Before the

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

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CASE No. 184 of 2024

In the matter of

Case of Adani Electricity Mumbai Limited – Transmission (AEML-T) for Truing-up of Aggregate Revenue Requirement (ARR) for FY2022- 23 and FY 2023-24, Provisional Truing-up of ARR for FY2024 -25 and approval of ARR for 5th Control Period form FY 2025-26 to FY 2029-30

Coram

Sanjay Kumar, Chairperson

Anand M. Limaye, Member

Surendra J. Biyani, Member

ORDER

Date: 28 March, 2025

Adani Electricity Mumbai Limited's Transmission Business ("**AEML-T**"), having its office at CTS 407/A (New), Eksar, Devidas Lane, Off SVP Road, Borivali (W), Mumbai 400103, has filed a Multi-Year Tariff (**MYT**) Petition on 31 October, 2024 comprising of Truing-up of Aggregate Revenue Requirement (**ARR**) for FY 2022-23 and FY 2023-24, Provisional Truing-up for FY 2024-25 and approval of ARR for 5th Control Period FY from 2025-26 to FY 2029-30. Subsequently, the revised Petition was filed on 5 December 2024.

The Petition has been filed in accordance with the MERC (Multi Year Tariff) Regulations, 2019 ("**MYT Regulations, 2019**") for Truing-up of FY 2022-23 & FY 2023-24 and Provisional Truing-up for FY 2024-25 and the MERC (Multi Year Tariff) Regulations, 2024 ("**MYT Regulations, 2024**") for projections of ARR for 5th Control Period from FY 2025-26 to FY 2029-30.

The Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act (**EA**), 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by AEML-T, upon Public consultation process, and upon considering all other relevant material, has approved the Truing-up of FY 2022-23 and FY 2023-24, Provisional Truing-up for FY 2024-25 and approval of ARR for 5th Control Period from FY 2025-26 to FY 2029-30 in this Order.

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LIST OF ABBREVIATIONS

A&G	Administrative and General
AEML	Adani Electricity Mumbai Limited
AEML-D	Adani Electricity Mumbai Limited – Distribution
AEML-G	Adani Electricity Mumbai Limited – Generation
AEML-T	Adani Electricity Mumbai Limited – Transmission
AEML-DW	Adani Electricity Mumbai Limited – Distribution Wires
AEML-DS	Adani Electricity Mumbai Limited – Distribution Supply
AIS	Air Insulated Sub-Station/Switchgear
ARR	Aggregate Revenue Requirement
APTEL/ATE	Appellate Tribunal for Electricity
ATL	Adani Transmission Limited
Capex	Capital Expenditure
CWIP	Capital Works In Progress
DPR	Detailed Project Report
EA 2003	Electricity Act, 2003
EHV	Extra High Voltage
FERV	Foreign Exchange Rate Variation
FY	Financial Year
GOM	Government of India
GFA	Gross Fixed Assets
GIS	Gas Insulated Sub-station/Switchgear
GMTN	Global Medium-Term Note
GTD	Generation, Transmission, Distribution
IDC	Interest During Construction
IOWC	Interest on Working Capital
InSTS	Intra-State Transmission System
ISTS	Inter State Transmission System
kV	Kilo Volt
MAT	Minimum Alternate Tax
MHADA	Maharashtra Housing and Area Development Authority
MCGM	Municipal Corporation of Greater Mumbai

MCLR	Marginal Cost of Funds based Lending Rate
MERC	Maharashtra Electricity Regulatory Commission
MOM	Minutes of Meeting
MSETCL	Maharashtra State Electricity Transmission Company Limited
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSLDC	Maharashtra State Load Despatch Centre
MTC	Maharashtra Transmission Committee
MTR	Mid Term Review
MVA	Mega Volt Amperes
MYT	Multi Year Tariff
NTI	Non-Tariff Income
O&M	Operation & Maintenance
Opex	Operational expenses
PBT	Profit before tax
PWD	Public Works Department
R&M	Repair & Maintenance
REL	Reliance Energy Limited
REGSL	Reliance Electric Generation and Supply Ltd.
RInfra	Reliance Infrastructure Limited
RInfra-T	Reliance Infrastructure Limited - Transmission Business
RoE	Return on Equity
SC	Supreme Court
SCADA	Supervisory Control and Data Acquisition
SIS	System Improvement Scheme
SLDC	State Load Despatch Centre
SOR	Statement of Reason
STU	State Transmission Utility
TBCB	Tariff Based Competitive Bidding
TPC	The Tata Power Company
TSU	Transmission System Users
TVS	Technical Validation Session

1 INTRODUCTION

1.1 Background

1.1.1 Adani Electricity Mumbai Limited ("**AEML**" or "the Petitioner") is a vertically integrated utility, managing generation, transmission, wheeling and retail supply of electricity in the suburbs of Mumbai. AEML was granted Transmission Licence No. 1 of 2011 vide Order dated 11 August, 2011 in Case No. 70 of 2011, which allows it to function as Transmission Licensee under Alternative 2 as per the MERC (Transmission Licence Conditions) Regulations, 2004 as amended in 2006. The Transmission Licence is asset specific Licence, which includes list of existing and proposed Transmission Lines as well as Transmission Bays for a period of 25 years w.e.f., 16 August, 2011.

1.1.2 Further, the Petition was filed by Reliance Infrastructure Limited ("**RInfra**") and Reliance Electric Generation and Supply Ltd. ("**REGSL**") in Case No. 139 of 2017 seeking approval of the Commission to assign the Transmission Licence granted to RInfra to REGSL including transfer of assets of the transmission system of RInfra to REGSL and subsequent sale of shares of REGSL to Adani Transmission Limited ("**ATL**").

1.1.3 Subsequently vide letter dated 29 August, 2018, ATL intimated to the Commission about the implementation of the scheme of arrangement to transfer Mumbai Generation, Transmission & Distribution (GTD) business of RInfra to REGSL w.e.f. 1 April, 2018 and the sale of 100% shareholding of REGSL to ATL on 29 August, 2018. Further, the Commission was informed about the application of REGSL for change of name to AEML with the concerned Authority.

1.1.4 Further, AEML, vide letter dated 1 September, 2018, informed the Commission about the change of name of (REGSL) to AEML, pursuant to a fresh Certificate of Incorporation issued by Registrar of Companies and requested the Commission to issue the Transmission Licence in the name of AEML.

1.1.5 The Commission vide letter dated 29 September, 2018 has assigned Transmission Licence to AEML.

1.1.6 Thus, the original Transmission Licence No. 1 of 2011 dated 11 August, 2011, along with amendment to the Transmission Licence dated 14 March, 2016 and 18 August, 2017 now stands in the name of AEML.

1.1.7 Subsequently, AEML-T filed the Petition in Case No. 195 of 2019 for third licence amendment in the Transmission Licence No. 1 of 2011. The Commission issued an Order in this regard and amended the Licence on 13 March, 2021.

1.1.8 AEML-T filed its Petition in Case No. 127 of 2022 for fourth licence amendment in the Transmission Licence No. 1 of 2011. The Commission issued an Order in this regard and amended the Licence on 30 May, 2023.

1.1.9 At present AEML-T has filed a Petition in Case No. 159 of 2024 for Fifth licence amendment in the Transmission Licence No. 1 of 2011. AEML-T has published a Public Notice in this Case on 7 December, 2024 and same is under regulatory process.

1.2 MYT Regulations

1.2.1 The Commission notified the MYT Regulations, 2019 on 1 August, 2019 as amended from time to time, which were applicable for the 4th Control Period from FY 2020-21 to FY 2024-25.

1.2.2 Subsequently, the Commission has notified the MYT Regulations, 2024 on 19 August, 2024. These Regulations are applicable for the 5th Control Period from FY 2025-26 to FY 2029-30, and as may be extended by the Commission.

1.3 Petition and Prayers of AEML-T

1.3.1 Since the present Petition pertains to the Transmission business of AEML, AEML-T (transmission business of AEML) has filed its MYT Petition on 31 October, 2024 comprising of Truing-up of ARR for FY 2022-23 and FY 2023-24, Provisional Truing-up for FY 2024-25 and approval of ARR for 5th Control Period FY 2025-26 to FY 2029-30. The main prayers of AEML-T in its revised Petition submitted on 5 December, 2024 are as below:

"

1. *Admit the petition as submitted herewith;*
2. *Approve the actual revenue gap/ surplus arising on account of truing-up of FY 2022-23 and FY 2023-24 along with the carrying / holding cost as worked out in this petition;*
3. *Approve the provisional ARR and revenue gap/ surplus for FY 2024-25 as worked out in this petition;*
4. *Approve the ARR for each year of fifth Control Period i.e. for FY 2025-26 to FY 2029-30, as projected in this Petition;*
5. *Allow specific deviations from the MYT Regulations, 2019 and MYT Regulations, 2024, wherever sought in this Petition;*
6. *Grant specific prayers, wherever made in this Petition, for reconsideration / relaxation of rulings made in previous Tariff Orders;*
7. *Allow additions / alterations / modifications/ changes to the Petition at a future date;*
8. *Condone any inadvertent errors/ inconsistencies/ omissions/ rounding off differences, etc. as may be there in the said Petition;*

9. Allow any other relief or pass Order and direction, which the Commission deems fit to be issued.

In light of the prayers made hereinabove, the Petitioner requests the Hon'ble Commission to consider the same and grant us appropriate relief."

1.3.2 On 8 November, 14 November and 21 November 2024, the Commission conveyed the preliminary data gaps and information required from AEML-T. Subsequently, a Technical Validation Session (**TVS**) on the Petition was held on 28 November, 2024. The List of persons who participated in the TVS is at **Appendix 1**.

1.3.3 AEML-T filed its revised Petition on 5 December, 2024, in accordance with the relevant provisions of MYT Regulations, 2024, incorporating replies to the queries raised in preliminary data gaps and clarifications on the issues raised during the discussion.

1.4 Admission of Petition and Public Consultation process

1.4.1 The Commission admitted the Petition on 9 December 2024 and directed AEML-T to publish it in accordance with Section 64 of the EA 2003, in the specified abridged form and manner, and to reply expeditiously to any suggestions and comments received.

1.4.2 Accordingly, AEML-T published a Public Notice inviting comments / suggestions / objections on its Petition on 12 December 2024. This Public Notice was published in English in Free Press Journal and Times of India, and in Marathi in Maharashtra Times and Navshakti daily newspapers, on Wednesday, 12 December, 2024. The Petition and its Summary was made available for inspection / purchase at AEML-T's offices and AEML-T's website (www.adanielectricity.com/corporate/regulatory). The Public Notice and Executive Summary of the Petition was also made available on the website of the Commission (www.merc.gov.in) in downloadable format.

1.4.3 The Commission received written suggestions/objections on the Petition from MSEDCL on 3 January 2025 to which AEML-T has responded vide its reply dated 7 January, 2025.

1.4.4 The e-Public Hearing was held on 8 January 2025 through virtual mode on MS-Teams platform. The list of persons who participated in the Public Hearing is at **Appendix-2**.

1.4.5 The Commission, during the e-Public Hearing directed AEML-T to revisit its proposed Capital Expenditure of 5th Control Period (FY 2025-26 to FY2029-30) and submit the revised submissions within 15 days from the date of e-Public Hearing. AEML-T complied with this direction by submitting its revised Capital Expenditure for 5th Control Period on 16 January 2025.

1.4.6 The Commission has ensured the due process contemplated under the law to ensure transparency and public participation is followed at every stage and adequate opportunity was given to all concerned to express their views.

1.5 Organisation of the Order

1.5.1 This Order is organised in the following Sections:

- **Section 1** provides a brief overview of the regulatory process undertaken by the Commission and notification and applicability of the MYT Regulations, 2019 and 2024.
- **Section 2** deals with suggestions/ objections received, AEML-T's Response and the Commission's Ruling.
- **Section 3** deals with the Truing-up of ARR for FY 2022-23 and FY 2023-24, which includes scrutiny of actual expenses and revenues compared with the approved values.
- **Section 4** deals with the Provisional Truing-up of ARR for FY 2024-25, which includes scrutiny of estimated projections and comparisons with prior approvals.
- **Section 5** deals with the approval of the ARR for the 5th Control Period FY 2025-26 to FY 2029-30 based on the projections of previous years and Regulatory provisions.
- **Section 6** deals with the mechanism for Recovery of Transmission Charges.
- **Section 7** deals with the Applicability of the Order.

2 SUGGESTIONS/ OBJECTIONS RECEIVED, AEML-T'S RESPONSE AND THE COMMISSION'S RULING

MSEDCL has submitted the following comments regarding the Multi Year Tariff (MYT) Petition filed by AEML-T:

2.1 MSEDCL Suggestions / Comments

2.1.1 Suggestion / Objection No. 1

MSEDCL Suggestion / Objection

2.1.1.1 The Commission needs to verify whether the assets claimed as capitalized during FY 2022-23 have been put to actual use. Furthermore, MSEDCL requested that the Commission to verify the loading on the proposed/completed transmission assets against the actuals. The Commission also needs to compare the completion cost of each scheme with the cost outlined in the Detailed Project Report (**DPR**) approved.

AEML-T Response

2.1.1.2 AEML-T submitted that majority of capitalization in FY 2022-23 was against Non-DPR schemes, and a small portion of capitalization was against DPR schemes. All the assets capitalized have been put to use. For FY 2022-23, only includes minor balance capitalization against those DPR schemes, which are already commissioned in earlier years and approved by the Commission. Also, AEML-T has provided the year-wise loading details of Bays, lines and Sub-stations.

2.1.1.3 The comparison of actual cost incurred on each transmission scheme with the DPR approved cost is provided as part of Form 4.3 of the MYT Petition. The actual cost of 33 kV AIS to GIS scheme, 2nd Feed to Chembur scheme and 120 MVAR Reactor installation at Gorai have had minor cost escalations, which were explained in detail during the MTR proceedings (Case No. 230 of 2022) and the Commission in the MTR Order in Case No. 230 of 2022 dated 31 March,2023 has already approved the same. Apart from these three schemes, there are no cost overrun in any other completed or ongoing scheme.

Commission's Analysis and Ruling

2.1.1.4 The Commission has noted the submissions of MSEDCL and AEML-T. During the preparation of the Tariff Orders, the Commission reviews all the documentation submitted by the Petitioner to support their claims before approving the cost to be included in the Tariff Order. The same approach is adopted by the Commission for the review of the Capitalisation claimed by all the Licensees / Petitioners in their respective ARR/Tariff Petitions. The review includes, but is not limited to, verifying whether the project was completed within the approved project cost and timelines and examining the reasons provided by the Licensee to justify any cost or time overrun, and confirming whether the assets have been put to use or not. Accordingly, the Commission has also reviewed the details of the capitalisation claimed by AEML-T for the years under consideration. The analysis and rulings in this regard are elaborated in the subsequent sections of this Order.

2.1.1.5 To verify whether the assets claimed are capitalized during FY 2022-23 and FY 2023-24, the Commission has outlined detailed procedure in the Maharashtra Electricity Regulatory Commission (Approval of Capital Investment Schemes) Regulations, 2022 (hereinafter referred to as "**Capex Regulations, 2022**"). Accordingly, AEML-T has submitted a Scheme Completion Certificate, confirming that the assets have been put to use along with loading assessment of the completed project. It is certified by the technical officer of AEML-T and duly authorized by the competent authority. The Capex Regulations, 2022 also emphasizes submitting Six Monthly Reports which provide detailed breakdown of the actual costs incurred versus the approved costs, justifications for any discrepancies in loading and costs.

2.1.1.6 The Commission, during the Truing up process for FY 2022-23 and FY 2023-24 has reviewed the completion cost of each scheme and compare it with the costs outlined in the approved DPR, including examining any variations in costs and justifications for those variations. By following these steps, effective verification of capitalization and utilization of assets with the approved DPR costs is ensured.

2.1.2 Suggestion / Objection No. 2

MSEDCL Suggestion / Objection

2.1.2.1 MSEDCL has submitted that, if the full cost of the transmission asset is borne by end consumers, the corresponding benefits must also be fully passed on to them. This principle has been applied by the Commission while approving capitalization for MSETCL and is recommended to be similarly adopted for other Transmission Licensees.

AEML-T Response

2.1.2.2 AEML-T has submitted that it provides the benefits of the transmission schemes as part of the six-monthly capex progress reports to the Commission and included the same as part of the Petition. AEML-T's transmission system is part of the Intra-State Transmission System of Maharashtra and, as such, it is for the benefit of all Transmission System Users.

Commission's Analysis and Ruling

2.1.2.3 The Commission verifies the scope and objective of the transmission schemes executed by AEML-T as part of truing up process. The Commission also verifies whether the intended benefits of the transmission schemes executed have actually been achieved. Based on the actual benefits achieved, the Commission allows the capitalization against the scheme. The execution of a transmission scheme by a particular Transmission Licensee benefits all Transmission System Users in view of the integrated Transmission System in the State.

2.1.2.4 The Commission notes that as per Capex Regulations, 2022, transmission licensees are required to submit six-monthly progress report, which aims to enhance transparency and accountability and to monitor the progress of the Scheme. Also, under Capex Regulations, 2022, the Transmission Licensees is required to submit a comprehensive capital investment plan that addresses the necessity for load growth and improvements in service quality. This ensures that consumers enjoy the benefits accrued from the investments made.

2.1.3 Suggestion / Objection No. 3

MSEDCL Suggestion / Objection

2.1.3.1 The Petitioner has stated that a portion of the total loan addition in FY 2022-23 has been placed in a fixed deposit, therefore the revenue generated from this fixed deposit should be passed on to the beneficiaries.

AEML-T Response

2.1.3.2 The fixed deposit matured in FY 2022-23 was utilized for capex purpose for all three divisions of AEML and not specifically for AEML-T. Further, the fixed deposit was created out of External Commercial Borrowing (ECB) availed in FY 2020-21. The interest incurred on the said amount till maturity of fixed deposit in FY 2022-23 was not claimed by AEML-T since the said portion of loan was not used for capital expenditure purpose till maturity of fixed deposit. Accordingly, the interest earned on the fixed deposit till maturity in FY 2022-23 is also not deducted from ARR.

Commission's Analysis and Ruling

2.1.3.3 The Commission notes that AEML-T had kept the excess funds i.e., which were unutilised part of the loans drawn by AEML-T, in fixed deposit till the time the same were not used either for capital expenditure or working capital requirements. **Accordingly, the cost associated with these funds have not been passed on to beneficiaries for this period, and consequently the income earned from the fixed deposit has also not been shared with the consumers.**

2.1.4 Suggestion / Objection No. 4

MSEDCL Suggestion / Objection

2.1.4.1 MSEDCL submitted that since only 4.35% of the capital expenditure for FY 2022-23 has been financed through debt, the Commission should proportionately disallow the Interest on Loan for FY 2022-23 in line with the actual debt utilized for funding the capex.

AEML-T Response

2.1.4.2 AEML-T has clarified that 4.35% of the capital expenditure for FY 2022-23 were financed from debt and the rest 65.65% was financed through internal accruals. Hence, AEML-T has considered the balance 65.65% (out of the normative 70%) as normative debt, in accordance with the provisions of MYT Regulations, 2019.

Commission's Analysis and Ruling

2.1.4.3 The Commission has noted the submission of MSEDCL and AEML-T. In accordance with the proviso 3 of Regulation 27.1 of MYT Regulations, 2019, the Commission has considered the excess equity invested for funding of capex as normative debt (i.e., equity has been capped at 30% and remaining equity contribution (differential between 70% normative debt and 4.35% actual debt) has been considered as normative debt) and has allowed interest on the same.

2.1.5 ***Suggestion / Objection No. 5***

MSEDCL Suggestion / Objection

2.1.5.1 MSEDCL submitted that AEML-T while calculating normative O&M expenses for FY 2022-23, AEML-T has considered three bays, which are not utilized by TPC-D. MSEDCL submitted that the lack of action by another Distribution licensee is not a valid justification for considering these bays as utilized. Therefore, the claim of 100% utilization of bays by AEML-T should not be accepted. MSEDCL has highlighted the utilization of unutilized bays claimed in FY 2023-24. MSEDCL requested the Commission to consider only load bearing bays as utilized based on loading data of the bays as considered in the MTR Order.

AEML-T Response

2.1.5.2 AEML-T has stated that three 33 kV Bays were already considered as utilized by the Commission in FY 2022-23 in the MTR Order dated 31 March,2023 in Case No. 230 of 2022. Further AEML-T has considered 19 Bays as utilized in FY 2022-23, out of which six Bays were allotted to TPC-D by STU (4 in Chembur EHV station and 2 in Saki EHV station). The Bays were created by the Transmission Licensees based on the requirement of Distribution Licensees.

Hence, non-utilization of Bays by Distribution Licensees is an uncontrollable factor for a Transmission Licensee. Thus, there is no reason AEML-T should be deprived of the O&M expenses for these Bays. As regards FY 2023-24, AEML-T submitted that it has not claimed utilization of any unutilized Bays in FY 2023-24.

Commission's Analysis and Ruling

2.1.5.3 The Commission has noted the submission of MSEDCL and AEML-T in this matter. The Commission, in line with the approach adopted in the past Order, has not considered the AEML-T's plea and has considered only those bays for approval if they have been put to use by the Licensee. The Commission's rulings in this regard are elaborated in the subsequent sections of this Order.

2.1.6 **Suggestion / Objection No. 6**

MSEDCL Suggestion / Objection

2.1.6.1 MSEDCL submitted that the actual O&M expense in FY 2022-23 includes corporate expenses of Rs. 3.75 Crore, accounted for under A&G expenses. The Commission should not consider this request from AEML-T and should approve the corporate expenses separately by escalating the approved corporate expense of previous year with the applicable escalation factor as allowed in MTR Order in Case No. 230 of 2022. Additionally, the Employee expenses of Rs. 35.75 Crore appear to be excessively high and warrant detailed scrutiny. MSEDCL had also raised the same issues for FY 2023-24.

AEML-T Response

2.1.6.2 AEML-T submitted that the corporate expenses allocated to AEML are against the services procured for running its businesses and they are, in no manner, different from the other O&M expenses. Therefore, there is no reason to separately assess corporate expenses from the actual O&M expenses of AEML. Accordingly, AEML-T has claimed the actual corporate expense for FY 2022-23 and FY 2023-24. As regards the employee expense, AEML-T submitted that the Employee expenses depend on a variety of factors. For example, Employee expenses are largely affected by changes in number of employees due to new hiring, retirements, separation, etc., changes in number and extent of outsourced activities (which have an effect on reducing employee cost and increasing A&G expenses), changes in allowances, bonuses, etc. given to retain employees or to align with market dynamics, etc. In the past also, similar changes have been seen. Employee expenses in FY 2019-20 were Rs. 37.79 Crore whereas for FY 2020-21, they were Rs. 25.42 Crore. The Commission had approved the said expenses. Hence, Employee expense for FY 2022-23 is not excessively high. Further, Employee expense in FY 2023-24 reduced compared to Employee expense in FY 2022-23.

Commission's Analysis and Ruling

2.1.6.3 The Commission has noted the submissions of MSEDCL and AEML-T regarding approving corporate expenses separately by escalating the approved corporate expense from the previous year using the applicable escalation factor used in the MTR Order in Case No. 230 of 2022. The Commission, in this Order, has dealt with this issue in detail considering the detailed submission of the Petitioner, the provision of the applicable MYT Regulations and the approach adopted by the Commission in its past Orders. The Commission's rulings in this regard are elaborated in the subsequent sections of this Order.

2.1.6.4 As regards Employee Expense for FY 2022-23 and FY 2023-24, the Commission has sought reasons for variation of Employee expense year-on- year and AEML-T has submitted its justifications. The Commission has undertaken review of all the information/details submitted by AEML-T in support of its claim for variation in expenses before approving such expenses and the rulings in this regard are covered in the subsequent sections of this Order.

2.1.7 **Suggestion / Objection No. 7**

MSEDCL Suggestion / Objection

2.1.7.1 MSEDCL submitted that AEML-T has reclassified an expense of Rs. 3.83 Crore from capitalization to O&M for FY 2022-23. This reclassification results in increased expenses in the current year's profit and loss account, a reduced long-term asset base, and potential short-term tariff impacts for consumers. Regulatory approval and adequate justification are crucial to ensure alignment with accounting standards and tariff-setting principles. MSEDCL raised similar issue for Rs. 0.48 Crore claimed by AEML-T in FY 2023-24.

AEML-T Response

2.1.7.2 AEML-T submitted that the said cost was considered as part of O&M expense as per the ruling of the Commission in the MTR Order dated 31 March, 2023 in Case No. 230 of 2022, where the Commission had classified these expenses / works as those of O&M nature. The justification for carrying out the works along with benefits of the schemes were provided as part of MYT Petition in accordance with the provision of MERC (Multi Year Tariff) (Second Amendment) Regulations, 2023 (hereinafter referred to as "MYT (Second Amendment) Regulations, 2023"). Hence, the cost of such works needs to be allowed in the ARR of AEML-T.

Commission's Analysis and Ruling

2.1.7.3 The Commission has noted the submissions of MSEDCL and AEML-T regarding the reclassification of certain capital expenses to O&M expenses. The Commission has dealt with the expenses of R&M nature that were shifted from capitalization to O&M Expense in truing up sections of FY 2022-23 and FY 2023-24 in accordance with the principles adopted in previous MTR Order in Case No. 230 of 2022, MYT (Second Amendment) Regulations, 2023 and Capex Regulations, 2022.

2.1.8 **Suggestion / Objection No. 8**

MSEDCL Suggestion / Objection

2.1.8.1 MSEDCL submitted that AEML-T has received Delayed Payment Charges of Rs. 12.92 Crore in FY 2022-23, which has not been included as part of Non-Tariff Income (NTI) in accordance with the MYT Regulations, 2019. Additionally, AEML-T has not included interest on staff loans and interest received on deposits in the NTI for FY 2022-23. AEML-T has also claimed Rs. 3.34 Crore as interest on contingency reserve investments for FY 2022-23, MSEDCL submitted that the interest earned by the petitioner, including income from staff loans, deposits, and contingency reserve investments, should be treated as part of NTI. Additionally, the income from delayed payment charges should also be included as NTI for FY 2022-23.

AEML-T Response

2.1.8.2 AEML-T submitted that it has not included Interest on Delayed Payment as part of NTI as per provisions of MYT Regulations, 2019. Also, staff loans and bank deposits are provided/ made out of the Return on Equity (RoE) earned by AEML-T. Hence, the interest earned on the same need not be considered as part of NTI. The same philosophy was adopted by the Commission while approving NTI of earlier years in previous Tariff Orders as well. Interest earned from Contingency reserve has been included as part of NTI.

Commission's Analysis and Ruling

2.1.8.3 The Commission has noted the submissions of MSEDCL and AEML-T on Interest on Delayed Payment, staff loans and bank deposits. The Commission has not included the Interest on Delayed Payment as part of NTI in accordance with the provisions of the Regulation 37.3 of the MYT Regulations, 2019 which is reproduced as under:

> *"Such Delayed Payment Charge and Interest on Delayed Payment earned by the Generating Company, or the Licensee shall not be considered under its Non-Tariff Income."*

2.1.8.4 As regards interest on staff loans and income from bank deposits, are not considered as part of NTI, provided the same has been funded out of the returns earned by the Licensee. Accordingly, regards interest on staff loans and income from bank deposits have not been considered as part of NTI. Further, AEML-T has included the interest on Contingency Reserve as part of the NTI.

2.1.9 Suggestion / Objection No. 9

MSEDCL Suggestion / Objection

2.1.9.1 MSEDCL submitted that Rs. 0.53 Crore and Rs. 0.71 Crore claimed towards financing charges in FY 2022-23 and in FY 2023-24 should not be allowed.

AEML-T Response

2.1.9.2 AEML-T submitted that the financing charges (rating charges, trustee fees etc.) incurred were related to the long-term finances and related to working capital availed for regulated businesses, which has been claimed in the ratio of average regulatory loans and normative working capital requirement of each of the three divisions. Also financing charges are required to be allowed as per Regulation 30.8 of the MYT Regulations, 2019. Hence, the same needs to be allowed in the ARR of AEML-T.

Commission's Analysis and Ruling

2.1.9.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, while approving the financing charges has reviewed the supporting documentation submitted by AEML-T. It was also directed AEML-T to submit additional information/clarifications which was deemed necessary to enable the Commission to reach a considered decision regarding the approval of the financing charges. Based on review of all the available information, the Commission has approved certain financing charges in this Order after the necessary prudence check in accordance with Regulation 30.8 of the MYT Regulations, 2019 which stipulates that the finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check. The Commission's rulings in this regard are elaborated in the subsequent sections of this Order.

2.1.10 Suggestion / Objection No. 10

MSEDCL Suggestion / Objection

2.1.10.1 MSEDCL submitted that actual capitalization claimed for FY 2023-24, includes Interest during Construction (**IDC**). However, it is unclear whether the approved schemes were delayed beyond their targeted completion dates and, if so, the reasons for such delays. Any delay attributable to AEML-T, resulting in the accrual of IDC, should not be passed on to consumers. Also, AEML-T has provided a list of DPR and non-DPR schemes, highlighting instances of time and cost overruns. MSEDCL submitted that any deviations in time and cost for these schemes should not be permitted.

AEML-T Response

2.1.10.2 AEML-T submitted that there is no delay in execution of any transmission schemes (completed or under execution). There were minor cost overruns in three transmission schemes, which have already approved by the Commission in the MTR Order in Case No. 230 of 2022. Other than these three schemes, there is no cost overrun in any other transmission scheme. Further there is no concept of cost overrun, or time overrun in non-DPR schemes because these are miscellaneous works which were not approved by the Commission.

Commission's Analysis and Ruling

2.1.10.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, during the preparation of the Tariff Orders, reviews all the documentation submitted by the Petitioner in support of its claims before approving the cost to be included in the Tariff Order. The same approach is adopted by the Commission for the review of the capitalisation claimed by all the Licensees / Petitioners in their respective ARR/Tariff Petitions. The review includes but is not limited to checking if the project is completed within the approved project cost and timelines and in case of cost or time overrun, the reasons provided by the Licensee to justify the delay or cost overrun, etc. and the assets are put to use or not. As per the Capex Regulations, 2022 excess IDC is computed based on the difference between the originally approved project schedule and the actual completion schedule, while keeping the actual hard cost and interest rate constant. If delays occur due to reasons beyond the control of the Licensee, such as Force Majeure or changes in law, additional IDC may be allowed subject to prudence check. However, if the delays are attributable to the Licensee, the excess IDC may be disallowed, ensuring that such inefficient costs are not passed on to consumers. Accordingly, the Commission has reviewed the details of the capitalisation claimed by AEML-T for the years under consideration and the rulings in this regard are elaborated in the subsequent Sections of this Order.

2.1.11 **Suggestion / Objection No. 11**

MSEDCL Suggestion / Objection

2.1.11.1 MSEDCL submitted that AEML-T has reported a Foreign Exchange Rate Variation (**FERV**) loss of Rs. 17.09 Crore for AEML-T for FY 2023-24, which appears significantly higher compared to Rs. 0.05 Crore approved by the Commission in FY 2020-21 as per the MTR Order in Case No. 230 of 2022. This substantial variance warrants detailed scrutiny before allowing the same.

AEML-T Response

2.1.11.2 In the MTR Petition (Case No. 230 of 2022) AEML had claimed actual FERV which arose due to timing difference of availing the foreign currency loans and converting the same to Indian currency. Therefore, the FERV was not significant. However, FERV in FY 2023-24 has been incurred because of repayment of $ 120 Million Bond out of $ 1000 million. The FERV is significant since the Bond capital was availed in FY 2019-20 and redemption proceeds were paid out in FY 2023-24. The Rupee has depreciated considerably over these four years. The total FERV has been claimed among the three regulated divisions in the ratio of average regulatory loans of the three divisions. Hence the same needs to be allowed.

Commission's Analysis and Ruling

2.1.11.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission observed that AEML-T has claimed FERV corresponding to total loan profile of AEML and it is not prudent to allocate the entire cost to the regulated business alone. Based on the approach adopted by the Commission in MTR Order in Case No. 230 of 2022, FERV has been first allocated proportionately with the total regulatory loan of GTD businesses with total loan profile and the so identified FERV has been further allocated to GTD in proportion to their regulatory loans.

2.1.12 **Suggestion / Objection No. 12**

MSEDCL Suggestion / Objection

2.1.12.1 MSEDCL submitted that the incremental revenue gap for FY 2022-23 and FY 2023-24 (Rs. 62.97 crore, including carrying costs) is significant. MSEDCL requested the Commission to validate whether these gaps stem from unforeseen circumstances or operational inefficiencies.

AEML-T Response

2.1.12.2 AEML-T submitted that the cumulative revenue gap till FY 2024-25 majorly consists of incremental revenue gap of FY 2022-23 and revenue gap for FY 2023-24. The revenue gap in these years is mainly arising due to additional RoE claimed for these two years in accordance with MYT Regulations, 2019. Also, the revenue gap in FY 2023-24 is accruing due to inclusion of FERV, which is permissible as per the MYT Regulations. Hence, the same needs to be allowed.

Commission's Analysis and Ruling

2.1.12.3 The Commission has carried out truing up of FY 2022-23 and FY 2023-24 along with the provisional truing up of FY 2024-25 in accordance with provisions of MYT Regulations, 2019 after prudence check of all cost and revenue items and has determined revenue gap/ (surplus) till FY 2024-25 which is elaborated in subsequent part of this Order.

2.1.13 **Suggestion / Objection No. 13**

MSEDCL Suggestion / Objection

2.1.13.1 MSEDCL submitted that there is a sharp rise in projected capital expenditure by AEML-T from FY 2025-26 to FY 2029-30, which warrants a detailed review of the underlying projects to ensure they align with regulatory requirements and consumer benefit. Because of sharp rise of capital expenditure/ capitalization, there is corresponding increase in ARR elements like O&M expense, depreciation, interest on loans, Return on Equity etc. The Net ARR increases sharply from 2025-26 to FY 2029-30 resulting in steep rise in consumer tariff. The Commission should rigorously scrutinize these projections, validate capital investment plans, evaluate cost-saving measures, and assess debt management strategies to ensure financial prudence, operational efficiency, and minimal burden on consumers.

AEML-T Response

2.1.13.2 AEML-T submitted that it has proposed the future schemes in accordance with the State Transmission Utility (**STU**) 10 year plan from FY 2024-25 to FY 2033-34, which are appearing against AEML-T. It has also filed a Petition before the Commission for amendment to Transmission License of AEML (Transmission Licence No. 1 of 2011) on 30 September, 2024 (Case No. 159 of 2024), by considering the proposed schemes which are pending for approval or yet to be submitted for in-principle approval. AEML-T has also submitted its Rolling Capital Investment Plan for the Control Period FY 2025-26 to FY 2029-30 in accordance with the Capex Regulations, 2022 and all schemes included in this MYT Petition are part of the Rolling Capital Investment Plan. Accordingly, the Capital Investment Plan has been proposed in the MYT Petition from FY 2025-26 to FY 2029-30. Since there is increase in capitalization over five years from FY 2025-26 to FY 2029-30, there is corresponding increase in the ARR elements. The same will vary depending on the number of transmission schemes considered by the Commission for next Control period. The validation of cost, evaluation of cost saving measures, assessment of financial prudence etc. will be carried out as part of DPR approval process by the Commission in accordance with MERC (Approval of Capital Investment) Regulations, 2022.

Commission's Analysis and Ruling

2.1.13.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, while approving the capitalisation for the 5th Control Period in this MYT Order, had observed that the DPRs of most of the schemes proposed by AEML-T for approval during the 5th Control Period are not approved by the

Commission. Consequently, the Commission has approved the capitalisation for each of the year of the Control Period, considering the past trend of capitalisation including the schemes which are part of its Transmission Licence and already approved DPR, as elaborated later in this Order. Further, AEML-T has submitted its Transmission Licence amendment application which is currently under separate proceedings vide Petition dated 30 September 2024. Further, any other projects implemented by AEML-T during the 5th Control Period, in accordance with the provisions of Capex Regulations, 2022 or applicable the MYT Regulations, will be considered by the Commission during the truing up process for the year, subject to necessary due-diligence / prudence check.

2.1.14 **Suggestion / Objection No. 14**

MSEDCL Suggestion / Objection

2.1.14.1 MSEDCL submitted that AEML-T has stated that five DPR schemes (Dahisar EHV Scheme, Uttan EHV Scheme, Khardanda EHV Scheme, 220KV Switching Substation at Ghodbunder, and Chandivali 2nd Feed Connectivity Scheme) have been submitted to the Commission following a prudence check by the STU as per the Capex Regulations, 2022 and are currently pending approval. Additionally, AEML-T filed a petition on 30 September, 2024 (Case No. 159 of 2024) for amending the transmission license (Transmission License No. 1 of 2011) to incorporate these schemes, aligned with the STU's ten-year plan from FY 2024-25 to FY 2033-34, which also awaits approval. MSEDCL submitted that these schemes have yet to receive approval, noting that once approved by the STU, they require the Commission's consent. MSEDCL further raised concerns that delays in approval may result in cost escalations due to the time elapsed between the estimated costs at the time of DPR submission and the Commission's decision. Therefore, MSEDCL emphasized that any claims for capital expenditure should only be considered after a thorough prudence check by the Commission.

AEML-T Response

2.1.14.2 AEML-T in its additional submission, stated that currently, three schemes - Dahisar EHV Scheme, 220KV Switching Substation at Ghodbunder, and Chandivali 2nd Feed Connectivity Scheme are part of AEML-T Transmission License. These DPRs are submitted to the Commission for approval following approval from STU in accordance with Capex Regulations,2022. Hence, capitalization against these three schemes should be allowed in the MYT Order.

Commission's Analysis and Ruling

2.1.14.3 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, while approving the capitalisation for the 5th Control Period in this MYT Order, had observed that the DPRs of most of the schemes proposed by

AEML-T for approval during the 5th Control Period are neither part of the Licence nor approved by the Commission. Consequently, the Commission had approved the capitalisation for each of the year of the Control Period, considering the past trend of capitalisation, including the schemes which are already part of its licence and approved DPR as elaborated later in this Order. Further, the Commission notes that Uttan EHV Scheme and Khardanda EHV DPR Schemes have been referred back vide email dated 6 January 2025 as these schemes are not part of the present Licence.

2.1.15 **Suggestion / Objection No. 15**

MSEDCL Suggestion / Objection

2.1.16 MSEDCL submitted that considering Mumbai's unique status and its suburban area's critical importance for power supply reliability, various transmission licensees are actively developing transmission networks to cater to the region's needs. The proposed transmission network aims to address existing constraints, allowing Mumbai utilities to procure cheaper power through exchanges and short-term markets, which is essential for improving supply reliability for consumers in the Mumbai area. Given this context, the development of the transmission network for Mumbai should be viewed as a measure to save power purchase costs for Mumbai utilities. Consequently, the associated expenses should be offset against these savings rather than being socialized across all distribution utilities. MSEDCL, requested that the costs of developing this transmission network be borne specifically by Mumbai utilities and adjusted against their power purchase cost savings.

AEML-T Response

2.1.17 AEML-T submitted that the transmission system of Maharashtra is one and cannot be seen as divided between Mumbai and other than Mumbai. Accordingly, the transmission pricing framework is established by the Commission, which pools the transmission system cost of all transmission licensees and socializes over the transmission system users. Under this methodology, all Transmission System Users (**TSUs**) are considered to benefit from all transmission schemes, regardless of whether the same are within Mumbai or outside. MSEDCL as a Distribution Licensee operating in certain areas in Mumbai and Mumbai Metropolitan Region and hence MSEDCL is also a beneficiary of these transmission schemes. MSEDCL had also raised this issue in the proceedings in Case no. 190 of 2020 and the Commission had rejected the contention of MSEDCL in the Order in Case no. 190 of 2020.

Commission's Analysis and Ruling

2.1.18 The Commission has dealt with this issue earlier that the transmission system in Maharashtra is considered a unified entity, rather than being divided between

Mumbai and other regions. The Transmission Pricing framework as per MYT Regulations, 2019 and 2024 envisages an integrated Transmission System in the State of Maharashtra irrespective of the ownership of assets by the Transmission Licensees. All Transmission System Users (TSUs) benefit from the use of the integrated Transmission System of the State and hence the cost of the same needs to be borne by all as per provisions of the MYT Regulations.

2.1.19 **Suggestion / Objection No. 16**

MSEDCL Suggestion / Objection

2.1.20 MSEDCL submitted that AEML-T has included schemes outside the Multi Year Tariff (MYT) Control Period in the MYT Petition, specifically the 3rd Transformer at Airport planned for FY 2030-31 as per the STU 10-year plan. The Commission should not consider this scheme until AEML-T clarifies its inclusion. The Commission's primary focus should be on schemes within the MYT Control Period, ensuring alignment with regulatory guidelines.

AEML-T Response

2.1.21 AEML-T submitted that for 3rd Transformer at Airport scheme, AEML-T has shown only capital expenditure and not capitalization. Hence the impact of capitalization against 3rd Transformer at Airport scheme has not been included in the ARR from FY 2025-26 to FY 2029-30 in the MYT Petition.

Commission's Analysis and Ruling

2.1.21.1 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission notes that the 3rd Transformer at Airport scheme, is only capital expenditure has been shown, and capitalization has not been included. As per the MYT Regulations, Transmission Licensee has to submit both capital expenditure and capitalization in the financial assessments to ensure transparency and accuracy in the tariff determination process. The Commission, while approving the capitalisation for the 5th Control Period in this MYT Order had observed that the DPRs of most of the schemes proposed by AEML-T for approval during the 5th Control Period are not approved by the Commission. Considering the same, the Commission has approved the capitalisation for each of the year of the Control Period considering the past trend of capitalisation including the schemes which are already part of its licence and for which the DPR is already approved as elaborated later in this Order.

2.1.22 **Suggestion / Objection No. 17**

MSEDCL Suggestion / Objection

2.1.22.1 MSEDCL submitted that the income from contingency reserve of Rs. 3.60 Crore has been considered uniformly across the entire Control Period. Considering that the contingency reserves will increase every year, there may be a proportionate increase in the interest income from contingency reserve over the control period as well. The Commission is requested to scrutinize the same.

AEML-T Response

2.1.22.2 AEML-T submitted that it has projected income from contingency reserve from Rs. 3.86 Crore in FY 2025-26 to Rs. 19.93 Crore in FY 2029-30. For deriving additional income from incremental contingency reserve investment in each year, AEML-T has considered return rate of 6% since the average return realized from Treasury Bills is 6%.

Commission's Analysis and Ruling

2.1.22.3 The Commission notes that AEML-T has projected income from the contingency reserve to increase from Rs. 3.86 Crore in FY 2025-26 to Rs. 19.93 Crore in FY 2029-30. This projection is based on an assumed return rate of 6%, The rationale behind using this return rate is to align the expected income from the contingency reserve with prevailing market conditions. The Commission has considered incremental addition to Tariff Income due to increase in Contingency Reserve balance year on year due to additional capitalization allowed during the 5th Control Period from FY 2025-26 to FY 2029-30.

2.1.23 **Suggestion / Objection No. 18**

MSEDCL Suggestion / Objection

2.1.24 MSEDCL submitted that as per the Annexure IV of the MYT Regulations, 2024, the threshold limit has been set to Rs. 200 Crore excluding the cost of land and reinstatement charges. In this context it is observed that the capital expenditure proposed during the upcoming control period is more than Rs. 200 Crore in case of many of the schemes / projects proposed by AEML-T. MSEDCL requested the Commission not to consider these schemes.

AEML-T Response

2.1.25 AEML-T submitted that it has proposed capital expenditure schemes in its MYT Petition based on the ongoing capex schemes, schemes that are already part of AEML-T License and future schemes which are assigned against AEML-T in the STU 10 Year Plan from FY 2024-25 to FY 2033-34. It is submitted that the status of clearance of the said future schemes, i.e., whether the same are cleared at the level of Maharashtra Transmission Committee (MTC) or STU, has also been provided as part of AEML-T's Licence Amendment Petition (Case No. 159 of 2024), which is pending before the Commission. Accordingly, considering the inclusion of the schemes in the STU 10 Year Plan and considering the fact that the process of approval for proposed schemes has already commenced at some level, AEML-T has included the schemes in its License Amendment petition as well as the MYT Petition. AEML-T also stated that under the new MYT Regulations, 2024, there are certain exclusions to TBCB as well, which include such schemes which have interface or ownership issues and schemes which are included in the Licence of the Transmission Licensee.

Commission's Analysis and Ruling

2.1.26 The Commission has noted the submissions of MSEDCL and AEML-T. The Commission, while approving the capitalisation for the 5th Control Period in this MYT Order had observed that the DPRs of most of the schemes proposed by AEML-T for approval during the 5th Control Period were neither part of its license nor approved by the Commission. Considering the same, the Commission has approved the capitalisation for each of the year of the Control Period considering the past trend of capitalisation including schemes which are already part of its licensee and for which the DPR is already approved as elaborated later in this Order.

2.1.27 Further, as contended by MSEDCL, the MYT Regulations, 2024 state that all new Intra-State Transmission Systems excluding the schemes involving the upgradation/augmentation of Assets forming part of the existing Transmission Licensee and excluding the schemes, which appears in the Licence of the Transmission Licensee, costing Rupees Two Hundred (200) Crore or more excluding land cost and RI Charges shall be implemented by STU through Tariff Based Competitive Bidding in accordance with the competitive bidding guidelines notified by the Central Government from time to time. For implementing the projects under the TBCB route, the STU need to design projects considering the upstream or downstream projects as a single project. Further, in case any such Intra-State Transmission needs to be implemented through the cost-plus approach under Section 62 route / RTM route due to reasons outlined in the MYT Regulation, 2024, then STU needs to seek prior approval of the Commission for the same.

2.1.28 In this regard, the Commission notes that the STU has recently notified the Guidelines for Selection of Transmission Projects to be executed under the TBCB Framework within the State of Maharashtra. Further, STU, vide its letter dated 5th March 2025, has informed that 5 nos. of the following Transmission Projects to be executed through TBCB and Bid Process Coordinator (BPC) for conducting the bid process for procurement of required transmission services have been appointed.

1. Network Expansion Schemes in Maharashtra for removal of Transmission constraints in Pune region (765/400kV Pune East).
2. Network Expansion scheme in Maharashtra for Evacuation of RE Power from Dharashiv, Beed District.
3. Network Expansion scheme in Maharashtra for providing supply to Data Centre Loads in Navi Mumbai
4. Network Expansion scheme in Maharashtra for removal of Transmission constraints in Pune Region & providing supply to Data Centre Loads-II
5. Establishment of 400/200 kV Velgaon Sub-station (GIS)

2.1.29 Further, AEML-T has also filed its Petition for license amendment on 30 September, 2024, which is under regulatory process.

2.1.30 Accordingly, presently, the Commission is constrained to consider projects for which the Licence is granted and the DPRs have been approved by the Commission. Any other projects implemented by AEML-T, during the 5th Control Period, will be considered in accordance with the provisions of Capex Regulations, 2022 or applicable MYT Regulations during the truing-up process for the year, subject to necessary due-diligence / prudence check.

3 TRUING-UP OF ARR FOR FY 2022-23 and FY 2023-24

3.1 Background

3.1.1 AEML-T has sought Truing-up of ARR for FY 2022-23 and FY 2023-24 based on the actual expenditure and revenue as per the Audited Accounts for FY 2022-23 and FY 2023-24 and in accordance with the provisions of the MYT Regulations, 2019. AEML-T has also submitted reasons for variation in the actual expenses as compared to the expenses approved in the MTR Order dated 31 March, 2023 in Case No. 230 of 2022.

3.1.2 The analysis underlying the Commission's Truing-up for FY 2022-23 and FY 2023-24 is set out below.

3.2 Capital Expenditure and Capitalization

AEML-T's Submission

3.2.1 The Commission, in the MTR Order in Case No. 230 of 2022, had approved capitalization of Rs. 6.23 Crore for FY 2022-23 on provisional basis. The actual capitalization as per the Books of Accounts in FY 2022-23 (including Interest during Construction (IDC) is Rs. 9.93 Crore. However, the Commission in the said MTR Order had recategorized certain works carried out under Non-DPR schemes in FY 2022-23 into works of R&M nature. By the time the MTR Order was issued on 31 March, 2023, FY 2022-23 was already over, and the said works were capitalized under Non-DPR works in the books of accounts for FY 2022-23.

3.2.2 The Commission had notified the Capex Regulations, 2022. The said Regulations require the regulated entities to register Non-DPR schemes with the Commission. Certain works out of the works capitalised under Non-DPR in the books of accounts but categorised by the Commission as works of R&M nature in the MTR Order dated 31 March, 2023, most works were initiated prior to the issuance of Capex Regulations, 2022 and hence not registered as Non-DPR schemes under the said Regulations, but Non-DPR schemes related to procurement of laptops and stretchers were registered with the Commission in January 2023. However, despite registration as Non-DPR scheme, the scheme related to procurement of Stretchers was classified as work of R&M nature by the Commission in the MTR Order. AEML-T has, however, considered the said scheme as Capital expense in the Petition because (1) it is procurement of a new asset, which is a complete working asset on its own and not a part or a component and hence clearly a capital cost and (2) it is registered with the Commission during FY 2022-23 itself, as per the required format.

