly in the SPC.
- 8.2.15 Regarding transmission schemes of 220 kV and above and other capital expenditures of value exceeding Rs. 20 Crores which were approved by the Commission as per MYT Regulations under RTM mode -
- The Petitioner shall submit six monthly progress reports to the Commission indicating the financial and physical progress of the implementation of the schemes (by September 30th and March 31st every year).
 - The Petitioner shall submit the completion report of schemes indicating the actual cost incurred and time overrun if any in the implementation of the scheme.
 - The Petitioner shall ensure to submit the above progress failing which the Commission may disallow capitalization in the ARR of respective years.
- 8.2.16 UPPTCL/STU shall furnish the details pertaining to electricity transmitted and measured at interface meter(s) (Main) installed at the points of interconnection(s) between electrical system(s) of Transmission Licensee(s) and UPPTCL/ any other Transmission or Distribution Licensee/ Generating Company along with next tariff Petition (refer UPERC letter UPERC/Secy./D(L&L)/2024/1752 dated 05.02.2024).
- 8.2.17 UPPTCL is directed to conduct a detailed study of impact on transmission loss for the Control Period, considering 220 kV & above transmission system to be developed through TBCB by other Transmission Licensees, and submit the same within three months.

9 REPORT ON WAY FORWARD ISSUED IN LAST TARIFF ORDER

9.1 COMPLIANCE OF STATUS OF WAY FORWARD ISSUED IN THE TARIFF ORDER DATED OCTOBER 10, 2024`

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
1.	<p>Advanced Monitoring and Control Systems:</p> <p>The Petitioner should endeavour to facilitate the penetration of SCADA (Supervisory Control and Data Acquisition) on its network for real-time monitoring and control of the grid. This will help in tracking power flow, detecting faults, and optimizing grid performance, and eventually leading to higher availability and reliability.</p>	UPPTCL has already implemented SCADA at 549 substations out of the total 684 in its network, with real-time data from these substations being transmitted to the State Load Dispatch Centre (SLDC) for monitoring and control purposes. The remaining 135 substations (all 132 kV) are planned to be brought under SCADA coverage by March 2026.	The Petitioner is directed to ensure that all remaining substations are brought under SCADA coverage by 31 st March 2026.
2.	<p>Predictive Maintenance:</p> <p>Deploying predictive maintenance practices through routine testing of equipment and creating database of test results, use of sensors and data analytics will help the Petitioner timely anticipate equipment failures before they occur, thus reducing downtime and improving reliability. This will also reduce the R&M cost and result in longer life for transmission elements and infrastructure.</p>	UPPTCL has initiated drone patrolling of transmission lines to enhance inspection efficiency and coverage. In addition, patrolling of lines is being carried out through the Transmission Line Patrolling System (TLPS) mobile application, and a centralized database of patrolling records has been created for systematic monitoring and analysis. Furthermore, for monitoring the health of power transformers, a dedicated application is currently under the development stage.	The Petitioner is directed to provide timelines for developing dedicated application and future course of action during next tariff Petition filing.
3.	<p>Smart Grid Technology:</p> <p>The Petitioner should plan to implement state of the art smart</p>	UPPTCL has engaged Power Grid Corporation of India Limited (PGCIL) for the implementation of remote	The Petitioner is directed to provide the

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
	grid technologies to enhance grid resilience, improve load management, and enable real-time adjustments to the power transmission.	operation of its substations. In the first phase, approximately 200 substations are planned to be brought under remote operation, which will enable centralized monitoring, faster operational control, and improved system efficiency.	detailed action plan along with timelines in the next Tariff Petition.
4.	<p>Grid Modernization:</p> <p>The Petitioner should proactively assess the current life of its key transmission infrastructure such as power transformers, instrument transformers, meters, transmission lines consisting of towers, conductors etc., so that upgradation of the infrastructure can be planned and implemented seamlessly. High-efficiency transformers, insulated conductors, and automated substations will add on to higher availability of the network as well as reduced transmission losses.</p>	UPPTCL is carrying out Residual Life Assessment (RLA) of its transmission assets to facilitate timely planning of upgradation and replacement. In addition, mechanical relays are being systematically replaced with numerical, software-based relays, enabling enhanced protection, faster fault detection, and improved system reliability	Complied. The Petitioner is directed to replace all Mechanical Relays with Static Relays within a period of six months.
5.	<p>Data Analytics and Machine Learning:</p> <p>The Petitioner should endeavour to use data analytics and machine learning algorithms to optimize grid operations, forecast demand, and identify patterns that could indicate potential issues. The Petitioner should also gradually increase the penetration of such</p>	The implementation of data analytics and machine learning initiatives for optimizing grid operations, forecasting demand, and identifying potential network issues will be carried out majorly by the State Load Dispatch Centre (SLDC).	The directions relate more to SLDC. The same is provided in UPSLDC Tariff Order.

