

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai – 400 005
Tel. 022 - 69876666
Email: mercindia@merc.gov.in
Website: www.merc.gov.in

CASE No. 181 of 2024

In the matter of

Case of Adani Transmission (India) Limited for Approval of Truing-up of Aggregate Revenue Requirement (ARR) FY 2022-23 and FY 2023-24, Provisional Truing-up of FY 2024-25 and ARR for 5th Control Period from 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 Transmission (India) Limited (ATIL), Adani Corporate House, Shantigram, Vaishnodevi Circle, Ahmedabad, has filed a Petition for Truing-up of Aggregate Revenue Requirement (**ARR**) for FY 2022-23 and FY 2023-24, Provisional Truing-up of ARR for FY 2024-25 as per MYT Regulations 2019 and its amendments thereof and determination of ARR for 5th Control Period for FY 2025-26 to FY 2029-30 as per MYT Regulations 2024. The original Petition was filed on 30 October 2024 and the revised Petition was filed on 26 November 2024.

The Petition has been submitted in accordance with the MERC (Multi Year Tariff) Regulations 2019 (**MYT Regulations, 2019**) for Truing-up of ARR for FY 2022-23 and FY 2023-24, Provisional Truing-up of ARR for FY 2024-25 and in accordance with MERC (Multi Year Tariff) Regulations 2024 (**MYT Regulations, 2024**) for determination of ARR for 5th Control Period for 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, 2003 (**EA, 2003**) and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by ATIL, in the public consultation process, and

all other relevant material, has approved the Truing-up of ARR for FY 2022-23 and FY 2023-24, Provisional Truing-up of ARR for FY 2024-25 and determination of ARR for 5th Control Period for FY 2025-26 to FY 2029-30 in this Order.

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LIST OF ABBREVIATIONS

A&G	Administrative & General Expenses
ARR	Aggregate Revenue Requirement
APTEL/ATE	Appellate Tribunal for Electricity
ATIL	Adani Transmission (India) Limited
Capex	Capital Expenditure
ckt km	Circuit Kilometre
Commission/MERC	Maharashtra Electricity Regulatory Commission
D/c	Double Circuit
DCRM	Dynamic Contract Resistance Measurement
DPC	Delayed Payment Charges
DPR	Detailed Project Report
EA, 2003	Electricity Act, 2003
ERS	Emergency Restoration System
FY	Financial Year
GFA	Gross Fixed Assets
H1	Half Year 1 – April to September 2024
H2	Half Year 2 – October 2024 to March 2025
HVDC	High Voltage Direct Current
InSTS	Intra-State Transmission System
IoWC	Interest on Working Capital
km	kilometre
kV	kilo Volt
MCLR	Marginal Cost of Funds-based Lending rate
MSETCL	Maharashtra State Electricity Transmission Company Limited
MTR	Mid-Term Review
MYT	Multi Year Tariff
NTI	Non-Tariff Income
O&M	Operation and Maintenance
R&M	Repair and Maintenance
RBI	Reserve Bank of India
RoE	Return on Equity
SBI	State Bank of India
TSU	Transmission System User
TTSC	Total Transmission System Cost

1 INTRODUCTION

1.1 Background

- 1.1.1 ATIL (formerly known as Adani Power Maharashtra Ltd. (Transmission Business) (APML-T)) was granted Transmission Licence No. 2 in 2009 by the Commission vide Order dated 6 July 2009 in Case No. 138 of 2008. ATIL's Transmission System was commissioned on 26 August 2012.
- 1.1.2 Subsequently, APML-T (presently ATIL) filed a Petition on 17 October 2014, seeking approval of assignment of Transmission License of APML-T to ATIL. Accordingly, the Commission vide Order dated 08 December 2014 in Case No. 189 of 2014 approved the transfer of Transmission License of APML-T to ATIL. As per that approved scheme of assignment, all legal or other proceedings by or against APML-T, whether pending on the appointed date or which may arise in future relating to the APML-T, shall be continued and enforced by or against ATIL, and all matters pertaining to APML-T would now be taken up by ATIL.
- 1.1.3 The Transmission Licence No. 2 in 2009 was further amended through Order dated 9 July 2015 in Case No. 136 of 2014 to include 2×80 MVAR Bus Reactor along with associated bays at the Tiroda Sub-station. The changes in the 'Area of Transmission' of ATIL, made through the Licence amendments are detailed below:

Table 1: Transmission System of ATIL

Licence No. 2 of 2009 (Case No. 138 of 2008 dated 06.07.2009)	Licence No. 2 of 2009 First Amendment (Case No. 62 of 2010 dated 30.03.2011)	Licence No. 2 of 2009 Second Amendment (Case No. 136 of 2014 dated 09.07.2015)
400 kV Double Circuit Transmission Line with quad conductor from Tiroda (Gondia) to proposed 400 kV Koradi II Sub-Station. 400 kV Double Circuit Transmission Line with quad conductor from Tiroda (Gondia) to proposed 400 kV Warora Switching Station. 2 Nos 400 kV Bays for Tiroda-Koradi-II Double	400 kV Double Circuit Transmission Line with quad Conductor from Tiroda (Gondia) to 400 kV Warora Switching Station. 2 Nos, 400 kV Bays for Tiroda-Warora Double Circuit Transmission Lines at Tiroda Project Switchyard. 2 Nos, 400 kV Bays for Tiroda-Warora Double	400 kV Double Circuit Transmission Line with Quad Conductor from Tiroda (Gondia) to 400 kV Warora Switching Station. 2 Nos, 400 kV Bays for Tiroda-Warora Double Circuit Transmission Lines at Tiroda Project Switchyard. 2 Nos, 400 kV Bays for Tiroda-Warora Double

Circuit Transmission Lines at Koradi-II sub-station; 2 Nos 400 kV Bays for Tiroda-Warora Double Circuit Transmission Lines at Warora Switching station.	Circuit Transmission Lines at Warora Switching Station.	Circuit Transmission Lines at Warora Switching station. 2 x 80 MVAR Bus Reactors, along with associated Bays, at the Tiroda Sub-station (added)
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1.1.4 Subsequently, for the 3rd Control Period, the Commission passed an MYT Order on 28 June 2016 in Case No. 7 of 2016 including true-up of FY 2012-13 to FY 2014-15, provisional true-up of FY 2015-16 and projections of 3rd Control Period from FY 2016-17 to FY 2019-20. After that the Commission passed an MTR Order on 12 September 2018 in Case No. 170 of 2017 including true-up of FY 2015-16 and FY 2016-17, provisional true-up of FY 2017-18 and approved the revised Projections for FY 2018-19 to FY 2019-20. For the 4th Control Period, the Commission passed the MYT Order on 30 March, 2020 in Case No. 289 of 2019 including true-up of FY 2017-18 and FY 2018-19, Provisional true-up of FY 2019-20 and projection for 4th Control Period from FY 2020-21 to FY 2024-25. The Commission also passed MTR Order on 31 March, 2023 in Case No. 238 of 2022 including Truing-up for FY 2020-21 and FY 2021-22, Provisional Truing-up for FY 2022-23 and Revised ARR for FY 2023-24 and 2024-25.

1.2 MYT Regulations

- 1.2.1 The Commission notified the MYT Regulations, 2019 on 1 August 2019. These Regulations are applicable for the 4th Control Period from FY 2020-21 to FY 2024-25 and were amended on 10 February 2023 and 8 June 2023.
- 1.2.2 The Commission 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.

1.3 Petition and Prayers of ATIL

- 1.3.1 Regulation 5.1(a) of the MYT Regulations, 2024 specifies that Aggregate Revenue Requirement (ARR) for each year of the 5th MYT Control Period has to be filed by 1 November 2024, along with Truing-up for FY 2022-23 and FY 2023-24 and Provisional Truing-up for FY 2024-25 to be carried out under the MYT Regulations, 2019.
- 1.3.2 Accordingly, ATIL submitted the Petition on 30 October, 2024. On 8 November 2024, the Commission conveyed preliminary data gaps and information required from ATIL. ATIL submitted the replies to the preliminary data gaps on 18 November 2024.
- 1.3.3 The Technical Validation Session (TVS) on the Petition was held on 19 November

2024. The list of persons who attended the TVS is provided at **Appendix 1**.

1.3.4 ATIL filed the revised Petition on 26 November 2024, in accordance with the relevant provisions of MYT Regulations, 2024 and MYT Regulations, 2019, incorporating replies to the queries raised in preliminary and subsequent data gaps and clarifications on the issues raised during the discussion.

1.3.5 The main prayers of ATIL in its revised Petition are as given below:

“

(a) Admit the present Petition.

(b) Allow Additional Capital Cost claimed in this Petition.

(c) Approve the true-up of ARR along with additional Return on Equity and carrying cost for FY 2022-23 and FY 2023-24

(d) Approve the provisional true-up of ARR for FY 2024-25 as indicated in this Petition

(e) Approve the projections of ARR for FY 2025-26 to FY 2029-30 as indicated in this Petition

(f) Allow recovery of the impact of the above prayers from the TSUs along with applicable carrying cost

(g)”

1.4 Admission of Petition and Public Consultation process

1.4.1 The Commission admitted the Petition on 4 December, 2024 and directed ATIL to publish a Public Notice in accordance with Section 64 (2) of the Electricity Act, 2003 in the prescribed abridged form and manner. The Commission also directed ATIL to reply expeditiously to all the suggestions and comments received.

1.4.2 ATIL issued a Public Notice inviting comments/suggestions from the public on its Petition. The Public Notice was published in English in Lokmat Times and The Indian Express, and in Marathi in Loksatta and Deshonnati, all daily newspapers, on 9 December 2024. The Petition and its Summary were made available for inspection/purchase at ATIL's offices and website (www.adanitransmission.com). The Public Notice and Executive Summary of the Petition were also made available on the website of the Commission (www.merc.gov.in) in downloadable format.

1.4.3 The Commission received written comments/suggestions/objections on the Petition from one stakeholder, viz., Maharashtra State Electricity Distribution Company Limited (MSEDCL). The e-Public Hearing was held on 07 January, 2025 through MS Teams. The List of Persons who attended the Public Hearing is at **Appendix-2**.

1.4.4 The Commission has ensured the due process contemplated under the law to ensure transparency and public participation has been 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 seven Sections:

- **Section 1** provides a brief of the regulatory process undertaken by the Commission;
- **Section 2** summarises the written and oral suggestions and objections raised, responses of ATIL and the rulings of the Commission;
- **Section 3** deals with the Truing-up of ARR for FY 2022-23 and FY 2023-24 as per the MYT Regulations 2019;
- **Section 4** deals with the Provisional Truing-up of ARR for FY 2024-25 as per MYT Regulations 2019;
- **Section 5** deals with the determination of ARR for 5th Control Period from FY 2025-26 to FY 2029-30 as per MYT Regulations 2024;
- **Section 6** deals with the Recovery of Transmission Charges.
- **Section 7** deals with the Applicability of the Order.

2 SUGGESTIONS/OBJECTIONS, ATIL's RESPONSES, AND COMMISSION'S RULINGS

2.1 Funding of Capitalisation

Objections/Suggestions

- 2.1.1 MSSEDCL submitted that ATIL has not opted for any separate loan and has financed the capitalisation through internal accruals. Hence, it should not be allowed Interest on loan component.

ATIL's Replies

- 2.1.2 ATIL submitted that it has funded the capitalisation during FY 2022-23 and FY 2023-24 through internal accruals (100% equity) and no separate loan has been taken. In line with Regulation 27.1 of the MYT Regulations, 2019, ATIL has restricted its equity contribution to 30% for calculation of ARR and remaining has been considered through normative debt. ATIL has calculated the interest on loan as per MYT Regulations, 2019.

Commission's Analysis & Ruling

- 2.1.3 The Commission has done the prudence check for the capitalisation done by ATIL in FY 2022-23 and FY 2023-24 and allowed the interest on loan and Return on Equity in accordance with the provisions of the MYT Regulations, 2019, as elaborated in Section 3 of this Order.

2.2 Interest rate on Loan

Objections/Suggestions

- 2.2.1 MSSEDCL submitted that ATIL has calculated the rate of interest on loan for FY 2022-23, FY 2023-24, and FY 2024-25 as 13.25%. However, the Commission has previously approved the rate of interest on Loan for all years as 12.20%. Further, the Appeal filed by ATIL is pending before the Hon'ble APTEL. Hence, the Commission is requested to consider the interest rate as 12.20%.

ATIL's Replies

- 2.2.2 As per Regulation 30.5 of MYT Regulations, 2019, at the time of truing-up, the weighted average rate of interest computed based on the actual long-term loan portfolio during the concerned year shall be considered as the rate of interest.
- 2.2.3 For FY 2022-23 and FY 2023-24, the weighted average rate of interest computed on the basis of the actual long-term loan portfolio is 13.25% and accordingly, ATIL has claimed the same as part of ARR. ATIL has also submitted the Auditor's certificate as documentary support.

Commission's Analysis & Ruling

- 2.2.4 The Commission has approved the Interest rate on long-term loan after prudence check, in line with the view taken in the MTR Order dated 31 March 2023 in Case No. 238 of 2022, as elaborated in relevant Sections of this Order.

2.3 Rate of Interest on Working Capital

Objections/Suggestions

- 2.3.1 MSEDCL stated that ATIL has considered the rate of Interest on working capital as 9.30% and 10.07% per annum for FY 2022-23 and FY 2023-24, respectively. However, the Commission in the MYT Order has determined the rate of Interest on working capital as 9.45% p.a. MSEDCL requested to approve the rate of Interest on working capital as lower of the interest rate approved and actual interest rate on working capital.

ATIL's Replies

- 2.3.2 ATIL has considered the interest rate on working capital as per methodology specified in Regulation 32.1 (f) the MYT Regulations, 2019. The rate of interest on working capital approved by the Commission in the MTR Order was based on base rate prevailing at the time of filing of MTR Petition. In Truing-up of FY 2022-23 and FY 2023-24, weighted average Base Rate prevailing during the concerned Year plus 150 basis points has been considered.

Commission's Analysis & Ruling

- 2.3.3 The Commission has approved the IoWC as per the norms stipulated in the MYT Regulations, 2019 for true up of FY 2022-23 and FY 2023-24, as elaborated in Section 3 of this Order.

2.4 Return on Equity (RoE)

Objections/Suggestions

- 2.4.1 MSEDCL submitted that ATIL has computed RoE in accordance with Regulation 29 of MYT Regulations, 2019. The Commission is requested to approve the same after prudence check.

ATIL's Replies

- 2.4.2 ATIL submitted that it has calculated return on equity in accordance with Regulation 29 of MYT Regulations, 2019 and requested the Commission to approve the RoE as claimed as part of MYT Petition.

Commission's Analysis & Ruling

- 2.4.3 The Commission has approved the Base Rate of Return on Equity and Additional Rate

of Return on Equity in the truing up of FY 2022-23 and FY 2023-24, in accordance with Regulation 29 of the MYT Regulations, 2019, as elaborated in Section 3 of this Order.

2.5 Finance Charges

Objections/Suggestions

- 2.5.1 MSEDCL submitted that ATIL has claimed finance charges of Rs. 0.03 Crore each for FY 202-23 and FY 2023-24 and requested the Commission to approve the same after prudence check.

ATIL's Replies

- 2.5.2 ATIL submitted that it has claimed finance charges in accordance with Regulation 30.8 of MYT Regulations, 2019 and requested the Commission to approve finance charges as claimed in the MYT Petition.

Commission's Analysis & Ruling

- 2.5.3 The Commission has approved the Finance Charges in the truing up of FY 2022-23 and FY 2023-24, in accordance with Regulation 30.8 of the MYT Regulations, 2019 and considering the actuals as reflecting in the Audited Accounts of ATIL, as elaborated in Section 3 of this Order.

2.6 Actual Interest on Working Capital

Objections/Suggestions

- 2.6.1 MSEDCL submitted that ATIL has incurred actual IoWC of Rs. 4.39 Crore for FY 2023-24, and ATIL should provide the reason for the same.

