



Together, Let us light up our
lives

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ODISHA ELECTRICITY REGULATORY COMMISSION
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No. OERC/RA/ TRNS-TRF-REG/44/2026/524

Dated: 30.04.2026

PUBLIC NOTICE

Sub: Inviting Objection/ Suggestion on proposed Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2026 under Section 181 (3) of the Electricity Act.

The Commission has framed the draft Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2026, in accordance with Section 181 of the Electricity Act, 2003. The proposed Regulation is available in Commission's Website www.orierc.org.

Notice is hereby given under Section 181(3) of the Electricity Act, 2003, inviting suggestions and objections from the interested persons/ institutions/ associations/ consumers and other stakeholders. The objections and suggestions shall reach the undersigned **by 30th May, 2026**. After considering such suggestions/ objections, the Commission may bring about modification, if necessary, in the draft regulation for final publication in the official gazette.

By Order of the Commission

Sd/-

SECRETARY

Bhubaneswar
Date: 30th April, 2026



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NOTIFICATION

In exercise of powers conferred under Sections 61, 62 and 86 read with Section 181 of the Electricity Act, 2003 (Act 36 of 2003) and all other powers enabling it in that behalf, the Odisha Electricity Regulatory Commission hereby makes the following Regulations, namely:

CHAPTER-1

PRELIMINARY

1. SHORT TITLE AND COMMENCEMENT

- 1.1 These Regulations shall be called the “*Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2026*”.
- 1.2 These Regulations shall extend to the whole of the State of Odisha.
- 1.3 These Regulations shall come into force on the date of publication in the Official Gazette.
- 1.4 The Commission, while specifying these Regulations, has been guided by the principles contained in Section 61 of the said Act, including promotion of competition, efficiency, economical use of resources, good performance and optimum investment.
- 1.5 These Regulations shall be applicable for the determination of transmission tariff in accordance with the provisions of Sections 61 and 62 of the Electricity Act, 2003.
- 1.6 These Regulations shall, however, not apply in the case where tariff has been discovered through a transparent competitive bidding process in accordance with the guidelines issued by the Government of Odisha or the Central Government as per the provisions of Section 63 of the Act.
- 1.7 The Orissa General Clauses Act, 1937, shall apply to the interpretation of these Regulations.

2. SCOPE OF REGULATIONS AND EXTENT OF APPLICATION

- 2.1 These Regulations shall apply to all Transmission Licensees and users of the intra-State transmission system in the State of Odisha, unless otherwise specified by the Commission.
- 2.2 In accordance with these Regulations, the Commission shall determine the Aggregate Revenue Requirement (ARR) and transmission tariff for the Transmission Business.
- 2.3 The Commission shall be guided by the nine principles as laid down in section 61(a) to 61(i) of the Act while the Aggregate Revenue Requirement (ARR) and Transmission Tariff (TT) for the Transmission Business.
- 2.4 Notwithstanding anything contained in these Regulations, the Commission shall adopt the Tariff if such Tariff has been determined through a transparent process of bidding, in accordance with the guidelines issued by the Central Government under Section 63 of the Act;

Provided that the petitioner shall furnish such information and documents as the Commission may require to satisfy itself that the said guidelines have been duly complied with.

- 2.5 All the new intra-State transmission systems costing above a Threshold Limit and meeting other conditions as laid out in OERC (Development of Intra-State Transmission Projects through Tariff-Based Competitive Bidding in the State of Odisha) Order, 2022, shall be developed through Tariff-Based Competitive Bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Act.

3. DEFINITIONS AND INTERPRETATION

- 3.1 In these Regulations, unless the context otherwise requires-
- (a) **“Act”** means the Electricity Act, 2003 (36 of 2003) as amended from time to time;
- (b) **“Aggregate Revenue Requirement” or “ARR”** means for each Financial Year, the costs pertaining to the Licensed business which are permitted, in accordance with these Regulations, to be recovered from the tariffs and other charges determined by the Commission;

- (c) **“Additional Capital expenditure”** means the capital expenditure incurred, or projected to be incurred after the date of commercial operation of the project by the transmission licensee, in accordance with the provisions of these regulations;
- (d) **“Additional Capitalisation”** means the additional capital expenditure admitted by the Commission after prudence check, in accordance with these regulations;
- (e) **“Admitted Capital Cost”** means the capital cost which has been allowed by the Commission for servicing through tariff after due prudence check in accordance with the relevant tariff regulations;
- (f) **“Allotted Transmission Capacity”** means and includes the power transfer in MW between the specified point(s) of injection and point(s) of drawal allowed to a long-term customer on the intra-state transmission system under normal circumstances and the expression “allotment of capacity” shall be construed accordingly;
- (g) **“Availability”** in relation to a transmission system for a given period means the time in hours during that period in which the transmission system is capable of transmitting electricity at its Rated Voltage and shall be expressed in percentage of total hours in the given period, and shall be calculated as directed by the Commission;
- (h) **“Auditor”** means Practicing Chartered Accountant (CA) Firms & practicing Cost & Management Accountant (CMA) Firms as appointed by the Transmission Licensee, or any other law for the time being in force;
- (i) **“Base Year”** means the Financial Year immediately preceding the first year of the applicable Control Period;
- (j) **“Beneficiary”** means any person or entity availing transmission services on the intra-State transmission system, including a Long-Term Transmission Customer and a Long-Term Open Access (LTOA) Customer. A Distribution Licensee shall mandatorily be deemed to be a Long-Term Transmission Customer for the purpose of these Regulations.

Every Beneficiary shall enter into a Transmission Service Agreement with the Transmission Licensee, in such form and manner as may be specified by

the Commission, as a precondition for availing transmission services and for the determination and recovery of transmission charges.

- (k) **“Capital Cost”** means the capital cost as determined in these Regulations in respect of the transmission system.
- (l) **“Capital investments”** means the capital expenditure incurred or proposed to be incurred by the Transmission Licensee for creation, augmentation, renovation or replacement of transmission assets, as approved by the Commission in accordance with the Odisha Electricity Regulatory Commission (Approval of Capital Investment Schemes) Regulations, 2026, as amended from time to time.
- (m) **“Change in Law”** means the occurrence of any of the following events:
- (i) the enactment, bringing into effect or promulgation of any new Indian law; or adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
 - (ii) change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or
 - (iii) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or granted/obtained for the project; or
 - (iv) coming into force or change in any bilateral or multilateral agreement or treaty between the Government of India and any other Sovereign Government having implications for the transmission system regulated under these regulations.
- (n) **“Commission”** means the Odisha Electricity Regulatory Commission referred to in sub-section (1) of Section 82 of the Act;
- (o) **“Communication System”** is a collection of individual communication networks, communication media, relaying stations, tributary stations, terminal equipment, usually capable of interconnection and interoperation to form an integrated communication backbone for the power sector. It also includes the existing communication system of Inter-State Transmission

System, Satellite and Radio Communication System and their auxiliary power supply system, etc., used for the regulation of inter-State and intra-State transmission of electricity;

- (p) **“Competitive Bidding”** means a transparent process for procurement of equipment, services and works in which bids are invited by the project developer by open advertisement covering the scope and specifications of the equipment, services and works required for the project, and the terms and conditions of the proposed contract as well as the criteria by which bids shall be evaluated, and shall include domestic competitive bidding and international competitive bidding conforming to Public Procurement Policy/ Guidelines of Govt. Of Odisha for such procurement;
- (q) **“Control Period”** means a multi-year period fixed by the Commission, from time to time, for the determination of tariff under these Regulations, which shall ordinarily be of five (5) years and the first Control Period under these Regulations shall be from 1st April 2027 to 31st March 2029;
- (r) **“Cut-off Date”** means the last day of the calendar month after thirty-six (36) months from the date of commercial operation of the project;
- (s) **“Date of Commercial Operation” or “COD”** shall have the same meaning as defined under Regulation 3(34) of CERC (Indian Electricity Grid Code) Regulations, 2023 and its amendments from time to time till the Odisha Grid Code Regulations, 2015 are amended.
- (t) **“Day”** means a calendar day consisting of 24-hour period starting at 00.00 hours;
- (u) **“De-capitalisation”** for the purpose of the tariff under these regulations, means a reduction in Gross Fixed Assets of the project as admitted by the Commission corresponding to the inter-unit transfer of assets or the assets taken out from service;
- (v) **“De-commissioning”** means removal from service of a transmission system including the communication system or element thereof, after it is certified by the Central Electricity Authority or any other authorized agency, either on its own or on an application made by the project developer/transmission Licensee or the beneficiaries or both, that the project cannot be operated due to non-performance of the assets on account of technological obsolescence

or uneconomic operation or due to environmental concerns or safety issues or a combination of these factors;

Provided that a notice for information shall be submitted to the beneficiary at the time of filing such application by the project developer/transmission licensee to the CEA or any other authorized agency.