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
	efficient technology wherever possible in the daily operations related activities.		
6.	<p>Cybersecurity Measures:</p> <p>Cyber Security remains the biggest external threat to the whole grid operations. Implementing strong cybersecurity practices as per CERT-In guidelines and CEA directives to protect the grid from cyber threats, including secure communication protocols and regular security audits should be the top priority of the Petitioner.</p>	For UPPTCL's transmission infrastructure, cybersecurity implementation is currently underway, and Level 1 measures have already been completed. Further steps are being planned and executed in line with CERT-In guidelines and CEA directives to ensure comprehensive protection of the grid.	The Petitioner is directed to provide the detailed action plan along with timelines in the next Tariff Petition.
7.	<p>Climate Resilient Network Planning:</p> <p>Climate change and extreme weather events such as high temperatures, high demand (leading to higher loading of transmission elements), flooding, storm etc. pose a great challenge to all Utilities. The Petitioner should keep in mind to develop and implement comprehensive resilience plans to address and recover from natural disasters, system failures, and other emergencies.</p>	UPPTCL is using the Emergency Restoration System (ERS) to ensure rapid recovery from natural disasters or system failures and to maintain uninterrupted power supply during emergencies. Further, a wind zone identification study has been conducted, based on which Western UP and Bundelkhand have been classified as Wind Zone 5. Accordingly, the design of transmission towers for these areas is being carried out as per Wind Zone 5 specifications starting from FY 2023-24.	Complied. The Petitioner is directed to ensure the same in future also.
8.	<p>RE and Energy Storage Integration:</p> <p>As more and more integration of RE happens, BESS and other</p>	<p>UPPTCL has granted connectivity for the development of two pumped storage projects (PSPs) in the Sonbhadra region:</p> <ul style="list-style-type: none"> Adani – 1,250 MW 	Complied. The Petitioner is directed to ensure the same in future also.

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
	energy storage solutions would play a greater part in future of the power transmission and distribution. The Petitioner should undertake coordinated efforts with the Generators /Distribution Licensees for promoting developing energy storage solutions for integration with the grid to manage supply and demand more effectively and support grid stability with the exponential increase in RE penetration. Reactive power studies with RE Integration with the grid shall be taken up on a continuous basis.	<ul style="list-style-type: none"> JSW – 1,500 MW <p>Additionally, a 900 MW PSP by a joint venture of THDC and UPRVUNL is currently in the planning stage. For Battery Energy Storage Systems (BESS), 625MW/2500 MWh Battery energy storage system (BESS) scheme supported by viability gap funding (VGF) from the government of India, bids were invited for UPPCL by SJVN and NVVN, acting as the beneficiary implementing agency (BIA), as per following:-</p> <p>SJVN Ltd.- 375MW/1500MWh Tolling mode where charging power provided by UPPCL.</p> <p>NVVN Ltd. - 250MW/1000MWh composite mode where charging power will be arranged by the developer</p> <p>Both BESS projects are proposed to be commissioned at the 400 kV / 200 kV Garotha transmission substation, Jhansi. The bids have been finalized, Power Supply Agreements (PSAs) have been signed by UPPCL, and connectivity has been granted by UPPTCL.</p>	
9.	Innovation: The Petitioner shall seek innovative solutions based on energy storage systems, virtual transmission, other cutting-edge technologies at the transmission level to address issues such as congestion in networks, to support voltage & frequency control, serve as the N-1 redundancy etc.	Same as above (reply of 8 th Point)	Complied. The Petitioner is directed to submit the detailed action plan along with timelines in consultation with distribution licensees for