ATIL's Replies

- 2.6.2 ATIL submitted that it has taken working capital loan considering the day-to-day business requirement during the year. Further, over and above normal working capital requirement, there was delay from Transmission Service Users (TSUs) in payment of monthly Transmission Charges, which has resulted into huge outstanding. ATIL had to arrange for working capital requirement for outstanding dues of monthly Transmission Charges by TSUs over and above normative working capital requirement. Hence, comparison between normative working capital requirement and actual working capital requirement of Transmission Licensee is misplaced. ATIL requested the Commission to allow actual interest on working capital as reflected in the Audited Accounts of respective years. ATIL further requested the Commission to allow the sharing of gain/(loss) on IoWC as per MYT Regulations, 2019.

Commission's Analysis & Ruling

- 2.6.3 The Commission has conducted prudence check of actual IoWC claimed by ATIL and allowed the sharing of gain/(loss) on account of difference between normative and actual IoWC in accordance with the MYT Regulations, 2019, as elaborated in Section 3 of this Order.

2.7 Non-Tariff Income

Objections/Suggestions

- 2.7.1 MSEDCL submitted that actual Non-Tariff Income for FY 2022-23 is Rs. 0.47 Crore lower than approved in MTR Order, and ATIL should submit the reasons for significant difference in rebate amount for FY 2022-23 and FY 2023-24.

ATIL's Replies

- 2.7.2 ATIL submitted that Non-Tariff Income projected and approved by the Commission in the MTR Order was based on likely income from contingency reserves only and no reduction on account of rebate was considered. However, at the time of truing up, net Non-Tariff Income has been calculated based on income from contingency reserves and rebate availed by TSUs. ATIL has adjusted the rebate availed by TSUs as reflected in its Audited Accounts, once reconciliation is carried out with MSETCL (STU). Rebate amount is based on the early payment done by TSUs and hence, cannot be compared for two different years.

Commission's Analysis & Ruling

- 2.7.3 The Commission has conducted prudence check of Non-Tariff Income for FY 2022-23 and FY 2023-24 in accordance with the MYT Regulations, 2019 after considering the impact of rebate given to TSU's for early payment, as elaborated in Section 3 of this Order.

2.8 Revenue Gap of FY 2022-23 and FY 2023-24

Objections/Suggestions

- 2.8.1 MSEDCL submitted that the Commission should examine the computation of Revenue Gap for FY 2022-23 and FY 2023-24 as submitted by ATIL. Further, ATIL should provide detailed break-up of the gains/losses shared during FY 2022-23 and FY 2023-24.

ATIL's Replies

- 2.8.2 ATIL submitted that the Revenue Gap for FY 2022-23 and FY 2023-24 is the resultant of truing up exercise carried out in accordance with the MYT Regulations, 2019. ATIL

added that the detailed computation of gains/losses shared during FY 2022-23 and FY 2023-24 has been submitted in the MYT Petition submitted by ATIL.

Commission's Analysis & Ruling

2.8.3 The Commission has re-computed the Revenue Gap for FY 2022-23 and FY 2023-24 based on the actual Revenue and ARR approved after truing up, as elaborated in Section 3 of this Order.

2.9 Opening Equity for FY 2024-25

Objections/Suggestions

2.9.1 MSEDCL submitted that ATIL has considered the Opening Equity for FY 2024-25 as Rs. 213.97 Crore against Rs. 213.91 Crore approved in the MTR Order.

ATIL's Replies

2.9.2 ATIL has carried out additional capitalisation during FY 2022-23 and FY 2023-24 and hence, the opening equity for FY 2024-25 has changed due to equity addition corresponding to additional capitalisation.

Commission's Analysis & Ruling

2.9.3 The Commission has considered the opening equity of FY 2024-25, equal to the closing equity approved after truing up of FY 2023-24, as elaborated in Section 4 of this Order.

2.10 Contribution to Contingency Reserves for the Control Period

Objections/Suggestions

2.10.1 MSEDCL submitted that proposed Contribution to Contingency Reserve for FY 2025-26 to FY 2029-30 range from Rs. 1.78 Crore to Rs. 1.83 Crore and ATIL should submit justification for investment towards Contribution to Contingency Reserves.

ATIL's Replies

2.10.2 ATIL has projected the Contribution to Contingency Reserve for the Control Period and the same will be invested as per the timelines specified in the MYT Regulations, 2024.

Commission's Analysis & Ruling

2.10.3 The Commission has allowed Contribution to Contingency Reserve for the Control Period from FY 2025-26 to FY 2029-30 equal to 0.25% of the Opening GFA, in accordance with the MYT Regulations, 2024, as elaborated in Section 5 of this Order.

2.11 Reduction in Depreciation

Objections/Suggestions

2.11.1 MSEDCL submitted that there is significant reduction in Depreciation in FY 2026-27 and onwards as compared to FY 2025-26, and ATIL should submit the reason for the same.

ATIL's Replies

2.11.2 ATIL has calculated depreciation as per the MYT Regulations, 2024, which provides for spreading the remaining depreciation over balance Useful Life once it reaches cumulative depreciation of 70%.

Commission's Analysis & Ruling

2.11.3 The Commission has approved Depreciation for the Control Period from FY 2025-26 to FY 2029-30 according to the MYT Regulations, 2024, as elaborated in Section 5 of this Order.

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

3.1 Background

- 3.1.1 The Commission issued the Mid-Term Review (MTR) Order dated 31 March 2023 in Case No. 238 of 2022. In the said Order, the Commission approved the True-up of ARR for FY 2019-20, FY 2020-21 and FY 2021-22 and Provisional True-up of FY 2022-23 and approved the revised ARR for FY 2023-24 and 2024-25. ATIL, in its present Petition, 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. ATIL has submitted the True-Up Petition comparing the actual performance of ATIL during FY 2022-23 and FY 2023-24 with the expenses approved in the MTR Order dated 31 March, 2023 in Case No. 238 of 2022.
- 3.1.2 ATIL has submitted that it has filed an Appeal before the Hon'ble APTEL challenging the Commission's Order dated 12 September 2018 in Case No. 170 of 2017. The said Appeal has been registered with the APTEL as Appeal No. 402 of 2018. ATIL has also filed an Appeal before the APTEL against the Commission's MYT Order dated 30 March 2020 in Case No. 289 of 2019. The Appeal is registered as Appeal No. 154 of 2020. Further, ATIL has filed an Appeal before the APTEL against the Commission's MTR Order dated 31 March 2023 in Case No. 238 of 2022. The Appeal is registered as Appeal No. 649 of 2023. All three appeals mentioned herein are subjudice.
- 3.1.3 The detailed analysis underlying the Commission's approval of Truing-up of ARR for FY 2022-23 and FY 2023-24 is set out as below.

3.2 Accounting Statement for the Licensed Transmission Business

ATIL's Submission

- 3.2.1 ATIL submitted that the accounting statement and extracts of book of accounts for FY 2022-23 and FY 2023-24 for the Transmission business under the scope of Licence No. 2 of 2009 has been carved out from the audited accounts of ATIL as a whole (including the Mundra-Mohindergarh HVDC Transmission system and Mundra-Dehgam AC Transmission System), and submitted along with the Petition.
- 3.2.2 ATIL further submitted that the majority of expenses for transmission business have been booked on actual basis as incurred for the transmission segment while balance common expenses have been allocated based on Turnover.

Commission's analysis and Ruling

- 3.2.3 The Commission vide its MYT Order dated 30 March 2020 in Case No. 289 of 2019 and MTR Order dated 31 March 2023 in Case No. 238 of 2022 had directed ATIL to

maintain separate audited accounts for its business as per the requirement of Regulation 2.1(1) of the MYT Regulations, 2019, and henceforth, submit it along with reconciliation statement duly certified by the statutory auditors while claiming truing up of completed years and also directed to ensure compliance of this for future ARR/Tariff Petitions.

- 3.2.4 The Commission had directed ATIL to submit Audited financial statements of ATIL as a whole (including the Mundra-Mohindergarh HVDC Transmission system and Mundra- Dehgam AC Transmission System) and the reconciliation statement for true up years duly certified by the Statutory Auditor, by allocating total expenses and revenue of ATIL as a whole along with the basis of allocation.
- 3.2.5 ATIL, through its reply dated 26th February, 2025, submitted the Accounting statement and extracts of books of accounts of other business of ATIL (carved out accounting statement and Books of Accounts of Mundra-Mohindergarh HVDC Transmission system and Mundra- Dehgam AC Transmission System and other unregulated Business of ATIL)
- 3.2.6 The Commission has verified the reconciliation of the figures between books of accounts of ATIL's various businesses to its Books of Accounts as a whole. The Commission has also verified the basis of allocation of expenses between its businesses. Based on the figures reported, the Commission has verified the expenses claimed in True up of FY 2022-23 and FY 2023-24.

3.3 Operation and Maintenance Expenses

ATIL's Submission

- 3.3.1 Operation and Maintenance (O&M) expenses comprise Employee related costs, Administrative and General (A&G) Expenses, and Repairs and Maintenance (R&M) Expenses.
- 3.3.2 ATIL submitted that the O&M norms applicable to ATIL are specified in Regulation 61.6 of the MYT Regulations, 2019. The Commission, in its MTR Order dated 31.03.2023 in Case No. 238 of 2022 approved O&M expenses of Rs 13.26 Crore and Rs 13.74 Crore for FY 2022-23 and FY 2023-24, respectively, considering the O&M norms specified under Regulation 61.6 of the MYT Regulations, 2019.
- 3.3.3 Normative expenses for FY 2022-23 and FY 2023-24 as approved by the Commission in the MTR Order and as worked out by ATIL as per MYT Regulations, 2019 are as under:

Table 2: Normative O&M Expense for FY 2022-23 & FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	Approved	Petition	Approved	Petition
Avg. length of Transmission Line – ckt km	438	438	438	438
Applicable O&M Norm for Transmission Line (Rs. Lakh / ckt km)	0.91	0.91	0.94	0.94
O&M Expense (Transmission Line)	3.99	3.99	4.12	4.12
Number of Bays (Average)	6	6	6	6
Applicable O&M Cost Norm for Bays (Rs. Lakh / Bay)	154.49	154.49	160.44	160.44
O&M Expense (Bays)	9.27	9.27	9.63	9.63
Total O&M Expenses	13.26	13.26	13.74	13.74

3.3.4 Against such approved normative O&M Expenses, ATIL has provided the actual O&M Expenses for FY 2022-23 and FY 2023-24 as shown in the Table below:

Table 3: Actual O&M Expenses for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Sl. No.	Particulars	FY 2022-23		FY 2023-24	
		MTR Order	ATIL Petition	MTR Order	ATIL Petition
1	R&M Expense	13.26	9.66	13.74	9.66
2	Employee Expense		1.09		1.01
3	A&G Expense		2.40		2.81
Total		13.26	13.15	13.74	13.48

3.3.5 The sharing of Gains/(Losses) claimed by ATIL on account of variation between actual O&M expenses and normative O&M expenses has been worked out and presented in the subsequent paragraphs of this Section.

Commission's Analysis and Ruling

3.3.6 The Commission has verified the audited accounts for the claim of actual O&M Expenses for FY 2022-23 and FY 2023-24. The Commission has analysed the trend of actual O&M expenses as submitted by ATIL for FY 2022-23 and FY 2023-24. The component-wise analysis of actual O&M Expenses of FY 2022-23 and FY 2023-24 is elaborated below:

R&M Expenses

3.3.7 The Commission has observed that actual R&M expenses in FY 2022-23 and FY 2023-24 are marginally higher compared to that in FY 2021-22. The Commission asked ATIL to submit the breakup of R&M expenses in term of supply/service, break up of spare/components, etc. In its reply dated 26th February 2025, ATIL has submitted the R&M

Agreement for FY 2022-23 and FY 2023-24. Hence, the Commission considered total contract value Rs. 8.96 Crore as per R&M agreement for both years in FY 2022-23 and FY 2023-24, along with Rs. 0.09 Crore and Rs. 0.40 Crore for consumption of stores and spares for FY 2022-23 and FY 2023-24, respectively. ATIL has also paid Rs. 0.20 Crore and Rs. 0.22 Crore in FY 2022-23 and FY 2023-24, respectively, to MSETCL for routine maintenance of 2 nos. of its bays at Warora Substation. **Thus, The Commission has considered actual R&M expenses as Rs. 9.66 Crore for both FY 2022-23 and FY 2023-24 as claimed by ATIL.**

A&G Expenses

- 3.3.8 The Commission observed that the A&G expenses are significantly higher compared to that in previous years, and that ATIL has incurred significant expenses on Legal and Professional Charges. Further, A&G expenses include provisioning towards Miscellaneous Expense of Rs 0.54 Crore and Rs. 0.70 Crore in FY 2022-23 and FY 2023-24, respectively.
- 3.3.9 The Commission asked ATIL to submit the break-up of various A&G expenses including break-up of Miscellaneous expense, provide rationale/justification of significant variations from previous years and provide adequate supporting documents. The Commission also notes the major reason for increase in A&G expenses in FY 2022-23 as compared to FY 2021-22 is due to increase in legal and professional expenses, which are approximately 65% of total A&G Expenses.
- 3.3.10 In its Reply dated 26th February, 2025, ATIL has submitted the break-up of Legal and Professional expenses incurred in FY 2022-23 and FY 2023-24. The Commission observes that the major head of expense is due to Corporate allocation from the Group, which is included in legal and professional expense head, whereas in case of other Transmission Licensees, corporate allocation is shown as a separate expense head and does not form part of legal and professional expenses.
- 3.3.11 ATIL submitted that it has incurred expenses under corporate allocation from the Group towards various services extended to ATIL during respective financial year. The services extended to ATIL include centralized procurement of various services, tax consultancy, IT infrastructure, Cyber security, housekeeping, admin services, security, etc.
- 3.3.12 ATIL submitted that it has allocated the corporate allocation to the various business of ATIL based on the Revenue earned by the respective business. Furthermore, ATIL submitted sample invoices of the expenses incurred in FY 2022-23 and FY 2023-24. The Commission has verified the invoices submitted but notes that it incurs significant legal and tax consultancy related expenses. The Commission directs ATIL to ensure against unnecessary legal expenses, which burdens the consumer.

3.3.13 ATIL has also provided the breakup of Miscellaneous expenses Rs 0.54 Crore (i.e., Rs. 0.41 Crore ‘insurance’ + Rs. 0.12 Crore ‘Compensation for ROU/ROW’+ Rs. 0.01 Crore for Advertisement Expenses) in FY 2022-23 and Rs. 0.70 Crore (i.e., Rs. 0.51 Crore ‘insurance’ + Rs. 0.10 Crore ‘Compensation for ROU/ROW’+ Rs. 0.08 Crore for ‘small price difference (MP) and others’)

3.3.14 As per Regulation 2 (63) of MYT Regulation, 2019 ‘Insurance’ is covered under O&M expense, accordingly, the Commission has allowed Insurance expenses of Rs. 0.41 Crore and Rs. 0.51 Crore for FY 2022-23 and FY 2023-24 in A&G expenses. **Thus, the Commission has approved Rs. 0.42 Crore and Rs. 0.60 Crore for FY 2022-23 and FY 2023-24.**

Employee Expenses

3.3.15 As regards employee cost, the Commission observes that, in the MYT Order in Case No. 289 of 2019, the Commission approved the normative O&M expenses for FY 2022-23 and FY 2023-24 . ATIL had projected 192 number of employees in its MYT Petition for these years, whereas in the final truing-up, it has claimed Rs.1.09 Crore and Rs. 1.01 Crore for 44 number of employees for FY 2022-23 and FY 2023-24, respectively. **However, since the employee expenses cost claimed is as per the Audited Accounts and does not vary significantly as compared to earlier years (lower than FY 2021-22) except the disproportionate number of employees as discussed in preceding part of this Order, the Commission is allowing the same in the Truing up of FY 2022-23 and FY 2023-24.**

Table 4: Actual O&M Expenses Approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Sl. No.	Particulars	FY 2022-23			FY 2023-24		
		MTR Order	ATIL Petition	Approved in this Order	MTR Order	ATIL Petition	Approved in this Order
1	R&M Expenses	13.26	9.66	9.66	13.74	9.66	9.66
2	Employee Expenses		1.09	1.09		1.01	1.01
3	A&G Expenses		2.40	2.28		2.81	2.71
Total		13.26	13.15	13.03	13.74	13.48	13.38

3.3.16 Accordingly, the Commission has approved the actual O&M expenses of Rs. 13.03 Crore and Rs. 13.38 Crore after truing up for FY 2022-23 and FY 2023-24, respectively.

