

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 467/TT/2024

Coram:

**Shri Ramesh Babu V., Member
Shri Harish Dudani, Member**

Date of Order: 02.02.2026

In the matter of:

Petition for truing up of the transmission tariff for the 2019-24 period and determination of the transmission tariff for the 2024-29 period for Combined Assets under “**Provision of Spare Transformers and Reactors**” in the North Eastern Region, under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003, and under Regulations 15(1)(a) and 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023, read with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

And In the matter of:

Power Grid Corporation of India Limited,
Corporate Centre: “Saudamini”, Plot No. 2,
Sector-29, Gurgaon–122 001 (Haryana).

...Petitioner

Versus

- 1. Assam Power Distribution Company Limited,**
4th floor, Bijulee Bhawan, Paltan Bazar,
Guwahati-781 001.
- 2. Meghalaya Energy Corporation Limited,**
Short Round Road, “Lumjingshai”
Shilong-793001.
- 3. Government Arunchal Pradesh,**
Itanagar, Arunachal Pradesh.
- 4. Power and Electricity Department,**
Government of Mizoram,
Aizwal, Mizoram
- 5. Manipur State Power Distribution Corporation Limited,**
Keishampat, Imphal



6. **Department of Power,**
Government of Nagaland,
Kohima, Nagaland.

7. **Tripura State Electricity Corporation Limited,**
Vidyut Bhawan, North Banamalipur,
Agartala, Tripura (W)-570017

...Respondents

For Petitioner : Shri Zafrul Hasan, PGCIL
Ms. Supriya Singh, PGCIL

For Respondents : None

ORDER

The instant Petition has been filed by the Petitioner, Power Grid Corporation of India Limited (PGCIL), seeking the true-up of the transmission tariff for the 2019-24 period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”), and the determination of the transmission tariff for the 2024-29 period, in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”), for the following assets (hereinafter referred to as the “Combined Assets”) under “Provision of Spare Transformers and Reactors” in the North Eastern Region (hereinafter referred to as “transmission project”):

Asset	Asset's Name	COD	Remarks
Asset-I	1 x 100 MVA, 220/132 kV, 3-phase spare ICT at Dimapur Sub-station	1.4.2013	All assets merged during the 2019-24 tariff period with effective COD: 4.11.2013
Asset-II	1 x 5 MVA, 132/33/ kV, 1-Phase at Ziro Sub-station	1.4.2013	
Asset-III	1x 16 MVA, 220/132 kV ICT at Nirjuli Sub-station	30.5.2014	
Asset-IV	1 x 63 MVAR, 420 kV Bus Reactor at Balipara Sub-station	1.4.2014	

2. The Petitioner has made the following prayers in the instant Petition:

“a) Approve the trued-up Transmission Tariff for 2019-24 block and transmission tariff for



- 2024-29 block for the assets covered under this petition, as per para 14 and 15 above.
- b) Admit the capital cost claimed and additional capitalization incurred during 2019-24 and also allow the projected additional capitalization during 2024-29.
 - c) Allow the petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 14 and 15 above for respective block.
 - d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing of notices in newspapers in terms of Regulation 94 (1) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, and other expenditure (if any) in relation to the filing of petition.
 - e) Allow the petitioner to bill and recover RLDC fees & charges and Licensee fee separately from the respondents in terms of Regulation 94 (3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.
 - f) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2024-29 period, if any, from the respondents.
 - g) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 above.
 - h) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 above.
 - i) Allow the petitioner to file a separate petition before Hon'ble Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at Para 21 above.
 - j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 above.
 - k) Allow the Petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.
and pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.”

Background

3. The brief facts of the case are as follows:

- (a) The Investment Approval (the IA) and expenditure sanction for the transmission project were accorded by the Board of Directors of the Petitioner vide Memorandum dated 22.3.2012 with an estimated cost of ₹1394 lakh, including an Interest During Construction (IDC) of ₹63 lakh based on 4th Quarter, 2011 price levels.
- (b) The scope of the project “Provision of Spare Transformers and Reactors in Northern Eastern Region” is as under:



- (i) **Asset I:** 1 x 100 MVA, 220/132 kV, 3-phase spare ICT at Dimapur Sub-station;
- (ii) **Asset-II:** 1 x 5 MVA, 132/33/ kV, 1-phase at Ziro Sub-station;
- (iii) **Asset-III:** 1x 16 MVA, 220/132 kV ICT at Nirjuli Sub-station, and
- (iv) **Asset IV:** 1 x 63 MVAR, 420 kV Bus Reactor at Balipara Sub-station.
- (c) The details of the commercial operation of the assets covered under the instant Petition are as follows:

