

### Annexure-B (Additional Information for ARR of SLDC Business for 5th Control Period)

Sl. No.	Particulars	Addl. Information requested by TGERC	Addl. Information submitted by TGSLDC
1	General	TGSLDC is require to reconfirm that the resource plan approved by the Commission vide dt.29.12.23 for TSTransco for 5th & 6th Control Period does not contain the Capex proposed for SLDC business. Further TGSLDC should submit the same on affidavit.	The Capital expenditure proposed for TGSLDC was not included in the Resource Plan as per prevailing practice. The draft reply affidavit is enclosed at annexure-I.
2		TGSLDC to submit the audited annual accounts/assets allocation statement of TGSLDC business for the period from FY 2019-20 to FY 2022-23 along with detail Notes. Further, TGSLDC is also required to provide the balance sheet/assets allocation statement of FY2023-24, if available.	<p>To the Hon'ble TGERC it is to submit that;</p> <p>(i) TGSLDC was maintaining function wise analysis with regard to Revenue and Expenditure in Annual Reports of TGTRANSCO for FY 2022-2023. However, there is a separate Trail Balance with regard to SLDC Accounts under Unit Code:9908.</p> <p>(ii) As directed by Hon'ble commission TGSLDC has submitted Statement of Assets and Liabilities for FY 2022 -2023 duly certified by statutory auditor of the company (Copy enclosed). at annexure-II</p> <p>(iii) TGSLDC has separated its accounts and shown function-wise analysis statements with regard to a) Assets and Liabilities b) Revenue and Expenditure in the current audited accounts for FY 2023-24. (Annual Report enclosed) at annexure-III</p>
3	Capital Investment Plan	<p>In accordance with Clause 7.11 of Regulation No. 2 of 2023, TGSLDC is mandated to obtain prior approval from the Commission for any capital investment schemes with an estimated expenditure exceeding Rs. 1.00 Crore.</p> <p>TGSLDC has proposed six (6) schemes to be executed during the 5th Control period. Out of those six schemes, TGSLDC is required to provide detail which all proposed schemes (above Rs. 1.00 Crore) are approved by the Commission.</p>	<p>The following projects are proposed by TGSLDC in 5<sup>th</sup> Control and their status is as follows</p> <p>a) Upgradation of existing SCADA/EMS system at Main SLDC, Hyderabad &amp; Establishment of SCADA/EMS system as Backup SLDC at Warangal. TGERC approval :- Approved for an estimated amount of Rs 62.16 Cr vide Approval No 02/2023-24 dt 21.3.24.</p> <p>b) Construction of building &amp; providing infrastructure for Backup SLDC. TGERC approval :- Proposal is part of 4th control period and work carry forwarded to 5th control period</p> <p>c) Implementation of Automatic Generation Control (AGC) at TGSLDC TGERC approval :- Proposal is put on hold by PSDF committee due to lack of funds. Once, proposal is approved TGERC will be approached for project approval.</p> <p>d) Implementation of SAMAST (Scheduling, Accounting, Metering and Settlement of Transactions in Electricity) Project in TGSLDC of TGTRANSCO. TGERC approval :- Proposal is part of 4th control period and work carry forwarded to 5th control period</p> <p>e) Implementation of Demand &amp; Price Forecast solutions at TGSLDC TGERC approval:- DPR under preparation. Once, DPR is finalized TGERC will be approached for approval.</p> <p>f) Capital Investment Scheme details of IT Wing for 2024-25 to 2028-29 TGERC approval:- DPR under preparation. Once, DPR is finalized TGERC will be approached for approval</p>

4	Capital Investment Plan	The Commission vide Order dated 21.03.2024 had approved the Scheme-II (Upgradation of existing SCADA/EMS system at Main TGS LDC, Hyderabad & establishment of SCADA/EMS system as backup TGS LDC at Warangal). It is observed that TGS LDC has estimated the cost for the above said scheme as Rs. 96.48 Crore against the approved value of Rs. 62.16 Crore. TGS LDC is required to provide the reasons for the increase in cost.	TGS LDC vide letter dt 25.7.23 has submitted investment proposal of Rs 96.48 Cr to TGERC for approval. Copy of the letter is attached as Annexure V.TGERC after various clarifications from TGS LDC has approved an amount of Rs. 62.16 Crore. From the investment proposal mainly, AMC portion of about Rs.31.98 Cr is moved to O & M expenditure.