3.3.17 The normative O&M expenses have been approved based on the O&M norms specified under Regulation 61 of the MYT Regulations, 2019. The Commission observes from the response submitted by ATIL dated 26th February, 2025 that 2 nos. of Bays at Warora are being maintained by MSETCL for routine maintenance. The Commission notes that

actual maintenance expenses payable to MSETCL for 2 nos. of bays at Warora is considerably lesser, at Rs. 0.20 Crore and Rs. 0.22 Crore for FY 2022-23 and FY 2023-24, respectively. Even considering the cost of spares to be borne by ATIL, the O&M cost is significantly lower than the O&M norms applicable for ATIL.

3.3.18 The Commission also notes that MSETCL routinely maintains bays for other Transmission Service Providers (TSP) and has recently, on 6th January 2025, issued Guidelines for recovery of O&M charges by MSETCL from InSTS Licensees and Transmission Service Providers (TSP) under Tariff Based Competitive Bidding (TBCB), and the effective O&M charges are stipulated for the Control Period from FY 2025-26 to FY 2029-30.

3.3.19 The Commission is hence, of the opinion that the normative O&M expense of these 2 Bays should be based on O&M norms specified for MSETCL rather than the O&M norms applicable for ATIL, as these bays are mostly maintained by MSETCL only and allowing norms applicable for ATIL for these 2 bays seems unjustified. Hence, the Commission has computed the normative O&M Expense of ATIL based on O&M norms for new Transmission Licensees for 4 nos. of 400 kV Bays located in Tiroda Substation and based on O&M Norms of MSETCL for the remaining 2 nos. 400 kV Bays located in Warora Substation. Hence, the normative O&M expenses as approved by the Commission after truing up for FY 2022-23 and FY 2023-24 are given in the Table below:

Table 5: Revised Normative O&M Expenses approved by the Commission for FY 2022-23 and FY 2023-24

Particulars	FY 2022-23			FY 2023-24		
	Approved	ATIL Petition	Approved in this Order	Approved	Normative -ATIL	Approved in this Order
Avg. length of Transmission Line – ckt km	438	438	438	438	438	438
Applicable O&M Norm for Transmission Line (Rs. Lakh /ckt km)	0.91	0.91	0.91	0.94	0.94	0.94
O&M Expense (Transmission Line) - (Rs Crore)	3.99	3.99	3.99	4.12	4.12	4.12
Number of Bays (Average)	6	6	6	6	6	6
Applicable O&M Cost Norm for Bays (Rs. Lakh / Bay)	154.49	154.49	154.49 for Tiroda bays and 120.49 for Warora Bays	160.44	160.44	160.44 for Tiroda bays and 125.13 for Warora Bays

Particulars	FY 2022-23			FY 2023-24		
	Approved	ATIL Petition	Approved in this Order	Approved	Normative -ATIL	Approved in this Order
O&M Expense (Bays) - (Rs Crore)	9.27	9.27	8.59	9.63	9.63	8.92
Total O&M Expenses	13.26	13.26	12.58	13.74	13.74	13.04

3.3.20 Accordingly, the Commission has approved the Normative O&M expenses of Rs. 12.58 Crore and Rs. 13.04 Crore after truing up for FY 2022-23 and FY 2023-24, respectively.

3.3.21 The Commission has considered O&M Expenses as controllable expenses. The gains/losses on account of variation between actual O&M Expenses and normative O&M Expenses for FY 2022-23 and FY 2023-24 have been computed in accordance with the provisions of the MYT Regulations, 2019, as elaborated subsequently in this Section.

3.4 Capital Expenditure and Capitalisation

ATIL's Submission

3.4.1 ATIL submitted that the Commission has approved "Nil" Capitalization for FY 2022-23 and FY 2023-24 in the MTR Order dated 31st March 2023 in Case No. 238 of 2022. ATIL has carried out capitalisation of Rs. 0.17 Crore and Rs. 0.02 Crore during FY 2022-23 and FY 2023-24, respectively.

3.4.2 ATIL submitted that it has not taken separate loans and has managed financing through internal accruals. Accordingly, for regulatory purposes, a normative Debt:Equity structure of 70:30 has been considered.

Commission's Analysis and Ruling

3.4.3 The Commission observes that ATIL has carried out Non-DPR capitalization of Rs. 0.17 Crore and Rs. 0.02 Crore in FY 2022-23 and FY 2023-24, respectively, pertaining to office equipment like LED TV, Camera, and biometric face recognition system for the safety of the assets.

3.4.4 It is observed that ATIL had not projected such Non-DPR capitalisation in its MYT Petition or even in its MTR Petition filed in November 2022, and has carried out capitalisation of Rs. 0.17 Crore in FY 2022-23. ATIL has also not registered the Non-DPR Schemes with the Commission in accordance with the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022. ATIL has not submitted any details or justification for these Non-DPR Schemes in its MYT Petition, and even

in the replies to data gaps, ATIL has only provided the names of the Schemes, without any other details being submitted.

Hence, the Commission has disallowed the Capitalisation claimed by ATIL for FY 2022-23 and FY 2023-24. Henceforth, ATIL should ensure that the Non-DPR Schemes are registered with the Commission in accordance with the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022, as in the absence of such registration, the Commission shall be constrained to disallow such Non-DPR Capitalisation.

3.4.5 The Capitalization approved by the Commission after truing up for FY 2022-23 and FY 2023-24, is given in the Table below:

Table 6: Capitalization approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	Approved	ATIL Petition	Approved in this Order	Approved	ATIL Petition	Approved in this Order
Capitalisation	-	0.17	-	-	0.02	-

3.4.6 Accordingly, the Commission has approved 'Nil' Capitalisation after truing up for FY 2022-23 and FY 2023-24.

3.5 Depreciation

ATIL's Submission

3.5.1 ATIL submitted that Depreciation has been calculated on the average Gross Fixed Assets (GFA) during the year based on straight line method and the rates of depreciation prescribed under Regulation 28 of the MYT Regulations, 2019.

3.5.2 ATIL submitted that it has considered Opening GFA for FY 2022-23 same as closing GFA of FY 2021-22, without prejudice to the outcome of its all three Appeals.

3.5.3 The summary of Depreciation claimed by ATIL for FY 2022-23 and FY 2023-24 is as follows:

Table 7: Depreciation for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	ATIL Petition	MTR Order	ATIL Petition
Opening GFA	713.04	713.04	713.04	713.21

Additions during the year	-	0.17	-	0.02
Retirement	-	-	-	-
Closing GFA	713.04	713.21	713.04	713.23
Depreciation	37.75	37.75	37.65	37.65

Commission's Analysis and Ruling

- 3.5.4 The Commission has considered the Opening GFA for FY 2022-23 equal to the closing GFA as approved in the truing up of FY 2021-22 in the MTR Order dated 31st March 2023 in Case No. 238 of 2022. The addition to GFA in FY 2022-23 and FY 2023-24 has been considered as Nil equal to the Capitalisation approved for FY 2022-23 and FY 2023-24, as elaborated earlier.
- 3.5.5 The Commission has approved the Depreciation for FY 2022-23 and FY 2023-24 in accordance with Regulation 28 of the MYT Regulations, 2019, as shown in the Table below:

Table 8: Depreciation approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	ATIL Petition	Approved in this Order	MTR Order	ATIL Petition	Approved in this Order
Opening GFA	713.04	713.04	713.04	713.04	713.21	713.04
Additions during the year	-	0.17	-	-	0.02	-
Retirement	-	-	-	-	-	-
Closing GFA	713.04	713.21	713.04	713.04	713.23	713.04
Depreciation	37.75	37.75	37.75	37.65	37.65	37.65

- 3.5.6 Accordingly, the Commission has approved the Depreciation of Rs. 37.75 Crore and Rs. 37.65 Crore after truing up for FY 2022-23 and FY 2023-24, respectively.

3.6 Interest on Long-Term Loans

ATIL's Submission

- 3.6.1 ATIL submitted that it has computed the interest on loan for FY 2022-23 and FY 2023-24 in accordance with Regulation 27 and Regulation 30 of the MYT Regulations, 2019. Further, Regulation 30 provides that the repayment shall be deemed to be equal to the depreciation allowed for that year.
- 3.6.2 ATIL submitted that as per Regulation 30.5 of the MYT Regulations, 2019, ATIL has computed the weighted average interest rate of loan for FY 2022-23 and FY 2023-24

as 13.25% computed on the basis of actual loan portfolio of the year. ATIL also submitted the Auditor Certificate for the actual weighted average rate of interest for FY 2022-23 and FY 2023-24.

- 3.6.3 ATIL submitted that it has computed the normative loan and corresponding interest expenses based on actual loan portfolio as per the above referred Regulations for FY 2022-23 and FY 2023-24. Further, interest on normative loan portfolio has been worked out based on weighted average interest rate on actual loan portfolio as stated earlier.
- 3.6.4 ATIL submitted that, it has incurred Finance Charges of Rs. 0.03 Crore and Rs. 0.03 Crore for FY 2022-23 and FY 2023-24, respectively, and the same has been claimed as part of interest expense.
- 3.6.5 ATIL has filed three Appeals, which are pending before the Hon'ble APTEL with reference to disapproval of actual interest rate of 13.25% by the Commission.
- 3.6.6 The computation of interest on loan by ATIL vis-à-vis the interest cost approved in the MTR Order for FY 2022-23 and 2023-24 is given in the Table below:

Table 9: Interest on Loan for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	ATIL Petition	MTR Order	ATIL Petition
Opening Balance of Loan	139.22	139.22	101.46	101.58
Addition of Loan during the year	-	0.12	-	0.01
Repayment of Loan during the year	37.75	37.75	37.65	37.65
Closing Balance of Loan	101.46	101.58	63.82	63.94
Average Loan balance during year	120.34	120.40	82.64	82.76
Interest Rate	12.20%	13.25%	12.20%	13.25%
Interest Expense	14.68	15.95	10.08	10.97
Finance Charges	-	0.03	-	0.03
Total Interest Expenses	14.68	15.98	10.08	11.00

Commission's Analysis and Ruling

- 3.6.7 The Commission has considered the approved closing loan balance approved in the truing up of FY 2021-22 as opening loan balance of FY 2022-23. Further, the loan addition has been considered as Nil for FY 2022-23 and FY 2023-24, based on approved capitalisation during the respective years.
- 3.6.8 The Commission continues to approve the rate of interest at 12.20 % p.a. for FY 2022-23 and FY 2023-24, as was approved in the MTR Order dated 31 March 2023. The interest on loan approved by the Commission after truing up for FY 2022-23 and FY

2023-24 is shown in the Table below:

Table 10: Interest on Loan approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	ATIL Petition	Approved in this Order	MTR Order	ATIL Petition	Approved in this Order
Opening Loan Balance	139.22	139.22	139.22	101.46	101.58	101.47
Loan Addition during the year	-	0.12	-	-	0.01	-
Repayment of Loan during the year	37.75	37.75	37.75	37.65	37.65	37.65
Closing Balance of Loan	101.46	101.58	101.47	63.82	63.94	63.82
Average Loan balance during year	120.34	120.40	120.34	82.64	82.76	82.64
Interest Rate	12.20%	13.25%	12.20%	12.20%	13.25%	12.20%
Interest Expense	14.68	15.95	14.68	10.08	10.97	10.08
Finance Charges	-	0.03	0.03	-	0.03	0.03
Total Interest Expenses	14.68	15.98	14.71	10.08	11.00	10.11

3.6.9 Accordingly, the Commission has approved the Interest on Loan of Rs. 14.71 Crore and Rs. 10.11 Crore after truing up for FY 2022-23 and FY 2023-24, respectively.

3.7 Interest on Working Capital

ATIL's Submission

3.7.1 ATIL submitted that IoWC has been computed for FY 2022-23 and FY 2023-24 as per Regulation 32.2 of the MYT Regulations, 2019. ATIL has considered the rate of interest on working capital as 9.30% and 10.07% p.a. for FY 2022-23 and FY 2023-24, respectively, based on the weighted average 1-year SBI MCLR prevailing during the concerned Year plus 150 basis points, which has been applied on the normative working capital requirement, to arrive at the interest on working capital, as shown in the Table below:

Table 11: Normative Interest on Working Capital for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	ATIL Petition	MTR Order	ATIL Petition
O&M Expenses for one month	1.10	1.10	1.15	1.15
Maintenance Spares @ 1% of the opening GFA for the year	7.13	7.13	7.13	7.13
Receivables equal to 1.5 month of revenue from Transmission Charges	16.38	16.38	17.62	17.62
Less: Amount of Security Deposit from Transmission System Users	-	-	-	-
Total Working Capital Requirement	24.61	24.62	25.89	25.90
Interest Rate (%)	9.45%	9.30%	9.45%	10.07%
Interest on Working Capital	2.33	2.29	2.45	2.61

3.7.2 ATIL also submitted the actual IoWC incurred for FY 2022-23 and FY 2023-24, as shown in the Table below:

Table 12: Actual IOWC Expense for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	FY 2023-24
1	Actual Interest on Working Capital	3.60	4.39
2	Delayed Payment Surcharge	5.23	-
3	Net actual interest on Working Capital for sharing of gains/(losses) (1-2)	0.00	4.39

Commission's Analysis and Ruling

3.7.3 The Commission has determined the total working capital requirement and IoWC in accordance with Regulation 32.2 of the MYT Regulations, 2019

Base rate in the MYT Regulation 2019 has been defined and provided as below:

“(11) “Base Rate” shall mean the one-year Marginal Cost of Funds-based Lending Rate (‘MCLR’) as declared by the State Bank of India from time to time;”

3.7.4 The interest rate for computation of IoWC has been considered equal to the weighted average 1-year SBI MCLR prevailing during the concerned year plus 150 basis points, i.e., 9.30% and 10.07% for FY 2022-23 and FY 2023-24, respectively.

3.7.5 The IoWC approved after truing up for FY 2022-23 and FY 2023-24 is given in the following table:

Table 13: Weighted Average Base Interest rate for FY 2022-23 and FY 2023-24, as approved by Commission (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	ATIL Petition	Approved in this Order	MTR Order	ATIL Petition	Approved in this Order
O&M Expenses for one month	1.10	1.10	1.05	1.15	1.15	1.09
Maintenance Spares @1% of the Opening GFA	7.13	7.13	7.13	7.13	7.13	7.13
Receivables equal to 1.5 month of revenue from Transmission Charges	16.38	16.38	16.38	17.62	17.62	17.62
Less: Amount of Security Deposit from Transmission System Users	-	-	-	-	-	-
Total Working Capital Requirement	24.61	24.62	24.56	25.89	25.90	25.83
Rate of Interest (% p.a.)	9.45%	9.30%	9.30%	9.45%	10.07%	10.07%
Interest on Working Capital	2.33	2.29	2.28	2.45	2.61	2.60

3.7.6 Accordingly, the Commission has approved the IoWC of Rs. 2.28 Crore and Rs. 2.60 Crore after truing up for FY 2022-23 and FY 2023-24, respectively.

3.7.7 The Commission has verified the actual IoWC from the Audited Accounts submitted by ATIL, and reduced the Delayed Payment Surcharge from the actual IoWC, for arriving at the actual IoWC to be considered for sharing of gains and losses, as shown in the Table below:

Table 14: Actual IOWC Expense for FY 2022-23 and FY 2023-24 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	FY 2023-24
1	Actual Interest on Working Capital	3.60	4.39
2	Delayed Payment Surcharge	5.23	-
3	Net actual IoWC (1-2)	-	4.39

3.7.8 Accordingly, the Commission has approved the actual IoWC as Nil and Rs. 4.39 Crore after truing up for FY 2022-23 and FY 2023-24, respectively.