- (w) **“Element”** means an asset which has been distinctively defined under the scope of the transmission project in the Investment Approval, such as transmission lines, including line bays and line reactors, substations, bays, compensation devices and Interconnecting Transformers which can be put to use.
- (x) **“Expansion Project”** shall include augmentation of the transmission system;
- (y) **'Extended Life'** means the life of the transmission system or element thereof beyond the period of useful or operational life, as may be determined by the Commission on case-to-case basis;
- (z) **“Existing Project”** means the project within the transmission system which has been declared under commercial operation from a date prior to 01.04.2027;
- (aa) **“Expenditure Incurred”** means the fund, whether equity or debt or both, actually deployed and paid in cash or cash equivalent, for the creation or acquisition of a useful asset and does not include commitments or liabilities for which no payment has been released;
- (bb) **“Financial Statement”** for a financial year means the following statements, namely-
 - (i) Balance Sheet, prepared in accordance with the form contained in Part I of Schedule III to the Companies Act, 2013, as amended from time to time;
 - (ii) Profit and Loss account, complying with the requirements contained in Part II of Schedule III to the Companies Act, 2013;
 - (iii) Cash Flow Statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;

- (iv) Report of the statutory auditors;
 - (v) Cost Records prescribed by the Central Government under Section 148 of the Companies Act, 2013; and
- together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;

Provided further that the Commission may, from time to time, specify regulatory accounts to be maintained by a local authority under the Act.

- (cc) **“Financial Year”** means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;
- (dd) **“Force Majeure”** for the purpose of these regulations means the event or circumstance or combination of events or circumstances including those stated below, which prevent the transmission licensee from completing or operating the project within the time frame specified in the Investment Approval, and only if such events or circumstances are not within the control the transmission licensee and could not have been avoided, had the transmission licensee taken reasonable care or complied with prudent utility practices:
 - a) Act of God, including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions which are in excess of the statistical measures for the last hundred years; or
 - b) Any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action; or
 - c) Industry-wide strikes and labour disturbances having a nationwide impact in India; or

Delay in obtaining statutory approval for the project, except where the delay is attributable to the project developer;
- (ee) **“Grid Code”** means the Odisha Grid Code (OGC) Regulations, 2015, as amended from time to time or subsequent re-enactment thereof;

- (ff) **“Implementation Agreement”** means the agreement, contract or memorandum of understanding, or any such covenant, entered into (i) between the transmission licensee and generating company or (ii) between the transmission licensee and developer of the associated transmission system for the execution of the project in a coordinated manner, laying down the project implementation schedule and mechanism for monitoring the progress of the projects;
- (gg) **“Indian Governmental Instrumentality”** means the Government of India, Governments of States (where the project is located) and any ministry or department or board or agency controlled by the Government of India or the Government of States where the project is located, or quasi-judicial authority constituted under the relevant statutes in India.
- (hh) **“Investment Approval”** means approval by the Commission as per the “The Licence Conditions of Orissa Power Transmission Corporation Limited” and the Odisha Electricity Regulatory Commission (Approval of Capital Investment Schemes) Regulations, 2026;
- (ii) **“Licensed Business”** shall mean the functions and activities, which the Licensee is required to undertake in terms of the Licence granted or being a deemed Licensee under the Act;
- (jj) **“Licensee”** means a person who has been granted a Licence and shall include a deemed Licensee as per section 14 of the Act;
- (kk) **“Long-Term Transmission Customer”** means a person having a long-term transmission service agreement with the transmission licensee, including the deemed transmission licensee, for the use of the intra-State transmission system by paying transmission charges.
- (ll) **“New Project”** means the transmission system or element thereof achieving its commercial operation on or after 01.04.2027;
- (mm) **“Other Business”** means other businesses of the Transmission Licensee under section 41 of the Act;
- (nn) **“Open Access Customer”** means a consumer as defined in the Odisha Electricity Regulatory Commission (Terms and Conditions of Intra-State Open Access) Regulations, 2020, as amended from time to time;

- (oo) **“Operation and Maintenance Expenses”** or **“O&M expenses”** means the expenditure incurred on operation and maintenance of the transmission system, or part thereof, and also includes the expenditure on Employee Expenses (excluding terminal benefit liabilities), Repair & Maintenance Expenses and Administrative & general expenses;
- (pp) **“Original Project Cost”** means the capital expenditure incurred by the transmission Licensee, within the original scope of the project up to the cut-off date as admitted by the Commission;
- (qq) **“Procedure Regulations”** means the Odisha Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 and as amended from time to time;
- (rr) **“Project”** means all components of the transmission system, including the communication system;
- (ss) **“Prudence Check”** means scrutiny of reasonableness of any cost or expenditure incurred or proposed to be incurred in accordance with these Regulations by the transmission Licensee;
- (tt) **“Quarter”** means the period of three months commencing on the first day of April, July, October and January of each financial year in case of an existing project, and in case of a new project, in respect of the first quarter, from the date of commercial operation to the last day of June, September, December or March, as the case may be;
- (uu) **“Rated Voltage”** means as specified in the Grid Code;
- (vv) **“Scheduled Commercial Operation Dat”** or **“SCOD”** shall mean the date(s) of commercial operation of a transmission system or element thereof and associated communication system as indicated in the Investment Approval or as agreed in the transmission service agreement, as the case may be, whichever is earlier;
- (ww) **“Scheduled Energy”** means the quantum of energy scheduled by the concerned Load Despatch Centre to be injected into the grid by a generating station for a given time period;
- (xx) **“Scheduled Generation”** or **“Scheduled injection”** for a time block or any period means the schedule of generation or injection in MW or MWh ex-

bus, including the schedule for Ancillary Services given by the concerned Load Despatch Centre in accordance with the Grid Code;

- (yy) **“Schedule Drawal”** for a time block or any period means the schedule of drawal in MW or MWh ex-bus, including the schedule for Ancillary Services given by the concerned Load Despatch Centre in accordance with the Odisha Grid Code (OGC) Regulation, 2015, as amended from time to time;
- (zz) **“Start Date or Zero Date”** means the date indicated in the Investment Approval for commencement of implementation of the project, and where no such date has been indicated, the date of Investment Approval shall be deemed to be Start Date or Zero Date;
- (aaa) **“Statutory Charges”** means and includes taxes, cess, duties, royalties and other charges levied through Acts of the Parliament or State Legislatures or by Indian Government Instrumentality under relevant statutes;
- (bbb) **“State Load Despatch Centre”** or **“SLDC”** means the centre established by the State Government for purposes of exercising the powers and discharging the functions under Section 31 of the Act;
- (ccc) **“Sub-Station”** shall have the same meaning as defined in sub-section (69) of section 2 of the Act;
- (ddd) **“Transmission Business”** means the business of transmission of electricity by a Transmission Licensee to a Beneficiary/(ies) and permitted open access customers;
- (eee) **“Transmission Line”** shall have the same meaning as defined in sub-section (72) of Section 2 of the Act;
- (fff) **“Transmission Service Agreement”** means the agreement, contract, memorandum of understanding, or any such covenant, entered into between the transmission licensee and the Long-Term Transmission Customer(s) for the operation phase of the Transmission System;
- (ggg) **“Transmission System”** means a line or a group of lines with or without associated sub-station, equipment associated with transmission lines, sub-stations and shall include associated communication system;
- (hhh) **“Transmission System Availability Factor”** means the Availability of the

Transmission System as certified by the State Load Dispatch Centre;

(iii) **“Trial Operation” or “Trial Run”** in relation to a transmission system or an element thereof means the successful energisation and operation of such system or element at its rated voltage for a continuous period, in accordance with the provisions specified in the Odisha Grid Code (OGC) Regulations, 2015, as amended from time to time;

(jjj) **“Useful life”** in relation to the transmission system from the COD shall mean the following, namely:

(i)	AC sub-station:	35 years
(ii)	Gas Insulated Substation (GIS):	40 years
(iii)	Transmission line (including HVAC & HVDC)	40 years
(iv)	Optical Ground Wire (OPGW):	15 Years
	IT system, SCADA and Communication system excluding OPGW:	7 Years

Provided further that the extension of life of the projects beyond the completion of their useful life shall be decided by the Commission on an application of the licensee;

(kkk) **“Year”** means a financial year beginning on 1st April and ending on 31st March:

4. The words and expressions used in these regulations and not defined herein but defined in the Act or any other regulation of the Commission shall have the meaning assigned to them under the Act or any other regulation of the Commission.
5. All proceedings under these Regulations shall be governed by the OERC (Conduct of Business) Regulations, 2004, as amended from time to time.

CHAPTER – 2

TRANSMISSION PLANNING, BUSINESS PLAN, CAPITAL INVESTMENT AND INVESTMENT APPROVAL:

6. The State Transmission Utility (STU) shall prepare a long-term Transmission Plan for development of the intra-State transmission system and submit the same to the Commission for approval in accordance with the provisions of the Electricity Act, 2003, the Odisha Grid Code, 2015 and the applicable Licence conditions.
7. Only such transmission projects that form part of the Transmission Plan approved

by the Commission shall be eligible for inclusion in the Capital Investment Plan of the Transmission Licensee.

