

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 371/TT/2025

Coram:

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

Date of Order: 17.03.2026

In the matter of:

Petition for approval 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 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 132 kV S/C Ranganadi-Ziro Transmission System in the North Eastern Region.

And in the matter of:

Power Grid Corporation of India Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.
'SAUDAMINI', Plot No.-2, Sector-29,
Gurugram-122001 (Haryana).

...Petitioner

Versus

- 1. Assam Power Distribution Company Limited,**
4th Floor, Bijulee Bhawan, Paltan Bazar,
Guwahati – 781001 (Assam).
- 2. Meghalaya Energy Corporation Limited,**
Short Round Road, "Lumjingshai",
Shillong – 793001 (Meghalaya).
- 3. Government of Arunachal Pradesh,**
Itanagar (Arunachal Pradesh).
- 4. Power and Electricity Department,**
Government of Mizoram, Aizawl (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) – 799001 (Tripura).

...Respondents

For Petitioner : Shri Angaru Naresh Kumar, PGCIL
Shri Vivek Kumar, PGCIL
Shri Vishal Sagar, PGCIL
Shri Ranjeet Pandey, PGCIL
Shri Piyush Avasthi, PGCIL
Ms. Suchitra, PGCIL
Shri Yatin Kalra, PGCIL

For Respondents : None

ORDER

The Petitioner, Power Grid Corporation of India Limited (PGCIL), a deemed transmission licensee, has filed this Petition 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 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 132 kV S/C Ranganadi-Ziro Transmission System (hereinafter referred to as “the transmission asset”) in the North Eastern Region.

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 Hon'ble 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) for the transmission asset was accorded by the Board of Directors of the Petitioner vide letter dated 29.8.2001 at an estimated cost of ₹2725 lakh, including an Interest During Construction (IDC) of ₹164 lakh.

b. The scope of work as per the IA is as follows:

i. 132 kV S/C Ranganadi-Ziro Transmission Line;



- ii. 132/33 kV Ziro Substation with two bays at Ziro.
 - c. The entire scope of work as per the IA is complete and covered in the instant Petition.
 - d. As per the IA, the transmission asset was scheduled for commissioning by September 2003, however, the Date of Commercial Operation (COD) of the transmission asset is 1.4.2004. Thus, there was a time over-run of about 7 months in the commissioning of the transmission asset which was condoned by the Commission vide order dated 31.12.2007 in Petition No. 82/2006.
 - e. The Commission, vide order dated 11.8.2009 in Petition No. 82/2006, approved the transmission tariff in respect of the transmission asset for the period from the COD to 31.3.2009. Subsequently, the transmission tariff was revised on account of the Additional Capital Expenditure (ACE) incurred during the years 2007-08 and 2008-09 vide order dated 15.6.2010 in Petition No. 29/2010. Thereafter, the transmission tariff for the 2009-14 tariff period in respect of the transmission asset was approved vide order dated 24.1.2011 in Petition No. 198/2010. Further, the Commission, vide order dated 28.1.2016 in Petition No. 247/TT/2014, trued up the tariff for the 2009-14 tariff period and determined the tariff for the 2014-2019 tariff period in respect of the transmission asset.
 - f. The Commission, vide order dated 12.9.2021 in Petition No. 498/TT/2019, revised the transmission tariff of 2004-09 and 2009-14 periods, trued-up the tariff for the 2014–19 tariff period and determined the transmission tariff for the 2019–24 tariff period in respect of the transmission asset.
4. The Respondents are the transmission utilities, distribution licensees and power departments, mainly the beneficiaries of the North 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”). 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 a reply to the Petition.

6. The hearing in this matter was held on 21.1.2026, and the order was reserved.

7. This order is issued considering the submissions made by the Petitioner vide affidavits dated 21.9.2024, 8.10.2025 and 9.2.2026.