5		a) Capital investment plan showing separately, on-going projects that will spill over into the Control Period, and new projects (along with justification) which will commence in the Control Period but may be within or beyond the Control Period;	Construction of building & providing infrastructure for Backup SLDC is initiated in 4 <sup>th</sup> Control period (2023-2024). Estimated to be completed in 5 <sup>th</sup> Control period 2024-2025. Accordingly, 50 % of the cost is only proposed in 2024-2025.
		b) Capital infusion schedule along with its capitalization plan for each scheme separately for each year of 5th Control period along with carry forward plan for future control period, if any;	Year wise capital expenditure for various projects is shown in Annexure - IV.
		c) Financing Plan/source of financing for each scheme;	For the following projects envisaged in 5th control period DPR is under preparation. i. Implementation of Demand & Price Forecast solutions at TGS LDC. ii. Capital Investment Scheme details of IT Wing for 2024-25 to 2028-29 PERT/CPM chart will be furnished along with DPR to TGERC for approval Other details for the above projects and other projects proposed in 5th control period are included in annexure V.
		d) PERT/CPM chart detailing the activities involved in project execution highlighting the anticipated constraints, if any;	
		e) Cost benefit analysis;	
		f) Physical benefits of the scheme;	
		g) Financial benefits of the scheme supported by detailed calculations	
to demonstrate the payback period of the investment			
6	Gross Fixed Asset	TGS LDC has claimed the opening GFA as Rs. 19.25 Cr on 01.04.2023. TGS LDC is required to submit the Fixed Asset Register (FAR) substantiating the above. Additionally, TGS LDC should specify which of these assets/schemes are already approved by the commission.	To the Hon'ble TGERC it is to submit that; i) The Fixed Asset Register (FAR) to substantiate the opening GFA for Rs. 19.25 Cr as on 31.03.2023 of TGS LDC has been enclosed at annexure-VI. ii) The value of Individual asset/scheme of TGS LDC mentioned in the Fixed Asset Register (FAR) was below Rs.20 Cr, Hence the Honble commission approval was not required as per the Proceedings No.28/APERC/Secy/Dir(Engg)/E-725/2013, dt:06.05.2013.
7		TGS LDC is required to confirm that the above GFA base claimed here is not part of asset base of TGTRANSCO claimed in TGTRANSCO in Petition.	It is to submit that the above GFA is not part of the asset base of TGTRANSCO claimed in TGTRANSCO petition as the same is claimed as asset base for TGS LDC's MYT petition .
8	Operation and Maintenance	TGS LDC is required to provide the details of actual O&M expenses (Employee expenses, A&G expenses and R&M expenses separately) for 4th control period and reconcile the same with audited accounts with clear bifurcation between TGTRANSCO and TGS LDC	The actual O&M expenses (Employee expenses, A&G expenses and R&M expenses) provided in the Form No.2.1 Employee expenses , Form No.2.2 A&G expenses and Form No.2.3 R&M expenses of TGS LDC are as per the audited annual accounts and for F.Y.2023-24 submitted as per provisional accounts.