3.2.3 Considering the works held by the Commission in the MTR Order as those of R&M nature, to the extent adjusted for the scheme for procurement of stretchers as explained above, the total expenditure of Rs. 3.83 Crore has been considered as

O&M cost in the Petition, without prejudice to the contentions of AEML-T raised in Appeal No. 538 of 2023. Thus, the balance capitalisation for FY 2022-23 considered in the Petition is Rs. 6.10 Crore. IDC for FY 2022-23 has been worked out considering the duration for which works funded by loans have remained in progress. The interest rate considered for IDC is the approved interest rate for individual years for which the works remained in progress.

3.2.4 As regards FY 2023-24, the Commission, in the MTR Order, had approved capitalization of Rs. 106.32 Crore (Rs. 96.00 Crore towards 220 kV Air Insulated Substation (AIS) to Gas Insulated Substation (GIS) conversion at Aarey EHV station and Rs. 10.32 Crore towards Non-DPR schemes) for FY 2023-24 on provisional basis. The actual capitalization in FY 2023-24 (including IDC) is Rs. 99.78 Crore (Rs. 86.88 Crore towards 220 kV AIS to GIS conversion at Aarey EHV station, Rs. 0.03 Crore towards 3rd Transformer at Borivali Substation and Rs. 12.86 Crore towards Non-DPR schemes).

3.2.5 AEML-T registered Non-DPR schemes with the Commission during FY 2023-24 and capitalisation of Rs. 12.86 Crore against these schemes considered in the Petition. However, a particular scheme related to procurement of Helical Grippers was initiated as Non-DPR work during FY 2022-23 prior to the issuance of the Capex Regulations, 2022 (and hence this Non-DPR scheme was not registered), which had been categorised as work of R&M nature by the Commission in the MTR Order dated 31 March, 2023. The amount expended under this scheme in FY 2023-24 has therefore been considered under O&M cost in Petition, even though, in the Books of Accounts, the said expenditure has been considered as capital cost. This is without prejudice to the contentions of AEML-T raised in its Appeal No. 538 of 2023 filed against the MTR Order.

3.2.6 Accordingly, the table below outlines the summary of capitalisation considered by AEML-T for the FY 2022-23 and FY 2023-24:

Table 1: Summary of Capitalization (including IDC) for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
DPR Schemes				
33 kV AIS to GIS conversion	0.15	0.003	-	-
2nd Feed at Chembur	-	0.0005	-	-
3rd Transformer at Borivali S/s	0.68	0.48	-	0.03
220 kV 120 MVAR Reactor at AEML Gorai S/s	0.45	0.34	-	-
220 KV AIS to GIS Conversion at Aarey EHV	-	-	96.00	86.88
Non-DPR Schemes	**4.96**	**5.28**	**10.32**	**12.38**
Total (DPR + non-DPR)	**6.23**	**6.10**	**106.32**	**99.30**

3.2.7 For FY 2022-23, AEML-T submitted that the capitalization in Non-DPR Schemes is around 636.30% of the capitalization under DPR Schemes. With regard to capitalisation against Non-DPR Schemes, the Regulation 24.7 of the MYT Regulations, 2019 provide as below:

> *"The cumulative amount of capitalisation against non-DPR Schemes for any Year shall not exceed 20% or such other limit as may be stipulated by the Commission through an Order, of the cumulative amount of capitalisation approved against DPR schemes for that Year."*

3.2.8 Also, the Statement of Reason ("**SoR**") accompanying MYT Regulations, 2019 states that the cumulative capitalization against Non-DPR Schemes should be within the limit of 20% of cumulative capitalization against DPR Schemes over the fourth Control Period. The same is reproduced below:

> *"The Commission is of the view that the suggestion of limiting the Non-DPR schemes to 20% of approved DPR schemes on a cumulative basis over the Control Period rather than annual basis, can be considered, as such a situation could arise in a particular year, and the intention is not to block Non-DPR schemes."*

3.2.9 Hence, based on the above, it is clear that the Commission's intent is not to block Non-DPR capex and therefore, the limit of 20% of capitalisation for Non-DPR Schemes is to be considered over the Control Period on a cumulative basis. Accordingly, for FY 2022-23, the cumulative capitalisation of Non-DPR Schemes upto FY 2022-23 (i.e. for FY 2020-21 to FY 2022-23 put together) needs to be considered against the cumulative capitalisation against DPR Schemes upto FY 2022-23. On a cumulative basis, i.e., considering years of FY 2020-21 to FY 2022-23, the capitalization under Non-DPR Schemes is under 20% of the capitalization under DPR Schemes.

3.2.10 The Non-DPR capitalization in FY 2023-24 is 14.33% of the DPR capitalization, well within 20% limit allowable as per MYT Regulations, 2019. Also, the Non-DPR capitalization as % of DPR capitalization cumulatively from FY 2020-21 to FY 2023-24 works out to 8.74%.

Commission's Analysis and Ruling

3.2.11 The Commission has examined the submission made by AEML-T, the supporting explanation notes, and the documentation provided in support of its claim for the Capitalisation purposes for each truing up year. The detailed analysis of DPR Schemes for respective years has been discussed in subsequent section.

3.2.12 While approving the capitalisation against DPR schemes, the Commission has considered the schemes actually put to use in FY 2022-23 and FY 2023- 24, in respect of which in-principle approval has been granted. The approved DPR schemes were scrutinized based on in-principle approval of DPR schemes and Cost Benefit Analysis (CBA) submitted by AEML-T in response to queries raised by the Commission. In addition to the same, the relevant documents such as Commissioning Reports, have been examined for verifying the putting to use of these assets.

3.2.13 Details of the DPR Scheme considered for the approval are included under **Appendix 3**. The details summarised include approved cost, approved year, approved phasing of the capitalisation, scope of work completed, year of completion /commissioning/COD.

3.2.14 The intent behind the 20% limit of capitalisation for Non-DPR Schemes over the Control Period on a cumulative basis was to ensure that Non-DPR schemes do not overshadow the approved DPR schemes, thereby maintaining a balance in the capital investment planning. If AEML-T continues to consistently exceed this limit, it could lead to the Commission limiting the Non-DPR schemes on yearly basis. However, in present case the Commission has approved the non-DPR Schemes, (including IDC) of Rs. 2.22 Crore and Rs. 9.21 Crore for FY 2022-23 and FY 2023-24 respectively, against AEML-T's submission of Rs. 5.28 Crore and Rs. 12.38 Crore for FY 2022-23 and FY 2023-24, respectively. On a cumulative basis, i.e., considering years of FY 2020-21 to FY 2022-24, the capitalization under non-DPR Schemes is within the 20% limit of capitalization of the approved DPR Schemes, and therefore, the Commission has approved the capitalization for non-DPR Schemes for FY 2022-23 and FY 2023-24. The detailed analysis of non-DPR Schemes for respective years has been discussed in subsequent section.

DPR Schemes for FY 2022-23 and FY 2023-24

3.2.15 The Final approval to the DPR Schemes submitted by AEML-T has been accorded on the following aspects:

1. **Achievement of Objectives**: The Transmission Licensee must demonstrate that the stated objectives of the Scheme, as submitted in the Application for in-principle approval, have been achieved.

2. **Commissioning Certificate**: To accord final approval, the Transmission Licensee must provide the date when the asset was 'put to use', along with a Commissioning certificate.

3. **Cost Overrun and Time Overrun**: The Transmission Licensee is required to submit detailed justification on any variations in capital costs for any increases over 10% compared to the approved costs.

4. **Cost-Benefit Analysis**: A detailed comparison of the actual cost-benefit analysis with the analysis proposed at the time of in-principle approval must be submitted, along with justifications for any variations.

3.2.16 The Commission has approved capitalization (including IDC) for DPR Schemes of Rs. 0.83 Crore for FY 2022-23 is towards minor balance capitalisation for DPR schemes. Further, the Commission has approved capitalization (including IDC) for DPR Schemes of Rs. 86.92 Crore for FY 2023-24.

3.2.17 Followings are the scheme-wise capitalization of the DPR Schemes as approved by the Commission in the MTR Order for FY 2022-23 and FY 2023-24 vis-à-vis capitalization approved by the Commission in the present MYT Order are as below:

Table 2: Capitalisation (including IDC) of DPR Schemes for FY 2022-23 & FY 2023-24, as approved by the Commission (Rs. Crore)

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
DPR Works	**1.28**	**0.83**	**0.83**	**96.00**	**86.92**	**86.92**
1. Project Name: 33 kV AIS to GIS conversion	**0.15**	**0.003**	**0.003**	**-**	**-**	**-**
Brief Description of Work:						
Description of works capitalized: • The scheme was commissioned in FY 2020-21 and was closed in all aspects and scheme closing report submitted to the Commission vide letter no. AEML–T/Scheme Closing of 33kV AIS to GIS Conversion/01 dated May 23, 2023. • The actual capitalization against this scheme in FY 2022-23 was Rs. 28,320/-, which was against a control panel for a GIS board related to 33 kV AIS to GIS conversion scheme. • The cost overrun against this scheme was already explained by AEML-T in its MTR Petition and the same was analysed and approved by the Commission in the MTR Order dated 31 March, 2023 in Case No. 230 of 2022. • The additional capitalization against this scheme is within the scope of work of the scheme and is within the cutoff date for the scheme. • Hence the additional capitalization against this scheme is allowable as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution). • No further expenditure is expected against this scheme in future, except any expenditure that may become necessary due to change in law or force majeure events in future						
Approval Remarks:						
• The Commission had accorded in-principle approval to the Capex Scheme on 26 February, 2019 amounting to Rs 39.95 Crores and the scheme was expected to be completed in FY						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
2022-23. The Commission notes that the scheme was commissioned on 30 March 2021 which was within the proposed timelines. According to Regulation 2 (23) of the MYT Regulations, 2019, the cut-off date is defined as the last day of the calendar month after thirty-six months from the date of commercial operation of the project. Therefore, the cut-off date for the project works out to 31 March, 2024. • **The objective of the scheme was system improvement and enhancement of the reliability & availability of the electrical network in Mumbai, aligning with the Central Electricity Authority (CEA) planning criteria.** • **The Scheme involved improvement by replacing the outdated technology with modern equipment, which will facilitate better maintenance support and improve the operational efficiency of the network in Mumbai City.** • The Commission notes that AEML-T has already submitted a Certificate of the asset being 'put to use' for commissioning of the Scheme. • The Commission in the MTR Order in Case No. 230 of 2022 had already approved the cost including the cost overrun. In the said proceedings, AEML-T had provided the break-up for the actual cost incurred vis-à-vis the cost approved in the DPR and the cost increase has been primarily on account of the difference in the actual cost of contract awarded by AEMLT based competitive bidding. Considering the same and the documents submitted by AEML-T, the Commission had approved the capitalization of scheme, including the cost over-run. • The Commission had also provisionally approved the additional capitalization of Rs. 0.15 Crore for FY 2022-23 towards minor balance work in the MTR Order in Case No. 230 of 2022.						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
• The Commission notes that the actual capitalization against this scheme in FY 2022-23 amounts to Rs. 28,320/-, which was against a control panel for a GIS board related to 33 kV AIS to GIS conversion scheme, which is towards minor balance work which is well within provisionally approved cost of Rs. 0.15 Crore. • The additional capitalization against this scheme is towards the minor balance work and within the scope of work of the scheme and is within the cutoff date for the scheme (i.e., 31 march, 2024). Moreover, as against the total approved cost of Rs. 0.15 Crore towards minor balance work, actual expenditure incurred amounts to Rs. 0.003 Crore, therefore there is no cost over-run towards balance minor work. • Considering the same, the Commission approves the additional capitalization against this scheme as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution). • The Commission notes that AEML-T has submitted in-principle approval letter, Scheme Completion letter and a Certificate of the asset being 'put to use'. • **The Commission also notes AEML-T has submitted that no further expenditure is anticipated for this scheme in the future, hence the Commission accords Final Approval to this Scheme and the scheme is closed.**						
2. Project Name: 2nd feed at Chembur EHV S/s	**-**	**0.0005**	**0.0005**	**-**	**-**	**-**
Description of works capitalized: • The scheme pertained to laying the 220 kV transmission line for providing another connectivity to AEML-T Chembur EHV station from TPC-T Saki EHV station and the same was commissioned in FY 2020-21. Scheme was closed in all aspects and scheme						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	**MYT Petition**	**Approved in this Order**	**MTR Order**	**MYT Petition**	**Approved in this Order**
closing report is submitted to the Commission vide letter no. AEML-T/MERC/Scheme Closing of Chembur 2nd Feed /01 dated December 27, 2023. • The actual capitalization against this scheme in FY 2022-23 was Rs. 4956/-, which was against the SDH panel related to the scheme. As explained in the MYT Petition, the cost overrun against this scheme was already explained by AEML-T in its MTR Petition and the same was analysed and approved by the Commission in the MTR Order dated 31 March 2023 in Case No. 230 of 2022. • The additional capitalization against this scheme is within the scope of work of the scheme and is within the cutoff date for the scheme. • Hence the additional capitalization against this scheme is allowable as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution). • No further expenditure is expected against this scheme in future, except any expenditure that may become necessary due to change in law or force majeure events in future.						
Approval Remarks:						
• The Commission had accorded in principle approval on 15 May, 2019 to the DPR for "220 kV 2nd Feed to AEML Chembur EHV Station" amounting Rs. 132.75 Crore. The scheme was expected to be completed in FY 2022-23. The Commission notes that the scheme has been commissioned on 28 March 2021 which is within the proposed timelines. Regulation 2 (23) of the MYT Regulations, 2019 provides the cut-off date shall means the last day of the calendar month after thirty-six months from the date of commercial operation of the project. Therefore, the cut-off date for the project works out to 31 March, 2024. • **The scheme focused on improving the reliability of the Mumbai Transmission System and enhance the overall stability and reliability of power supply at the AEML**						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
220 kV Chembur EHV Station, which is crucial for maintaining service quality in the region. • **The Commission notes that following benefits as envisaged from the scheme has been achieved as communicated by AEML-T:** ○ **AEML 220 kV Chembur EHV Station is in Ring main system by installation of LILO of 220 kV MSETCL OH Line with AEML Chembur EHV station through double circuit 220 kV UG Cable.** ○ **Improvement in overall reliability of power supply in Chembur area.** ○ **220 kV Nerul Substation has an additional source from AEML-T Chembur EHV Station.** ○ **Scheme will enhance stability and reliability of InSTS network.** • The Commission also observed that the additional capitalisation against this scheme in FY 2022-23 was Rs. 4956/-, which was against the SDH panel related to the scheme, which is within the scope of work of the scheme and is within the cutoff date for the scheme. • The Commission in-principle approval letter has stated: *"Upon completion of the scheme, AEML-T must communicate the actual costs incurred, any escalations, and the extent to which the project's objectives have been achieved."* • The Commission notes that AEML-T has submitted in-principle approval letter and a Certificate of the asset being 'put to use'. • Hence the additional capitalization against this scheme is allowable as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution).						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
• **No further expenditure is expected against this scheme in future, except any expenditure that may become necessary due to change in law or force majeure events in future hence the Commission accords Final Approval to this Scheme and the scheme is closed.**						
3. Project Name: 3rd Transformer at Borivali S/s	**0.68**	**0.48**	**0.48**	**-**	**0.03**	**0.03**
Brief Description of Work:						
FY 2022-23 & FY 2023-24: **Description of works capitalized:** • On 31 March,2021, the 3rd Power Transformer at AEML-T's Borivali EHV station was successfully commissioned. • The actual capitalization against this scheme in FY 2022-23 was Rs. 0.48 Crore, which was for completing the remaining civil works, electrical works and degasification work including Online DGA activity. • In FY 2023-24, the actual capitalization against this scheme was Rs. 0.03 Crore. The said expense was towards cabling work done for transformer and associated transportation activities. • The additional capitalization against this scheme in FY 2022-23 and FY 2023-24 is within the scope of work of the scheme and is within the cutoff date for the scheme. • Hence the above additional capitalization is allowable as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution). • The scheme closing report was submitted to the Commission vide letter no. AEML-T/MERC/Scheme Closing of 3rd Xer at BVL /01 dated March 06, 2024.						
Approval Remarks:						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
FY 2022-23: • The Commission had accorded in-principle approval on 6 November, 2019 to the DPR for "3rd 220/33kV Transformer at Borivali EHV Substation" amounting to Rs. 23.14 Crore. The Scheme was expected to complete in FY 2021-22. The Commission notes that the scheme has is commissioned on 31 March 2021 which is within the proposed timelines. Regulation 2 (23) of the MYT Regulations, 2019 provides the cut-off date shall means the last day of the calendar month after thirty-six months from the date of commercial operation of the project. Therefore, the cut-off date for the project works out to 31 March, 2024. • The estimated cost of the project approved in the DPR was Rs. 23.14 Crore, which included various components such as the transformer, cable systems, and associated civil works. • **The Scheme focused on improving the reliability of the Mumbai Transmission System and comply with the Regulation 9.6 of the MERC (State Grid Code) and CEA Planning Criteria, 2013 for single contingency (N-1), for ensuring system reliability.** • **The Commission notes that following benefits as envisaged from the scheme has been achieved as communicated by AEML-T:** ○ **Scheme enabled the compliance to CEA Planning criteria (N-1)** ○ **Transformation capacity increased from 250 MVA to 375MVA (Firm capacity of 125 MVA to 250 MVA) at AEML EHV Substation in Borivali.** ○ **It has met TSU load requirement in the area.** ○ **It has enhanced reliability of Mumbai transmission System.**						

<table>
<tr><th rowspan="2">DPR Schemes</th><th colspan="3">FY 2022-23</th><th colspan="3">FY 2023-24</th></tr>
<tr><th>MTR Order</th><th>MYT Petition</th><th>Approved in this Order</th><th>MTR Order</th><th>MYT Petition</th><th>Approved in this Order</th></tr>
<tr><td>• The Commission had also provisionally approved the additional capitalization of Rs. 0.68 Crore for FY 2022-23 towards balance work in the MTR Order in Case No. 230 of 2022.
• The Commission observed that the additional capitalisation of Rs. 0.48 Crore against this scheme was for completing the remaining civil works, electrical works and degasification work including Online DGA activity which are within the scope of work of the scheme and is within the cut-off date for the scheme and well within provisionally approved cost of Rs. 0.68 Crore.
• Considering the same, the Commission approved the additional capitalization against this scheme for FY 2022-23 as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution).

FY 2023-24:
• The Commission observed that the additional capitalisation against this scheme is within the scope of work of the scheme and is within the cut-off date for the scheme.
• The Commission had also provisionally approved the additional capitalization of Rs. 0.68 Crore for FY 2022-23 towards balance work in the MTR Order in Case No. 230 of 2022.
• The Commission observed that the additional capitalisation of Rs. 0.03 Crore. The said expense was towards cabling work done for transformer and associated transportation activities are within the scope of work of the scheme and cumulative capitalisation of Rs. 0.51 Crore for FY 2022-23 and FY 2023-24 is well within provisionally approved cost of Rs. 0.68 Crore.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	**MYT Petition**	**Approved in this Order**	**MTR Order**	**MYT Petition**	**Approved in this Order**
• **Considering the same, the Commission approved the additional capitalization against this scheme as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution)** • **AEML-T has also proposed additional capitalisation in FY 2024-25 pertaining to this scheme, accordingly, the Commission has ruled on the final approval and scheme closing in the approval of capitalisation of FY 2024-25.**						
4. Project Name: 220kV 120MVAR Reactor at AEML Gorai S/s	**0.45**	**0.34**	**0.34**	**-**	**-**	**-**
Brief Description of Work:						
• 220 kV, 120 MVAR variable Reactor at 220 kV Gorai EHV Substation was commissioned along with other required accessories and taken into service on 27 March, 2022 i.e., during FY 2021-22. • The actual capitalization against this scheme in FY 2022-23 was Rs. 0.34 Crore, which was against the remaining civil works for construction of shed, remaining minor electrical works and certain associated administrative expenses incurred in the process of commissioning of assets. • The scheme is closed in all aspects and the scheme closing report was submitted to the Commission vide letter no. AEML-T/MERC/Scheme Closing of 220 kV Gorai Reactor/02 dated 30 March, 2024. • The DPR approved cost of the project is Rs. 19.68 Crore (without IDC) and actual expenses till 31 March 2023 was Rs. 24.62 Crore. AEML-T had submitted detailed reasons for increase in cost of the project at the time of MTR proceedings in Case No. 230 of 2022 and the same are summarised below:						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
○ The turnkey contract for the project was placed on M/s GE dated 05 February 2021 with cost of Rs. 13.02 Crore, after due competitive bidding process. The Contract had Price Variation clause (Clause No. 20) under which Price variation was applicable w.r.t. base indices of September 2020 for reactor. M/s GE claimed Price variation due to increase in price of equipment, resulting in a cost increase of Rs. 4.36 Crore. ○ There was one spare transformer bay existing at Gorai EHV Substation, which was planned to be utilized for Reactor. Only supervision cost of 220 kV cable termination by OEM was considered in DPR project cost for installation of reactor. However, during technical validation, ABB conveyed that, in the existing 220 kV bay, the Circuit Breaker (CB) is not suitable for Reactor switching operations and recommended to replace existing CB with New CB which shall be suitable for Reactor switching operations, keeping other Bay equipment as it is. Accordingly, Contract was placed on M/s ABB Power Products and System for supply and services for replacement of 220 kV SF6 circuit breaker and supervision for 220 kV cable termination worth Rs 4.49 Crore. • AEML-T had submitted the supporting documentary evidence in this regard at the time of MTR proceedings. The Commission took note of the above submissions and had allowed the actual cost of the project in the MTR Order dated 31 March 2023 in Case No. 230 of 2022. • The additional capitalization against this scheme is within the scope of work of the scheme and is within the cut-off date for the scheme. Hence the additional capitalization against						

<table>
<tr><th rowspan="2">DPR Schemes</th><th colspan="3">FY 2022-23</th><th colspan="3">FY 2023-24</th></tr>
<tr><th>MTR Order</th><th>MYT Petition</th><th>Approved in this Order</th><th>MTR Order</th><th>MYT Petition</th><th>Approved in this Order</th></tr>
<tr><td>this scheme is allowable as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution).
• No further expenditure is expected against this scheme in future, except any expenditure that may become necessary due to change in law or force majeure events in future.</td><td rowspan="3"></td><td rowspan="3"></td><td rowspan="3"></td><td rowspan="3"></td><td rowspan="3"></td><td rowspan="3"></td></tr>
<tr><td>Approval Remarks:</td></tr>
<tr><td>• The Commission had accorded in-principle approval on 18 September, 2020 and scheme was expected to complete in FY 2022-23. The Commission notes that the scheme has been commissioned on 27 March 2022 which is within the proposed timelines. Regulation 2 (23) of the MYT Regulations, 2019 provides the cut-off date shall means the last day of the calendar month after thirty-six months from the date of commercial operation of the project. Therefore, the cut-off date for the project works out to 31 March, 2025.
• The Commission notes that following benefits as envisaged from the scheme has been achieved as communicated by AEML-T:
○ Reduction in High Voltages complaints due to better voltage regulation.
○ Offsetting the capacitive effect of 220 kV cable system and supported to ensure desired level of voltage limits and for reactive power management in MMR power system.
○ Supported in ensuring quality power supply to consumers.
• The Commission in the MTR Order in Case No. 230 of 2022 has already approved the cost including the cost overrun on account of price variation clauses and replacement of existing circuit breaker with new on account of recommendation of M/s ABB Power Products and System.</td></tr>
</table>

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	**MYT Petition**	**Approved in this Order**	**MTR Order**	**MYT Petition**	**Approved in this Order**
• The Commission had also provisionally approved the additional capitalization of Rs. 0.45 Crore for FY 2022-23 towards balance work in the MTR Order in Case No. 230 of 2022. • The Commission notes that the actual additional capitalization against this scheme in FY 2022-23 amounts to Rs. 0.34 Crore, which was for the remaining civil works for construction of shed, remaining minor electrical works and certain associated administrative expenses incurred in the process of commissioning of assets which is well within provisionally approved cost of Rs. 0.45 Crore. • The Commission notes that the additional capitalization against this scheme is within the scope of work of the scheme and is within the cut-off date for the scheme. • The Commission in-principle approval letter has stated *"Upon completion of the scheme, AEML-T must communicate the actual costs incurred, any escalations, and the extent to which the project's objectives have been achieved."* • The Commission notes that AEML-T has submitted in-principle approval letter, Certificate of the asset being 'put to use' and Scheme Completion report along with benefits as mentioned in earlier paragraph. • The Commission also notes AEML-T has submitted that no further expenditure is anticipated for this scheme in the future, except any expenditure that may become necessary due to change in law or force majeure events in future. • **Considering the same, the Commission approved the additional capitalization against this scheme as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution).**						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
• **Hence the additional capitalization against this scheme is allowable as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution). No further expenditure is expected against this scheme in future, except any expenditure that may become necessary due to change in law or force majeure events in future hence the Commission accords Final Approval to this Scheme. The scheme is closed.**						
5. Project Name: 220 kV AIS to GIS Conversion at Aarey	**-**	**-**	**-**	**96**	**86.88**	**86.88**
Brief Description of Work:						
• The scheme was for conversion of 220 kV AIS Bays to GIS Bays at AEML-T Aarey EHV station. As part of the scheme, 10 nos. of 220 kV AIS Bays were decommissioned, and 11 no. of GIS Bays were commissioned in FY 2023-24. AEML-T has submitted the scheme commissioning letter to the Commission vide ref no. AEML-T/CoD/220 kV AIS to GIS/ RR/29/FY 2023-24 dated 07 December, 2023. The actual capitalization against this scheme during FY 2023-24 was Rs. 82.22 Crore (excluding IDC). • Further capitalization of Rs. 12.05 Crore (excluding IDC) is expected in FY 2024-25 towards remaining civil and electrical works and clearing of pending invoices. The additional capitalization is within the scope of work of the scheme and is within the cut-off date for the scheme. Hence the additional capitalization against this scheme is allowable as per Regulation 25.1 (ii) of the MYT Regulations, 2019 (works deferred for execution). All the GIS Bays commissioned in FY 2023-24 have been put to use. The scheme closing report for the scheme will be submitted after all remaining works are completed.						
Approval Remarks:						

DPR Schemes	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
• The Commission accorded in principle approval to the Scheme on 2 February, 2022 amounting to Rs 144.84 Crore and was expected to be completed in FY 2023-24. The Commission notes that as per the Completion Report shared by AEML-T, the scheme has been commissioned in FY 2023-24 and additional capitalisation towards remaining civil and electrical works and clearing of pending invoices expected to be completed in FY 2024-25. • The bay wise commissioning provided as under:						

Commissioning Details	Date	Time
Bay-26 Bus PT-1	24/04/2023	04:54 Hrs
Bay-27 Bus PT-2	07/05/2023	17:30 Hrs
Bay-25 Bus Coupler	07/05/2023	19:53 Hrs
Bay-20 100 MVA TR-1	22/05/2023	07:52 Hrs
Bay-17 Goregaon -1	01/06/2023	08:07 Hrs
Bay-21 125 MVA TR-2	05/06/2023	21:07 Hrs
Bay-22 100 MVA TR-3	03/07/2023	10:52 Hrs
Bay-19 Goregaon -2	10/07/2023	06:41 Hrs
Bay-23 100MVA TR-4	13/08/2023	07:24 Hrs
Bay-18 AEML Borivali Line	27/08/2023	20:45 Hrs
Bay-16 TPC Borivali Line	05/12/2023	19:18 Hrs

• The Gas Insulated Switchgear technology is more compact than Air Insulated Switchgear, potentially saving up to 90% of space. This technology is particularly beneficial in urban areas where space is limited and valuable. GIS substations are generally more reliable and

<table>
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<tr><th>MTR Order</th><th>MYT Petition</th><th>Approved in this Order</th><th>MTR Order</th><th>MYT Petition</th><th>Approved in this Order</th></tr>
<tr><td>require less maintenance than AIS substations. They are also less susceptible to environmental factors such as pollution and weather conditions, which can improve the overall performance and longevity of the substation.
• GIS substations enhance safety by reducing the risk of accidents and electrical faults due to their enclosed design. This is important for both the workers maintaining the substation and the surrounding community.
• The conversion to GIS bays is part of the modernization and upgradation of the existing EHV station, ensuring that it can meet current and future demands for electricity transmission efficiently and reliably.
• AEML-T provided the following benefits of the scheme:
o Scheme has free up space required for terminal station for 1000MW VSC based Kudus- Aarey HVDC Project.
o GIS System will ensure continuous and reliable supply.
• There is no cost overrun in the scheme. Certain minor balance works were still to be completed till the closure of FY 2023-24, and which have been taken up during FY 2024-25.
• The Commission notes the submissions made by AEML-T and observes that there is no cost overrun in the scheme.
• Accordingly, the capitalization is approved by the Commission for FY 2023-24.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

Non-DPR Schemes for FY 2022-23

3.2.18 The Commission has approved capitalization (including IDC) for Non-DPR Schemes of Rs. 2.22 Crore for FY 2022-23 against AEML-T's submission of Rs. 5.28 Crore for FY 2022-23.

3.2.19 In line with the approach adopted by the Commission for FY 2021-22 for Non-DPR Schemes in the MTR Order in Case No. 230 of 2022, the Commission has now reclassified each activity under Non-DPR Scheme as either of Capex or R&M nature. The reclassification of each activity/works by the Commission for FY 2022-23, is as per **Appendix 4**.

3.2.20 Based on the review of the activities/works under Non-DPR Schemes for FY 2022-23, the Commission has approved Capitalisation of Rs. 2.22 Crore, including IDC against the total Non-DPR approval of Rs. 5.28 Crore sought by AEML-T. The balance amount (5.28 – 2.22 = 3.06) is added to amount of Rs. 3.83 Crore claimed as R&M nature expenses by AEML-T in its Petition and a consolidated amount of Rs. 6.88 Crore (3.06 + 3.83) has been approved by the Commission as R&M nature expenses (reclassification from capex to R&M) to be added to O&M expenses for FY 2022-23.

Table 3: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		
	MTR Order	MYT Petition	Approved in this Order
Reclassification of Non-DPR Activities			
R & M – Added to O&M Expenses	5.36	3.83	6.88
Capex – Considered for Capitalisation	4.96	5.28	2.22
Total of Non-DPR Activities	**10.26**	**9.10**	**9.10**

3.2.21 The Capitalisation of activities/works classified as Capex under Non-DPR Schemes for FY 2022-23 and as approved by the Commission is covered in the **Appendix 4**.

3.2.22 The ratio of Non-DPR capitalization to approved DPR capitalization is around 268%, therefore the proposed non-DPR capitalization for the FY 2022-23 is well beyond the limit of 20% specified by the Commission. However, AEML-T has submitted that the Commission's intent in the Regulations 24.7 of MYT Regulations, 2019 and the supporting Statement of Reason (SOR) is not to block non-DPR capex and therefore, the limit of 20% of capitalization for Non-DPR Schemes is to be considered over the Control Period on a cumulative basis. On cumulative basis over the 4th Control Period (FY 2020-21 to FY 2024-25), Non-DPR capitalisation shall be within the limit of 20% of DPR capitalization. Hence AEML-T has requested the Commission to approve the capitalization claimed for FY 2022-23. Further, the cumulative DPR v/s Non-DPR capitalisation for the Control Period, till the end of FY 2022-23 is a within 20%. **Accordingly,**

considering the submissions of AEML-T, the Commission has approved the Non-DPR capitalization of Rs. 2.22 Crore for FY 2022-23.

Non-DPR Schemes for FY 2023-24

3.2.23 The Commission has approved capitalization (including IDC) for Non-DPR Schemes of Rs. 9.21 Crore for FY 2023-24, against AEML-T's submission of Rs. 12.38 Crore for FY 2023-24 respectively.

3.2.24 In line with the approach adopted by the Commission for FY 2022-23 for Non-DPR Scheme, the Commission has now reclassified each activity under Non-DPR Schemes as either Capex or R&M. The reclassification of each activity/works by the Commission for FY 2023-24, is as per **Appendix 4**.

3.2.25 Based on the review of the activities/works under Non-DPR Schemes for FY 2023-24, the Commission has approved Capitalisation, including IDC, worth Rs. 9.21 Crore, against the total Non-DPR approval of Rs. 12.38 Crore sought by AEML-T. The balance amount of Rs. 3.17 Crore (12.38 – 9.21) has been approved by the Commission as additional R&M expenses for FY 2023-24 and included in the R&M nature expenses of Rs. 0.48 Crore claimed by AEML-T in its Petition. Accordingly, the consolidated R&M nature expenses (added to O&M expenses) approved by the Commission is Rs. 3.65 Crore against AEML-T's claim of Rs. 0.48 Crore.

Table 4: Summary of Reclassification of non-DPR Activities (including IDC) for FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24		
	MTR Order	**MYT Petition**	**Approved in this Order**
Reclassification of non-DPR Activities			
R & M – Added to O&M Expenses	20.66	0.48	3.65
Capex – Considered for Capitalisation	10.32	12.38	9.21
Total of non-DPR Activities	**30.98**	**12.86**	**12.86**

3.2.26 With the re-classification of non-DPR activities for FY 2023-24, the DPR to non-DPR ratio remains within 20% limit as specified in the MYT Regulations, 2019. The Capitalisation of activities/works classified as Capex under non-DPR Schemes for FY 2023-24 and as approved by the Commission is covered in the **Appendix 4**.

3.2.27 The summary of scheme wise capitalization submitted by AEML-T and that approved by the Commission for FY 2022-23 and FY 2023-24 is shown in the table below:

Table 5: Capitalization for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
DPR Schemes						
33 kV AIS to GIS conversion	0.15	0.003	0.003	-	-	0
2nd Feed at Chembur	-	0.0005	0.0005	-	-	0
3rd Transformer at Borivali S/s	0.68	0.48	0.483	-	0.03	0.03
220kV 120MVAR Reactor at AEML Gorai S/s	0.45	0.34	0.343	-	-	0
220KV AIS to GIS Conversion at Aarey EHV	-	-		96	86.88	86.88
Non-DPR Schemes	**4.96**	**5.28**	**2.22**	**10.32**	**12.38**	**9.21**
Total	**6.23**	**6.10**	**3.05**	**106.32**	**99.30**	**96.13**

3.2.28 **The Commission approves capitalization of Rs. 3.05 Crore and Rs. 96.13 Crore for FY 2022-23 and FY 2023-24 respectively.**

3.3 Operation and Maintenance Expenses

AEML-T's Submission

3.3.1 AEML-T had 573.03 circuit kilometres ("Ckt km") 220 kV lines as at the beginning of FY 2022-23. Further, no 220 kV line (cables) were added in FY 2022-23. Thus, the total 220 kV line length at the end of FY 2022-23 was 573.03 Ckt km, which has also been certified by MSLDC. The average 220 kV line length thus becomes 573.03 Ckt. km. for FY 2022-23 for calculation of normative O&M expenses.

3.3.2 Further, no 220 kV line (cables) has been added in FY 2023-24. Thus, the total 220 kV line length at the end of FY 2023-24 was 573.03 Ckt km, which has also been certified by STU. The average 220 kV line length thus becomes 573.03 Ckt. km. for FY 2023-24 for calculation of normative O&M expenses.

3.3.3 In the MTR Petition (Case No. 230 of 2022), AEML-T had submitted that utilization of 33 kV Bays was significantly impacted due to Covid 19 pandemic. As the projects were revived in FY 2022-23 (post Covid pandemic), the Bays are now gradually getting utilized. Further there are 6 no. of 33 kV bays allocated to TPC-D. AEML-T has no control on bay utilisation by TPC-D. Therefore AEML-T should not be penalized for non-utilization of Bays by TPC-D. In any event, AEML-T should not be denied the O&M expense on Bays for non-utilization or delayed utilisation of bays by Distribution Licensees, more particularly when such bays were created to meet their requirement.

3.3.4 Accordingly, AEML-T had claimed normative O&M expense from FY 2019-20 to FY 2021-22 in the MTR Petition (Case No. 230 of 2022), considering all the 33 kV Bays. However, the Commission, based on the loading data of the Bays, considered only the load bearing Bays as utilised and allowed normative O&M expense from FY 2019-20 onwards in the MTR Order. Consequently, AEML-T has raised this issue before the Hon'ble ATE in the Appeal (Appeal No. 538 of 2023) against the MTR Order, which is pending. Without prejudice to the contentions raised in the Appeal, AEML-T has considered only the Bays considered utilised for calculation of normative O&M expenses.

3.3.5 As per MTR Order dated 31 March, 2023 in Case No. 230 of 2022, the Commission had considered 38 no. of AIS 33 kV Bays and 319 no. of GIS 33 kV Bays as the opening no. of Bays for FY 2022-23. Further, the Commission had considered 32 no. of 33 kV Bays (3 AIS and 29 GIS) as unutilized as on January 2023 in the said MTR Order. Out of the list of 32 no. of Bays, Sw. no. 1 (AIS Bay) in Ghodbunder EHV station has already been decommissioned as part of AIS to GIS conversion DPR, executed in FY 2020-21. This was intimated to the Commission through response to various datagaps during MTR proceedings. However, inadvertently Sw. no. 1 (AIS) in Ghodbunder EHV station has been considered as unutilized Bay in the MTR Order, which did not exist in FY 2022-23. Hence for the purpose of truing up of FY 2022-23, AEML-T has considered 39 no. of AIS 33 kV Bays and 319 no. of GIS 33 kV Bays as the opening no. of Bays.

3.3.6 Further, the Commission had considered 3 no. of 33 kV GIS Bays as utilized in FY 2022-23 in the MTR Order. Also, 2 no. of AIS Bays and 17 no. of GIS Bays (out of the 31 no. of 33 kV Bays considered unutilized in the MTR Order dated 31 March,2023) have been considered as utilized in FY 2022-23. Out of the 31 no. of 33 kV Bays considered unutilized in the said MTR Order, 6 no. of GIS Bays (4 in Chembur EHV S/stn and 2 in Saki EHV S/stn) have been allotted to TPC-D by STU. Despite repeated follow ups with TPC-D, these Bays were not utilized by TPC-D and the same is beyond the control of AEML-T. TPC-D had committed to utilize the Bays allotted in Saki EHV S/stn by March 2022 and 2 no. of Bays allotted in Chembur EHV S/stn by March 2023. However, the same are still not utilized till date. Regarding the other 2 Bays allotted to TPC-D in Chembur EHV S/stn, TPC-D had stated that STU may consider utilization of these Bays by allocating for other purposes. AEML-D had also asked for allocation of 2 no. of 33 kV Bays from Chembur EHV station for releasing load in FY 2024-25. STU had sought AEML-T's consent to allocate the 2 no. of Bays to AEML-D. AEML-T has also provided its consent to STU for allocation of 2 no. 33 kV Bays to AEML-D.

3.3.7 AEML-T had submitted the same in its MTR Petition (Case No. 230 of 2022) that the Transmission Licensee should not be held responsible for non-utilization of Bays by the Distribution Licensees, particularly by TPC-D. However, the

Commission did not accept the contention of AEML-T and disallowed the normative O&M expense on account of unutilized Bays in the MTR Order in Case No. 230 of 2022. For normative O&M expense calculation in FY 2022-23, AEML-T considered these Bays as utilized and requested to allow the same. No fresh addition of 33 kV Bays was made in FY 2022-23. Hence, AEML-T has considered 41 no. of AIS 33 kV Bays and 339 no. of GIS 33 kV Bays as the closing no. of Bays in FY 2022-23. The average no. of 33 kV AIS Bays and 33 kV GIS Bays in FY 2022-23 works out to 40 and 329 respectively.

3.3.8 For FY 2023-24, AEML-T has considered 31 no. of 220 kV AIS Bays and 86 no. of 220 kV GIS Bays as the closing no. of Bays in FY 2022-23.

3.3.9 As part of Aarey AIS to GIS conversion project, 10 no. of 220 kV AIS Bays were dismantled, and 11 no. of 220 kV GIS Bays were installed in FY 2023-24. Therefore 21 no. of 220 kV AIS Bays and 97 no. of 220 kV GIS Bays have been considered as the closing no. of Bays in FY 2023-24. The average no. of 220 kV AIS Bays and 220 kV GIS Bays in FY 2023-24 works out to 26 and 92 respectively.

3.3.10 Further, there were no Bays (out of the 31 no. of 33 kV Bays considered unutilized in the MTR Order dated 31 March, 2023), which have been utilized in FY 2023-24. No fresh addition of 33 kV Bays was made in FY 2023-24. Hence, AEML-T has considered 41 no. of 33 kV AIS Bays and 339 no. of 33 kV GIS Bays as the closing no. of Bays in FY 2023-24. The average no. of 33 kV AIS Bays and 33 kV GIS Bays in FY 2023-24 works out to 41 and 339 respectively.

3.3.11 The status of bays considered utilised during FY 2022-23 and FY 2023-24, are as follows:

Table 6: Details of Bays for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

FY 2022-23	Total number of unutilized bays as per MTR Order (A)	No of AIS Bays already decommissioned prior to FY 2022-23 out of (A) : (B)	Net unutilized bays as per MTR Order (C)	Bays utilized during FY 2022-23 out of (C) : (D)	Opening balance of utilized bays as on 01.04.2022 (E)	Bays considered utilized in MTR Order in FY 2022-23 (F)	Closing balance of utilized bays as on 01.04.2022 (G = D+ E + F)
220 kV - AIS Bays					31		31
220 kV - GIS Bays					86		86
33 kV - AIS Bays	3	1	2	2	39		41
33 kV - GIS Bays	29		29	17	319	3	339

FY 2023-24	Total No. of unutilized bays as per MTR Order (A)	No of AIS Bays already decommissioned prior to FY 2022-23 out of (A): (B)	Net unutilized bays as per MTR Order (C)	Opening balance of utilized bays as on 01.04.2023 (D)	Bays utilized during FY 2023-24 out of (C): (E)	No of Bays added / dismantled due to Aarey AIS to GIS DPR (F)	Total Bays utilized during FY 2022-23 (D+E+F)
220 kV - AIS Bays				31		-10	21
220 kV - GIS Bays				86		11	97
33 kV - AIS Bays	3	1	2	41	0		41
33 kV - GIS Bays	29		29	339	0		339

3.3.12 Accordingly, in the Petition, AEML-T has calculated the normative O&M expense in accordance with MYT Regulations, 2019 by considering its 220kV and 33kV bays as utilised, as under:

Table 7: Normative O&M Expenses for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Normative O&M Expenses	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
Line length ckt. km.	573.63	573.03	573.63	573.03
O&M cost norms (Rs. lakh/ ckt. km)	0.76	0.76	0.79	0.79
Normative O&M expenses for lines (Rs. crore)	**4.36**	**4.36**	**4.53**	**4.53**
Number of 220 kV AIS bays	31	31	26	26
Number of 220 kV GIS bays	86	86	91	92
Number of 33 kV AIS bays	38	40	38	41
Number of 33 kV GIS bays	321	329	322	339
O&M cost norms (Rs. lakh/ bay) - 220 kV AIS bays	35.89	35.89	37.27	37.27
O&M cost norms (Rs. lakh/ bay) - 220 kV GIS bays	25.12	25.12	26.09	26.09
O&M cost norms (Rs. lakh/ bay) - 33 kV AIS bays	7.50	7.50	7.79	7.79
O&M cost norms (Rs. lakh/ bay) - 33 kV GIS bays	5.25	5.25	5.45	5.45
Normative O&M expenses for bays (Rs. crore)	**52.41**	**53.00**	**53.95**	**55.24**
Total normative O&M Expense (Rs. Crore)	**56.76**	**57.36**	**58.48**	**59.77**

3.3.13 The actual O&M expenses for FY 2022-23 and FY 2023-24 after considering expenditure capitalized are as shown in the table below:

Table 8: Actual O&M Expenses for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
	MYT Petition	MYT Petition
Employee Expense	35.75	27.14
A&G Expense	18.91	21.22
R&M Expense	10.08*	15.08#
O&M Expense	**64.74**	**63.44**

**Not including Rs. 3.83 Crore considered as O&M in regulatory accounts, due to ruling of the Commission in MTR Order*

 # Not including Rs. 0.48 cr. considered as O&M in regulatory accounts, due to ruling of the Hon'ble Commission in MTR Order

3.3.14 The above actual O&M Expense is inclusive of corporate expense of Rs. 3.75 Crore and Rs. 4.29 Crore for FY 2022-23 and FY 2023-24 respectively, which has been included in the A&G expense. The Corporate Expense segregated between generation, transmission and distribution business of AEML on the basis of turnover of different businesses.

3.3.15 In the MTR Petition (Case No. 230 of 2022), AEML-T had requested the Commission to consider and approve the total O&M expenses of AEML as a whole, instead of separately assessing Corporate allocation. AEML-T had submitted that the Corporate expenses allocated to AEML are against the services procured by AEML to run its businesses and they are, in no manner, different from the other O&M expenses. Therefore, there is no reason to separately assess Corporate expenses from the actual O&M expenses of AEML. However, the Commission did not consider the request of AEML-T and had approved the Corporate Expenses separately by escalating the approved Corporate Expense of previous year with the Escalation factor applicable for current year for AEML's Distribution business. AEML-T has raised this issue in the Appeal (Appeal No. 538 of 2023) before the Hon'ble ATE against the MTR Order in Case No. 230 of 2022 and the same is pending.

3.3.16 AEML-T submitted that the Corporate expenses represent the expenses pertaining to common services of Central Procurement, Group Finance, HR, Centralized IT services, Administration, Security and other common departments of group companies, who render the services to AEML. Apart from usual services, AEML had taken certain new initiatives in association with the group resources, which have resulted in better employee productivity in AEML, improved data security, reduced the possibility of cyber-attacks / malicious software ingress, etc. AEML-T had submitted the details about the Corporate services being used by AEML in the MTR Petition (Case No. 230 of 2022), because of which the Corporate Expense has been on the higher side. Accordingly, AEML-T has claimed the actual Corporate Expense for FY 2022-23.

3.3.17 A Company should have the liberty to perform all its functions by itself using external vendors as necessary or, if it is part of a larger group and group resources are available to execute the same functions, then all such functions could be centrally located and used as necessary, with appropriate cost allocation. AEML is part of the larger Adani Group and various functions of HT, IT, Accounts, Procurement and such other common functions are centrally located to handle the needs of all constituent companies. Appropriate cost allocations are done accordingly. AEML procures many such services and functions from the centralized pool and accordingly incurs corporate expense allocation, which is nothing but a regular business expenditure, because if such services were not procured internally, they would have had to be externally obtained, again resulting in expenditure.

3.3.18 Also, AEML-T, in its MYT Petition (Case No. 297 of 2019), had submitted that the Hon'ble Supreme Court had issued its Judgment dated 28th February 2019 with regard to calculation of contribution to the Provident Fund (PF) und accounts of the employees. In the MTR Petition (Case No. 230 of 2022), AEML-T claimed the impact of the Hon'ble SC Judgment from FY 2019-20 onwards over and above the normative O&M expenses. In the MTR Order, the Commission recognized that the impact of the Hon'ble SC Judgment as being due to a Change in Law event and allowed the same over and above normative O&M expenses from FY 2019-20 to FY 2021-22. For FY 2022-23 & FY 2023-24, the Commission had considered the impact of SC Judgment at Rs. 0.15 Crore on provisional basis in the MTR Order. However, the actual impact for FY 2022-23 was Rs. 0.11 Crore and Rs. 0.07 Crore, which is claimed for true-up of FY 2022-23 and FY 2023-24 respectively.

3.3.19 AEML-T, in the MTR Petition for the period FY 2016-17 to FY 2019-20 (Case No. 201 of 2017), had claimed annual ground rent paid to PWD for its 220 kV line – MSETCL EHV Borivali Stn to AEML-T Gorai EHV Stan in FY 2016-17 as uncontrollable expense. However, the Commission did not allow the same in the MTR Order in Case No. 201 of 2017 dated 12 September, 2018. AEML-T has raised this issue in the Appeal against the MTR Order (Appeal No. 105 of 2019), which is pending. Also, AEML-T in its MYT Petition (Case No. 297 of 2019) had submitted that Aarey-Borivali cable connectivity would be commissioned in FY 2019-20 and there are chances that for the cable being present on the Highway falling under jurisdiction of PWD, ground rental charges may be levied by PWD. The ground rental charges for the cable laid as part of Aarey-Borivali cable connectivity scheme was claimed by AEML-T on provisional basis for FY 2020-21 in the MYT Petition. The Commission had not allowed the impact in the MYT Order and had directed AEML-T to submit the impact of the same with justification at the time of truing up of respective years. In this regard, it is submitted that so far, no demand has been received from PWD or any other Government institution for ground rental charges in FY 2022-23 & FY 2023-24.

Accordingly, AEML-T has not claimed any amount towards ground rent separately for FY 2022-23 and FY 2023-24.

3.3.20 As mentioned earlier in the capitalization, AEML-T has excluded the expenses related to certain works, amounting to Rs. 3.83 Crore from capitalization and has claimed the same as part of actual O&M expense for FY 2022-23 & Rs. 0.48 Crore for FY 2023-24. AEML-T submits that its actual O&M expense had not included the expenses of this nature in the past. Hence comparing the normative expense with the actual expense after including the said expense shifted from Non-DPR to O&M will be unfair. Therefore AEML-T has claimed such expenses separately. Further as per MERC (Multi Year Tariff) (Second amendment) Regulations, 2022, the Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant.

3.3.21 Accordingly, AEML-T requested the Commission to approve the expenses shifted from capex to O&M over and above the net entitlement by exercising its power to relax under Regulation 105 of MYT Regulations, 2019 and also considering the Commission's own intent of not considering these expenses under efficiency gains / losses sharing mechanism. It is further submitted that while AEML-T has on its own excluded works which have been held as O&M nature from capex and is claiming the same as additional O&M. AEML-T further requested that, as part of true-up exercise, if any other works are additionally held as being O&M nature, the Commission may kindly allow the expenses towards the same under O&M cost allowance.