8. All transmission projects exceeding the threshold limit specified under the applicable Licence conditions shall require separate investment approval of the Commission, in addition to their inclusion in the Capital Investment Plan.
9. The Transmission Licensee shall undertake execution of transmission projects only after obtaining:
 - (a) approval of the Capital Investment Plan; and
 - (b) Specific investment approval of the Commission, wherever applicable under the licence conditions.
10. Only such capital expenditure as is incurred on projects approved under the Transmission Plan and the Capital Investment Plan and, where applicable, separately "Investment Approval" by the Commission as per Licence Condition, shall be considered for the determination of Aggregate Revenue Requirement:

Provided that any capital expenditure incurred in contravention of this Chapter shall not be considered for tariff determination

Special Provision for Non-Remunerative but Essential Projects:

11. In cases where a project or part thereof is not viable from a revenue perspective but is considered necessary for grid reliability, system strengthening or policy objectives, the Commission may approve such project subject to the following:
 - a) such project or part thereof may be funded through Government grants or financial support or Viability Gap Funding (VGF);
 - b) Alternatively, the Commission may allow funding through 100% normative loan without equity component;
 - c) No return on equity shall be admissible for the portion funded through Government grants or Viability Gap Funding (VGF).

TREATMENT OF COST OVERRUN AND TIME OVERRUN

12. Any cost arising on account of cost overrun or time overrun shall not be admitted for the purpose of tariff determination, unless such overrun is beyond the control of the Transmission Licensee and is duly justified. The Commission shall examine the

reasons for cost overrun and time overrun on a case-to-case basis.

13. Any cost escalation or delay attributable to the Transmission Licensee, including delay in obtaining approvals or in execution of the project, shall not be admitted for tariff determination

BUSINESS PLAN AND CAPITAL INVESTMENT PLAN

14. The Transmission Licensee shall submit, for approval of the Commission, a Long-Term Business Plan prepared in accordance with these Regulations, not less than one hundred and twenty (120) days prior to the commencement of the first year of the Control Period or such other date as may be directed by the Commission.
15. The Business Plan shall cover the entire Control Period and shall, inter alia, include the following:
 - (a) Forecast of energy wheeled for each year of the Business Plan based on the Power Procurement Plan of the distribution licensees and transmission loss for each such year.
 - (b) Transmission loss reduction trajectory for each year of the Business Plan;
 - (c) Trajectory for the achievement of quality targets set by the commission from time to time.
 - (d) Scheme-wise Capital Investment Plan as per the Odisha Electricity Regulatory Commission (Approval of Capital Investment Schemes) Regulations, 2026, as amended from time to time.
 - (e) The Operation and Maintenance (O&M) costs estimated for the Base Year and two years prior to the Base Year with complete details, together with the forecast for each year of the Business Plan based on the proposed efficiency in operating costs, norms for O&M cost allowance, including indexation and other appropriate mechanisms;
 - (f) Detailed calculation of depreciation on capitalization during the Control Period.
 - (g) A set of targets proposed for other controllable items such as working capital, availability of the Transmission System, quality of supply targets, etc. The targets shall be consistent with the capital investment plan proposed by the Licensee;

- (h) Proposals for Non-Tariff Income with item-wise description and details;
 - (i) Proposals in respect of income from Other Business;
 - (j) Other Information: This shall include any other details considered appropriate by the Transmission Licensee for consideration during the determination of tariff; and
 - (k) SLDC Charges.
16. The Commission shall specify suitable norms of operation for the Transmission Licensee, based on the submission of the Business Plans, past trends and prudence check by the Commission.
 17. The Commission will broadly classify costs incurred by the licensee as controllable and non-controllable. For all controllable costs, the Commission may set the targets for each year under review in the approved Business Plan. These targets shall be used for computing revenue requirements.
 18. All non-controllable costs as checked by the Commission with due diligence and prudence shall be treated as pass-through.
 19. The performance parameters, whose trajectories have been specified in the Regulations, shall form the basis of the projection of these performance parameters in the Business Plan.
 20. Annual review of performance shall be conducted based on the actual vis-à-vis the approved forecast and categorization of variations in performance into controllable factors and uncontrollable factors;
 21. The Commission shall make periodic reviews of the licensee's performance during the control period to address any practical issues, concerns or unexpected outcomes that may arise and in general.
 22. In addition to the approved capital investment plan, the licensee can seek provision for additional capital expenditure anytime during the tariff year to meet natural calamities involving substantial investments. The Commission shall examine and, if satisfied, shall approve the corresponding costs for inclusion in the revenue requirement in the next period.
 23. While presenting the justification for new projects, the licensee shall detail the specific nature of the works, and the outcome sought to be achieved. The detail

must be shown in the form of physical parameters, e.g., new capacity added, to be added, software/hardware/IT system to be procured etc, so that it is amenable to physical verification. This is necessary to ensure that the approved investment plans are implemented and the licensee does not derive improper financial benefit by delaying or neglecting to make the proposed investment.

24. The Commission shall review the licensee's capital investment plan for approval, and for this purpose may require the licensee to provide relevant technical and commercial details. The costs corresponding to the approved capital investment plan of a licensee for a given year shall, after prudence check, form the basis for the determination of the tariff:
25. The Licensee could retain financial benefits arising out of savings in financing costs due to faster implementation at lower costs because of better project management or procurement practices. Financial losses on account of time and cost overrun to be on account of the licensees only.
26. The Licensee shall quarterly submit the details of the scheme-wise asset capitalization along with receipt of the Electrical Inspector certificate (wherever applicable) and other documents as may be required by the Commission from time to time for allowing Depreciation.

Transmission Loss

27. The commission shall examine the filing made by the transmission licensee in respect of transmission loss and shall approve a loss target for each year of the Control Period, based on the opening loss levels, licensee's filings/submissions, past trends, objections raised by the stakeholders and any other factor considered relevant by the Commission. This approved loss target will be used for computing estimated energy for transmission in licensee's system for that year.
28. In case the actual transmission loss exceeds the normative loss level approved by the Commission, as per these Regulations, such excess loss shall be to the account of Transmission Licensee and the Transmission Licensee shall be liable for penalty at the rate of 1% of the allowable RoE, for every 0.5% variation in actual transmission loss over the approved range of transmission losses for the relevant period, Provided "that if the actual transmission loss falls within the approved band, the transmission licensee shall not be levied penalty or allowed any incentive.
29. Provided further that Transmission Licensee shall place the details of energy

accounts (weekly/monthly settlements) of all the transmission system users, the month-wise transmission system availability as certified by SLDC, on its website along with the transmission loss for a month, by the end of the succeeding month.

CHAPTER – 3

PROCEDURE FOR TARIFF DETERMINATION

30. The transmission licensee shall make an application for the determination of tariff based on capital expenditure incurred, duly certified by the auditors or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred, duly certified by the auditors or projected to be incurred during the tariff period. If the commission so desires, the commission can get the capital expenditure verified by an independent agency appointed by the Commission; the cost of such verification shall be borne by the transmission licensee or as directed by the Commission.

Provided further that the application shall contain details of underlying assumptions for projected capital cost and additional capital expenditure, where applicable.

Provided further that any estimated additional capitalization will be as per these regulations.

31. The licensee shall make all filings for Annual Revenue Requirement (ARR) by 30th November of the preceding year for every year of the Control Period. The ARR shall contain the proposal for the Transmission tariff. The licensee shall furnish the required information with regard to technical, commercial and financial parameters in the formats as approved by the Commission from time to time.
32. The filings for the Transmission Tariff for the year shall contain the following:
- (a) The Transmission System or network usage forecast, consistent with the Business Plan;
 - (b) Proposals for transmission tariff design, including the losses to be charged and the procedure thereof;
 - (c) Details of Capitalization and their source of funding
 - (d) Proposal for transmission tariff rate, supported by adequate justification;
 - (e) Proposal for reactive energy charges;

- (f) Proposal for Grid Support Charges;
 - (g) Expected Revenue from the Licensed Business, Non-Tariff Income and income from Other Business and other matters considered appropriate by the Transmission Licensee.
33. The licensee in the ARR filing for the ensuing financial year shall indicate the manner in which the gap, if any, between the charges which it is permitted to recover and the expected revenue calculated shall be filled up.
34. A Tariff Order shall continue to be in force for such period as may be indicated in the said order unless amended earlier.
35. The Accounting Policy and Chart of Accounts shall be followed by the licensee, as determined by the Commission from time to time.
36. The Commission may seek clarification and additional information on the application and the applicant shall provide clarifications and additional information within the date stipulated by the Commission.
37. Every application for the determination of tariff or continuation of previously determined tariff shall be accompanied by a fee as specified by the commission for filing of petitions or applications before the Commission, as amended from time to time.
38. Notwithstanding anything contained in these Regulations, the Commission shall at all times have the authority, either on a suo motu basis or on a Petition filed by the applicant, to determine the tariff, including terms and conditions thereof, of any transmission company.
39. The commission, if the need arises, due to insufficiency of data, explanation, information, etc, provided by the petitioner, may issue provisional tariff till such time the final tariff is determined.

