

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 474/TT/2024

Coram:

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

Date of Order: 02.02.2026

In the matter of:

Petition under Section 62 read with Section 79(1)(d) of the Electricity Act, 2003, and under Regulation 15(1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023, for truing up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, and for determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024, for the Combined Assets under "Eastern Region Strengthening Scheme – VII (ERSS-VII)" in the Eastern Region.

And in the matter of:

**Power Grid Corporation of India Limited,
"Saudamini", Plot No.-2,
Sector-29, Gurgaon-122001 (Haryana).**

...Petitioner

Versus

- 1. Bihar State Power (Holding) Company Limited,
Vidyut Bhawan, Bailey Road,
Patna- 781001 (Bihar).**
- 2. West Bengal State Electricity Distribution Company Limited,
Bidyut Bhawan, Bidhan Nagar, Block DJ, Sector-II,
Salt Lake City, Kolkata- 700091 (Kolkata).**
- 3. Grid Corporation of Orissa Limited,
Shahid Nagar,
Bhubaneswar- 751007 (Odisha).**
- 4. Damodar Valley Corporation,
DVC Tower, Maniktala, Civic Centre,
VIP Road, Kolkata- 700054 (West Bengal).**
- 5. Power Department, Government of Sikkim,
Gangtok- 737101 (Sikkim).**



6. Jharkhand Bijli Vitran Nigam Limited,
Engineering Building, H.E.C., Dhurwa,
Ranchi – 834004 (Jharkhand).

7. Purulia and Kharagpur Transmission Company Limited,
(PKTCL: IndiGrid), Unit No. 101, First Floor,
Windsor, Village Kole Kalyan, Off CST Road,
Vidyanagari Marg, Kalina, Santacruz East,
Mumbai- 400098 (Maharashtra).

...Respondents

For Petitioner : Shri Zafrul Hasan, PGCIL
Shri Angaru Naresh Kumar, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Divyanshu Mishra, PGCIL

For Respondents: None

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) (hereinafter referred to as “the Petitioner”) for the truing-up of the transmission tariff for the 2019-24 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”), and for the determination of the transmission tariff for the 2024-29 period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”), in respect of the following assets (hereinafter referred to as “the Combined Assets”) under “Eastern Region Strengthening Scheme–VII (ERSS-VII)” in the Eastern Region (hereinafter referred to as “the transmission project”):

Asset-I: 2 Nos. of 400 kV bays along with 1 X 63 MVar (fixed) line reactor at Chaibasa Substation (POWERGRID)*;

Asset II: 1 X 63 MVar (fixed) line reactor at Chaibasa Substation (POWERGRID)*;

Asset III: 2 Nos. of 400 kV line bays along with 2 X 50 MVar (fixed) line reactor at Ranchi 765/400 kV Substation (POWERGRID)*;

Asset IV: 2 Nos. of 400 kV line bays at Kharagpur Substation (WBSETCL)**; and

Asset V: 2 Nos. of 400 kV line bays at Purulia Substation (WBSETCL)**.



**Assets-I, II and IV associated with TBCB line 400 kV D/C Kharagpur-Chaibasa executed by M/s Purulia and Kharagpur Transmission Company Limited (IndiGrid, earlier Sterlite) (PKTCL).*

***Assets-III and IV associated with TBCB line 400 kV D/C Puruliya (WBSETCL) executed by M/s Purulia and Kharagpur Transmission Company Limited (IndiGrid, earlier Sterlite) (PKTCL).*

2. The Petitioner has made the following prayers in this 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 19 & 20 above.*
- b) *Approve the Additional capitalization claimed for 2019-24 block and for 2024-29 block for the assets covered under this petition.*
- 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 Regulation 2019 and Tariff regulations 2024 as per para 19 & 20 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 Licensee fee and RLDC fees & charges, 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 26 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 26 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 26 above.*



- j) *Allow the Petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 27 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 24.3.2015, at an estimated capital cost of ₹7135 lakh, including an Interest During Construction (IDC) of ₹396 lakh, based on December 2014 price levels. The Revised Cost Estimate (RCE) for the transmission project was approved by the Board of Directors of the Petitioner vide Memorandum dated 7.5.2017, at an estimated capital cost of ₹11964 lakh, including the IDC of ₹225 lakh.