Commission's Analysis and Ruling

3.3.22 The Commission considers opening transmission line length for FY 2022-23 same as closing line length approved for FY 2021-22 in the MTR Order in Case No. 230 of 2022.

3.3.23 Further, based on the STU certification for circuit kilometres of transmission lines under AEML-T for the end of the FY 2022-23 and FY 2023-24, the Commission approves the closing values of the transmission lines of AEML-T for each respective year. The Commission has considered capitalisation, Transmission Line and Bays addition, which have been approved by Commission and are already part of exiting Licence of AEML-T. No capitalisation and Transmission Line and bay addition has been considered in case the same is not part of the existing Licence.

3.3.24 For FY 2022-23, the Commission has considered 31 number of 220 kV AIS bays and 86 number of 220 kV GIS bays as opening balance since they were utilized. These are same the closing bays for FY 2021-22 approved by the Commission in its MTR Order in Case No. 230 of 2022.

3.3.25 The Commission had sought loading data for each of the unutilised bays and based on the information received from AEML-T in response, it was observed that some of the earlier unutilised bays have now been utilised by AEML-T and similarly some of the bays which were utilised has become un-utilised as there is zero load in such bays.

3.3.26 Subsequently, AEML-T vide its submission dated 16 January, 2025 submitted that in Form F2.2, it had inadvertently shown the actual no. of existing 33 kV AIS Bays as 41 and actual no. of existing 33 kV GIS Bays as 351 (total – 392). In fact, the actual no. of existing 33 kV AIS Bays is 40 and actual no. of existing 33 kV GIS Bays is 352 (total – 392). The Commission has verified the details provided by AEML-T in this regard and accordingly has considered the total no. of existing 33 kV AIS Bays as 40 and actual no. of existing 33 kV GIS Bays as 352 (total – 392). In view of the error in no. of actual no. of 33 kV Bays in the MYT Petition, for the purpose of truing up of FY 2022-23, AEML-T requested the Commission to consider the opening no. of 33 kV AIS Bays as 38 and opening no. of 33 kV GIS Bays may please be considered as 320. Accordingly, the Commission has considered the opening no. of 33 KV GIS bays as 38.

3.3.27 The Commission in MTR Order based on the loading data of the Bays had considered of only load-bearing Bays as utilised and allowed normative O&M expense from FY 2019-20 onwards including those that were not utilized but were created to meet the requirements of TPC-D. Consequently, AEML-T has raised this issue in an appeal (Appeal No. 538 of 2023) against the MTR Order, arguing that it should not be penalized for the non-utilization of Bays by TPC-D, as AEML-T has no control over their utilization. As the matter is sub judice, therefore, the Commission has considered only those bays which are utilised during/at the end of the Financial Year in accordance with the approach adopted in the MTR Order in Case No. 230 of 2022. Accordingly, the closing balance of bays has been considered on the basis of load details shared by AEML-T. The list of unutilised bays considered by the Commission based on the load details shared by AEML-T is listed in **Appendix 5.**

3.3.28 The Commission notes that AEML-T in MTR Petition in Case No. 201 of 2017 had claimed the annual ground rent paid to the PWD as uncontrollable for its 220 kV line, which runs from the MSETCL EHV Borivali Station to AEML-T Gorai EHV Station in FY 2016-17. However, the Commission did not allow this claim in the MTR Order dated 12 September, 2018 in Case No. 201 of 2017. Consequently, AEML-T has filed an Appeal (Appeal No. 105 of 2019) against the MTR Order. Further, in its MYT Petition in Case No. 297 of 2019, AEML-T provisionally claimed ground rental charges for Aarey-Borivali cable connectivity considering PWD may impose rental charges. However, the Commission did not allow this provisional claim in the MYT Order and directed to submit the impact of these charges, along with appropriate justification, during the truing up exercise. The Commission notes AEML-T has not received any demand for ground rental charges; hence AEML-T has not made any separate claims for ground rent for FY 2022-23 and FY 2023-24 and also, the issue is sub judice before Hon'ble ATE.

3.3.29 Further, the Regulation 9 under Part B – Planning Code of the Maharashtra Electricity Regulatory Commission (State Grid Code), Regulations, 2020 read with Regulation 8 and Regulation 17 of the Maharashtra Electricity Regulation Commission (Transmission Open Access) Regulations, 2016 and its amendments thereof provides as under:

MERC (State Grid Code) Regulations, 2020

"9. Introduction

In accordance with Section 39(2)(b) of the Act, STU shall discharge all functions of planning and coordination relating to InSTS with CTU, State Government, Generating Company, Regional and State Power Committee, CEA, licensees and any other person notified by the State Government in this behalf.

In accordance with Section 39(2)(d) of the Act, the STU shall inter-alia provide non-discriminatory open access to its transmission system for use as per the provisions of MERC (Transmission Open Access) Regulations, 2016 and its amendments thereof.

In accordance with Section 40 of the Act, the transmission licensee shall inter-alia provide non-discriminatory open access to its transmission system for use as per the provisions of MERC (Transmission Open Access) Regulations, 2016 and its amendments thereof.

STU shall be responsible for planning for InSTS lines in line with CEA's National Electricity Plan and shall review its plan consistent with the revision in the National Electricity Plan from time to time……" *(Emphasis added)*

MERC (Transmission Open Access) Regulations, 2016 and its amendments thereof

"8. Transmission system planning

8.1 The State Transmission Utility shall, within one hundred and eighty (180) days from the date of notification of these Regulations, publish on its internet website the transmission system plan for the intra-State transmission system and shall also make the same available to any person upon request.

8.2 Such transmission system plan shall cover a plan period of five (5) years commencing from the financial year immediately following the year in which it is published:

17. Compliance with the State Grid Code

It shall be the duty of all Transmission System Users to comply with the State Grid Code:

Provided that if any Transmission System User has failed to comply with the State Grid Code, without prejudice to any penalty to which he may be liable under the Act, the transmission capacity rights so reserved for such user shall be liable to be revoked by the Transmission Licensee who may do so after giving such Transmission System User an opportunity of being heard in the matter and after having received the approval of the Commission." (Emphasis added)

3.3.30 In view of the aforementioned Regulations, STU is the Intra-State Transmission System Planning Authority, which forms the part of the Planning Code under the State Grid Code and therefore non-compliance to the specific directions given by STU to TSUs for the implementation of Transmission Schemes approved under the STU Plan or any other specific Schemes approved by STU for the strengthening Intra-state Transmission System in accordance with the provisions provided under the Planning Code of the State Grid Code would attract the penalty to the TSUs, subject to the approval of the Commission.

3.3.31 **Accordingly, STU shall explore the implementation of a penalty mechanism for all TSUs who fail to utilize such capital-intensive assets, which were initially demanded but later left unutilized, resulting in stranded transmission assets. This penalty mechanism shall also be included as part of the final action plan to be submitted by the STU to the Commission within the specified timelines. Upon reviewing the final action plan submitted by the STU, the Commission will issue a separate decision outlining the further course of action. Accordingly, for the purpose of the True-up, the Commission has not considered the unutilized bays for normative O&M expenses for FY 2022-23 and FY 2023-24, respectively.**

3.3.32 AEML-T submitted that as part of 220kV Aarey AIS to GIS conversion project, 10 no. of 220 kV AIS Bays were dismantled, and 11 no. of 220 kV GIS Bays were installed in FY 2023-24. Accordingly, the Commission has considered the same for approving the normative O&M expenses.

3.3.33 AEML-T submitted that Switch No. 1 of Ghodbunder EHV Stn was dismantled in FY 2020-21 due to 33 kV AIS to GIS DPR scheme. Accordingly, AEML-T had considered 1 additional Bay against the same.

3.3.34 The Commission in the MTR Order in Case No. 230 of 2022 had considered 332 nos. of 33 kV bays as opening bays for FY 2019-20 as they were utilised. Further, the Commission has considered 53 nos. of bays as unutilised at the beginning of the FY 2019-20, same as that identified in the MYT Order in Case No. 297 of 2019. In the MTR Order in Case No. 230 of 2022, the Commission had allowed certain bays from the list of 53 unutilised bays to be included for computation of normative O&M expenses during the year, as and when they were utilised. Similarly, whenever such utilised bays from the list of 53 unutilised bays were again unutilised, these were removed from the list of approved bays considered for computation of normative O&M during the year. This adjustment was over and above the bays approved on account of impact of conversion of bays from AIS to GIS and also due to new capitalisation getting approved.

3.3.35 Further, the bay under contention (Switch No. 1 of Ghodbunder EHV Stn was appearing in the list of unutilised bays as on January 2023 in the Appendix 5 of the MTR Order in Case No. 230 of 2022) was also part of the list of unutilised bays considered in the MYT Order. This bay was never utilised during the period FY 2019-20 to FY 2020-21 i.e., when it was considered for dismantling under the AIS to GIS conversion scheme. Accordingly, the concerned bay was unutilised for the entire period from FY 2019-20 to FY 2020-21 i.e., upto the time it was dismantled. Further, as per AEML-T's submission, the bay was dismantled as part of the AIS to GIS conversion scheme and accordingly, the Commission would have allowed the adjustment on account of the AIS to GIS conversion bays in FY 2020-21 as part of the normative O&M cost computation (68 no. of 33 kV AIS bays were deleted in FY 2020-21 while 86 no. of 33 kV bays were added (utilisation of earlier unutilised bays + new addition / conversion of bays)).

3.3.36 Accordingly, while the bay was inadvertently shown in the list of unutilised bays as on January 2023, it was actually dismantled, and the impact was passed on through the addition/deletion of bays due to AIS to GIS conversion considered in FY 2020-21. Importantly, AEML-T has not objected to this adjustment which was allowed by the Commission in the MTR Order. Accordingly, though the Bay was appearing in the list of un-utilised bays and it certainly cannot be added to the list of utilized bays for normative O&M expense computation at the beginning of FY 2022-23 as it was never utilised during the entire period from FY 2019-20 to FY 2020-21 i.e., when it was dismantled as per AEML-T submission. Accordingly, the list of 53 bays would have reduced by 1, rather than adding 1 no. of bay to the list of utilised bays. Hence, there is no requirement for change in opening balance for FY 2022-23 as requested by AEML-T.

3.3.37 For the purpose of the calculation of the normative O&M expenses, the Commission approves below the net addition of the transmission line length and bays (utilisation of earlier unutilised bays + new addition / conversion of bays) for the respective truing up years:

Table 9: Addition of Transmission line length and Bays for FY 2022-23 and FY 2023-24, as approved by the Commission

FY 2022-23	MYT Petition	Approved in this Order	Remarks
Transmission Line Length (Ckt. km) between 66 kV and 400 kV			
Closing balance of FY 2021-22 as per MTR Order (Case No. 230 of 2022)	573.03	573.03	
Addition in Opening	0	0	
Opening considered for FY 2022-23	573.03	573.03	
Addition during the year	0	0	No addition in transmission line length in FY 2022-23
Closing balance for FY 2022-23	573.03	573.03	
Average	**573.03**	**573.03**	
Bays (between 66 kV and 400 kV)			
Closing balance of FY 2021-22 as per MTR Order (Case No. 230 of 2022)	117	117	
Addition in Opening	0	0	
Opening considered for FY 2022-23	117	117	
Addition during the year	0	0	No addition in 220 kV Bays in FY 2022-23
Closing balance for FY 2022-23	117	117	
Average	**117.0**	**117.0**	
Bays (<66 kV)			
Closing balance of FY 2021-22 as per MTR Order (Case No. 230 of 2022)	357	357	
Addition in Opening	1	0	Switch No. 1 of Ghodbunder EHV Stn was dismantled in FY 2020-21 due to 33 kV AIS to GIS DPR scheme. AEML-T had considered 1 additional Bay against the same. Though Switch No. 1 of Ghodbunder EHV Stn was appearing in the list of unutilised bays as on January 2023 in the Appendix 5 of the MTR Order in Case No. 230 of 2022, however, upon verification it is noted that inadvertently, it was appearing in the list of un-utilized bays. Though the said Bay was appearing in the list of un-utilised bays, certainly it cannot be added to the list of utilized bays for

FY 2022-23	MYT Petition	Approved in this Order	Remarks
			normative O&M expense hence, there is no requirement for change in opening balance. **This issue has been discussed in para 3.3.34 to 3.3.37 of this Order.**
Opening considered for FY 2022-23	358	357	The Commission has considered the opening balance as approved in the MTR Order in Case No. 230 of 2022.
Addition during the year	22	-1	AEML-T considered following addition to bays: a. 3 No. of 33 kV Bays considered as utilized in FY 2022-23 by the Commission in MTR Order (Case No. 230 of 2022). b. In addition, 19 no. of 33 kV Bays (out of 32 No. of Bays considered unutilized by Commission in MTR Order) were considered as utilized by AEML-T by providing the following justifications: • 6 nos. of Bays were allocated to TPC-D by STU out of which AEML-T has no control. • Balance 13 nos. of Bays were either loaded earlier (became zero loaded due to reconfiguration) or are in charged condition. Based on details of 33 kV Bays, provided by AEML-T, No. of utilized Bays (loaded) has been verified. The Commission noted following: 1. 6 no. of Bays were allocated to TPC-D has been identified as unutilised (as these bays having zero load) and **not allowed by the Commission.** 2. 13 bays which were either loaded earlier or charged condition have been identified as un-utilised (as these bays have zero load) and **not allowed by the Commission.**

FY 2022-23	MYT Petition	Approved in this Order	Remarks
			3. GIS bay of Board No. 2 and Switch No. 18 at Borivali S/s, has been identified as put to use (load in FY 22 –0 MW and in FY 23 – 20.6 MW) and **allowed by the Commission.** 4. GIS bay of Board No. 3 and Switch No. 29 at Chembur S/s has been identified as put to use (load in FY 22 – 0 MW and in FY 23 – 13.7 MW) and **allowed by the Commission.** 5. GIS bay of Board No. 2 and Switch No. 19 at Gorai S/s has been identified as put to use (load in FY 22 – 0 MW and in FY 23 – 14.7 MW) and **allowed by the Commission.** 6. AIS bay of Board No. 4 and Switch No. 37 at Aarey S/s has been identified as un-utilised (load in FY 22 – 31.7 MW and in FY 23 – 0 MW) and not **allowed by the Commission.** 7. GIS bay of Board No. 7 and Switch No. 76 at Aarey S/s has been identified as un-utilised (load in FY 22 – 14.5 MW and in FY 23 – 0 MW) and not **allowed by the Commission.** 8. GIS bay of Board No. 2 and Switch No. 28 at Goregaon S/s has been identified as un-utilised (load in FY 22 – 24.6 MW and in FY 23 – 0 MW) and not **allowed by the Commission.** 9. GIS bay of Board No. 1 and Switch No. 12 at Gorai S/s has been identified as un-utilised (load in FY 22 – 17.7 MW and in

FY 2022-23	MYT Petition	Approved in this Order	Remarks
			FY 23 – 0 MW) and not **allowed by the Commission.** Based on above, only 1 no. of bay has been considered "reduction during the year in 33 kV Bays" of FY 2022-23 for truing up purposes. **Allowed addition / (reduction)= (3-4=1)**
Closing balance for FY 2022-23	380	356	
Average	**369**	**356**	

FY 2023-24	MYT Petition	Approved in this Order	Remarks
Transmission Line Length (Ckt. km) between 66 kV and 400 kV			
Closing balance of FY 2022-23	573.03	573.03	
Addition during the year	0	0	No addition in transmission line length in FY 2023-24
Closing balance of FY 2023-24	573.03	573.03	
Average	573.03	573.03	
Bays (between 66 kV and 400 kV)			
Closing balance of FY 2023-24	117	117	
Addition during the year	1	1	AEML-T submitted that 10 Nos. of 220 kV AIS Bays dismantled, and 11 Nos. of 220 kV GIS Bays commissioned in FY 2023-24 due to commissioning of Aarey 220 kV AIS to GIS Scheme. 10 Nos. of 11 Nos. of 220 kV GIS Bays have been commissioned and verified to be put to use and therefore allowed by the Commission. **Allowed addition in 220 kV Bay = (11-10=1 No. of Bay)**
Closing balance of FY 2023-24	118	118	
Average	117.5	117.5	
Bays (<66 kV)			
Closing balance of FY 2023-24	380	356	

FY 2023-24	MYT Petition	Approved in this Order	Remarks
Addition during the year	0	6	AEML-T had not claimed any addition of 33 kV Bays in FY 2023-24 Based on details of 33 kV Bays, provided by AEML-T, No. of Bays has been verified to put to use (which were earlier un-utilised) as under: **AIS Bays:** 1. Board No. 5 and Switch No. 41 at Aarey (FY 23 - 0 MW, FY 24 - 0.4 MW) **GIS Bays:** 2. Board No. 4 and Switch No. 40 at Ghodbunder (FY 23 - 0 MW, FY 24 - 5.5 MW) 3. Board No. 1 and Switch No. 5 at Borivali (FY 23 - 0 MW, FY 24 - 1.3 MW) 4. Board No. 2 and Switch No. 15 at Borivali (FY 23 - 0 MW, FY 24 - 0.5 MW) 5. Board No. 1 and Switch No. 5 at Chembur (FY 23 - 0 MW, FY 24 - 8.3 MW) 6. Board No. 2 and Switch No. 25 at Chembur (FY 23 - 0 MW, FY 24 - 0.7 MW) **Allowed addition in 33 kV Bay = 6 No. of Bays)**
Closing balance of FY 2023-24	380	362	
Average	**380**	**359**	

3.3.38 The Normative O&M expenses for FY 2022-23 and FY 2023-24 computed as per the provisions of the Regulation 61.4 of the MYT Regulations, 2019 considering the average numbers of bays and line length approved by the Commission is as under:

Table 10: Normative O&M Expenses for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Normative O&M Expenses	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Line length ckt. km.	573.63	573.03	573.03	573.63	573.03	573.03

Normative O&M Expenses	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
O&M cost norms (Rs. lakh/ ckt. km)	0.76	0.76	0.76	0.79	0.79	0.79
Normative O&M expenses for lines (Rs. crore)	**4.36**	**4.36**	**4.36**	**4.53**	**4.53**	**4.53**
Average Number of 220 kV AIS bays	31	31	31	26	26	26
Average Number of 220 kV GIS bays	86	86	86	91	92	91
Average Number of 33 kV AIS bays	38	40	37	38	41	37
Average Number of 33 kV GIS bays	321	329	319	322	339	321
O&M cost norms (Rs. lakh/ bay) - 220 kV AIS bays	35.89	35.89	35.89	37.27	37.27	37.27
O&M cost norms (Rs. lakh/ bay) - 220 kV GIS bays	25.12	25.12	25.12	26.09	26.09	26.09
O&M cost norms (Rs. lakh/ bay) - 33 kV AIS bays	7.50	7.50	7.50	7.79	7.79	7.79
O&M cost norms (Rs. lakh/ bay) - 33 kV GIS bays	5.25	5.25	5.25	5.45	5.45	5.45
Normative O&M expenses for bays (Rs. crore)	**52.41**	**53**	**52.29**	**53.95**	**55.24**	**54.01**
Total normative O&M Expense (Rs. Crore)	**56.76**	**57.36**	**56.65**	**58.48**	**59.77**	**58.54**

3.3.39 The Commission has analysed the actual O&M expenditure as submitted by AEML-T for each of the components including employee expenses, administration and general expenses (A&G) and repairs and maintenance (R&M) for each of the truing up years.

3.3.40 The Commission enquired about the variation in the O&M components over the truing up period. The key reasons for the variation as provided by AEML-T for the increase or decrease in O&M expenses is summarised as below:

3.3.40.1 Individual heads of O&M expenses can vary from year to year due to several factors. For instance, Employee expenses are largely affected by changes in number of employees due to new hiring, retirements, separation, etc., changes in number and extent of outsourced activities (which have an effect on reducing employee cost and increasing A&G expenses), changes in allowances, bonuses, etc. given to retain employees or to align with market dynamics, etc. also contribute to variations in employee expenses.

3.3.40.2 In the past, similar changes have been observed such as significant drop in employee expenses in FY 2019-20 from Rs. 37.79 Crore, to Rs. 25.42 Crore in FY 2020-21. The Commission approved the said expenses as the whole idea of specifying a norm for O&M expenses as a whole is that individual elements of expenses will be left at the liberty of the Licensee to manage and optimise such that the increase in any one or more elements could be offset with decrease in other heads or vice versa.

3.3.40.3 AEML has been gradually making changes in the salary structure of its employees, wherein the 'basic pay' of employees is reduced and 'other allowance' component is increased. The total salary payable to employees remains same. However, other benefits to employees linked to Basic pay (such as PF contribution, gratuity etc.), which are cost to company, are optimized. Hence there has been an increase other allowances component in FY 2022-23 compared to that of FY 2021-22. Other components in employee expense in FY 2022-23 have reduced compared to FY 2021-22. Further, the employee expense in FY 2023-24 (including other allowance component) has reduced compared to FY 2022-23 due to reduction in no. of employees in FY 2023-24.

3.3.40.4 The expenses against various heads of A&G expense vary significantly from year to year and no consistent trend can be attributed to this variation. For instance, professional and consultancy fees may increase depending on the matters listed for hearing before the Hon'ble ATE or the Supreme Court, since fees paid to advocates are made at the time of hearing before the Hon'ble ATE or the Supreme Court. Similarly, conveyance expense may increase or decrease during the year depending on the increase or decrease in travel requirement of employees related to official work.

3.3.40.5 AEML-T has submitted that the A&G expenses are also affected by the extent of outsourcing, which has effect on reducing employee cost while increasing A&G cost.

3.3.40.6 While the increase in A&G expense in FY 2023-24 is 12% over that of FY 2022-23, the increase in absolute value is Rs. 2.31 Crore only. Out of the same, the increase in corporate expense is Rs. 0.54 Crore. The increase is because the corporate expense for FY 2023-24 for AEML as a whole has increased to Rs. 123.79 Crore from Rs. 109.73 Crore). This is on account of more services from common business functions like HR, Central Procurement, Group Finance, Accounts, Administration, Security and information technology (IT) services are provided by group resources in FY 2023-24 compared to FY 2022-23. Apart from Corporate Expense, the increase in A&G expense in FY 2023-24 over FY 2022-23 is Rs. 1.77 Crore. AEML-T submitted that the Corporate Expenses should not be seen as external to the business, as the company has liberty to undertake the common functions such as HR, Accounts, IT, Procurement, etc. through employees on own payroll or obtain these services from group level resources and facilities. Later also has advantage of standardisation and economies of scale across the entire group. Regardless of whether these services are internally performed or obtained through Group level resources; cost will be incurred. Hence, Corporate expenses are nothing but regular business expenses only.

3.3.40.7 The R&M expense in FY 2023-24 has increased to Rs.15.08 Crore, wherein the increase is mostly against plant and machinery. The increase is due to increase in maintenance expenses related to substations and lines. Further, there are certain one-time expenses in FY 2023-24 for which overall R&M expense has increased in FY 2023-24. The same are elaborated below:

(a) M/s Dedicated Freight Corridor Corporation of India Limited (**DFCC**) had executed excavation up to 8 meters beneath the ground near Tower no. LS 22 of Dahanu Ghodbunder line, for which there was risk of instability of the tower. AEML-T approached the M/s. DFCC authority and raised concern. After several follow ups, AEML-T decided to execute the tower strengthening job near tower LS 22. AEML-T carried out dewatering near the tower and executed civil works such as soil filling, stone pitching & pointing etc. Also, to safeguard from any damage in future, a retaining wall around the tower was built up. The expenses of Rs.0.47 Crore in FY 2023-24 and Rs.0.71 in FY 2024-25 were accounted in R&M expense. It is also submitted that AEML-T has recovered around Rs. 53 Lakh from M/s DFCC in FY 2024-25 on account of the above works and the same has been included as NTI in FY 2024-25.

(b) Due to cable fault at Aarey Saki cable, expense of Rs. 0.75 Crore was incurred in FY 2023-24, which was accounted in R&M expense.

(c) There was an increase in no. of cable faults in Aarey Borivali cable connectivity in FY 2023-24 compared to no. of faults in FY 2022-23.

3.3.40.8 The Commission has reviewed the R&M expenses for FY 2023-24, which have increased to Rs. 15.08 Crore. This increase is primarily due to higher maintenance costs associated with plant and machinery, particularly related to substations and lines. Additionally, there were certain one-time expenses in FY 2023-24 that contributed to the overall increase in R&M expenses. Tower Strengthening Job near Tower LS 22: DFCC executed excavation up to 8 meters beneath the ground near Tower no. LS 22 of the Dahanu Ghodbunder line, posing a risk of instability to the tower. AEML-T raised concerns with M/s DFCC and, after several follow-ups, decided to execute a tower strengthening job near tower LS 22. AEML-T carried out dewatering work near the tower and executed civil works such as soil filling, stone pitching, and pointing. The expenses for these works amounted to Rs. 0.47 Crore in FY 2023-24 and Rs. 0.71 Crore in FY 2024-25, accounted for in R&M expenses. AEML-T recovered around Rs. 53 Lakh from M/s DFCC in FY 2024-25 for the above works, which has been included as NTI in FY 2024-25. A cable fault at the Aarey Saki cable incurred an expense of Rs. 0.75 Crore in FY 2023-24, accounted for in R&M expenses and increase in the number of cable faults in the Aarey Borivali cable connectivity in FY 2023-24 compared to FY 2022-23, which led to one-time expenses and the reasons behind the increase in maintenance costs. The Commission has noted the reasons provided by AEML and considers the same for approval of the actual O&M expenses.

3.3.41 The Commission further notes AEML-T's submission that the expenses allocated to AEML from the Adani Group, is termed as Corporate Expense allocation, and is influenced by both the expenditure incurred at Corporate Level and the magnitude of its allocation to AEML depending upon the services / expertise obtained by AEML from the group resources. The overall Corporate Expense incurred by Adani group and allocated towards different AEML businesses based on the turnover of respective regulated businesses of AEML.

3.3.42 AEML-T had sought approval of the Corporate Expenses in the past MYT & MTR Order as well. In this context the Commission in its MYT Order in Case No. 297 of 2019 & MTR Order in Case No. 230 of 2022 had also commented on the Corporate Expenses allocated to AEML-T. The relevant extract of the MTR Order in Case No. 230 of 2022 is reproduced below:

> ***"The Commission has therefore, considered the approved Corporate Expenses of FY 2018-19 as the base expenses and escalated the same by the inflation rate considered for escalation of normative O&M expenses in FY 2019-20, i.e., 3.22% (Escalation rate of Distribution Licensee in absence of escalation rate for Transmission Licensee) and approved the Corporate expenses for FY 2019-20. For FY 2020-21 and FY 2021-22, AEML- submitted Corporate Expenses Allocation as Rs. 4.14 Crore and Rs. 4.60 Crore. To ensure consistency in approach adopted by the Commission for approval of Corporate Expenses for earlier years, the Commission has considered inflation rate of 3.24% and 4.06% over the previous year amounts for each respective year to approve the corporate expenses for FY 2020-21 and FY 2021-22***. *The following Table shows the comparison of the Corporate Expenses allocation submitted by AEML-T and the approval considered by the Commission:"*

3.3.43 In accordance with the approach adopted by the Commission in MTR Order in Case No. 230 of 2022, the Commission has considered an inflation rate of 5.86% for FY 2022-23 and 5.53% for FY 2023-24 to ensure consistency in the approval of Corporate Expenses for these years. This approach aligns with the Commission's previous methodology for determining corporate expenses, which considers inflation adjustments based on prior year amounts.

3.3.44 Further, the Commission notes that AEML-T has raised corporate expenses issue in the Appeal No. 538 of 2023 before the Hon'ble ATE against the MTR Order in Case No. 230 of 2022 and the same is sub judice.

Table 11: Corporate Expense Allocation for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
	Approved in this Order	Approved in this Order
AEML-T: Corporate Expense Allocation		

Particulars	FY 2022-23	FY 2023-24
	Approved in this Order	Approved in this Order
Claimed	3.75	4.29
Approved	**3.60**	**3.80**
Disallowed in O&M Expenses	**0.15**	**0.49**

3.3.45 Further, as covered in the section on Capital Expenditure and Capitalization, the Commission has reclassified all the activities falling under the Non-DPR Activities as the Capex nature items and the R&M nature items. With this re-classification, there is an addition to the R & M for the three years of truing-up, which is shown in the below table:

Table 12: Revised (Actual) Repairs & Maintenance Costs for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
	Approved in this Order	Approved in this Order
Repairs & Maintenance Expenses		
Actual R & M Expenses as claimed by AEML-T	10.08	15.08
Add: R&M nature of activities claimed by AEML-T in Non-DPR Capitalisation, which is now re-classified as R&M Expense	6.88	3.65
Revised (Actual) Repairs & Maintenance Expenses	**16.96**	**18.73**

3.3.46 With the revision in the R & M Expenses, the revised Actual O&M Expenses, as approved by the Commission is as per the below table:

Table 13: Revised (Actual) O&M Expenses for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
	Approved in this Order	Approved in this Order
Gross Employee expenses	52.22	39.10
Less: Expenses capitalized	16.47	11.96
Total Employee expenses	**35.75**	**27.14**
A&G expenses	15.16	16.93
Add: Corporate Expense (Revised)	3.60	3.80
Total A&G expenses	**18.76**	**20.74**
R&M expenses	10.08	15.08
Add: Non-DPR Capex Items (including IDC) now re-classified as R&M Expenses	6.88	3.65
Total R&M expenses (Revised)	**16.96**	**18.73**
Total Actual O&M Expenses	**71.47**	**66.61**

3.3.47 **The Commission thus approves actual O&M expenses of Rs. 71.47 Crore and Rs. 66.61 Crore for FY 2022-23 and FY 2023-24 respectively.**

3.3.48 AEML-T has submitted that as per the Hon'ble Supreme Court Judgment dated 28 February 2019, AEML-T has been calculating the Provident Fund (PF) contribution considering all components of wages instead of the earlier practice of considering only the basic pay and DA. This change has resulted in an additional amount of Rs. 0.11 Crore in FY 2022-23 and Rs. 0.07 Crore in FY 2023-24 towards the PF contribution due to the Hon'ble Supreme Court Judgment. **In accordance with the approach adopted by the Commission in the MTR Order in Case No. 230 of 2022, the Commission allows AEML-T to recover this expense over and above the net entitlement of O&M expenses allowable under the Regulations after considering the sharing of efficiency gains/(losses).**

3.4 Sharing of Gains and Losses of O&M Expenses

Sharing of Gains and Losses of O&M Expenses for FY 2022-23 and FY 2023-24

AEML-T's Submission

3.4.1 AEML-T has submitted the actual O&M expenses for FY 2022-23 and FY 2023-24 has been compared with the worked out normative O&M expenses to determine efficiency gains and losses.

3.4.2 Regulation 11.1 of the MYT Regulations, 2019 (applicable for FY 2022-23 and FY 2023-24) provides the mechanism for sharing of gain on account of controllable factors. The Net Entitlement of O&M cost for FY 2022-23 and FY 2023-24 is worked out as below:

Table 14: Net Entitlement of O&M for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
	MYT Petition	MYT Petition
Normative O&M expenses (A)	**57.36**	**59.77**
Actual O&M expenses (B)	64.74	63.44
Impact of SC Judgement on PF (C)	0.11	0.07
Net Actual O&M Expense (D = B - C)	**64.63**	**63.37**
Efficiency Gain/ (Loss) on O&M expenses (E = A + (D-A) / 3)	59.78	60.97
Expense shifted from Capitalization to O&M (F)	3.83	0.48
Total O&M Claimed (G = C+E+F)	**63.72**	**61.52**

Commission's Analysis and Ruling

3.4.3 The Commission has computed efficiency gain / (loss) by comparing the actual O&M expenses with normative O&M expenses worked out for FY 2022-23 and

FY 2023-24. The impact of the Hon'ble Supreme Court judgement related to PF is allowed to be recovered additional over and above the net entitlement worked out as per the provisions of the applicable Regulations.

3.4.4 Regulation 11.1 and 11.2 of the MYT Regulations, 2019 specifies the following:

"11.1 The approved aggregate gain to the Generating Company or Licensee or MSLDC on account of controllable factors shall be dealt with in the following manner:—
(a) Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4.
(b) The balance amount of such gain shall be retained by the Generating Company or Licensee or MSLDC.

11.2 The approved aggregate loss to the Generating Company or Licensee or MSLDC on account of controllable factors shall be dealt with in the following manner:-
(a) One-third of the amount of such loss may be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4;
(b) The balance amount of such loss shall be absorbed by the Generating Company or Licensee or MSLDC."

3.4.5 AEML-T has excluded the expenses related to certain works, amounting to Rs. 3.83 Crore & Rs. 0.48 Crore from capitalization and has claimed the same as part of actual O&M expense for FY 2022-23 & FY 2023-24 respectively. AEML-T submitted that its actual O&M expense had not included the expenses of this nature in the past. Therefore AEML-T has claimed such expenses separately in accordance with Regulation 61.9 of the Second Amendment of the MYT Regulations, 2022 which provides that the Commission may consider any request for revision of the normative O&M expenses on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant.

3.4.6 Regarding the submission of AEML-T to not consider the shifting of certain works from capitalisation to O&M expenses, the Commission notes that the Regulation 61.9 of the MYT (Second Amendment) Regulations, 2023 stipulates as follows:

"61.9 The Commission may consider any request for revision of the normative O&M expenses of the Transmission Licensee on account of consideration of some Schemes under O&M rather than Capital Investment on case-to-case basis, depending on the justification to be submitted by the Applicant and the life-cycle cost analysis:

Provided that if actual O&M expenses including the cost of some schemes considered under O&M rather than Capital Investment are lower than normative O&M expenses, then sharing of efficiency gains shall be done:

Provided further that if actual O&M expenses including the cost of some schemes considered under O&M rather than Capital Investment are higher than normative O&M expenses on this account, then no sharing of efficiency losses shall be done".

3.4.7 The Commission notes that the actual O&M expenses (i.e., without adding the cost of identified schemes under O&M rather than capital investment) approved in this Order have already exceeded the normative O&M expenses based on norms of transmission line length and number of bays. Consequently, the Commission, in accordance with the Regulation 61.9 of the MYT (Second Amendment) Regulations, 2023 has allowed the cost of identified schemes under O&M expenses rather than capital investment, over and above the normative O&M expenses and no sharing of efficiency loss has been considered for such schemes.

3.4.8 As specified in the above Regulations, one third of the losses on account of O&M expenses are to be passed on in Tariff while two third are to be borne by the Licensee. Similarly, in case of gains, two-third of the amount of such gain shall be passed on as a rebate in Tariff. In line with the above Regulations, the summary of net entitlement of O&M Expenses, including efficiency losses for FY 2022-23 and FY 2023-24, as approved by the Commission is shown below:

Table 15: Net entitlement of O&M for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MYT Petition	Approved in this Order	MYT Petition	Approved in this Order
Normative O&M expenses (A)	**57.36**	**56.65**	**59.77**	**58.54**
Actual O&M expenses (B)	64.74	64.59	63.44	62.95
Impact of SC Judgement on PF (C)	0.11	0.11	0.07	0.07
Net Actual O&M Expense considered for sharing of efficiency gains / (loss) (D = B - C)	**64.63**	**64.48**	**63.37**	**62.88**
Efficiency Gain/ (Loss) on O&M expenses (E = A + (D-A)/3)	59.78	59.26	60.97	59.99
Expense shifted from Capitalization to O&M (F)	3.83	6.88	0.48	3.65
Total O&M Claimed (G = C+E+F)	**63.72**	**66.25**	**61.52**	**63.71**

3.4.9 **The Commission approves the Revised O&M expenses (inclusive of Impact of SC Judgement on PF) of Rs. 66.25 Crore and Rs. 63.71 Crore for FY 2022-23 and FY 2023-24 respectively along with the sharing of efficiency losses on O&M expenses.**

3.5 Depreciation

AEML-T's Submission

3.5.1 AEML-T has claimed depreciation in line with Regulation 28.5 of the MYT Regulations, 2019, wherein it has applied depreciation up to 70% of the original cost of asset and thereafter the remaining depreciable value of the assets as on 31 March of the year is spread over balance useful life for FY 2022-23 & FY 2023-24. In accordance with the Regulations, Depreciation has been claimed on the Opening GFA (Gross Fixed Asset) and also on the assets added during the year (proportionately based on actual date of addition).

3.5.2 AEML-T submits that the Commission had allowed depreciation for FY 2022-23 & FY 2023-24 in the MYT Order & MTR Order respectively considering the weighted average depreciation rate as claimed by AEML-T in the Petition, on the average GFA approved in the MYT Order. This implies that that the Commission had considered the asset addition at the midpoint of the year. However, the actual depreciation has been calculated on the assets added during the year proportionately based on actual date of addition. The details of the actual depreciation claimed by AEML-T for the FY 2022-23 & FY 2023-24 is given in the table below:

Table 16: Depreciation for FY 2022-23 & FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
Total Depreciation	**96.43**	**95.22**	**99.03**	**102.36**
Opening GFA	2,137.28	2,137.27	2,143.23	2,138.74
Closing GFA	2,143.23	2,138.74	2,249.56	2,236.11

Commission's Analysis and Ruling

3.5.3 AEML-T in the present Petition has submitted depreciation expenses claimed in line with the Regulation 28.5 of the MYT Regulations, 2019. The Commission has scrutinized the details of calculation of asset wise depreciation expenses as provided by AEML-T in its Petition and considered the same for approval.

3.5.4 The Commission for the purpose of calculation of depreciation for FY 2022-23 has considered opening GFA same as that of closing GFA for FY 2020-21 approved in MTR Order in Case No. 230 of 2022. The Commission has considered the additions to the GFA to be equal to the capitalization approved by the Commission in the present Order for both the financial years 2022-23 and 2023-24 The Commission has also taken into account the actual retirement of assets as claimed by AEML-T for the financial years 2022-23 and 2023-24..

3.5.5 The summary of depreciation expense for FY 2022-23 and FY 2023-24 as submitted by AEML-T and as approved by the Commission is as given in the Table below.

Table 17: Depreciation for FY 2022-23 & FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Total Depreciation	**96.43**	**95.22**	**95.16**	**99.03**	**102.36**	**102.14**
Opening GFA	2,137.28	2,137.27	2,137.27	2,143.23	2,138.74	2,135.69
Closing GFA	2,143.23	2,138.74	2,135.69	2,249.56	2,236.11	2,229.90

3.5.6 **The Commission approves Depreciation of Rs. 95.16 Crore for FY 2022-23 and Rs. 102.14 Crore for FY 2023-24.**

3.6 Interest on Loan Capital

AEML-T's Submission

3.6.1 For FY 2022-23, AEML-T submitted that it has considered the opening normative loan balance for FY 2022-23 as equal to the closing normative loan balance of FY 2021-22. 70% of the asset addition in FY 2022-23 is considered as normative debt drawl during the year, as the actual debt deployment is about 4.35%.

3.6.2 For FY 2023-24, AEML-T submitted that it has considered the opening normative loan balance for FY 2023-24 as equal to the closing normative loan balance of FY 2022-23. 70% of the asset addition in FY 2023-24 is considered as normative debt drawl during the year, as AEML has not availed any actual loan during the year.

3.6.3 In accordance with Regulation 30.3 of the MYT Regulations, 2019 (applicable for FY 2022-23 & FY 2023-24), the repayment during each year is deemed equal to the depreciation allowed for that year. Further, in the respective financial years, there has been retirement of assets and the consequential reduction in loan due to such retirement is considered in the ARR.

3.6.4 Also, the first proviso to Regulation 30.5 of the MYT Regulations, 2019 (applicable for FY 2022-23 & FY 2023-24) states as follows:

> "*Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual loan portfolio during the concerned year shall be considered as the rate of interest:…*"

3.6.5 AEML-T calculated weighted average interest rate for AEML as a whole considering the actual loan portfolio for FY 2022-23 & FY 2023-24 works out to 8.98% and 91.5% respectively, the computation of which is provided to the Commission. Based on the above, the interest on loans for each of the respective financial years is shown in table below:

Table 18: Interest on Loan Capital for FY 2022-23 & FY 2023-24, as submitted by AEML-T, in Rs. Crore

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
Opening Balance	**588.04**	**588.04**	**495.97**	**496.97**
Reduction due retirement of assets	0	0.11	0	0.45
Addition	4.36	4.27	74.43	69.51
Repayment	96.43	95.22	99.03	102.36
Closing Balance	**495.97**	**496.97**	**471.37**	**463.67**
Average loan balance	542.01	542.51	483.67	480.32
Interest Rate in %	8.34%	8.98%	8.34%	9.15%
Interest on long term loan	**45.18**	**48.70**	**40.32**	**43.95**

Commission's Analysis and Ruling

3.6.6 The Commission has considered the normative opening loan balance for FY 2022-23 same as approved closing balance of loan of FY 2021-22 in MTR Order in Case No. 230 of 2022. The normative opening loan balance for FY 2023-24 is considered same as approved closing balance of loan for FY 2022-23 in this Order. The loan additions are considered equivalent to 70% of the approved capitalization for FY 2022-23 & FY 2023-24.

3.6.7 The repayments are considered equal to depreciation allowed during the year. The weighted average interest rate is to be worked out as per proviso of Regulation 30.5 of the MYT Regulations, 2019 (applicable for FY 2022-23 and FY 2023-24). Same is quoted as follows:

> *"Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual loan portfolio during the concerned year shall be considered as the rate of interest"*

3.6.8 AEML-T provided the details of the interest paid during the year, along with the opening balance and the closing balance for loans for FY 2022-23 & FY 2023-24. The Commission has examined the calculation of the weighted average rate of interest submitted by AEML-T and observed that it had included the working capital loan as part of the long-term loan. Consequently, the Commission directed AEML-T to revise its calculation exclude the working capital loan from the Interest Rate Computation. AEML-T provided the revised working for interest rates after excluding the working capital loan. Accordingly, the Commission has considered 8.98% and 9.17% as the weighted average interest rates for actual loan portfolio for FY 2022-23 & FY 2023-24 respectively.

3.6.9 The interest expense on loan capital as approved by the Commission is shown in the Table below.

Table 19: Interest on Loan Capital for FY 2022-23 & FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Opening Balance	**588.04**	**588.04**	**588.04**	**495.97**	**496.97**	**494.91**
Reduction due retirement of assets	-	0.11	0.11	-	0.45	0.45
Addition	4.36	4.27	2.14	74.43	69.51	67.29
Repayment	96.43	95.22	95.16	99.03	102.36	102.14
Closing Balance	**495.97**	**496.97**	**494.91**	**471.37**	**463.67**	**459.60**
Average loan balance	542.01	542.51	541.47	483.67	480.32	477.26
Interest Rate in %	8.34%	8.98%	8.98%	8.34%	9.15%	9.17%
Interest on long term loan	**45.18**	**48.70**	**48.64**	**40.32**	**43.95**	**43.75**

3.6.10 **The Commission approves Interest on Loan Capital of Rs. 48.64 Crore and Rs. 43.75 Crore for FY 2022-23 and FY 2023-24, respectively.**

3.7 Financing Charges and Other Related Charges

AEML-T's Submission

3.7.1 AEML's loan portfolio consists of bond, sub-debt and Global Medium-Term Note (GMTN). For the above three loans, AEML has incurred various charges such as trustee fees, legal fees, domestic and international rating fees etc. AEML-T segregated the same amongst Generation, Transmission and Distribution divisions of AEML in the ratio of average regulatory loans for the three divisions.

Table 20: Summary of Financing Charges for Long Term Loans for FY 2022-23 & FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
FY 2022-23	3.09	0.14	0.51	2.36	0.08
FY 2023-24	4.98	0.19	0.70	3.85	0.25

3.7.2 Further, AEML submitted it has raised working capital loans from banks / financial institutions for meeting the day-to-day cash requirements. AEML has also incurred Letter of Credit (LC) and Bank Guarantee (BG) commission for payment to vendors through LC/BG for materials related to capex / opex. All these financing charges correspond to financing of working capital requirements. AEML-T segregated the same amongst generation, transmission and distribution divisions of AEML in the ratio of normative working capital requirement for the three divisions. Further, AEML-T had paid rating fees to domestic rating agencies i.e., India Ratings and Research Private Limited and CRISIL Ratings Limited. Also, paid rating fees to international rating agencies such as Fitch Ratings Limited and Moody's Investors Service Singapore Pte Limited.

3.7.3 The summary of the financing charges for working capital are given in the table below:

Table 21: Summary of Financing Charges for Working Capital Loans for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
LC & BG Commission	1.26	0	0	1.26	0
Working Capital	0.12	0.04	0.01	0.06	0.01
Total Financing Charges for Working Capital Loans	**1.38**	**0.04**	**0.01**	**1.31**	**0.01**

Table 22: Summary of Financing Charges for Working Capital Loans for FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
LC & BG Commission	1.26	0	0	1.26	0
Working Capital	0.12	0.04	0.01	0.06	0.01
Total Financing Charges for Working Capital Loans	**1.38**	**0.04**	**0.01**	**1.31**	**0.01**

Commission's Analysis and Ruling

3.7.4 The Commission has reviewed and analysed the various expenses claimed under Financing Charges for FY 2022-23 & FY 2023-24 based on the supporting documents, invoices and summary of each expense head claimed under Financing Charges as provided by AEML-T.

3.7.5 The summary of the financing charges claimed under various heads by AEML-T is shown in the table below:

Table 23: Summary of Financing Charges for Long Term Loans for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
Trustee Fees	0.36	0.33
Professional Fees	0.06	0.36
Legal Fees	0.11	-
Paying Agent	0.06	0.06
Domestic Rating Fees	0.74	0.30
International Rating Fees	1.77	2.73

Particulars	FY 2022-23	FY 2023-24
Stamp Duty	-	1.20
Total	**3.09**	**4.98**

3.7.6 With reference to Rating undertaken by AEML on the loan, the Commission directed AEML to provide the document which mandates to undertake the Rating every year and the relevant clause of the same along with the details of the rating fees paid and name of the agencies appointed.

3.7.7 AEML-T in its response submitted that according to the Common Trust Deed (CTD) of $1000 Million Bond and $300 Million GMTN, the company is required to maintain a credit rating of the Senior Notes from at least two Rating Agencies and pay all fees due and payable to the Rating Agencies. Consequently, AEML undertook rating exercise from agencies – Fitch, Moody's and S&P. AEML provided the necessary document to support its claim.

3.7.8 AEML-T also submitted that Reserve Bank of India (RBI) has mandated companies that have availed working capital facilities to conduct a rating exercise, AEML-T has provided the copy of RBI Circular regarding this requirement. In compliance with this requirement, AEML has carried out rating exercise from India ratings and CRISIL. The rating fees incurred in FY 2022-23 and FY 2023-24 has been included as part of financing charges.

3.7.9 The Commission has found the below mentioned inconsistencies and issues with the allocation of charges to the regulated business of AEML and has accordingly disallowed certain portion of the expenses.

3.7.10 The Commission noted that per the CTD of $1000 Million Bond and $300 Million GMTN, AEML-T must maintain a credit rating of the Senior Notes from at least two Rating Agencies and pay all fees due and payable to the Rating Agencies. However, the Commission noted that as per the requirement, AEML-T successfully carried out international rating from two Rating Agencies viz, Fitch Rating Ltd. & Moody's Investor Service Singapore Pte Ltd. in FY 2022-23. However, in FY 2023-24, it has carried out rating from one more Rating Agency viz. S&P Global Ratings Singapore Pte Ltd. Since, the requirement is to carry out international rating from at least two agencies, the Commission has disallowed the expenses incurred for availing rating from the third rating agency i.e. S&P Global Ratings Singapore Pte Ltd.

3.7.11 The Commission has allocated Finance Charges for long term loans to each of the regulated business of AEML in the ratio of the average regulatory loans.

3.7.12 Similarly, the Commission has allocated the finance charges for working capital to each of the regulated business of AEML based on the ratio of normative working capital loan.