8. Having heard the representatives of the Petitioner and perused the material available 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 transmission asset are as follows:

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	37.11	37.43	37.45	37.45	37.50
Interest on Loan	20.47	17.13	13.95	10.93	7.87
Return on Equity	100.03	100.34	100.36	100.36	100.39
Interest on Working Capital	6.52	6.19	5.86	5.96	6.93
O&M Expenses	95.30	98.59	102.12	105.65	109.40
Total	259.43	259.68	259.74	260.35	262.09

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

Particulars	(₹ in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	7.94	8.22	8.51	8.80	9.12
Maintenance Spares	14.30	14.79	15.32	15.85	16.41
Receivables	31.90	32.02	32.02	32.10	32.22
Total Working Capital	54.14	55.03	55.85	56.75	57.75
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	6.52	6.19	5.86	5.96	6.93



Capital Cost for the 2019-24 Tariff Period

11. The capital cost of the transmission asset has been calculated in accordance with Regulations 19(1) and 19(3) of the 2019 Tariff Regulations.

12. The details of the capital cost and the projected ACE allowed by the Commission, vide order dated 12.9.2021 in Petition No. 498/TT/2019, are as follows:

(₹ in lakh)

Capital Cost allowed as on 31.3.2019/ 1.4.2019	Estimated ACE		Capital Cost allowed as on 31.3.2024
	2019-20	2020-21	
1819.67	23.27	3.18	1846.12

13. The Petitioner, in the instant true-up Petition, has claimed the following opening capital cost and the actual ACE incurred for the 2019-24 tariff period:

(₹ in lakh)

FR Apportioned Approved Cost as per FR	Capital Cost claimed as on 31.3.2019	ACE Claimed			Capital Cost claimed as on 31.3.2024
		2019-20	2020-21	2023-24	
2725.00	1819.67	10.30	0.58	1.28	1831.83

14. The capital cost of ₹1819.67 lakh as on 31.3.2019 was approved by the Commission vide order dated 12.9.2021 in Petition No. 498/TT/2019, and the Petitioner has claimed the same as the opening capital cost as on 1.4.2019 for true-up of the transmission tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations in the instant Petition.

Additional Capital Expenditure (ACE)

15. The Commission, vide order dated 12.9.2021 in Petition No. 498/TT/2019, allowed the proposed ACE for the 2019-24 tariff period in respect of the transmission asset under Regulation 25(2)(c) of the 2019 Tariff Regulations on account of the expenditure incurred for the installation of the fire alarm system, hydrant system and



the DG set as approved in the 15th NERPC meeting dated 21.8.2015, subject to truing-up. The Commission observed in the said order that the ACE towards these works was approved in the 2014-19 tariff period, but the Petitioner did not complete these works. The allowed estimated ACE for the 2019-24 tariff period was as under:

Capital Cost admitted as on 1.4.2019	Estimated ACE		Capital Cost allowed as on 31.3.2024
	2019-20	2020-21	
1819.67	23.27	3.18	1846.12

16. Against this, the Petitioner has claimed the following ACE for the transmission asset, based on actual expenditure, under Regulation 25(2)(c) of the 2019 Tariff Regulations.

Particulars	Description	Actual ACE				
		2019-20	2020-21	2021-22	2022-23	2023-24
Regulation 25(2)(c) of the 2019 Tariff Regulations	The replacement of such an asset or equipment is necessary on account of the obsolescence of technology	10.30	0.58	0.00	0.00	1.28

17. The Commission, vide Technical Validation (TV) letter dated 18.9.2025, directed the Petitioner to furnish, inter alia, the Liability Flow Statement for the 2019-24 tariff period. The Petitioner, vide affidavit dated 8.10.2025, submitted a statement containing head-wise and party-wise brief of the ACE incurred during the 2019-24 tariff period for the transmission asset as indicated below:

Head wise/Party wise	Particulars	Liability Discharged					Total (2019-24)
		2019-20	2020-21	2021-22	2022-23	2023-24	
Sterling Green Power Solution Private Limited	Substation	8.10	0.57	0.00	0.00	1.28	9.95
M/s Siemens Limited	Substation	2.20	0.00	0.00	0.00	0.00	2.20
Total		10.30	0.57	0.00	0.00	1.28	12.15



18. Further, the Commission through the Record of Proceedings (RoP) dated 21.1.2026, directed the Petitioner to provide the item-wise unit cost for the ACE claimed against the replacement of the transmission asset.