GENERAL APPROACH AND GUIDING PRINCIPLES

40. The Licensee shall keep in view the following principles while filing application for the transmission tariff.
- i. **Baseline:** The baseline values (operating and cost parameters) for the Control Period shall be determined by the Commission and based on the approved values by the Commission in the past, the latest audited accounts, the estimate

of the actual for the relevant year, prudence check and other factors considered appropriate by the Commission.

- ii. **Controllable and Uncontrollable costs: The Commission defines the following elements of cost as Controllable or Uncontrollable in nature:**

Sl. No	ARR Item	Controllable / Uncontrollable Cost
1.	Operation and Maintenance (O&M) Expenses	Controllable
2.	Interest and Finance Charges	Controllable
3.	Depreciation	Controllable
4.	Return on Equity	Controllable
5.	Non-tariff income	Controllable
6.	Taxes on Income	Uncontrollable
7.	Inflation	Uncontrollable
8.	Exchange rate variation	Uncontrollable
9.	Force Majeure Conditions	Uncontrollable
10.	Change in Law	Uncontrollable
11.	Delays on account of land acquisition, except where such delay is attributable to the Transmission Licensee.	Uncontrollable

Provided further that the above specified table will be valid starting from the period under these Regulations i.e. from 1st April 2027 up to 31st March 2029 or till such time the same is revised by the Commission.

- iii. **Operational Norm:** Recovery of the full annual transmission charge by the Transmission Licensee shall be based on the achievement of the Normative Annual Transmission System Availability Factor (NATAF) as AC system: 99 %.

Provided that the recovery of full annual transmission charges below the target availability shall be on a pro-rata basis.

Provided that for the AC system, actual outage hours shall be considered for the computation of availability up to two trippings per year. After two trippings in a year, for every tripping, an additional 12 hours outage shall be considered in addition to the actual outage hours:

Provided also that in case of outage of a transmission element affecting the evacuation of power from a generating station, the outage hour shall be multiplied by a factor of 2.

Provided also that the norms of operation specified in these regulations are the ceiling norms and shall not preclude the Transmission Licensee and the

beneficiaries from agreeing to the improved norms of operation and in case the improved norms are agreed to, such improved norms shall be applicable for the determination of tariff.

Provided further that, the Tariff of the transmission licensee may also be determined in deviation of the norms specified in these regulations, subject to the conditions that-

- a. The levelised tariff over the useful life of the project on the basis of the norms in deviation does not exceed the levelised tariff calculated on the basis of the norms specified in these regulations. For the purpose of calculating the levelised tariff, the discounting factor shall be as notified by the Commission from time to time; and
- b. Any deviation shall come into effect only after approval by the Commission, for which an application shall be made by the Transmission Licensee.

Provided further that the Commission may, on its own, revise the norms of operation specified above.

41. **Transmission Tariff:** The Transmission Tariff payable by the Beneficiaries of the Transmission System shall be designed to recover the Net Aggregate Revenue Requirement (NARR) approved by the Commission for each year of the Control Period:

I. For Long-Term and Medium-Term Open Access customers, including Distribution Licensees:

- a. For Long-Term and Medium-Term Open Access customers, including Distribution Licensees, the transmission tariff shall be determined on a capacity charge basis as follows:

$$\text{Transmission Tariff} = \text{NARR} \times 10^7 / (\text{TCC} \times 365) \text{ (in Rs. per MW per day)}$$

Where,

NARR= Net Aggregate Revenue Requirement approved by the Commission for the transmission system for the concerned year (in Rupees Crore).

TCC= Total Contracted Capacity of the transmission system by Long-Term and Medium-Term Open Access customers, including

Distribution Licensees (in MW).

- b. The transmission charges shall be payable on a monthly basis by each Beneficiary in proportion to its contracted capacity and shall be billed and recovered by the Transmission Licensee.
- c. For a Distribution Licensee, the peak demand recorded during the preceding financial year shall be considered as the contracted capacity for the ensuing year, unless otherwise approved by the Commission.

II. For Short-Term Open Access customers:

- a. The transmission tariff payable by the Short Term Open Access (STOA) customers of the Transmission system shall be determined in accordance with the following formula

$$\text{Transmission Tariff} = \text{NARR} \times 10^7 / (\text{TE}) \text{ (in Rs. per kWh)}$$

Where:

TE = Total energy handled in the Transmission system of the Licensee in kWh.

42. In addition to the transmission tariff, the Beneficiaries of the transmission system shall be liable to pay Grid Support Charges and Reactive Energy Charges, as applicable, in accordance with the relevant Regulations or orders issued by the Commission from time to time.
43. The Transmission Licensee shall raise the bill for the transmission charge based on the transmission tariff and reactive energy charge for a month as per the share of energy transmitted to the Beneficiaries through the system.

Incentive for Higher Transmission System Availability:

44. If the transmission system availability factor for the year is greater than the Normative Annual Transmission System Availability Factor (NATAF) i.e. 99%, in percent specified in these Regulations, the incentive shall be calculated on an annual basis using the following formula:

$$\text{Incentive} = \text{NARR} \times \{(\text{TAFY}/\text{NATAF}) - 1\}$$

Where,

NARR= Net Aggregate Revenue Requirement determined by the Commission for the State transmission system for the concerned year

NATAF= Normative annual transmission system availability factor, in percent specified in these Regulations

TAFY= Transmission system availability factor for the year, in percent computed in accordance with Appendix- B

45. One-third of the incentive shall be kept as tariff balancing reserve, which shall be used to reduce sharp rise in ARR in future years. The Commission may allow a part of the total reserve every three years by way of reduction in ARR. The amount in the tariff balancing reserve shall not be eligible to be treated as part of equity and will not earn any return. Any return earned on this reserve shall be added back to this reserve.
46. The balance two-thirds (2/3rd) of the incentive shall be retained by the Transmission Licensee and shall be utilised in such manner as may be directed by the Commission in the transmission tariff order.

Grid Support Charges (GSC)

47. The Grid Support Charges (GSC) shall be levied and recovered in accordance with the Odisha Electricity Regulatory Commission (Grid Support Charges for Captive Generating Plants) Regulations, 2026, as amended from time to time.

TRUING UP OF CAPITAL EXPENDITURE AND TARIFF:

48. The Transmission licensee may file an application each year for truing up, along with the tariff petition filed for the next tariff period and the Commission shall carry out truing-up exercise along with the tariff petition filed for the next tariff period:
49. The Transmission Licensee shall submit detailed information pertaining to the capitalization of Transmission Assets by scheme-wise and their source of funding.
50. For Truing-up, the licensee should submit the data pertaining to the audited expenses, expenses allowed in ARR for each of the expense heads. The licensee should also indicate the deviation between the actual audited data and the expense approved/allowed in ARR, along with the reason/justification for such deviation.
51. Truing-up shall be carried out, on the basis of actual expenses booked in the audited books of account of the Transmission Licensee for the year, expenses allowed in the ARR for the corresponding financial year, subject to prudence check by the Commission and due regard to TAFY:

Provided that true-up for any period shall be governed by the provisions of these

Regulations under which the tariff for that year was determined;

Provided that if such variations on account of True-up are large, and it is not feasible to recover the same in one year alone, the Commission may treat the variation as per statutory norms/guidelines issued by the Appropriate Authority.

Provided that the carrying cost on the non-recovered trueing-up amount shall be determined by the Commission based on one-year SBI MCLR plus 100 basis points as prevalent as on 1st April of the respective year, from the date of issue of the order by the Commission.

CHAPTER-4

CAPITAL STRUCTURE:

52. Debt-Equity Ratio:

1) For determination of tariff in respect of new transmission projects, the debt-equity ratio as on the Date of Commercial Operation shall be considered as follows:

- (i) The debt-equity ratio shall ordinarily be 80:20;
- (ii) Equity in excess of twenty percent (20%) of the capital cost shall be treated as normative loan.
- (iii) Equity deployed less than twenty percent (20%) of the capital cost shall be considered as actual equity.

2) Any equity invested in foreign currency shall be designated in Indian rupees on the date of such investment:

3) Any grant or subsidy obtained for execution of the project shall not be considered as part of the capital structure for the purpose of computation of debt and equity.

Explanation-

(a) The premium, if any, raised by the transmission licensee while issuing share capital and investment of internal resources created out of its free reserve for the funding of the project, shall be reckoned as paid-up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the transmission system.

(b) The transmission licensee shall submit the resolution of the Board of the

company or the approval of the competent authority in other cases regarding the infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the transmission system, including the communication system.

(c) In the case of the transmission system, including the communication system declared under commercial operation prior to 01.04.2027, the debt-equity ratio allowed by the Commission for the determination of tariff for the period ending 31.03.2027 shall be considered:

(d) Any expenditure incurred or projected to be incurred on or after 01.04.2027 as may be admitted by the Commission as additional capital expenditure for the determination of tariff and Renovation & Modernisation expenditure for life extension, shall be serviced in the manner specified in clause (1) of this Regulation.