Assets	COD
Asset-I	1.4.2013
Asset-II	1.4.2013
Asset-III	30.5.2014
Asset-IV	1.4.2014
Combined Assets	4.11.2013

- (d) The transmission tariff of Assets-I and II from their respective COD to 31.3.2014 was determined in Petition No. 497/TT/2014 vide order dated 2.11.2015 as per the 2009 Tariff Regulations, wherein the tariff in respect of Asset-I was allowed from 1.6.2013. The transmission tariff of Assets I and II was trued-up for the 2009-14 tariff period, and determined for the 2014-19 tariff period in Petition No. 21/TT/2016 vide order dated 16.6.2016.
- (e) The transmission tariff for Assets-III and IV, from the date of their respective CODs to 31.3.2019, was allowed for the 2014-19 tariff period in Petition No. 532/TT/2014, vide order dated 18.3.2016.
- (f) There was no time over-run in the case of COD of Assets-I and II, while Assets-III and IV were put into commercial operation with a time over-run of 161 days and 102 days, respectively. The time over-run in the case of Assets-III and IV was not condoned by the Commission in the order dated 18.3.2016 in Petition No. 532/TT/2014. However, the Commission, vide

order dated 18.3.2016, observed that the Petitioner did not claim any IDC and IEDC for Assets-III and IV, and, as such, the time over-run did not have any impact.

- (g) The Commission, vide order dated 29.4.2020 in Petition No. 499/TT/2019, trued-up the Annual Fixed Charges for the transmission assets for the 2014-19 tariff period and determined the Annual Fixed Charges for the Combined Assets for the 2019-24 tariff period.

4. The Respondents are Distribution Licensees and Power Departments, mainly the beneficiaries of the North Eastern Region, which are procuring transmission service from the Petitioner.

5. The Petitioner has served a copy of the Petition on the Respondents, and notice of the filing of this Petition has also been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 ("the Act"). However, no comments or suggestions have been received from the general public in response to the notices published in the newspapers. None of the Respondents has filed their reply in the Petition.

6. The hearing in the matter was held on 6.11.2025, and the order was reserved.

7. This order is being issued after considering the submissions made by the Petitioner through affidavits dated 2.9.2025 and 11.11.2025. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition.

TRUING-UP OF ANNUAL FIXED CHARGES FOR THE 2019-24 TARIFF PERIOD

8. The Petitioner has claimed the following transmission charges in respect of the Combined Assets for the 2019-24 tariff period:



(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	59.75	60.11	60.11	60.11	60.11
Interest on Loan	42.97	36.33	30.87	26.37	21.86
Return on Equity	63.76	64.13	64.13	64.13	64.13
O&M Expenses	29.65	30.73	31.83	32.91	34.12
Interest on Working Capital	3.80	3.51	3.24	3.22	3.67
Total	199.93	194.81	190.18	186.74	183.89

9. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the Combined Assets are as follows:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	2.47	2.56	2.65	2.74	2.84
Maintenance Spares	4.45	4.61	4.77	4.94	5.12
Receivables	24.58	24.02	23.45	23.02	22.61
Total Working Capital	31.50	31.19	30.87	30.70	30.57
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	3.80	3.51	3.24	3.22	3.67

Capital Cost

10. The Commission, vide its order dated 29.4.2020 in Petition No. 499/TT/2019, allowed the following capital cost and Additional Capital Expenditure (ACE) in respect of the Combined Assets for the 2019-24 tariff period:

(₹ in lakh)

Capital Cost allowed as on 1.4.2019	ACE allowed for the FY 2019-20	Total cost allowed as on 31.3.2024
1125.03	19.37	1144.40

11. The Petitioner, in the instant trued-up Petition, has claimed the capital cost and ACE for truing up of the 2019-24 tariff period, and the details of the same are as follows:

(₹ in lakh)

Capital Cost claimed as on 1.4.2019	ACE claimed for FY 2019-20	Total capital cost claimed as on 31.3.2024
1125.03	13.38	1138.41

12. We have considered the Petitioner's submissions. The capital cost of ₹1125.03 lakh as on 31.3.2019 was approved by the Commission vide order dated 29.4.2020 in



Petition No. 499/TT/2019, and accordingly, it is considered as the opening capital cost for truing up the transmission charges for the 2019-24 tariff period.