3.7.13 Based on the above observations, allowances and disallowances, the Commission approves the Financing Charges for FY 2022-23 & FY 2023-24 as per below table:

Table 24: Summary of Financing Charges for Long Term Loans for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Trustee Fees	0.00	0.36	0.36	0.00	0.33	0.33
Professional Fees	0.00	0.06	0.06	0.00	0.36	0.36
Legal Fees	0.00	0.11	0.11	0.00	-	-
Paying Agent	0.00	0.06	0.06	0.00	0.06	0.06
Domestic Rating Fees	0.00	0.74	0.74	0.00	0.30	0.30
International Rating Fees	0.00	1.77	1.77	0.00	2.73	1.86
Stamp Duty	0.00	-	-	0.00	1.20	1.20
Total	**0.00**	**3.09**	**3.09**	**0.00**	**4.98**	**4.11**

Table 25: Summary of Financing Charges for Long Term Loans for FY 2022-23 as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
Financing Charges for Long Term Loans	**3.09**	**0.14**	**0.51**	**2.37**	**0.08**

Table 26: Summary of Financing Charges for Long Term Loans for FY 2023-24 as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
Financing Charges for Long Term Loans	**4.11**	**0.15**	**0.57**	**3.17**	**0.20**

Table 27: Summary of Financing Charges for Working Capital Loans for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
Financing charges for working capital loans	0.12	0.05	0.02	0.04	0.00
LC/ BG Commission	1.26	0.00	0.00	1.26	0.00
Total Financing Charges for Working Capital Loans	**1.38**	**0.05**	**0.02**	**1.30**	**0.00**

Table 28: Summary of Financing Charges for Working Capital Loans for FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
Financing charges for working capital loans	0.12	0.04	0.02	0.05	0.00

Particulars	Total Financing Charges	AEML-G	AEML-T	AEML-DW	AEML-DS
LC/ BG Commission	0.94	0.00	0.00	0.94	0.00
Total Financing Charges for Working Capital Loans	**1.06**	**0.04**	**0.02**	**1.00**	**0.00**

FERV: AEML-T's Submission

3.7.14 AEML's loan portfolio consists of Bonds, sub-debt and GMTN. In its MTR Petition (Case No. 230 of 2022), AEML-T had submitted that principal repayment for $300 million Bond (out of $ 1000 million) and $282 million Sub-debt is hedged beyond Rs./$ conversion rate of Rs. 91.75/$ through At the Money Forward (ATMF) Option contract, which was done in FY 2019-20. AEML-T had also submitted that the FERV loss or gain that will be incurred at the time of repayment of these loans shall be claimed by AEML-T in future Petitions. Later, during FY 2022-23, AEML hedged the for $300 million bond and $282 million Sub-debt through Principal only Swap (POS) and Cross currency swap (CCS) contracts respectively. Additionally, it had hedged USD 400 Million of Bond through 5-year CCS– which will be rolled over at the end of 5 years, effectively hedging both principal repayment and interest liability.

Table 29 : Type of Hedging contracts made for $ 300 Million Bond and $ 282 Millon Sub-debt (for Principal Repayment)

Type of contract	Bank	Principal amount for which hedging done ($ Million)	Hedge rate (Rs./$)
For Bond			
POS contract	SCB	200	81.45
POS contract	Barclays	30	81.45
POS contract	SCB	70	80.90
For Sub-Debt			
CCS Contract	Axis	100	82.59
CCS Contract	Axis	100	82.27
CCS Contract	Axis	82	82.41

3.7.15 In November 2023, AEML repaid $ 120 million out of the POS contract for $200 million. The average Rs./$ conversion rate at the time of availing the Bond amount was Rs. 71.2458 on 13th February 2020 and Rs./$ conversion rate at the time of repayment of $ 119.99 million was Rs. 83.3345 on 28th November 2023. As the hedge rate as per the POS contract was at Rs. 81.45, the FERV accrued to AEML due to repayment of $ 120 million of Bond has been capped at the above rate and is summarized as under:

Table 30 : Realized FERV loss accrued to AEML in FY 2023-24

Particulars	Notation	Amount
Repayment amount ($ million)	a	120.00
Conversion rate at time of availing Bond ($/Rupee)	b	71.2458
Repayment amount (Rs. Cr)	c = a X b	854.94
Hedge Rate ($/Rupee)	d	81.45
Loan at Hedge Rate (Rs. Cr)	e = a X d	977.39
FERV - Loss (Rs. Cr)	f = e - c	122.45

3.7.16 AEML-T segregated the above amount amongst the three divisions of AEML in the ratio of average regulatory loans for the three divisions for FY 2023-24 and the same is summarized below:

Table 31 : FERV claimed for AEML-G, AEML-T and AEML-D for FY 2023-24 (Rs. Crore)

Particular	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
FERV (loans)	4.54	17.09	94.71	6.11	122.45

FERV: Commission's Analysis and Ruling

3.7.17 The Commission has noted the information provided for FERV calculations and has approved the same for AEML-T as mentioned below.

3.7.18 With respect to FERV loss the same has been incurred for the total loan profile of AEML and it is not prudent to allocate the entire cost to the regulated business alone. Based on the approach as adopted by the Commission in MTR Order in Case No. 230 of 2022, the FERV loss as claimed by AEML has been first allocated proportionately with the total average regulatory loan of GTD businesses with total loan profile and the amount so segregated to total Regulatory loan has been further segregated to GTD businesses in proportionate to their respective regulatory loan.

3.7.19 Accordingly, the Commission approves the FERV as per below for FY 2023-24.

Table 32: FERV on Loans for FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FERV	Allocated to Regulatory account	G	T	D - W	D - S
FY 2023-24	122.45	38.53	1.43	5.34	29.84	1.92

Table 33: Summary of FERV on Loans for FY 2023-24, as claimed by AEML-T and as approved by the Commission (Rs. Crore)

Particulars	MTR Order	Claimed by AEML-T			Approved in this Order		
	FERV	FERV	Allocated to Regulatory Account	AEML-T	FERV	Allocated to Regulatory Account	AEML-T
FY 2023-24	0.00	122.45	122.45	17.09	122.45	38.53	5.34

3.7.20 **The Commission approves FERV of Rs. 5.34 Crore for FY 2023-24.**

3.8 Interest on Working Capital

AEML-T's Submission

3.8.1 For FY 2022-23 and FY 2023-24, AEML-T has calculated the normative interest on working capital as per first proviso to Regulation 32.2 (a) of the MYT Regulations, 2019. The rate of interest for calculating the normative interest on working capital for FY 2022-23 and FY 2023-24 works out to 9.30% and 10.07% respectively, as shown in table below:

Table 34: Rate of Interest on Working Capital for FY 2022-23, as submitted by AEML-T

Date	No of Days	SBI MCLR
01-04-2022	14	7.00%
15-04-2022	30	7.10%
15-05-2022	31	7.20%
15-06-2022	30	7.40%
15-07-2022	31	7.50%
15-08-2022	31	7.70%
15-09-2022	30	7.70%
15-10-2022	31	7.95%
15-11-2022	30	8.05%
15-12-2022	31	8.30%
15-01-2023	31	8.40%
15-02-2023	28	8.50%
15-03-2023	17	8.50%
31-03-2023		
Weighted Average (based on number of days)		**7.80%**
Add:		1.50%
SBI MCLR+150 BP		**9.30%**

Table 35: Rate of Interest on Working Capital for FY 2023-24, as submitted by AEML-T

Date	No of Days	SBI MCLR
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%

Date	No of Days	SBI MCLR
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		
Weighted Average (based on number of days)		**8.57%**
Add:		1.50%
SBI MCLR+150 BP		**10.07%**

3.8.2 Based on the interest rates to be considered from the above tables, the normative interest on working capital for FY 2022-23 and FY 2023-24 as calculated and submitted by AEML-T is shown in the below table:

Table 36: Interest on Working Capital for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
One-twelfth of the O&M Expense	4.73	4.78	4.87	4.98
Maintenance spares at one percent of the opening GFA for the year	21.37	21.37	21.43	21.39
One and half months of the expected revenue from Transmission charges at the prevailing Tariffs	42.47	42.49	46.63	47.44
Less: Amount of Security Deposit from Transmission System Users	-	-	-	-
Total Working Capital Requirement	**68.57**	**68.64**	**72.94**	**73.81**
Interest Rate on Working capital (%)	9.45%	9.30%	9.45%	10.07%
Interest on Working Capital (IoWC)	**6.48**	**6.38**	**6.89**	**7.43**

Commission's Analysis and Ruling

3.8.3 The Commission computed working capital in accordance with the provisions of the MYT Regulations, 2019. Accordingly, the Commission has considered revised normative O&M expenses approved in this Order and Revenue as per InSTS Order (net of rebate) for calculating the normative IoWC.

3.8.4 MYT Regulations, 2019 (applicable for FY 2022-23 and FY 2023-24) stipulate that the rate of IoWC shall be considered on normative basis which is equal to the weighted average Base Rate prevailing during the concerned year plus 150 basis points. As per the MYT Regulations, 2019, the Base Rate is defined as one-year Marginal Cost of Funds-based Lending Rate ('MCLR') declared by the State Bank of India from time to time. The Commission has examined the computation of the rate of interest on working capital submitted by AEML-T and finds it in order and accordingly, has considered the rate of interest as 9.30% and 10.07% for FY 2022-23 and FY 2023-24 respectively.

3.8.5 The summary of normative IoWC for FY 2022-23 and FY 2023-24 as approved by the Commission is given in the Table below.

Table 37: Interest on Working Capital for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
One-twelfth of O&M Expense	4.73	4.78	4.72	4.87	4.98	4.88
Maintenance spares at 1% of the opening GFA for the year	21.37	21.37	21.37	21.43	21.39	21.36
One and half months of the expected revenue from Transmission charges at the prevailing Tariffs	42.47	42.49	42.49	46.63	47.44	47.44
Less: Amount of Security Deposit from Transmission System Users	-	-	-	-	-	-
Total Working Capital Requirement	**68.57**	**68.64**	**68.58**	**72.94**	**73.81**	**73.68**
Interest Rate on Working capital (%)	9.45%	9.30%	9.30%	9.45%	10.07%	10.07%
Interest on Working Capital (IoWC)	**6.48**	**6.38**	**6.38**	**6.89**	**7.43**	**7.42**

3.8.6 **The Commission approves Normative Interest on Working Capital of Rs. 6.38 Crore and Rs. 7.42 Crore for FY 2022-23 and FY 2023-24, respectively.**

3.9 Sharing of Gains and Losses of IoWC

AEML-T's Submission

3.9.1 For FY 2022-23 and FY 2023-24, AEML has incurred actual interest on working capital for the company as a whole. AEML has submitted that the surplus amount of the Bonds, after refinancing the existing loans has been used as working capital in the business. Consequently, a portion of the interest paid for these Bonds has been allocated to interest on working capital (on a proportional basis) for both years, as the Bonds were availed by the Company for general corporate purposes.

3.9.2 For FY 2022-23 and FY 2023-24, all the working capital interest has been segregated between generation, transmission and distribution in the ratio of normative working capital requirement.

3.9.3 The actual interest on working capital incurred by AEML for respective years and its allocation to its 3 regulated business is as per below:

Table 38: Actual Interest on Working Capital for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
Interest on surplus from Bonds used for working capital financing	9.92	3.92	15.16	3.17	32.18
Interest on other working capital loans	22.03	8.71	33.65	7.05	71.43
Total	**31.95**	**12.63**	**48.81**	**10.22**	**103.61**

Table 39: Actual Interest on Working Capital for FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
Interest on surplus from Bonds used for working capital financing	7.66	3.53	16.32	4.87	32.39
Interest on other working capital loans	9.19	4.23	19.57	5.84	38.84
Total	**16.85**	**7.76**	**35.90**	**10.72**	**71.23**

3.9.4 Citing the Regulation 32.6 of the MYT Regulations, 2019 (applicable for FY 2022-23 and FY 2023-24), AEML-T has stated that the difference between the normative interest on working capital and the actual interest on working capital shall be treated as efficiency gain / loss, which shall be shared between the transmission company and the beneficiaries in the ratio as per the respective Regulations.

3.9.5 AEML-T has submitted that requirement of working capital is not always met through loans from banks. Internal accruals are also used for meeting the working capital of the company. However, the MYT Regulations, 2019 do not recognize the contribution of internal accruals to the working capital requirement of the company. Hence the cost of internal accruals is not reflected in the actual interest on working capital, which reflects in the books of accounts of the company.

3.9.6 AEML-T has raised this issue of non-consideration of cost of internal accruals in the actual interest on working capital, while sharing the efficiency gains or losses in interest on working capital at the time of truing up in the Appeal against MYT Order in Case no. 297 of 2029 (Appeal No. 277 of 2022), which is pending for decision. Without prejudice to the contentions raised by AEML-T in the Appeal, AEML-T considered the actual interest on working capital as appearing the in the books of accounts for FY 2022-23 and FY 2023-24 and claimed the net entitlement as per the MYT Regulations, 2019.

3.9.7 Based on the above submissions, AEML-T has calculated the Net entitlement in interest on working capital for FY 2022-23 and FY 2023-24 as shown in the table below.

Table 40: Net Entitlement in Interest on Working Capital for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
Normative IOWC (A)	6.38	7.43
Actual IOWC (B)	12.63	7.76
Efficiency Gain/ (Loss) on IoWC expenses (C = A - B)	-6.25	-0.33
Net Entitlement	**8.46**	**7.54**

Commission's Analysis and Ruling

3.9.8 The Commission has reviewed the submission by AEML-T regarding the actual interest on working capital incurred for the company as a whole. The Commission has also examined the submissions of AEML regarding utilizing the surplus amount of the Bonds after refinancing the existing loans, as working capital in the business. Further, the methodology for allocation of part of the interest on bonds to working capital loans has also been examined along with the supporting calculations provided by AEML-T. Consequently, a part of the interest paid for Bonds has been appropriately allocated to interest on working capital on proportionate basis appropriately for both years.

3.9.9 The Commission has reviewed the segregation of the applicable working capital interest among generation, transmission, and distribution based on the ratio of normative working capital requirement. The actual interest on working capital as incurred by AEML-T for FY 2022-23 and FY 2023-24 and approved by the Commission is as per the table below:

Table 41: Actual Interest on Working Capital for AEML-T for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
Interest on other working capital loans	12.99	6.97
Interest on surplus from Bonds used for working capital financing	5.85	5.81
Total	**18.84**	**12.78**

3.9.10 AEML-T submitted that it has incurred actual interest on working capital for the Company as a whole and the same has been segregated among the three regulated divisions of AEML in the ratio of average working capital utilization of each of the three divisions/business. Accordingly, the Commission has revised the allocation actual interest on working capital in the ratio of normative working capital requirement of three regulated divisions/business of AEML. Therefore, the revised actual interest on working capital for FY 2022-23 and FY 2023-24 is shown in the Table below:

Table 42: Actual Interest on Working Capital for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
Interest on surplus from Bonds used for working capital financing	14.42	5.85	11.91	-	**32.18**
Interest on other working capital loans	32.00	12.99	26.44	-	**71.43**
Total	**46.42**	**18.84**	**38.36**	**-**	**103.61**

Table 43: Actual Interest on Working Capital for FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	AEML-G	AEML-T	AEML-DW	AEML-DS	Total
Interest on surplus from Bonds used for working capital financing	12.11	5.81	14.47	-	**32.39**
Interest on other working capital loans	14.52	6.97	17.35	-	**38.84**
Total	**26.64**	**12.78**	**31.82**	**-**	**71.23**

3.9.11 The Commission has reviewed the supporting documents of AEML-T and observed that AEML-T received Delayed Payment Charges of Rs. 12.90 Crore in FY 2022-23 and there has been no such income received in FY 2023-24 as per the Audited Accounts.

3.9.12 The Commission has observed that for FY 2022-23, AEML-T has not considered delayed payment surcharges received on account of delay in receipt of payment and also not deducted it from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss, in accordance with Regulation 32.6 of MYT Regulations, 2019 which is reproduced below:

> *"Provided that the Delayed Payment Surcharge and Interest on Delayed Payment as per books of accounts of the Generating Company or Licensee or MSLDC shall be deducted from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss, as the case may be:"*

3.9.13 Considering the above, the Commission has reduced the actual working capital requirement for FY 2022-23 by same amount of Rs. 12.90 Crore.

3.9.14 The sharing of gain on account of IoWC has been approved in accordance with the provisions of Regulation 11 of MYT Regulations, 2019, which states that two third of such gains shall be passed on as rebate in Tariff. Relevant extract of the Regulation is reproduced below.

> *"Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission under Regulation 8.4"*

3.9.15 Accordingly, the Commission approves the net entitlement in Interest on Working Capital for FY 2022-23 and FY 2023-24 as per the below table.

Table 44: Net Entitlement in Interest on Working Capital for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MYT Petition	Approved in this Order	MYT Petition	Approved in this Order
Normative IoWC (A)	6.38	6.38	7.43	7.42
Actual IoWC (b)	12.63	18.84	7.76	12.78
Less: Delayed Payment Charges (C)	0	12.90	0	0.00
Actual IoWC Less DPC (D = B - C)	**12.63**	**5.94**	**7.76**	**12.78**
Efficiency Gain/ (Loss) on IoWC expenses (C=A-C)	-6.25	0.44	-0.33	-5.36
Net Entitlement	**8.46**	**6.09**	**7.54**	**9.20**

3.9.16 **The Commission approves IoWC expenses of Rs. 6.09 Crore and Rs. 9.20 Crore for FY 2022-23 and FY 2023-24, respectively, along with the sharing of efficiency gains on IoWC expenses.**

3.10 Return on Equity (RoE)

AEML-T's Submission

3.10.1 For FY 2022-23 and FY 2023-24, AEML-T has submitted that the MYT Regulations, 2019 allows RoE in two parts i.e. Base RoE and additional RoE linked to actual performance. The additional RoE is to be allowed at the time of truing up process of respective years based on actual performance. In the MYT Order dated 30 March 2020, the Commission had allowed the Base RoE only. For transmission business, the Base RoE is 14% per annum and eligibility for additional RoE is linked to performance parameters of transmission availability. The relevant section of the MYT Regulations, 2019 is reproduced below:

"29.7 In case of Transmission, an additional rate of Return on Equity shall be allowed on Transmission Availability, at time of truing up as per the following schedule:

a) For every 0.50% over-achievement in Transmission Availability up to Transmission Availability of 99.50% for AC System and 96.50% for HVDC bi-pole links and HVDC back-to-back stations, rate of return shall be increased by 0.75%; b) For every 0.25% over-achievement in Transmission Availability above 99.50% for AC System and 96.50% for HVDC bi-pole links and HVDC back-to-back stations, rate of return shall be increased by 0.75%, subject to ceiling of additional rate of Return on Equity of 1.50%;

Provided that the additional rate of Return on Equity shall be allowed on prorata basis for incremental Availability higher than Target Availability:

Provided further that Target Availability for additional rate of Return on Equity shall be as per Regulation 60."

3.10.2 AEML-T has submitted that, as per the above Regulation, it is evident that the transmission licensee is eligible for additional 1.5% RoE, if the annual transmission availability of the licensee is 99.75% or more. The actual annual availability of AEML-T in FY 2022-23 was 99.79% and in FY 2023-24 was 99.78%. Accordingly, AEML-T has claimed RoE of 15.5% for FY 2022-23 and FY 2023-24.

3.10.3 Further, Regulation 34.3 of the MYT Regulations, 2019 provides for grossing up of RoE with Effective Tax rate for allowing pre-tax RoE. In the MTR Petition, for determination of effective tax rate for FY 2020-21 and FY 2021-22, AEML-T had submitted that the first proviso to Regulation 34.4 of the MYT Regulations, 2019 requires that the taxable income for a Generating Company or Licensee or SLDC must be determined in isolation from any other unregulated or regulated activities or other business and the effective tax rate be determined from such taxable income accordingly. Therefore, for Companies like AEML, this would mean that the taxable income and hence effective tax rate of transmission segment of AEML, which is AEML-T, is required to be worked out in isolation of its other regulated and non-regulated segments of Generation, Distribution (both regulated) and Corporate-treasury (un-regulated).

3.10.4 Accordingly, AEML-T had considered the effective tax rate as per the income tax applicable to transmission business for FY 2020-21 and FY 2021-22, derived on the basis of regulatory profit before tax method. However, the Commission did not consider the submission of AEML-T and opined that the effective tax rate is to be considered on the basis of actual income tax paid by the Utility. Since AEML as a whole had paid income tax at MAT rate for FY 2020-21 and FY 2021-22, the Commission had considered the effective tax rate at MAT rate. AEML-T has raised this issue in the Appeal (Appeal No. 538 of 2023) before the Hon'ble ATE against the MTR Order and the same is pending. Without prejudice to the contentions raised on the Appeal, AEML-T considered the Effective tax rate at MAT rate for FY 2022-23 & FY 2023-24, since AEML a whole has paid income tax at MAT rate in said years.

3.10.5 Accordingly, AEML-T has grossed up the RoE rate with MAT rate for claiming for FY 2022-23 & FY 2023-24. The effective rate for grossing up RoE is as under:

Table 45: Effective Rate of Grossing up RoE for FY 2022-23 & FY 2023-24, as submitted by AEML-T

Particulars	Formula	FY 2022-23	FY 2023-24
		MYT Petition	MYT Petition
Effective Tax Rate of the Company (%)	(a)	17.47%	17.47%
Rate of Return on Equity (%)	(b)	15.50%	15.50%

Particulars	Formula	FY 2022-23 MYT Petition	FY 2023-24 MYT Petition
(Base Rate + Additional Rate based on availability efficiency)			
Rate of Grossing up RoE (%)	**c = b /(1-a)**	**18.78%**	**18.78%**

3.10.6 The RoE as claimed by AEML-T for FY 2022-23 and FY 2023-24 using the effective rate of grossing up RoE as per the provisions of the MYT Regulations, 2019 is as under:

Table 46: Return on Equity for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	**MYT Petition**	**MTR Order**	**MYT Petition**
Regulatory equity at the beginning of the year	682.45	682.45	684.32	682.89
Add: Equity portion of expenditure capitalized	1.87	1.83	31.90	29.79
Less: Equity portion of asset retired during the year	0.00	1.39	0.00	0.58
Regulatory equity at the end of the year	**684.32**	**682.89**	**716.22**	**712.10**
Return Computation				
RoE at the beginning of the year	115.77	128.17	116.09	128.25
RoE on capitalization during the year	0.16	0.17	2.71	2.80
Total Return on Equity	**115.93**	**128.34**	**118.79**	**131.05**

Commission's Analysis and Ruling

3.10.7 The Commission has considered the regulatory equity at the beginning of the FY 2022-23, to be the same as the closing equity for FY 2021-22, as approved by the Commission in MTR Order in Case No. 230 of 2022. Similarly, the Commission has considered the opening of the regulatory equity for FY 2023-24, to be the same as the closing of the regulatory equity for FY 2022-23.

3.10.8 The Commission has also reviewed the certificates provided by MSLDC which certify the availability of AEML-T transmission network for FY 2022-23 and FY 2023-24, and the Commission approves the same.

3.10.9 Further, based on the availability of Transmission network of AEML-T, the Commission has approved the additional ROE for FY 2022-23 and FY 2023-24 as 1.50%. Therefore, the Commission approves the total ROE (Base ROE + Additional ROE) for FY 2022-23 and FY 2023-24 as 15.50%.

3.10.10The Commission in the MTR Order 230 of 2022 had considered the MAT rate as the effective tax rate for grossing up the ROE, since AEML as a whole had paid income tax at the MAT rate during that period. AEML-T has raised this issue in

Appeal No. 538 of 2023 before the Hon'ble ATE, contesting that the effective tax rate should be assessed on a standalone basis, considering the regulatory profit before tax method. As the matter is sub-judice, the Commission has maintained the same approach as adopted in the MTR Order in Case No. 230 of 2022 that the effective tax rate is to be based on actual income tax paid by the Utility.

3.10.11 The Commission has reviewed the actual tax payment details and supporting documents submitted by AEML-T and notes that AEML-T has paid the actual taxes on MAT rate basis for FY 2022-23 and FY 2023-24. Accordingly, based on the foregoing discussion, the Commission has considered MAT rate for both FY 2022-23 and FY 2023-24 for grossing up of RoE.

3.10.12 The effective rate for grossing up RoE is as under:

Table 47: Effective Rate of Grossing up RoE for FY 2022-23 and FY 2023-24, as approved by the Commission (%)

Particulars	Formula	FY 2022-23	FY 2023-24
Effective Tax Rate of the Company (%)	(a)	17.47%	17.47%
Rate of Return on Equity (%) (Base Rate + Additional Rate based on availability efficiency)	(b)	15.50%	15.50%
Rate of Grossing up RoE (%)	**c = b /(1-a)**	**18.78%**	**18.78%**

3.10.13 For the two years of true-up (FY 2022-23 and FY 2023-24), the Commission has computed RoE at 18.78% on the opening equity of the respective financial year and on 50% of the equity portion of the approved capitalization in FY 2022-23 and FY 2023-24.

3.10.14 The summary of RoE for FY 2022-23 and FY 2023-24 as approved by the Commission is provided in Table below.

Table 48: Return on Equity for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Regulatory equity at the beginning of the year	682.45	682.45	682.45	684.32	682.89	681.98
Add: Equity portion of expenditure capitalized	1.87	1.83	0.92	31.9	29.79	28.84
Less: Equity portion of asset retired during the year	0.00	1.39	1.39	0.00	0.58	0.58
Regulatory equity at the end of the year	**684.32**	**682.89**	**681.98**	**716.22**	**712.1**	**710.24**
Return Computation						

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
RoE at the beginning of the year	115.77	128.17	128.17	116.09	128.25	128.08
RoE on capitalization during the year	0.16	0.17	0.09	2.71	2.80	2.71
Total Return on Equity	**115.93**	**128.34**	**128.26**	**118.79**	**131.05**	**130.79**

3.10.15 **The Commission approves Return on Equity of Rs. 128.26 Crore and Rs. 130.79 Crore for FY 2022-23 and FY 2023-24 respectively.**

3.11 Contribution to Contingency Reserve

AEML-T's Submission

3.11.1 AEML-T submitted that Regulation 35.1 of the MYT Regulations, 2019 (applicable for FY 2022-23 and FY 2023-24) provides for Contributions to Contingency Reserve should be a sum not less than 0.25 per cent and not more than 0.5 per cent of the original cost of fixed assets. AEML-T has considered the contribution to contingency reserve at 0.25% of the original cost of fixed assets as on the first date of the respective financial years.

Table 49: Contribution to Contingency Reserve for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
Opening Balance of Contingency Reserves	45.83	45.83	51.17	51.17
Opening Gross Fixed Assets	2,137.28	2,137.27	2,143.23	2,138.74
Opening Balance of Contingency Reserves as % of Opening GFA	2.14%	2.14%	2.39%	2.39%
Contribution to Contingency Reserves during the year	**5.34**	**5.34**	**5.36**	**5.35**

Commission's Analysis and Ruling

3.11.2 Regulation 35.1 of the MYT Regulations, 2019 (FY 2022-23 and FY 2023-24) provides for Contributions to Contingency Reserve a sum not less than 0.25% and not more than 0.5% of the original cost of fixed assets.

3.11.3 AEML-T has submitted folio statement of investments made in various PRTs (Power Receivables Trusts), Government Securities (G-Sec) as part of documentary evidence for investment in Contingency Reserve. The Commission has examined the supporting documents provided by AEML-T and finds them to be in order. Accordingly, the Commission approves the contribution to contingency reserve for FY 2022-23 and FY 2023-24 as it is complying to Regulation 35.1 of the MYT Regulations, 2019. Since the investment made are not more than 0.5% of the original cost of fixed assets, the Commission has considered the amount as submitted by AEML-T. The details are available in the table given below:

Table 50: Contribution to Contingency Reserve for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Opening Balance of Contingency Reserves	45.83	45.83	45.83	51.17	51.17	51.17
Contribution to Contingency Reserves during the year	**5.34**	**5.34**	**5.34**	**5.36**	**5.35**	**5.35**

3.11.4 **The Commission approves Contribution to Contingency Reserve of Rs. 5.34 Crore and Rs. 5.35 Crore for FY 2022-23 and FY 2023-24 respectively.**

3.12 Revenue from Transmission Charges

AEML-T's Submission

3.12.1 As per the InSTS Tariff Order dated 30 March, 2020 in Case No. 327 of 2019, the revenue recoverable from TSUs in FY 2022-23 was Rs. 339.77 Crore. The actual revenue billed to TSUs for FY 2022-23 was Rs. 339.90 Crore. Also, as per Regulation 36.4 of the MYT Regulations, 2019, all rebates or incentives given by the Generating Company or Licensee shall be allowed as an expense in ARR. AEML-T has claimed an incentive of Rs. 0.32 Crore for early payment of transmission charges by TSUs, which is claimed as expense in FY 2022-23.

3.12.2 As per the InSTS Tariff Order dated 31 March, 2023 in Case No. 239 of 2022, the revenue recoverable from TSUs in FY 2023-24 was Rs. 373.04 Crore, while the actual revenue billed to TSUs for FY 2023-24 was Rs. 373.08 Crore, which has been considered in the Petition. The actual additional transmission charges collected by STU from the TSUs and remitted to the AEML-T in FY 2023-24 was Rs. 0.34 Crore, which has also been considered in revenue. The actual transmission charges from partial open access is remitted to STU by TSUs and subsequently remitted to AEML-T by STU is Rs. 6.15 Crore, which has also been considered as revenue for FY 2023-24. Also, as per Regulation 36.4 of the MYT Regulations, 2019, all rebates or incentives given by the Generating Company or Licensee are to be allowed as expense in ARR. AEML-T has claimed an incentive of Rs. 0.34 Crore incentive for early payment of transmission charges by TSUs as an expense for FY 2023-24.

Table 51: Revenue from InSTS for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
Revenue from Transmission charges	339.90	339.90	373.08	373.08
Additional Transmission charges	-	-	-	0.32
Income from OA charges	-	-	-	6.15
Less: Early Payment Incentive to TSUs	-	0.32	-	0.34
Net Revenue from Transmission charges	**339.90**	**339.58**	**373.08**	**379.21**

3.12.3 As per the approved Transmission Pricing Framework, the entire Transmission system of Maharashtra, which is owned by separate licensees is treated as one system and all users are considered as using the system as a whole. The revenue recovered from TSU is pooled in a common account administered and operated by the STU. From this pooled account, the revenue is allocated and remitted to individual transmission licensees based on the proportion of their respective ARRs approved for the relevant year. Thus, the revenue is received by AEML-T from the STU Pool Account and not directly from any individual User.

Commission's Analysis and Ruling

3.12.4 As per and Regulation 36.4 of the MYT Regulations, 2019 (applicable for FY 2022-23 and FY 2023-24), rebates or incentives given by the licensee are allowed as an expense for the licensee:

> "*All rebates or incentives earned by the Generating Company or Licensee or MSLDC shall be considered under its non-Tariff Income, while all rebates and incentives given by the Generating Company or Licensee or MSLDC shall be allowed as an expense for the Generating Company or Licensee or MSLDC"*

3.12.5 Accordingly, the Commission has considered net revenue from Transmission charges after reducing the respective rebates or incentives as submitted by AEML-T for FY 2022-23 and FY 2023-24.

Table 52: Revenue from InSTS for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Revenue from Transmission charges	339.9	339.9	339.90	373.08	373.08	373.08
Additional Transmission charges	-	-	-	-	0.32	0.32

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	MYT Petition	Approved in this Order	MTR Order	MYT Petition	Approved in this Order
Income from OA charges	-	-	-	-	6.15	6.15
Less: Early Payment Incentive to TSUs	-	0.32	0.32	-	0.34	0.34
Net Revenue from Transmission charges	**339.9**	**339.58**	**339.58**	**373.08**	**379.21**	**379.21**

3.12.6 **The Commission approves Net Revenue from Transmission Charges of Rs. 339.58 Crore and Rs. 379.21 Crore for FY 2022-23 and FY 2023-24 respectively.**

3.13 Non -Tariff Income

AEML-T's Submission

3.13.1 AEML-T submitted that the Commission had approved Non-Tariff Income of Rs. 3.98 Crore for FY 2022-23 and FY 2023-24 in the MTR Order dated 31 March 2022 in Case No. 230 of 2022.

3.13.2 The head wise Non-Tariff Income for FY 2022-23 and FY 2023-24 as submitted by AEML-T is shown in table below:

Table 53: Non-Tariff Income for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	MYT Petition	MTR Order	MYT Petition
Income from rent of land or buildings (land usage charges)	1.32	1.32	1.32	1.32
Income from sale of scrap	2.00	0.48	2.00	3.41
Income from investments (contingency reserve)	0.26	3.12	0.26	3.60
Profit on sale of Assets	-	0.53	-	-
Unclaimed liabilities written back	-	-	-	0.18
Other/Miscellaneous receipts	0.40	0.20	0.40	0
Non-Tariff Income	**3.98**	**5.66**	**3.98**	**8.51**

3.13.3 AEML-T has received Delayed Payment Charges of Rs. 12.92 Crore in FY 2022-23 and Nil in FY 2023-24, which has not been included as part of Non-Tariff Income in accordance with MYT Regulations, 2019. Also, in line with the principles followed by AEML-T and approved by the Commission in earlier years, AEML-T has not included interest on staff loans and interest received on deposits in FY 2022-23 in the Non-Tariff Income for FY 2022-23 & FY 2023-24, as the loans were extended/made out of the RoE.

3.13.4 For FY 2022-23 and FY 2023-24, AEML-T has further submitted the details of the Income from contingency reserve investments as below:

3.13.4.1 The interest on contingency reserve investment for AEML-T in FY 2022-23 was Rs. 3.34 Crore. The cumulative contribution to contingency reserve at the end of FY 2022-23 as per regulatory books is Rs. 51.17 Crore. However, the cumulative contribution to contingency reserve at the end of FY 2022-23 as per actual books of accounts is Rs. 55.14 Crore (including accrued interest of Rs. 0.37 Crore). Hence, the interest on contingency reserve received has been apportioned, since the actual investment is more than the required amount as per Regulatory books. AEML-T, in the MTR Petition (Case no. 230 of 2022) had presented the interest on contingency reserve from FY 2019-20 to FY 2021-22 after apportioning the same considering contingency reserve as per regulatory books and the Commission had approved the same in the MTR Order dated 31 March, 2023. Accordingly, AEML-T has proposed the interest on contingency reserve for FY 2022-23 in the same manner.

3.13.4.2 The interest on contingency reserve investment for AEML-T in FY 2023-24 was Rs. 3.83 Crore. As submitted above, the cumulative contribution to contingency reserve at the end of FY 2023-24 as per regulatory books is Rs. 56.52 Crore. However, the cumulative contribution to contingency reserve at the end of FY 2023-24 as per actual books of accounts is Rs. 60.84 Crore (including accrued interest of Rs. 0.74 Crore). Hence the interest on contingency reserve received has been apportioned, since the actual investment is more than the required amount as per Regulatory books.

3.13.4.3 The interest considered for FY 2022-23 and FY 2023-24 is shown in the table below:

Table 54: Income from Contingency Reserve for FY 2022-23 and FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
Interest on Contingency Reserve as per Books	3.34	3.83
Contingency reserve (as on 31 March) as per regulatory	51.17	56.52
Contingency reserve (as on 31 March) as per company books – without accrued interest	54.77	60.10
Interest on Contingency Reserve-proportionate	**3.12**	**3.60**

Commission's Analysis and Ruling

3.13.5 The Commission notes that AEML-T has received Delayed Payment Charges of Rs. 12.92 Crore in FY 2022-23 and Nil in FY 2023-24. These charges have not been included by AEML-T as part of Non-Tariff Income, which aligns with Regulation 37.3 of the MYT Regulations, 2019. According to Regulation 37.3, Delayed Payment Charges and Interest on Delayed Payment earned by the Generating Company or the Licensee shall not be considered under its Non-Tariff Income

3.13.6 The Commission has scrutinized the income from contingency reserve investments for each year under each head claimed by AEML-T in its Petition. The income from investments made for contribution to contingency reserve has been scrutinized by the Commission based on the audited annual accounts and are in line with the submission. The Commission notes that the interest on contingency reserve investment was reported as Rs. 3.34 Crore and 3.83 Crore for FY 2022-23 and FY 2023-24 respectively. The Commission also notes the cumulative contributions to the contingency reserve of Rs 55.14 Crore and Rs 60.84 at the end of FY 2022-23 and FY 2023-24 respectively, as per actual books of accounts

3.13.7 As noted by the Commission during the MTR proceeding in Case No. 230 of 2022, no formal agreement for Land Usage Charges can be executed between AEML-T and AEML-D as these are regulated businesses of the same entity. Therefore, AEML has formalized an arrangement for land usage charges through Minutes of Meeting (MoM). The income from land usage charges receivable from AEML-D is in line with MOM provided. Income from rent of land or buildings is classified as Non-Tariff Income.

3.13.8 The Commission has scrutinized the other Non-Tariff Income claimed by AEML-T from audited annual accounts and accordingly approves the same.

3.13.9 The Commission has excluded delayed payment charges and staff loans & advances from the Non-Tariff Income considering the submissions of AEML-T in this matter.

Table 55: Non-Tariff Income for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Income from rent of land or buildings (land usage charges)	1.32	1.32	1.32	1.32	1.32	1.32
Income from sale of scrap	2.00	0.48	0.48	2.00	3.41	3.41
Income from investments (contingency reserve)	0.26	3.12	3.12	0.26	3.60	3.60
Profit on sale of Assets	-	0.53	0.53	-	-	-
Unclaimed liabilities written back	-	-	-	-	0.18	0.18
Other/Miscellaneous receipts	0.40	0.20	0.20	0.40	0	0
Non-Tariff Income	**3.98**	**5.66**	**5.66**	**3.98**	**8.51**	**8.51**

3.13.10 **The Commission approves Non-Tariff Income of Rs. 5.66 Crore and Rs. 8.51 Crore for FY 2022-23 and FY 2023-24 respectively.**

3.14 Income from Other Business

AEML-T's Submission

3.14.1 AEML-T submits that no income from other business has been received by AEML-T in FY 2022-23 and FY 2023-24 as there had been no arrangement with any third-party agency or organization for optimum utilization of assets in accordance with MYT Regulations.

Commission's Analysis and Ruling

3.14.2 The Commission has scrutinized the audited annual accounts of AEML-T and finds no income from other business.

3.14.3 **The Commission approves Income from Other Business of Rs. NIL for each of FY 2022-23 and FY 2023-24.**

3.15 Revenue Gap / (Surplus) for FY 2022-23 and FY 2023-24

AEML-T's Submission

3.15.1 AEML-T has determined the revenue gap/ (surplus) for FY 2022-23 and FY 2023-24 by comparing the revenue from InSTS and the Aggregate Revenue Requirement (net of Non-Tariff Income and Income from Other Business).

3.15.2 AEML-T has submitted the summary of Truing up for FY 2022-23 and FY 2023-24 which is provided in the Table below.

Table 56: Summary of Truing-up of ARR for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	MTR Order	MYT Petition
Operation & Maintenance Expenses	56.76	59.78
Impact of SC Judgment on PF	0.15	0.11
Expense shifted from Capitalization to O&M	0.00	3.83
Depreciation Expenses	96.43	95.22
Interest on Long-term Loan Capital	45.18	48.70
Financing charges	0.00	0.53
Interest on Working Capital and on security deposits	6.48	8.47
Contribution to Contingency reserves	5.34	5.34
Total Revenue Expenditure	**210.35**	**221.98**
Return on Equity Capital	115.93	128.34
Aggregate Revenue Requirement	**326.28**	**350.32**
Less: Non Tariff Income	3.98	5.66
Less: Income from Other Business	0.00	0.00
Add; Early payment incentive to TSUs	0.00	0.32
Net ARR	**322.30**	**344.99**

Particulars	MTR Order	MYT Petition
Revenue from transmission tariff	339.77	339.90
Revenue Gap/(Surplus)	**-17.47**	**5.09**

Table 57: Summary of Truing-up of ARR for FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	MTR Order	MYT Petition
Operation & Maintenance Expenses	58.48	60.97
Impact of SC Judgment on PF	0.15	0.07
Expense shifted from Capitalization to O&M	-	0.48
Depreciation Expenses	99.03	102.36
Interest on Long-term Loan Capital	40.32	43.95
Financing charges	-	0.71
Foreign Exchange Rate Variation	-	17.09
Interest on Working Capital and on security deposits	6.89	7.54
Contribution to Contingency reserves	5.36	5.35
Total Revenue Expenditure	**210.23**	**238.52**
Return on Equity Capital	118.79	131.05
Aggregate Revenue Requirement	329.02	369.58
Less: Non-Tariff Income	3.98	8.51
Less: Income from Other Business	0.00	0.00
Add; Early payment incentive to TSUs	-	0.34
Add: Revenue Gap / (Surplus) upto FY 2022-23 with carrying cost	48.00	48.00
Net ARR	**373.04**	**409.40**
Revenue from transmission charges	373.04	373.08
Revenue from Addnl. transmission charges	-	0.32
Revenue from POA consumers	-	6.15
Revenue Gap/(Surplus)	**0.00**	**29.85**

Commission's Analysis and Ruling

3.15.3 Based on discussion on various cost components in this section, the Commission has computed total ARR and Revenue Gap/ (Surplus) for FY 2022-23 and FY 2023-24 as detailed in the Table below.

Table 58: Summary of Truing-up of ARR for FY 2022-23 including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)

Particulars	MTR Order	MYT Petition	Approved in this Order
Operation & Maintenance Expenses	56.76	59.78	59.26
Impact of SC Judgment on PF	0.15	0.11	0.11

Particulars	MTR Order	MYT Petition	Approved in this Order
Expense shifted from Capitalization to O&M	0.00	3.83	6.88
Depreciation Expenses	96.43	95.22	95.16
Interest on Long-term Loan Capital	45.18	48.70	48.64
Financing charges	0.00	0.53	0.53
Interest on Working Capital and on security deposits	6.48	8.47	6.09
Contribution to Contingency reserves	5.34	5.34	5.34
Total Revenue Expenditure	**210.35**	**221.98**	**222.01**
Return on Equity Capital	115.93	128.34	128.26
Aggregate Revenue Requirement	**326.28**	**350.32**	**350.27**
Less: Non-Tariff Income	3.98	5.66	5.66
Less: Income from Other Business	0.00	0.00	-
Add; Early payment incentive to TSUs	0.00	0.32	0.32
Net ARR	**322.3**	**344.99**	**344.93**
Revenue from transmission tariff	339.77	339.9	339.90
Revenue Gap/(Surplus)	**(17.47)**	**5.09**	**5.03**

3.15.4 **After Truing up of various elements for FY 2022-23 as discussed in earlier paragraphs, Revenue Gap works out to Rs. 5.03 Crore. The key reasons impacting the variation between AMEL-T's claim and Commission's approval include:**

(a) Normative O&M expenses are considered only for those bays which are utilised during/at the end of the Financial Year.

(b) AEML-T had claimed a capitalization of Rs. 9.93 Crore, while the Commission approved only Rs. 6.23 Crore. Also, certain works were categorized R&M rather than capital expenses, leading to a lower approved amount.

(c) Variation in interest on working capital due to change in allocation of actual interest on working capital based on revised normative interest on working capital requirement approved for GTD businesses of AEML. Additionally, delayed payment surcharges received on account of delay in receipt of payment and deducting it from the actual interest on working capital, before sharing of the efficiency gain or efficiency loss.

(d) Marginal variation in capex related expenses i.e., depreciation, interest on long term loan and Return on Equity on account of approving capitalization of Rs. 3.05 Crore as against Rs. 6.10 Crore claimed by AEML-T on account of reclassification of R&M nature schemes from capex to operational expenses and allowing recovery through O&M expenses.

Table 59: Summary of Truing-up of ARR for FY 2023-24 including Sharing of Efficiency Gains / (Losses), as approved by the Commission (Rs. Crore)

Particulars	MTR Order	MYT Petition	Approved in this Order
Operation & Maintenance Expenses	58.48	60.97	59.99
Impact of SC Judgment on PF	0.15	0.07	0.07
Expense shifted from Capitalization to O&M	0.00	0.48	3.65
Depreciation Expenses	99.03	102.36	102.14
Interest on Long-term Loan Capital	40.32	43.95	43.75
Financing charges	0.00	0.71	0.59
Foreign Exchange Rate Variation	0.00	17.09	5.34
Interest on Working Capital	6.89	7.54	9.20
Contribution to Contingency reserves	5.36	5.35	5.35
Total Revenue Expenditure	**210.23**	**238.52**	**230.09**
Return on Equity Capital	118.79	131.05	130.79
Aggregate Revenue Requirement	329.02	369.58	**360.88**
Less: Non Tariff Income	3.98	8.51	8.51
Less: Income from Other Business	0.00	0.00	-
Add; Early payment incentive to TSUs	0.00	0.34	0.34
Add: Revenue Gap / (Surplus) upto FY 2022-23 with carrying cost	48	48	48.00
Net ARR	**373.04**	**409.4**	**400.71**
Revenue from transmission charges	373.04	373.08	373.08
Revenue from Additional transmission charges	0.00	0.32	0.32
Revenue from POA consumers	0.00	6.15	6.15
Revenue Gap/(Surplus)	**0**	**29.85**	**21.16**

3.15.5 **After Truing up of various elements for FY 2023-24 as discussed in earlier paragraphs, Revenue Gap works out to Rs. 21.16 Crore. The key reasons impacting the variation between AMEL-T's claim and Commission's approval include:**

(a) Normative O&M expenses are considered corresponding to only those bays which are utilised during/at the end of the Financial Year.

(b) AEML-T claimed Rs. 12.38 Crore under Non-DPR schemes, but the Commission has approved only Rs. 9.21 Crore. This reduction was due to the Reclassification of capitalisation against certain non-DPR Schemes of R&M nature to R&M expenses.

(c) Variation in interest on working capital due to change in allocation of actual interest on working capital based on revised normative interest on working capital requirement approved for generation, transmission and distribution businesses of AEML.

(d) FERV loss has been first allocated proportionately with the total average regulatory loan of GTD businesses with total loan profile.

(e) Marginal variation in capex related expenses i.e., depreciation, interest on long term loan and Return on Equity on account of approving capitalization of Rs. 96.13 Crore as against Rs. 99.30 Crore claimed by AEML-T on account of reclassification of R&M nature schemes from capex to operational expenses and allowing recovery through O&M expenses.

4 PROVISIONAL TRUING-UP OF ARR FOR FY 2024-25

4.1 Background

4.1.1 AEML-T had filed the MTR Petition in Case No. 230 of 2022 which included the approval of revised ARR for FY 2024-25. The Commission issued an Order dated 31 March 2023 approving the revised ARR for FY 2024-25.

4.1.2 AEML-T has submitted the provisional actuals for FY 2024-25 with respect to capital expenditure, revenue expenditure and income. AEML-T has presented the comparison of expenditure and revenues as approved by the Commission in the MTR Order in Case No. 230 of 2022 for FY 2024-25 with the provisional actuals for AEML-T.

4.1.3 The analysis underlying the Commission's Provisional Truing-up for FY 2024-25 is set out below.

4.2 Capital Investment Plan and Capitalization

AEML-T's Submission

4.2.1 The Commission, in the MYT Order, had approved capitalization of Rs. 1151.40 Crore for FY 2024-25 on provisional basis.

4.2.2 For FY 2024-25, AEML-T has estimated the capitalization at this stage, considering the progress of the ongoing schemes, already approved by the Commission.

4.2.3 In addition, AEML-T has estimated capitalization against certain Non-DPR schemes based on anticipated expenditure in FY 2024-25. Summary of the capital expenditure and capitalization for FY 2024-25 submitted by AEML-T is as below.

Table 60: Summary of Scheme-wise Capitalisation for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	MTR Order	MYT Petition
220 kV AEML BKC EHV Scheme	1093.90	1093.90
220KV AIS to GIS Conversion at Aarey EHV	48.84	12.74
3rd Transformer at Borivali S/s	0.00	0.17
Non DPR Schemes	8.66	32.14
Total (DPR + Non-DPR)	**1151.40**	**1138.94**

4.2.4 Non-DPR works being carried out are against categories pertaining to System Reliability Improvement, System up-gradation activities, Miscellaneous civil activities, etc. AEML-T is in the process of getting Non-DPR schemes for FY 2024-25 registered with the Commission. However, the process is ongoing and shall continue over the course of the remaining year based on the way requirements come up. As of now, AEML-T has provisionally estimated expenditure against Non-DPR works to the tune of Rs. 32.14 Crore only. The actual schemes undertaken and the amount spent shall be presented at the time of true-up.

4.2.5 AEML-T has also provided brief details of the various DPR Schemes which it proposes to consider for Capitalisation during the FY 2024-25 in the Petition

Commission's Analysis and Ruling

4.2.6 The Commission had approved capitalization of Rs. 1151.40 Crore for FY 2024-25 in the MTR Order in Case No. 230 of 2022 considering the approved DPR.

4.2.7 The Commission has scrutinized all the DPR Schemes for capitalization submitted by AEML-T. Following is the Scheme-wise capitalization for DPR Schemes as approved by the Commission for FY 2024-25 in the MTR Order vis-a-vis capitalization submitted by AEML-T in the MYT Petition.