3.7.9 Considering that IoWC is a controllable expense, the difference between normative IoWC and actual IoWC for FY 2022-23 and FY 2023-24 has been computed and considered as efficiency gain/loss, and shared between ATIL and the beneficiaries, in line with MYT Regulations, 2019, as elaborated subsequently in this Section.

3.8 Contribution to Contingency Reserves

ATIL's Submission

- 3.8.1 ATIL submitted that it has invested additional Rs. 1.29 Crore and Rs. 2.79 Crore for FY 2022-23 and FY 2023-24, respectively, within the time limit specified in Regulation 35.1 of the MYT Regulations, 2019.
- 3.8.2 The Contribution to Contingency Reserves claimed by ATIL vis-à-vis that approved in the MTR Order for FY 2022-23 and FY 2023-24, is given in the Table below:

Table 15: Contribution to Contingency Reserves for FY 2022-23 and 2023-24 as submitted by ATIL (Rs. Crore)

Contingency Reserves	FY 2022-23		FY 2023-24	
	MTR Order	ATIL Petition	MTR Order	ATIL Petition
Opening Balance of Contingency Reserves	14.56	14.56	16.34	15.85
Opening Gross Fixed Assets	713.04	713.04	713.04	713.21
Opening Balance of Contingency Reserves as % of Opening GFA	2.04%	2.04%	2.29%	2.22%
Contribution to Contingency Reserves during the year	1.78	1.29	1.78	2.79
Utilisation of Contingency Reserves during the year	-	-	-	-
Closing Balance of Contingency Reserves as % of Opening GFA	2.29%	2.22%	2.54%	2.61%
Closing Balance of Contingency Reserves	16.34	15.85	18.13	18.64

Commission's Analysis and Ruling

- 3.8.3 Regulation 35.1 of the MYT Regulations, 2019 allows contribution to contingency reserve as 0.25% to 0.50% of the opening GFA of the respective years. However, it is also specified that where such appropriation is made, the Licensee has to invest the same in Securities authorised under the Indian Trusts Act, 1882 and submit the proof of investment.
- 3.8.4 ATIL has invested the contribution to contingency reserve in Government Securities as directed by the Commission. The Commission has verified the documentary evidences provided by ATIL and finds that ATIL has invested Rs. 1.26 Crore and Rs. 2.79 Crore in FY 2022-23 and FY 2023-24.
- 3.8.5 However, ATIL has invested Contribution to Contingency Reserves equal to 0.39% of Opening GFA in FY 2023-24. In response to the Commission's query in this regard, ATIL submitted that the MYT Regulations, 2019 allows contribution to contingency reserve as 0.25% to 0.50% of the opening GFA, hence, the investment made by ATIL

is within the permissible limit specified in the MYT Regulations, 2019.

3.8.6 In the MYT Order, the Commission had approved the Contribution to Contingency Reserves at 0.25% of opening GFA FY 2022-23 and FY 2023-24. Hence, though the MYT Regulations, 2019 specifies the range of 0.25% to 0.50% of Opening GFA, the Commission has allowed only 0.25% of Opening GFA towards Contribution to Contingency Reserves. Accordingly, in the truing up for FY 2023-24, the Contribution to Contingency Reserves has been limited to 0.25% of Opening GFA, as approved in the MYT Order.

3.8.7 The Contribution to Contingency Reserves approved by the Commission after truing up for FY 2022-23 and FY 2023-24 is shown in the following Table:

Table 16: Contribution to Contingency Reserves approved by the Commission for FY 2022-23 and 2023-24 (Rs. Crore)

Contingency Reserves	FY 2022-23			FY 2023-24		
	MTR Order	ATIL Petition	Approved in this Order	MTR Order	ATIL Petition	Approved in this Order
Opening GFA	713.04	713.04	713.04	713.04	713.21	713.04
Contribution to Contingency Reserves	1.78	1.29	1.26	1.78	2.79	1.78

3.8.8 Accordingly, the Commission has approved the Contribution to Contingency Reserves as Rs. 1.26 Crore and Rs. 1.78 Crore after truing up for FY 2022-23 and FY 2023-24, respectively.

3.9 Return on Equity

ATIL's Submission

3.9.1 ATIL submitted that it has computed Base Rate of Return on Equity (RoE) and Additional Rate of RoE for FY 2022-23 and FY 2023-24 in accordance with Regulation 29 of the MYT Regulations, 2019.

3.9.2 ATIL submitted that without prejudice to the outcome of all three pending appeals before Hon'ble APTEL, RoE has been computed based on opening capital cost of project as on 1st April, 2022 as approved by the Commission in the MTR Order dated 31st March 2023 in Case No. 238 of 2022. Hence, the same has been computed considering 30% equity, as the actual equity deployed for the project is more than 30% of the capital cost.

3.9.3 ATIL submitted that it has achieved Transmission Availability of 99.88% and 99.84% for FY 2022-23 and FY 2023-24, respectively. Hence, ATIL is eligible for 15.5% rate

of RoE (base rate of RoE of 14% and 1.5% additional rate of return on equity) for FY 2022-23 and FY 2023-24.

3.9.4 ATIL submitted that it has paid income tax at prevailing MAT rate of 17.472% for FY 2022-23 and FY 2023-24 both. Hence, rate of pre-tax return on equity has been computed as 18.782% (i.e., $15.5\% / (1 - 17.472\%)$).

3.9.5 ATIL's ROE computation vis-à-vis the ROE approved in the MTR Order for FY 2022-23 and FY 2023-24 is given in the Table below:

Table 17: Return on Equity for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	ATIL Petition	MTR Order	ATIL Petition
Regulatory Equity at the beginning of the year	213.91	213.91	213.91	213.96
Equity portion of capitalisation during the year	-	0.05	-	0.01
Reduction in Equity Capital on account of retirement / replacement of assets	-	-	-	-
Regulatory Equity at the end of the year	213.91	213.96	213.91	213.97
Rate of Return on Equity	14.00%	15.50%	14.00%	15.50%
Tax Rate	17.472%	17.472%	17.472%	17.472%
Rate of pre-tax Return on Equity	16.96%	18.78%	16.96%	18.78%
Return on Regulatory Equity at the beginning of the year	36.29	40.18	36.29	40.19
Return on Equity portion of capitalisation during the year	-	0.00	-	0.00
Total Return on Regulatory Equity	36.29	40.18	36.29	40.19

Commission's Analysis and Ruling

3.9.6 Regulations 29.1, 29.2 and 29.3 of the MYT Regulations, 2019 provide for Base Rate of RoE for Transmission Licensees at 14% on the opening equity and on 50% of the equity addition during the year. Regulation 29.7 of the MYT Regulations, 2019 provides for additional rate of RoE based on achievement of specified performance parameters, as 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 pro-rata 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.”

- 3.9.7 The Commission has considered opening balance of equity for FY 2022-23 equal to the closing balance of equity as approved in the truing up for FY 2021-22 in the MTR Order dated 31st March 2023. The normative addition to equity during FY 2022-23 and FY 2023-24 has been considered as Nil, considering the Nil Capitalisation approved for FY 2022-23 and FY 2023-24, as elaborated earlier.
- 3.9.8 The Commission has verified the Transmission Availability as claimed by ATIL as 99.88% and 99.84% for FY 2022-23 and FY 2023-24, respectively, based on the SLDC certificate submitted by ATIL. Accordingly, ATIL is eligible for 1.5% of additional rate of RoE for FY 2022-23 and FY 2023-24.
- 3.9.9 Further, Regulations 34.2 to 34.5 of the MYT Regulations, 2019 applicable for FY 2020-21 to FY 2024-25 provides for rate of RoE including additional rate of RoE to be grossed up with the effective tax rate for the respective financial year. The effective tax rate of ATIL has been verified to be the MAT rate of 17.472% for FY 2022-23 and FY 2023-24, based on the Income Tax Returns submitted by ATIL. Thus, the effective pre-tax Base Rate of RoE works out to 16.96% (14% grossed up by Tax rate of 17.472%) and Additional RoE works out to 1.82% (1.5% grossed up by Tax rate of 17.472%).
- 3.9.10 The Commission has approved the Base RoE and Additional RoE separately in the truing up for FY 2022-23 and FY 2023-24, as shown in the Tables below:

Table 18: Base Rate of RoE approved by the Commission for FY 2022-23 and FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	ATIL Petition	Approved in this Order	MTR Order	ATIL Petition	Approved in this Order
Regulatory Equity at the beginning of the year	213.91	213.91	213.91	213.91	213.96	213.91
Equity addition during the year	-	0.05	-	-	0.01	-
Reduction in Equity Capital on account of retirement / replacement of assets	-	-	-	-	-	-
Regulatory Equity at the end of the year	213.91	213.96	213.91	213.91	213.97	213.91
Base Rate of RoE ^{\$}	14.00%	15.50%	14.00%	14.00%	15.50%	14.00%
Tax Rate	17.472%	17.472%	17.472%	17.472%	17.472%	17.472%
Pre-tax Base Rate of RoE	16.96%	18.78%	16.96%	16.96%	18.78%	16.96%
Return on Regulatory Equity at the beginning of the year	36.29	40.18	36.29	36.29	40.19	36.29
Return on Equity portion of capitalisation during the year	-	0.00	-	-	0.00	-
Total Base Return on Regulatory Equity	36.29	40.18	36.29	36.29	40.19	36.29

\$: ATIL has claimed combined pre-tax RoE (Base RoE plus Additional RoE) of 18.78% in its Petition, whereas the Commission has approved Base pre-tax RoE and Additional pre-tax RoE separately

Table 19: Additional RoE for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)

Particulars	FY 2022-23		FY 2023-24	
	ATIL Petition	Approved in this Order	ATIL Petition	Approved in this Order
Target Availability	99.00%	99.00%	99.00%	99.00%
Actual Availability Achieved	99.88%	99.88%	99.84%	99.84%
Additional rate of return on equity		1.50%		1.50%
Pre-tax rate of RoE		1.82%		1.82%
RoE on the average balance		3.89		3.89

Note: ATIL has claimed combined Base RoE plus Additional RoE in its Petition as shown in the previous Table, hence, not shown separately under this Table

3.9.11 Accordingly, the Commission has approved the RoE of Rs. 40.18 Crore (Rs. 36.29

Crore Base RoE and Rs. 3.89 Crore Additional RoE) after truing up for each of the Year FY 2022-23 and FY 2023-24.

3.10 Non-Tariff Income and Other Business Income

ATIL's Submission

- 3.10.1 ATIL submitted that the income from contingency reserve for FY 2022-23 and FY 2023-24 has been considered as Non-Tariff Income. ATIL has passed on rebate to the TSUs in FY 2022-23 and FY 2023-24, which has been reduced from the Non-Tariff Income.
- 3.10.2 ATIL further submitted that according to the MYT Regulations, 2019, interest earned from investments made out of RoE corresponding to the regulated Business of the Transmission Licensee shall not be included in Non-Tariff Income. During FY 2022-23, Rs. 1.18 Crore of interest income has been earned from the amount earned out of RoE and hence, the same is not offered as part of Non-Tariff Income. Further, ATIL has not carried out any Other Business during FY 2022-23 and FY 2023-24. Hence, there is no income under the said head.
- 3.10.3 Therefore, Non-Tariff Income claimed by ATIL for FY 2022-23 and FY 2023-24 is shown in the Table below:

Table 20: Non-Tariff Income for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Non-Tariff Income	FY 2022-23		FY 2023-24	
	MTR Order	ATIL Petition	MTR Order	ATIL Petition
Non-Tariff Income	0.86	0.47	0.98	0.86

Commission's Analysis and Ruling

- 3.10.4 The Commission has verified the computations submitted by ATIL pertaining to interest income from Contingency Reserves and the Auditor's Certificate for the same, and has accordingly, considered the Non-Tariff Income for FY 2022-23 and FY 2023-24.
- 3.10.5 The Commission also notes that ATIL has claimed rebate given to TSU's of Rs. 0.30 Crore and Rs. 0.13 Crore in FY 2022-23 and FY 2023-24, respectively. The Commission has verified the claim based on documentary evidence submitted by ATIL in the form of STU certificate. The amount of rebate given by ATIL has been reduced from the Non-Tariff Income.
- 3.10.6 In view of the same, the Non-Tariff Income approved by the Commission after truing

up for FY 2022-23 and FY 2023-24 is given in the Table below:

Table 21: Non-Tariff Income approved by the Commission for FY 2022-23 & FY 2023-24 (Rs. Crore)

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	ATIL Petition	Approved in this Order	MTR Order	ATIL Petition	Approved in this Order
Non-Tariff Income	0.86	0.47	0.47	0.98	0.86	0.86

3.10.7 Accordingly, the Commission approves Rs. 0.47 Crore and Rs. 0.86 Crore for FY 2022-23 and FY 2023-24 respectively.

3.11 Sharing of Gains / Losses

ATIL's Submission

3.11.1 ATIL submitted that the sharing of gains and losses on account of uncontrollable and controllable factors have been computed in accordance with Regulations 10 and 11 of the MYT Regulations, 2019. In case of uncontrollable factors, the gains/losses are entirely passed through as an adjustment in tariff. In case of controllable factors, the gains/losses are shared between the Licensee and the beneficiary in the form of tariff adjustment.

3.11.2 The sharing of gains and losses as submitted by ATIL for FY 2022-23 and FY 2023-24 is shown in the Table below:

Table 22: Sharing of Gains/Losses for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	MTR order	Revised Normative/ Actual	Actual	Deviation	Controllable	Uncontrollable	Net Entitlement
		a	b	c	d = c - a	e = d - f	f = b - a	g = a + e/3 + f
1	O&M Expenses	13.26	13.26	13.15	(0.11)	(0.11)	-	13.19
2	Depreciation Expenses	37.75	37.75	37.75	0.00		0.00	37.75
3	Interest on Long-term Loan Capital	14.68	15.98	15.98	1.30		1.30	15.98
4	Interest on Working Capital	2.33	2.29	-	(2.33)	(2.29)	(0.04)	0.76
5	Contribution to Contingency reserves	1.78	1.29	1.29	(0.49)		(0.49)	1.29
6	Total Revenue Expenditure	69.80	70.57	68.18	(1.62)	(2.39)	0.78	68.97
7	Return on Equity Capital	36.29	40.18	40.18	3.89		3.89	40.18
8	Aggregate Revenue Requirement	106.09	110.75	108.36	2.27	(2.39)	4.67	109.15

Sr. No.	Particulars	MTR order	Revised Normative/ Actual	Actual	Deviation	Controllable	Uncontrollable	Net Entitlement
		a	b	c	d = c - a	e = d - f	f = b - a	g = a + e/3 + f
9	Less: Non -Tariff Income	0.86	0.47	0.47	(0.39)		(0.39)	0.47
10	Transmission ARR	105.23	110.28	107.89	2.66	(2.39)	5.06	108.68

Table 23: Sharing of Gains/Losses for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	MTR order	Revised Normative/ Actual	Actual	Deviation	Controllable	Uncontrollable	Net Entitlement
		a	b	c	d = c - a	e = d - f	f = b - a	g = a + e/3 + f
1	O&M Expenses	13.74	13.74	13.48	(0.26)	(0.26)	-	13.57
2	Depreciation Expenses	37.65	37.65	37.65	0.00		0.00	37.65
3	Interest on Long-term Loan Capital	10.08	11.00	11.00	0.92		0.92	11.00
4	Interest on Working Capital	2.45	2.61	4.39	1.94	1.78	0.16	3.20
5	Contribution to Contingency reserves	1.78	2.79	2.79	1.01		1.01	2.79
6	Total Revenue Expenditure	65.70	67.79	69.31	3.61	1.52	2.09	68.21
7	Return on Equity Capital	36.29	40.19	40.19	3.90		3.90	40.19
8	Aggregate Revenue Requirement	101.99	107.98	109.50	7.50	1.52	5.98	108.39
9	Less: Non Tariff Income	0.98	0.86	0.86	(0.12)		(0.12)	0.86
10	Transmission ARR	101.01	107.12	108.64	7.62	1.52	6.10	107.53

3.11.3 ATIL submitted that the variation between revised normative O&M expenses and actual O&M expenses has been considered as controllable and the gains/losses have been shared in accordance with the MYT Regulations. ATIL has considered the variation between normative IoWC approved in the MTR Order and the revised normative IoWC as uncontrollable and the variation between the revised normative IoWC and actual IoWC as controllable, and the gains/losses have been shared accordingly.