9	Operation and Maintenance	It is observed that TGS LDC has been the base as FY 2022-23 for computation of Employee Expenses and A&G Expenses. However as per proviso of Clause 98.3 of Regulation No.2 of 2023, the employee cost and A&G expenses for the first year of the control period shall be worked out considering the average of the trued up expenses after adding by deducting the share of Efficiency gains/losses,for the immediately preceding control period, excluding abnormal expenses if any,subject to prudence check by the commission and duly escalating the same for 3 years with CPI infaltion for employee costs and WPI inflation for A&G expenses. TGS LDC is required to compute O&M expenses strictly as per the provisions of the regulation.	TGS LDC has considered Base for computation of Employee Cost, Administrative & General expenses as per audited accounts of FY 2022-2023 duly escalating the same with CPI inflation for Employee cost and WPI inflation for Administrative & General expenses for proposed filing of 5th Control period as per the provisions of Clause No.98.3 of Regulation of 2023.
10		TGS LDC has submitted that Employee Expenses is computed including past liabilities of pension and gratuity. TGS LDC is required to recompute the Employee Expenses for each year of 5th Control Period excluding past liabilities of pension and gratuity and mention the past liabilities of pension and gratuity separately.	In the Form No.2 of Write -Up of TGS LDC, it was erroneously mentioned that the Employee Cost was included unfunded past liabilities of pension and gratuity.However,it is to submit that TGS LDC does not have any past liabilities of pension and gratuity.
11		It is observed that R&M expenses for each year of 5th control period is computed by considering the K factor as 5% and further escalating with WPI as 13.10% (point to point change for FY 2022-23 w.r.t FY 2021 -22 ). TGS LDC is required to provide the basis for consideration of "k" factor as 5%. Further, TGS LDC is required to provide the detail computation of point to point WPI as claimed in the petition.	i) The 'K' factor @ 5% has been arrived by taking the average of R&M Expenses as % of GFA at beginning of each year of the 4th Control Period. ii) The detailed computation of WPI @ 13.10% (point to point change for FY 2022-2023 w.r.t FY 2021 - 2022) is enclosed at annexure-7.
12	Depreciation	TGS LDC has claimed the cumulative depreciation as on 31.03.2023 as Rs.12.23 Crore. TGS LDC is required to reconcile the same with the audited accounts. Further, TGS LDC is also required to provide the reason for variation from the approved value by the commssion vide order dated: 07.06.2024.	Statement enclosed showing Cumulative Depreciation as on 31.03.2023 of Rs.12.23 Crore at annexure-8.
13		TGS LDC is required to provide the basis for consideration of depreciation rate of 20% for intangible assets. Further the Depreciation rates considered for Plant and Machinery (5.28% instead of 3.6% ) and Office Equipment (6.33% instead of 9.00% ) is not line with the provisions of in line with the rates mentioned in the Annexure -I :Depreciation Schedule of Regulation No.2 of 2023.	For the 4th Control Period the Depreciation rates notified by the CERC have been considered for the computation of Depreciation. Further, the Deprecition rates for the 5th control period have been considered in line with the rates mentioned in the Annexure -I: Depreciation Schedule of Regulation No.2 of 2023 of TGERC.
14	Interest and Finance Charges on Loan	TGS LDC to clarify or justify the basis for consideration of interest rate on loan as 9.60% for each year of 5th control period while computing the interest cost on long term loan. TGS LDC to submit the details of actual long term loan portfolio.	Loan sanction letter from HUDCO has been enclosed at annexure-IX.
15	Interest on working capital	It is observed that the Rate of Interest (10%) is considered by TGS LDC for computation of interest on workig capital.TGS LDC is required to submit the basis of interest rate of 10.00% in accordance with Clause 33.6 of Regulation No.2 of 2023.	Rate of Interest on Working Capital @10% has been taken by cosidering the SBI MCLR rate @8.50% as the Base rate plus 150 basis points (i.e., 8.5% +1.5% =10%) in accordance with the Clause No.11 and Clause No: 33.6 of Regulation No.2 of 2023.