Table 61: Capitalisation for FY 2024-25 against DPR schemes, as approved by the Commission (Rs. Crore)

Particulars	Capitalisation with IDC		
	MTR Order	MYT Petition	Approved in this Order
Project Name: 220 kV AIS to GIS at Aarey DPR Scheme	48.84	12.74	12.74
Brief Description of Work:			
The scheme was commissioned in December 2023 and Scheme Commissioning report has been submitted to Hon'ble Commission vide ref no. AEML-T/CoD/22kV AIS to GIS/ RR/29/FY 2023-24 dated 7 December, 2023. Minor balance work including pending invoice processing to be completed in FY 2024-25.			
Approval Remarks:			
The Commission accorded in principle approval to the Scheme on 2 February, 2022 amounting to Rs 144.84 Crore and was expected to be completed in FY 2023-24. The major scope of work involved construction of GIS Plinth for additional GIS bays, Installation of New Equipment, Shifting of the T/F-1 Nitrogen firefighting system, capacitor banks, lightning mast, and other equipment. Installation of 33kV BCUs for control and monitoring of 33kV bays, SCADA system upgrades, laying of various cable systems, including 220kV EHV cables, 33kV cables, and LT power and control cables, is part of the scope and Removal of existing 220kV AIS. The Commission notes that the scheme was commissioned in FY 2023-24 as mentioned earlier in this Order in the truing up of FY			

Particulars	Capitalisation with IDC		
	MTR Order	MYT Petition	Approved in this Order
2023-24 and the cost against minor balance work including pending invoices is capitalised. **There is no cost overrun in this scheme as per submission of AEML-T, accordingly, the proposed expenditure is provisionally approved, subject to prudence check at the time of truing up proceeding.**			
Project Name: 3rd Transformer at Borivali EHV Station	0.00	0.17	0.17
Brief Description of Work:			
• At AEML-T Borivali EHV S/s, Chief Fire Officer (CFO) approval was received on 14 February, 2018 for commissioning of 2 nos. of 125 MVA Transformers. • Further approval from the Commission was received for the commissioning of 3rd Transformer at Borivali EHV Station. 3rd 125 MVA Transformer was commissioned in FY 2020-21 and additional payment of Rs. 2 Lakh was done for CFO application dated 06 November, 2023. • The Scheme closing report submitted to the Commission in FY 2023-24. • Thereafter, in August 2024, Demand Note of Rs. 16.5 lakh has been received from BMC towards the CFO approval, citing the changes in Maharashtra Fire Prevention and Life Safety Measures Act, 2006. • The cut-off date as per Regulation 25.2 of the MYT Regulations, 2019 for 3rd transformer at Borivali EHV S/s project is March 2024 (36 months after COD). As per Regulation 25.2 of the MYT Regulations, 2019, additional capitalization beyond the cut-off date is allowable due to change in law. • Since the above expense is required to be incurred on account of change in BMC Regulations, the capitalization of the expense is allowable as per Regulation 25.2 of the MYT Regulations, 2019. Hence, AEML-T requested the Commission to allow capitalization of Rs. 16.5 Lakh.			
Approval Remarks:			
The Commission had accorded in-principle approval on 6 November, 2019 to the DPR for "3rd 220/33kV Transformer at Borivali EHV Substation" amounting to Rs. 23.14 Crore. The			

Particulars	Capitalisation with IDC		
	MTR Order	MYT Petition	Approved in this Order
Scheme was expected to complete in FY 2021-22.The Commission in the truing up of FY 2022-23 has noted that the cut-off date for the project works out to 31 March, 2024. However, the additional capitalization has been proposed by AEML-T beyond the cut-off date. The Commission has noted that AEML-T has claimed additional capitalization under Regulation 25.2 of the MYT Regulations, 2019 which allows additional capitalization beyond the cut-off date due to change in law The Commission has noted the submission of AEML-T that as per Maharashtra Fire Prevention and Life Safety Measures Act, 2006, the fire service fee was calculated on lumpsum basis based on the ready reckoner value of land for transformer. MBMC issued a notification on 15 March,2024, wherein it has revised the method of calculation of fire service fee, by linking it to the height of Substation building as under: 1. Fire service fee is height of building is up to 45 Meters: Rs. 227/- per Sq. meter 2. Fire service fee is height of building is beyond 45 Meters: Rs. 303/- per Sq. meter **Considering above, the Commission has provisionally approved the proposed expenditure, subject to prudence check at the time of truing up proceedings.**			
Project Name: 220 kV BKC EHV DPR Scheme`	**1093.90**	**1093.90**	**1093.90**
Brief Description of Work:			
The scope of work for the installation of the 220/33 kV substations at BKC was installation of a 220 kV GIS EHV substation at BKC, including 2 x 125 MVA power transformers, 7 nos. of 220 kV GIS bays, and 28 nos. of 33 kV GIS bays. However, to avoid idling of the bays, only 2 x 4 outlets were approved in the first phase, with the remaining outlets to be considered after utilization of the initial bays. Further for the purpose of connectivity to this EHV Substation, AMEL-T had proposed extension of 2 x 220 kV GIS bays at the existing 220 kV Chembur EHV station and lay 220 kV D/C underground cable connectivity from the existing Chembur EHV station to the proposed BKC EHV station from distance of 24 circuit kilometres.			

<table>
<tr><th rowspan="2">Particulars</th><th colspan="3">Capitalisation with IDC</th></tr>
<tr><th>MTR Order</th><th>MYT Petition</th><th>Approved in this Order</th></tr>
<tr><td>The objective of the Project execution as per the approved DPR mentioned following benefits/motive:
To feed the present and future demand of BKC area in the Mumbai.
To provide the redundancy of supply c) Load relief to existing 110 kV BKC, Dharavi and Saki SS.
AEML-T vide its submission dated 16 January, 2025 submitted the updated status mentioned as under:
Sub-Station Construction -BKC Site:
Installation & testing of all major Electrical equipment at BKC end including 220 kV GIS, 33 kV GIS, 125 MVA transformers, battery, chargers, ACDB, DCDB, CRP, SCADA is completed, and the equipment is ready for commissioning.
All required works at Chembur end have been completed. 220 kV GIS bays at Chembur are charged and lines are ready for commissioning
220kV cable laying from AEML Chembur to BKC Sub-station:
Trench / HDPE pipe ducting:- 10.1 km out of 10.2 km completed. This includes HDD work at Kurla (220 kV cable laying below Kurla railway track completed)
Govandi railway crossing work is in progress (using push Jack method) . 56 mtrs out of 70 mtrs. is completed as on 12th Jan 2025.
220 kV Cable Laying :- 9.7KM completed. (total 10.2 KM). The last section cable laying of about 460 mtrs is linked with completion of Govandi railway crossing and shall be completed along with the same.
220 kV Cable jointing work :- 108 nos. completed. (total Scope 120 nos.). Last 12 nos. of jointing linked with Govandi railway crossing work and shall be completed along with the same.</td><td></td><td></td><td></td></tr>
</table>

Particulars	Capitalisation with IDC		
	MTR Order	MYT Petition	Approved in this Order
○ 220 kV Cable termination work completed at AEML Chembur EHV Station. Preparatory works for termination at BKC end done. The same will be done post final phase checking. Project Commissioning is expected by March 2025. The scheme will be commissioned by the end of FY 2024-25 and for the purpose of provisional truing up of FY 2024-25, AEML-T has considered the cost of scheme at the same level as approved by the Commission in the approved DPR (Rs. 1093.90 Crore).			
Approval Remarks:			
The Commission has accorded in-principle approval on 6 August, 2021 to the DPR for 220 kV BKC EHV DPR Scheme amounting to Rs 1,093.90 Crores. The Scheme was envisaged to be put to use in FY 2024-25. AEML-T has proposed to consider the project cost as per the approved cost in the DPR. Accordingly, the proposed expenditure is provisionally approved, subject to scrutiny during truing up proceedings. The Commission shall accord final approval on the cost based on the actual cost details incurred vis-à-vis approved cost in the in-principle approval of DPR, subject to prudence check. However, the Commission while issuing the in-principle approval of the DPR had mentioned following: • The land required is not in its possession and AEML-T stated that the land deal will be finalized after in-principle approval. Hence, any delay in execution of the project and increase in cost of the project because of land will be at risk and the cost of AEML-T and shall not be entrained by the Commission in future. Considering the substantial cost of the land in the project cost, AEML-T shall submit land cost reasonability through District Collector Mumbai Suburban District the Competent Government Authority at the time of final approval of the scheme as per capital investment guidelines. • The approved land cost is Rs. 500 Crore (against Rs. 575 Crore claimed by AEML-T) i.e., 50 % of the project cost.			

Particulars	Capitalisation with IDC		
	MTR Order	MYT Petition	Approved in this Order
Hence, AEML-T and STU shall endeavour to optimise the land cost further by negotiating with the land provider. • It is observed that AEML-T has proposed the Distribution Licensees' scope of the work in the DPR of Transmission such as land, Distribution Transformer foundation, additional scope of Roof top solar, green building cost etc., which may lead to inflate the cost of the scheme • AEML-T has to reduce the cost related to Green building concept. In case required, AEML-T may develop it through its own funds without passing on to the consumers • Distribution Transformer Foundations (4 Nos.) were removed which were for AEML-D. Roof top Solar system on terrace floor was also removed. • The major scope of the work shall be executed through competitive bidding process only. **Accordingly, the Commission directs AEML-T to submit all the details related to Project including details regarding the points mentioned as above at the time of truing up.**			
TOTAL DPR CAPITALISATION	**1142.74**	**1106.80**	**1106.80**

4.2.8 The Commission has provisionally approved the capitalization for DPR Schemes for FY 2024-25, however, the final approval of the capital cost would be done only on the basis of detailed scrutiny of the actual works executed at the time of Truing-up for FY 2024-25.

4.2.9 AEML-T has claimed Non-DPR capitalization of Rs. 32.14 Crore for FY 2024-25. The ratio of Non-DPR capitalization to approved DPR capitalization is around 3%, therefore the proposed Non-DPR capitalization for the FY 2024-25 is well within the limit of 20% specified by the Commission.

4.2.10 In line with the approach adopted by the Commission for FY 2022-23 and FY 2023-24 for Non-DPR Schemes, the Commission has now re-classified each Non-DPR Schemes as either of the nature of Capex or R&M scheme. The reclassification of each activity/works by the Commission for FY 2024-25, is as per **Appendix 6**.

4.2.11 Based on the review of the activities/works under Non-DPR Schemes for FY 2024-25, the Commission has approved Capitalisation of Rs. 19.14 Crore against the total Non-DPR approval sought by AEML-T worth of Rs. 32.14 Crore. Out of this amount, the balance amount of Rs. 11.34 Crore has been identified by the

Commission as pertaining to schemes which are prima facie of the nature of R&M expenses for FY 2024-25. The details are provided in the table below:

Table 62: Summary of Reclassification of Non-DPR Activities (including IDC) for FY 2024-25, by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	MYT Petition	Approved in this Order
Reclassification of Non-DPR Activities			
R & M – categorised as O&M Expenses	11.87	0.00	11.34
Capex – Considered for Capitalisation	8.66	32.14	19.14
Total of Non-DPR Activities	**20.53**	**32.14***	**30.48***

**Note:* AEML-T in its additional submission dated 16 January, 2025 provided the revised Non-DPR capitalisation proposed for FY 2024-25*

4.2.12 The expenses reclassified as R&M in nature in the above table are excluded from the Capitalisation of Non-DPR activities. The Commission is currently not considering R&M expenses as part of the normative O&M expenses. Instead, the normative O&M expenses are being calculated based on the number of bays and the transmission network (Ckt. Km) approved by the Commission. Accordingly, AEML-T is at liberty to approach the Commission for seeking necessary approvals at the time of next MYT Petition.

4.2.13 The following table shows the capitalization provisionally approved by the Commission for FY 2024-25.

Table 63: Summary of Scheme-wise Capitalization for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	MTR Order	MYT Petition	Approved in this Order
220 kV AEML BKC EHV Scheme	1093.90	1093.90	1,093.90
220KV AIS to GIS Conversion at Aarey EHV	48.84	12.74	12.74
3rd Transformer at Borivali S/s	0.00	0.17	0.17
Non DPR Schemes	8.66	32.14	19.14
Total (DPR + Non-DPR)	**1151.40**	**1138.94**	**1,125.94**

4.2.14 **The Commission thus provisionally approves Capitalisation (DPR and Non-DPR) of Rs. 1125.94 Crore for FY 2024-25.**

4.3 Operation and Maintenance Expenses

AEML-T's Submission

4.3.1 AEML-T has considered the closing line length and no. of Bays for FY 2023-24 (as per the section on truing up of FY 2023-24) as the opening line length and no. of Bays for FY 2024-25. The Commission, in the MTR Order in Case No. 230 of

2022, had considered line length addition of 24 Ckt. Km in FY 2024-25 on account of planned commissioning of BKC S/stn. AEML-T has considered the same as addition of line length in FY 2024-25 as, based on the progress of works, BKC S/stn. is planned to be commissioned in FY 2024-25 only. Also, the Commission had considered addition of 9 no. of 220 kV GIS Bays and 20 no. of 33 kV GIS Bays in the MTR Order on account of planned commissioning of BKC S/stn in FY 2024-25. As opposed to that, 10 no. of 220 kV GIS Bays and 30 no. of 33 kV GIS Bays are planned to be added in FY 2024-25. The same has been considered for normative O&M expense calculation in FY 2024-25.

4.3.2 Further, out of 31 no. of 33 kV Bays considered as unutilized in the MTR Order, 9 no. of 33 kV GIS Bays are likely to be utilized in FY 2024-25. AEML-T has considered the same for normative O&M expense calculations in FY 2024-25. The total no. of Bays considered as utilized in FY 2024-25 is as under:

Table 64: Details of Bays utilisation for FY 2022-23 (Estimated), as submitted by AEML-T (Rs. Crore)

Particulars	Total number of unutilized bays as per MTR Order (A)	No of AIS Bays already decommissioned prior to FY 2022-23 out of (A): (B)	Net unutilized bays as per MTR Order (C)	Opening balance of utilized bays as on 01.04.2024 (B)	Bays likely to be utilized during FY 2024-25 out of (A): (C)	No of Bays added due to BKC EHV Stn DPR (D)	Total Bays utilized during FY 2022-23 (B+C+D)
220 kV - AIS Bays	-	-	-	21	-	-	21
220 kV - GIS Bays	-	-	-	97	-	10	107
33 kV - AIS Bays	3	1	2	41	-	-	41
33 kV - GIS Bays	29	-	29	339	9	30	378

4.3.3 The normative O&M expense for FY 2024-25 is as under:

Table 65: Normative O&M Expense for FY 2024-25 (Estimated), as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Average Length in Ckt Km	585.03	585.03
Applicable O&M cost Norm for Transmission Lines (Rs. Lakh/Ckt Km)	0.82	0.82
Normative O&M expenses for Transmission Lines (Rs. Crore)	**4.80**	**4.80**
Average Number of 220 kV AIS bays	21	21
Average Number of 220 kV GIS bays	101	102
Average Number of 33 kV AIS bays	38	41

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Average Number of 33 kV GIS bays	332	359
Applicable O&M Cost Norm for 220 kV AIS Bays (Rs. Lakh/Bay)	38.70	38.70
Applicable O&M Cost Norm for 220 kV GIS Bays (Rs. Lakh/Bay)	27.09	27.09
Applicable O&M Cost Norm for 33 kV AIS Bays (Rs. Lakh/Bay)	8.09	8.09
Applicable O&M Cost Norm for 33 kV GIS Bays (Rs. Lakh/Bay)	5.66	5.66
Normative O&M Expenses for Bays (Rs. Crore)	**57.23**	**59.38**
Total Normative O&M expenses for Transmission Lines & Bays (Rs. Crore)	**62.03**	**64.17**

4.3.4 AEML-T submitted that in line with the reasoning given in the true-up section, AEML-T has claimed an additional amount of Rs. 0.07 Crore (at the same level as that of FY 2023-24) for FY 2024-25 towards the PF contribution payable by AEML-T as per the Hon'ble SC Judgment dated 28 February 2019.

Commission's Analysis and Ruling

4.3.5 The Commission has considered opening Ckt. km. of transmission line and number of bays for FY 2024-25 same as the closing value of Ckt. km. of transmission line and number of bays approved for FY 2023-24 in this Order.

4.3.6 The Commission had sought loading data for each of the bays including earlier un-utilised bays and based on the information received from AEML-T in response, it was observed that some of the earlier unutilised bays have now been utilised by AEML-T and similarly some of the bays which were utilised has become un-utilised as there is zero load in such bays.

4.3.7 Further, the Commission has considered only those bays which are utilised during/at the end of the Financial Year in accordance with the approach adopted in the MTR Order in Case No. 230 of 2022 and line length addition of 24 Ckt. Km in FY 2024-25 on account of planned commissioning of BKC S/stn. Accordingly, the closing balance of bays has been considered on the basis of load details shared by AEML-T.

4.3.8 Subsequently, AEML-T vide its additional submissions dated 16 January, 2025 submitted that for the purpose of normative O&M expense, it has considered 9 no. of 220 kV GIS Bays and 20 no. of 33 kV GIS Bays to be added through this scheme in FY 2024-25, along with 24 Ckt. Km line length addition, as approved by the Commission in the approved DPR for 220/33 kV GIS S/S at BKC. Based on the additional submission of AEML-T, the Commission has considered the line length, 220kV and 33 kV bays for 220/33 kV GIS S/S at BKC. Details are given in the table below:

Table 66: Addition to Transmission Length and No. of Bays for FY 2024-25, as approved by the Commission (Rs. Crore)

Category	MYT Petition	Approved in this Order	Remarks
Transmission Line Length (Ckt. km) between 66 kV and 400 kV			
Closing balance of FY 2024-25	573.03	573.03	
Addition during the year	24	24	AEML-T has considered addition of line length in FY 2024-25 of 24 Ckt. Km due to proposed commissioning of BKC EHV Stn. **(Allowed Ckt. km = 24 Ckt. km)**
Closing balance of FY 2024-25	597.03	597.03	
Average	**585.03**	**585.03**	
Bays (between 66 kV and 400 kV)			
Closing balance of FY 2024-25	118	118	
Addition during the year	10	9	AEML-T had claimed 10 no. of 220 kV GIS Bays addition in FY 2024-25 due to proposed commissioning of BKC EHV Stn. The Commission noted that AEML-T vide its additional submissions dated 16 January, 2025 submitted that for the purpose of normative O&M expense, it has considered 9 no. of 220 kV GIS Bays and 20 no. of 33 kV GIS Bays to be added through this scheme in FY 2024-25 **(Allowed Addition: 9 Nos. of Bays)**
Closing balance of FY 2024-25	128	127	
Average	**123.0**	**122.5**	
Bays (<66 kV)			
Closing balance of FY 2024-25	380	362	
Addition during the year	39	25	AEML-T claimed 30 No. of 33 kV GIS Bays addition in FY 2024-25 due to proposed commissioning of BKC EHV Stn. In addition, AEML-T claimed that 9 no. of Bays (out of 32 no. of Bays considered unutilized by Commission in MTR Order) will be utilized in FY 2024-25. The Commission noted that AEML-T vide its additional submissions dated 16 January, 2025 submitted that for the purpose of normative

Category	MYT Petition	Approved in this Order	Remarks
			O&M expense, 20 No. of 33 kV GIS Bays to be added through this scheme in FY 2024-25. Accordingly, the Commission has considered 20 No. of 33kV GIS bays for FY 2024-25. Based on details of 33 kV Bays, provided by AEML-T, No. of Bays has been verified to put to use (which were earlier un-utilised) as under: **AIS Bays:** 1. Board No. 4 and Switch No. 37 at Aarey (FY24 - 0 MW, FY25 (till Nov 2024) - 15.41 MW) 2. Board No. 5 and Switch No. 47 at Aarey (FY24 - 0 MW, FY25 (till Nov 2024) - 8.68 MW) **GIS Bays:** 3. Board No. 7 and Switch No. 76 at Aarey (FY24 - 0 MW, FY25 (till Nov 2024) - 6.55 MW) 4. Board No. 2 and Switch No. 18 at Goregaon (FY24 - 0 MW, FY25 (till Nov 2024) - 11.66 MW) 5. Board No. 3 and Switch No. 32 at Goregaon (FY24 - 0 MW, FY25 (till Nov 2024) - 10.06 MW) 6. Board No. 3 and Switch No. 36 at Goregaon (FY24 - 0 MW, FY25 (till Nov 2024) - 13.72 MW) 7. Board No. 3 and Switch No. 40 at Goregaon (FY24 - 0 MW, FY25 (till Nov 2024) - 13.49 MW) 8. Board No. 3 and Switch No. 41 at Goregaon (FY24 - 0 MW, FY25 (till Nov 2024) - 2.06 MW) 9. Board No. 1 and Switch No. 3 at Saki (FY24 - 0 MW, FY25 (till Nov 2024) - 9.45 MW) 10. Board No. 1 and Switch No. 12 at Gorai (FY24 - 0 MW, FY25 (till Nov 2024) - 26.46 MW)

Category	MYT Petition	Approved in this Order	Remarks
			11. Board No. 3 and Switch No. 10 at Chembur (FY24 - 0 MW, FY 25 (till Nov 2024) - 4.27 MW) Based on details of 33 kV Bays, provided by AEML-T, No. of Bays has been verified to be un-utilised (which were earlier un-utilised) as under: **GIS Bays:** 1. Board No. 8 and Switch No. 79 at Aarey (FY 24 - 10.1 MW, FY 25 (till Nov 2024) - 0 MW) 2. Board No. 6 and Switch No. 66 at Versova (FY 24 - 2 MW, FY 25 (till Nov 2024) - 0 MW) 3. Board No. 3 and Switch No. 33 at Saki (FY 24 - 14.6 MW, FY 25 (till Nov 2024) - 0 MW) 4. Board No. 1 and Switch No. 5 at Chembur (FY 24 - 8.3 MW, FY 25 (till Nov 2024) - 0 MW) 5. Board No. 2 and Switch No. 24 at Chembur (FY 24 - 5.8 MW, FY 25 (till Nov 2024) - 0 MW) 6. Board No. 2 and Switch No. 25 at Chembur (FY 24 - 0.7 MW, FY 25 (till Nov 2024) - 0 MW) **(Allowed Addition= 20 + 11 - 6= 25 Nos. of Bays)**
Closing balance of FY 2024-25	419	387	
Average	**399.5**	**374.5**	

4.3.9 The list of unutilised bays considered by the Commission based on the load details shared by AEML-T is listed in **Appendix-5**.

4.3.10 Further, as mentioned in the para 4.2.12, the R&M nature of expenses reclassified from the list of non-DPR schemes are also not presently considered in the O&M expenses since the Commission considers normative O&M expenses for FY 2024-25 based on the number of bays and the transmission network (Ckt. Km) approved by the Commission for the purpose of provisional truing up.

4.3.11 For the provisional truing up of FY 2024-25, the Commission has also considered the additional estimated claim of Rs. 0.07 Crore arising due to the Hon'ble Supreme Court's Judgment relating to computation of the contribution to provident fund based on all components of wages, revision of basic wages by Government of Maharashtra.

4.3.12 The summary of normative O&M expenses for FY 2024-25 as submitted by AEML-T and as provisionally approved by the Commission is provided in Table below:

Table 67: Normative O&M Expenses for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	**MYT Petition**	**Approved in this Order**
Average Length in Ckt Km	585.03	585.03	585.03
Applicable O&M cost Norm for Transmission Lines (Rs. Lakh/Ckt Km)	0.82	0.82	0.82
Normative O&M expenses for Transmission Lines (Rs. Crore)	**4.8**	**4.8**	**4.80**
Average Number of 220 kV AIS bays	21	21	21
Average Number of 220 kV GIS bays	101	102	102
Average Number of 33 kV AIS bays	38	41	39
Average Number of 33 kV GIS bays	332	359	336
Applicable O&M Cost Norm for 220 kV AIS Bays (Rs. Lakh/Bay)	38.7	38.7	38.7
Applicable O&M Cost Norm for 220 kV GIS Bays (Rs. Lakh/Bay)	27.09	27.09	27.09
Applicable O&M Cost Norm for 33 kV AIS Bays (Rs. Lakh/Bay)	8.09	8.09	8.09
Applicable O&M Cost Norm for 33 kV GIS Bays (Rs. Lakh/Bay)	5.66	5.66	5.66
Normative O&M Expenses for Bays (Rs. Crore)	**57.23**	**59.38**	**57.78**
Total Normative O&M expenses for Transmission Lines & Bays (Rs. Crore)	**62.03**	**64.17**	**62.58**

4.3.13 **The Commission thus provisionally approves normative O&M expenses of Rs. 62.58 Crore for FY 2024-25. Additionally, Rs. 0.07 Crore arising due to the Hon'ble Supreme Court's Judgment relating to computation of the contribution to provident fund has also been approved provisionally.**

4.4 Depreciation

AEML-T's Submission

4.4.1 For depreciation, AEML-T has considered the opening asset balances of FY 2024-25 and has determined the depreciation for these assets for FY 2024-25 considering the depreciation rates as per MYT Regulations, 2019 and as per first proviso to Regulation 28.1 (b) of MYT Regulations, 2019.

4.4.2 For the assets estimated to be added in FY 2024-25 in various asset classes, depreciation for the year has been calculated considering the rates as per MYT Regulations, 2019 and with the assumption that the assets shall be added uniformly throughout the year.

4.4.3 The actual depreciation for FY 2024-25 to be submitted considering the actual asset addition and retirement and based on number of days the assets were in service at the time of truing up of FY 2024-25.

Table 68: Depreciation for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Depreciation	128.46	123.63
Opening GFA	2,249.56	2,236.11
Closing GFA	3,400.96	3,375.05

Commission's Analysis and Ruling

4.4.4 AEML-T in the present Petition has submitted depreciation expenses in accordance with the MYT Regulations, 2019. The Commission has gone through the details of calculation of asset wise depreciation expenses as provided by AEML-T in its Petition.

4.4.5 The Commission for the purpose of calculation of depreciation for FY 2024-25 has considered opening GFA of FY 2024-25 same as that of closing GFA approved for FY 2023-24 in this Order. The Commission has provisionally approved capitalization of Rs. 1151.40 Crore for FY 2024-25, thus addition in GFA is considered equal to capitalization approved by the Commission in the earlier sections of this Order.

4.4.6 AEML-T has determined the depreciation for FY 2024-25 considering the opening asset balances of FY 2024-25 and by applying the depreciation rates as per MYT Regulations, 2019. This approach is accordance with the first proviso to Regulation 28.1 (b) of MYT Regulations, 2019.

4.4.7 For the assets estimated to be added in FY 2024-25 in various asset classes, depreciation for the year has been calculated considering the rates as per MYT Regulations, 2019 and with the assumption that the assets shall be added uniformly throughout the year.

4.4.8 However, for 220 KV BKC EHV DPR scheme, the Commission noted that the substantial part of the capitalisation is towards land cost, and while considering the asset addition during the year into several class of assets, AEML-T has not allocated the cost to land. Since, for this Scheme, substantial part of the cost pertains to land, the Commission has also considered the land cost as part of the asset added during the year and depreciation has been computed accordingly. The estimated cost of land has been added to the leasehold asset category and the remaining capitalisation is considered proportionately in other asset categories in the same proportion as considered by AEML-T.

4.4.9 The summary of depreciation for FY 2024-25 as submitted by AEML-T and as provisionally approved by the Commission is given in the Table below.

Table 69: Depreciation Cost for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	MYT Petition	Approved in this Order
Depreciation	**128.46**	**123.63**	**119.15**
Opening GFA	2,249.56	2,236.11	2,229.90
Closing GFA	3,400.96	3,375.05	3,355.84

4.4.10 **The Commission provisionally approves Rs. 119.15 Crore as depreciation for FY 2024-25.**

4.5 Interest on Loan Capital, Finance Charges & FERV

AEML-T's Submission

4.5.1 AEML-T has calculated the interest on loans for FY 2024-25 based on the weighted average interest rate, which is determined according to Regulation 30.5 of the MYT Regulations, 2019, on the basis of actual long term loan portfolio at the beginning of each year. The weighted average interest rate considering the opening balance of loans for FY 2024-25 works out to 9.28%.

4.5.2 Additionally, Regulation 30.8 of the MYT Regulations, 2019 specifies that the financing charges incurred for obtaining loans from financial institutions for any year shall be allowed by the Commission at the time of truing-up, subject to prudence check. Accordingly, AEML-T shall submit the financing charges incurred for FY 2024-25 at the time of truing up.

4.5.3 AEML-T has submitted that the actual FERV losses that may occur, if any, shall be claimed at the time of truing up of FY 2024-25.

4.5.4 The table below shows the interest on loans as approved for FY 2024-25 in the MTR Order and revised estimates for FY 2024-25.

Table 70: Interest on Loan Capital for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Opening Balance	471.37	463.67
Addition - equivalent to 70% of capitalization	805.98	797.26
Repayment (equal to depreciation claimed)	128.46	123.63

Particulars	FY 2024-25	
	MTR Order	**MYT Petition**
Closing balance	1148.89	1,137.30
Average loan balance	810.13	800.48
Interest Rate in %	8.34%	9.28%
Interest on loan capital	**67.53**	**74.26**
Finance Charges	-	-
Total Interest and Finance Charges	**67.53**	**74.26**

Commission's Analysis and Ruling

4.5.5 As the Commission is undertaking Provisional True up for FY 2024-25, the Commission has presently considered the interest rate of 9.28% for FY 2024-25, which is the weighted average interest rate based on the opening loan portfolio of FY 2024-25 as claimed by AEML-T. Any change due to revision in interest rate on account of the actual interest paid during FY 2024-25 will be considered at time of final Truing up.

4.5.6 The opening balance of the loan for FY 2024-25 is considered same as the closing balance of loan for FY 2023-24 approved by the Commission in the earlier sections of the Order. Further, the loan additions are considered as 70% of the approved capitalization for FY 2024-25. The repayments are considered equal to depreciation allowed during the year. The closing balance of the loan for FY 2024-25 is computed by adding the loan additions during the year and deducting the normative repayments as computed by the above methodology.

4.5.7 The interest rate provisionally approved above is then applied on the average of opening and closing loan balance for the year to calculate the interest expenses for FY 2024-25.

4.5.8 AEML-T vide its additional submission dated 15 February, 2025 submitted that in December, 2024, it has repaid $48 Million out of $282 Million sub-debt, for which forex loss of Rs. 54.34 Crore has been incurred. Sub-debt amount of $ 282 Million was realized by AEML in February, 2020 at conversion rate of Rs. 71.2638/$. The same was hedged at forex conversion rate of Rs. 82.585/$. Since ADTPS has been hived off from AEML with effect from 30 September 2024, the loan amount corresponds to AEML-T and AEML-D only. Accordingly, segregated the forex loss of Rs. 54.34 Crore in the ratio of average regulatory loans of AEML-T and AEML-D for FY 2024-25. Hence, the forex loss of Rs. 11.04 Crore has been claimed for AEML-T.

4.5.9 Regarding Forex loss, the Commission noted that the repayment of $48 Million out of $282 Million sub-debt was done in December 2024, however, AMEL-T has not mentioned or submitted any details regarding this prior or during the Public Hearing held on 8 January, 2025 or as part of its response to the information sought by the Commission during the Public Hearing which was submitted by AEML-T on 16 January 2025. The Commission also noted that the forex loss has only been proposed to be allocated to AEML-T and AEML-D despite the loan till FY 2023-24 has been considered for generation, transmission and distribution businesses of AEML. Therefore, for approving the claim of forex loss will require detailed scrutiny. Further, the year is still not completed, and the Commission is presently undertaking the provisional truing up of FY 2024-25 and hence has not considered the forex loss as proposed by AEML presently. The Commission shall consider the same at the time of truing up, subject to prudence check.

4.5.10 The computation of interest on loan capital as provisionally approved by the Commission for FY 2024-25 is provided in the Table below:

Table 71: Interest on Loan Capital for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	MYT Petition	Approved in this Order
Opening Balance	471.37	463.67	459.60
Addition - equivalent to 70% of capitalization	805.98	797.26	788.16
Repayment (equal to depreciation claimed)	128.46	123.63	119.15
Closing balance	**1148.89**	**1,137.30**	**1,128.61**
Average loan balance	810.13	800.48	794.11
Interest Rate in %	8.34%	9.28%	9.28%
Interest on loan capital	**67.53**	**74.26**	**73.73**
Finance Charges	-	-	-
Total Interest and Finance Charges	**67.53**	**74.26**	**73.73**

4.5.11 **The Commission provisionally approves Interest on Loan Capital including financing charges of Rs. 73.73 Crore for FY 2024-25.**

4.6 Interest on Working Capital

AEML-T's Submission

4.6.1 AEML-T has calculated the normative interest on working capital as per the first proviso to Regulation 32.2 (a) of the MYT Regulations, 2019. The rate of interest for calculating the normative interest on working capital for FY 2024-25 as on the date of filing this petition works out to 10.50%. The same has been considered for calculation of normative IoWC for FY 2024-25.

4.6.2 AEML-T has submitted that it has availed short term loans to fund its working capital requirement in FY 2024-25. Also, AEML-T has employed its internal accruals to fund its working capital requirement. AEML-T shall present the actual interest on working capital along with the net entitlement at the time of truing up of FY 2024-25.

4.6.3 The following Table shows the interest on working capital as submitted by AEML-T.

Table 72: Interest on Working Capital for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	MYT Petition
O&M expenses for 1 month	5.17	5.35
Maintenance spares @ 1% of opening GFA	22.50	22.36
One and half months of expected revenue from transmission charges	46.84	46.84
Working capital requirement	**74.51**	**74.55**
Interest rate (%)	9.45%	10.50%
Interest on Working Capital (IOWC)	**7.04**	**7.83**

Commission's Analysis and Ruling

4.6.4 As the Commission is presently provisionally Truing up for FY 2024-25, the interest on working capital has been considered on normative basis as per the Regulation 32 of MYT Regulations, 2019.

4.6.5 As per MYT Regulations, 2019, the rate of interest on working capital is determined on normative basis and shall be equal to the Base Rate on the date filing of Petition for determination of Tariff, plus 150 basis points. AEML-T has filed its Petition on 31 October, 2024 and applicable base rate at that time was 8.95%. Therefore, the interest rate provisionally approved by the Commission for calculation of interest on working capital is 10.45% (8.95% + 1.50%).

4.6.6 The above interest rate is applied on the normative working capital requirement to arrive at the interest on working capital. The computation of the interest on working capital provisionally approved by the Commission is provided in the Table below.

Table 73: Interest on Working Capital for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	MYT Petition	Approved in this Order
O&M expenses for 1 month	5.17	5.35	5.21
Maintenance spares @ 1% of opening GFA	22.5	22.36	22.30
One and half months of expected revenue from transmission charges	46.84	46.84	46.84
Working capital requirement	**74.51**	**74.55**	**74.35**
Interest rate (%)	9.45%	10.50%	10.45%
Interest on Working Capital (IOWC)	**7.04**	**7.83**	**7.77**

4.6.7 **The Commission provisionally approves normative Interest on Working Capital of Rs. 7.77 Crore for FY 2024-25.**

4.7 Return on Equity

AEML-T's Submission

4.7.1 The MYT Regulations, 2019 provides for allowing RoE in two parts i.e., Base RoE and additional RoE linked to actual performance. The additional RoE is to be allowed at the time of truing up for respective years based on actual performance. In the MTR Order dated 31 March 2023, the Commission had allowed the Base RoE only. For transmission business, the Base RoE is 14% per annum and eligibility for additional RoE is linked to performance parameters of transmission availability.

4.7.2 The Commission had considered the effective tax rate for FY 2024-25 at MAT rate (17.47%) while allowing pre-tax RoE for FY 2024-25 in the MTR Order since AEML as a whole had paid income tax at MAT Rate in FY 2021-22. In FY 2023-24 also, AEML as a whole has paid income tax at MAT Rate. Therefore, for provisional truing up of FY 2024-25, AEML-T has claimed Effective tax rate at MAT rate, without prejudice to AEML-T's contention in Appeal No. 538 of 2023 that Effective tax rate for the regulated segment of AEML should be calculated on standalone basis based on regulatory PBT method in accordance with first proviso to Regulation 34.4 of the MYT Regulations, 2019.

Table 74: Return on Equity for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	**MYT Petition**
Regulatory equity at the beginning of the year	716.22	712.10
Add: Equity portion of expenditure capitalized	345.42	341.68
Less: Equity portion of asset retired during the year	-	-
Regulatory equity at the end of the year	**1061.64**	**1053.78**
Return Computation		
RoE at the beginning of the year	121.50	120.80
RoE on capitalization during the year	29.30	28.98
Total Return on Equity	**150.79**	**149.78**

Commission's Analysis and Ruling

4.7.3 The Commission has considered the regulatory equity at the beginning of the year of FY 2024-25, same as the closing equity for FY 2023-24 approved in this Order. The additions are considered equal to the equity portion (30%) of assets capitalized during FY 2024-25 and provisionally approved in this Order.

4.7.4 Regulation 34.2 of the MYT Regulations, 2019, specifies that the rate of RoE including additional rate of RoE as allowed by the Commission, shall be grossed up with the effective tax rate of respective financial year.

4.7.5 Further, as per the Regulation 34.4 of the MYT Regulations, 2019, the effective tax rate shall be considered on the basis of actual tax paid in respect of financial year in line with the provisions of the relevant Finance Acts by the concerned Licensee. However, as per the second proviso of Regulation 34.4 states that the effective tax rate for future years is to be estimated based on the actual tax paid as per the latest available Audited Accounts. The actual tax rate considered by the Commission for grossing up the RoE for FY 2023-24 was 17.47% i.e. MAT rate as per the Income Tax notification. Accordingly, the Commission has considered the MAT rate for provisionally grossing up the RoE for FY 2024-25. AEML-T has raised this issue in Appeal No. 538 of 2023 before the Hon'ble ATE, contesting that the effective tax rate should be assessed on a standalone basis, considering the regulatory profit before tax method. As the matter is sub-judice, the Commission has maintained the same approach as kept in the MTR Order in Case No. 230 of 2022 that the effective tax rate is to be based on actual income tax paid by the Utility.

4.7.6 The summary of RoE for FY 2024-25 as submitted by AEML-T and as provisionally approved by the Commission is provided in Table below:

Table 75: Return on Equity for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	**MYT Petition**	**Approved in this Order**
Regulatory equity at the beginning of the year	716.22	712.10	710.24
Add: Equity portion of expenditure capitalized	345.42	341.68	337.78
Less: Equity portion of asset retired during the year	-	-	-
Regulatory equity at the end of the year	**1061.64**	**1053.78**	**1,048.02**
Return Computation			
RoE at the beginning of the year	121.5	120.8	120.48
RoE on capitalization during the year	29.3	28.98	28.65
Total Return on Equity	**150.79**	**149.78**	**149.13**

4.7.7 **The Commission provisionally approves Return on Equity of Rs. 149.13 Crore for FY 2024-25.**

4.8 Contribution to Contingency Reserve

AEML-T's Submission

4.8.1 AEML-T submitted that Regulation 35.1 of the MYT Regulations, 2019 provides for Contributions to Contingency Reserve of a sum not less than 0.25% and not more than 0.5% of the original cost of fixed assets.

4.8.2 AEML-T has considered the contribution to contingency reserve at 0.25% of the original cost of fixed assets as on 01 April, 2024.

Table 76: Contribution to Contingency Reserve for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Opening Balance of Contingency Reserves	56.53	56.52
Opening Gross Fixed Assets	2,249.56	2,236.11
Opening Balance of Contingency Reserves as % of Opening GFA	2.51%	2.53%
Contribution to Contingency Reserves during the year	**5.62**	**5.59**

Commission's Analysis and Ruling

4.8.3 As the provisional Truing up for FY 2024-25 is being taken up, the Commission has considered the investments in securities as proposed by AEML-T and the final investments will be verified during the Truing up exercise.

4.8.4 In line with the Regulation 34 of MYT Regulations, 2019, the Commission has provisionally approved the contribution to contingency reserve as 0.25% of the Opening GFA for FY 2024-25.

Table 77: Contribution to Contingency Reserve for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	MYT Petition	Approved in this Order
Opening Balance of Contingency Reserves	56.53	56.52	56.52
Opening Gross Fixed Assets	2,249.56	2,236.11	2,229.90
Opening Balance of Contingency Reserves as % of Opening GFA	2.51%	2.53%	2.53%
Contribution to Contingency Reserves during the year	**5.62**	**5.59**	**5.57**

4.8.5 **The Commission provisionally approves Contribution to Contingency Reserve of Rs. 5.57 Crore for FY 2024-25.**

4.9 Revenue from Transmission Charges

AEML-T's Submission

4.9.1 The Commission in the InSTS Tariff Order dated 31 March 2023 in Case No. 239 of 2022, had approved a revenue of Rs. 341.71 Crore for AEML-T for FY 2024-25. For the purpose of provisional truing up of FY 2024-25, AEML-T has considered the revenue from InSTS charges as Rs. 341.71 Crore.

Commission's Analysis and Ruling

4.9.2 The Commission observes that the Transmission charges submitted in the Petition are in line with the InSTS Tariff Order dated 31 March 2023 in Case No. 239 of 2022 applicable for FY 2024-25.

4.9.3 The Commission has considered revenue of Rs. 341.71 Crore from Transmission charges in accordance with the aforementioned Order for FY 2024-25.

4.10 Non -Tariff Income

AEML-T's Submission

4.10.1 AEML-T has estimated Rs. 8.51 Crore as non-Tariff Income (NTI) for FY 2024-25 at the same level as that of actuals of FY 2023-24.

Table 78: Non-Tariff Income for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Income from rent of land or buildings (land usage charges)	1.32	1.32
Income from sale of scrap	2.00	3.41
Income from investments (contingency reserve)	0.26	3.60
Unclaimed liabilities written back	-	0.18
Other/Miscellaneous receipts	0.40	0.00
Non-Tariff Income	**3.98**	**8.51**

Commission's Analysis and Ruling

4.10.2 The Commission has scrutinized the income under each head claimed by AEML-T in its Petition. The provisional numbers for FY 2024-25 as submitted by AEML-T are accepted for provisional Truing up by the Commission. Any variation in actual numbers against provisional numbers will be adjusted at time of final Truing-up.

Table 79: Non-Tariff Income for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	FY 2024-25		
	MTR Order	MYT Petition	Approved in this Order
Income from rent of land or buildings (land usage charges)	1.32	1.32	1.32
Income from sale of scrap	2.00	3.41	3.41
Income from investments (contingency reserve)	0.26	3.60	3.60
Unclaimed liabilities written back	-	0.18	0.18
Other/Miscellaneous receipts	0.40	-	-
Non-Tariff Income	**3.98**	**8.51**	**8.51**

4.10.3 **The Commission provisionally approves non-Tariff Income of Rs. 8.51 Crore for FY 2024-25.**

4.11 Income from Other Business

AEML-T's Submission

4.11.1 AEML-T has submitted that it has not entered into agreement with any entity for optimum utilization of its assets as per MYT Regulations, 2019. Hence no income from Other Business has been estimated for FY 2024-25.

Commission's Analysis and Ruling

4.11.2 As there is no agreement or arrangement by AEML-T with any entity for optimum utilization of its assets, the Commission provisionally approves NIL income from other business for FY 2024-25.

4.12 Provisional Revenue Gap / (Surplus) for FY 2024-25

AEML-T's Submission

4.12.1 AEML-T has determined the revenue gap/ (surplus) for FY 2024-25 by comparing the revenue approved in the InSTS Tariff Order dated 30 March, 2020 in Case No. 327 of 2019 for FY 2022-23 and the ARR (net of non-Tariff Income and Income from Other Business).

4.12.2 The Commission in the MTR Order dated 31 March, 2023 in Case No. 230 of 2022 had approved a revenue gap of Rs. 8.94 Crore (including carrying cost) after truing up of FY 2019-20 to FY 2021-22 and provisional truing up of FY 2022-23. In order to smoothen the impact of AEML-T ARR on InSTS charges, the Commission had allowed recovery of revenue gap of Rs. 48.00 Crore in FY 2023-24 and revenue surplus of Rs. 42.94 Crore in FY 2024-25 in the MTR Order. Hence AEML-T has included revenue surplus of Rs. 42.94 Crore in expense side for the purpose of provisional truing up of FY 2024-25 also.

4.12.3 AEML-T has submitted the summary of provisional FY 2024-25, which is provided below:

Table 80: Summary of Truing-up of ARR for FY 2024-25, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Operation & Maintenance Expenses	62.03	64.17
Impact of SC Judgment on PF	0.15	0.07
Depreciation Expenses	128.46	123.63
Interest on Long-term Loan Capital	67.53	74.26
Interest on Working Capital and on security deposits	7.04	7.83
Contribution to Contingency reserves	5.62	5.59

Particulars	FY 2024-25	
	MTR Order	MYT Petition
Total Revenue Expenditure	**270.83**	**275.55**
Return on Equity Capital	150.79	149.78
Aggregate Revenue Requirement	**421.62**	**425.33**
Less: Non-Tariff Income	3.98	8.51
Less: Income from Other Business	0.00	0.00
Add: Revenue Gap / (Surplus) upto FY 2022-23 with carrying cost	-42.94	-42.94
Aggregate Revenue Requirement from Transmission Tariff	**374.71**	**373.88**
Revenue from transmission tariff		
Long-term TSUs including Distribution Licensees	374.71	374.71
Revenue Gap/(Surplus)	**0.00**	**(0.83)**

Commission's Analysis and Ruling

4.12.4 Based on discussion on various cost components in this Section, the Commission has computed total ARR and Revenue Gap / (Surplus) for FY 2024-25 as detailed in the Table below.

Table 81: Summary of Provisional True up for FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	MTR Order	MYT Petition	Approved in this Order
Operation & Maintenance Expenses	62.03	64.17	62.58
Impact of SC Judgment on PF	0.15	0.07	0.07
Depreciation Expenses	128.46	123.63	119.15
Interest on Long-term Loan Capital	67.53	74.26	73.73
Interest on Working Capital and on security deposits	7.04	7.83	7.77
Contribution to Contingency reserves	5.62	5.59	5.57
Total Revenue Expenditure	**270.83**	**275.55**	**268.87**
Return on Equity Capital	150.79	149.78	149.13
Aggregate Revenue Requirement	**421.62**	**425.33**	**418.00**
Less: Non-Tariff Income	3.98	8.51	8.51
Less: Income from Other Business	0.00	0.00	
Add: Revenue Gap / (Surplus) upto FY 2022-23 with carrying cost	(42.94)	(42.94)	-42.94
Aggregate Revenue Requirement from Transmission Tariff	**374.71**	**373.88**	**366.55**
Revenue from transmission tariff			
Long-term TSUs incl. Distribution Licensees	374.71	374.71	374.71
Revenue Gap / (Surplus)	**0.00**	**(0.83)**	**(8.16)**

4.12.5 **The Commission provisionally approves Revenue Surplus of Rs. 8.16 Crore for FY 2024-25. The key reasons impacting the variation in the ARR approved by the Commission and that claimed by AEML-T are outlined below:**

(a) Normative O&M expenses considered corresponding to only those bays which are utilised during/at the end of the Financial Year.

(b) Reclassification of some of capitalization against Non-DPR Scheme of R&M nature to R&M expenses. The reclassified expenses are not presently allowed for recovery as the Commission has approved normative O&M expenses. Appropriate treatment will be given at the time of truing up for the year in line with the provisions of MYT Regulations, 2019, as amended from time to time.

(c) Variation in capex related expenses i.e., depreciation, interest on long term loan and Return on Equity on account of provisionally approving capitalization of Rs. 1125.94 Crore as against Rs. 1138.94 Crore claimed by AEML-T.

5 ARR FOR FY 2025-26 to FY 2029-30

5.1 Background

5.1.1 AEML-T has presented the ARR projections for the next 5 years of the 5th Control Period i.e. FY 2025-26 to FY 2029-30 as per the provisions of the MYT Regulations, 2024.

5.1.2 The projections are based on the actual/ provisional cost and other technical & financial particulars for the previous years, the assumptions for the ARR for the Control Period and the Regulatory provisions as per the MYT Regulations, 2024 and determination of the normative cost accordingly.

5.2 Capital Investment Plan and Capitalization

AEML-T's Submission

5.2.1 AEML-T has submitted that the schemes considered for the Control Period include the schemes which are in-principally approved by the Commission and schemes that have been submitted after prudence check by STU. In addition to these AEML-T also considered schemes for strengthening of Intra State transmission system, which have also been considered for implementation by AEML-T as per the STU Ten-Year plan from FY 2024-25 to FY 2033-34.

5.2.2 AEML-T has also filed a Petition for amendment to Transmission Licence of AEML (Transmission Licence No. 1 of 2011) on 30 September, 2024 (Case No. 159 of 2024), by considering all the schemes (as per STU Ten Year Plan from FY 2024-25 to FY 2033-34). Further, AEML-T has submitted its Rolling Capital Investment Plan for the Control Period FY 2025-26 to FY 2029-30 in accordance with the Capex Regulations, 2022 and all schemes included in the Petition are part of the Rolling Capital Investment Plan.

5.2.3 AEML-T has determined the IDC for the Control Period considering the capex phasing out of individual schemes on provisional basis and actual IDC to be submitted at the time of truing up of respective years.

5.2.4 The summary of the capitalisation as proposed by AEML-T in the MYT Petition is shown in the Table below:

Table 82: Summary of Capitalisation for 5th Control Period as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
DPRs approved by Commission					
220/33 kV GIS EHV S/S at Chandivali	309.48	16.29	0	0	0
100-120 MVAR Reactor at Chembur EHV S/s	0	34.79	0	0	0

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
220 kV D/C cable connectivity Between 220 kV AEML-T BKC and 220 kV AEML-T Aarey	0	0	0	670.63	0
220/33 kV GIS EHV S/S at Kandivali	0	0	481.94	25	0
DPRs submitted to Commission					
220/33 kV GIS EHV S/S at Dahisar	0	0	500.48	26	0
220kV Scheme at Uttan/ Rai Village	0	0	0	395	20
220/33kV GIS EHV S/S at Khardanda	0	0	0	602	0
220KV Switching S/s at Ghodbunder (Augmentation of Borivali-Ghodbunder-Boisar LILO line)	0	142	16.12	0	0
20kV S/C from AEML Aarey to AEML Chandivali and S/C from AEML Aarey to TPC Saki	0	0	262.20	13.80	0
Future Schemes					
3rd Transformer at BKC	0	28.50	1.50	0	0
220kV AIS to GIS Conversion (Versova)	0	0.00	165.61	9	0
220kV AIS to GIS Conversion (Ghodbunder)	0	140.01	7.37	0	0
33kV AIS GIS Board at ARY (2) VSV (1) & GBR (1)	0	27.67	1.46	0	0
33kV Reactor Installation at 220 kV/ 33 kV AEML-T EHV stations	0	0	67.85	3.57	0
Installation of 250 MW BESS	0	0	0	0	883
Line Augmentation with HTLS/ Twin Conductors	0	111	114.24	110.88	0
220kV D/C cable Connectivity Between Dahisar EHV Station – 220kV AEML-T Borivali EHV S/S	0	0	0	0	259.84
3rd Transformer at Chandivali	0	0	28.50	1.50	0
220kV Scheme at Tilak Nagar/ Sidharth Nagar	0	0	0	228.95	12.05
220/33 kV GIS EHV S/S at Malad	0	0	0	0	380.55
220/33kV EHV S/S at Airport	0	0	0	0	390.68
3rd Transformer at Kandivali EHV S/s	0	0	0	0	28.50
3rd Transformer at Dahisar EHV S/s	0	0	0	0	28.50
3rd Transformer at Uttan EHV S/s	0	0	0	0	0.00
3rd Transformer at Khardanda EHV S/s	0	0	0	0	28.50
Non-DPR Schemes	30.00	40.00	30.00	40.00	30.00
Total	**339.48**	**540.33**	**1677.27**	**2127.30**	**2061.23**

5.2.5 AEML-T also provided the brief description of all the above schemes including the scope of work, proposed benefits and status.