S. N.	Directives	Status of Compliance/ Petitioner's Reply	Remarks
			future course of action in the next Tariff Petition.
10.	The Petitioner shall focus on strictly adhering to sector technical standards, best practices, and regulations to ensure safe and reliable transmission network.	UPPTCL continuously focuses on strict adherence to technical standards, best practices, and regulatory requirements to ensure a safe and reliable transmission network. Network planning by UPPTCL is carried out in accordance with the Central Electricity Authority (CEA) Planning Criteria Manual. For transmission assets, the standard specifications and technical parameters prescribed by CEA/IS/IEC are strictly followed to ensure reliability, safety, and optimal performance of the network.	Complied. The Petitioner is directed to ensure the same in future also.
11.	The use of GIS Mapping would help in geographically tagging an asset in a scheme at its identified location. Therefore, the Petitioner should endeavour that assets put to use after execution of the Capex schemes, shall be added to Asset Register of the entity with GIS Mapping.	UPPTCL has completed 100% GIS tagging of all existing transmission substations and lines, and the corresponding data has been uploaded on the Gati Shakti Portal. This ensures accurate geographical mapping of assets for better monitoring, planning, and integration with national infrastructure data systems.	Complied. The Petitioner is directed to ensure the same in future also.

9.2 WAY FORWARD ISSUED IN THIS ORDER

The primary responsibility of a transmission utility is to provide reliable, efficient, and future-ready network infrastructure for seamless evacuation of power from generating stations to distribution licensees and other transmission users. In line with the evolving power sector scenario in India—marked by large-scale renewable energy (RE) integration, green hydrogen, offshore wind projects, and storage-based balancing resources—the Commission, through

this Order in addition to its earlier Orders, sets out the following way forward for the Petitioner's future performance:

9.2.1 Innovation & New Technologies

- Explore Virtual Transmission Lines, Dynamic Line Rating (DLR), FACTS devices (SVC/STATCOM), to reduce congestion and enhance reliability.

10 APPLICABILITY OF THE ORDER

- 10.1.1 The Petitioner (in the Capacity of STU), in accordance with Regulation 3.10 of the MYT Regulations, 2025, shall publish the Intra State Transmission Tariff within three working days approved by the Commission in at least two English and two Hindi daily newspapers having wide circulation in its license area and shall upload the approved Tariff on its internet website both in English and Hindi. The Petitioner is also required to submit the copies of the newspapers and screen shots of the website within seven (7) days of publication to the Commission.
- 10.1.2 The Tariff so published shall be in force after seven days from the date of such publication of the tariffs and unless amended or revised, shall continue to be in force till the next tariff order becomes effective. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

(Sanjay Kumar Singh)
Member

(Arvind Kumar)
Chairman

Place: Lucknow

Date: September 08, 2025



ANNEXURE I: ADMITTANCE ORDER



BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,
LUCKNOW

Petition No. 2166/2024

IN THE MATTER OF:

Petition No. 2166/2024 for Truing-Up for FY 2023-24, Annual Performance Review (APR) for FY 2024-25 and Revised Annual Revenue Requirement (ARR) for FY 2025-26 of Uttar Pradesh Power Transmission Ltd. (UPPTCL) and Intra-State Transmission for FY 2025-26 of State Transmission Utility (STU).

ORDER

BACKGROUND:

The Electricity Act, 2003 under Section 64 stipulates the Licensee to file an application before the State Electricity Regulatory Commission for determination of tariff in such manner as may be specified by the Commission as per the applicable Regulations.

The Commission had notified the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 (herein after referred as UPERC MYT Regulations, 2019) on September 23, 2019. These Regulations are applicable for determination of tariff in all cases covered under these Regulations from April 1, 2020 to March 31, 2025 unless reviewed earlier or extended by the Commission.

As per the provisions stipulated in Regulation 4 of MYT Regulations, 2019, the Petition for determination of True-Up, Annual Performance Review (APR) and Aggregate Revenue Requirement (ARR)/Tariff, complete in all respect have to be filed by the Transmission Licensee for each year of the Control Period (FY 2020-21 to FY 2024-25) before the Commission on or before November 30th of concerned year.

Thereafter, the Commission had notified the UPERC (Multi Year Tariff for Transmission) Regulations, 2025 (hereinafter referred as 'MYT Transmission Regulations 2025') on June 06, 2025. The MYT Transmission Regulations 2025 is applicable for the control period from April 01, 2025 to March 31, 2030, unless extended by the Commission.

