

**ASSAM ELECTRICITY GRID CORPORATION LIMITED**

**REPLY OF THE MANAGEMENT TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ASSAM ELECTRICITY GRID CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024.**

| <b>COMMENTS OF THE COMPTROLLER &amp; AUDITOR GENERAL OF INDIA</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>MANAGEMENTS REPLY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <b><u>A. COMMENTS ON PROFITABILITY</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>Statement of Profit and Loss Account</b><br/> <b>Income</b><br/> <b>Revenue from Operations (Note-27) - ₹621.54 crore</b><br/> <b>Wheeling Charges (Transmission Charges) from APDCL- ₹612.15 crore</b><br/>         After carrying out (June 2024) truing up of tariff for the year 2022-23, Assam Electricity Regulatory Commission (AERC) approved (June 2024) a 'revenue gap and carrying cost' for 2022-23 and 2023-24 amounting to ₹ 24.94 crore and ₹ 4.23 crore respectively, which was to be recovered from Assam Power Distribution Company Limited (APDCL) during the financial year 2024-25. The Company, however, did not account for the same during the financial year 2023-24. As the financial statements of the Company were approved (16 September 2024) by the Board of Directors after the AERC issued (June 2024) the above orders, the 'revenue gap and carrying cost' allowed by AERC should have been accounted for in the financial statements of 2023-24, in accordance with Para 8 of IND AS-10(Event after the Reporting Period). Non-recognition of the above regulatory assets in the accounts has resulted in understatement of 'Profit for the year' and 'Current Assets' by ₹ 29.17 crore each.</p> | <p>As per provisions of the Electricity Act, 2003, AEGCL requires to comply with the directives of the Hon'ble AERC, in respect of Revenue and Tariff determination. The Hon'ble AERC vide Tariff Order dated 27 June 2024 had directed AEGCL to recover Cumulative Revenue Gap of Rs. 29.32 Crore including Carrying Cost approved after Truing up of FY 2022-23 from APDCL in ten monthly equal instalments in FY 2024-25, in addition to the monthly bills. Copy attached vide Annexure-A.</p> <p>Also the Hon'ble AERC vide Tariff Order dated 27 June 2024 had directed SLDC to pass through the Revenue Gap of Rs. 1.27 Crore including Carrying Cost approved after Truing up of FY 2022-23 to APDCL in nine monthly equal instalments in FY 2024-25 as additional charge in the monthly bills. Copy attached vide Annexure-B.</p> <p>Accordingly AEGCL has started to adjust these Revenue Gaps to</p> |

| COMMENTS OF THE COMPTROLLER & AUDITOR<br>GENERAL OF INDIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | MANAGEMENTS<br>REPLY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | the monthly bills raised to APDCL from the month of June, 2024 and these adjustments will be shown in the Annual Accounts for the FY 2024-25 and as such AEGCL has not created any provision for 'Regulatory Assets' in the accounts for the year 2023-24.                                                                                                                                                                                                                                                                                |
| B. COMMENTS ON FINANCIAL POSITION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>1. Balance Sheet</b><br/> <b>Assets</b><br/> <b>Non-current assets</b><br/> <b>Capital Works in progress (Note 4): ₹ 675.33 crore</b></p> <p>This included ₹ 27.89 crore, being the capital cost of four assets, construction for which was completed and accepted by the Company before the close of the current financial year 2023-24. Hence, the same should have been transferred to and shown under 'Property Plant &amp; Equipment' and depreciation charged thereon accordingly. Wrong grouping of the cost of the completed assets under Capital WIP has resulted in overstatement of the above head (Capital WIP) by ₹ 27.89 crore, understatement of 'Property Plant &amp; Equipment' (net block) by ₹ 27.18 crore and depreciation by ₹ 0.71 crore with corresponding overstatement of 'Profit for the year' by ₹ 0.71 crore.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Although the assets were completed before the close of financial year 2023-24, but due to delay in receipt of bills from the Contractors AEGCL was unable to capitalize the above works in FY 2023-24. However, these works will be capitalised during FY 2024-25.</p>                                                                                                                                                                                                                                                                 |
| <p><b>2. Balance Sheet</b><br/> <b>Equity and liabilities</b><br/> <b>Equity</b><br/> <b>Other Equity (Note 17): ₹ 25.43 crore</b></p> <p>Regulation 67.9.1 of the Assam Electricity Regulatory Commission Multi-Year Tariff Regulation, 2021 (MYT Regulations, 2021) provides that "The Transmission Licensee may make an appropriation to the Contingency Reserve of a sum not exceeding 0.10 per cent of the gross fixed assets approved by the Commission at the beginning of the year, for each year, which shall be allowed in the calculation of aggregate revenue requirements". Further, regulation 67.9.2 of the MYT regulation 2021 provides that "The Contingency Reserve shall not be drawn upon during the term of the license except to meet such charges as may be approved by the Commission as being the expenses arising out of accidents, natural calamities or circumstances beyond the control of the licensee."</p> <p>During the truing up for 2022-23, the AERC while taking serious note to utilization of Contingency Reserve fund for some non-emergency works, decided not to allow further contribution to Contingency Reserve fund in FY 2023-24 and FY 2024-25. Contrary to the above order of the AERC the Company transferred ₹ 3.28 crore to Contingency Reserve fund during the Financial year 2023-24 by debiting the Statement of Profit and Loss and made expenditure of ₹ 1.14 crore from the said fund. As AERC did not</p> | <p>AEGCL had made provision for Contribution to Contingency Reserve in the Annual Accounts for FY 2023-24 amounting to Rs 2.91 Crores (and not Rs. 3.28 Crores) in accordance with Regulation 67.9 of the AERC (Terms and Conditions for determination of MYT) Regulations, 2021.</p> <p>In this context it may be mentioned that the Hon'ble AERC has allowed utilization of Contingency Reserve Fund in certain emergency cases during FY 2024-25 even after the issue of Tariff Order dated 27.06.2024 (attached vide Annexure-C).</p> |