5.2.6 Subsequently, on 16 January, 2025, AEML-T, in accordance with the direction of the Commission during the Public Hearing, and Daily Order of the Commission in this matter, AEML-T submitted additional submissions regarding various capital expenditure schemes. The summary of the updated capitalisation as submitted by AEML-T on 16 January, 2025 is shown in the Table below:

Table 83: Summary of revised Capitalisation for 5th Control Period as submitted by AEML-T on 16 January, 2025 (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
DPRs approved by Commission					
220/33 kV GIS EHV S/S at Chandivali	352.02	18.53	0	0	0
100-120 MVAR Reactor at Chembur EHV S/s	0	0	34.40	1.81	0
220 kV D/C cable connectivity Between 220 kV AEML-T BKC and 220 kV AEML-T Aarey	0	0	0	746.98	0
220/33 kV GIS EHV S/S at Kandivali	0	0	490.50	22.63	0
DPRs submitted to Commission					
220/33 kV GIS EHV S/S at Dahisar	0	0	528.24	27.80	0
220KV Switching S/s at Ghodbunder (Augmentation of Borivali-Ghodbunder-Boisar LILO line)	0	0	151.20	17.15	0
20kV S/C from AEML Aarey to AEML Chandivali and S/C from AEML Aarey to TPC Saki	0	0	276.36	14.55	0
Future Schemes					
220kV Scheme at Uttan/ Rai Village					419.50
220/33kV GIS EHV S/S at Khardanda					659.62
3rd Transformer at BKC	0	32.48	1.71	0	0
220kV AIS to GIS Conversion (Versova)	0	0.00	188.74	9.93	0
220kV AIS to GIS Conversion (Ghodbunder)	0	0	0	159.56	8.26
33kV AIS GIS Board at ARY (2) VSV (1) & GBR (1)	0	31.54	1.66	0	0
33kV Reactor Installation at 220 kV/ 33 kV AEML-T EHV stations	0	0	77.32	4.07	0
Installation of 250 MW BESS	0	0	0	0	989.74
Line Augmentation with HTLS/ Twin Conductors	0	126.38	130.19	126.36	0
3rd Transformer at Chandivali	0	0	32.48	1.71	0
220kV Scheme at Tilak Nagar/ Sidharth Nagar	0	0	0	260.92	13.51

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
220/33 kV GIS EHV S/S at Malad	0	0	0	0	426.77
Non-DPR Schemes	57.71	56.99	56.98	56.98	56.07
Total	**409.73**	**265.92**	**1,969.78**	**1,450.45**	**2,573.47**

5.2.7 AEML-T submitted that the revised capitalization plan wherein it has rephased certain schemes, because of which there is a cumulative reduction of Rs. 947.97 Crore in the proposed capitalization over the course of the MYT Control Period.

Commission's Analysis and Ruling

5.2.8 The Capital investment plan submitted by AEML-T for FY 2025-26 to FY 2029-30 is segregated into the following groups:

- DPR schemes for which in-principle approval is already given by the Commission.
- DPR schemes submitted to Commission for in-principle approval.
- Future schemes considered for implementation by AEML-T as per the STU Ten Year Plan from FY 2024-25 to FY 2033-34.

5.2.9 The Commission has observed that DPRs are not submitted for majority of schemes for which capitalization is proposed by AEML-T during 5th Control Period. In absence of any DPR, it is difficult to assess the requirement of particular schemes and reasonability of the associated cost. Hence, it is important to have approved DPR for any scheme before proposing recovery of associated cost through ARR from the beneficiaries.

5.2.10 Regulation 75.3 of the MYT Regulations, 2024, mandates that all the new intra-State transmission systems that exceeds the specified Threshold Limit and meet the other conditions outlined in the MYT Regulations, 2024, shall be developed through Tariff based Competitive Bidding (TBCB) in accordance with the guidelines issued by the Central Government under Section 63 of the Act.

5.2.11 Further, the Threshold Limit for Intra-State Transmission System to be developed through TBCB has been specified as Rupees Two Hundred (200) Crore excluding land cost and Reinstatement (RI) Charges. This Threshold Limit shall be applicable for all new Intra-State Transmission Systems Projects and Projects where the Commission's earlier approval is not valid or cancelled by the Commission, as the case may be.

5.2.12 The Regulations also state that the entire Intra-State independent transmission systems including any upstream/downstream project shall need to be designed as single project for inviting bids for development of project through Tariff Based Competitive Bidding.

5.2.13 In case the STU intends to implement any Intra-State Transmission System above the Threshold Limit through cost-plus approach (Regulated Tariff Mechanism) under Section 62 of the Act, due to some specific reasons such as project is of critical nature (e.g., Transmission System being developed for Defence, Railways, Airport, etc.) or the Project may lead to ownership or interface issues, i.e., the ownership of new Intra-State Transmission System cannot be delineated from the assets of existing transmission assets, the STU shall obtain prior approval of the Commission for the same. Further, in case the STU intends to implement any Intra-State Transmission System below the Threshold Limit through Tariff Based Competitive Bidding, due to some specific reasons, STU can decide to implement such projects through Tariff Based Competitive Bidding with valid reasons to do so and with prior approval of the Commission.

5.2.14 In accordance with the provisions of TBCB specified in the MYT Regulations, 2024, the STU has issued the Guidelines for selection of Transmission Projects to be executed under TBCB and specified certain criteria for selection of projects to be implemented under TBCB route. Following these guidelines the STU can ensure that projects identified for TBCB align with the requirements of the MYT Regulations, 2024, optimize the competitive bidding processes, and address any exceptions with proper justification and regulatory approval.

5.2.15 Accordingly, STU will also need to examine the projects considered in STU 10 Year Plan to decide as to whether the Project is to be implemented under TBCB route or under Section 62 RTM route.

5.2.16 Further, AEML-T has also filed its Petition for amendment of the existing transmission licensee in a separate proceeding, which is under regulatory process.

5.2.17 In view of the above, the Commission has decided to allow only schemes which are part of Licence or for which DPR is already approved by the Commission for the 5th Control Period. However, as the 5th Control Period covers 5 years, hence it is likely that for the last 3-4 years, Licensee may not have any approved DPR schemes. It is also important to acknowledge that to continue its operations and ensure continuous strengthening of the transmission network, the utility will be required to carry out capital expenditure. Absence of requisite approvals for the capital expenditure plan during the MYT proceedings should not be a constraint for the licensee to execute capital expenditure schemes which are required based on approvals from STU and the Commission. Accordingly, notwithstanding the approval given during the MYT proceedings, the licensee is at liberty to approach the Commission during the 5th Control Period to seek approvals for DPR schemes in accordance with the provisions of the Capex Regulations, 2022 and the MYT Regulations, 2024 as amended from time to time. Based on the approvals of the Commission, the licensee can execute the schemes and claim the costs during the next MYT Petition. However, this should not be construed as a blanket approval for executing all the schemes proposed by the licensee and the approvals will be subject to necessary due diligence by the STU and the Commission as envisaged in the applicable Regulations.

5.2.18 The summary of the capitalisation corresponding to the approved DPR is shown in the Table below:

Table 84: Summary of Capitalisation corresponding to approved DPR for 5th Control Period as submitted by AEML-T on 16 January, 2025 (Rs. Crore)

Sr. No	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	DPRs approved by Commission					
1.	220/33 kV GIS EHV S/S at Chandivali	352.02	18.53	0.00	0.00	0.00
2.	100-120 MVAR Reactor at Chembur EHV S/s	0.00	0.00	34.40	1.81	0.00
3.	220 kV D/C cable connectivity Between 220 kV AEML-T BKC and 220 kV AEML-T Aarey	0.00	0.00	0.00	746.98	0.00
4.	220/33 kV GIS EHV S/S at Kandivali	0.00	0.00	490.50	22.63	0.00
	Total	**352.02**	**18.53**	**524.90**	**771.42**	**0.00**

5.2.19 Since, the Petitioner has claimed the capitalisation corresponding to the value approved in the DPR and has not sought any cost variation presently, the Commission has approved the capitalisation towards these schemes during the 5th Control Period.

5.2.20 As observed from the above Table, for FY 2026-27 and FY 2029-30, capitalisation corresponding to the approved DPR is minimal and nil. Therefore, for these two years capitalisation would be significantly lower.

5.2.21 The Commission notes that unapproved DPR schemes claimed by AEML-T in the present Petition for the 5th Control Period are part of STU Ten-Year Plan from FY 2024-25 to FY 2033-34 published by the STU. AEML-T has the option of getting the in-principle approval of DPRs from the Commission for such presently unapproved schemes, which would be executed in during the 5th Control Period. Though, AEML-T has projected to incur such significant capital expenditure against various schemes within a span of 5 years, it is also important that such DPRs are approved by the Commission to ensure prudent expenditure. Further, the approval of DPR for any scheme would also be subject to various conditions/processes including checking if the scheme would be implemented under the Tariff Based Competitive Bidding guidelines, etc. Therefore, it is not prudent to consider any such schemes for which no approval has been granted for the purpose of present approval.

5.2.22 However, to ensure that the Licensee is not constrained on account of lack of approved DPRs at this stage, it is deemed important to consider the past trend of any Utility to assess the track record of carrying out the actual capitalisation. This will also highlight the capability of the licensee to execute schemes. Accordingly, the Commission has considered the actual approved capitalisation towards DPR schemes for the past 3 years from FY 2021-22 to FY 2023-24 included in the truing-up Orders.

5.2.23 The last three years capitalization trend of AEML-T towards DPR schemes is as shown in table below:

Table 85: Capitalization for FY 2021-22 to FY 2023-24 (Rs. Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	Avg. of 3 years (FY 2021-22 to FY 2023-24)
DPR Schemes	27.27	0.83	86.92	38.34

5.2.24 AEML-T has approved DPR for only FY 2025-26 to FY 2028-29 and for FY 2029-30, there is no approved DPR scheme. The capitalisation against approved DPR scheme in FY 2026-27 is also very less. In view of the above, the Commission approves lump sum Capitalization of Rs. 38.34 Crore or capitalisation pertaining to approved DPR whichever is higher for each year of 5th Control Period. AEML-T will be required to submit the details of the scheme wise capitalisation undertaken during the 5th Control Period at the time of truing up of relevant years. AEML-T should ensure that all the DPRs against which the capitalisation approvals will be sought by AEML-T during the truing up process are submitted to the Commission in a timely manner for seeking necessary approval.

5.2.25 Additionally, the Commission has also allowed the capitalisation towards the non-DPR schemes based on AEML-T additional submission dated 16 January,2025 considering the limit of 30% of amount of capitalisation approved against DPR schemes in accordance with Regulation 24.9 of the MYT Regulations, 2024. Accordingly, the capitalisation approved against non-DPR schemes is equivalent to either 30% value of the approved capitalisation against DPR schemes or as claimed by AEML-T, whichever is lower.

5.2.26 The following table shows the capitalization approved by the Commission for FY 2025-26 to FY 2029-30:

Table 86: Capitalization for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

S. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-20
1	Approved DPR/ Lumpsum	352.02	38.34	524.90	771.42	38.34
2	Non-DPR	57.71	11.50	56.98	56.98	11.50
3	**Total**	**409.73**	**49.84**	**581.88**	**828.40**	**49.84**

5.2.27 **The Commission approves capitalisation of Rs. 409.73 Crore for FY 2025-26, Rs. 49.84 Crore for FY 2026-27, Rs. 581.88 Crore for FY 2027-28, Rs. 828.40 Crore for FY 2028-29 and Rs. 49.84 Crore for FY 2029-30.**

5.3 Operation and Maintenance Expenses

AEML-T's Submission

5.3.1 AEML-T has estimated the addition of circuit Kms, bays & transformation capacity for each year of the Control Period based on the proposed completion of various capital works. Norms have been applied as provided in Regulation 80.3 of the MYT Regulations 2024 for transmission line length, no. of Bays and transformation capacity.

5.3.2 Further, AEML-T has proposed to utilise the balance 3 GIS bays in FY 2025-26 and considered the same for estimating the normative O&M Expenses.

5.3.3 The summary of normative O&M Expenses claimed based on the line length, number of bays and transformation capacity by AEML-T is shown in the Table below:

Table 87: Normative O&M Expenses for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Line length ckt. km. (Average)	597.38	597.73	612.03	653.33	689.33
O&M cost norms (Rs. lakh/ ckt. km)	6.12	6.39	6.68	6.98	7.29
Normative O&M expenses for lines (Rs. crore)	**36.56**	**38.19**	**40.88**	**45.60**	**50.25**
Number of 220 kV AIS bays (Average)	21	17	6	0	0
Number of 220 kV GIS bays (Average)	111	123	147	177	205
Number of 33 kV AIS bays (Average)	41	21	0	0	0
Number of 33 kV GIS bays (Average)	395	439	512	601	722
O&M cost norms (Rs. lakh/ bay) - 220 kV AIS bays	9.28	9.70	10.13	10.59	11.06
O&M cost norms (Rs. lakh/ bay) - 220 kV GIS bays	6.50	6.79	7.09	7.41	7.74
O&M cost norms (Rs. lakh/ bay) - 33 kV AIS bays	1.94	2.03	2.12	2.21	2.31
O&M cost norms (Rs. lakh/ bay) - 33 kV GIS bays	1.36	1.42	1.48	1.55	1.62
Normative O&M expenses for bays (Rs. crore)	**15.31**	**16.57**	**18.62**	**22.38**	**27.50**
Transformation capacity (MVA) - Average	3625	3813	4188	4875	5688
O&M cost norms (Rs. lakh/ MVA)	0.56	0.59	0.62	0.64	0.67
Normative O&M expenses for Transformation capacity (Rs. crore)	**20.30**	**22.49**	**25.96**	**31.20**	**38.11**

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Total normative O&M Expense (Rs. Crore)	**72.17**	**77.26**	**85.47**	**99.18**	**115.86**

5.3.4 During the MTR proceedings in Case No. 230 of 2022, AEML-T had submitted that there are certain shared resources and services such as those from HR department, IT department, Accounts and Finance department, Administration, Regulatory department, Legal department, Real Estate department, etc. and cost of common IT software, licenses, cloud services, etc, which are working / utilised for all segments of AEML, but their cost is being booked in Distribution-Wires business only. AEML-T had prayed for allocation of such expenses between three segments of the business from FY 2019-20 onwards. However, the Commission in the MTR Order dated 31 March,2023 in Case No. 230 of 2022 refused to accept the submission and directed AEML-T to submit the details of such shared service expense at the time of formulation of O&M norm for next MYT Control period.

5.3.5 Accordingly, AEML-T had submitted the details for shared service expenses from FY 2019-20 to FY 2021-22 as part of its response (dated 04 January,2024) to the queries from the Commission during the preparation of the MYT Regulations, 2024 and had requested to factor in the same while deriving the O&M norms for AEML-T for the 5th Control Period. However, it appears that the said cost has not been factored in the norms for AEML-T as specified in MYT Regulations, 2024. The Statement of Reasons issued by the Commission along with MYT Regulations, 2024 also does not clarify whether the shared services cost for AEML-T have been factored in while deriving norms for AEML-T.

> *"The Commission has retained its methodology proposed for computation of O&M charges in the Draft MYT Regulations, 2024. However, the Commission has noted the submissions of the stakeholders of lower recovery of the O&M Expenses as compared to the norms derived in MYT Regulations, 2019. To address the concerns of the stakeholders, the Commission has first estimated the O&M Expenses for the 5th Control Period by escalating the actual approved O&M expenses of FY 2021-22 (post sharing of gains and losses) with actual 5 years average of CPI: WPI having the ratio of 70:30 upto the Base Year i.e. FY 2024-25. Such derived normalised for base year O&M and then further escalated over the 5th Control Period with the inflation rate of 5.33% and post adjustment of the 1% efficiency factor.*
>
> *……………………..*
>
> *The Commission while estimating the norms at the time of Draft Regulations had considered normative allocation of the O&M Expenses in terms of Lines, Bays and MVA Capacity. However, the transmission*

licensee as part of their submissions have submitted their respective actual allocations, which have been considered while estimating the revised norms. Such actual allocation ratio is applied on the estimated O&M Expenses for 5th Control Period and the same is linked with the average transmission line length, number of bays and transformation capacity have been considered from the data submitted by the licensees in lines with the methodology adopted in the Explanatory Memorandum. Further, the Commission notes that ATIL, JPTL, APTCL and VIPL-T does not have any transformation capacity, hence, the Commission has proposed to allocate the O&M expense of substation assets to bays only."

5.3.6 The Commission has estimated the O&M Expenses for the 5th Control Period by escalating the actual approved O&M expenses of FY 2021-22 (post sharing of gains and losses) by 5.33% and subsequently derived the norms for the Transmission Licensees by segregating the estimated O&M expenses between line, Bays and transformation capacity. However, it is noted that the approved O&M expenses of FY 2021-22 (post sharing of gains and losses) for AEML-T in the MTR Order (Case no. 230 of 2022) did not include the shared service cost allocation, because the Commission had not considered the submission of AEML for allocation of shared service expenses from AEML-D Wires business to generation and transmission segments. As a result, the current situation reflects that the Commission neither approved allocation of shared service expenses to AEML-T for inclusion in FY 2021-22, nor considered the same while deriving the O&M norms for the next Control Period. This is despite the Commission's own ruling in the MTR Order that such expenses shall be considered while working out the norms for next MYT Period.

5.3.7 Hence, now AEML-T does not have any option but to claim the component of O&M expense pertaining to shared service expense from FY 2025-26 onwards, separately over and above the normative O&M expense claimed above. This is required since common manpower and common service expenses of different departments need to be allocated among different divisions of AEML, as these human resources as well as services are being utilised for the services and benefit of all segments of AEML regulated business and not distribution (wires) alone.

5.3.8 For projecting the expenses pertaining to shared service expenses, AEML-T has considered the shared service expense of Rs. 7.82 Crore for FY 2021-22 (as submitted in the MTR Petition in Case no. 230 of 2022) and has escalated the same by 5.33% (the same rate as considered by the Commission for estimating the O&M expenses for 5th Control Period) to arrive at the projected expense for FY 2025-26 and onwards.

5.3.9 Further, AEML-T has submitted that there will be implications on O&M expenses in future because of renewal land lease rent payable to Maharashtra Housing and Area Development Authority (MHADA) for Versova EHV station. The 220/33kV

EHV Substation at Versova has been in operation since around 30 years now, the installed capacity of 525MVA and connectivity with MSETCL Boisar, 500MW Dahanu Thermal Power Station, AEML Gorai S/s, AEML Ghodbunder S/s, AEML Goregaon /Aarey S/s, TPC-Versova S/s. In November 1992, MHADA had allotted land admeasuring 39,200 SQMT for the EHV Station (Sr. No. 120, CTS No. 1374 A (pt) of village Versova, Taluka Andheri) to BSES (now AEML) under a lease for 30 years for construction of Versova EHV station. The lease period for the said land has ended in November 2023. The land was allotted as per Resolution No. 3051 dated 18 November,.1992 on lease rent with one time premium for 30 years and handing over taking over process was executed on 11 November1993. AEML-T has always shown this land under Leasehold Land in its GFA and amortised the lumpsum lease payment to MHADA over the 30 years period. The annual amortization amount has since been claimed under Depreciation & Amortisation in the ARR. After the lease tenure had ended in November 2023, AEML-T has continued to pay lease rent to MHADA on historical rates and currently the lease rent at historical rates has been paid till March 2025.

5.3.10 As the lease period has ended, the same is required to be extended. On 10 May, 2024, AEML-T had submitted application for renewal of lease agreement to MHADA Authority. However, the lease rent agreement is not renewed yet and it is communicated by MHADA that lease rent for the said plot shall be collected by MHADA on monthly basis, and it shall not claim one time premium towards land lease rent as was done in 1992. Currently the formalities for renewal of lease agreement are ongoing with MHADA and AEML-T will have to incur additional O&M expense towards lease rent for the said plot in future. AEML-T has submitted that the Lease amount was so far being amortised and claimed in ARR, it has always been allowed under depreciation and therefore was separate and in addition to O&M expenses. Further, as it was claimed under depreciation & amortization, it has never been part of O&M expenses either and therefore the norms of O&M are not reflective of this cost. Further, the amount agreed in 1992 and that will be agreed as lease rent now are likely to be quite different as well. Therefore, AEML-T would request the Commission to kindly allow the same as additional O&M expenses, over and above net entitlement as per norms, so as to permit complete pass through of this cost. AEML-T has calculated the annual rent (payable to MHADA on monthly basis) from November 2023 onwards as per the MHADA circular 03 February, 2023. The lease agreement is expected to the finalized by March 2025. Accordingly, AEML-T will have to pay arrears of lease rent for the period November 2023 to March 2025 and annual lease rent from FY 2025-26 onwards. Further there are certain one-time expenses (stamp duty, registration charges and legal / consultancy charges) which will have to be incurred for renewable of lease rent agreement with MHADA. All the above charges are being submitted now on provisional basis and the actual charges along with their detailed justification will be submitted in the next tariff determination stage. The Commission is requested to approve the additional O&M expense towards lease rent of land of Versova EHV station and additional O&M expense towards shared service cost over and above the normative O&M expense by exercising its powers under Regulation 149 of the MYT Regulations, 2024.

5.3.11 Based on the above, the total O&M expenses, including the allocated shared service expenses, as claimed for the 5th Control Period are as under:

Table 88: O&M Expenses for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Normative O&M Expense	72.17	77.26	85.47	99.18	115.86
Expense pertaining to Shared Service Expense	9.63	10.14	10.68	11.25	11.85
Lease rent charges for Versova EHV station	17.75	4.85	4.85	4.85	4.85
Total O&M expenses	**99.55**	**92.25**	**101.00**	**115.28**	**132.55**

Commission's Analysis and Ruling

5.3.12 The Commission has considered opening Ckt. km of transmission lines and number of bays for FY 2025-26 to be same as the closing Ckt. km of transmission lines and number of bays approved for FY 2024-25 in this Order. The Commission has not considered certain bays, as detailed in the earlier sections of this Order. The utilisation of these unutilised bays will be considered at the time of Truing-up, subject to prudence check.

5.3.13 The Commission has considered the addition of network (transmission lines, number of bays & transformation capacity) on pro-rata basis for the 5th Control Period by comparing the asset addition to capitalisation claimed by AEML-T w.r.t. capitalisation allowed in this Order. However, the actual addition of bays and transmission lines will be considered at the time of truing up of respective years subject to prudence check.

5.3.14 The Commission notes that 3 number of 33 kV GIS bays which were considered as un-utilized in the MTR Order, are proposed to be connected and charged. Presently the Commission has not considered prospective utilization plan for the future years. The utilisation of these bays will be considered at the time of Truing-up, subject to prudence check.

5.3.15 The summary of transmission line length, number of bays and transformation capacity as approved in this Order for the 5th MYT Control Period is shown in the Table below:

Table 89: Asset addition for FY 2025-26 to FY 2029-30, as approved by the Commission

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-20
220 KV Line (ckt. Kms)	0.70	-	9.22	21.59	0.26
220 KV GIS Bays (Nos.)	7.00	1.00	10.00	10.00	1.00
33 KV GIS Bay (Nos.)	23.00	11.00	22.00	17.00	3.00
MVA Capacity	250.00	23.00	172.00	139.00	12.00

5.3.16 Regarding submissions of AEML-T that the norms specified in the Regulations has not considered the expenses of shared services, the Commission clarifies that all expenses have been appropriately considered while preparing the norms of the MYT Regulations, 2024. Further, it will not be prudent to deviate from the norms set in the recently issued MYT Regulations, 2024.

5.3.17 Moreover, it is evident from the fact that if no asset addition is considered during FY 2025-26 then also the increase in normative O&M in FY 2025-26 over FY 2024-25 works out to 12.60%. This increase is substantial and hence the Commission has not accepted the submission of AEML-T to allow the additional expenses towards shared services over and above the normative expenses.

5.3.18 Regarding lease rent payable to MHADA for land on Versova 220KV Receiving Stations, the Commission has noted AEML-T submission mentioned as under:

- MHADA has allotted land admeasuring 39200 SQMT for Electric Receiving Station (S. No. 120, CTS No. 1374 A (pt) of village Versova, Taluka Andheri) to BSES.
- Handing over Taking over receipt dated 11 November, 1993.
- The land allotted is as per Resolution No 3051 dated 18 November, 1992 on lease rent with one time premium for 30 years.
- One-time premium Rs. 3,92,00,000/- (Rupees Three Crore Ninety-two Lacs only) paid by BSES with letter dated 31 December, 1992. (1000 * 39200 = Rs. 3,92,00,000/).
- The yearly rent for said plot is 1% of premium i.e., 3,92,00,000 * 1% =Rs. 3,92,000/-.
- The term of 30 years lease period ended on 10 November, 2023.

5.3.19 As per AEML-T, on 10 May, 2024, AEML-T had submitted application for renewal of lease agreement to MHADA Authority. However, MHADA communicated that this time lease rent shall be collected on monthly basis. Currently the formalities for renewal of lease agreement are ongoing with MHADA and AEML-T in underway.

5.3.20 AEML-T further submitted that as Lease amount was so far being amortised and claimed in ARR, it has always been allowed under depreciation and therefore was separate and in addition to O&M expenses. Further, as it was claimed under depreciation & amortization, it has never been part of O&M expenses either and therefore the norms of O&M are not reflective of this cost.

5.3.21 Further, AEML-T has provided the computation of lease rent summarized as under:

Table 90: Computation of Lease rent - Summary

Particulars	Amount (Rs.)	Remarks
Annual Lease Rent	4,84,85,500	(Annual Rent=RR Land rate x area of plot x 25% x5% (98,950 x 39200x25%X5%)) Annual rent Rs. 4,84, 85,500/- is applicable from 11 November, 2023. Lease rent shall be revised in every 5 years as per then prevailing RR Land rate. Applicable from 11 November 2023 Revised every 5 years as per RR Land rate
Stamp Duty	5,88,03,652	Stamp Duty = (Premium + [(Annual Rent + Annual Tax) x 20]) x 5% = 0 + [(4,84,85,500+ 1,03,18,152*) x 20]) x 5% Estimated on provisional basis Property tax may increase in subsequent years
Registration Fees	30,000	Estimated on provisional basis
Legal & Consultancy Fees	35,00,000	Estimated on provisional basis

5.3.22 The Commission has noted the submission and provisionally allows the claim as submitted by AEML-T in the Petition. The final amount to be allowed and whether it will treated as actual expenses over and above the normative O&M expenses or subject to sharing of efficiency gains / losses, will be taken at the time of truing up based on all the actual expenses related details provided by AEML-T. The Commission further directs AEML-T that adjustment in GFA and associated changes in expenses (including but not limited to impact on return on equity, depreciation, interest on loan, etc., as applicable) due to retirement of already capitalized amount shall be provided at the time of truing up.

5.3.23 Based on above, the addition in bays, Ckt km lines & transformation capacity in the respective year, the Commission has computed the normative O&M expenses for FY 2025-26 to FY 2029-30 as shown in the table below:

Table 91: Normative O&M Expenses for FY 2025-26 to FY 2029-30, as approved by the Commission

Particulars/ (Rs. Crore)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Line length ckt. km. (Average)	597.38	597.73	602.34	617.75	628.67
O&M cost norms (Rs. lakh/ ckt. km)	6.12	6.39	6.68	6.98	7.29
Normative O&M expenses for lines (Rs. crore)	**36.56**	**38.19**	**40.24**	**43.12**	**45.83**
Number of 220 kV AIS bays (Average)	21.00	21.00	21.00	21.00	21.00
Number of 220 kV GIS bays (Average)	109.50	113.50	119.00	129.00	134.50
Number of 33 kV AIS bays (Average)	40.00	40.00	40.00	40.00	40.00
Number of 33 kV GIS bays (Average)	358.50	375.50	392.00	411.50	421.50
O&M cost norms (Rs. lakh/ bay) - 220 kV AIS bays	9.28	9.7	10.13	10.59	11.06
O&M cost norms (Rs. lakh/ bay) - 220 kV GIS bays	6.5	6.79	7.09	7.41	7.74
O&M cost norms (Rs. lakh/ bay) - 33 kV AIS bays	1.94	2.03	2.12	2.21	2.31
O&M cost norms (Rs. lakh/ bay) - 33 kV GIS bays	1.36	1.42	1.48	1.55	1.62
Normative O&M expenses for bays (Rs. crore)	**14.71**	**15.89**	**17.23**	**19.04**	**20.48**
Transformation capacity (MVA) - Average	3625	3762	3859	4015	4090
O&M cost norms (Rs. lakh/ MVA)	0.56	0.59	0.62	0.64	0.67
Normative O&M expenses for Transformation capacity (Rs. crore)	**20**	**22**	**24**	**26**	**27**
Total normative O&M Expense (Rs. Crore)	**71.57**	**76.28**	**81.39**	**87.85**	**93.71**
Lease rent charges for Versova EHV station	17.75	4.85	4.85	4.85	4.85
Total O&M Expenses	**89.32**	**81.13**	**86.24**	**92.70**	**98.56**

5.3.24 The estimated lease rent charges for Versova EHV station in FY 2025-26 is higher on account of payment of arrears of lease rent for the period November 2023 to March 2025 and annual lease rent from FY 2025-26 onwards. Further, it also includes some estimated one-time expenses like stamp duty, registration charges and legal/consultancy fees for registration.

5.3.25 **Accordingly, the Commission approves O&M expenses of Rs. 89.32 Crore for FY 2025-26, Rs. 81.13 Crore for FY 2026-27, Rs. 86.24 Crore for FY 2027-28, Rs. 92.70 Crore for FY 2028-29 and Rs. 98.56 Crore for FY 2029-30.**

5.4 Depreciation

AEML-T's Submission

5.4.1 AEML-T has calculated depreciation on the opening level of GFA for each year and on the assets added during the year as per the capitalization plan submitted in the Petition for each year of the Control Period and has been worked out in accordance with the depreciation rates specified in the MYT Regulations, 2024.

5.4.2 AEML-T has considered the opening asset balances of FY 2024-25 and has determined the depreciation for these assets for each year considering the depreciation rates as per Annexure I of the MYT Regulations, 2024 and as per first proviso to Regulation 28.1 (b) of MYT Regulations, 2024. For the assets estimated to be added in FY 2024-25 in various asset classes, depreciation for each year has been calculated considering the rates as per Annexure I of MYT Regulations, 2024 and with the assumption that the assets shall be added uniformly throughout the year.

5.4.3 For the assets projected to be added in each year during the Control Period, depreciation on assets out of DPR schemes approved prior to issuance of MYT Regulations, 2024 has been calculated considering the rates as per Annexure I of MYT Regulations, 2024 and depreciation on assets pertaining to schemes yet to be approved and future schemes as envisaged has been calculated considering the rates as per Annexure II of the MYT Regulations, 2024, with the assumption that the assets shall be added uniformly throughout the year. The actual depreciation for each year shall be presented considering the actual asset addition and retirement and based on number of days the assets were in service at the time of truing up of respective years.

5.4.4 The summary of depreciation as claimed by AEML-T for the 5th Control Period is provided in the table below:

Table 92: Depreciation for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	**3375.05**	**3761.70**	**4373.66**	**6273.31**	**8670.07**
Addition to GFA	386.65	611.96	1899.64	2396.77	2322.33
Closing GFA	**3761.70**	**4373.66**	**6273.31**	**8670.07**	**10992.41**
Depreciation	**152.96**	**159.17**	**205.84**	**301.28**	**402.85**

Commission's Analysis and Ruling

5.4.5 Regulation 28 of MYT Regulations, 2024 provides for determination of depreciation for the MYT 5th Control Period. The relevant clause is reproduced below.

"Depreciation

28.1 The Generating Company, Licensee, ESSD, MSLDC & STU 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 calculation of depreciation:

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

(b) Depreciation for the Existing Capital Schemes or Existing Assets shall be calculated annually based on the straight-line method at the rates specified in the Annexure I to these Regulations for the assets of the Generating Company or Licensee or ESSD or MSLDC or STU:

Provided that the Generating Company or Licensee or ESSD or MSLDC or STU shall 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 after the period of twelve years from the Commercial Operation Date or the date of assets capitalised shall be spread over the balance Useful Life of the asset including the Extended Life, as provided in this Regulation:

...

Explanation: The term "Existing Capital Schemes" or "Existing Assets" here means the Capital Schemes or the Assets, including Non-DPR schemes which are commissioned on or before the March 31, 2025 or Assets inprincipally approved by the Commission before the notification of these Regulations for the Generating Company or Licensee or MSLDC or STU or ESSD."

(c) Depreciation for the New Capital Schemes or New Assets shall be computed annually based on the straight-line method at the rates specified in the Annexure II to these Regulations for the assets of the Generating Company or Licensee or MSLDC or STU or ESSD:

Provided that the Generating Company or Licensee or MSLDC or STU or ESSD shall 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 after the period of fifteen years from the Commercial Operation Date or the date of assets capitalised shall be spread over the balance Useful Life of the asset including the Extended Life, as provided in this Regulation:"

5.4.6 For the assets projected to be added in each year during the Control Period, depreciation is computed on assets out of DPR schemes in-principally approved prior to issuance of MYT Regulations, 2024 or assets capitalised on or before 31st March 2025 has been calculated considering the rates as per Annexure I of MYT Regulations, 2024 and depreciation on assets pertaining to schemes yet to be approved and future schemes as envisaged has been calculated considering the rates as per Annexure II of the MYT Regulations, 2024, with the assumption that the assets shall be added uniformly throughout the year.

5.4.7 The Commission has considered the opening GFA of each year equal to the closing GFA of previous year. The addition to GFA for each year has been considered equal to the capitalization approved for respective years by the Commission in earlier sections of this Order. The Commission has also not considered any retirements of assets in line with the submissions of AEML-T and the retirement of assets would be taken up at the time of Truing-up of the respective years.

5.4.8 Further, the Commission has considered the value of land as per the approved DPR and balance capitalisation has been considered/allocated into various class of assets in the same ratio as considered by AEML-T for working out depreciation.

5.4.9 The Commission has worked out depreciation on each of the asset class in line with the deprecation rates specified in the Regulation.

Table 93: Depreciation Cost for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	3,355.84	3,765.57	3,815.41	4,397.29	5,225.69
Addition to GFA	409.73	49.84	581.88	828.40	49.84
Closing GFA	3,765.57	3,815.41	4,397.29	5,225.69	5,275.53
Depreciation	**143.44**	**137.14**	**141.59**	**173.92**	**195.08**

5.4.10 **The Commission approves Depreciation of Rs. 143.44 Crore for FY 2025-26, Rs. 137.14 Crore for FY 2026-27, Rs. 141.59 Crore for FY 2027-28, Rs. 173.92 Crore for FY 2028-29 and Rs. 195.08 Crore for FY 2029-30.**

5.5 Interest on Loan Capital

AEML-T's Submission

5.5.1 AEML-T has considered the normative opening loan balance for each year of the Control Period as equal to closing normative loan balance for each preceding Financial Year.

5.5.2 AEML-T has considered a normative Debt: Equity ratio of 70:30 for capitalized assets during each year of the Control Period in accordance with the MYT Regulations, 2024. The repayment during each year shall be deemed to be equal to the depreciation allowed for that year.

5.5.3 AEML-T has computed the weighted average rate of interest on the basis of the actual long-term loan portfolio at the beginning of FY 2024-25 each year in line with Regulation 30.5 of the MYT Regulations, 2024.

5.5.4 AEML-T has considered the weighted average rate of interest at the start of each year of the Control Period same as at the beginning of FY 2024-25 i.e. 9.28%. This interest rate is applied on the average normative loan balance (after considering depreciation equivalent repayment) to determine interest chargeable to ARR.

5.5.5 The interest expense estimated for the period from FY 2025-26 to FY 2029-30 are provided in the table below:

Table 94: Interest on Loan Capital for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance	1137.30	1254.99	1524.20	2648.11	4024.57
Addition - equivalent to 70% of capitalization	270.65	428.37	1329.75	1677.74	1625.63
Repayment (equal to depreciation claimed)	152.96	159.17	205.84	301.28	402.85
Closing balance	1254.99	1524.20	2648.11	4024.57	5247.36
Average loan balance	9.28%	9.28%	9.28%	9.28%	9.28%
Interest Rate in %	110.96	128.90	193.52	309.49	430.05
Interest on loan capital	**1137.30**	**1254.99**	**1524.20**	**2648.11**	**4024.57**

Commission's Analysis and Ruling

5.5.6 Regulation 30 of MYT Regulations, 2024 specifies the following:

"30 Interest on loan

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

Provided that in case of retirement or replacement or de-capitalization of assets, 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.

30.2 The normative loan outstanding as on April 1, 2025, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2025 from the gross normative loan.

30.3 The repayment during each year of the Control Period from FY 2025-26 to FY 2029-30 shall be deemed to be equal to the depreciation allowed for that year.

30.4 Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the Scheme and shall be equal to the annual depreciation allowed….."

5.5.7 As provided in the above Regulations, the Commission has considered normative opening loans for FY 2025-26 equal to the closing normative loan balance for FY 2024-25 approved in this Order. Loan additions are considered equal to 70% of the capitalization approved for each year. Repayments during the year are considered equal to depreciation as per Regulation 30.3 of MYT Regulations, 2024.

5.5.8 As per Regulation 30.5 of MYT Regulations, 2024:

"The rate of interest shall be the weighted average rate of interest computed on the basis of the actual loan portfolio at the beginning of each year"

5.5.9 As per above Regulation, the interest rate for FY 2024-25 is considered 9.28% based on actual opening balance as on 01 April, 2024 submitted by AEML-T. Interest rate for FY 2025-26 to FY 2029-30 is considered same as that for FY 2024-25. The actual weighted average rate of interest of the actual loan portfolio during the year as per the Regulation would be considered for interest expense approval during the Truing-up exercise of the respective years.

5.5.10 The Commission has not considered any retirement of asset during the FY 2025-26 to FY 2029-30 in line with the submissions of AEML-T and the same would be considered based on the actual data during the Truing-up for the respective years.

5.5.11 The Commission has applied the weighted average interest rate on the average of opening and closing loan balance to arrive at interest expenses for the MYT 5th Control Period.

5.5.12 The following Table shows the interest expenses approved by the Commission for FY 2025-26 to FY 2029-30.

Table 95: Interest on Loan Capital for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance	1,128.61	1,271.99	1,169.73	1,435.46	1,841.42
Addition - equivalent to 70% of capitalization	286.81	34.89	407.32	579.88	34.89
Repayment (equal to depreciation claimed)	143.44	137.14	141.59	173.92	195.08
Closing balance	1,271.99	1,169.73	1,435.46	1,841.42	1,681.23
Average loan balance	1,200.30	1,220.86	1,302.60	1,638.44	1,761.33
Interest Rate in %	9.28%	9.28%	9.28%	9.28%	9.28%
Interest on loan capital	**111.44**	**113.35**	**120.94**	**152.12**	**163.53**

5.5.13 **The Commission approves interest on loan capital of Rs. 111.44 Crore for FY 2025-26, Rs. 113.35 Crore for FY 2026-27, Rs. 120.94 Crore for FY 2027-28, Rs. 152.12 Crore for FY 2028-29 and Rs. 163.53 Crore for FY 2029-30.**

5.6 Interest on Working Capital

AEML-T's Submission

5.6.1 AEML-T has calculated working capital requirement as per Regulation 32.2 of the MYT Regulations, 2024 for each year of the Control Period.

5.6.2 AEML-T has considered O&M expenses as per norms for each Financial Year of the Control Period. As regards revenue from transmission charges, the expected revenue is considered equivalent to the projected ARR for each year of the Control Period, inclusive of the resultant gap/ surplus for FY 2023-24 to FY 2024-25.

5.6.3 AEML-T has considered interest on working capital on normative basis and equal to the base rate prevailing as on the date on which Petition was filed plus 150 basis points as per Regulation 32.2(b) of MYT Regulations, 2024. The Base Rate is the one year MCLR of SBI as per Regulation 2.1 (12) of the MYT Regulations, 2024. The rate of interest on working capital for each year of the Control Period works out to 10.50% (9.00%+1.50%).

5.6.4 The following Table shows the normative interest on working capital (IoWC) for each year of the Control Period as claimed by AEML-T:

Table 96: Interest on Working Capital for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M expenses for 1 month	8.30	7.69	8.42	9.61	11.05
Maintenance spares @ 1% of opening GFA	33.75	37.62	43.74	62.73	86.70
One and half months of InSTS revenue	80.98	78.73	102.88	147.08	194.33
Working capital requirement	**123.02**	**124.04**	**155.03**	**219.42**	**292.08**
Interest rate (%)	10.50%	10.50%	10.50%	10.50%	10.50%
Interest on Working Capital (IOWC)	**12.92**	**13.02**	**16.28**	**23.04**	**30.67**

Commission's Analysis and Ruling

5.6.5 Regulation 32.2 of MYT Regulations, 2024 specifies the methodology for assessment of working capital requirement by a Transmission Licensee. The relevant extracts are given as below

"32.2 Transmission: — (a) The working capital requirement of the Transmission Licensee shall cover:—

(i) Normative operation and maintenance expenses for one month;

(ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year ; 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 in cash, if any, from Transmission System Users"

5.6.6 The Commission has approved O&M expenses for one month based of the normative O&M expenses approved in this Order for MYT 5th Control Period. The Commission has considered maintenance spares equivalent to 1% of GFA approved in this Order.

5.6.7 The Transmission charges considered for arriving the working capital requirement is the ARR including past gaps approved by the Commission for the respective years, i.e., FY 2025-26 to FY 2029-30 in this Order.

5.6.8 The MYT Regulations, 2024 stipulate that the rate of IoWC shall be considered on normative basis and shall be equal to base rate plus 150 basis points. The relevant extracts of Regulation 32.2 is provided as below

> *"…(b) Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points…"*

5.6.9 As per MYT Regulations, 2024, rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points. AEML-T has filed Petition on 31 October, 2024 and applicable base rate was 8.95%. Accordingly, interest rate approved by the Commission for calculation of interest on working capital is 10.45%.

Table 97: Interest on Working Capital for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M expenses for 1 month	7.44	6.76	7.19	7.72	8.21
Maintenance spares @ 1% of opening GFA	33.56	37.66	38.15	43.97	52.26
One and half months of InSTS revenue	76.18	70.59	74.86	88.75	96.76
Working capital requirement	**117.18**	**115.01**	**120.20**	**140.45**	**157.23**
Interest rate (%)	10.45%	10.45%	10.45%	10.45%	10.45%
Interest on Working Capital (IOWC)	**12.25**	**12.02**	**12.56**	**14.68**	**16.43**

5.6.10 **The Commission approves interest on working capital of Rs. 12.25 Crore for FY 2025-26, Rs. 12.02 Crore for FY 2026-27, Rs. 12.56 Crore for FY 2027-28, Rs. 14.68 Crore for FY 2028-29 and Rs. 16.43 Crore for FY 2029-30.**

5.7 Return on Equity

AEML-T's Submission

5.7.1 According to the first proviso to Regulation 29.1 of the MYT Regulations, 2024 specified that Return on Equity (RoE) shall be allowed in two parts i.e. Base RoE and Performance Linked RoE linked with actual performance.

5.7.2 The first Proviso to Regulation 29.1 of the MYT Regulations, 2024 provides that the Return on Equity allowed at the time of MYT Proceedings shall be inclusive of both Base Return on Equity and Performance Linked RoE:

5.7.3 The intent of MYT Regulations, 2024 is to allow both the base RoE of 14% and performance linked RoE of 1.50% in the MYT Order. However, the performance linked RoE component shall be reviewed at the time of truing up of respective years based on actual performance and accordingly allowed. In case of a Transmission Licensee, performance linked RoE component is linked to Availability in the MYT Regulations, 2024. Accordingly, AEML-T claimed RoE for each year of Control Period considering RoE rate of 15.50%.

5.7.4 First proviso of the Regulation 34.1 of the MYT Regulations, 2024, specifies that the rate of RoE including additional rate of RoE as allowed by the Commission, shall be grossed up with the latest available effective tax rate.,

5.7.5 As per the latest completed years (FY 2023-24), AEML as a whole has paid income tax at MAT rate of 17.47%. Accordingly, for grossing up the RoE of respective years, AEML-T has considered the MAT rate of 17.47% on provisional basis. This is without prejudice to the contention of AEML-T in Appeal No. 538 of 2023 that tax rate for grossing up of RoE should be determined on standalone basis for each regulated entity on regulatory PBT basis.

Table 98: Return on Equity for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Regulatory equity at the beginning of the year	1053.78	1169.78	1353.37	1923.26	2642.29
Equity portion of expenditure capitalized	115.99	183.59	569.89	719.03	696.70
Regulatory equity at the end of the year	1169.78	1353.37	1923.26	2642.29	3338.99
Return Computation					
RoE at the beginning of the year	197.91	219.70	254.18	361.21	496.25
RoE on capitalization during the year	10.89	17.24	53.52	67.52	65.42
Total Return on Equity	**208.80**	**236.94**	**307.69**	**428.73**	**561.67**

Commission's Analysis and Ruling

5.7.6 Regulation 29 of MYT Regulations, 2024 specifies for determination of Return on Equity for the MYT 5th Control Period. The relevant clause is provided as below.

"Return on Equity

29.1 Return on Equity shall be allowed in two parts viz. Base Return on Equity, and Performance Linked Return on Equity linked with actual performance:

Provided that, the Return on Equity allowed at the time of MYT Proceedings shall be inclusive of both Base Return on Equity and Performance Linked Return on Equity:

Provided further that Performance Linked Return on Equity considered at the time of MYT Proceedings is on provisional basis and may undergo change at the time of True-up based on level of performance on various parameters stipulated in these Regulations:

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

29.2 Return on Equity at the time of MYT Proceedings

i. Return on equity for the Generating Company having thermal, gas or hydro plants, Transmission Licensee and Distribution Wires Business, shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of 15.50 (base rate – 14 + performance linked - 1.50) per cent per annum in Indian Rupee terms.

5.7.7 As specified in the above Regulations, for projection period, Base RoE of 14% & performance linked RoE of 1.5% has been considered. The performance linked RoE shall be reviewed at time of Truing-up for respective year based on actual performance, after prudence check of the Commission.

5.7.8 Regulation 34.2 of the MYT Regulations, 2024, specifies that the rate of RoE including additional rate of RoE as allowed by the Commission, shall be grossed up with the effective tax rate of respective financial year. The effective tax rate proposed in line with the MYT Regulations, 2024 MAT is considered at 15%, at the MAT Rate announced by the Government of India. Therefore, in accordance with Regulation 34.3 of the MYT Regulations, 2024, in case of a transmission licensee paying MAT, "t" shall be considered as actual tax rate including surcharge and cess, and in AEML's case it is 17.472%. Considering the above, the Commission approves RoE of 18.78% for FY 2025-26 to FY 2029-30.

5.7.9 The Commission has considered closing equity balance of FY 2024-25 as opening equity balance for FY 2025-26. The equity addition has been considered as 30% of the approved capitalization for FY 2025-26 to FY 2029-30 respectively.

5.7.10 AEML-T has not considered any retirements and hence the effect of the same in terms of writing off depreciation, reduction in equity and loan balances, etc. will be accounted on actual basis, as and when it is submitted for Truing-up.

5.7.11 The following Table shows the computation and approval of the Commission for Return on Equity for FY 2025-26 to FY 2029-30.

Table 99: Return on Equity for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Regulatory equity at the beginning of the year	1,048.02	1,170.94	1,185.89	1,360.45	1,608.97
Equity portion of expenditure capitalized	122.92	14.95	174.56	248.52	14.95
Regulatory equity at the end of the year	1,170.94	1,185.89	1,360.45	1,608.97	1,623.93
Return Computation					
RoE at the beginning of the year	196.83	219.91	222.72	255.51	302.18
RoE on capitalization during the year	11.54	1.40	16.39	23.34	1.40
Total Return on Equity	**208.37**	**221.32**	**239.12**	**278.84**	**303.59**

5.7.12 **The Commission approves Return on Equity of Rs. 208.37 Crore for FY 2025-26, Rs. 221.32 Crore for FY 2026-27, Rs. 239.12 Crore for FY 2027-28, Rs. 278.84 Crore for FY 2028-29 and Rs. 303.59 Crore for FY 2029-30.**

5.8 Contribution to Contingency Reserve

AEML-T's Submission

5.8.1 Regulation 35.1 of the MYT Regulations, 2014 provides for Contribution to Contingency Reserves (CR) of a sum not less than 0.25% and not more than 5% of the original cost of fixed assets. In view of the above, AEML-T has considered the contribution to contingency reserve at 0.25% of the projected GFA for FY 2025-26 to FY 2029-30.