19. In response, the Petitioner, vide affidavit dated 9.2.2026, has submitted that the Commission, vide order dated 12.9.2021 in Petition No. 498/TT/2019, approved the additional capitalisation of ₹26.45 lakh during the 2019–24 tariff period towards the release of the balance and retention payments pertaining to the installation of the fire alarm system, hydrant system and the DG set, as approved in the 15th NERPC meeting dated 21.8.2015. It is submitted that the actual additional capitalization incurred during 2019–24 tariff period is ₹12.15 lakh. It is further submitted that these works were completed during the 2014–19 tariff period and the ACE claimed during the 2019–24 tariff period relates exclusively to the balance/retention payments for these executed works. It is also submitted that no replacement of the transmission asset has been undertaken or proposed during the 2019–24 or the 2024–29 tariff periods and the item-wise unit cost for the ACE claimed towards the replacement is not applicable in the instant case.

20. The Commission, through RoP dated 21.1.2026, further directed the Petitioner to furnish the “Certificate of obsolescence issued by the Original Equipment Manufacturer (OEM), or, in the absence thereof, a certificate from the Competent Authority regarding the obsolescence of the equipment, with respect to the ACE claimed during the 2019-24 tariff period.”

21. In response, the Petitioner has placed on record a letter dated 29.1.2026, which states as follows:

“....In order to mitigate these operational risks and ensure reliable grid operation, replacement and/or retrofitting of the equipment/items were taken up/proposed.....”



..... all the expenditure incurred during 2019-24 and proposed during 2024-29 tariff block is claimed under Regulation 25(2) (a) & (c) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 and 2024.”

22. We have considered the Petitioner’s submissions. We note that the Petitioner did not answer the queries raised vide RoP dated 21.1.2026. The Petitioner, instead of the Liability Flow Statements for the 2019-24 and 2024-29 tariff periods, has simply submitted the figures of the ACE being incurred during the 2019-24 tariff period. Further, the additional capitalization under consideration was incurred subsequent to the approval of the NERPC meeting in August, 2015 and implicitly, the item-wise unit costs were available with the Petitioner. However, the Petitioner preferred not to provide the same.

23. We further observe that Regulations 25(2)(a) and 25(2)(c) of the 2019 Tariff Regulations pertain to the replacement of assets on account of obsolescence of technology, whereas the ACE claimed by the Petitioner for the 2019-24 tariff period is apparently towards the balance/retention payments of the already executed works. Hence, the Petitioner has not been able to give a convincing reply to this query as well.

24. In view of the above, we find that the reconciliation of the liabilities being discharged vis-à-vis the actual costs incurred by the Petitioner, is not workable. Therefore, we are not inclined to allow the ACE claimed by the Petitioner for the 2019-24 tariff period. Accordingly, the details of the ACE allowed for the transmission asset for the 2019-24 tariff period are as follows:

Apportioned Approved Cost as per FR	Capital Cost allowed as on COD	Allowed ACE					Total Capital Cost as on 31.3.2024
		2019-20	2020-21	2021-22	2022-23	2023-24	
2725.00	1819.67	0.00	0.00	0.00	0.00	0.00	1819.67



Debt-Equity Ratio

25. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of tariff for the transmission asset for the 2019-24 tariff period are as follows:

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	1288.61	70.82	0.00	70.00	1288.61	70.82
Equity	531.06	29.18	0.00	30.00	531.06	29.18
Total	1819.67	100.00	0.00	100.00	1819.67	100.00

Depreciation

26. The Commission, vide order dated 12.9.2021 in Petition No. 498/TT/2019, approved the cumulative depreciation of ₹1038.27 lakh as on 31.3.2019. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and, thereafter, up to 31.3.2024. The transmission asset has already completed 12 years of its useful life during the 2014-19 tariff period, hence, the remaining depreciable value of the transmission asset has been spread across the balance useful life of the transmission asset in accordance with the 2019 Tariff Regulations.