| COMMENTS OF THE COMPTROLLER & AUDITOR<br>GENERAL OF INDIA                                                                                                                                                                                                                                                                                                                                                                                                                                         | MANAGEMENTS<br>REPLY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p>allow creation of Contingency Reserve fund for the financial year 2023-24, the Company should not have transferred ₹ 3.28 crore to Contingency Reserve Fund and the expenditure of ₹ 1.14 crore should have been charged to the statement of Profit and Loss directly instead of routing through the Contingency Reserve fund. This has resulted in the understatement of 'Profit for the year' by ₹ 2.14 crore with the corresponding overstatement of 'Other Equity' by the same amount.</p> | <p>In regard to utilization, AEGCL had made an adjustment entry of Rs. 0.37 Crores to the utilization of Contingency Reserve amounting to Rs. 1.14 Crores during FY 2023-24, as rectification and arrived at utilization of Contingency Reserve amounting to Rs. 0.77 Crore. However, on detailed scrutiny of the utilisation of Contingency Reserve, it has now come to our notice that the above amount spent from Contingency Reserve fund are of the nature of normal Repair &amp; maintenance activity expenses and the same will be rectified and will be shown in the Annual Accounts for FY 2024-25.</p> |
| <p><b>3. Balance Sheet</b><br/> <b>Assets</b><br/> <b>Current Assets</b><br/> <b>Other Current Assets (Note-15)</b><br/> <b>Income Accrued but not due: ₹35.68 crore</b></p> <p>The above is understated by ₹ 1.09 crore due to non-recognition of 'interest accrued but not due' on Fixed deposit valuing ₹ 26.00 crore. This also resulted in the understatement of 'Profit for the year' by the same amount.</p>                                                                               | <p>Rectification has already been made and will be shown in the Annual Accounts for the FY 2024-25.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

MSharma

Chief General Manager (F&A) (i/c),  
Assam Electricity Grid Corporation Limited,  
Bijulee Bhawan, Guwahati-781 001.

# Annexure A



**ASSAM ELECTRICITY REGULATORY COMMISSION  
(AERC)**

## **TARIFF ORDER**

**June 27, 2024**

**True-Up for FY 2022-23, APR for FY 2023-24, and  
ARR and Tariff for FY 2024-25  
for**

**Assam Electricity Grid Corporation Limited  
(AEGCL)**

**Petition No. 30/2023**

**ASSAM ELECTRICITY REGULATORY COMMISSION**  
A.S.E.B. Campus, Dwarandhar,  
G. S. Road, Sixth Mile, Guwahati - 781 022  
Website: [www.aerc.gov.in](http://www.aerc.gov.in) Email: [aerc\\_ghy@hotmail.com](mailto:aerc_ghy@hotmail.com)