COMPUTATION OF CAPITAL COST

53. **Capital Cost:** The Capital cost of the transmission system, as determined by the Commission after prudence checks in accordance with these regulations, shall form the basis for the determination of the tariff for existing and new projects.
54. The Capital Cost of a new project shall include the following:
- a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
 - b) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
 - c) Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC) as computed in accordance with these regulations;
 - d) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
 - e) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
 - f) Adjustment of any revenue earned by the transmission licensee by using the assets before the date of commercial operation;
 - g) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;

- h) Expenditure on account of change in law and force majeure events; and
55. The Capital cost of an existing project shall include the following:
- a. Capital cost admitted by the Commission prior to 01.04.2027, duly tried up by excluding liability, if any, as on 01.04.2027;
 - b. Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
 - c. Capital expenditure on account of Renovation and Modernisation as admitted by this Commission in accordance with these regulations;
 - d. Expenditure on account of change in law and force majeure events;
56. For Projects acquired through NCLT proceedings under the Insolvency and Bankruptcy Code, 2016, the following shall be considered while approving Capital Costs for the determination of tariff:
- a. For projects already under operation, the historical GFA of the project acquired or the acquisition cost paid by the transmission Licensee, whichever is lower;
 - b. For considering the historical GFA for the purpose of Sub-Clause (a) above, the same shall be the capital cost approved by the appropriate commission till the date of acquisition;

Provided that in the absence of any prior approved capital cost of an Appropriate Commission, the Commission shall consider the same on the basis of audited accounts subject to prudence check;

Provided further, that in case additional capital expenditure is required post-acquisition of an already operational project, the same shall be considered under the provisions (Computation of additional capital expenditure) of these Regulations;
 - c. In case any under-construction project is acquired that has yet to achieve commercial operation, the acquisition cost or the actual audited cost incurred till the date of acquisition, whichever is lower, shall be considered subject to prudence check and;
 - d. any additional capital expenditure incurred post-acquisition of such project up to the date of commercial operation of the project, in line with the investment approval of the Board of Directors of the transmission licensees, shall also be

considered on a case-to-case basis, subject to prudence check.

Provided that post-commercial operation, additional capital expenditure shall be allowed under the provisions (Computation of additional capital expenditure) of these Regulations.

57. The following shall be excluded from the capital cost of the existing and new projects:

- a. The assets forming part of the project but not in use, as declared in the tariff petition;
- b. De-capitalised Assets after the date of commercial operation on account of obsolescence;
- c. De-capitalised Assets on account of upgradation or shifting from one project to another project:

Provided that in case such an asset is recommended for further utilisation by Appropriate Authority or an Authorized Agency in consultation with STU, such asset shall be de-capitalised from the original project only after its redeployment;

Provided further that unless the shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.

- d. Proportionate cost of land of the existing transmission project, which is being used for generating power from a generating station based on renewable energy, as may be permitted by the Commission; and
- e. Any grant received from the Central Government or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.

58. **Prudence Check of Capital Cost:** The Commission shall carry out prudence check of the capital cost of existing and new projects in accordance with the following principles, which shall include, but not be limited to:

- i. In the case of the transmission system, the prudence check of capital cost shall include scrutiny of the capital expenditure, in light of the capital cost of similar projects based on past historical data, wherever available, reasonableness of the

financing plan, interest during construction, incidental expenditure during construction, use of efficient technology, cost over-run and time over-run, procurement of equipment and materials through competitive bidding as given in these Regulations and such other matters as may be considered appropriately by the Commission:

Provided that, while carrying out the prudence check, the Commission shall also examine whether the transmission licensee, as the case may be, has been prudent in its judgments and decisions in the execution of the project.

- ii. The transmission licensee shall furnish the scheme-wise capital cost of the completed transmission system and Capital Work-In -Progress status of the executed and new projects as per the prescribed format by the Commission from time to time.

59. Interest During Construction (IDC) and Incidental Expenditure during Construction (IEDC)

- i. Interest during construction (IDC) shall be computed considering the actual loan after taking into account the prudent phasing of funds up to actual COD:
- ii. Incidental expenditure during construction (IEDC) shall be computed from the zero date, taking into account pre-operative expenses up to actual COD:

Provided that any revenue earned during the construction period up to actual COD on account of interest on deposits or advances or any other receipts shall be taken into account for the reduction in incidental expenditure during construction.

- iii. In case of additional costs on account of IDC and IEDC due to delay in achieving the COD, the transmission licensee shall be required to furnish detailed justifications with supporting documents for such delay, including prudent phasing of funds in the case of IDC and details of IEDC during the period of delay and liquidated damages recovered or recoverable corresponding to the delay.
- iv. If the delay in achieving the COD is not attributable to the transmission licensee, such additional IDC and IEDC may be allowed after a prudence check, and the liquidated damages, if any, recovered from the contractor or

supplier or agency shall be adjusted to the capital cost of the generating station or the transmission system, as the case may be.

- v. If the delay in achieving the COD is attributable either in entirety or in part to the transmission licensee or its contractor or supplier or agency, in such cases, IDC and IEDC due to such delay may be disallowed after a prudence check, either in entirety or on a pro-rata basis corresponding to the period of delay not condoned vis-à-vis total implementation period, and the liquidated damages, if any, recovered from the contractor or supplier or agency shall be retained by the transmission licensee, in the same proportion of delay not condoned vis-à-vis total implementation period.

[Note: For e.g.: In case a project was scheduled to be completed in 48 months and is actually completed in 60 months. Out of 12 months of time overrun, if only 6 months of time overrun is condoned, the allowable IDC and IEDC shall be computed by considering the total IDC and IEDC incurred for 60 months and allowed in the proportion of 54 months over 60 month period.]

- vi. Provided that in cases where the delay in achieving COD is beyond six months from SCOD on account of delay in obtaining approval of any of the following activities namely, i) forest clearance, ii) NHA clearance, or iii) Railways permission, a time overrun maximum up to 95% shall be allowed after prudence check.

60. **Controllable and Uncontrollable factors:** The following shall be considered as controllable and uncontrollable factors for deciding time overrun, cost escalation, IDC and IEDC of the new projects:

- i. The "controllable factors" shall include, but shall not be limited to, the following:
 - a. Efficiency in the implementation of the new projects not involving an approved change in scope of such new projects or change in statutory levies or change in law or force majeure events; and
 - b. Delay in execution of the new projects on account of the contractor or supplier or agency of the transmission licensee.
- ii. The "uncontrollable factors" shall include, but shall not be limited to the following:

- a. Force Majeure events;
- b. Change in Law; and
- c. Land acquisition except where the delay is attributable to the transmission licensee.

1. **Initial Spares:** Initial spares shall be capitalised as a percentage of the Plant and Machinery cost, subject to the following ceiling norms:

d)	i	Transmission line	1.00%
e)	ii	Transmission Sub-station	f)
		Green Field	3.00%
		Brown Field	5.00%
	iii.	Series Compensation devices and HVDC Station	3.00%
	iv.	Gas Insulated Sub-station (GIS)	i)
		Green Field	4.00%
		Brown Field	6.00%
	v.	Communication system	3.50%
	vi.	Static Synchronous Compensator	5.00%

Provided that:

- i. Plant and Machinery cost shall be considered as the original project cost excluding IDC, IEDC, Land Cost and Cost of Civil Works. The transmission licensee, for the purpose of estimating Plant and Machinery Costs, shall submit the break-up of head-wise IDC and IEDC in its tariff application;
- ii. Where the generating station has any transmission equipment forming part of the generation project, the ceiling norms for initial spares for such equipment shall be as per the ceiling norms specified for the transmission system under these regulations;
- iii. Initial spares of high voltage underground cables used for the transmission system shall be allowed based on actuals on a case-to-case basis after carrying out due a prudence check;

COMPUTATION OF ADDITIONAL CAPITAL EXPENDITURE:

61. **Additional Capitalisation within the original scope and up to the cut-off date:**

- i. The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- a. Payment made towards admitted liabilities for works executed up to the cut-off date;
- b. Works deferred for execution;
- c. Procurement of initial capital spares within the original scope of work, in accordance with the provisions of these regulations;
- d. Payment against the award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;
- e. Change in law or compliance with any existing law which is not provided for in the original scope of work;
- f. Force Majeure events.

Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.

- ii. The transmission licensee shall submit the details of works asset-wise/work-wise included in the original scope of work, along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution.

62. **Additional Capitalisation within the original scope and after the cut-off date:**

- i. The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:
 - a. Payment made against the award of arbitration or for compliance with the directions or order of any statutory authority, or order or decree of any court of law;
 - b. Change in law or compliance with any existing law which is not provided for in the original scope of work;
 - c. Payment made towards liability admitted for works within the original scope executed prior to the cut-off date;
 - d. Force Majeure events;

- e. Works within original scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made; and
- ii. In case of replacement of assets deployed under the original scope of the existing project after the cut-off date, the additional capitalization may be admitted by the Commission after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:
 - a. Assets whose useful life is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;
 - b. The replacement of the asset or equipment is necessary on account of a change in law or Force Majeure conditions;
 - c. The replacement of such asset or equipment is necessary on account of the obsolescence of technology; and
 - d. The replacement of such asset or equipment has otherwise been allowed by the Commission.
 - e. The additional expenditure, excluding recurring expenses covered in O&M expenses, involved in relation to the renewal of the lease of leasehold land on case to case basis.