Commission's Analysis and Ruling

3.11.4 The Commission has considered the variation between revised normative O&M expenses and the prudent actual O&M expenses and the variation between revised

normative IOWC expenses and the actual IOWC expenses as controllable in nature, in accordance with Regulation 9.2 of the MYT Regulations, 2019. The Commission has not considered the variation between normative O&M expenses approved by the Commission in the MTR Order and the revised normative O&M expenses allowed after true-up as uncontrollable, as claimed by ATIL, as such treatment is not allowed as per the MYT Regulations, 2019.

3.11.5 The sharing of gains and losses approved after truing up for FY 2022-23 and FY 2023-24 is shown in the table below:

Table 24: Sharing of Gains and Losses for FY 2022-23 and FY 2023-24 as approved by the Commission (Rs. Crore)

Particulars	Revised Normative	Actual	Variation	1/3rd of efficiency gain and 2/3rd of Efficiency (loss) retained by ATIL	Net entitlement after sharing of gains /(losses)	Gains/ (Loss) to be passed on to beneficiaries
FY 2022-23						
O&M Expenses	12.58	13.03	-0.45	-0.15	12.73	
Interest on working capital	2.28	0.00	2.28	1.52	0.76	
Total	14.86	13.03	1.83	1.37	13.49	1.37
FY 2023-24						
O&M Expenses	13.04	13.38	(0.34)	(0.11)	13.15	
Interest on working capital	2.60	4.39	(1.79)	(0.60)	3.20	
Total	15.64	17.77	(2.13)	(0.71)	16.35	(0.71)

3.11.6 The Commission approves the net entitlement for O&M expenses of Rs. 12.73 Crore and Rs. 13.15 Crore after Truing up for FY 2022-23 and FY 2023-24, respectively, after sharing of gains/(losses). Further, the Commission approves the net entitlement for IoWC expenses of Rs. 0.76 Crore and Rs. 3.20 Crore after Truing up for FY 2022-23 and FY 2023-24, respectively, after sharing of gains/(losses).

3.12 Aggregate Revenue Requirement for FY 2022-23 and FY 2023-24

ATIL's Submission

3.12.1 ATIL submitted the Trued-up ARR for FY 2022-23 and FY 2023-24 as shown in the table below:

Table 25: ARR for FY 2022-23 as submitted by ATIL (Rs. Crore)

Sr. No.	Particulars	MTR Order	ATIL Petition
1	O&M Expenses	13.26	13.26
2	Depreciation	37.75	37.75
3	Interest on Long-term Loan	14.68	15.98
4	Interest on Working Capital	2.33	2.29
5	Contribution to Contingency Reserves	1.78	1.29
6	Total Revenue Expenditure	69.80	70.57
7	Return on Equity Capital	36.29	40.18
8	Aggregate Revenue Requirement	106.09	110.75
9	Less: Non-Tariff Income	0.86	0.47
10	Add: Sharing of (Gains)/Losses of O&M/IoWC		(1.60)
11	Net Aggregate Revenue Requirement	105.23	108.68

Table 26: ARR for FY 2023-24 as submitted by ATIL (Rs. Crore)

Sr. No.	Particulars	MTR Order	ATIL Petition
1	O&M Expenses	13.74	13.74
2	Depreciation	37.65	37.65
3	Interest on Long-term Loan	10.08	11.00
4	Interest on Working Capital	2.45	2.61
5	Contribution to Contingency Reserves	1.78	2.79
6	Total Revenue Expenditure	65.70	67.79
7	Return on Equity Capital	36.29	40.19
8	Aggregate Revenue Requirement	101.99	107.98
9	Less: Non-Tariff Income	0.98	0.86
10	Add: Sharing of (Gains)/Losses of O&M/IoWC		0.42
11	Net Aggregate Revenue Requirement	101.01	107.53

Commission's Analysis and Ruling

3.12.2 Based on the components of the ARR approved in the earlier paragraphs, the ARR approved by the Commission after Truing-up for FY 2022-23 and FY 2023-24 is shown in the Tables below:

Table 27: ARR approved by the Commission for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	MTR Order	ATIL Petition	Approved in this Order
1	O&M Expenses	13.26	13.26	12.58
2	Depreciation	37.75	37.75	37.75
3	Interest on Long-term Loan	14.68	15.98	14.71
4	Interest on Working Capital	2.33	2.29	2.28
5	Contribution to Contingency Reserves	1.78	1.29	1.26
6	Total Revenue Expenditure	69.80	70.57	68.58
7	Return on Equity Capital	36.29	40.18	40.18

Sr. No.	Particulars	MTR Order	ATIL Petition	Approved in this Order
8	Aggregate Revenue Requirement	106.09	110.75	108.76
9	Less: Non-Tariff Income	0.86	0.47	0.47
10	Add: Sharing of (Gains)/Losses of O&M/IoWC		(1.60)	(1.37)
11	Net Aggregate Revenue Requirement	105.23	108.68	106.92

Table 28: ARR approved by the Commission for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	MTR Order	ATIL Petition	Approved in this Order
1	O&M Expenses	13.74	13.74	13.04
2	Depreciation	37.65	37.65	37.65
3	Interest on Long-term Loan	10.08	11.00	10.11
4	Interest on Working Capital	2.45	2.61	2.60
5	Contribution to Contingency Reserves	1.78	2.79	1.78
6	Total Revenue Expenditure	65.70	67.79	65.18
7	Return on Equity Capital	36.29	40.19	40.18
8	Aggregate Revenue Requirement	101.99	107.98	105.36
9	Less: Non-Tariff Income	0.98	0.86	0.86
10	Add: Sharing of (Gains)/Losses of O&M/IoWC		0.42	0.71
11	Net Aggregate Revenue Requirement	101.01	107.53	105.21

3.13 Carrying Cost for FY 2022-23 and FY 2023-24

ATIL's Submission

3.13.1 ATIL submitted that the carrying cost on Revenue Gap of FY 2022-23 and FY 2023-24 has been computed in accordance with Regulation 22 of the MYT Regulations, 2019, as shown in the Table below:

Table 29: Carrying Cost on Revenue Gap of FY 2022-23 as submitted by ATIL (Rs. Crore)

Particulars	Rate	Period	Amount
Carrying cost for FY 2022-23	9.30%	Half Year	0.17
Carrying cost for FY 2023-24	10.07%	Full Year	0.36
Carrying cost for FY 2024-25	10.45%	Full Year	0.36
Carrying cost for FY 2025-26	10.45%	Half Year	0.18
Total Carrying Cost			1.07

Table 30: Carrying Cost on Revenue Gap of FY 2023-24 as submitted by ATIL (Rs. Crore)

Particulars	Rate	Period	Amount
Carrying cost for FY 2023-24	10.07%	Half Year	0.33
Carrying cost for FY 2024-25	10.45%	Full Year	0.68

Particulars	Rate	Period	Amount
Carrying cost for FY 2025-26	10.45%	Half Year	0.34
Total Carrying Cost			1.35

3.13.2 ATIL has claimed the total impact of carrying cost on Revenue Gap for FY 2022-23 and FY 2023-24 as Rs. 1.07 Crore and Rs. 1.35 Crore, respectively.

Commission's Analysis and Ruling

3.13.3 The Commission has computed the carrying cost on the Revenue Gap/(Surplus), i.e., difference between the ARR approved after True-up for FY 2022-23 and FY 2023-24 and Revenue from Transmission Tariff approved for the respective years in the MYT/MTR Order. The carrying cost has been computed on the incremental Revenue Gap/(Surplus) for FY 2022-23, and for half-year of FY 2025-26, as the recovery of the Revenue Gap shall be spread over FY 2025-26. The interest rate for computation of carrying cost has been taken same as that applicable for computation of IoWC for the respective years. The Carrying Cost for FY 2022-23 and FY 2023-24 approved by the Commission is shown in the Table below:

Table 31: Carrying Cost for FY 2022-23 as approved by the Commission (Rs. Crore)

Particulars	Rate	Period	ATIL Petition	Approved in this Order
Carrying cost for FY 2022-23	9.30%	Half Year	0.17	0.09
Carrying cost for FY 2023-24	10.07%	Full Year	0.36	0.18
Carrying cost for FY 2024-25	10.45%	Full Year	0.36	0.18
Carrying cost for FY 2025-26	10.45%	Half Year	0.18	0.09
Total Carrying Cost			1.07	0.53

Table 32: Carrying Cost on Revenue Gap of FY 2023-24 (Rs. Crore)

Particulars	Rate	Period	ATIL Petition	Approved in this Order
Carrying cost for FY 2023-24	10.07%	Half Year	0.33	0.21
Carrying cost for FY 2024-25	10.45%	Full Year	0.68	0.44
Carrying cost for FY 2025-26	10.45%	Half Year	0.34	0.22
Total Carrying Cost			1.35	0.87

3.13.4 The Commission approves the Carrying Cost of Rs. 0.53 Crore and Rs. 0.87 Crore for FY 2022-23 and 2023-24, respectively, considering the revised ARR and Revenue Gap/(Surplus) after Truing-up for the respective years.

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

ATIL's Submission

3.14.1 ATIL submitted the Revenue Gap/(Surplus) of FY 2022-23 and FY 2023-24 to be recovered from the consumers, including the carrying cost, as shown in the Table below:

Table 33: Net Revenue Gap/(Surplus) for FY 2022-23 and FY 2023-24 as submitted by ATIL (Rs. Crore)

Sr. No.	Particulars	Formula	FY 2022-23	FY 2023-24
1	ARR allowed after truing up and post sharing of gains/losses	a	108.68	107.53
2	Past Period Gap approved in MYT Order Case 289 of 2019 & MTR Order Case No. 238 of 2022	b	25.96	39.93
3	ARR allowed after truing up and post sharing of gains/losses and past recoveries	c = a + b	134.64	147.46
4	Less: Revenue as per InSTS Order	d	131.03	140.94
5	Revenue Gap/ (Surplus) for computation of Carrying Cost/(Holding) Cost	e = c - d	3.61	6.52
6	Recovery allowed during Provisional Truing-up in Order No. 238 of 2022	f	0.16	
7	Carrying/(Holding) Cost on account of Revenue Gap / (Surplus)	g	1.07	1.35
8	Net Revenue gap to be recovered	h = e - f + g	4.52	7.88

Commission's Analysis and Ruling

3.14.2 The Commission has computed the Revenue Gap/(Surplus) after truing up of FY 2022-23 and FY 2023-24, along with the associated carrying cost, as shown in the Table below:

Table 34: Net Revenue Gap/(Surplus) for FY 2022-23 and FY 2023-24 as approved by Commission (Rs. Crore)

Sr. No.	Particulars	Formula	FY 2022-23	FY 2023-24
1	ARR allowed after truing up and post sharing of gains/losses	a	106.92	105.21

Sr. No.	Particulars	Formula	FY 2022-23	FY 2023-24
2	Past Period Gap approved in MYT Order Case 289 of 2019 & MTR Order Case No. 238 of 2022	b	25.96	39.93
3	ARR allowed after truing up and post sharing of gains/losses and past recoveries	c = a + b	132.88	145.14
4	Less: Revenue as per InSTS Order	d	131.03	140.94
5	Revenue Gap/ (Surplus) for computation of Carrying Cost/(Holding) Cost	e = c - d	1.85	4.20
6	Recovery allowed during Provisional Truing-up in Order No. 238 of 2022	f	0.16	
7	Carrying/(Holding) Cost on account of Revenue Gap / (Surplus)	g	0.53	0.87
8	Net Revenue Gap to be recovered	h = e - f + g	2.22	5.07

3.14.3 The Commission has thus, approved the Net Revenue Gap of Rs. 2.22 Crore and Rs. 5.07 Crore after truing up for FY 2022-23 and 2023-24, respectively.

3.14.4 As can be seen from the above Tables, the Revenue Gap approved by the Commission after truing up for FY 2022-23 and FY 2023-24 is lower than the Revenue Gap claimed by ATIL, on account of the following reasons:

- a) **The Normative O&M Expenses allowed by the Commission are lower because of consideration of MSETCL norms for 2 nos. ATIL bays located at Warora.**
- a) **The interest expenses allowed by the Commission is lower because of consideration of lower interest rate, as approved in the MTR Order;**
- b) **Lower Contribution to Contingency Reserves allowed for FY 2023-24 as compared to the claim of ATIL, in accordance with the MYT Regulations, 2019;**
- c) **Consequential impact on carrying cost due to allowance of lower ARR and hence, lower Revenue Gap.**

3.14.5 The above computed Net Revenue Gap has been considered for recovery in the ARR of FY 2025-26, as discussed in a subsequent Section of this Order.

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

4.1 Background

4.1.1 ATIL submitted provisional truing-up of ARR for FY 2024-25 against the ARR approved in the MTR Order in Case No. 238 of 2022. ATIL submitted that for the purpose of provisional Truing-up of ARR for FY 2024-25, it has considered the actual performance of ATIL for the first half (H1) and estimations for the second half (H2) of FY 2024-25. ATIL added that the provisional True-up has been claimed based on the Capital Cost claimed and other project related parameters without prejudice to the outcome of the three Appeals filed before Hon'ble APTEL.

4.2 Operation and Maintenance Expenses

ATIL's Submission

- 4.2.1 ATIL has claimed the revised normative O&M expenses for FY 2024-25 in accordance with Regulation 61.6 of the MYT Regulations, 2019.
- 4.2.2 ATIL submitted the normative O&M expenses for FY 2024-25 as shown in the Table below:

Table 35: Normative O&M Expense for FY 2024-25 as claimed by ATIL (Rs. Crore)

Particulars	MTR Order	ATIL Petition
Average Transmission Line length ckt km	438	438
Applicable O&M Norm for Transmission Line (Rs. Lakh / ckt km)	0.98	0.98
O&M Expense (Transmission Line)	4.29	4.29
Average Number of Bays	6	6
Applicable O&M Cost Norm for Bays (Rs. Lakh / Bay)	166.62	166.62
O&M Expense (Bays)	10.00	10.00
Total O&M Expenses	14.29	14.29

Commission's Analysis and Ruling

4.2.3 As mentioned in para 3.3.17, the Commission has approved the normative O&M Expenses for ATIL by considering 2 nos. of bays at warora substation as per MSETCL O&M Norms and 4 nos. of bays at Tiroda as per O&M norms applicable for New Transmission Licensee. Thus, the normative O&M expenses for FY 2024-25 have been approved based on the O&M norms specified under Regulation 61 of the MYT Regulations, 2019. The normative O&M expenses approved by the Commission after

provisional truing up for FY 2024-25 is given in the Table below:

Table 36: O&M Expenses approved by the Commission for FY 2024-25 (Rs. Crore)

Particulars	MTR Order	ATIL Petition	Approved in this Order
Average Transmission Line length (ckt km)	438	438	438
Applicable O&M Norm for Transmission Line (Rs. Lakh / ckt km)	0.98	0.98	0.98
O&M Expense (Transmission Line)	4.29	4.29	4.29
Average Number of Bays	6	6	6
Applicable O&M Norm for Bays (Rs. Lakh / Bay)	166.62	166.62	166.62 for Tiroda bays and 129.95 for Warora Bays
O&M Expense (Bays) - (Rs Crore)	10.00	10.00	9.26
Total O&M Expenses	14.29	14.29	13.56

4.2.4 The Commission thus, approves normative O&M Expenses of Rs. 13.56 Crore after provisional truing up for FY 2024-25.