**Table 56: Revenue Gap/(Surplus) for FY 2022-23 approved for recovery/adjustment in FY 2024-25 (Rs. Crore)**

| Sr. No. | Particulars                       | MYT Tariff Order | AEGCL  | Approved in this Order |
|---------|-----------------------------------|------------------|--------|------------------------|
| 1       | Net ARR                           | 460.46           | 604.59 | 484.36                 |
| 2       | Revenue from Transmission Charges | 460.46           | 460.46 | 460.46                 |
| 3       | Revenue Gap/(Surplus)             |                  | 144.14 | 23.90                  |
| 4       | Carrying/(Holding) cost           |                  | 32.76  | 5.42                   |

The Commission has computed the Carrying/ (Holding) cost, considering the interest rate of 10.80% equal to the average SBI 1-year MCLR for FY 2022-23 plus 300 basis points, as per the MYT Regulations, 2021, as shown in the following Table:

**Table 57: Carrying/ (Holding) Cost for Revenue Gap/(Surplus) for FY 2022-23 approved by the Commission (Rs. Crore)**

| Sr. No. | Particulars                     | FY 2022-23  | FY 2023-24 | FY 2024-25 |
|---------|---------------------------------|-------------|------------|------------|
| 1       | Opening Balance                 | -           | 23.90      | 23.90      |
| 2       | Recovery/(Addition) during year | 23.90       | -          | 23.90      |
| 3       | Closing balance                 | 23.90       | 23.90      | -          |
| 4       | Rate of Interest (%)            | 10.80%      | 11.53%     | 11.53%     |
| 5       | Carrying /(holding) Cost        | 1.29        | 2.76       | 1.38       |
|         | <b>Total Carrying Cost</b>      | <b>5.42</b> |            |            |

The Commission has considered the recovery of total Carrying Cost, i.e., Rs. 5.42 Crore on Revenue Gap for FY 2022-23. The Commission approves the cumulative Revenue Gap of AEGCL as Rs 29.32 Crore. This Gap is to be recovered from APDCL in ten monthly equal instalments of Rs. 2.44 Crore in FY 2024-25 starting from June 2024, in addition to the monthly bills.

## 7.2 Transmission tariff for FY 2024-25

AEGCL has considered the maximum Contracted Capacity as 2654.60 MW, by considering a 10% increase over Peak Load of 2413.27 MW as on 16<sup>th</sup> September 2023. AEGCL has

# Annexure B



**ASSAM ELECTRICITY REGULATORY COMMISSION  
(AERC)**

**TARIFF ORDER**

**June 27, 2024**

**TRUE-UP FOR FY 2022-23, APR FOR FY  
2023-24 & Revised ARR FOR FY 2024-25**

**And**

**SLDC charges for FY 2024-25**

**State Load Despatch Centre (SLDC)**

**Petition No. 31/2023**

**Table 55 : Carrying/ (Holding) Cost on Revenue Gap/(Surplus) for FY 2022-23  
approved by the Commission (Rs. Crore)**

| Sr. No. | Particulars                                                      | FY 2022-23  | FY 2023-24 | FY 2024-25 |
|---------|------------------------------------------------------------------|-------------|------------|------------|
| 1       | Opening Balance                                                  | -           | 1.04       | 1.04       |
| 2       | Recovery /(Addition) during year                                 | (1.04)      | -          | 1.04       |
| 3       | Closing balance                                                  | 1.04        | 1.04       | -          |
| 4       | Rate of Interest (%)                                             | 10.80%      | 11.53%     | 11.53%     |
| 5       | Carrying /(holding) Cost                                         | 0.06        | 0.12       | 0.06       |
|         | <b>Total Gap/(Surplus) including<br/>Carrying/(Holding) Cost</b> | <b>1.27</b> |            |            |

**7.1.5** The total Revenue Gap including Carrying Cost works out to Rs 1.27 Crore.

**7.1.6** The Commission approves the cumulative Revenue Gap of SLDC after true-up for FY 2022-23 as Rs 1.27 Crore. This Gap is to be passed through to APDCL in the remaining nine (9) months of FY 2024-25 from July 2024 to March 2025 in equal instalments of Rs 0.141 Crore in FY 2024-25 as additional charge in the monthly bills.