16	Return on equity	It is observed that Opening Equity Base claimed by TGS LDC as on 01.04.2024 is Rs.2.80 Crore. TGS LDC is required to submit the basis for the same.	The computation for the Opening Equity Base claimed by TGS LDC as on 01.04.2024 is Rs.2.81 Crore is arrived as follows; <b>FY 2022-2023</b> i ) 25% on the Net fixed assets of Rs.8.04 Cr at the begining of the FY 2022-23 is Rs.2.01 Cr ii) 25 % on Capitalization of Additions of Rs.0.31 Cr. during the FY 2022 -23 is Rs. 0.08 Cr Total Regulatory Equity at the end of FY 2022-23 is Rs. 2.09 Cr (i.e., Rs.2.01 Cr + Rs.0.08 Cr ) <b>FY 2023-2024</b> i ) Opening Regulatory Equity at the begining of the FY 2023-24 is Rs.2.09 Cr ii) 25 % on Capitalization of Additions of Rs.2.86 Cr. during the FY 2023-24 is Rs.0.72 Cr Total Regulatory Equity at the end of FY 2023-2024 is Rs. 2.81 Cr (i.e., Rs.2.09 Cr + Rs.0.72 Cr ) Hence the Opening Equity Base claimed by TGS LDC as on 01.04.2024 is <b>Rs.2.81 Cr.</b>																	
17		It is observed that TGS LDC has claimed effective Income rate as 34.94% for each year of 5th control period. TGS LDC is required to provide the acutal income tax paid (in Rs.Cr and percentage rate of Income tax with respect to Revenue as per Balance sheet ) for each year of 4th control period related to TGS LDC bussiness.	The effective Income Tax rate of 34.94% for each year of the 5th Control Period is adopted as per TGTRANSCO.																	
18	Non Tariff Income	It is observed that TGS LDC has claimed Rs.0.50 Cr as NTI for each year of 5th control period. TGS LDC is required to provide the actual NTI including TGS LDC processing fee, TGS LDC Registration fee and Surcharge on late payment charges etc. For each year of the 4th control period.	Statement enclosed at annexure-X.																	
19	Generation Capacity	TGS LDC is required top rovide the details of the suchgenerating stations which are goingto expireduring the 5 <sup>th</sup> Control period along with plan for future extension of such PPA, ifany. Further,TGS LDC is also required to provide the detail of such generating stations which are likely to be added in 5th Con period.	In this regard, it is to submit that the draft PPA in respect of TGGENCO RTS-B Thermal Station is entered upto 31.03.2025 only & the plant is not in operation and PPA in respect of NLC CPSU Tranche III (200 MW) is entered recently on 27.08.2024. Hence, the additional information pertaining to Generating Stations which are going to expire & which are likely to commence during 5th control period as sought are enclosed at annexures - XI & XII.																	
20		It is oberved that Discom contracts (MW) claimed in the TGS LDC petition does not match with the value claimed in TGTRANSCO petition for 5th control period as shown below. TGS LDC is required to provide reason for same. <table><tr><td>Discom Contracts (MW)</td><td>MY25</td><td>MY26</td><td>MY27</td><td>MY28</td><td>MY29</td></tr><tr><td>As per TGTRANSCO petition</td><td>23468.77</td><td>23236.94</td><td>23154.15</td><td>23000.97</td><td>22470.56</td></tr><tr><td>As per TGS LDC petition</td><td>22461.09</td><td>22229.26</td><td>22146.47</td><td>220001.47</td><td>21476.88</td></tr></table>	Discom Contracts (MW)	MY25	MY26	MY27	MY28	MY29	As per TGTRANSCO petition	23468.77	23236.94	23154.15	23000.97	22470.56	As per TGS LDC petition	22461.09	22229.26	22146.47	220001.47	21476.88
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21		It is observed that some Forms (Appendix -3 Tariff Filing Forms (SLDC) submitted by TGS LDC are incomplete. TGS LDC is required to provide duly filled Forms No: 3.1,3.2 & 5(B) as per the provisions of the Regulation.	To the Hon'ble TGERC, it is to submit that; The information sought in Form No: 3.1 Statement of Capitalisation , Form No: 3.2 Financing of Capitalisation are not applicable to TGS LDC.																	