Additional Capital Expenditure (ACE)

13. The Commission, vide order dated 29.4.2020 in Petition No. 499/TT/2019, allowed ACE in respect of the Combined Assets for the 2019-24 tariff period, as follows:

(₹ in lakh)

Particulars	Regulation	2019-20
ACE to the extent of balance and retention payments and work deferred for execution before the cut-off date	Regulation 25(1)(d) of the 2019 Tariff Regulations.	19.37

14. In the instant trued-up Petition, the Petitioner has claimed the actual ACE for truing up of the 2019-24 tariff period, as follows:

(₹ in lakh)

Particulars	Regulation	2019-20
Claimed under the 2019 Tariff Regulations.	Regulation 25(1)(d) of the 2019 Tariff Regulations.	13.38

15. The Petitioner, vide affidavit dated 2.9.2025, has submitted that the primary reason for the variations between the approved ACE and the actual ACE is that, while projecting the estimated additional capitalization, contracts were not closed and liabilities were not finalized. However, in the instant true-up Petition, the Petitioner has claimed an ACE on the basis of actual payments made to the vendor after receipt of final invoices, incorporating the amendments, and after due reconciliation in accordance with the contractual provisions.

16. Further, in compliance with the directions issued by the Commission vide order dated 29.4.2020 in Petition No. 499/TT/2019, the Petitioner, vide affidavit dated 2.9.2025, has also submitted the Liability Flow Statement, including the details of the undischarged liability and the applicable Regulation in respect of the Combined



Assets, and the same is as follows:

(₹ in lakh)

Parties	Package	LOA No.	Undischarged liability as on 31.3.2019	Balance and retention payment released under Regulation 25(1)(d) of the 2019 Tariff Regulations during FY 2019-20
M/s Siemens Ltd.	Ex-works supply contract for Transformer Package TRO1 for Procurement of Spare Transformer and Reactor.	CC-CS/262-CC/ TR-1543/G7/NOA /4303 Dt.15.5.12	13.38	13.38

17. We have considered the submissions of the Petitioner. It is observed that the Petitioner has claimed the ACE on account of payment against undischarged liability for the works executed before the cut-off date. Therefore, as per Regulation 25(1)(d) of the 2019 Tariff Regulations, the ACE claimed by the Petitioner is hereby allowed in respect of the Combined Assets for the 2019-24 tariff period is as follows:

(₹ in lakh)

Particulars	Regulation	2019-20
ACE to the extent of balance and retention payments and work deferred for execution before the cut-off date.	Regulation 25(1)(d) of the 2019 Tariff Regulations.	13.38

18. Accordingly, the details of capital cost and trued-up ACE approved in respect of the Combined Assets for the 2019-24 tariff period are as follows:

(₹ in lakh)

Assets	FR Apportioned Approved Cost	Expenditure as on 31.3.2019	Admitted ACE	Actual Capital Cost as on 31.3.2024
			2019-24	
Combined Assets	1394.41	1125.03	13.38	1138.41

Debt-Equity Ratio

19. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of the tariff in respect of the Combined Assets during the 2019-24 tariff period are as follows:



Funding	Capital Cost as on 1.4.2019		ACE during the 2019-24 tariff period (₹ in lakh)	Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(₹ in lakh)	(in %)
Debt	787.59	70.00	9.37	796.89	70.00
Equity	337.44	30.00	4.01	341.52	30.00
Total	1125.03	100.00	13.38	1138.41	100.00

Depreciation

20. Depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and thereafter, up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Assets as per the depreciation rates specified in the 2019 Tariff Regulations. Accordingly, the depreciation allowed in respect of the Combined Assets is as follows:

Sl. No.	Particulars	(₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	1125.03	1138.41	1138.41	1138.41	1138.41
B	Addition during the year 2019-24 due to ACE	13.38	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	1138.41	1138.41	1138.41	1138.41	1138.41
D	Average Gross Block (A+C)/2	1131.72	1138.41	1138.41	1138.41	1138.41
E	Average Gross Block (90% depreciable assets)	1131.72	1138.41	1138.41	1138.41	1138.41
F	Average Gross Block (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable value (excluding IT equipment and software) (E*90%)	1018.55	1024.57	1024.57	1024.57	1024.57
H	Depreciable value of IT equipment and software (F*100%)	0.00	0.00	0.00	0.00	0.00
I	Total Depreciable Value (G+H)	1018.55	1024.57	1024.57	1024.57	1024.57
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.28%	5.28%	5.28%	5.28%	5.28%
K	Elapsed useful life at the beginning of the year (Year)	5.00	6.00	7.00	8.00	9.00
L	Balance useful life at the beginning of the year (Year)	20.00	19.00	18.00	17.00	16.00
M	Depreciation during the year (D*J)	59.75	60.11	60.11	60.11	60.11
N	Cumulative Depreciation at the end of the year	344.13	404.24	464.35	524.46	584.57
O	Remaining Aggregate Depreciable Value at the end of the year	674.41	620.33	560.22	500.11	440.00

21. The details of the depreciation allowed vide order dated 29.4.2020 in Petition No. 499/TT/2019, the depreciation claimed in the instant Petition, and the trued-up



depreciation allowed in respect of the Combined Assets in the instant order are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2020 in Petition No. 499/TT/2019.	59.91	60.42	60.42	60.42	60.42
Claimed by the Petitioner in the instant Petition.	59.75	60.11	60.11	60.11	60.11
Allowed after truing-up in this order.	59.75	60.11	60.11	60.11	60.11

Interest on Loan (IoL)

22. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and applicable interest rate.