Provided that any claim of additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses.

63. Additional Capitalisation beyond the original scope

- i. The capital expenditure, in respect of the existing transmission system, including the communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:
 - b. Payment made against award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law;
 - c. Change in law or compliance of any existing law;

- d. Force Majeure events;
 - e. Need for higher security and safety of the transmission system as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;
 - f. Any additional capital expenditure which has become necessary for the efficient operation of the transmission system, including the works required towards projects acquired through the NCLT process. The claim shall be substantiated with the technical justification and cost-benefit analysis.
- ii. Any claim of additional capitalisation less than Rs. 20 lakhs shall not be considered under these Regulations and shall be met through normative O&M expenses.
 - iii. In case of de-capitalisation of assets of the transmission licensee, the original cost of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised.

Provided that in cases where an asset forming part of a scheme is de-capitalised and wherein the historical value of such asset is not available, the value of de-capitalisation shall be computed by de-escalating the value of the new asset by 5% per year until the year of capitalisation of the old asset subject to a minimum of 10% of the replacement cost of the asset.

64. Additional Capitalisation on account of Renovation and Modernisation:

- i. The Transmission Licensee, intending to undertake on Renovation & Modernization (R&M) for the purpose of extension of life beyond the originally recognized useful life of the transmission element (s) of the transmission system, shall make an application before the Commission for approval of the proposal with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost including foreign exchange component, if any, record of consultation with beneficiaries and any other information considered to be

relevant by the transmission licensee.

- ii. Where the transmission licensee, makes an application for approval of its proposal for Renovation and Modernisation, the approval may be granted after due consideration of the reasonableness of the proposed cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost-benefit analysis, expected duration of life extension, the response of the beneficiaries and such other factors as may be considered relevant by the Commission.
- iii. Any expenditure on replacement, Renovation and Modernization or extension of life of old fixed assets, as applicable to Transmission Licensee, shall be considered after writing off the net value of such replaced assets from the original capital cost and will be calculated as follows:

$$\text{Net Value of Replaced Assets} = \text{OCRA} - \text{AD} - \text{CC}$$

Where;

OCRA: Original Capital Cost of Replaced Assets;

AD: Accumulated Depreciation pertaining to the Replaced Assets;

CC: Total Consumer Contribution pertaining to the Replaced Assets.

De-Commissioning

65. In case a transmission system including communication systems or element thereof after it is certified by CEA or any other statutory authority, that any asset cannot be operated or needs to be replaced on account of environmental concerns or safety issues or system upgradation or a combination of these factors not attributable to a transmission licensee, the unrecovered depreciable value may be allowed to be recovered on a case-to-case basis after duly adjusting the salvage value or realisation value, whichever is higher, post disposal of such project.

Provided that the manner of recovery, including a number of instalments in which such unrecovered depreciation will be allowed, shall be specified by the Commission on a case-to-case basis.

Provided further that no carrying cost shall be allowed on any delay associated with such recovery.

CHAPTER-5

PRINCIPLES FOR DETERMINATION OF ARR

66. The Aggregate Revenue Requirement for the Transmission Business for each year, shall contain the following items;

- (a) Operation and Maintenance expenses;
- (b) Interest on loan capital and Finance Charges;
- (c) Depreciation;
- (d) Return on Equity
- (e) Income Tax;
- (f) Less: Non-Tariff Income;
- (g) Less: Income from Other Business as specified in these Regulations

Operation and Maintenance expenses;

67. The following normative operation and maintenance expenses (excluding Terminal liability) shall be admissible for the transmission system:

Particulars	2027-28	2028-29
Norms for Sub-station Bays (Rs Lakh per bay)		
765 kV	14.92	15.71
400 kV	12.97	13.66
220 kV	12.38	13.04
132 kV and below	10.02	10.56
Norms for Transmission lines (Rs Lakh per Ckt. km)		
765 kV	1.24	1.31
400 kV	1.08	1.14
220 kV	1.03	1.08
132 kV and below	0.83	0.88

68. The total allowable Operation and Maintenance (O&M) expenses for the transmission system shall be calculated by multiplying the number of substation bays and circuit km of transmission line by the applicable norms for the operation and maintenance expenses per bay and per circuit km, respectively.

69. Stranded bays and transmission lines, or assets not put to use, shall not be considered for the computation of Operation and Maintenance (O&M) expenses.

70. The Transmission Licensee shall furnish a certificate, along with the tariff petition, confirming that no O&M expenses have been claimed in respect of such assets. The Commission may verify the status of such assets during prudence check.

71. The Capital Spares, individually costing more than Rs.10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:

Provided that the transmission licensee shall submit capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals, along with appropriate justification for incurring the same and along with confirmation that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.

72. On the occurrence of any change in law event affecting O&M expenses, the impact shall be allowed to the transmission licensee at the time of truing up of the tariff.

Provided that such impact shall be allowed only in case the overall impact of such change in law event in a year is more than 5% of the normative O&M expenses of the project for the year.

73. In case of a transmission licensee owned by the Central or State Government, the impact on account of implementation of wage or pay revision shall be allowed at the time of truing up of tariff.

TERMINAL BENEFITS

74. The provision for terminal benefit on account of pension, gratuity, leave encashment and other retirement benefits of employees shall be based on periodic actuarial valuation carried out in accordance with the applicable Indian Accounting Standards.
75. The amount of terminal liabilities to be considered for the determination of tariff shall be subject to prudence check by the Commission.

INTEREST AND FINANCE CHARGES

Interest on loan capital:

76. The costs corresponding to the approved investment plan of a licensee for a given year will, normally, be considered for its revenue requirement. For the past investments, actual values will be considered. Depreciation reserves to the extent available shall be utilised for financing the investments. The licensee shall not earn return from the assets created through this depreciation reserve.
77. The loans arrived at in the manner indicated in these Regulations shall be considered gross normative loans for the calculation of interest on loans.
78. The normative loan outstanding as on 01.04.2027 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2027 from

the gross normative loan.

79. The repayment for each of the years of the control period 2027-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of de-capitalisation of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro-rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.
80. Notwithstanding any moratorium period availed of by the transmission licensee, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.
81. The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of the year;
- Provided further that if the transmission licensee does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.
82. **Interest on Working Capital:** Working capital shall include
- (a) Receivables equivalent to one month of net ARR.
 - (b) Maintenance spares @ 15% of operation and maintenance expenses as specified in these Regulations;
83. The rate of interest on working capital shall be on a normative basis and shall be considered at the one-year Marginal Cost of Lending Rate (MCLR) of the State Bank of India issued as on 1st January of the preceding year for which the tariff is determined, plus 200 basis points.
84. For the purpose of truing-up, the rate of interest on working capital shall be considered as follows:
- a. Where no working capital loan is availed, the rate shall be the one-year MCLR of the State Bank of India issued as on 1st April of the relevant financial year, plus 100 basis points.
 - b. Where working capital loan is availed from any external agency, the rate shall be as per actual.

Depreciation

85. Depreciation shall be computed from the date of commercial operation of a transmission system, including the communication system or element thereof. The value base for the purpose of depreciation shall be the capital cost of the transmission asset as admitted by the Commission.
86. The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset.
Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;
87. Depreciation shall be calculated annually based on the Straight-Line Method and at rates as specified in **Appendix- A** to these regulations.
88. In case of the existing projects, the balance depreciable value as on 01.04.2027 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.03.2027 from the gross depreciable value of the assets.
89. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.
90. For the purpose of tariff determination, the rate of depreciation will be linked to the useful life of the asset, calculated on the straight-line method. However, a higher rate of depreciation may be permitted by the Commission in case of inadequacy of cash for debt repayment.
91. In case of de-capitalisation of assets in respect of transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalised asset during its useful service.
92. Provided that depreciation shall not be allowed on assets funded by transmission system users (i.e., any receipts from transmission system users that are not treated as revenue) and capital subsidies/grants:
Provided further that the Licensee shall submit year-wise details of assets retired and disposed off, which shall be removed from the Original Cost of Fixed Assets:
Provided further that assets shall normally not be retired before completion of the useful life and the Licensee shall take prior approval of the Commission in case of retiring any asset before its useful life:

Provided further that the Licensee shall submit year-wise details of the assets which have completed its useful life.

Return on Equity

93. Return on equity shall be computed in rupee terms, on the equity base determined in accordance with these Regulations.
94. The Transmission Licensee shall be allowed a return on equity capital at the rate of 13.00 % per cent per annum, in Indian Rupee terms, on the amount of equity capital determined in accordance with these Regulations.
95. Return on equity for the new project achieving COD on or after 01.04.2027 shall be computed at the base rate of 13.00% for the transmission system, including the communication system.