Table 100: Contribution to Contingency Reserve for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening balance of Contingency Reserves	62.11	70.55	79.95	90.89	106.57

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Gross Fixed Assets (GFA)	3375.05	3761.70	4373.66	6273.31	8670.07
Opening balance of Contingency Reserves as % of Opening GFA	1.84%	1.88%	1.83%	1.45%	1.23%
Contribution to Contingency Reserves	**8.44**	**9.40**	**10.93**	**15.68**	**21.68**

Commission's Analysis and Ruling

5.8.2 Regulation 35 of MYT Regulations, 2024 provides for contribution to contingency reserve. The relevant extracts are as given below.

"Contribution to Contingency Reserves

35.1 Where the Licensee has made a contribution to the Contingency Reserve, a sum not less than 0.25 per cent shall be allowed annually towards such contribution in the calculation of Aggregate Revenue Requirement:

Provided that where the amount of such Contingency Reserves exceeds five (5) per cent of the original cost of fixed assets, no further contribution shall be allowed:

Provided further that such contribution shall be invested in securities authorized under the Indian Trusts Act, 1882 within a period of six months of the close of the Year."

5.8.3 The Commission in line with the MYT Regulations, 2024 has approved Contribution to Contingency Reserve at 0.25% of the opening GFA approved by the Commission in this Order for each of the remaining year of the 5th MYT Control Period.

5.8.4 The following Table shows the Contribution to Contingency Reserve as approved by the Commission for FY 2025-26 to FY 2029-30.

Table 101: Contribution to Contingency Reserve for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening balance of Contingency Reserves	62.09	70.48	79.90	89.44	100.43
Opening Gross Fixed Assets (GFA)	3,355.84	3,765.57	3,815.41	4,397.29	5,225.69

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening balance of Contingency Reserves as % of Opening GFA	1.85%	1.87%	2.09%	2.03%	1.92%
Contribution to Contingency Reserves	**8.39**	**9.41**	**9.54**	**10.99**	**13.06**

5.8.5 **The Commission approves Contribution to Contingency Reserve of Rs. 8.39 Crore for FY 2025-26, Rs. 9.41 Crore for FY 2026-27, Rs. 9.54 Crore for FY 2027-28, Rs. 10.99 Crore for FY 2028-29 and Rs. 13.06 Crore for FY 2029-30.**

5.9 Non -Tariff Income

AEML-T's Submission

5.9.1 AEML-T has considered the NTI for FY 2025-26 to FY 2029-30 at the same level as that of the provisional NTI considered for FY 2024-25 in the section on provisional truing up of FY 2024-25.

5.9.2 For projection of income from contingency reserve for each year of Control Period, AEML-T has considered the estimated income from contingency reserve for FY 2024-25 and has derived additional income in each year considering incremental contingency reserve investment in each year considering return rate of 6% based on average return realized from Treasury Bills is 6%.

5.9.3 AEML-T has not entered into agreement with any entity for optimum utilization of its assets as per MYT Regulations, 2024. Hence, no income from Other Business has been estimated for FY 2025-26 to FY 2029-30.

Table 102: Non-Tariff Income for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Income from rent of land or buildings (land usage charges)	1.32	1.32	1.32	1.32	1.32
Income from sale of scrap	3.41	3.41	3.41	3.41	3.41
Income from investments (contingency reserve)	3.86	4.90	7.34	11.97	19.93
Unclaimed liabilities written back	0.18	0.18	0.18	0.18	0.18
Total	**8.76**	**9.80**	**12.24**	**16.88**	**24.84**

Commission's Analysis and Ruling

5.9.4 In line with the submission of AEML-T, the Commission has retained the estimated non-tariff income for FY 2025-26 to FY 2029-30 same as the provisionally approved non-tariff income for FY 2024-25.

5.9.5 For projection of income from contingency reserve for each year of Control Period, the Commission has considered the estimated income from contingency reserve for FY 2024-25 and has derived additional income in each year considering incremental contingency reserve investment in each year considering return rate of 6.5% based on RBI Repo rate.

5.9.6 As per AEML-T's submission, the Commission makes note that they have not projected any income from Other Business and hence the Commission has not considered any income from Other Business for FY 2025-26 to FY 2029-30.

5.9.7 The following Table shows the non-Tariff Income approved by the Commission for the FY 2025-26 to FY 2029-30.

Table 103: Non-Tariff Income for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Income from rent of land or buildings (land usage charges)	1.32	1.32	1.32	1.32	1.32
Income from sale of scrap	3.41	3.41	3.41	3.41	3.41
Income from investments (contingency reserve)	3.87	4.73	6.19	8.33	11.24
Unclaimed liabilities written back	0.18	0.18	0.18	0.18	0.18
Total	**8.78**	**9.63**	**11.10**	**13.24**	**16.15**

5.9.8 **The Commission approves non-Tariff Income of Rs. 8.78 Crore for FY 2025-26, Rs. 9.63 Crore for FY 2026-27, Rs. 11.10 Crore for FY 2027-28, Rs. 13.24 Crore for FY 2028-29 and Rs. 16.15 Crore for FY 2029-30.**

5.10 Carrying Cost on Revenue Gap / (Surplus) for FY 2022-23, FY 2023-24 and FY 2024-25

AEML-T's Submission

5.10.1 AEML-T proposed to recover / pass on the revenue gap/ (surplus) till FY 2024-25 entirely in FY 2025-26. The carrying cost on revenue gap/ (surplus) for FY 2022-23 and FY 2023-24 is shown in the table below. AEML-T has considered the carrying cost for FY 2022-23 and FY 2023-24 at the respective rates at which normative interest on working capital (i.e. SBI MCLR plus 150 Basis points) are determined. For FY 2024-25 and FY 2025-26, AEML-T has considered the carrying cost rate at 10.50%, i.e. the rate of interest as on the date on which Petition is filed.

5.10.2 The carrying / holding cost calculation on the incremental revenue gap/ (surplus) for FY 2022-23 is shown in the table below.

Table 104: Carrying Cost on Incremental Gap / (Surplus) for FY 2022-23, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	0.00	5.09	22.56	22.56
Addition	5.09	-	-	-
Recovery / (Refund)	-	(17.47)	-	22.56
Closing Balance	5.09	22.56	22.56	0.00
Average Balance	2.54	13.82	22.56	11.28
Carrying Cost rate (%)	9.30%	10.07%	10.50%	10.50%
Carrying Cost	0.24	1.39	2.37	1.18
Total Carrying Cost	**5.18**			

Table 105: Carrying Cost on Gap / (Surplus) for FY 2023-24, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	0.00	29.85	29.85
Addition	29.85	-	-
Recovery / (Refund)	-	-	29.85
Closing Balance	29.85	29.85	0.00
Average Balance	14.93	29.85	14.93
Carrying Cost rate (%)	10.07%	10.50%	10.50%
Carrying Cost	1.50	3.13	1.57
Total Carrying Cost	**6.20**		

5.10.3 AEML-T has not calculated any carrying cost on the provisional revenue gap/ (surplus) of FY 2024-25 as per past practice.

5.10.4 Based on the above, the cumulative revenue gap/(surplus) till FY 2024-25 is shown in table below:

Table 106: Past Gap / (Surplus) till FY 2024-25 with Carrying / (Holding) Cost, as submitted by AEML-T (Rs. Crore)

Particulars	Rs. Crore
Incremental Revenue Gap/(surplus) for FY 2022-23	22.56
Carrying cost for FY 2022-23	5.18
Revenue gap/ (surplus) for FY 2023-24	29.85
Carrying cost for FY 2023-24	6.20
Provisional revenue gap for FY 2024-25	-0.83
Total	**62.97**

Commission's Analysis and Ruling

5.10.5 The Commission has worked out carrying cost / (holding cost) on the Revenue Gap/ (Surplus) of FY 2022-23 & FY 2023-24 on simple interest basis. Carrying/ (holding) cost is given on addition in revenue gap/ (surplus) during the year excluding incentive.

5.10.6 The Commission has considered the interest rate in accordance with MYT Regulations, 2019. The relevant extracts are as follows.

"The Commission shall allow Carrying Cost or Holding Cost, as the case may be, on the admissible amounts, with simple interest, at the weighted average Base Rate prevailing during the concerned Year, plus 150 basis points."

5.10.7 Based on the above, the Commission approves the carrying/ (holding) cost on revenue gap/ (surplus) and the computation of the same is shown in the Table below.

Table 107: Carrying / (Holding) Cost for FY 2022-23, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	0.00	5.03	22.50	22.50
Addition	5.03	0.00	0.00	0.00
Recovery / (Refund)	0.00	-17.47	0.00	22.50
Closing Balance	5.03	22.50	22.50	0.00
Average Balance	2.52	13.77	22.50	11.25
Carrying Cost rate (%)	9.30%	10.07%	10.45%	10.45%
Carrying Cost	0.23	1.39	2.35	1.18
Total Carrying Cost	**5.15**			

Table 108: Carrying / (Holding) Cost for FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	0.00	21.16	21.16
Addition	21.16	0.00	0.00
Recovery / (Refund)	0.00	0.00	21.16
Closing Balance	21.16	21.16	0.00
Average Balance	**10.58**	**21.16**	**10.58**
Carrying Cost rate (%)	10.07%	10.45%	10.45%
Carrying Cost	**1.06**	**2.21**	**1.11**
Total Carrying Cost	**4.38**		

Table 109: Carrying / (Holding) Cost on Revenue Gap / (Surplus) up to FY 2024-25, as approved by the Commission (Rs. Crore)

Particulars	Rs. Crore
Incremental Revenue Gap/(surplus) for FY 2022-23	22.50
Carrying cost for FY 2022-23	5.15
Revenue gap/ (surplus) for FY 2023-24	21.16
Carrying cost for FY 2023-24	4.38
Provisional revenue gap for FY 2024-25	-8.16
Total	**45.03**

5.11 ARR for FY 2025-26 to FY 2029-30

AEML-T's Submission

5.11.1 Based on the individual elements discussed in the Petition, the total projected Aggregate Revenue Requirement (ARR) for FY 2025-26 to FY 2029-30 is shown in the table:

Table 110: ARR for FY 2025-26 to FY 2029-30, as submitted by AEML-T (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operation & Maintenance Expenses	99.55	92.25	101.00	115.28	132.55
Depreciation Expenses	152.96	159.17	205.84	301.28	402.85
Interest on Loan Capital	110.96	128.90	193.52	309.49	430.05
Interest on Working Capital	12.92	13.02	16.28	23.04	30.67
Contribution to contingency reserves	8.44	9.40	10.93	15.68	21.68
Return on Equity Capital	208.80	236.94	307.69	428.73	561.67
Less: Non-Tariff Income	8.76	9.80	12.24	16.88	24.84
Net ARR	**584.86**	**629.88**	**823.01**	**1176.62**	**1554.63**
Incremental Revenue Gap/(surplus) for FY 2022-23	22.56	-	-	-	-
Carrying cost for FY 2022-23	5.18	-	-	-	-
Revenue gap/ (surplus) for FY 2023-24	29.85	-	-	-	-
Carrying cost for FY 2023-24	6.20	-	-	-	-
Provisional revenue gap for FY 2024-25	-0.83	-	-	-	-
Total ARR	**647.83**	**629.88**	**823.01**	**1176.62**	**1554.63**

5.11.2 Based on the above, the ARR approved for the FY 2025-26 to FY 2029-30 is shown in the table below:

Table 111: ARR for FY 2025-26 to FY 2029-30, as approved by the Commission (Rs. Crore)

Particulars	AEML-T Submission					Approved by the Commission				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operation & Maintenance Expenses	99.55	92.25	101	115.28	132.55	89.32	81.13	86.24	92.70	98.56
Depreciation Expenses	152.96	159.17	205.84	301.28	402.85	143.44	137.14	141.59	173.92	195.08
Interest on Loan Capital	110.96	128.9	193.52	309.49	430.05	111.44	113.35	120.94	152.12	163.53
Interest on Working Capital	12.92	13.02	16.28	23.04	30.67	12.25	12.02	12.56	14.68	16.43
Contribution to contingency reserves	8.44	9.4	10.93	15.68	21.68	8.39	9.41	9.54	10.99	13.06
Return on Equity Capital	208.8	236.94	307.69	428.73	561.67	208.37	221.32	239.12	278.84	303.59
Less: Non-Tariff Income	8.76	9.8	12.24	16.88	24.84	8.78	9.63	11.10	13.24	16.15
Net ARR	**584.86**	**629.88**	**823.01**	**1176.62**	**1554.63**	**564.42**	**564.74**	**598.88**	**710.01**	**774.10**
Incremental Revenue Gap/(surplus) for FY 2022-23	22.56	-	-	-	-	22.50	-	-	-	-
Carrying cost for FY 2022-23	5.18	-	-	-	-	5.15	-	-	-	-
Revenue gap/ (surplus) for FY 2023-24	29.85	-	-	-	-	21.16	-	-	-	-
Carrying cost for FY 2023-24	6.2	-	-	-	-	4.38	-	-	-	-
Provisional revenue gap for FY 2024-25	-0.83	-	-	-	-	-8.16	-	-	-	-
Total ARR	**647.83**	**629.88**	**823.01**	**1176.62**	**1554.63**	**609.44**	**564.74**	**598.88**	**710.01**	**774.10**

5.11.3 **The Commission approves Aggregate Revenue Requirement of Rs. 609.44 Crore for FY 2025-26, Rs. 564.74 Crore for FY 2026-27, Rs. 598.88 for FY 2027-28, Rs. 710.01 and Rs. 774.10 Crore for FY 2029-30.**

6 Recovery of Transmission Charges

6.1.1 In Accordance with the Transmission Pricing Framework specified under the MYT Regulations, 2024 the approved ARR of a Transmission Licensee for a particular financial year of the MYT 5th Control Period should be considered for recovery through the TTSC of that year.

6.1.2 As AEML-T forms a part of the InSTS system, its approved ARR for each year of MYT 5th Control Period shall be allowed to be recovered through the InSTS Transmission Tariff Orders, which the Commission shall issue for respective years of the MYT 5th Control Period.

7 Compliance to directives in earlier Orders

7.1 Status of matter before Bombay High Court regarding AEML-T Saki to TPC Saki connectivity scheme

AEML-T's Submission

7.1.1 AEML submitted that the Commission had given the following direction to AEML-T in the MYT Order dated 30 March, 2020 in Case No. 297 of 2019 reproduced as under:

> *"3.4.13 As regards Saki EHV station, AEML-T submitted that the Arbitration Order was issued on 16 May, 2017 against AEML with a financial liability of Rs. 2.87 Crore which is capitalized under the said scheme in FY 2018-19. Matter is however being pursued before the Bombay High Court under Section 34 of the Arbitration Act and if the matter is ruled in favour of AEML, the said cost shall be decapitalised. As the Arbitration Order is against AEML-T and payment of Rs. 2.87 Crore is made, it is necessary to recognize the same. The Commission has observed that there is no cost overrun in case of Saki EHV station scheme even after allowing the additional liability of Rs. 2.87 Crore arising due to the Arbitration Order. Accordingly, the Commission approves Rs. 2.87 Crore capitalization for Saki EHV station scheme in FY 2018-19. As AEML-T has pursued the matter before the Bombay High Court and decision is pending, the Commission directs AEML-T to decapitalize the approved capitalization if decision comes in favour of AEML-T."*

7.1.2 AEML-T submitted that the matter pertains to period prior to acquisition of RInfra's business by AEML, hence matter was pursued by RInfra before the Hon'ble Bombay High Court. After takeover of RInfra's business, RInfra informed AEML that owing to settled law and various Judgments cited, it was unlikely that the Hon'ble High Court would have interfered with the Arbitration Order dated 16 May, 2017 as the Arbitration Order was well reasoned and did not fall under the exceptions of interference under Section 34 of Arbitration & Conciliation Act. There was also a legal advice that in case of an unfavourable Judgment against RInfra, RInfra would be liable to pay further compensation/interest to the vendor.

7.1.3 Owing to the above facts and circumstances and based on Judgments and legal advice, it was suggested that matter be settled amicably with the Vendor. Interest of approximately Rs. 3.26 Crore was saved from the date of deposit of amount till date of settlement on account of amicable settlement between parties. Hence, RInfra had filed an application before the Hon'ble High Court of Mumbai for amicable settlement of the matter with the Vendor and the Hon'ble High Court disposed off the Petition. Accordingly, AEML-T submits that the amount so paid as compensation to the contractor is not required to be decapitalized.

Commission's Analysis and Ruling

7.1.4 The Commission has noted the submission of AEML-T regarding its matter before the Bombay High Court and while the Hon'ble High Court has disposed off the Petition, the decision in the matter of amicable settlement is pending. Accordingly, the Commission directs AEML-T to inform the status / outcome of the matter as it progresses. The Commission shall take a decision regarding decapitalization based on the final outcome of the settlement process or Judgment of the Hon'ble High Court.

7.2 Shifting of Contingency Reserve investment from Mutual funds to Government Securities

AEML-T's Submission

7.2.1 AEML-T submitted that the Commission had given the following direction in MYT Order dated 30 March, 2020 in Case No. 297 of 2019:

> *"4.9.5 While framing of MYT Regulations, the Commission had envisaged that the Utilities will invest only in securities which are safe, and the reserve created out of these investments would be available to them in Force Majeure situations. However, though mutual funds are part of the list of securities authorised under the Indian Trusts Act, 1882, investment in such instruments exposes the reserve created to market risk. While the Regulation 34.3 of the MYT Regulations, 2015 clearly mentions that no diminution in the value of Contingency Reserve will be permitted, the Commission does not want the utilities to land in difficult situations wherein the value of the Contingency Reserve is negatively impacted due to market fluctuations. This in a way defeats the intent of the Regulations. Considering the above, the Commission is of the view that the Licensee shall not invest the Contingency Reserves amount in market linked instruments such as Mutual Funds, etc., since considering the purpose of this reserve, the risk cannot be passed on to consumers and also should not create situations wherein the fund is not available with the utility when it is required the most. Therefore, the Commission in exercise of its "Power to remove difficulties" as per Regulation 102 of MYT Regulations, 2015 directs -AEML-T to transfer the existing Mutual Fund investment towards Contribution to Contingency Reserve to safer instruments, i.e., Government Securities (G-Sec) within the 6 months of the issue of this Order. AEML-T also to ensure that the Contribution to Contingency Reserve for future period shall be invested only in the above specified investments."*

7.2.2 AEML-T submitted that the compliance to the above directive was made by AEML by shifting the contingency reserve investments from mutual funds to Government securities / treasury bills authorized under the Indian Trusts Act, 1882 and the same was intimated during MTR proceedings (Case No. 230 of 2022). The relevant section of the MTR Order is reproduced below:

"3.15.4.2 Out of the total amount as per books shown above, the amount of Rs. 185.07 Crore was invested in Mutual Funds as on 31 March, 2020. However, as per the Commission's direction in the MYT Order, the said amount was withdrawn and parked in Power Receivables Trust (PRT), a notified Trust under SEBI (Debenture Trustees) Rules and Regulations, 2019 and governed by Catalyst Trusteeship Limited. Further, an additional investment of Rs. 21.99 Crore was made towards complying with investing the contribution of FY 2019-20, till 30 September, 2020. Out of the same, an amount of Rs. 19.15 Crore was invested in PRT and the balance Rs. 2.84 Crore in G-Sec. Thereafter, as on December 2020, an amount of Rs. 204.66 Crore has been invested in G-Sec. in compliance with the Commission's directions ……."

7.2.3 AEML-T submitted that the Commission had verified the contingency reserve investment as per the documentary evidence of investment made in Government securities in MTR proceedings and allowed the contingency reserve for the truing up years till FY 2021-22 in the MTR Order in Case No. 230 of 2022, as reproduced below:

"3.15.11The Commission has scrutinized the income from contingency reserve investments for each year under each head claimed by AEML-T in its Petition. The income from investments made for contribution to contingency reserve has been scrutinized by the Commission based on the audited annual accounts and are in line with the submission."

Commission's Analysis and Ruling

7.2.4 The Commission has noted the submissions of AEML-T in this regard and noted that during FY 2022-23 & FY 2023-24, AEML-T has provided the folio statement of investments made in various PRTs (Power Receivables Trusts), Government Securities (G-Sec) as part of documentary evidence for investment in Contingency Reserve. The Commission has examined the supporting documents provided by AEML- T and finds them to be in order.

7.3 Direction in MTR Order in Case No. 201 of 2017 dated 12 September, 2018

AEML-T's Submission

7.3.1 The Commission had given the following direction to AEML-T in MTR Order dated 12 September, 2018 in Case no. 201 of 2017.

"7.1.2 The Commission further notes that Operation and Maintenance expenses allowed in ARR Petition of the Transmission Licensees depend upon the number

of bays and ckt.km of the Transmission Lines. Further, as the Transmission lines and bays are added in the system, the Transmission Licensees are entitled to claim the expenses related to capitalization such as Return on Equity, depreciation and Interest on loans. In view of the above, it is necessary that the assets position in the Transmission Licence, i.e., number of bays and Ckt. km. of the Transmission Lines should be accurate and updated. Accordingly, the Commission thinks it appropriate to issue the following directions to RInfra-T:

i. While submitting future DPRs (Detailed project reports), RInfra-T shall explicitly mention the voltage-wise number of bays and Ckt. km. of Lines proposed to be added under the said DPR.

ii. RInfra-T shall also mention in the DPR, which of the existing bays and Lines shall be decommissioned or would become spare line/spare bay as a result of the execution of the DPR.

iii. RInfra-T, while submitting half yearly report regarding DPRs should provide the voltage-wise number of bays and Ckt. km. of Lines added against each DPR. Also, if existing Lines/bays are decommissioned or become spare line/ bay, same should be mentioned in the half yearly report.

iv. RInfra-T shall file the Petition of amendment of its Licence 4 months prior to filing the next ARR Petition. In the said Petition, RInfra-T shall provide the updated number of bays including 33 kV bays of EHV substations and Ckt. km. of Transmission Lines. Also, RInfra- T shall provide bifurcation of its Lines/ bays into following categories:

a. Asset allowed in ARR and put to use

b. Asset not allowed in ARR and not put to use

c. Asset allowed in ARR earlier but now become spare asset or decommissioned"

7.3.2 It is submitted that while submitting the DPRs as per Capex Regulations, 2022, AEML-T provides the no. of Bays and line length that will be added upon execution of the scheme. In the half yearly progress report also, the updated no. of Bays and line length are provided along with schemes which are completed. Further, AEML-T files Petition for License Amendment before filing of MYT/MTR Petitions for updating the no. of Bays and line length in accordance with the above direction. At present, AEML-T has filed the Petition before the Commission for Fifth Amendment to its Transmission License (No. 1 of 2011) in Case No. 159 of 2024 and the same is pending.

Commission's Analysis and Ruling

7.3.3 The Commission has noted the submissions of AEML-T regarding submissions of number of bays & line length as part of the DPR as well as the updation as part of the half yearly progress report. The Commission upon prudence check also consider the details of number of bays & line length as part of the approval of DPR.

7.3.4 Regarding filing of the Licence Amendment Petition, the Commission notes that as against the direction filing of the Petition before 4 months of filing of MYT Petition, AEML-T has filed the Licence Amendment Petition on 30 September, 2024 i.e., only one month before the filing of MYT Petition.

7.3.5 The Commission directs AEML-T, in future, AEML-T should ensure to file Licence Amendment Petition at least 4 months before filing of ARR / MYT Petitions.

8 Applicability of the Order

8.1.1 This Order on the Truing-up of ARR for FY 2022-23 and FY 2023-24, Provisional Truing Up of ARR for FY 2024-25 as per MYT Regulations, 2019 and ARR Projection for FY 2025-26 to FY 2029-30 shall come into force from 01 April, 2025.

The Petition of M/s Adani Electricity Mumbai Limited – Transmission in Case No. 184 of 2024 stands disposed of accordingly.

Sd/-	**Sd/-**	**Sd/-**
(Surendra Biyani) **Member**	**(Anand M. Limaye)** **Member**	**(Sanjay Kumar)** **Chairperson**

(Dr. Rajendra G. Ambekar)
Secretary

9 Appendix-1: List of Persons Present at the Technical Validation Session on 28 November, 2024

Sr. No.	Name of person
1	Radha Prasad Muni
2	Vivek Mishra
3	Kishor Patil
4	Rakesh Raj
5	P. G. Phokmare
6	Anupam Patra
7	Kirthi Thakkar

10 Appendix-2: List of Persons Present at the Public Hearing on 8 January, 2025

Sr. No.	Name of person
1	Vivek Mishra
2	Anupam Patra

11 Appendix-3: DPR Schemes approved by the Commission for FY 2022-23, FY 2023-24 and FY 2024-25 (Rs. Crore)

Sr. No.	Project Title	MERC Approval Date	MERC In-principle Approved Cost	True-up		Provisional True-up	Cumulative Capitalization up to FY 2024-25	Scheme Status as per Report (complete / WIP / New)	Scheme Completion Year	Scope of Work completed and Put to Use (Remarks)
				FY 2022-23	FY 2023-24	FY 2024-25				
1	33 kV AIS to GIS conversion	26-02-2019	39.95	0.003	0.00	0.00	42.23	Work Completed and Completion report submitted	FY 2022-23	• Temporary connectivity to the feeders being shifted from 33kV AIS boards under process of removal, so that no consumer is affected with the activity of board replacement at all 03 Stations at Aarey, Versova & Ghodbunder. • Removal of existing 33kV AIS boards at 03 Stations. • Removal of Control Relay panels associated with existing 33kV AIS boards. • Carrying out all necessary civil work for removal of AIS boards & installation of GIS boards at 03 stations. • Installation of New 33kV GIS boards & 33kV Cable laying to its' relevant feeders/ panel. • Installation of Auto-restoration system on all GIS Boards.

Sr. No.	Project Title	MERC Approval Date	MERC In-principle Approved Cost	True-up		Provisional True-up	Cumulative Capitalization up to FY 2024-25	Scheme Status as per Report (complete / WIP / New)	Scheme Completion Year	Scope of Work completed and Put to Use (Remarks)
				FY 2022-23	FY 2023-24	FY 2024-25				
										• Commissioning of all new 33kV GIS boards at all 03 nos. of stations. **Scheme is Closed**
2	2nd Feed at Chembur	15-05-2019	132.75	0.0005	0.00	0.00	135.96	Work Completed and Completion report submitted	FY 2023-24	• Installation of 220 kV Gantry/ cable termination structure (LILO) at Telecom factory Chembur. • Laying of 2500 sq.mm. cable between AEML Chembur EHV stations up to proposed Gantry/cable termination Structure. (approx 2.5 km) route length • LILO of exiting 220 kV MSETCL Trombay-Nerul OH line (Earlier configuration Kharghar- Nerul Sonkhar-Trombay line) at MSETCL Tower location. • Augmentation of protection & communication system of the above line at Trombay & Nerul stations. • Installation of OPGW from existing MSETCL Trombay to MSETCL Nerul substation.

Sr. No.	Project Title	MERC Approval Date	MERC In-principle Approved Cost	True-up FY 2022-23	True-up FY 2023-24	Provisional True-up FY 2024-25	Cumulative Capitalization up to FY 2024-25	Scheme Status as per Report (complete / WIP / New)	Scheme Completion Year	Scope of Work completed and Put to Use (Remarks)
										Scheme is closed
3	3rd Transformer at Borivali S/s.	06-11-2019	23.13	0.48	0.03	0.17	22.75	Major asset commissioned & put to use. Additional capitalization under change in law in progress	FY 2024-25	• Installation of 3rd Transformer at AEML-T Borivali EHV Station. • Supply and installation of one 125 MVA 220/33kV Transformer. • Supply and installation of 33kV GIS Board & associated equipment & cables system. • Civil work for foundation of Transformer & cable system. • Firefighting system (N2 FF), SCADA, protection system • Supply & installation of Auto Restoration System for 33kV system. **Major asset commissioned & put to use. Additional capitalization under change in law in progress.** **Work completion report for major asset submitted.**
4	220 kV 120MVAR Reactor	18-09-2020	20.39	0.34	0.00	0.00	24.76	Work Completed and Completion	FY 2022-23	• Supply & Installation of 220 kV, 120 MVAR variable Reactor at 220 kV Gorai EHV Substation

Sr. No.	Project Title	MERC Approval Date	MERC In-principle Approved Cost	True-up		Provisional True-up	Cumulative Capitalization up to FY 2024-25	Scheme Status as per Report (complete / WIP / New)	Scheme Completion Year	Scope of Work completed and Put to Use (Remarks)
				FY 2022-23	FY 2023-24	FY 2024-25				
	at AEML Gorai S/s							report submitted		• Firefighting system (N2 FF), SCADA, protection system with spares • 220kV Cable System for connecting Reactor with 245kV GIS • Civil work Including Reactor • Foundation & other civil works **Scheme is closed**
5	220/33 kV GIS EHV S/S at BKC	06-08-2021	1093.90	0.00	0.00	1093.90	1093.90	Work in Progress	FY 2024-25	• Installation of 220 kV GIS EHV Substation at BKC with 220kV (7 nos.) and 33kV (28 nos.) GIS Bays, 2x125 MVA Transformers (220/33kV), including procurement of land, Civil work for substation building etc. - To avoid idling of the bays only 2 X4 outlets are approved. • 2x220kV GIS Bays with Extension at existing 220kV Chembur EHV Station • 220kV D/C Underground Cable Connectivity from existing 220kV AEML Chembur EHV Station to proposed 220kV BKC EHV Station (24 Ckt km).

Sr. No.	Project Title	MERC Approval Date	MERC In-principle Approved Cost	True-up		Provisional True-up	Cumulative Capitalization up to FY 2024-25	Scheme Status as per Report (complete / WIP / New)	Scheme Completion Year	Scope of Work completed and Put to Use (Remarks)
				FY 2022-23	FY 2023-24	FY 2024-25				
										• Security equipment's provisions. **Asset proposed to be commissioned by March 2025.**
6	220KV AIS to GIS Conversion at Aarey EHV	02-02-2022	144.84	0.00	86.88	12.74	99.62	Work in Progress	FY 2024-25	• Construction of GIS plinth to extend existing GIS for additional GIS bays. • Installation of new 220kV GIS bays. • Installation of new relay panels along with Bay Control Unit (BCU). Replacement of distance cum differential relays at remote end. • Shifting of T/F-1 Nitrogen firefighting (N2FF) system, capacitor banks, lightning mast, store materials & Other equipment. • Installation of 33 kV BCUs for control & monitoring of 33 kV bays. SCADA upgradation • Laying of cable systems (220 kV EHV Cables, 33 kV cables, LT power & control cables) • Removal of existing 220kV AIS system.

Sr. No.	Project Title	MERC Approval Date	MERC In-principle Approved Cost	True-up		Provisional True-up	Cumulative Capitalization up to FY 2024-25	Scheme Status as per Report (complete / WIP / New)	Scheme Completion Year	Scope of Work completed and Put to Use (Remarks)
				FY 2022-23	FY 2023-24	FY 2024-25				
										Major Assets commissioned, miscellaneous activities in progress.
	Total		**1454.96**	**0.83**	**86.92**	**1106.80**	**1419.23**			

12 Appendix-4: Activities / Works under Non-DPR Schemes Reclassified as Capex or R&M by the Commission for FY 2022-23 and FY 2023-24

For FY 2022-23 (Rs. Crore)

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
Helical Gripper Sets On 220 KV & 33 KV Line	1.34	Claimed under O&M	R&M	1.34	**Petitioner has already claimed under O&M expenses**
Construction of new Retaining wall Cantilever supp	0.06	1. Protection and safeguarding of 220 kV Cables by constructing Retaining Wall would enhance the life of cable and prevent any damage that might have happened due to infringement by BMC's flyover construction work. New civil works qualify as capital investment. 2. Claimed under Capex.	Capex	0.06	The retaining wall is intended to enhance the structural integrity of existing infrastructure or support new developments. Therefore, the Scheme qualify under the category of **"Construction of new Civil infrastructure**". **Hence the Scheme justify its classification as a capital investment scheme**.
Switchgear Building at 220 KV Versova S/S	0.92	Claimed under O&M	R&M	0.92	Petitioner has already claimed under O&M expenses
High Creepage Polymer Insulator with G Ring 90KN	0.05	1. Replacement of faulty insulators with new ones would ensure healthy operation of lines and maintaining line availability at desired level.	R&M	0.05	In the cost-benefit analysis submitted by the Petitioners, it has compared the repair versus replacement of the insulator, demonstrating that the replacement is necessary for maintaining

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		Insulators are identified as separate assets, as they are usable across different transmission lines. Further, replacement of faulty insulators by new also adds value to the principal asset – being the transmission lines in this case. 2. Claimed under Capex.			operational efficiency and safety. The regulations stipulate that the replacement of assets should be the last resort, and repairs should be considered to optimize project costs. **Therefore, replacement of a High Creepage Polymer Insulator with a G Ring 90KN cannot be classified as a capital investment scheme, as it does not meet the criteria specified in the Regulations**. According to the Regulations, the asset replacement is permissible if it is justified based on performance degradation, diagnostic testing, or if the asset is beyond repair.
Relay Schneider Mk HMI Sepam-S80 Overcurrent Earth fault	0.33	Claimed under O&M	R&M	0.33	**Petitioner has already claimed under O&M expenses**
33KV ABB make GIS Switchgear type - Zx 1.2 Sakinaka	0.42	Claimed under O&M	R&M	0.42	**Petitioner has already claimed under O&M expenses**
33Kv 8.25MVAr Capacitor Bank Unistar Versova SS	0.24	Claimed under O&M	R&M	0.24	**Petitioner has already claimed under O&M expenses**

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
DTCTR High V Dtctr 1kv To 800kv With Hot Sticks	0.02	Claimed under O&M	R&M	0.02	**Petitioner has already claimed under O&M expenses**
Megger Mk 3ph Prtble Rly Test kit Smrt-410 300v AC	0.34	1. This 3-phase relay test kit would help in better testing of relays, which will help in maintaining AEML-T line availability at desired level. 2. Procurement of new assets qualifies as capital investment 3. Claimed under Capex.	Capex	0.34	Megger Mk 3PH portable Rly Test kit Smrt-410 300v Ac is a portable testing device typically used for insulation resistance testing. **As per the Regulation capital investment schemes are considered capital in nature which are used for installation or upgradation of control and protection equipment, including testing devices like the MEGGER.**
CT/VT Mdles & Power Sply Cards Main-1b Ph Unit	0.02	Claimed under O&M	R&M	0.02	**Petitioner has already claimed under O&M expenses**
Earth Resistance Msurmnt Tstr 0 To 1200OHM AAREY	0.09	1. These kits are safer and easy to operate as there is no need to isolate the ground for measurement purpose. These kits produce high accuracy and quick results. 2. These kits would help in maintaining system availability at desired level as per MYT Regulations 2019. As this is a new asset	Capex	0.09	The jaw type digital earth resistance tester qualifies as a capital expenditure scheme as per the regulations, the capital investment schemes must fulfil specific objectives, such as improving operational performance parameters or compliance with safety and technical standards. **The new tester is intended to enhance the accuracy and efficiency of earth resistance measurements, it could be categorized under**

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		procurement, it qualifies as capital investment. 3. Claimed under Capex.			**"Improvement in operational performance parameters"**
High Creepage Polymer Insulator with G Ring 90KN	1.01	1. Replacement of faulty insulators with new ones would ensure healthy operation of lines and maintaining line availability at desired level. Insulators are identified as separate assets, as they are usable across different transmission lines. Further, replacement of faulty insulators by new also adds value to the principal asset – being the transmission lines in this case. 2. Claimed under Capex.	R&M	1.01	In the cost-benefit analysis submitted by the Petitioners, it has compared the repair versus replacement of the insulator, demonstrating that the replacement is necessary for maintaining operational efficiency and safety. The regulations stipulate that the replacement of assets should be the last resort, and repairs should be considered to optimize project costs. **Therefore, replacement of a High Creepage Polymer Insulator with a G Ring 90KN cannot be classified as a capital investment scheme, as it does not meet the criteria specified in the Regulations.** According to the Regulations, the asset replacement is permissible if it is justified based on performance degradation, diagnostic testing, or if the asset is beyond repair.
High Creepage Polymer Insulator with G Ring 120KN	1.94	1. Replacement of faulty insulators with new ones would ensure healthy operation of lines and maintaining line availability at desired level. Insulators are identified as separate	R&M	1.94	In the cost-benefit analysis submitted by the Petitioners, it has compared the repair versus replacement of the insulator, demonstrating that the replacement is necessary for maintaining operational efficiency and safety. The

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		assets, as they are usable across different transmission lines. Further, replacement of faulty insulators by new also adds value to the principal asset – being the transmission lines in this case. 2. Claimed under Capex.			regulations stipulate that the replacement of assets should be the last resort, and repairs should be considered to optimize project costs. **Therefore, replacement of a High Creepage Polymer Insulator with a G Ring 120 KN cannot be classified as a capital investment scheme, as it does not meet the criteria specified in the Regulations**. According to the Regulations, the asset replacement is permissible if it is justified based on performance degradation, diagnostic testing, or if the asset is beyond repair.
33KV 1C*630 SQMM CBL AIS & GIS Terminations Versov	1.06	1. This replacement activity would help maintain 33kV availability at desired level and quality power supply to consumers as well. 2. Claimed under Capex.	Capex	1.06	Procurement of the 33kV I/C*630 sq. mm cables and associated accessories for the 125MVA TR-5 transformer at the Versova EHV Sub Station. The 125MVA TR-5 transformer was commissioned in 2009, requires these cables to connect to the switchgear, which is essential for the operation of the 33kV line. The Capex Regulations, 2022 which aim to ensure that capital investments for improvement of operational performance and reliability. **Hence the Non DPR scheme submitted for**

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
					procurement of 33 kV I/C 630 Sq. mm cable qualifies as Capital expenditure Scheme.
AEML&SLDC Call Recording Voip Voicemail Pro 2 Lic	0.03	1. VoIP based communication system with recording facility would help in building effective communication system with state load dispatch center (SLDC), because recording facility would always give information on past communication with SLDC. Further, it would help in smooth operation in future at times of any contingency. 2. New IT based system implementation. Hence qualifies as capital investment. Claimed under Capex.	Capex	0.03	The procurement of the SLDC call recording facility in the existing VoIP system is for enhancing communication between the AEML SCADA Control Center and the State Load Dispatch Center (SLDC). The call recording facility is intended to provide a reliable record of past communications, which can be crucial during emergencies and for operational continuity. **Hence qualify under the Capital Regulations, 2022.**
HMI Units for Sepam-380 Relay Schneider Make 220kv	0.53	Claimed under O&M	R&M	0.53	**Petitioner has already claimed under O&M expenses**
220V Battery Sets At 220 kV Borivali-Battery Set-1	0.64	1. In MYT Petition AEML-T states that, 1. This replacement activity would increase the battery performance to 100 % and batteries would be discharged in 10 hours	Capex	0.64	The 220V DC battery set at AEML Borivali was commissioned in March 2012 and has served for over 10 years and has shown signs of deterioration, including reduced efficiency and physical issues such as sweating and corrosion.

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		instead of 6.5 hours instead of rated. This in turn will help in healthy operation of protection system at S/stn. Station batteries are classified as separate assets with their own depreciation rates. 2. Hence, replacement of batteries by new one qualifies as capital investment. Claimed under Capex.			The battery is crucial for the trouble-free operation of protection, control, and interlocking circuits of switchgear equipment, serving as a backup DC supply in case of AC supply failure. **According to the Capex Regulations, 2022, the replacement of battery sets is considered a capital investment if it is due to the completion of their useful life.**
Foldable Stretchers - At Aarey Maintenance	0.01	1. This will help in saving lives in case of any accident in substation. 2. Procurement of new assets. Hence, qualified as capital investment. 3. Claimed under Capex.	Capex	0.01	The procurement of foldable stretchers at AEML-T EHV Sub Stations, is aimed to enhance safety measures in case of emergencies. The stretchers are intended to improve emergency response capabilities and ensure the safety of personnel during incidents, this aligns with the objectives of increasing operational efficiency and fulfilling statutory safety requirements. **According to the Regulations, capital investment schemes can include improvements that enhance operational safety and security. Hence the scheme Qualifies under the capital expenditure scheme.**

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
Laptops - Dell Latitude	0.01	1. This was required for office work. Procurement of new IT assets qualifies as capital investment 2. Claimed under Capex.	Capex	0.01	The new IT assets that enhance operational efficiency, which aligns with the purpose of these laptops for AEML-T. Laptops are necessary for office work and are categorized as new assets, qualifying them under the capital investment guidelines. **Therefore, Procurement of Dell Latitude laptops can be classified as a capital investment scheme.**

<u>For FY 2023-24 (Rs. Crore)</u>

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
Procurement & Installation of Helical gripper sets	0.48	1. Helical grippers are used to self-tighten due to weight of the conductor in contrast to any design wherein there is possibility of slippage if tightening is not properly done during erection. 2. Because of their superior mechanical properties, preformed helical fittings are widely used in EHV transmission lines.	R&M	0.48	**The Petitioner claimed under O&M expenses.**

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		3. Balance (total ~ 1,230) Sets of helical grippers were procured and installed on Transmission lines of AEML-T. Accordingly expenses were capitalized. 4. Claimed under O&M.			
Transformer marshalling boxes	0.19	Supply: 1. Removal of transformer marshalling box was executed in phased manner. 2. Reference in Sr.no. 6 as above. Service: 1. At 220kV Versova EHV sub-station, AEML-T is having 5 Nos. 220/33kV 100/125MVA power transformers for catering power to DICOMs in Mumbai suburbs. 100MVA TR-1,2,3 power transformers were commissioned in year 1995, TR-4 in year 2005. 2. These transformers have marshalling boxes for housing oil temperature indicator (OTI), winding temperature indicator (WTI-HV, WTI-LV), auxiliary supply arrangement of transformers fans/pump/on load tap temperature (OLTC). 3. 220kV Versova EHV sub-station is situated in creek area near Versova lagoon. This leads to a highly corrosive atmosphere at Versova sub-station.	Capex	0.19	At the 220kV Versova EHV sub-station, AEML-T operates five 220/33kV 100/125MVA power transformers. The marshalling boxes, which house essential indicators and auxiliary supply arrangements for the transformers. have suffered corrosion due to the highly corrosive atmosphere near the Versova lagoon. The Transformer marshalling boxes at the 220kV Versova EHV sub-station have suffered significant corrosion and wear after 20 years of service, which justifies their replacement. The need for new marshalling boxes is essential for maintaining operational safety and reliability, as they house critical indicators and auxiliary supply arrangements for the transformers. According to the Capex Regulations, 2022, capital investment schemes must fulfil specific objectives,

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		4. Due to this atmosphere, transformer marshalling boxes of TR-1,2,3,4, were in corroded after service life of 20 years and holes are observed on top cover and gland plates of marshalling boxes. 5. Hence, it was proposed to remove these old transformer marshalling boxes by new SS make boxes. As OTI, WTI-HV, WTI-LV indicators were replaced in the year 2011. 6. Hence, these temperature indicators were fixed in new marshalling boxes after removal from old boxes. Expenses towards same were capitalized. 7. Claimed under Capex.			including the replacement of assets due to completion of their useful life or performance degradation. **Therefore, the scheme is considered as NDPR for Capitalisation.**
Procurement of insulators for enhancing insulation of IPS tubes near NGT (Neutral Grounding Transformer)	0.19	220kV Aarey, Versova and Ghodbunder Sub-Station are Hybrid type EHV Substations. 1. There are AIS type transformers installed in these locations. 2. For star delta transformers with NGT, EHV transformer's 33kV side outgoing feeders (4"IPS Tube with support Insulators remains vulnerable for bird faults . The connection of 33kV becomes near to insulator and there is space for birds to sit on these connectors and create faults.	Capex	0.19	The insulation enhancement system is being implemented near the Neutral Grounding Transformers (NGTs) of 220kV/33kV, 100 MVA transformers at the specified substations. The project aims to address the vulnerability of the 33kV side outgoing feeders, which are susceptible to bird faults due to their proximity to insulators. The enhancement system is designed to increase the height of the post insulator near

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		3. Hence as a safety precaution, there is a need to protect the exposed portion near NGT post insulator with suitable protection with suitable technique for preventing such transformer failures in future. 4. Hence, it was proposed to increase the height of the IPS tube to 1.2m near NGT. The job was completed and expenses towards same is capitalized. Claimed under Capex.			the NGT to 1.2 meters, thereby reducing the risk of bird-related faults that can lead to transformer failures. This initiative is expected to extend the life of the insulators and maintain the system availability at the desired level. According to the Capex Regulations, 2022, capital investment schemes which are for improvements that enhance operational performance and reliability, such as in the present case is for increasing the height of insulators to mitigate risks associated with environmental factors. **Hence the Scheme qualifies as Non DPR for Capitalization.**
Core Balance Current Transformer (CBCT) scheme for Cable fault identification panels	1.17	1. AEML- Mumbai Transmission is a Transmission Licensee in the Maharashtra State supplying power to city of Mumbai. AEML MTB has 8 nos. 220/33kV EHV sub-station in and around Mumbai. 2. In Mumbai Transmission, power transformers are rated for 220/33kV, 100/125MVA. The secondary side (33kV) feeds two bus sections (in a few cases 3 bus sections).	Capex	1.17	The Cable Fault Identification Panels are for identification of faulty cable. At present multiple cables per phase are running in the AEML-T system, and in the event of a fault, it can take several hours to identify which specific cable run has failed. The secondary output of the CTs is connected to relays that can sense overcurrent and earth fault conditions. The specific phase that has faulted can be identified through LED

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		3. For each bus section, typically 2/3/4/5 runs of cable per phase are used. Each cable run is of 1C x 630Sqmm/1Cx1000Sqmm, Al XLPE armoured cable. 4. In case of fault on one cable run, transformer trips on protection. However, to identify which cable run fault has occurred takes a few hours. After identification of faulted cable run, it is isolated from both ends (transformer & switchgear) and transformer is brought into service. This process involves more time for fault isolation. 5. To reduce fault isolation time, it is proposed to install Current Transformer (CT) on armor of 33kV cable to identify faulty cable run. CT shall be mounted on armor of the 33kV cable. 6. CT secondary shall be wired to relays to sense earth fault current Faulty cable run shall be identified by operation of over current (R,Y,B) / earth fault function. Identification of faulted phase can be read from LED on the relay front facia. Output contacts of all relays for incomer will be paralleled. These signals (two signals, one from each incomer) will be hard wired to SCADA for identification of cable fault. Further, faulty cable run shall be identified from LED indication on relay front facia on incomer.			indicators on the relay front. The signals from the relays is sent to SCADA system, enabling real-time monitoring and quicker fault isolation. It reduces Fault Isolation Time; by quickly identifying the faulty cable run, the time taken to isolate the fault and bring the transformer back into service will be significantly reduced. The CBCT scheme for Cable Fault Identification Panels qualifies for capitalization under the Regulation 3.1 of Capex Regulation, 2022 which is for improvements in operational performance and reliability. **Hence the Non DPR scheme qualifies for capitalisation.**

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		7. The cost towards procurement of Supply of Cable Fault Identification (CFIP) Panels, were capitalized. Service:1. Installation of Supply of Cable Fault Identification (CFIP) Panels is executed in phased manner. Claimed under Capex.			
Procurement of Polymer insulators	1.99	1. Supply and Services for change of existing old Polymer Insulators with high creepage Polymer Insulators in Cold Line carried out at balance locations in Mumbai section, in view of investigation report of recent tripping (1st and 2nd Feb-2022) and opportunity of series of line outages planned by AEML project section. 2. During these tripping / breakdowns it was observed that all happened because of surface flashover of old polymer insulators in smog environment condition. These all-polymer insulators found old, non-high creepage and it was installed >10 years back. 3. Due to these, incidences the AEML customers were severely affected and AEML received may complaints from HV customers. Also, in case of tripping occurred due to failure of polymer insulator on these critical / remotely located towers especially on longer length lines (viz. Dahanu-Versova, Boisar – Versova,	R&M	2.99	The NDPR for Supply & Replacement of Polymer insulators involves the replacement of old polymer insulators with high creepage polymer insulators at various locations in the Mumbai section. It was done based on the investigation report that identified surface flashover of the old insulators as the cause of line tripping incidents that occurred on 1 February, 2022. These old polymer insulators were in service for over 10 years, were found to be of low creepage and were particularly vulnerable to failure in smog conditions. The tripping incidents led to complaints from high-tension (HT) consumers, highlighting the need for improved reliability.

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		Dahanu-Ghodbunder-1, Dahanu – Ghodbunder - 2 etc.), line. 4. The abnormal polymer insulators needs were identified for modification. All efforts were taken to carry out the modification work (mostly on DTPS connected lines) by availing Opportunity Outages so that our AEML-T line availability is not impacted. 5. The procurement expenses of insulators were capitalized. 6. Claimed under Capex.			The regulations stipulate that the replacement of assets should be the last resort, therefore, replacement of Supply & Replacement of Polymer insulators cannot be classified as a capital investment scheme, as it does not meet the criteria outlined in the Regulations. **Therefore, the Scheme is not considered as NDPR.**
Grid Metering communication system for transfer of IEM data from AEML to SLDC	4.96	1. Existing Data transfer System via wireless network is not reliable, delayed submission of the IEM data to MSLDC for DSM. 2. Further, STU approval on 28 April, 2022 received for the AEML-T scheme with objective of "Integration of IEM (Integrated Energy Meters) data in communication System for further transmission to AMR server at MSLDC. 3. Grid Metering communication system was installed for secure transfer of AEML IEM data to AMR server at MSLDC. 4. Claimed under Capex.	Capex	4.96	The proposed NDPR is for implementation of a grid metering communication system to transfer of Integrated Energy Meter (IEM) data from AEML to the State Load Dispatch Center (SLDC). The previous data transfer system, which relied on a wireless network, was found to be unreliable. The new communication system aims to ensure the secure and efficient transmission of IEM data to the Automatic Meter Reading (AMR) server at the SLDC. This upgrade is essential for improving data integrity and operational efficiency.