Further, the Commission vide letter no. UPERC/D(T&S)/JD(T)/156-386 dated 23rd June 2025 directed UPPTCL/STU to submit its ARR and Petition for Intra-State Transmission Tariff for FY 2025-26 as per MYT Transmission Regulations 2025 latest by 10th July 2025. The Commission also shared the formats with UPPTCL for submitting information

by

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pertaining to the ARR as per MYT Transmission Regulations 2025. The relevant para of the letter is as below:

"The UPERC (Multi Year Tariff for Transmission) Regulations, 2025 were framed by the Commission vide notification no. UPERC/D(T)/JD(Transmission)/156-012, dated 06.06.2025. Accordingly, the formats for the control period from 01.04.2025 to 31.03.2030 for filing of True up/ APR/ ARR have been prepared.

The Tariff Petition i.e. True Up for FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-26 as per the UPERC (MYT for Distribution and Transmission) Regulations, 2019 has already been filed by the UPPTCL. Further, the formats for True up of FY 2023-24 and APR for FY 2024-25 have already been submitted by the UPPTCL along with the tariff petition for True up of FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-26. However, with the issue of new regulations, the ARR/Tariff for FY 2025-26 will have to be determined based on the principles contained in MYT Regulations for the control period from 01.04.2025 to 31.03.2030.

Accordingly, it is directed to provide the information pertaining to the ARR for FY 2025-26, along with supporting documents and relevant submissions, if any, in the enclosed formats by 10.07.2025. The soft copy of the formats has been sent via email as well."

LICENSEES SUBMISSION:

Uttar Pradesh Power Transmission Corporation Ltd. (hereinafter referred to as 'UPPTCL'/ 'Petitioner') filed its ARR Petition 2166/2024 for determination of True-Up for FY 2023-24, APR for FY 2024-25 and ARR & Tariff for FY 2025-26 before the Commission on November 29, 2024, along with the audited accounts for FY 2023-24, as per the UPERC MYT for Distribution and Transmission Regulations, 2019.

The Petitioner, vide letter dated July 03, 2025, requested an extension of 10 days, i.e., until July 20, 2025, for filing the revised ARR and Intra-State Transmission Petition for FY 2025-26 (in the capacity of STU), citing a change in the principles and methodology under the notified MYT for Transmission Regulations, 2025, as compared to the earlier MYT Regulations, 2019.

Thereafter UPPTCL/STU submitted its revised ARR and Intra-State Transmission Petition for FY 2025-26 before the Commission on July 21, 2025 following the principles and methodologies of the MYT Transmission Regulation, 2025.

PRELIMINARY OBSERVATION:

The Commission had conducted a preliminary analysis of the above Petition submitted on November 29, 2024 and certain deficiencies were observed which were raised to the Petitioner vide letters/email dated January 20, 2025, and April 16, 2025 and some deficiencies were raised vide Minutes of Meeting dated July 23, 2025 of TVS conducted on July 23, 2025 against the revised petition.

In preliminary analysis, deficiencies were sought which were related to CAG Report for FY 2023-24, MYT formats in excel formats, appeals/ cases pending in various Tribunals/

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Courts against the orders of the Commission, de-capitalized assets, capital work in progress, capital expenditure and capitalisation, computation of interest rate on long term loan, O&M expenses, calculation of depreciation, subsidy, loan taken, interest capitalized, finance charges, compliance of directives issued by the Commission in its previous Tariff Orders along with various other deficiencies.

LICENSEE RESPONSE:

The Petitioner submitted its response to the data deficiency in respect to True-Up of FY 2023-24, APR of FY 2024-25, ARR/Tariff of FY 2025-26 vide following letters:

- a) Letter No.110 Dir(P&C)/UPPTCL/2025 dated February 04, 2025.
- b) Letter No. 323 Dir(P&C)/UPPTCL/2025 dated May 20, 2025.
- c) Revised submission for ARR and Intra-State Transmission Tariff for FY 2025-26, filed on July 21, 2025, in accordance with MYT for Transmission Regulation, 2025.

The Technical Validation Session (TVS) on the True Up, APR and ARR/Intra-State Transmission Tariff Petition of the Petitioner (UPPTCL/STU) was conducted on July 23, 2025, which was attended by the officials of the Commission and the Petitioner. During TVS, UPPTCL/STU explained various issues raised in the deficiencies and provided clarifications on the queries raised by officials of the Commission. The fresh queries, related to information submitted pertaining to pending data / information, were sought vide minutes of meeting (M.O.M.) dated 23rd July 2025.