(b) The scope of work covered under the transmission project is as under:

- i. 2 Nos. 400 kV bays along with 1 X 63 MVA_r (fixed) line reactor at Chaibasa Substation.
- ii. 1 X 63 MVA_r (fixed) line reactor at Chaibasa Substation.
- iii. 2 Nos. of 400 kV line bays along with 2 X 50 MVA_r (fixed) line reactor at Ranchi 765/400 kV Substation.
- iv. 2 Nos. of 400 kV line bays at Kharagpur Substation.
- v. 2 Nos. of 400 kV line bays at Purulia Substation.



(c) The entire scope of work as per the IA is complete and covered under the instant Petition. The details of the assets comprising the Combined Assets and their dates of Commercial Operation (COD) are as under:

Name of Asset	COD
Asset-I: 2 Nos. 400 kV bays along with 1 X 63 MVAR (fixed) line reactor at Chaibasa Substation.	19.6.2016
Asset II: 1 X 63 MVAR (fixed) line reactor at Chaibasa Substation.	27.10.2016
Asset III: 2 Nos. 400 kV line bays along with 2 X 50 MVAR (fixed) line reactor at Ranchi 765/400 kV Substation.	7.1.2017
Asset IV: 2 Nos. 400 kV line bays at Kharagpur Substation.	14.11.2016
Asset V: 2 Nos. 400 kV line bays at Purulia Substation.	26.7.2017

(d) The Commission, vide order dated 3.12.2018 in Petition No. 63/TT/2018, determined the transmission tariff for Assets-I, II, III, IV and V from the COD till 31.3.2019. Further, the Commission, vide order dated 3.6.2020 in Petition No. 35/TT/2020, trued-up the transmission tariff for the 2014-19 period for Assets-I, II, III, IV and V, determined the transmission tariff for the Combined Assets for the 2019-24 tariff period, and approved the capital cost of ₹10913.24 lakh as on 31.3.2019 for the transmission project.

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

5. The Petitioner has served a copy of the Petition on the Respondents and notices regarding the filing of this Petition have been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003 (hereinafter referred to as “the Act”). However, no comments or suggestions have been received from the general public in response to the aforesaid notices published in the newspapers by the Petitioner. None of the Respondents has filed their reply to the instant Petition.

6. The hearing in the matter was held on 30.10.2025, and the order was reserved.



7. This order is issued considering the Petitioner's submissions vide affidavits dated 20.9.2024, 16.5.2025 and 11.9.2025.

8. Having heard the Petitioner's representatives and perused the material on record, we proceed to dispose of the Petition.

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

9. The details of the trued-up transmission charges 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
Depreciation	585.23	586.36	586.36	586.36	586.36
Interest on Loan	487.48	421.83	374.60	342.07	310.01
Return on Equity	616.08	617.28	617.28	617.28	617.28
O&M Expenses	237.91	246.27	254.93	263.88	273.13
Interest on Working Capital	35.77	32.88	30.37	30.28	34.52
Total	1962.47	1904.62	1863.54	1839.87	1821.30

10. 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	19.83	20.52	21.24	21.99	22.76
Maintenance Spares	35.69	36.94	38.24	39.58	40.97
Receivables	241.29	234.82	229.75	226.83	223.93
Total Working Capital	296.81	292.28	289.23	288.40	287.66
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	35.77	32.88	30.37	30.28	34.52

Capital Cost for the 2019-24 Tariff Period

11. The capital cost of ₹10913.24 lakh as on 31.3.2019 for the Combined Assets has been approved by the Commission vide order dated 3.6.2020 in Petition No. 35/TT/2020. The Petitioner in the instant true-up Petition has also claimed the capital cost of ₹10913.24 lakh as on 31.3.2019 for the Combined Assets.

12. Therefore, the capital cost of ₹10913.24 lakh as on 31.3.2019 has been considered as the opening capital cost as on 1.4.2019 for the purpose of truing-up the



transmission tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations.

Initial Spares

13. The Petitioner has submitted that the Initial Spares claimed under the transmission project have already been evaluated at the project level and admitted vide order dated 3.6.2020 in Petition No. 35/TT/2020. It is submitted that the same have been considered for the purpose of true-up of tariff for the 2019-24 tariff period.

14. We have considered the Petitioner's submissions. The Commission, vide order dated 3.6.2020 in Petition No. 35/TT/2020, allowed the Initial Spares, and the same are considered in the instant true-up Petition.