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
					As per Regulation 3.9, the installation or upgradation of communication systems is included as a category. The objective of enhancing operational efficiency and data integrity, which are critical for effective energy management and monitoring. Also, the proposed system's focus on secure and efficient data transmission supports the overall goal of improving operational performance parameters, as specified in Regulation 3.2(a). **Therefore, the scheme meets the criteria for capitalization under the Capex Regulations, 2022**.
Procurement of Fiber Reinforced Plastic (FRP) Ladders for Substations	0.18	1. Adani electricity Mumbai limited (AEML), has a total of eight 220/33kV EHV substations across Mumbai. In substation various electrical maintenance activities and modification activities are carried out. 2. Based on activity requirement / application various types of ladders of different sizes are used. 3. Safety of working staff while handling and using the ladder is of utmost important. 4. Accordingly, we intend to procure high quality Fiber Reinforced Plastic (FRP) ladder and scaffoldings, identified based on application.	Capex	0.18	AEML-T has eight 220/33kV EHV substations where various electrical maintenance and replacement activities are carried out. To ensure the safety of employees and site workers during these activities, high-quality Fiber Reinforced Plastic (FRP) ladders of different sizes were procured based on specific requirements. The procurement of FRP ladders aims to improve safety conditions for workers at AEML-T substations, facilitating

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		5. Claimed under Capex.			maintenance tasks while minimizing the risk of accidents. The procurement of FRP ladders for substations qualify under the Capex Regulations, as it aims to enhance safety conditions for workers. The purpose behind procuring FRP ladders is to improve safety. **Therefore, the scheme for procurement meets the criteria for capitalization under the Capex Regulations, 2022.**
Supply and services of network Power on Ethernet (POE) switches	0.84	1. Existing PoE (Power on Ethernet) Switches installed in 2015-16 have exhausted equipment life (more than 7 years) and are at the end-of-life cycle. 2. Also, Make & Model of existing switches are not as per Standards & Guidelines issued by Group / Corporate Security. 3. Further, compatibility with Genetec – a Centralized Security Application / Platform is a must. 4. Existing switches are not compatible with Genetec, hence needs to be replaced on priority. 5. Hence, there was need to upgrade with Cisco L2 - 24 Port POE Switches.	Capex	0.84	The existing PoE (Power over Ethernet) switches was installed in FY 2015-16 at AEML-T EHV stations. However, these switches were not compatible with Genetec, a centralized security application/platform used at AEML-T stations. To address this compatibility issue, there was a need to upgrade the existing switches to Cisco L2 - 24 Port PoE Switches. Since the current switches are outdated and incompatible, upgrading to Cisco L2 - 24

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		6. Accordingly, PoE switches were installed and expense booked against these jobs were capitalized. 7. Claimed under Capex.			Port PoE Switches is essential for maintaining operational efficiency and reliability at the substations. According to Regulation 3.1, capital investment schemes must fulfil objectives such as "improvement in operational efficiency" and "fulfilment of any statutory compliance requirement". **Therefore, the NDPR is considered as capital investment as outlined in the Regulations.**
Entry level laptop requirement	0.08	1. As is aware, AEML-T is involved into various project activities including official activities and manpower resources are engaged into these activities. Laptops & printers play major role during these day-to-day operations. 2. The printers have been installed across Transmission EHV substations. 3 AIS stations, namely Versova, Aarey and Ghodbunder have A3 MFD B/W printers and 5 GIS substations have A4 printers with scan facility installed. 3. While the 5 printers at GIS locations are over 7 years old and non-functional, the 3 AIS printers are 5 ½ years old and at end of life as confirmed via email by OEM, who has refused to extend the AMC citing	Capex	0.08	The new IT assets that enhance operational efficiency, which aligns with the purpose of these laptops for AEML-T. Laptops are necessary for office work and are categorized as new assets, qualifying them under the capital investment guidelines. **Therefore, Procurement of laptops can be classified as a capital investment scheme.**
Requirement of Multi-Function Device (MFD) (printers)	0.04		Capex	0.04	The replacement of printers, which are primarily used for daily operational tasks such as printing invoices and documents. Printers are necessary for office work and are categorized as new assets, qualifying

Project Description	AEML-T	AEML Submission	Capex / R&M	Approved	Approval Remarks
		non-availability of printer spares post end of life /end of support. 4. Hence, there was urgency to procure new printers. AIS substations are zonal stations where executives, staff and workers report on a daily basis and many activities are carried out that mandate printing e.g., for Invoices processing, copy of PF ESIC documents, Measurement sheet, certificates, drawings etc. needs to be printed as enclosure with copy of Service entry and other statutory compliances. 5. Considering these needs, A3 size printers were procured for AIS stations. 6. But GIS substations are remotely operated, however Mobile Operations Squad (MOS) are stationed at 2 GIS stations at Borivali & Chembur. 7. As per the IMS, O&M procedures, MOS needs printout of documents i.e. checklists, measurement sheets, drawings etc. for capturing the equipment parameters to ensure equipment healthiness and report any abnormalities. 8. In view of above, expenses towards procurement of Laptops and printers were capitalized. Claimed under Capex.			them under the capital investment guidelines. **Therefore, Procurement of printers can be classified as a capital investment scheme.**

Project Description	AEML-T	AEML-T Submission	Capex / R&M	Approved	Approval Remarks
I/T/C of 33kV Sw No 23 at Gorai	1.03	1. At 220 kV AEML's Gorai EHV sub-station there are 2 nos. of 125 MVA Transformers feeding 2 nos. of 33 kV GIS Boards. 2. The 33 kV Boards have 2 nos. of incomers from LV side of 125 MVA Power transformers. 3. These 33kV GIS switchgears were commissioned in FY 2011 for catering to the load requirement. Presently all the feeders are charged and loaded. 4. On 05 March, 2022, fault occurred in 33kV Incomer panel i.e. SW-23 of 33 kV GIS Board -2 connected to LV side of 125MVA TR-1 resulting in heavy flashover in incomer panel. As a result of flashover, the entire control wiring burnt along with panel body deformation. 5. For identifying root cause, primary investigation was arranged with OEM Vendor. OEM has submitted its preliminary inspection report (PIR) and recommended for complete modification of incomer panel along with cable termination, as the panel body was completely deformed and was beyond repair. Accordingly, incomer panel was procured and expenses towards the same was capitalized. 6. Claimed under Capex.	Capex	1.03	The existing 33 kV boards were commissioned in 2011 and are currently fully loaded, indicating that they are operating at their full capacity. The NDPR proposed by AEML-T for an asset that has suffered significant damage due to a fault, which aligns with the criteria for asset replacement as specified in the Capex Regulations, 2022. **The incomer panel for 33kV Switch No. 23 at the Gorai EHV sub-station qualifies under the Capex Scheme**.

Project Description	AEML-T	AEML-T Submission	Capex / R&M	Approved	Approval Remarks
Procurement of 3 phase relay test kit	0.43	1. AEML-T has eight AIS / GIS EHV sub-station in Mumbai suburbs. 2. In 2013, Megger make Three phase relay test kit (MPRT-8430) was procured by Mumbai transmission T&P Section. To cope up with technological advancement like testing of OC/EF protection characteristics, line distance protection time test and characteristics test, transformer differential protection characteristics test and IEC 61850 protection testing's it is proposed to procure new advanced 3 phase relay test kit. 3. Hence, 3 phase relay test kits were procured and expenses towards same was capitalized. 4. Claimed under Capex.	Capex	0.43	AEML-T has eight AIS/GIS EHV substations, and the procurement of a new 3-phase relay test kit was necessary to enhance the testing capabilities of relays. The existing Megger make Three Phase Relay Test Kit (MPRT-8430), procured in 2013, was outdated and unable to cope with technological advancements. The new advanced 3-phase relay test kit is necessary for enhancing testing capabilities and ensuring compliance with modern standards, the procurement of testing equipment is generally categorized as a Capital expense. **Therefore, the Scheme qualifies for capitalisation.**
Procurement of CT analyser test kit	0.29	1. The current transformer (CT) is critical element of power system used for Protection & Metering. 2. The healthiness of CT/VT at Goregaon was confirmed by testing through CT Analyzer test kit during pre-commissioning event. 3. Current Transformer's healthiness cannot be guaranteed in the event of its non-testing. It may result in non / maloperation of protection system thereby impacting system availability	Capex	0.29	The Petitioner has submitted that the procurement of a CT analyser kit was necessary to ensure the healthiness of CTs, which is critical for the protection and metering of the power system. The existing CT/PT analyser was 15 years old and had become obsolete, as confirmed by the Original Equipment Manufacturer (OEM). Due to the necessity of having a functional

Project Description	AEML-T	AEML-T Submission	Capex / R&M	Approved	Approval Remarks
		4. The current CT/PT analyzer was 15 years old and is obsolete and in view of above new CT/VTs were procured and expenses towards same were capitalized Claimed under Capex.			and reliable analyser for system protection, new CT/VTs were procured. The need for a new analyser arises from the obsolescence of the existing CT/PT analyser, which is 15 years old and confirmed as outdated by the OEM. According to Regulation 3.20 of the Capex Regulations, 2022, asset replacement is permissible when the existing asset has completed its useful life or is beyond repair, as stated in Regulation 3.20. The new CT analyser is essential for ensuring the healthiness of CTs, which is critical for the protection and metering of the power system, thereby improving operational efficiency and reliability. **Therefore, the procurement of a CT analyser kit qualifies under the Capex Regulations, 2022.**

13 Appendix-5: List of Unutilised Bays as considered by the Commission

FY 2022-23

Sr. No.	Substation Name	Board No.	Bay No.	CoD	Type	Book Value (Rs. Lakhs)
1.	Aarey	4	37	AIS	27/07/2003	8.77
2.	Aarey	5	41	AIS	23-01-2005	14.16
3.	Aarey	5	47	AIS	23-01-2005	14.16
4.	Aarey	7	76	GIS	21-03-2009	32.74
5.	Versova	9	93	GIS	28-02-2021	55.61
6.	Goregaon	2	28	GIS	13-09-2011	21.87
7.	Ghodbunder	4	40	GIS	19-03-2009	32.74
8.	Versova	5	54	GIS	24-03-2009	32.74
9.	Ghodbunder	6	70	GIS	13-03-2021	49.76
10.	Goregaon	1	5	GIS	09-06-2011	21.87
11.	Goregaon	2	18	GIS	06-07-2011	21.87
12.	Goregaon	2	16	GIS	06-07-2011	21.87
13.	Goregaon	2	26	GIS	13-09-2011	21.87
14.	Goregaon	3	32	GIS	18-03-2018	35.64
15.	Goregaon	3	36	GIS	18-03-2018	35.64
16.	Goregaon	3	31	GIS	18-03-2018	35.64
17.	Goregaon	3	40	GIS	18-03-2018	35.64

Sr. No.	Substation Name	Board No.	Bay No.	CoD	Type	Book Value (Rs. Lakhs)
18.	Goregaon	3	41	GIS	18-03-2018	35.64
19.	Goregaon	3	37	GIS	18-03-2018	35.64
20.	Goregaon	3	44	GIS	18-03-2018	35.64
21.	Saki	1	3	GIS	21-07-2011	24.20
22.	Saki	1	9	GIS	21-07-2011	24.20
23.	Gorai	1	12	GIS	24-07-2011	23.33
24.	Borivali	1	2	GIS	15-04-2012	25.86
25.	Borivali	1	5	GIS	15-04-2012	25.86
26.	Borivali	1	6	GIS	15-04-2012	25.86
27.	Borivali	1	8	GIS	15-04-2012	25.86
28.	Borivali	1	12	GIS	15-04-2012	25.86
29.	Borivali	2	15	GIS	15-04-2012	24.20
30.	Chembur	1	5	GIS	14-09-2012	25.46
31.	Chembur	1	10	GIS	14-09-2012	25.46
32.	Chembur	2	19	GIS	14-09-2012	25.46
33.	Chembur	2	25	GIS	14-09-2012	25.46
34.	Chembur	3	33	GIS	14-09-2012	31.24
35.	Chembur	3	39	GIS	14-09-2012	31.24
36.	Chembur	3	41	GIS	14-09-2012	31.24

FY 2023-24

Sr. No.	Substation Name	Board No.	Bay No.	CoD	Type	Book Value (Rs. Lakhs)
1.	Aarey	4	37	AIS	27/07/2003	8.77
2.	Aarey	5	47	AIS	23-01-2005	14.16
3.	Aarey	7	76	GIS	21-03-2009	32.74
4.	Versova	9	93	GIS	28-02-2021	55.61
5.	Goregaon	2	28	GIS	13-09-2011	21.87
6.	Versova	5	54	GIS	24-03-2009	32.74
7.	Ghodbunder	6	70	GIS	13-03-2021	49.76
8.	Goregaon	1	5	GIS	09-06-2011	21.87
9.	Goregaon	2	18	GIS	06-07-2011	21.87
10.	Goregaon	2	16	GIS	06-07-2011	21.87
11.	Goregaon	2	26	GIS	13-09-2011	21.87
12.	Goregaon	3	32	GIS	18-03-2018	35.64
13.	Goregaon	3	36	GIS	18-03-2018	35.64
14.	Goregaon	3	31	GIS	18-03-2018	35.64
15.	Goregaon	3	40	GIS	18-03-2018	35.64
16.	Goregaon	3	41	GIS	18-03-2018	35.64
17.	Goregaon	3	37	GIS	18-03-2018	35.64
18.	Goregaon	3	44	GIS	18-03-2018	35.64
19.	Saki	1	3	GIS	21-07-2011	24.20

Sr. No.	Substation Name	Board No.	Bay No.	CoD	Type	Book Value (Rs. Lakhs)
20.	Saki	1	9	GIS	21-07-2011	24.20
21.	Gorai	1	12	GIS	24-07-2011	23.33
22.	Borivali	1	2	GIS	15-04-2012	25.86
23.	Borivali	1	6	GIS	15-04-2012	25.86
24.	Borivali	1	8	GIS	15-04-2012	25.86
25.	Borivali	1	12	GIS	15-04-2012	25.86
26.	Chembur	1	10	GIS	14-09-2012	25.46
27.	Chembur	2	19	GIS	14-09-2012	25.46
28.	Chembur	3	33	GIS	14-09-2012	31.24
29.	Chembur	3	39	GIS	14-09-2012	31.24
30.	Chembur	3	41	GIS	14-09-2012	31.24

FY 2024-25

Sr. No.	Substation Name	Board No.	Bay No.	Type	CoD	Book Value (Rs. Lakhs)
1.	Aarey	8	79	GIS	18-03-2009	32.74
2.	Versova	6	66	GIS	24-03-2009	35.99
3.	Versova	9	93	GIS	28-02-2021	55.61
4.	Goregaon	2	28	GIS	13-09-2011	21.87
5.	Saki	3	33	GIS	02-09-2013	26.78

Sr. No.	Substation Name	Board No.	Bay No.	Type	CoD	Book Value (Rs. Lakhs)
6.	Versova	5	54	GIS	24-03-2009	32.74
7.	Ghodbunder	6	70	GIS	13-03-2021	49.76
8.	Goregaon	1	5	GIS	09-06-2011	21.87
9.	Goregaon	2	16	GIS	06-07-2011	21.87
10.	Goregaon	2	26	GIS	13-09-2011	21.87
11.	Goregaon	3	31	GIS	18-03-2018	35.64
12.	Goregaon	3	37	GIS	18-03-2018	35.64
13.	Goregaon	3	44	GIS	18-03-2018	35.64
14.	Saki	1	9	GIS	21-07-2011	24.20
15.	Borivali	1	2	GIS	15-04-2012	25.86
16.	Borivali	1	6	GIS	15-04-2012	25.86
17.	Borivali	1	8	GIS	15-04-2012	25.86
18.	Borivali	1	12	GIS	15-04-2012	25.86
19.	Chembur	1	5	GIS	14-09-2012	25.46
20.	Chembur	2	19	GIS	14-09-2012	25.46
21.	Chembur	2	24	GIS	14-09-2012	25.46
22.	Chembur	2	25	GIS	14-09-2012	25.46
23.	Chembur	3	33	GIS	14-09-2012	31.24
24.	Chembur	3	39	GIS	14-09-2012	31.24
25.	Chembur	3	41	GIS	14-09-2012	31.24

14 Appendix-6: Activities / Works under non-DPR Schemes Reclassified as Capex or R&M by the Commission for FY 2024-25

(Rs. Crore)

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
Cable Safeguarding & Re-alignment of 220kV Cable at Marwah Bridge on AEML Saki-TPC Saki Cable Route between JC 2 & JC 3.	2.00	• Procurement of 220kV Cable for Re-routing and Cable Safeguarding of 2 Circuits of AEML Saki- Tata Saki feeders during widening & reconstruction of bridge along Marwa-road near Marwa industries at Sakinaka. • The overall objective of the work is Procurement of 220kV Cable for Re-routing and Cable Safeguarding of 220kV Cable feeders fall under Utility Shifting during bridge construction. 220kV Cable feeders needs to be shifted on cantilever portion of reconstructed bridge from its current position. • 220kV Cable feeders if not shifted will block vehicular movement below bridge. Thus, it is essential to Procure 220kV Cable for Rerouting and Cable Safeguarding of 220kV Cable feeders fall	Capex	2.00	The Commission observes that the proposed NDPR is "Work in progress" in the context of the Capex Regulations, 2022, it is essential that the asset is put to use that means that capital investment scheme has been completed and is operational, benefiting the consumers or the system. Additionally, as per the Regulations the assets that have been put to use after the execution of the Capex Scheme should be added to the Asset Register of the entity and Petitioner needs to submit documentary evidence to prove that the scheme has been executed as per the specifications and that the assets is operational. Since the NDPR is still “Work in progress” the Commission shall approve the NDPR at the time of final truing up. **In the present Case the Commission is doing Provisional Truing up for FY 2024-25, therefore the Commission provisionally allows Capitalisation for the said Scheme**.

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		under Utility Shifting during bridge construction. • Claimed under Capex.			
Material -33kV Incomer Cable Replacement at Chembur (9.15km), Saki (9.5 km) and AEML Borivali (6.2 km)	6.15	• Procurement and Replacement of existing M/s HVPL make 33kV cables of 125 MVA Transformers and 33kV Capacitor banks at 220 kV Saki, Chembur and Borivali EHV Station. • The proposed scheme is for increasing reliability of the 33kV Cable connectivity between 33kV Incomer Switch and secondary side of 125 MVA Transformer. • However, procurement and replacement of existing 33kV cables of 125 MVA Transformers and 33kV Capacitor banks at 220 kV Saki, Chembur and Borivali EHV Station shall be required to reduce the issue of potential failure / more down time on account of tripping due to failure of subject 33kV Cables. • Claimed under Capex.	R&M	6.15	The Commission notes that the proposed NDPR is for replacement of existing M/s HVPL make 33kV cables for 125 MVA Transformers and 33kV Capacitor banks at the specified location. According to Regulation 3.23, schemes proposing asset replacement are allowed if certain conditions are met, such as the asset being beyond repair or having completed its useful life. Additionally, the replacement must be justified based on performance degradation, cost-benefit analysis, and the absence of support from the Original Equipment Manufacturer (OEM). The Benefit submitted by the Petitioner highlights that Implementation of this NDPR scheme shall Increase in Availability & Reliability of 33kV cable connected between 33 kV Incomer Switch and 220 kV transformers at Saki, Chembur and AEML Borivali. The replacement of the scheme does not qualify under the Capex regulations, 2022, as O&M expenses allowed by the Commission for maintaining and improving system

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
					performance, whereas capital investment may be necessary for more substantial upgrades and enhancements. **In the present scheme the Commission does not find any upgrades or enhancements as the present is purely a replacement scheme, therefore the Commission does not allow this scheme under Capital Expenditure.**
Services- 33kV Incomer Cable Replacement at Chembur (9.15km), Saki (9.5 km) and AEML Borivali (6.2 km)	2.00		R&M	2.00	The Commission notes that the proposed NDPR is for replacement of existing M/s HVPL make 33kV cables for 125 MVA Transformers and 33kV Capacitor banks at the specified location. According to Regulation 3.23, schemes proposing asset replacement are allowed if certain conditions are met, such as the asset being beyond repair or having completed its useful life. Additionally, the replacement must be justified based on performance degradation, cost-benefit analysis, and the absence of support from the Original Equipment Manufacturer (OEM). The Benefit submitted by the Petitioner highlights that Implementation of this NDPR scheme shall Increase in Availability & Reliability of 33kV cable connected between 33 kV Incomer Switch and 220 kV transformers at Saki,

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
					Chembur and AEML Borivali. The replacement of the scheme does not qualify under the Capex regulations, 2022, as O&M expenses allowed by the Commission for maintaining and improving system performance, whereas capital investment may be necessary for more substantial upgrades and enhancements. In the present scheme the Commission does not find any upgrades or enhancements as the present is purely a replacement scheme, **therefore the Commission does not allow this scheme under Capital Expenditure**.
Supply of Hellical gripper for approx. 970 sets.	0.45	• Procurement and Installation of Helical Gripper Rod Set on AEML EHV (220kV and 33kV) Transmission Line Conductor. • This will avoid snapping of line Conductor due to failure of Dead-End Clamp, thereby preventing loss of life and asset. • This will reduce the issue of potential failure / more down time on account of tripping due to failure of dead-end clamp. • This will avoid Load shedding / Revenue loss and Improve line / system Availability & Reliability.	R&M	0.45	The Petitioner in FY 2023-24 has claimed the Scheme under O&M, hence considering the similar approach **the Commission do not consider the scheme under Capitalisation.**
Installation of Hellical gripper for approx. 970 sets.	0.80		R&M	0.80	The Petitioner in FY 2023-24 has claimed the Scheme under O&M, hence considering the similar approach **the Commission do not consider the scheme under Capitalisation.**

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		This will avoid accident of human travelling below EHV Transmission Line and damage to the property below EHV Transmission line thereby providing safety & security of Life and Asset. Claimed under Capex.			
Procurement of Polymer Insulators at balance location .(TN22TR4018) FY-23-24	0.37	• Replacement of in-service old Polymer Insulators with high creepage Polymer Insulators in Cold Line at balance locations in Dahanu section, in view of investigation report of recent tripping (1st and 2nd Feb-2022) and opportunity of series of line outages planned by AEML Project Dept. received may complaints from HV customers. The replacement of insulators is required as in case of tripping occurred due to failure of polymer insulator on these critical / remotely located towers especially on longer length lines (viz. Dahanu Versova, Boisar–Versova, Dahanu-Ghodbunder-1, Dahanu-Ghodbunder- 2 etc..), line / system Availability will be impacted severely. It takes minimum @ 9-10 hrs. to	R&M	0.37	The Petitioner in NDPR schemes for FY 2023-24 has submitted the Scheme for procurement of Polymer Insulators and balance has claimed in FY 2024-25. The Commission in FY 2023-24 has noted that the NDPR for Supply & Replacement of Polymer insulators involves the replacement of old polymer insulators with high creepage polymer insulators at various locations in the Mumbai section. It was done based on the investigation report that identified surface flashover of the old insulators as the cause of line tripping incidents that occurred on 1 February, 2022. These old polymer insulators were in service for over 10 years, were found to be of low creepage and were particularly vulnerable to failure in smog conditions. The tripping incidents led to complaints from high-tension (HT) consumers, highlighting the need for improved reliability. The regulations stipulate that the replacement of assets should

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		attend breakdown and restore 220 kV transmission lines. This impact is even more during rainy season/ monsoon. • In view of the above, the estimation for balance polymer insulators strings (2523 no's) is prepared for all such towers in Dahanu Section. This list excludes strings where the replacement done till date. The separate NBV will be initiate for replacement purpose which requires 2950 nos. of polymer insulators (with spare of @5% of system quantity). • As a preventive measure, these all-balance polymer insulator strings thereby addressing the potential failure / more down time issue on account of tripping due to failure of polymer insulators, need to replace. • Claimed under Capex.			be the last resort, therefore, replacement of Supply & Replacement of Polymer insulators cannot be classified as a capital investment scheme, as it does not meet the criteria outlined in the Regulations. **Therefore, the Scheme is not considered as NDPR.**
Procurement of Polymer Insulators (CWIP)	0.12	• Replacement of in-service old Polymer Insulators with high creepage Polymer Insulators in Cold Line at balance locations in Dahanu section, in view of investigation report of recent tripping (1st	R&M	0.12	The Petitioner in NDPR schemes for FY 2023-24 has submitted the Scheme for procurement of Polymer Insulators and balance has claimed in FY 2024-25. The Commission in FY 2023-24 has noted that the NDPR for Supply &

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
(TN21TR4047) FY- 22-23		and 2nd Feb-2022) and opportunity of series of line outages planned by AEML project section. • During these tripping / breakdowns it is observed that all happened because of surface flashover of old polymer insulators in smog environment condition. These all-polymer insulators found old, non-high creepage and it was installed >10 years back. • Due to these, incidences the AEML customers are severely affected and AEML received may complaints from HV customers. Also, in case of tripping occurred due to failure of polymer insulator on these critical / remotely located towers especially on longer length lines (viz. Dahanu, Versova, Boisar–Versova, Dahanu-Ghodbunder-1, Dahanu-Ghodbunder- 2 etc..), line / system Availability will be impacted severely which are directly linked to ROE. It takes minimum @ 9-10 hrs. to attend breakdown and restore 220 kV			Replacement of Polymer insulators involves the replacement of old polymer insulators with high creepage polymer insulators at various locations in the Mumbai section. It was done based on the investigation report that identified surface flashover of the old insulators as the cause of line tripping incidents that occurred on 1 February, 2022. These old polymer insulators were in service for over 10 years, were found to be of low creepage and were particularly vulnerable to failure in smog conditions. The tripping incidents led to complaints from high-tension (HT) consumers, highlighting the need for improved reliability. The regulations stipulate that the replacement of assets should be the last resort, therefore, replacement of Supply & Replacement of Polymer insulators cannot be classified as a capital investment scheme, as it does not meet the criteria outlined in the Regulations. **Therefore, the Scheme is not considered as NDPR.**

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		transmission lines. This impact is even more during rainy season/ monsoon. • In view of the above, the estimation for balance polymer insulators strings (2523 no's) is prepared for all such towers in Dahanu Section. This list excludes strings where the replacement done till date. The separate NBV will be initiate for replacement purpose which requires 2950 nos. of polymer insulators (with spare of @5% of system quantity). • As a preventive measure, we can replace these all-balance polymer insulator strings thereby addressing the potential failure / more down time issue on account of tripping due to failure of polymer insulators. • Claimed under Capex.			
Cable Safeguarding & Re-alignment of 220kV Cable during retaining wall	0.43	• BMC SWD department has planned Construction of Retaining wall along Mithi River at Bamanday Pada, • 220kV EHV Cables of AEML are falling in alignment of West Side retaining wall Construction work.	Capex	0.43	The project involving the safeguarding and re-alignment of the 220kV cable along the Aarey-Saki cable route is essential for safeguarding the electrical infrastructure during the construction of a retaining wall along the Mithi River. It was necessary to prevent potential

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
construction work at Mithi River on Aarey-Saki Cable route.		• During Demolition & Construction of retaining wall these cables need to shifted out of Mithi river & need to be Re-routed on proposed Raft (Landward side) of retaining wall. • Claimed under Capex.			damage to the cables from mechanized excavators during cleaning work, which aligns with the need for compliance with the Maharashtra Pollution Control Board (MPCB) norms. **According to the Capex Regulations, 2022, shifting of assets due to other infrastructure projects can be treated as a capital investment scheme, as the requirement to shift 220KV was essential as the structures was obstructing the stormwater drainage and complying the environmental regulations laid by MPCB**.
Procurement of TLM and Maintenance tools	0.42	• Instruments & Tools are required to measure different technical parameters and plan corrective measures if required, considering deviation. • Good tools reduce time for testing, measuring and other activities and thus improvement in reliability and efficiency. • Instruments are used for conditioned-based monitoring helps in timely maintenance and reduction in equipment failures. • Advanced tools enhance safety to obviate risks and potential incidents.	R&M	0.42	The Petitioner has submitted that the instruments and tools are required to measure different technical parameters. The procurement aims to enhance condition-based monitoring, leading to timely maintenance and a reduction in equipment failures. Maintenance tools do not qualify for Capitalisation under the Capex Regulations, 2022 as Maintenance tools are essential for day-to-day operations and are categorized under Operation and Maintenance (O&M) expenses. According to the Capex Regulations, 2022, O&M expenditures is for costs related to manpower, repairs, spares, consumables, insurance, and overheads.

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		• Claimed under Capex.			**Therefore, the Maintenance tools are not considered as NDPR.**
S/I/T/C of 33 kV Capacitor Banks	1.60	• Procurement, installation, testing and commissioning of 33 kV Capacitor bank at 220kV Versova, Ghodbunder, Chembur & Gorai EHV sub-stations and scrapping of old banks. • 33 kV Capacitors are installed at all the 220 kV EHV stations at AEML-T. • Capacitor banks are required to provide stable voltage level & reactive power compensation in the power system. • In past few years, it is observed that the banks are corroded and deteriorated beyond repair or replacement. Due to which incidences of oil leakages have increased. • Further the connecting links and other components of banks like reactor, NCT etc are also corroded and deteriorated. • As a result of this, local heating occurs increasing the risk of bursting and failures. • In one such incident there was bursting of one capacitor bank and as a result fire had	Capex	1.60	The Petitioner has submitted that the procurement, installation, testing, and commissioning of 33 kV capacitor banks at the specified EHV substations—220kV Versova, Ghodbunder, Chembur, and Gorai—are necessary due to the existing capacitor banks being corroded and deteriorated beyond repair. This condition has led to increased incidences of oil leakages and local heating, which significantly raises the risk of bursting and failure of Capacitor Banks. According to the Capex Regulations, 2022, the replacement of assets that have reached the end of their useful life or are beyond repair is permissible under capital investment schemes, provided adequate justification is submitted. Timely replacement is essential to avoid any potential safety hazards associated with the current capacitor banks. **Therefore, the Commission considers the NDPR as capitalisation subject to submission of final cost-benefit analysis, along with the certificate from the OEM of completion of useful life or the absence of support from the OEM.**

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		occurred at 220 kV Versova EHV station on 07 February,2020. • Such fire incidences in substation are life hazard. It also adds to equipment damage and replacement cost. • Hence it is proposed to replace these capacitors banks with new ones and scrap the old one in phased manner. • The capacitor banks proposed for replacement are deteriorated beyond repair. Many components of the capacitor banks such as capacitor units, joints, clamps etc are rusted. Historically it has been observed that even after replacing faulty components, the capacitor banks develop faults, as more components get faulty. Hence it is proposed to replace the capacitor banks for reliable operation of capacitor units.			
Procurement of Phase identification Kit	0.03	• Cable phase identification kit can used as quick phase identifier for 220kV Underground EHV cables during preventive / breakdown maintenance to	R&M	0.03	The petitioner has stated that the cable phase identification kit is essential for ensuring accurate phase identification of 220kV underground EHV cables during both preventive and breakdown maintenance. This

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		maintain System Availability & Reliability. • Identification of Correct Phase of cable is very important as cutting /Jointing activity on wrong / Incorrect cable may lead to inaccurate phase sequence between two Substation & increase in maintenance cost for restoration. • Claimed under Capex.			tool is crucial for maintaining system availability and reliability, as incorrect cable phase identification can lead to significant issues, including inaccurate phase sequences between substations, which may result in increased maintenance costs for corrections. Maintenance tools or Phase Identification kits do not qualify for Capitalisation under the Capex Regulations, 2022 as Phase identification Kit facilitate for maintenance practices which directly contribute to the routine Maintenance. Phase Identification kits and tools are essential for day-to-day operations and are categorized under Operation and Maintenance (O&M) expenses. According to the Capex Regulations, 2022, O&M expenditures is for costs related to manpower, repairs, spares, consumables, insurance, and overheads. **Therefore, Maintenance tools such Phase Identification kits are not considered as NDPR.**
Procurement & ITC of 220 V Battery Sets for Saki	1.07	• Procurement and ITC of 220V Battery Sets at 220/33kV AEML Saki EHV Substation.	Capex	1.07	The 220V DC battery set at 220 KV EHV Saki has shown signs of deterioration, including reduced efficiency and physical issues such as sweating and corrosion. The battery is crucial

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		• The proposed scheme is critical on account of aged battery sets and dropped efficiency of battery sets. • The proposed scheme is critical to provide Stable and reliable 220V DC System in case of emergencies (e.g. charger failure, AC supply failure) • The proposed scheme is critical to improve stability and reliability of Control and protection system. • Claimed under Capex.			for the trouble-free operation of protection, control, and interlocking circuits of switchgear equipment, serving as a backup DC supply in case of AC supply failure. According to the Capex Regulations, 2022, the replacement of battery sets is considered a capital investment if it is due to the completion of their useful life. **The Commission considers Procurement & I/T/C of 220 V Battery Sets for Saki as capitalisation** subject to submission of final cost-benefit analysis including date of installation of existing Battery set, along with the certificate from the OEM of completion of useful life of Battery or the absence of support from the OEM.
Procurement & ITC of 220 V Battery Charger at Trombay	0.30	• 5 Nos. of 220kV GIS bay are installed and commissioned by AEML at MSETCL 220kV Trombay EHV Substation. • Control and protection of existing 220kV 5 nos. bays is achieved with auxiliary supply of 220V DC. • Existing DC auxiliary supply is provided by 220V Single FCBC Charger of HBL Make Charger, Model No- 69-00081 and Serial No – 8951-3856.	Capex	0.30	The Petitioner has submitted that the scheme involves the procurement and installation of a 220V battery charger at the 220kV Trombay EHV Substation. Further, submitted that the existing DC auxiliary supply is provided by a 220V Single FCBC Charger of HBL Make, which was installed and commissioned in 2012.The scheme is critical for the proper functioning of control and protection systems, ensuring the availability of a reliable 220V DC system. According to the Capex Regulations,

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		• These chargers are installed and commissioned in 2012. • These chargers are 12 years old and have observed abnormalities in routine working conditions. • The case was referred to OEM for repair and retrofitting. However, the OEM has declared charger model as obsolete and expressed difficulty in repairs due to spare constraints and has recommended to replace these chargers with upgraded model. • 220 V DC systems are critical for control and protection scheme of any 220 kV EHV stations. • Hence, AEML-T has proposed to replace the 220 V Charger on urgent basis to ensure reliable protection, working of control system to ensure smooth operations and to mitigate the risk of failure of 220V Chargers. • Claimed under Capex.			2022, the battery Charger is considered a capital investment if it is due to the completion of their useful life. **The Commission considers Procurement & I/T/C of 220 V Battery Sets for at Trombay as capitalisation** subject to submission of final cost-benefit analysis, along with the certificate from the OEM of completion of useful life of Battery charger or the absence of support from the OEM.
Supply of vertical fall	1.89	• Supply & Installation of guided type fall arrester system including a rigid anchor	Capex	1.89	The Petitioner has submitted that the proposed scheme is essential for compliance with the

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
arrester system for EHV towers to be fixed on tower leg and ladders for 53 towers (Lattice-28 and Monopole-25)		line fixed on welded ladders for AEML EHV Transmission Towers having height between 60 to 100 mtrs. • This will avoid any incident / accident during working at height (i.e. tower climbing for patrolling and maintenance) which will help to improve operational safety & security and prevent loss of life. • A vertical lifeline allows movement up and down the entire height of the line, eliminating the need to disconnect and find a new tie-off points while ascending or descending from a tower or ladder. • OSHA-compliant fall protection system for these high-tension power lines keeps linemen safe. • Safety & Security of human life (Line Maintenance Crew) during maintenance activities carried out on Transmission Line towers, enhancing confidence level of working staff. • Proposed installation will improve safe working condition and system parameters.			CEA (Measures relating to Safety and Electric Supply) Regulations, 2023, as well as OHSAAS Guidelines. This initiative enhances the safety and security of human life, particularly for the line maintenance crew during maintenance activities on transmission line towers, thereby reducing the risk of incidents or accidents while working at height. Implementing a vertical lifeline system allows safe movement up and down the entire height of the line, which eliminates the need to disconnect and find new tie-off points during ascent or descent. This improvement in operational safety and security is crucial for maintaining a safe working environment for personnel involved in maintenance activities. The Commission notes that the Scheme is basically for improving operational safety and security as per the Capex Regulations, 2022, which emphasize the importance of enhancing safety measures in capital investment schemes. **Therefore, the Commission considers as NDPR scheme for Capitalisation.**

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		• Claimed under Capex.			
Installation of vertical fall arrester system for EHV towers to be fixed on tower leg and ladders for 53 towers (Lattice-28 and Monopole-25)	0.51	• Supply & Installation of guided type fall arrester system including a rigid anchor line fixed on welded ladders for AEML EHV Transmission Towers having height between 60 to 100 mtrs. • This will avoid any incident / accident during working at height (i.e. tower climbing for patrolling and maintenance) which will help to improve operational safety & security and prevent loss of life. • A vertical lifeline allows movement up and down the entire height of the line, eliminating the need to disconnect and find a new tie-off points while ascending or descending from a tower or ladder. • OSHA-compliant fall protection system for these high-tension power lines keeps linemen safe. • Safety & Security of human life (Line Maintenance Crew) during maintenance activities carried out on Transmission Line towers, enhancing confidence level of working staff.	Capex	0.51	

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		• Proposed installation will improve safe working condition and system parameters. • Claimed under Capex.			
Supply and installation Custom made U-bolts at OPGW fitting for AEML EHV Transmission Towers and Lines	0.20	• During the conversion of earth wire (in service since 1995) to OPGW on AEML Transmission towers in the year 2011 & 2017, suspension fittings were placed at very tiny space at tower peak portion which is resulting into underperformance of OPGW i.e. frequent damages to OPGW Armour Rods. • In order to address the issue, a detailed study was carried out and developed a solution of custom-made U-bolt (protective device) which will be installed on respective 220 kV Suspension Towers (402 nos.) to increase the space between structure angle of tower pick and OPGW Armour Rods / OPGW Suspension fittings. • This will improve safety & security of human life and OPGW asset, during maintenance activities carried out on	Capex	0.20	NDPR scheme submitted by AEML-T for supply and installation of custom-made U-bolts at OPGW fittings for AEML EHV Transmission Towers and Lines. The Scheme is necessary due to the conversion of the earth wire to Optical Ground Wire (OPGW), which has resulted in underperformance and frequent damages to OPGW Armor Rods. The installation of these U-bolts will improve the safety and security of human life (Line Maintenance Crew) during maintenance activities on Transmission Line towers. **According to the Capex Regulations, 2022, any improvements to enhance operational safety and security qualifies under the Capex Regulations, 2022. The scheme aligns with the objectives of system strengthening and modernization, which are essential for maintaining compliance with safety requirements**

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		Transmission Line towers, enhancing confidence level of working staff. • This will also improve System & OPGW Network availability and reliability. • Claimed under Capex.			
Supply of 220V battery charger set at MSETCL Borivali	0.21	• The proposed scheme is critical on account of frequent failures of obsolete 220 V battery charger modules and no support from OEM for existing product. • The proposed scheme is critical to provide Stable and reliable 220V DC System. • The proposed scheme is critical to improve stability and reliability of Control and protection system. • Claimed under Capex.	Capex	0.21	The Petitioner has submitted that NDPR scheme is critical due to frequent failures of obsolete 220V battery charger modules, with no support from the OEM. This scheme is essential for the proper functioning of control and protection systems, ensuring the availability of a reliable 220V DC system. The existing chargers, which are 12 years old, have shown abnormalities in routine working conditions and have been declared obsolete by the OEM, making repairs difficult. The Commission notes that according to the Capex Regulations, 2022 the battery Charger is considered a capital investment if it is due to the completion of their useful life. **The Commission considers Procurement & I/T/C of 220 V battery charger set at MSETCL Borivali as capitalisation** subject to submission of final cost-benefit analysis, along with the certificate from the OEM of completion of useful life of
Replacement of 220V battery charger set at MSETCL Borivali	0.04	• The proposed scheme is critical on account of frequent failures of obsolete 220 V battery charger modules and no support from OEM for existing product. • The proposed scheme is critical to provide Stable and reliable 220V DC System. • The proposed scheme is critical to improve stability and reliability of Control and protection system.	Capex	0.04	

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
		• Claimed under Capex.			Battery charger or the absence of support from the OEM.
Cable Sheath monitoring	2.30	• The objective of the scheme is to measure real time sheath current and provide early failure alarm or warning to take preventive and corrective action much before any catastrophic event. • Scope of work includes Supply, Installation and T&C of distributed FO (Fibre Optic) based electrical passive instrumentation system for online monitoring of 220kV Cable Sheath Current. • Improve reliability of the 220kV Lines. • Claimed under Capex.	Capex	2.30	The Petitioner has submitted NDPR for Cable Sheath monitoring to measure real-time sheath current and provide early failure alarms or warnings to take preventive and corrective actions much before any catastrophic event. It aims to facilitate planning for scheduled maintenance and improve the reliability of the 220kV lines. The scope includes the supply, installation, and testing & commissioning of a distributed Fibre Optic based electrical passive instrumentation system for online monitoring of 220kV cables. The Commission notes that the NDPR for Cable Sheath monitoring schemes aims at enhancing operational safety and security, as specified in the regulations. Additionally, the implementation of advanced monitoring systems contributes to system strengthening and reliability, which are key objectives of capital investment projects. **Hence the scheme is considered for Capitalisation.**
OC related expenses for Saki Station.	0.17	• Scrutiny fees required for availing OC to be paid to BMC. • Claimed under Capex.	R&M	0.17	The Petitioner has submitted it has proposed expense related to obtaining the Occupancy Certificate (OC) for Saki Station and

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OC related expenses for Magathane Station.	0.80	• Existing order of Liaison Architect for obtaining OC will be amended & capitalized. • Claimed under Capex.	R&M	0.80	Magathane. Scrutiny fees required for availing OC will be paid to the Brihanmumbai Municipal Corporation (BMC). The Commission notes that the expense towards obtaining the OC which is part of Administrative and General expenses (A&G) which falls under the head of O&M expenses. **Hence the Scheme is not considered for Capitalisation.**
Tool Kit with Clamp-On meter/multimeter	0.00	• Portable kit with Tools required for Operation of 220kV/33kV/LT by Operation team. • Claimed under Capex.	R&M	0.00	Maintenance tool kits do not qualify for Capitalisation under the Capex Regulations, 2022 as Tool Kit with Clamp-On meter/multi-meter facilitate for maintenance practices which directly contribute to the routine Maintenance work. Tool Kit with Clamp-On meter/multi-meter are essential for day-to-day operations and are categorized under Operation and Maintenance (O&M) expenses. According to the Capex Regulations, 2022, O&M expenditures is for costs related to manpower, repairs, spares, consumables, insurance, and overheads. **Therefore, Maintenance tools such Tool Kit with Clamp-On meter / multi-meter are not considered as NDPR.**

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Portable Diesel Pump for dewatering purpose 3hp	0.01	• Portable diesel operated dewatering machine used for dewatering. Can be operated by one person. • Claimed under Capex.	Capex	0.01	The Petitioner has submitted that procurement of portable diesel-operated dewatering machine which is required for quick dewatering in emergency situations, such as flooding. It can be operated by a single person, making it efficient for urgent dewatering needs. **The Commission notes that new equipment procurement which is capital in nature hence allows as a NDPR scheme.**
Office Chair	0.03	• Most office chairs at 8 nos. EHV Substations are not in good condition. • Claimed under Capex.	R&M	0.03	The Petitioner has submitted that most office chairs at 8 EHV Substations are not in good condition and require replacement. Procurement of office Chairs are part of Administrative and General expenses (A&G) which falls under the head of O&M expenses. **Hence the Scheme is not considered for Capitalisation.**
Procurement of Air conditioning	0.15	Supply and installations of Air Conditioners (ACs) along with safety railings for outdoor units. • Claimed under Capex.	Capex	0.15	The Petitioner has submitted NDPR scheme for supply and installation of air conditioners (ACs) along with safety railings for outdoor units. Controlled temperature is essential for the healthiness of relays and SCADA servers in control rooms. The existing ACs have surpassed their operational age, and their cooling effect is inadequate and beyond repairs. The Commission notes to the existing ACs

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
					having surpassed their operational age and being inadequate in cooling effect, which is critical for maintaining the healthiness of relays and SCADA servers in control rooms. The replacement of assets that have reached the end of their useful life. **Therefore, the Commission allows procurement of air conditioning units as NDPR as it justified under the Capex Regulations, 2022.**
Upgradation of SCADA system with latest OS and SCADA software in compliance with cyber security standards at 3 Nos. of EHV Stations	2.02	• This scheme is proposed to ensure the availability of real time data at AEML SCADA control centre and at SLDC. The proposed upgrade shall also enhance the cyber security posture of SCADA system, as the current running system is obsolete and possess severe cyber risk to SACDA system. • Claimed under Capex.	Capex	2.02	The Petitioner has submitted that NDPR aims to ensure the availability of real-time data at the AEML SCADA control center and at the SLDC. The proposed upgrade will enhance the cyber security posture of the SCADA system, as the current system is obsolete and poses severe cyber risks. The upgrade is necessary to comply with the MERC Regulation clause no. 3.6(h). **The Commission notes that the proposed upgradation of the SCADA system with the latest operating system and SCADA software at three EHV stations is justified under the Capex Regulations,** 2022, particularly in compliance with the MERC Regulation clause no. 3.6(h), which states that improvements in operational safety and security. It will ensure availability of real-time

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
					data at the AEML SCADA control center and the SLDC. At present the SCADA system is obsolete and poses severe cyber risks, this upgrade is necessary to enhance the cyber security posture of the system. Upgradation is necessary for improving operational performance and ensuring compliance with statutory requirements, as specified in the Capex Regulations, 2022. The Petitioner is directed to submit the letter of obsolescence from the OEM for SCADA system.
Walkie Talkie centralised communication unit	0.01	Walkie talkie for 2 nos. MOS teams for communication between shift Engineer and attendant during operation in event for weak or no mobile network. • Claimed under Capex.	Capex	0.01	The Petitioner has submitted NDPR for procurement of walkie talkies for the two MOS teams as it is essential for facilitating communication between the shift engineer and attendant during operations, particularly in areas with weak or no mobile network signals. The Commission notes that by providing reliable communication tools, the employees will contribute to better coordination and response times during operations, ultimately improving overall safety and efficiency. Also, the Commission notes that effective communication is critical for ensuring the reliability of operations, especially in challenging environments where traditional

Project Description	AEML-T Claim	AEML Submission	Capex / R&M	Approved	Approval Remarks
					mobile communication may fail. **Considering the NDPR for safety purposes, the Commission consider as NDPR for Capitalisation.**
Replacement of outdated & incompatible CCTV Cameras (86 Nos) from Tx Sites	1.50	• Procurement and Replacement of existing CCTVs of old make and model. • The proposed scheme is of purpose to increase reliability of our Security automation system, the cameras as of now are obsolete and are also not compatible with our existing technology in terms of stream quality and advance analytics	Capex	1.50	The Petitioner has submitted NDPR scheme for procurement and replacement of existing CCTV cameras that are of old make and model. The current cameras are obsolete and not compatible with the existing technology in terms of stream quality and advanced analytics. The Commission notes that the procurement of new CCTV cameras will enhance the overall security infrastructure, ensuring that the monitoring systems are up to date and capable of meeting current technological standards. However as per Capex Regulations, 2022, the asset replacement is permissible when the assets have completed their useful life or are beyond repair, and in this case, the current CCTV cameras fall under this category due to their obsolescence and incompatibility. **Therefore, the Commission considers this NDPR for Capitalisation subject to submission of obsolescence certificate from OEM or no support from OEM.**

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Supply, ITC and integration of 12 nos. of PMU's in AEML substation	4.90	To comply with the HLC committee recommendations, CE STU has directed the utilities to procure and install PMUs at identified locations in MMR region. Total 65 nos. PMUs are proposed to be installed in MMR region and out of these 14 nos. PMUs are proposed to be installed in AEML substations, 11 nos. are at TATA and 40 nos. are at MSETCL substations. • Claimed under Capex.	Capex	4.90	The Petitioner has submitted NDPR for Supply, ITC and integration of 12 nos. of PMU's in AEML substation, it submitted for complying with the recommendations of the HLC committee, which has directed utilities/License to procure and install Phasor Measurement Units (PMUs) at identified locations in the MMR region. The Petitioner has proposed total of 65 PMUs to be installed in the MMR region, with 14 PMUs designated for AEML substations, while the remaining will be installed at TATA and MSETCL substations. The Commission notes that installation of PMUs is required for enhancing the monitoring and control capabilities of the electrical grid, thereby improving operational efficiency and reliability. The NDPR is essential for adopting advanced technology to ensure the effective management of the power system. **Therefore, the Commission considers NDPR for Capitalisation.**