23. We have considered the Petitioner's submission and perused the record. The IoL has been calculated based on the actual interest rate submitted by the Petitioner, in accordance with Regulation 32 of the 2019 Tariff Regulations. The trued-up IoL allowed in respect of the Combined Assets is as follows:

Sl. No.	Particulars	(₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	787.59	796.96	796.96	796.96	796.96
B	Cumulative Repayments up to the Previous Year	284.38	344.13	404.24	464.35	524.46
C	Net Loan-Opening (A-B)	503.21	452.82	392.71	332.61	272.50
D	Addition due to ACE	9.37	0.00	0.00	0.00	0.00
E	Repayment during the year	59.75	60.11	60.11	60.11	60.11
F	Net Loan-Closing (C+D-E)	452.82	392.71	332.61	272.50	212.39
G	Average Loan (C+F)/2	478.02	422.77	362.66	302.55	242.44
H	Weighted Average Rate of Interest on Loan (in %)	8.990%	8.594%	8.512%	8.717%	9.016%
I	Interest on Loan (G*H)	42.97	36.33	30.87	26.37	21.86

24. The details of the IoL allowed vide order dated 29.4.2020 in Petition No. 499/TT/2019, the IoL claimed by the Petitioner in the instant Petition, and the trued-up



IoL allowed in the instant order in respect of the Combined Assets are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2020 in Petition No. 499/TT/2019.	43.63	38.77	33.28	27.79	22.31
Claimed by the Petitioner in the instant Petition.	42.97	36.33	30.87	26.37	21.86
Allowed after truing-up in this order.	42.97	36.33	30.87	26.37	21.86

Return on Equity (RoE)

25. The Petitioner has submitted that its Income Tax assessment has been completed, and the assessment orders have been issued by the Income Tax Department for FY 2019-20 and FY 2020-21 and the income has been assessed under Minimum Alternate Tax (MAT) [Section 115JB of the Income Tax Act, 1961 (IT Act, 1961)]. The Petitioner has further submitted that the Income Tax Returns (ITRs) have been filed for FY 2021-22, and 2022-23. The Petitioner has further submitted that the ITR for FY 2023-24 will be filed in due course.

26. The Petitioner has submitted that it is liable to pay the income tax at MAT rates (17.472, i.e., 15% Income Tax + 12% Surcharge on Income Tax + 4% Health and Education Cess on Income Tax and Surcharge) and has claimed the following effective tax rates for the 2019-24 tariff period:

Year	Claimed effective tax rate (in %)	Grossed-up RoE (in %) [(Base Rate)/(1-t)]
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782
2022-23	17.472	18.782
2023-24	17.472	18.782

27. The Petitioner further submitted that the year-wise effective tax rate and the corresponding grossed-up ROE, to be trued-up for the 2019-24 tariff period, are summarized as under:



Financial Year	Basis considered	Total Tax & Interest paid (₹)	Assessed MAT Income under Sec 115JB (₹)	Effective Tax Percentage (in %)	Grossed up ROE (Base rate/(1-t) (in %))
2019-20	Assessment Order	24526276991	140374753855	17.472	18.782
2020-21	Assessment Order	26089359008	149320965036	17.472	18.782
2021-22	Actual Tax paid	31814640406	182089288030	17.472	18.782
2022-23	Actual Tax paid	30428820993	174157629306	17.472	18.782
2023-24	Actual Tax paid	31321238737	179265331597	17.472	18.782

28. The Petitioner has requested to allow it to claim the differential tariff on account of the trued-up ROE based on effective tax rate calculated on completion of Income Tax assessment/re-assessment for the FY 2019-20, 2020-21, 2021-22, 2022-23, and 2023-24 on receipt of the respective assessment orders directly from the beneficiaries, on a year-to-year basis as provided under Regulation.

29. We have considered the Petitioner's submissions and have also gone through the record. We note that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the IT Act, 1961. Section 115 JB (2) of the IT Act, 1961, defines book profit as net profit in the Statement of Profit and Loss prepared in accordance with Schedule-III of the Companies Act, 2013, subject to some additions and deductions as mentioned in the IT Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up of the RoE for truing up of the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. The interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into account for the purpose of grossing up the rate of RoE. Any under-