Additional Capital Expenditure (ACE)

15. The Petitioner has claimed an Additional Capital Expenditure (ACE) of ₹42.32 lakh for the 2019-24 tariff period in the present true-up Petition, as against the approved ACE of ₹52.28 lakh for the Combined Assets, vide order dated 3.6.2020 in Petition No. 35/TT/2020.

16. The Petitioner has submitted that the additional capitalisation of ₹271.28 lakh was claimed for the FY 2019-20 in Petition No. 35/TT/2020 which included an amount of ₹219 lakh against the transmission charges to be paid by the Petitioner to the TBCB line entity, namely, M/s Purulia and Kharagpur Transmission Company Limited (PKTCL) for its transmission line, i.e., 400 kV D/C Kharagpur–Chaibasa. However, the said amount of ₹219 lakh was disallowed by the Commission vide order dated 3.6.2020 in Petition No. 35/TT/2020, while observing that the transmission charges payable to the TBCB entity cannot be allowed to be capitalized and the balance additional capitalisation of ₹52.28 lakh was allowed. The Petitioner has submitted that



it has filed an Appeal No. 8 of 2021 before the Appellate Tribunal for Electricity (APTEL) against the Commission's order dated 3.4.2018 in Petition No. 110/MP/2016. The Petitioner has submitted that amount of ₹219 lakh has not been claimed in the instant true-up Petition, and same will be subject to the outcome of the judgment in Appeal No. 8 of 2021.

17. The Petitioner has claimed the ACE for the 2019-24 tariff period under Regulations 24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations. It is submitted that the additional capitalisation claimed falls within the original scope of work. It is further submitted that the ACE approved by the Commission, vide order dated 3.6.2020 was based on projections, as the contracts were not closed and liabilities were not finalised. However, the ACE claimed in the instant true-up Petition is based on actual payment made to the contractor after receipt of the final invoices. The Petitioner has submitted the Liability Flow Statement as under:

(₹ in lakh)

Asset	Party	Particulars	Outstanding Liability as on 31.3.2019	Discharge		Outstanding Liability as on 31.3.2024
				2019-20	Total (2019-24)	
Asset-II	M/s EMPOWERTRANS PVT. LTD.	SS	42.32	42.32	42.32	-

(₹ in lakh)

Asset	Head wise /Party wise	Particulars	Outstanding Liability as on COD/31.3.2019	Discharge		Outstanding Liability as on 31.3.2024
				2019-20	Total (2019-24)	
Asset -V	WBSETCL ETC.	SS	26.44	0.25	0.25	26.19

18. We have considered the Petitioner's submissions. We observe that ACE of ₹42.57 lakh is claimed on account of the undischarged liability towards the final payment/withheld payment, arising from contractual exigencies, for works executed



prior to the cut-off date. Therefore, the ACE claimed by the Petitioner under Regulations 24(1)(a) and 25(1)(d) of the 2019 Tariff Regulations for the 2019-24 tariff period is hereby allowed.

19. The capital cost allowed for the Combined Assets as on 31.3.2019 and 31.3.2024 is as under:

Particulars	(₹ in lakh)				
	FR Apportioned Approved Cost	RCE Cost	Capital Expenditure allowed as on 31.3.2019	Allowed ACE for the 2019-24 tariff period	Capital Expenditure allowed as on 31.3.2024
Combined Assets	7135.00	11964.00	10913.24	42.57	10955.81

Debt-Equity Ratio

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

Funding	Capital Cost as on COD		ACE allowed during the 2019-24 Tariff Period		Capital Cost as on 31.3.2024	
	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)	(₹ in lakh)	(in %)
Debt	7639.46	70.00	29.799	70.00	7669.26	70.00
Equity	3273.78	30.00	12.771	30.00	3286.55	30.00
Total	10913.24	100.00	42.57	100.00	10955.81	100.00

Depreciation

21. The 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 rates of depreciation specified in the 2019 Tariff Regulations. Accordingly, the depreciation allowed for the Combined Assets is as under:

Sl. No.	Particulars	(₹ in lakh)				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	10913.24	10955.81	10955.81	10955.81	10955.81
B	Addition during the year 2019-24 due to ACE	42.57	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	10955.81	10955.81	10955.81	10955.81	10955.81