27. The depreciation allowed for the transmission asset for the 2019-24 tariff period is as follows:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	1819.67	1819.67	1819.67	1819.67	1819.67
B	Addition during 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	1819.67	1819.67	1819.67	1819.67	1819.67
D	Average Gross Block (A+C)/2	1819.67	1819.67	1819.67	1819.67	1819.67
E	Average Capital Cost (90% depreciable assets)	1808.15	1808.15	1808.15	1808.15	1808.15



	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
F	Average Capital Cost (100% depreciable assets)	0.00	0.00	0.00	0.00	0.00
G	Depreciable Value (excluding IT equipment and software) (E*90%)	1627.34	1627.34	1627.34	1627.34	1627.34
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)	1627.34	1627.34	1627.34	1627.34	1627.34
J	Freehold Land	11.52	11.52	11.52	11.52	11.52
K	Weighted Average Rate of Depreciation (WAROD) (in %)	Spreading				
L	Balance useful life of the asset	16	15	14	13	12
M	Elapsed life at the beginning of the year	15	16	17	18	19
N	Combined Depreciation during the year	36.82	36.82	36.82	36.82	36.82
O	Cumulative Depreciation at the end of the year	1075.09	1111.91	1148.73	1185.55	1222.37
P	Remaining Aggregate Depreciable Value at the end of the year	552.25	515.43	478.61	441.79	404.97

28. The details of the depreciation approved vide order dated 12.9.2021 in Petition No. 498/TT/2019 in respect of the transmission asset; depreciation claimed by the Petitioner in the instant true-up Petition and the trued-up depreciation allowed in the instant order are as follows:

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Allowed vide order dated 12.9.2021 in Petition No. 498/TT/2019	37.47	38.26	38.37	38.37	38.37
	Claimed by the Petitioner in the instant true-up Petition	37.11	37.43	37.45	37.45	37.50
	Approved after true-up in this order	36.82	36.82	36.82	36.82	36.82

Interest on Loan (IoL)

29. The Petitioner has claimed the Weighted Average Rate of Interest (WAROI) on loans based on its actual loan portfolio and the prevailing Rate of Interest (RoI).



30. We have considered the Petitioner's submissions. 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 allowed in respect of the transmission asset is as follows:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	1288.61	1288.61	1288.61	1288.61	1288.61
B	Cumulative Repayments upto Previous Year	1038.27	1075.09	1111.91	1148.73	1185.55
C	Net Loan-Opening (A-B)	250.34	213.52	176.70	139.88	103.06
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	36.82	36.82	36.82	36.82	36.82
F	Net Loan-Closing (C+D-E)	213.52	176.70	139.88	103.06	66.24
G	Average Loan (C+F)/2	231.93	195.11	158.29	121.47	84.65
H	Weighted Average Rate of Interest on Loan (in %)	8.6971	8.4846	8.4701	8.5860	8.7237
I	Interest on Loan (G*H)	20.17	16.55	13.41	10.43	7.38

31. The details of the IoL allowed vide order dated 12.9.2021 in Petition No. 498/TT/2019 for the transmission asset; IoL claimed by the Petitioner in the instant true-up Petition and the trued-up IoL allowed in the instant order are as follows:

(₹ in lakh)						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Allowed vide order dated 12.9.2021 in Petition No. 498/TT/2019	21.08	18.59	15.35	11.99	8.62
	Claimed by the Petitioner in the instant true-up Petition	20.47	17.13	13.95	10.93	7.87
	Approved after true-up in this order	20.17	16.55	13.41	10.43	7.38

Return on Equity (RoE)

32. 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 the FYs 2019- 20 and 2020-21. It is submitted that the income has been assessed under MAT as per Section 115JB of the Income Tax Act, 1961 (hereinafter referred to as "the IT Act, 1961"). It is further submitted that the Income Tax Returns (ITRs) have been filed for the FYs 2021-22 and 2022-23 and the ITR for the FY 2023-