COMMISSION'S OBSERVATIONS & DIRECTIONS:

The Petitioner has filed the Petition in accordance with UPERC MYT for Distribution and Transmission Regulation 2019, MYT for Transmission Regulation 2025 and letter no. UPERC/D(T&S)/JD(T)/156-386 dated June 23, 2025. The Petitioner has submitted data in compliance with Clause 2 and Clause 3 of Regulation 3 of the new MYT Regulations and has made submission dated 21.07.2025 for ARR and Intra-State Transmission (in the capacity of STU) as per UPERC MYT for Transmission Regulations 2025.

Further, the Commission admits the Tariff Petition No. 2166/2024 of the Petitioner. The Commission further directs UPPTCL/STU to submit the response on matters raised in TVS and previous pendency, if any. The Petitioner is also being directed that it shall furnish further information / clarifications, if any, as deemed necessary by the Commission during the processing of the Petition and provide the same to the satisfaction of the Commission within the time frame as stipulated by the Commission. In case of failure in compliance of such directions, the Commission shall dispose of the concerned matter as found deemed fit by it based on the available information.

Clause (8) of Regulation 3 of UPERC (MYT for Transmission) Regulations, 2025 specifies as under:

"The Petitioner shall within three working days of the issuance of the Admittance Order, publish a Public Notice in at least two English and two Hindi daily newspapers

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having wide circulation in its license area, outlining the True-Up/APR/ARR, proposed Tariff and such other matters as may be directed by the Commission, inviting suggestions and objections from the stakeholders and public at large:

Provided that the Petitioner shall also provide on its website the Petition filed before the Commission along with all regulatory filings, detailed computations, particulars and documents, in text-searchable format or in downloadable spreadsheet format in the manner stipulated by the Commission:

Provided also that the web link to the information mentioned in the first proviso to this Regulation should be easily accessible, archived for downloading and be prominently displayed on the Petitioner's website:

Provided also that Petitioner shall intimate its stakeholders about filing of such Petition, period of public consultation, date of Public Hearing etc. through appropriate notice on its website and newspapers:

Provided further that the Petitioner may be exempted by the Commission from providing any such information, particulars or documents considered confidential in nature."

Accordingly, the Petitioner shall publish a Public Notice within three working days of issue of the Admittance Order in at least two English and two Hindi daily newspapers having wide circulation, outlining the ARR, proposed Intra-State Transmission Charges, APR, True-Up etc., and invite suggestions and objections within 21 days from the date of publication of the Public Notice(s) from the stakeholders and public at large.

The Public Notices should indicate that the stakeholders should regularly check the website of the Petitioner for further submissions made in respect to these proceedings.

The Petitioner shall also upload on its website the True up Petitions, the APR Petition and updated ARR and Intra-State Transmission Tariff along with formats filed before the Commission along with all regulatory filings, information, particulars, and related documents in their original version (not in zipped or compress folder), which shall be signed digitally and in searchable pdf formats along with all Excel files and as per any other provision of the Regulations and Order of the Commission. The Petitioner shall also ensure that those files are broken into such size which can be easily downloaded. The Petitioner shall also ensure that for downloading the same, there is no requirement of providing personal information. The Petitioner shall not provide or put up any such information, particulars, or documents, which are confidential in nature, without the prior approval of the Commission.

The Petitioner shall inform the Commission, about the details of publication of the Public Notice in the newspapers and uploading on the website along with the links. The Petitioner are also required to submit the copies of the newspapers and screen shots of the website within 7 days of publication of the Public Notice.

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The Commission proposes to hold the Public Hearings in August 2025, the details of which will be provided subsequently on the Commission's website www.uperc.org.

The Petitioner shall take all necessary steps to ensure the necessary arrangements for smooth functioning of the same in accordance with the guidelines / instructions issued in this regard by the Commission.

The Commission reserves the right to seek any further information / clarifications as deemed necessary during the processing of these Petitions.