4.3 Capital Expenditure and Capitalisation

ATIL's Submission

4.3.1 ATIL submitted that the Commission approved Nil Capitalization for FY 2024-25 in the MTR Order in Case No. 238 of 2022, and ATIL has also estimated Nil Capitalization for FY 2024-25, as shown in the Table below:

Table 37: Capitalisation for FY 2024-25 as submitted by ATIL (Rs. Crore)

Particulars	MTR Order	ATIL Petition
Capitalisation	-	-

Commission's Analysis and Ruling

4.3.2 The Commission has considered Nil capitalisation in FY 2024-25 as proposed by ATIL, after provisional truing-up for FY 2024-25.

4.4 Depreciation

ATIL's Submission

- 4.4.1 ATIL submitted that it has computed the depreciation on the average GFA during the year based on Straight Line Method. The rate of Depreciation specified under Regulation 28 of the MYT Regulations, 2019 has been considered for computing depreciation for FY 2024-25.
- 4.4.2 ATIL submitted that without prejudice to the outcome of its three Appeals before Hon'ble APTEL, ATIL has considered opening GFA for FY 2024-25 same as closing GFA claimed in the truing up of FY 2023-24.
- 4.4.3 ATIL submitted the computation of Depreciation for FY 2024-25 as shown in the Table below:

Table 38: Depreciation as submitted by ATIL for FY 2024-25 (Rs. Crore)

Particulars	MTR Order	ATIL Petition
Opening GFA	713.04	713.23
Additions during the year	-	-
Retirement during the year	-	-
Closing GFA	713.04	713.23
Depreciation	37.65	37.65

Commission's Analysis and Ruling

- 4.4.4 The Commission has considered the opening GFA for FY 2024-25 equal to the closing GFA approved in the truing up for FY 2023-24. The addition to GFA has been considered as Nil, considering the Nil capitalisation as approved in earlier paragraphs. The depreciation rate has been considered as per the MYT Regulations, 2019. The depreciation approved by the Commission for FY 2024-25 is shown in the Table below:

Table 39: Depreciation approved by the Commission for FY 2024-25 (Rs. Crore)

Particulars	MTR Order	ATIL Petition	Approved in this Order
Opening GFA	713.04	713.23	713.04
Additions during the year	-	-	-
Retirement during the year	-	-	-
Closing GFA	713.04	713.23	713.04
Depreciation	37.65	37.65	37.65

- 4.4.5 The Commission approves Depreciation of Rs. 37.65 Crore after Provisional Truing-up of FY 2024-25.

4.5 Interest on Long-Term Loans

ATIL's Submission

- 4.5.1 ATIL submitted that it has computed the interest on loan for FY 2024-25 in accordance with Regulation 27 and Regulation 30 of the MYT Regulations, 2019. Further, Regulation 30 provides that the repayment shall be deemed to be equal to the depreciation allowed for that year.
- 4.5.2 ATIL submitted that as per Regulation 30.5 of the MYT Regulations, 2019, ATIL has computed the weighted average interest rate of loan for FY 2024-25 as 13.25%, based on the actual interest rate applicable at the beginning of the year.
- 4.5.3 ATIL submitted that it has filed three Appeals, which are pending before the Hon'ble APTEL with reference to approval of interest rate of 13.25% for Inter Corporate Deposit.
- 4.5.4 The interest on loans claimed by ATIL for FY 2024-25 is as shown in the following Table:

Table 40: Interest on Long Term Loans for FY 2024-25 as submitted by ATIL (Rs. Crore)

Particulars	MTR Order	ATIL Petition
Opening Balance of Loan	63.82	63.94
Addition in Loan during the Year	-	-
Repayment of Loan during the Year	37.65	37.65
Closing Balance of Loan	26.17	26.29
Average Loan Balance during the Year	44.99	45.12
Interest Rate (%)	12.20%	13.25%
Interest Expense	5.49	5.98

Commission's Analysis and Ruling

- 4.5.5 The Commission has considered the opening loan for FY 2024-25 equal to the closing loan approved in the truing up for FY 2023-24. The loan addition in FY 2024-25 has been considered as Nil, considering the Nil capitalisation as approved in earlier paragraphs. The Commission has considered normative loan repayment equal to the depreciation approved for FY 2024-25, in accordance with the MYT Regulations, 2019.
- 4.5.6 The Commission has considered the rate of interest as 12.20 % p.a., as considered in the truing up for FY 2022-23 and FY 2023-24. The computation of interest on loan approved by the Commission for FY 2024-25 is shown in the Table below:

Table 41: Interest on Long-Term Loans approved by the Commission for FY 2024-25 (Rs. Crore)

Particulars	MTR Order	ATIL Petition	Approved in this Order
Opening Balance of Loan	63.82	63.94	63.82
Loan Addition during the Year	-	-	-
Repayment of Loan during the Year	37.65	37.65	37.65
Closing Balance of Loan	26.17	26.29	26.17
Average Loan Balance during the Year	44.99	45.12	44.99
Interest Rate (%)	12.20%	13.25%	12.20%
Interest Expense	5.49	5.98	5.49

4.5.7 The Commission thus, approves Interest on Loan of Rs. 5.49 Crore after provisional truing up for FY 2024-25.

4.6 Interest on Working Capital

ATIL's Submission

4.6.1 ATIL submitted that it has computed the normative working capital requirement and the interest rate for computing IoWC as specified in Regulation 32.2 of the MYT Regulations, 2019. ATIL has considered the rate of interest on working capital for FY 2024-25 as 10.45% based on SBI 1-year MCLR as on date of filing of present Petition plus 150 basis points, which is applied on the normative working capital requirement to arrive at the IoWC as given in the Table below:

Table 42: Normative IoWC for FY 2024-25 as submitted by ATIL (Rs. Crore)

Particulars	MTR Order	ATIL Petition
O&M Expenses for one month	1.19	1.19
Maintenance Spares @ 1% of the opening GFA for the year	7.13	7.13
Receivables equal to 1.5 months of revenue from Charges	17.44	17.44
Less: Amount of Security Deposit from Transmission System Users	-	-
Total Working Capital Requirement	27.76	25.76
Interest Rate (%)	9.45%	10.45%
Interest on Working Capital	2.43	2.69

Commission's Analysis and Ruling

- 4.6.2 The normative value of O&M expenses has been used for computation of working Capital requirement. The maintenance spares have been computed as 1% of the opening GFA for FY 2024-25.
- 4.6.3 The interest rate on working capital has been considered as 10.45% equivalent to the 1-year SBI MCLR prevailing at the time of filing the Petition plus 150 basis points in accordance with the MYT Regulations, 2019.
- 4.6.4 Accordingly, the Commission approves the normative IoWC for FY 2024-25 as shown in the table below:

Table 43: IoWC approved by the Commission for FY 2024-25 (Rs. Crore)

Particulars	MTR Order	ATIL Petition	Approved in this Order
O&M Expenses for one month	1.19	1.19	1.13
Maintenance Spares @ 1% of the opening GFA for the year	7.13	7.13	7.13
Receivables equal to 1.5 months of revenue from Charges	17.44	17.44	17.44
Less: Amount of Security Deposit from Transmission System Users	-	-	-
Total Working Capital Requirement	27.76	25.76	25.70
Interest Rate (%)	9.45%	10.45%	10.45%
Interest on Working Capital	2.43	2.69	2.69

- 4.6.5 The Commission thus, approves the Interest on Working Capital after provisional truing up for FY 2024-25 as Rs. 2.69 Crore.

4.7 Contribution to Contingency Reserves

ATIL's Submission

- 4.7.1 ATIL submitted that it has claimed the Contribution to Contingency Reserves for FY 2024-25 in accordance with Regulation 35.1 of the MYT Regulations. ATIL's claim of contribution to contingency reserve for FY 2024-25 at 0.25% of Opening GFA is shown in the Table below:

Table 44: Contribution to Contingency Reserves as submitted by ATIL (Rs. Crore)

Particulars	MTR Order	ATIL Petition
Opening Balance of Contingency Reserves	18.13	18.64

Particulars	MTR Order	ATIL Petition
Opening Gross Fixed Assets	713.04	713.23
Opening Balance of Contingency Reserves as % of Opening GFA	2.54%	2.61%
Contribution to Contingency Reserves during the year	1.78	1.78
Utilisation of Contingency Reserves during the year	-	-
Closing Balance of Contingency Reserves as % of Opening GFA	2.79%	2.86%
Closing Balance of Contingency Reserves	19.91	20.42

Commission's Analysis and Ruling

4.7.2 The Commission in its MTR Order dated 31 March 2023, has approved contribution to contingencies reserves at 0.25% of the opening balance of GFA. ATIL has also proposed contribution to contingency reserves at 0.25% of Opening GFA. Accordingly, the contribution to contingency reserves has been computed at 0.25% of the opening GFA for FY 2024-25, as shown in the Table below:

Table 45: Contribution to Contingency Reserves approved by Commission (Rs. Crore)

Particulars	MTR Order	ATIL Petition	Approved in this Order
Opening Gross Fixed Assets	713.04	713.23	713.04
Contribution to Contingency Reserves during the year	1.78	1.78	1.78

4.7.3 The Commission thus, approves the Contribution to Contingency Reserves at Rs. 1.78 Crore after provisional truing up for FY 2024-25.

4.8 Return on Equity

ATIL's Submission

4.8.1 ATIL submitted that without prejudice to the outcome of three pending Appeals before the Hon'ble APTEL the Return of Equity has been computed based on the closing equity as on 31st March, 2024 as claimed in the present Petition along with additional capitalisation in FY 2024-25. In accordance with Regulations 29 and 34 of the MYT Regulations 2019, ATIL has considered Income Tax at prevailing MAT rate of 17.472% for FY 2024-25. Hence, base rate of pre-tax RoE of 16.96% has been considered for computation of ROE.

4.8.2 The RoE claimed by ATIL for FY 2024-25 is shown in the Table below:

Table 46: Return on Equity for FY 2024-25 as submitted by ATIL (Rs. Crore)

Particulars	MTR Order	ATIL Petition
Regulatory Equity at the beginning of the year	213.91	213.97

Particulars	MTR Order	ATIL Petition
Equity portion of capitalisation during the year	-	-
Reduction in Equity Capital on account of retirement / replacement of assets	-	-
Regulatory Equity at the end of the year	213.91	213.97
Rate of Return on Equity	14.00%	14.00%
Tax Rate	17.472%	17.472%
Rate of pre-tax Return on Equity	16.96%	16.96%
Return on Regulatory Equity at the beginning of the year	36.29	36.30
Return on Equity portion of capitalisation during the year	-	-
Total Return on Regulatory Equity	36.29	36.30

Commission's Analysis and Ruling

- 4.8.3 The Commission has considered the closing equity approved in the truing up of FY 2023-24 as the opening equity for FY 2024-25. The addition to equity in FY 2024-25 has been considered as Nil, considering the Nil capitalisation approved for FY 2024-25.
- 4.8.4 The Commission has considered Base Rate of RoE as 14.00%, which has been grossed up by the MAT rate of 17.472%, to determine the pre-tax rate of RoE of 16.95%.
- 4.8.5 The RoE approved by the Commission for FY 2024-25 is shown in the Table below:

Table 47: Return on Equity approved by the Commission for FY 2024-25 (Rs. Crore)

Particulars	MTR Order	ATIL Petition	Approved in this Order
Regulatory Equity at the beginning of the year	213.91	213.97	213.91
Equity portion of capitalisation during the year	-	-	-
Reduction in Equity Capital on account of retirement / replacement of assets	-	-	-
Regulatory Equity at the end of the year	213.91	213.97	213.91
Rate of Return on Equity	14.00%	14.00%	14.00%
Tax Rate	17.472%	17.472%	17.472%
Rate of pre-tax Return on Equity	16.96%	16.96%	16.96%
Return on Regulatory Equity at the beginning of the year	36.29	36.30	36.29
Return on Equity portion of capitalisation during the year	-	-	-
Total Return on Regulatory Equity	36.29	36.30	36.29

- 4.8.6 The Commission thus, approves the RoE as Rs. 36.29 Crore after provisional truing up

for FY 2024-25.

4.9 Non-Tariff Income

ATIL's Submission

4.9.1 ATIL has considered the Non-Tariff Income for FY 2024-25 based on the estimated income from investment of contingency reserves as shown in the Table below:

Table 48: Non-Tariff Income as submitted by ATIL (Rs. Crore)

Particulars	MTR Order	ATIL Petition
Non-Tariff Income	1.10	1.09

Commission's Analysis and Ruling

4.9.2 The Commission has projected the Non-Tariff Income for FY 2024-25 considering the balance contribution to contingency reserve and the weighted average Interest rate of 5.75% on the existing investment in FY 2023-24, as shown in the Table below:

Table 49: Non-Tariff Income approved by Commission (Rs. Crore)

Particulars	MTR Order	ATIL Petition	Approved in this Order
Non-Tariff Income	1.10	1.09	1.06

4.10 Summary of ARR after Provisional Truing-Up of FY 2024-25

ATIL's Submission

4.10.1 ATIL submitted the revised projection of ARR for FY 2024-25 as shown in the Table below:

Table 50: Summary of ARR for FY 2024-25 as submitted by ATIL (Rs. Crore)

Sr. No.	Particulars	MTR Order	ATIL Petition
1	O&M Expenses	14.29	14.29
2	Depreciation	37.65	37.65
3	Interest on Long-term Loan	5.49	5.98
4	Interest on Working Capital	2.43	2.69
5	Contribution to Contingency Reserves	1.78	1.78
6	Total Revenue Expenditure	61.64	62.39
7	Return on Equity Capital	36.29	36.30
8	Aggregate Revenue Requirement	97.93	98.69
9	Less: Non-Tariff Income	1.10	1.09
10	Net Aggregate Revenue Requirement	96.83	97.60

Commission's Analysis and Ruling

4.10.2 Based on the components of the ARR approved in the earlier paragraphs, the ARR approved by the Commission after provisional truing up for FY 2024-25, is summarised in the Table below:

Table 51: ARR Summary approved by the Commission for FY 2024-25 (Rs. Crore)

Sl. No.	Particulars	MTR Order	ATIL Petition	Approved in this Order
1	Operation & Maintenance Expenses	14.29	14.29	13.56
2	Depreciation Expenses	37.65	37.65	37.65
3	Interest on Loan Capital	5.49	5.98	5.49
4	Interest on Working Capital	2.43	2.69	2.69
5	Contribution to contingency reserves	1.78	1.78	1.78
6	Total Revenue Expenditure	61.64	62.39	61.16
7	Add: Return on Equity Capital	36.29	36.30	36.29
8	Aggregate Revenue Requirement	97.93	98.69	97.45
9	Less: Non-Tariff Income	1.10	1.09	1.06
10	Transmission ARR	96.83	97.60	96.38

4.11 Revenue Gap for FY 2024-25

ATIL's Submission

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

Table 52: Revenue Gap for FY 2024-25 as submitted by ATIL (Rs. Crore)

Sr. No.	Particulars	Formula	Amount
1	ARR after provisional truing up	a	97.60
2	Past Period Gap approved in MTR Order in Case No. 238 of 2022	b	42.72
3	ARR allowed after provisional truing up and considering past recoveries	c = a + b	140.32
4	Less: Revenue as per InSTS Order	d	139.55
5	Revenue Gap/ (Surplus)	e = c - d	0.77

Commission's Analysis and Ruling

4.11.2 Based on the ARR approved in the earlier paragraphs and the Revenue from Transmission Tariff approved for FY 2024-25 in the MTR Order, the Revenue Ga/(Surplus)approved by the Commission after provisional truing up for FY 2024-25,

is summarised in the Table below:

Table 53: Revenue Gap for FY 2024-25 approved b the Commission (Rs. Crore)

Sr. No.	Particulars	Formula	ATIL Petition	Approved in this Order
1	ARR allowed after truing up and post sharing of gains/losses	a	97.60	96.38
2	Past Period Gap approved in MTR Order in Case No. 238 of 2022	b	42.72	42.72
3	ARR allowed after provisional truing up and considering past recoveries	c = a + b	140.32	139.10
4	Less: Revenue as per InSTS Order	d	139.55	139.55
5	Revenue Gap/ (Surplus)	e = c - d	0.77	(0.45)

4.11.3 As can be seen from the above Tables, the Commission has approved a small Revenue Surplus after provisional truing up for FY 2024-25 as compared to the small Revenue Gap claimed by ATIL, on account of the following reasons:

- a) **The Normative O&M Expenses allowed by the Commission are lower because of consideration of MSETCL norms for 2 nos. of ATIL bays located at Warora.**
- b) **The interest expenses allowed by the Commission is lower because of consideration of lower opening loan and consideration of lower interest rate as approved in the MTR Order.**

4.11.4 The above Revenue Surplus after provisional truing up for FY 2024-25 has been considered for recovery along with the ARR of FY 2025-26, without Holding Cost, as elaborated in a subsequent Section of this Order.