## **7.2 SLDC tariff for FY 2024-25**

**7.2.1** ARR of SLDC approved for FY 2024-25 is Rs. 15.04 Crore, which is allocated to APDCL as single user.

**7.2.2** However, the SLDC charges to be charged for any other Long-term/Medium-term user are as given below:

**Table 56 : SLDC Charges approved by the Commission for FY 2024-25**

| Sl. No. | Particulars                          | UoM        | Amount  |
|---------|--------------------------------------|------------|---------|
| 1       | Net ARR – SLDC                       | Rs. Crore  | 15.04   |
| 2       | Maximum Contracted Capacity          | MW         | 2654.00 |
| 3       | SLDC Charges for LTOA/MTOA Consumers | Rs./MW/day | 155.23  |

**Approved SLDC charges to be recovered from APDCL for FY 2024-25 is Rs. 15.04 Crore.**

**The approved SLDC charges for Long-term/Medium-term Users of Transmission System for FY 2024-25 are Rs.155.23 per MW per day.**

## Regarding utilization of Contingency Reserve Fund of AEGCL

From : ASSAM ELECTRICITY REGULATORY COMMISSION  
<aerc\_ghy@hotmail.com>

Mon, 08 Jul, 2024 16:23

Subject : Regarding utilization of Contingency Reserve Fund of AEGCL

To : MD,AEGCL <managing.director@aegcl.co.in>

**ASSAM ELECTRICITY REGULATORY COMMISSION**

**A.S.E.B. Campus, Dwarandhar,  
G. S. Road, Sixth Mile, Guwahati – 781 022**

Phone: (0361) 2234442 Fax: (0361) 2234432

E-mail : [aerc\\_ghy@hotmail.com](mailto:aerc_ghy@hotmail.com)

Website : [www.aerc.gov.in](http://www.aerc.gov.in)

**No. AERC. 920/2024/7**

**Dated Guwahati the 08th July, 2024**

**From: Secretary,**  
Assam Electricity Regulatory Commission

**To: The Managing Director**  
Assam Electricity Grid Corporation Limited  
Bijulee Bhawan  
Paltanbazar, Guwahati-781001

**Sub: Regarding utilization of Contingency Reserve Fund of AEGCL**

Ref: 1. Your letter no. AEGCL/MD/TECH-325/ RNG-SLKT/Loc. No. 439 /7 dtd. 21.05.2024  
2. Your letter no. AEGCL/MD/TECH-314/O&M(LAR)/RNG-SLKT/ Restoration work  
(A)/44 dtd. 29.06.2024

Sir,

With reference to the above subject and your letters vide ref above for utilization of contingency reserve fund, the following may kindly be noted:

1. Regarding the proposal for work, **"Construction of new tower with pile foundation in place of river eroded tower at Loc – 439 of 220kV D/C Rangia - Salakati Line"** of estimated amount. **Rs. 64,14,009.00** (ref. 1), the Commission observed the tower at Loc. 439 of the said line is affected by erosion. The shifting of the tower leg is preventive action and does not fulfil the criteria for utilizing contingency reserve. Hence, the Commission disallows the utilization of Contingency Reserve Fund for this work.
2. Regarding the proposal for work, **"Construction of 3 nos. of new tower with pile foundation in place of river eroded tower at Loc – 451,452 and 453 of 220kV D/C Rangia-Salakati Line"** of estimated amount **Rs.2,93,61,277.00** (ref. 2), the Commission acknowledged that the tower at Loc no. 452 of the said Line collapsed due to sudden change in course of the river, Pagladiya and required emergency restoration. The line is operating on temporary ERS and the permanent towers need to be commissioned urgently to ensure grid stability.

In view of the above, the Commission allows the utilization of the estimated amount of **Rs.2,93,61,277.00** from the Contingency Reserve Fund subject to fulfillment of requirements as

subsequent tariff petition', whichever is earlier.

Yours faithfully,  
Sd/-  
Secretary,  
Assam Electricity Regulatory  
Commission

Memo No: **AERC. 920/2024/7-(A)**

Dated Guwahati the 08th July, 2024

**Copy to:**

1. The Chairman, AEGCL, Bijulee Bhawan, Paltanbazar, Guwahati – 781001, for information please.

Sd/-  
Secretary,  
Assam Electricity Regulatory  
Commission

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