Provided that return on equity in respect of additional capitalisation beyond the original scope, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 200 basis points as on 1st April of the year, subject to a ceiling of 13%;

Provided further that in case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the transmission system is found to be declared under commercial operation without commissioning of any of the data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective SLDC;

96. Depreciation reserves to the extent available shall be utilised for equity or total financing of new investments. The licensee shall not earn return from the assets created through this depreciation reserve.
97. Return on equity shall be computed in rupee terms, on the equity base as determined by the Commission.
98. In case of foreign currency brought as capital, the Commission may consider a separate rate of return if foreign exchange variation is allowed as a pass-through.
99. The tax only to the extent of the tax on return, is provided as pass through.

Provided that basing on the audited accounts the actual tax liability shall be trued-up after prudence check by the Commission.

Non-Tariff Income

100. The amount of Non-Tariff Income as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff by the Transmission Licensee.
101. The Transmission Licensee shall submit full details of his forecast of Non-Tariff Income to the Commission along with his application for the determination of tariff. The indicative list of various heads to be considered for Non-Tariff Income shall be as follows:
- (a) Income from rent of land or buildings;
 - (b) Income from the sale of scrap;
 - (c) Profit derived from disposal of assets;
 - (d) Income from statutory investments;
 - (e) Interest on delayed or deferred payment on bills;
 - (f) Interest on advances to suppliers/contractors;
 - (g) Rental from staff quarters;
 - (h) Income from hire charges from contractors and others;
 - (i) Income from advertisements, etc.;
 - (j) Miscellaneous receipts;
 - (k) Prior period income;
 - (l) Revenue from Grid Support Charges (GSC)
 - (m) Other Receipts, if any:
102. The interest earned from investments made out of Return on Equity shall not be included in Non-Tariff Income.

Income from other business

103. Where the Transmission Licensee has engaged in any Other Business, an amount equal to one-third of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the tariff of the Transmission Licensee:

Provided that the Transmission Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Transmission Business and the Other Business and shall submit the Allocation Statement, duly audited and

certified by the statutory auditors, to the Commission along with his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Transmission Licensee on account of such Other Business.

Tax on Income

104. Income tax of the Transmission Licensee shall be recovered from the beneficiaries. This will exclude income tax on other income streams (non-transmission business).
105. The actual assessment of income tax should take into account the benefits of the tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 shall be passed on to the consumers.

Profit sharing

106. The licensee will be provided with an approved return at the beginning of the period under review. However, the licensee, if it makes more profit than the approved return on account of improved performance, the Commission shall treat the profit beyond the approved return in the following manner:
 - (a) One-third amount to be declared by the licensee as dividends to the shareholders is not paid out as dividends, it shall be eligible to be treated as part of equity to that extent and earn returns on the same. Any future declaration of dividends from this shall lead to commensurate decrease in the equity base for the purpose of returns.
 - (b) One-third amount to be returned back to consumers by way of reduction in the beneficiary's bills as rebate.
 - (c) One-third of the amount shall be kept as tariff balancing reserve, which shall be used to reduce the sharp rise in ARR in future years. The Commission may allow a part of the total reserve to be returned back to the consumers every 3 years by way of reduction in ARR. The amount in the tariff balancing reserve shall not be eligible to be treated as part of equity and would not earn any return for the shareholders. Any return earned on this reserve shall be added back to this reserve

Sharing of CDM Benefits

107. The proceeds of carbon credit from the approved CDM project shall be shared in the following manner, namely-
- (a) 100% of the gross proceeds on account of CDM to be retained by the project developer in the first year after the date of commercial operation of the transmission system.
 - (b) in the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, whereafter the proceeds shall be shared in equal proportion by the Transmission Licensee and the beneficiaries.

Recovery of Fee

108. The Transmission licensee shall recover the fees and charges as for filing of petitions or applications before the Commission, as determined by the Commission from time to time.

Late Payment Surcharge

109. In case the payment of any bill for charges payable under these regulations is delayed by a beneficiary beyond a period of 30 days from the date of receipt of bill a late payment surcharge at the rate of 1.25% per month shall be levied by the Transmission Licensee.
110. Unless otherwise agreed by the parties, the charges payable by a beneficiary or long term customer shall be first adjusted towards a late payment surcharge on the outstanding charges and, thereafter, towards monthly charges billed by the transmission licensee starting from the longest overdue bill.

Rebate

111. For payment of bills of the transmission licensee through letter of credit on presentation or through National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) within a period of 2 working days of presentation of bills by the transmission licensee, a rebate of 1.50 % shall be allowed.
112. Where payments are made on any day after 2 working days and within a period of 30 days of the presentation of bills by the transmission licensee, a rebate of 1% shall be allowed.
113. The rebate specified under these Regulations shall be applicable to all Beneficiaries

of the transmission system, including Long-Term Access (LTOA) customers, Medium-Term Open Access (MTOA) customers, and Distribution Licensees.

Quality of Supply and Consumer Services

114. The quality of supply shall be monitored as per the norms specified by the Commission from time to time.
115. The quality of supply would be used to evaluate the performance of licensees. The Commission shall monitor the following Quality of Supply parameters during the Control Period:
- (a) Transmission System Availability
 - (b) Transmission Loss
 - (c) Transformer Failure, across various capacities, which represents the number of transformer failures as a percentage of the total number of transformers in that specified capacity within the Transmission System, over a specified period of time.
 - (d) Line Outage Frequency
 - (e) Line Outage Duration or Mean Time to Restore (MTTR)
 - (f) Voltage Profile Compliance;

Provided, the Commission, from time to time, may revise the Quality of Supply parameters to be monitored.

116. The Licensee shall submit the performance on each parameter in the form and manner directed by the Commission. The Commission shall conduct periodic reviews on the performance of the Licensee with respect to quality parameters.

Metering and Accounting

117. The provisions of the Grid Code shall be applicable.

Foreign Exchange Rate Variation

118. The Transmission Licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loans and repayment of foreign loans acquired for the transmission system, in part or in full, in the discretion of the Transmission Licensee.
119. Every Transmission Licensee shall recover the cost of hedging of foreign exchange

rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

120. To the extent the Transmission Licensee is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible, provided it is not attributable to the Transmission Licensee or its suppliers or contractors.
121. Every Transmission Licensee shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

Recovery of Cost of Hedging Foreign Exchange Rate Variation

122. Recovery of the cost of hedging and foreign exchange rate variation shall be made directly by the Transmission Licensee, from the beneficiaries, without making any application before the Commission:
123. Provided that in case of any objections by the beneficiaries to the amounts claimed on account of the cost of hedging or foreign exchange rate variation, the Transmission Licensee, may make an appropriate application before the Commission for its decision.

MISCELLANEOUS

Repeal and Savings

124. These Regulations shall supersede the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014.
125. Notwithstanding such supersession, anything done or any action taken under the repealed Regulations shall be deemed to have been done or taken under the corresponding provisions of these Regulations, to the extent not inconsistent with these Regulations.

Power to remove difficulties

126. If any difficulty arises in giving effect to any of the provisions of these Regulations,

the Commission may, by general or special order, do anything not being inconsistent with the provisions of the Act, which appears to it to be necessary or expedient for the purpose of removing the difficulties.

Power to Relax

127. The Commission, for reasons to be recorded in writing, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

Power to Amend

128. The Commission, for reasons to be recorded in writing, may at any time vary, alter or modify any of the provisions of these Regulations by amendment.

Interpretation

129. If a question arises relating to the interpretation of any provision of these Regulations, the decision of the Commission shall be final.

Saving of Inherent Powers of the Commission

130. Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of special circumstances of the matter or class of matters and for the reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these Regulations.

By Order of the Commission

SECRETARY

Appendix-A

Depreciation Schedule		
Sl. No.	Asset Particulars	Depreciation Rate (Salvage value = 10%)
A	Land under full ownership	0%
B	Land under lease	
a	for investment in the land	3.34%
b	For cost of clearing the site	3.34%
C	Assets purchased new	
a	Building & Civil Engineering works of a	
(i)	Offices and showrooms	3.34%
(ii)	Temporary erections such as wooden structures	100.00%
(iii)	Roads other than Kutcha roads	3.34%
(iv)	Others	3.34%
b	Transformers, Kiosk, sub-station equipment & other fixed apparatus (including plant	
(i)	Transformers including foundations having rating of 100 KVA and over	4.22%
(ii)	Others	4.22%
c	Switchgear including cable connections	4.22%
d	Lightning arrestor	
(i)	Station type	4.22%
(ii)	Pole type	4.22%
(iii)	Synchronous condensor	4.22%
e	Batteries	9.50%
(i)	Underground cable including joint boxes and disconnected boxes	4.22%
(ii)	Cable duct system	4.22%
f	Overhead lines including cable support	
(i)	Lines on fabricated steel operating at terminal voltages higher than 66 KV	4.22%
(ii)	Lines on steel supports operating at terminal voltages higher than 13.2 KV but not exceeding 66 KV	4.22%
(iii)	Lines on steel on reinforced concrete support	4.22%
(iv)	Lines on treated wood support	4.22%
g	Meters	4.22%
h	Self-propelled vehicles	9.50%
i	Air Conditioning Plants	
(i)	Static	4.22%
(ii)	Portable	9.50%
j(i)	Office furniture and furnishing	6.33%
(ii)	Office equipment	6.33%
(iii)	Internal wiring including fittings and apparatus	6.33%
(iv)	Street Light fittings	4.22%
k	Apparatus let on hire	
(i)	Other than motors	9.50%
(ii)	Motors	6.33%
l	Communication equipment	
(i)	Radio and high-frequency carrier system	15.00%

