

**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/ de-capitalization of assets which are not in use in the course of technical upgradations or modification of the Transmission Systems.
- Date of Hearing** : 18.12.2023
- Coram** : Shri Jishnu Barua, Chairperson  
Shri Arun Goyal, Member  
Shri P. K. Singh, Member
- Petitioner** : Powergrid Corporation of India Limited (PGCIL)
- Respondent** : Northern Regional Power Committee and 53 Ors.
- Parties present** : Shri M. G. Ramachandra, Sr. Advocate, PGCIL  
Ms. Shubham Arya, Advocate, PGCIL  
Shri Ravi Nair, Advocate, PGCIL  
Ms. Reeha Singh, Advocate, PGCIL  
Shri Aditya Singh, Advocate, MPPMCL  
Shri Mohit K Mudgal, Advocate, BRPL & BYPL  
Shri Sachin Dubey, Advocate, BRPL & BYPL  
Shri Mohit Jain, Advocate, BRPL & BYPL  
Shri C Sridhar, PGCIL  
Shri Amit Chauhan, PGCIL

**Record of Proceedings**

The instant petition has been filed by PGCIL for evolving an appropriate methodology to effectively compensate the transmission licensees such as PGCIL in respect of the unrecovered depreciation in case of the assets that are required to be replaced or taken out of service before the completion of their useful life due to upgradation/modification of assets and for reasons other than any default or failure attributable to transmission licensee.

2. Learned counsel for the Petitioner submitted as follows:



a) Assets are replaced due to upgradation or modification of the transmission assets to meet the growing need for providing evacuation and transmission facilities for renewable power development in the country. In some cases, the assets are decapitalised after three or five years, which leads to non-recovery of full depreciation of the assets, thus, causing adverse financial implications on the investment made by the Petitioner.

b) The assets are decapitalised as per the directions of the system planners to upgrade the existing transmission lines to higher voltage AC lines with multi circuits, replacing existing line conductors with conductors of higher capacity/High-Temperature Low Sag (HTLS) conductors, upgradation of transformer capacity etc. as this is economical and takes less time when compared with the construction of new transmission asset.

c) In some cases, the system planners decide to modify existing transmission lines either through LILo arrangements or extending the original transmission line by bypassing the original end sub-station to a different sub-station to facilitate optimum utilization of resources such as Right-of-way (RoW), to address challenges being faced in accommodating additional ICTs, Reactors, Bays etc. in the existing Sub-station. In this process, new sub-station equipment has to be added, and also, in some cases, existing sub-station equipment installed based on past requirements becomes redundant and obsolete.

d) The transmission licensees, including PGCIL, are not involved in this decision-making process and are only required to implement the upgradation/replacement schemes as planned and agreed in various forums, although the transmission licensee may be able to operate the transmission system with the efficiency as mandated in the regulations. So, the upgradation is not done due to the fault of the Petitioner.

e) Accordingly, the Petitioner prays to evolve a mechanism/ principle to ensure the servicing of the capital assets in the event that such capital assets are replaced for reasons not attributable to the Petitioner since replacing the transmission asset before the end of useful life will put a lot of financial pressure on the Petitioner who will not be able to recover the investment made on such transmission asset.

3. In response to a query of the Commission as to the quantum of the amount involved and the reasons for replacing the assets within a period of 6 to 7 years, the learned counsel for the Petitioner submitted that the amount would be approximately around ₹250 crore. As for the reasons towards the replacement, the learned counsel submitted that the detailed reasons are mentioned in the petition and that it was not due to the defective implementation by PGCIL but due to the planning of the concerned authorities that such replacement has become necessary.



4. Learned counsel for the Respondents, MPPMCL and BRPL & BYPL submitted that they already have filed their reply in the matter, and the same may be considered.
5. The matter will be listed for further hearing on 19.4.2024.

**By order of the Commission**

sd/-  
(V. Sreenivas)  
Joint Chief (Law)