D	Average Gross Block (A+C)/2	10934.53	10955.81	10955.81	10955.81	10955.81
E	Average Gross Block (90% depreciable assets)	10873.47	10894.75	10894.75	10894.75	10894.75
F	Average Gross Block (100% depreciable assets)	61.06	61.06	61.06	61.06	61.06
G	Depreciable Value (excluding IT equipment and software) (E*90%)	9786.12	9805.28	9805.28	9805.28	9805.28
H	Depreciable value of IT equipment and software (F*100%)	61.06	61.06	61.06	61.06	61.06
I	Total Depreciable Value (G+H)	9847.18	9866.34	9866.34	9866.34	9866.34
J	Weighted Average Rate of Depreciation (WAROD) (in %)	5.35	5.35	5.35	5.35	5.35
K	Elapsed useful life at the beginning of the year (Year)	2.00	3.00	4.00	5.00	6.00
L	Balance useful life at the beginning of the year (Year)	23.00	22.00	21.00	20.00	19.00
M	Depreciation during the year (D*J)	585.23	586.36	586.36	586.36	586.36
N	Cumulative Depreciation at the end of the year	1730.60	2316.96	2903.32	3489.68	4076.04
O	Remaining Aggregate Depreciable Value at the end of the year (I-N)	8116.57	7549.37	6963.01	6376.66	5790.30

22. The details of the depreciation allowed vide order dated 3.6.2020 in Petition No. 35/TT/2020, depreciation claimed in the instant true-up Petition, and the trued-up depreciation approved in the instant order in respect of the Combined Assets are as under:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 3.6.2020 in Petition No. 35/TT/2020.	585.49	586.87	586.87	586.87	586.87
Claimed by the Petitioner in the instant true-up Petition.	585.23	586.36	586.36	586.36	586.36
Approved after true-up in this order	585.23	586.36	586.36	586.36	586.36

Interest on Loan (IoL)

23. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and the prevailing interest rate. We have considered the Petitioner's submissions and perused the documents available on record. The Interest on Loan (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 approved for the Combined Assets is as follows:



(₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	7639.46	7669.26	7669.26	7669.26	7669.26
B	Cumulative Repayments up to Previous Year	1145.37	1730.60	2316.96	2903.32	3489.68
C	Net Loan-Opening (A-B)	6494.09	5938.65	5352.30	4765.94	4179.58
D	Addition due to ACE	29.80	0.00	0.00	0.00	0.00
E	Repayment during the year	585.23	586.36	586.36	586.36	586.36
F	Net Loan-Closing (C+D-E)	5938.65	5352.30	4765.94	4179.58	3593.22
G	Average Loan (C+F)/2	6216.37	5645.48	5059.12	4472.76	3886.40
H	Weighted Average Rate of Interest on Loan (in %)	7.8419	7.4720	7.4045	7.6479	7.9768
I	Interest on Loan (G*H)	487.48	421.83	374.60	342.07	310.01

24. The details of the IoL allowed vide order dated 3.6.2020 in Petition No. 35/TT/2020, the IoL claimed in the instant true-up Petition, and the trued-up IoL approved in the instant order in respect of the Combined Assets are as under:

(₹ in lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 3.6.2020 in Petition No. 35/TT/2020.	493.50	447.75	403.63	359.99	312.27
Claimed by the Petitioner in the instant true-up Petition.	487.48	421.83	374.60	342.07	310.01
Approved after true-up in this order.	487.48	421.83	374.60	342.07	310.01

Return on Equity (RoE)

25. The Petitioner has submitted that its Income Tax Assessment is complete, and the Assessment Orders have been issued by the Income Tax Department for the FYs 2019-20 and 2020-21. It is further submitted that the Income Tax Returns (ITRs) have been filed with the Income Tax Department for the FYs 2021-22 and 2022-23, and the ITR for the FY 2023-24 will be filed in due course. The income has been assessed under the MAT regime as per Section 115JB of the Income Tax Act, 1961 (hereinafter referred to as "the IT Act, 1961").

26. The Petitioner has further submitted that it is liable to pay the income tax at the 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. We have considered the Petitioner's submissions and have gone through the record. We observe that the entities covered under the MAT regime are paying the income tax as per the MAT rates notified for the respective financial years 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 the 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 years, the notified MAT rates for the respective financial years shall be considered as an effective tax rate for the purpose of grossing up the Return on Equity (RoE) for the truing-up of the tariff for 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-recovery or over-recovery of the grossed-up rates of the RoE after truing up shall be recovered from or refunded to the beneficiaries or the long-term customers, as the case may be, on a year-to-year basis. Therefore, the following effective tax rates based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