Depreciation Schedule		
Sl. No.	Asset Particulars	Depreciation Rate (Salvage value = 10%)
(ii)	Telephone lines and telephones	15.00%
	Fibre Optic/OPGW	6.33%
m	I. T equipments including software UNMS, URTDSM, EMS, Cyber Security System, REMC, WAMS, SCADA system	15.00%
n	Any other assets not covered above	4.22%

Note: Where the life of the particular asset is less than the useful life of the project, the useful life of such particular asset shall be considered as per the provisions of the Companies Act, 2013 and subsequent amendments thereto

Appendix-B

Procedure for Calculation of Transmission System Availability Factor for a Month

1. Transmission system availability factor for nth calendar month (“TAFPn”) shall be calculated by the transmission licensee, verified and certified by the State Load Dispatch Centre (SLDC) for the AC transmission system.
2. Transmission system availability factor for the year (TAFY) shall be calculated based on the same methodology.
3. Transmission system availability factor for nth calendar month (“TAFPn”) shall be calculated by considering the following:
 - i) **AC transmission lines:** Each circuit of the AC transmission line shall be considered as one element;
 - ii) **Inter-Connecting Transformers (ICTs):** Each ICT bank (three single-phase transformers together) shall form one element;
 - iii) **Static VAR Compensator (SVC):** SVC, along with the SVC transformer, shall form one element;
 - iv) **Bus Reactors or Switchable line reactors:** Each Bus Reactor or Switchable line reactors shall be considered as one element;
 - v) **Static Synchronous Compensation (“STATCOM”):** Each STATCOM shall be considered as a separate element.
4. The Availability of the Transmission system shall be calculated by considering each category of transmission elements as under:

$$\text{TAFPn (in \%)} = \frac{(o \times AV_o) + (p \times AV_p) + (q \times AV_q) + (r \times AV_r) + (u \times AV_u)}{(o + p + q + r + u)} \times 100$$

Where,

o	=	Total number of AC lines.
AV _o	=	Availability of o number of AC lines
p	=	Total number of bus reactors/switchable line reactors
AV _p	=	Availability of p number of bus reactors/switchable line reactors
q	=	Total number of ICTs
AV _q	=	Availability of q number of ICTs
r	=	Total number of SVCs

- AV_r = Availability of r number of SVCs
 u = Total number of STATCOM
 AV_u = Availability of u number of STATCOM

5. The availability for each category of transmission elements shall be calculated based on the weightage factor, total hours under consideration and non-available hours for each element of that category. The formulae for the calculation of the Availability of each category of the transmission elements are as per Appendix-C. The weightage factor for each category of transmission elements shall be considered as follows:
6. For each circuit of the AC line – The number of sub-conductors in the line multiplied by ckt- km;
 - a) For each circuit of the AC line – The number of sub-conductors in the line multiplied by ckt- km;
 - b) For each ICT bank – The rated MVA capacity;
 - c) For SVC- The rated MVAR capacity (inductive and capacitive);
 - d) For Bus Reactor/switchable line reactors – The rated MVAR capacity;
 - e) For STATCOM – Total rated MVAR Capacity.
7. The transmission elements under outage due to the following reasons shall be deemed to be available:
 - i. Shut down availed for maintenance of another transmission scheme or construction of new element or renovation/upgradation/additional capitalization in an existing system approved by the Commission. If the other transmission scheme belongs to the transmission licensee, the SLDC may restrict the deemed availability period to that considered reasonable by it for the work involved. In case of a dispute regarding deemed availability, the matter may be referred to the Chairperson, CEA, within 30 days.
 - ii. Switching off of a transmission line to restrict over-voltage and manual tripping of switched reactors as per the directions of the concerned SLDC.
 - iii. Shut down of a transmission line due to the Project(s) of NHAI, Railways and Border Road Organization, including for shifting or modification of such transmission line or any other infrastructure project approved by the

Ministry of Power. SLDC may restrict the deemed availability period to that considered reasonable by him for the work involved;

8. For the following contingencies, the outage period of transmission elements, as certified by the SLDC, shall be excluded from the total time of the element under the period of consideration for the following contingencies:
 - i. Outage of elements due to force majeure events beyond the control of the transmission licensee. However, whether the same outage is due to force majeure (not design failure) will be verified by SLDC. A reasonable restoration time for the element shall be considered by the SLDC, and any additional time taken by the transmission licensee for restoration of the element beyond the reasonable time shall be treated as outage time attributable to the transmission licensee. SLDC may consult the transmission licensee or any expert for the estimation of reasonable restoration time. Circuits restored through ERS (Emergency Restoration System) shall be considered as available for estimation of reasonable restoration time. Circuits restored through ERS (Emergency Restoration System) shall be considered as available;
 - ii. Outage caused by grid incident/disturbance not attributable to the transmission licensee, e.g. faults in a substation or bays owned by another agency causing an outage of the transmission licensee's elements, and tripping of lines, ICTs, etc., due to grid disturbance. However, if the element is not restored on receipt of direction from SLDC while normalizing the system following grid incident/disturbance within reasonable time, the element will be considered not available for the period of outage after issuance of SLDC's direction for restoration;
 - iii. The outage period which can be excluded for the purpose of sub-clause (i) and (ii) of this clause shall be declared as under:
 - a. Maximum up to one month by the SLDC;
 - b. Beyond one month and up to three months after the decision at SLDC;
 - c. Beyond three months, by the Commission for which the transmission license shall be submitted along with reasons and steps

taken to mitigate the outage and restoration timeline.

9. Time frame for certification of transmission system availability: (1) The following schedule shall be followed for certification of availability by the SLDC:
 - a. Submission of outage data along with documentary proof (if any) and TAFPn calculation by Transmission Licensees to SLDC– By the 5th of the following month;
 - b. Review and certify the outage data by SLDC and forward the same to Transmission Licensee by 20th of the month;
 - c. Issue of availability certificate by SLDC – by the 3rd of the next month.

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Appendix-C

FORMULAE FOR CALCULATION OF AVAILABILITY OF EACH CATEGORY OF TRANSMISSION ELEMENTS

For AC Transmission System

1. AV_o (Availability of o no. of AC lines) =

$$\frac{\sum_{i=1}^o W_i (T_i - TNA_i)/T_i}{\sum_{i=1}^o W_i}$$

2. AV_q (Availability of q no. of ICTs) =

$$\frac{\sum_{k=1}^q W_k (T_k - TNA_k)/T_k}{\sum_{k=1}^q W_k}$$

3. AV_r (Availability of r no. of SVCs) =

$$\frac{\sum_{l=1}^r W_l (T_l - TNA_l)/T_l}{\sum_{l=1}^r W_l}$$

4. AV_p (Availability of p no. of Switched Bus reactors)=

$$\frac{\sum_{m=1}^p W_m (T_m - TNA_m)/T_m}{\sum_{m=1}^p W_m}$$

5. AV_u (Availability of u no. of STATCOMs)=

$$\frac{\sum_{n=1}^u W_n (T_n - TNA_n)/T_n}{\sum_{n=1}^u W_n}$$

Where,

- o = Total number of AC lines;
- AV_o = Availability of o number of AC lines;
- P = Total number of bus reactors/switchable line reactors;
- AV_p = Availability of p number of bus reactors/switchable line reactors;
- Q = Total number of ICTs;
- AV_q = Availability of q number of ICTs;
- R = Total number of SVCs;
- AV_r = Availability of r number of SVCs;
- U = Total number of STATCOM;
- AV_u = Availability of u number of STATCOMs;
- W_i = Weightage factor for *i*th transmission line;
- W_k = Weightage factor for *k*th ICT;

- W_l = Weightage factors for inductive & capacitive operation of l th SVC;
- W_m = Weightage factor for m th bus reactor;
- W_n = Weightage factor for n th STATCOM.
- T_i, T_k, T_l, T_m, T_n = The total hours of i th AC line, k th ICT, l th SVC, m th Switched Bus Reactor n th STATCOM during the period under consideration (excluding time period for outages not attributed to the transmission licensee for the reasons given in Para 5 of the procedure)
- TNA_i, TNA_k = The non-availability hours (excluding the time period for outages not TNA_i, TNA_m , attributable to transmission licensee taken as deemed availability as $TNA_n, T_{NAn}, T_{NAX}, T_{NAY}$ per Para 7 of the procedure) for i th AC line, k th ICT, l th SVC, m th Switched Bus Reactor and n th STATCOM.