5 Projection of ARR for the MYT Control Period from FY 2025-26 to FY 2029-30

5.1 Background

5.1.1 The projections of ARR for the MYT Control Period from FY 2025-26 to 2029-30 have been presented in accordance with the provisions of the MYT Regulations, 2024, as elaborated in the subsequent paragraphs of this Section.

5.2 Operation and Maintenance Expenses

ATIL's Submission

5.2.1 ATIL submitted that it has projected the normative O&M expenses for the MYT Control Period from FY 2025-26 to FY 2029-30 in accordance with Regulation 80.6 of the MYT Regulations, 2024 as shown in the Table below:

Table 54: Normative O&M Expenses for Control Period as submitted by ATIL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Avg. Transmission Line length – ckt m	438	438	438	438	438
Applicable O&M Norm for Transmission Line (Rs. Lakh / ckt km)	0.85	0.89	0.93	0.97	1.02
O&M Expense (Transmission Line)	3.72	3.90	4.07	4.25	4.47
Avg. Number of Bays	6	6	6	6	6
Applicable O&M Cost Norm for Bays (Rs. Lakh / Bay)	186.51	194.89	203.64	212.78	222.33
O&M Expense (Bays)	11.19	11.69	12.22	12.77	13.34
Total O&M Expenses	14.91	15.59	16.29	17.02	17.81

Commission's Analysis and Ruling

5.2.2 As mentioned in above Para 3.3.19, the Commission has decided to consider MSETCL O&M norms for 2 nos. of bays of ATIL at Warora Substation. Hence, the Commission has approved the normative O&M expenses for ATIL for the MYT Control Period from FY 2025-26 to FY 2029-30 in accordance with Regulation 80.1 of the MYT Regulations, 2024 for 2 Nos. of Warora bays and in accordance with Regulation 80.6 of the MYT Regulations, 2024 for the remaining 4 bays at Tiroda Substation as shown in the Table below:

Table 55: Normative O&M Expenses for 5th Control Period approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Avg. Transmission Line length – ckt m	438	438	438	438	438
Applicable O&M Norm for Transmission Line (Rs. Lakh / ckt km)	0.85	0.89	0.93	0.97	1.02
O&M Expense (Transmission Line)	3.72	3.90	4.07	4.25	4.47
Average Number of Bays	6	6	6	6	6
Applicable O&M Norm for Bays (Rs. Lakh / Bay)	186.51 for ATIL bays and 36.16 for MSETC L bays	194.89 for ATIL bays and 37.78 for MSETC L bays	203.64 for ATIL bays and 39.48 for MSETC L bays	212.78 for ATIL bays and 41.25 for MSETC L bays	222.33 for ATIL bays and 43.10 for MSETC L bays
O&M Expense (Bays)	8.18	8.55	8.94	9.34	9.76
Total O&M Expenses	11.91	12.45	13.01	13.58	14.22

5.2.3 The Commission approves the normative O&M Expenses for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.3 Capitalization

ATIL's Submission

5.3.1 ATIL has projected capitalisation of Rs. 19.00 Crore in FY 2025-26 for installation of lightning arrestor on the 400 kV D/C Tiroda-Warora Transmission Line. ATIL submitted that at present, no DPR scheme is envisaged from FY 2026-27 to FY 2029-30. Based on the requirement, ATIL will comply with necessary requirement of MERC (Approval of Capital Investment Schemes) Regulations, 2022 in terms of submission of various documents for approval of the cost of proposed transmission schemes as well as future transmission schemes.

5.3.2 ATIL submitted the details of the proposed Scheme for Capitalisation as under:

Installation of Transmission Line Lighting Arrestor on 400 kV D/C Tiroda - Warora line – Rs. 19.00 Crore

- Eastern Maharashtra and Vidarbha region of Maharashtra are witnessing very heavy lightning strikes each year in pre monsoon season, i.e., Apr - Jun.
- Sometime due to heavy strikes, the 400 kV D/C Tiroda - Warora line gets tripped/ AR-operated frequently, as a result of which, the switch yard equipment is witnessing heavy fault current, and life of equipment gets reduced.
- In case of any equipment failure during such operation, it may cause tripping of both circuits and lead to tripping of generator Unit at Tiroda TPS, which will disturb the Maharashtra grid operations.
- To overcome this issue, it is proposed to carry out additional capital expenditure for installation of transmission line lightning arrestor at a cost of Rs. 19 Crore in FY 2025-26.

5.3.3 The scheme-wise capitalization proposed by ATIL for each year of the Control Period is shown in the Table below:

Table 56: Capitalization for Control Period (Rs. Crore)

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Installation of transmission line lightning arrestor (LA)	19.00	-	-	-	-
Total Capitalization		19.00	-	-	-	-

Commission's Analysis and Ruling

5.3.4 The Commission sought additional justification from ATIL for the proposed capitalization of Rs. 19 Crore in FY 2025-26 pertaining to the Transmission Line Lighting Arrestor on the 400 kV D/C Tiroda - Warora line. ATIL submitted the following justification for this Scheme:

- a. There has been a 34% rise in lightning strikes in the country from 13800000 strikes in 2019-20 to 18544367 strikes in 2020-21, which is an increase of 4683989 strikes.
- b. A notable escalation of 34.24 % is observed in the overall count of lightning strikes across the country in year between 2022-2023. Notably, Cloud to Ground lightning has exhibited a more pronounced increase of 23.46 %. This differential underscores a heightened incidence of lightning and a correspondingly elevated rate of conversion from cloud-based discharges to ground-level strikes. Madhya Pradesh continues to be at the top with highest lightning strikes, with Maharashtra and Chhattisgarh having more strikes than Odisha.

- c. Lightning strikes are the biggest threat to transmission towers that are used as support structure for the line conductors. Often these strikes may lead to unplanned power outages or circuit breaker auto-reclosure operations causing asset damage, generation loss to the power station and creating major grid disturbance. High voltage transmission towers are made of conductive material structure, which makes them a target for lightning strikes.

Impact on transmission line and switchyard equipment due to transient faults

- i. Since, 400 kV Tiroda-Warora line is evacuating power from Tiroda thermal station, tripping or any kind of disturbance would cause the instability in grid operations.
- ii. The frequent faults on transmission lines cause high transient overvoltage and reduces the life of Transformer, circuit breakers, and other associated equipment. Surges caused by lightning and switching (Transient Over Voltage) can be transferred from one voltage level to another through transformer couplings, leading to winding to winding (turn to turn) faults caused by dielectric stresses. Along with surge phenomena, the system can also experience a longer-term overvoltage from electrical faults.
- iii. The over voltages and higher value of Fault Current can exceed the dielectric strength of the circuit breaker's insulation, causing flashover and failure. Rapid voltage changes can also lead to premature ageing of the circuit breaker's components and require frequent overhauling.
- d. Transient over voltages can cause insulation breakdown in transformers, leading to internal arcing and eventual failure. The high-frequency components of the transient over voltages can also induce eddy currents in the transformer windings, causing overheating and mechanical stress.
- e. Every year there are transient faults in 400 kV lines very often during monsoon season due to severe fault in transmission lines due to lightning strike. Because of this, LT equipment got OFF in voltage dip and caused panic in Unit operation. Due to this transient fault in transmission line following two major incidents took place at Tiroda thermal power plant:
 - i. While performing the post fault analysis of the Generator Transformer (GT), it was found that the Transient over voltages, which were accumulated over the period of time has decreased the mechanical integrity of the solid insulation inside the GT, thereby creating a severe arc inside the transformer resulting in an excessive pressure development causing tank burst and a subsequent burnout of the transformer. Due to the same, Generator Transformer was required to be decommissioned.

- ii. In 400 kV switchyard, Line -1 Main breaker B phase and Line - 2 Main breaker R phase, 400 kV SF6 breaker poles arcing contacts got damaged due to the similar reason as mentioned above. Frequent auto-reclosures due to the lightning strikes and transient faults, fault currents in the order of kilo amperes have caused the deterioration of the arcing contacts of the breakers, which has prompted ATIL to change the breaker poles.

- 5.3.5 Hence, ATIL has sought the Commission's approval for the proposed Non-DPR Scheme of installation of 1174 numbers of Lightning Surge Arrestors on the 400 kV D/C Tiroda - Warora line at a cost of Rs. 19 Crore in FY 2025-26.
- 5.3.6 The Commission has perused the justification provided by ATIL. The Commission notes that ATIL is yet to register the said Non-DPR Scheme in accordance with the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022, despite the projected plan to install these Lightning Surge Arrestors in FY 2025-26.
- 5.3.7 The Commission is of the view that the Scheme needs detailed deliberation before being approved. Hence, in the absence of the necessary details, the Commission provisionally disallows the Capitalisation proposed by ATIL. However, ATIL is directed to submit the necessary details of the Scheme in accordance with the provisions of the MERC (Approval of Capital Investment Schemes) Regulations, 2022 to enable the Commission to take an informed view on the necessity of this Capital Investment.
- 5.3.8 Hence, the Commission approves Nil Capitalisation for the MYT Control Period from FY 2025-26 to FY 2029-30 for ATIL, as shown in the Table below:

Table 57: Capitalization for Control Period as approved by Commission (Rs. Crore)

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Capitalisation	-	-	-	-	-

- 5.3.9 The Commission approves the Capitalisation for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.4 Depreciation

ATIL's Submission

- 5.4.1 ATIL submitted that it has computed the Depreciation as per Regulation 28 of the MYT Regulations, 2024 on the GFA, based on Straight Line Method. ATIL submitted that some of the assets will attain depreciation of 70% of the GFA during FY 2026-27 and accordingly, depreciation rates have been calculated based on remaining depreciation to be claimed over the balance Useful Life.

5.4.2 ATIL has considered opening GFA of FY 2025-26 same as the closing GFA of FY 2024-25. The computation of depreciation claimed by ATIL for the Control Period from FY2025-26 to FY 2029-30 is provided in the table below:

Table 58: Depreciation for Control Period as submitted by ATIL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	713.23	732.23	732.23	732.23	732.23
Additions during the year	19.00	-	-	-	-
Retirement during the year	-	-	-	-	-
Closing GFA	732.23	732.23	732.23	732.23	732.23
Depreciation	38.03	7.18	7.18	7.18	7.18

Commission's Analysis and Ruling

5.4.3 The closing GFA approved after provisional truing up for FY 2024-25 has been considered as the opening GFA for FY 2025-26. The Commission has considered GFA addition for each year of the 5th MYT Control Period as Nil, as discussed in the earlier paragraphs.

5.4.4 In accordance with the MYT Regulations, 2024, 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 respective year has to be spread over the balance Useful Life of the asset. The Commission has accordingly verified the cumulative depreciation of GFA addition in each asset class over the years, and once the cumulative depreciation reaches 70%, the balance depreciation has been spread over the balance Useful Life of the asset.

5.4.5 The depreciation approved by the Commission for the Control Period from FY 2025-26 to FY 2029-30 is summarized in the Table below:

Table 59: Depreciation for the Control Period approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	713.04	713.04	713.04	713.04	713.04
Additions during the year	-	-	-	-	-
Retirement during the year	-	-	-	-	-
Closing GFA	713.04	713.04	713.04	713.04	713.04
Depreciation	37.63	6.38	6.38	6.38	6.38

5.4.6 The Commission approves the Depreciation for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.5 Interest on Long-Term Loan

- 5.5.1 ATIL submitted that it has computed the interest on loan for FY 2025-26 to FY 2029-30 in accordance with Regulation 27 and Regulation 30 of the MYT Regulations, 2024. Further, Regulation 30 provides that the repayment shall be deemed to be equal to the depreciation allowed for that year.
- 5.5.2 ATIL submitted that as per Regulation 30.5 of the MYT Regulations, 2024, ATIL has computed the weighted average interest rate of loan for FY 2025-26 to FY 2029-30 as 13.25% computed on the basis of actual loan portfolio at the beginning of the year.
- 5.5.3 ATIL submitted that it has computed the normative loan and corresponding interest expenses based on actual loan portfolio as per the above referred Regulations for FY 2025-26 to FY 2029-30. Further, interest on normative loan portfolio has been worked out based on weighted average interest rate on actual loan portfolio as stated earlier.
- 5.5.4 The interest expense as claimed by ATIL for the Control Period from FY 2025-26 to FY 2029-30 is provided in the table below:

Table 60: Interest on Long-Term Loan for fifth Control Period as submitted by ATIL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance of Loan	26.29	1.56	-	-	-
Addition in Loan during the Year	13.30	-	-	-	-
Repayment of Loan during the Year	38.03	1.56	-	-	-
Closing Balance of Loan	1.56	-	-	-	-
Average Loan Balance during the Year	13.93	0.78	-	-	-
Interest Rate (%)	13.25%	13.25%	13.25%	13.25%	13.25%
Interest Expense	1.85	0.10	-	-	-

Commission's Analysis and Ruling

- 5.5.5 The Commission has considered the opening balance of loan for FY 2025-26 equal to the closing balance of loan approved in the provisional Truing-up for FY 2024-25. Loan addition during each year of the Control Period has been considered as Nil considering the Nil Capitalisation approved in the earlier paragraphs. The depreciation approved for each year, limited to the level of outstanding debt during the year, has been considered as the normative loan repayment during the respective year. The Commission has

considered the interest rate of 12.20% p.a. for the 5th MYT Control Period, which is at the same level as approved in the provisional true up for FY 2024-25.