(Sanjay Kumar Singh)
Member



(Arvind Kumar)
Chairman

Place: Lucknow

Date: 25 July 2025



ANNEXURE II: PUBLIC NOTICE ISSUED BY THE COMMISSION FOR PUBLIC HEARING

	U.P. Electricity Regulatory Commission Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010									
Ph : 0522-2720426, Fax : 0522-2720423, E-mail: secretary@uperc.org , www.uperc.org										
Ref: UPERC/D(T&S)/JD(T)/171- 614	Dated: 30.07.2025									
<u>Public Notice</u>										
<p>The Transmission licensee, viz. Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) and Uttar Pradesh State Load Despatch Centre (UPSLDC) have filed Petitions for determination of Aggregate Revenue Requirement (ARR) / Tariff for FY 2025-26, Annual Performance Review for FY 2024-25 and True-Up for FY 2023-24 before the Uttar Pradesh Electricity Regulatory Commission (UPERC / Commission).</p> <p>The Commission vide Orders dated July 24, 2025 for UPSLDC & July 25, 2025 for UPPTCL has admitted the Petitions and has decided to hold "Public Hearings" for inviting suggestions and objections from the stakeholders and public at large. The "Public Hearings" will be conducted as per below details:</p>										
<table border="1"><thead><tr><th>Licenses Covered</th><th>Date & Time of Public Hearing</th><th>Place of Public Hearing</th></tr></thead><tbody><tr><td>UPSLDC</td><td>August 20, 2025 @ 11:00 AM (Wednesday)</td><td>Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010</td></tr><tr><td>UPPTCL</td><td>August 20, 2025 @ 12:00 AM (Wednesday)</td><td>Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010</td></tr></tbody></table>	Licenses Covered	Date & Time of Public Hearing	Place of Public Hearing	UPSLDC	August 20, 2025 @ 11:00 AM (Wednesday)	Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010	UPPTCL	August 20, 2025 @ 12:00 AM (Wednesday)	Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010	
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<p>The licensee/entity has already published a summary of the Petitions in newspapers, inviting suggestions and objections. The stakeholders & Public at large should regularly check the websites of Commission i.e. www.uperc.org & concerned Licensee/Entity for updates / information and details about the venues/schedule of the 'Public Hearings'. All stakeholders and public at large are invited to attend the 'Public Hearings'.</p> <p>All the Stakeholders who are participating in the Public Hearing shall also submit their written suggestions and objections in hard copies (one original + 05 sets of copies) along with affidavit to the Secretary, UPERC within three (03) days of the Public Hearing. The submission should also be sent in PDF and Word / Excel format on the email id: secretary@uperc.org & office@uperc.org. It should be ensured that the Licensee/Entity name for whom the submission pertains to, is written in the subject line, otherwise it may not be taken into consideration.</p>										
 Secretary										



ANNEXURE III: LIST OF PERSONSWHO ATTENDED PUBLIC HEARING

UPPTCL

ATTENDANCE SHEET

PE.TITION NO. 2166 OF 2024 : ARR/TARIFF FOR FY 2025-26, APR FOR FY 2024-25 AND TRUE-UP
FOR FY 2023-24 (UPPTCL)

Public Hearing, Lucknow

Date: 20.08.2025

At 11:00 Hrs.

Sl.No.	Name	Designation	Appearing on Behalf of	Signature & Mobile No.
1	Utkarsh Pandey	Sr. Executive	NPCL	Utkarsh 9634996710
2	Vikas Gupta	Chief Engineer	UPPTCL	Vikas 7060706065
3	Satyendra Kumar	SE	UPPTCL	Satyendra 9415902814
4	अवधेश कुमार	अध्यक्ष, उपप्रमुख विद्युत आयोग	UPPTCL	अवधेश
5	Devendra	CE (IAU)	UPPTCL	Devendra
6	Rateek Kishore	EE (RAV)	UPPTCL	Rateek
7	A. B. Singh	Dir. W&P	UPPTCL	A. B. Singh
8	Priyanshu Singh	Dir. (OP)	UPPTCL	Priyanshu
9	A. K. Shukla	SE	u	A. K. Shukla
10	S. P. Pandey	EE	u	S. P. Pandey
11	Saurabh Yadav	AE	u	Saurabh
12	Sushil Kumar	Computer Officer	u	Sushil
13	S. K. Das	Dir. (PEU)	u	S. K. Das
14	Sameer K. Swain	Dir. (Pir)	u	Sameer
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