

**CENTRAL ELECTRICITY REGULATORY COMMISSION
New Delhi**

Petition No. 61/MP/2022

Subject	: Petition under Sections 79(1)(c) and 79(1)(d) read with Sections 62 and 64 of the Electricity Act, 2003, Regulations 54 and 55 of 2014 Tariff Regulations and Regulations 76 and 77 of 2019 Tariff Regulations regarding non-inclusion/ decapitalisation of assets which are not in use in the course of technical upgradations or modification of the Transmission Systems.
Petitioner	: Power Grid Corporation of Limited (PGCIL)
Respondents	: Northern Regional Power Committee & Ors.
Date of Hearing	: 28.6.2022
Coram	: Shri I. S. Jha, Member Shri Arun Goyal, Member Shri P. K. Singh, Member
Parties Present	: Shri M. G. Ramachandran, Senior Advocate, PGCIL Shri Shubham Arya, Advocate, PGCIL Shri Poorva Saigal, Advocate, PGCIL Ms. Reeha Singh, Advocate, PGCIL Shri S. Vallinayagam, Advocate, TANGEDCO Shri Aditya Singh, Advocate, MPPMCL Shri V. Chandrasekhar, PGCIL Shri Amit Kumar Chachan, PGCIL Ms. Supriya Singh, PGCIL Shri Anindya Khare, MPPMCL Ms. B. Rajeswari, TANGEDCO Ms. R. Ramalakshmi, TANGEDCO Ms. R. Alamelu, TANGEDCO

Record of Proceedings

Case was called out for virtual hearing.

2. Learned counsel for the Petitioner made the following submissions:
- The instant petition has been filed regarding non-inclusion/ decapitalisation of transmission assets which are not in use due to technical up-gradation or modification of the Transmission Systems.
 - The proviso to Regulation 19(5) of the 2019 Tariff Regulations provides for certain exemptions in the case of upgradation of transmission assets



recommended by Regional Power Committee (RPC) and no need to decapitalise the assets when it is transferred from one project to another project. Further, tariff is also allowed for replaced/ upgraded transmission elements like ICTs/Reactors, which are agreed and approved as Regional Spares by RPC's.

- c) The issue arises when there is an upgradation or modification of the transmission assets not on account of the default on the part of the licensee but for larger public interest. Decapitalisation of assets used for only three or five years leads to non-recovery of full depreciation of the assets. Thus, causing adverse financial implications on the investment made by the Petitioner. Accordingly, the Petitioner prayed to evolve a mechanism/ principle to ensure the servicing of the capital assets in the event if such capital assets are replaced or are not in use for reasons other than any default or failure or factors not attributable to transmission licensees including the Petitioner.

3. The Commission observed that it would not be appropriate to amend the existing Tariff Regulations towards the end of the 2019-24 tariff period. The Commission directed the Petitioner to submit its comments/ suggestions on this issue while framing the new Tariff Regulations for consideration of the Commission and an appropriate view would be taken after considering the comments of all the stakeholders.

4. The learned counsel for the Petitioner sought permission from the Commission to place on record the details of the assets/ projects which have been upgraded or proposed to be upgraded upto 2024 and accordingly would seek relaxation/ relief on case to case basis.

5. The representative of the Petitioner cited few instances where the assets were upgraded, like (i) series compensation on Panki Murandanagar line which was taken out of service after being in use for 15 years and (ii) loop-in loop-out for supply of power to Bangladesh. He requested that one time reimbursement of the unrecovered depreciation may be allowed in these cases.

6. The Commission permitted the Petitioner to place on record the details of the projects that have been upgraded or proposed to be upgraded upto March, 2024 and specific instances for which relaxation is being sought by the Petitioner on affidavit by 10.7.2024.

7. Subject to the above, the Commission reserved the order on admissibility of the petition.

By order of the Commission

sd/-

(Rajendra Kumar Tewari)
Bench Officer