5.5.6 Accordingly, the interest expenses approved by the Commission for FY 2025-26 to FY 2029-30 is shown in the following Table:

Table 61: Interest on Long-Term Loan for fifth Control Period as approved by Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance of Loan	26.17	-	-	-	-
Addition in Loan during the Year	-	-	-	-	-
Repayment of Loan during the Year	26.17	-	-	-	-
Closing Balance of Loan	-	-	-	-	-
Average Loan Balance during the Year	13.09	-	-	-	-
Interest Rate (%)	12.20%	-	-	-	-
Interest Expense	1.60	-	-	-	-

5.5.7 The Commission approves the interest on long-term loans for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.6 Interest on Working Capital

ATIL's Submission

5.6.1 ATIL submitted that it has computed the IOWC for the Control Period from FY 2025-26 to FY 2029-30 in accordance with Regulation No. 32.2 of the MYT Regulations, 2024. ATIL has considered the rate of interest on working capital as 10.45% based on SBI 1-year MCLR plus 150 basis points as on date of filing of present Petition, which is applied on the working capital requirement to arrive at the interest on working capital for FY 2025-26 to FY 2029-30, as given in the Table below:

Table 62: IoWC for Control Period as submitted by ATIL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M Expenses for one month	1.24	1.30	1.36	1.42	1.48
Maintenance Spares @ 1% of the opening GFA for the year	7.13	7.32	7.32	7.32	7.32

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Receivables equal to 1.5 months of the expected revenue from Transmission Charges	13.95	8.31	8.37	8.45	8.54
Less: Amount of Security Deposit from Transmission System Users	-	-	-	-	-
Total Working Capital Requirement	22.33	16.93	17.05	17.19	17.34
Interest Rate (%)	10.45%	10.45%	10.45%	10.45%	10.45%
Interest on Working Capital	2.33	1.77	1.78	1.80	1.81

Commission's Analysis and Ruling

5.6.2 The Commission has computed the normative working capital requirement and IoWC on it in accordance with Regulation 32.2 of the MYT Regulations, 2024, which is reproduced hereunder:

“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 Tariff approved in the Order for ensuing year(s);

minus

(iv) Amount held as security deposits in cash, if any, from Transmission System Users;

....;

(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:

.... ”

5.6.3 Accordingly, the interest rate has been considered equivalent to 1-year SBI MCLR rate as on date of filing of this Petition (8.95% p.a. as on 1st November, 2024) plus 150 basis points (10.45% p.a.), which has been applied on the normative working capital requirement. The IoWC approved by the Commission for the 5th Control Period is shown in the Table below:

Table 63: IoWC for Control Period as approved by Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M Expenses for one month	0.99	1.04	1.08	1.13	1.19
Maintenance Spares @ 1% of the opening GFA for the year	7.13	7.13	7.13	7.13	7.13
Receivables equal to 1.5 months of the expected revenue from Transmission Charges	12.62	7.65	7.70	7.77	7.83
Less: Amount of Security Deposit from Transmission System Users					
Total Working Capital Requirement	20.74	15.81	15.92	16.03	16.15
Interest Rate (%)	10.45%	10.45%	10.45%	10.45%	10.45%
Interest on Working Capital	2.17	1.65	1.66	1.67	1.69

5.6.4 The Commission approves the IoWC for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.7 Contribution to Contingency Reserve

ATIL's Submission

5.7.1 ATIL submitted that it has claimed the contribution to contingency reserves at 0.25% of the Opening GFA for FY 2025-26 to FY 2029-30 in accordance with Regulation 35 of the MYT Regulations, 2024 as shown in the table below:

Table 64: Contribution to Contingency Reserve for Control Period as submitted by ATIL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance of Contingency Reserves	20.42	22.21	24.04	25.87	27.70
Opening Gross Fixed Assets	713.23	732.23	732.23	732.23	732.23
Opening Balance of Contingency Reserves as % of Opening GFA	2.86%	3.03%	3.28%	3.53%	3.78%
Contribution to Contingency Reserves during the year	1.78	1.83	1.83	1.83	1.83
Utilisation of Contingency Reserves during the year	-	-	-	-	-
Closing Balance of Contingency Reserves	22.21	24.04	25.87	27.70	29.53

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Closing Balance of Contingency Reserves as % of Opening GFA	3.11%	3.28%	3.53%	3.78%	4.03%

Commission's Analysis and Ruling

5.7.2 The Commission has approved the Contribution to Contingency Reserves at 0.25% of the approved Opening GFA for respective years in accordance with Regulation 35 of the MYT Regulations, 2024 as shown in the table below:

Table 65: Contribution to Contingency Reserve for Control Period approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Gross Fixed Assets	713.04	713.04	713.04	713.04	713.04
Contribution to Contingency Reserves during the year	1.78	1.78	1.78	1.78	1.78

5.7.3 The Commission approves the Contribution to Contingency Reserves for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.8 Return on Equity

ATIL's Submission

5.8.1 ATIL submitted that it has computed RoE for the Control Period from FY 2025-26 to FY 2029-30 in accordance with Regulation 29.2 of the MYT Regulations, 2024. Further, the applicable Income Tax rate has been considered equal to the prevailing MAT rate of 17.472%, and the Base Rate of pre-tax RoE has been computed as under:

5.8.2 Base Rate of pre-tax RoE = $15.50\% / (1 - 17.472\%) = 18.78\%$

5.8.3 ATIL submitted that it considered the opening equity for FY 2025-26 equal to the closing equity after provisional truing up for FY 2024-25. The RoE claimed by ATIL for the Control Period from FY 2025-26 to FY 2029-30 is shown in the Table below:

Table 66: Return on Equity for Control Period as submitted by ATIL (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	213.97	219.67	219.67	219.67	219.67
Equity addition during the year	5.70	-	-	-	-
Reduction in Equity Capital on account of retirement / replacement of assets					
Regulatory Equity at the end of the year	219.67	219.67	219.67	219.67	219.67
Return on Equity Computation					
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	18.78%	18.78%	18.78%	18.78%	18.78%
Return on Regulatory Equity at the beginning of the year	40.19	41.26	41.26	41.26	41.26
Return on Regulatory Equity addition during the year	0.54	-	-	-	-
Total Return on Equity	40.72	41.26	41.26	41.26	41.26

Commission's Analysis and Ruling

5.8.4 Regulation 29.2 of the MYT Regulations, 2024 applicable for the Control Period from FY 2025-26 to FY 2029-30 specifies as under:

“29.2

(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.”

5.8.5 Further, Regulations 34.2 and 34.3 of the MYT Regulations, 2024 provides for the rate of RoE to be grossed up with the effective tax rate for respective financial year. Relevant part of the Regulation 34.2 and 34.3 of MYT Regulations, 2024 is reproduced below:

“34.2 The rate of Return on Equity, including the rate of Performance Linked Return on Equity as allowed by the Commission under Regulation 29 of these Regulations shall be grossed up with actual tax paid, for the previous year:

Provided that in case the Generating Company or ESSD or Licensee or MSLDC or STU for the regulated business has not paid any Income Tax for respective year, the Tax Rate shall be considered as zero at the time of Truing-up, subject to prudence check.

34.3 The Rate of Return on Equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Rate of Return on Equity / (1-t),

Where “t” is the actual tax rate including surcharge and cess.”

- 5.8.6 The Commission has considered the closing Equity approved in the provisional truing up for FY 2024-25 as the opening equity for FY 2025-26. The addition to equity in each year of the Control Period has been considered as Nil, in view of the Nil capitalisation approved for each year of the Control Period. The RoE rate of 15.50% has been grossed up by the actual effective tax rate applicable for FY 2023-24, which is the MAT rate of 17.472%, to determine the pre-tax rate of RoE of 18.78% for the 5th Control Period. The RoE approved for FY 2025-26 to FY 2029-30 is summarised in the Table below:

Table 67: Return on Equity for Control Period as approved by 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	213.91	213.91	213.91	213.91	213.91
Equity addition during the year	-	-	-	-	-
Reduction in Equity Capital on account of retirement / replacement of assets					
Regulatory Equity at the end of the year	213.91	213.91	213.91	213.91	213.91
Return on Equity Computation					
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate	18.78%	18.78%	18.78%	18.78%	18.78%
Return on Regulatory Equity at the beginning of the year	40.18	40.18	40.18	40.18	40.18
Return on Regulatory Equity addition during the year	-	-	-	-	-
Total Return on Equity	40.18	40.18	40.18	40.18	40.18

- 5.8.7 The Commission approves the Return on Equity for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.9 Non-Tariff Income

ATIL's Submission

5.9.1 ATIL submitted that it has estimated the income from contingency reserves based on existing investment in contingency reserves as well as proposed investment during the Control Period. The Non-Tariff Income projected by ATIL for the Control Period is given in the table below:

Table 68: Non-Tariff Income for Control Period as submitted by ATIL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non-Tariff Income	1.19	1.29	1.40	1.50	1.60

Commission's Analysis and Ruling

5.9.2 The Commission has projected the Non-Tariff Income for the 5th Control Period based on the estimated Income from investment of Contingency reserves considering the weighted average rate of interest of 5.75% as considered in the provisional truing up of FY 2024-25, as given in the Table below:

Table 69: Non-Tariff Income for Control Period approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non-Tariff Income	1.17	1.27	1.37	1.47	1.58

5.9.3 The Commission approves the Non-Tariff Income for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

5.10 Aggregate Revenue Requirement for Fifth Control Period

ATIL's Submission

5.10.1 Based on the above parameters, ATIL's projection of Aggregate Revenue Requirement for the Control Period from FY 2025-26 to 2029-30 is summarized in the Table below:

Table 70: ARR from FY 2025-26 to FY 2029-30 as submitted by ATIL (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M Expenses	14.91	15.59	16.29	17.02	17.81

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Depreciation	38.03	7.18	7.18	7.18	7.18
Interest on Loan Capital	1.85	0.10	-	-	-
Interest on Working Capital	2.33	1.77	1.78	1.80	1.81
Contribution to contingency reserves	1.78	1.83	1.83	1.83	1.83
Total Revenue Expenditure	58.91	26.48	27.09	27.83	28.63
Return on Equity	40.72	41.26	41.26	41.26	41.26
Aggregate Revenue Requirement	99.63	67.73	68.34	69.08	69.89
Less: Non-Tariff Income	1.19	1.29	1.40	1.50	1.60
Transmission ARR	98.44	66.44	66.95	67.58	68.29

Commission's Analysis and Ruling

5.10.2 Based on the analysis set out in the preceding paragraphs, the Commission has approved the ARR for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table below:

Table 71: ARR from FY 2025-26 to FY 2029-30 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	11.91	12.45	13.01	13.58	14.22
Depreciation	37.63	6.38	6.38	6.38	6.38
Interest on Loan Capital	1.60	-	-	-	-
Interest on Working Capital	2.17	1.65	1.66	1.67	1.69
Contribution to contingency reserves	1.78	1.78	1.78	1.78	1.78
Total Revenue Expenditure	55.08	22.26	22.83	23.42	24.07
Return on Equity	40.18	40.18	40.18	40.18	40.18
Aggregate Revenue Requirement	95.26	62.44	63.01	63.60	64.25
Less: Non-Tariff Income	1.17	1.27	1.37	1.47	1.58
Transmission ARR	94.09	61.17	61.64	62.12	62.67

5.11 Past Gaps/(Surplus) and Transmission Tariff Recovery for Control Period

ATIL's Submission

5.11.1 ATIL submitted that since the transmission system forms an integral part of the State Transmission Network, ATIL shall recover monthly transmission charges in line with Regulation 83 of the MYT Regulations 2024.

5.11.2 ATIL proposed to the following tariff recovery from FY 2025-26 to 2029-30:

Table 72: Tariff Recovery as submitted by ATIL for FY 2025-26 to FY 2029-30 (Rs. Crore)

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	ARR in present Petition	98.44	66.44	66.95	67.58	68.29
2	Revenue Gap/ (Surplus) for FY 2022-23	3.45				
3	Carrying cost on Revenue Gap/ (Surplus) for FY 2022-23	1.07				
4	Revenue Gap/ (Surplus) for FY 2023-24	6.52				
5	Carrying cost on Revenue Gap/ (Surplus) for FY 2023-24	1.35				
6	Revenue Gap/ (Surplus) for FY 2024-25	0.77				
7	Total Estimated Recovery through InSTS	111.61	66.44	66.95	67.58	68.29

Commission's Analysis and Rulings

5.11.3 The Commission in the respective Section of the Order has computed the Revenue Gap/ (Surplus) after truing up of FY 2022-23 and FY 2023-24, Provisional Truing up of FY 2024-25. Accordingly, the Commission allows the recovery of the same along with the ARR of FY 2025-26. The details of the Past Revenue Gaps/(Surplus) allowed for recovery in FY 2025-26 are shown in the Table below:

Table 73: Past Revenue Gap/(Surplus) approved by the Commission for recovery in FY 2025-26 (Rs. Crore)

Sr. No.	Details of Gaps/ Surplus	Amount
a.	Gap/(Surplus) after True-up for FY 2022-23	1.69
b.	Gap/(Surplus) after True-up for FY 2023-24	4.20
c.	Gap/(Surplus) after Provisional True-up for FY 2024-25	(0.45)
d.	Total Revenue Gap/(Surplus) allowed in FY 2025-26	5.44

Carrying Cost on Past Gaps

5.11.4 The Commission had undertaken the provisional True-up for FY 2022-23 and had allowed the Revenue Surplus of Rs. 0.16 Crore in the MTR Order dated 31 March, 2023. In the present Order, the Commission has approved Revenue Gap of Rs. 1.85 Crore after final truing up for FY 2022-23. Thus, **the incremental Revenue Gap of FY 2022-23 to be allowed for recovery in FY 2025-26 is Rs. 1.69 Crore.**

5.11.5 The Commission has computed the carrying cost on the Revenue Gap/(Surplus) for FY 2022-23 and FY 2023-24 after Truing-up. The carrying cost has been computed for

half-year of FY 2025-26, as the recovery of the Gap shall be spread over the entire FY 2025-26. No carrying cost has been computed on the Revenue Gap/(Surplus) after provisional truing up for FY 2024-25. The rate of interest considered for computing the carrying cost is the same as the rate considered for computing IoWC in this Order. The following Tables provide the computation of Carrying Cost for FY 2022-23 and FY 2023-24:

Table 74: Carrying Cost approved by the Commission on Revenue Gap/(Surplus) of FY 2022-23 (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	-	1.85	1.69	1.69
Gap during the year	1.85	-	-	-
Recovery During the Year	-	0.16	-	1.69
Closing Balance/ Incremental Gap	1.85	1.69	1.69	-
Average Balance	0.92	1.77	1.69	0.84
Wtd. Average rate of Interest	9.30%	10.07%	10.45%	10.45%
Carrying / (Holding) Cost	0.09	0.18	0.18	0.09
Effective carrying/ (holding) cost for Period from FY 2022-23 to FY 2025-26	0.53			

Table 75: Carrying Cost approved by the Commission on Revenue Gap/(Surplus) of FY 2023-24 (Rs. Crore)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	-	4.20	4.20
Gap during the year	4.20	-	-
Recovery During the Year	-	-	4.20
Closing Balance	4.20	4.20	-
Average Balance	2.10	4.20	2.10
Wtd. Average rate of Interest	10.07%	10.45%	10.45%
Carrying / (Holding) Cost	0.21	0.44	0.22
Effective carrying/ (holding) cost for Period from FY 2023-24 to FY 2025-26	0.87		

5.11.6 Thus, the past Revenue Gap/(Surplus) after truing up for FY 2022-23 and FY 2023-24 and provisional truing up for FY 2024-25, along with associated carrying cost allowed to be recovered in FY 2025-26, is shown in the Table below:

Table 76: Recovery of Past Revenue Gap/(Surplus) in FY 2025-26, as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Rs. Crore
1.	Incremental Gap/(Surplus) after True-up for FY 2022-23	1.69
2.	Gap/(Surplus) after True-up for FY 2023-24	4.20
3.	Gap/(Surplus) after Provisional True-up for FY 2024-25	(0.45)
4.	Carrying Cost/ (Holding Cost) for FY 2022-23 to FY 2025-26	1.40
5.	Total Past Gap allowed to be recovered in FY 2025-26	6.84

5.11.7 The Commission approves the past Revenue Gaps and carrying cost of Rs. 6.84 Crore, to be recovered along with the ARR approved for FY 2025-26.

5.11.8 The cumulative ARR approved for each year of the Control Period from FY 2025-26 to FY 2029-30 is shown in the Table below:

Table 77: Transmission Tariff Recovery for 5th Control Period, as approved by the Commission (Rs. Crore)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Net ARR	94.09	61.17	61.64	62.12	62.67
Incremental Gap/(Surplus) after True-up for FY 2022-23	1.69				
Gap/(Surplus) after True-up for FY 2023-24	4.20				
Gap/(Surplus) after Provisional True-up for FY 2024-25	(0.45)				
Carrying Cost/ (Holding Cost) for FY 2022-23 to FY 2025-26	1.40				
Total Recovery through InSTS	100.93	61.17	61.64	62.12	62.67

5.11.9 Accordingly, the Commission approves the recovery of Transmission ARR for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table above.

6 Recovery of ARR and Transmission Charges

- 6.1.1 In accordance with the Transmission Pricing Framework and the MYT Regulation, 2024, the approved revised ARR for the Fifth Control Period is to be recovered through the Total Transmission System Cost (TTSC) of the respective years.

7 Applicability of Order


7.1.1 This Order shall come into effect from 01 April 2025.

7.1.2 The Petition of M/s Adani Transmission (India) Limited in Case No. 181 of 2024 stands disposed of accordingly.

Sd/-
(Surendra J. Biyani)
Member

Sd/-
(Anand M. Limaye)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Dr. Rajendra G. Ambekar)
Secretary



7.2 APPENDIX 1

List of persons who attended the TVS on 19 November 2024

Sr. No.	Name	Organisation
1	Shri Prashant Kumar	ATIL
2	Shri Naresh Desai	ATIL

7.3 APPENDIX 2

List of persons who attended the Public Hearing on 07 January 2025

Sr. No.	Name	Organisation
1	Shri Prashant Kumar	ATIL
2	Shri Naresh Desai	ATIL