

**Southern Power Distribution Company of Telangana Ltd. (TGSPDCL)**



**Responses to Objections / Suggestions**

**On**

**True-up for FY 2024-25**

**and ARR for Distribution Business**

**and Determination of Wheeling Tariffs for**

**FY2026-27**

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6	<b>The Federation of Telangana Chambers of Commerce and Industry (FTCCI)</b> 11-6-841. Federation House, Federation Marg, Red Hills, Hyderabad - 500004	71
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## 1. Response to M. Timma Reddy

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1.	<p>For the FY 2024-25, as a part of the true up filings, TGSPDCL is claiming 20.18% higher ARR than allowed by the Commission. It is claiming 51.17% higher depreciation and 48.29% higher interest on working capital. Similarly, TGNPDCL is claiming 6.06% higher ARR, 30.60% higher depreciation, 34.02% higher interest on long-term loans and 41.38% higher interest on working capital. As the expenditures claimed by TGDISCOMs deviate significantly from the approval given by the Commission these claims shall be subjected to critical scrutiny.</p>	<p>The variations in ARR and cost components are primarily due to actual audited expenditures incurred during FY 2024-25, which differ from projections made in the MYT Order.</p> <p>As per Regulation 6.2(e), true-up petitions allow recovery of legitimate costs subject to prudence check. The increase in depreciation, interest on loans and return on equity is due to variation in asset base considered by Hon'ble Commission, which is lower against actuals as per book of accounts for FY 2024-25 and interest is attributable to capitalisation and loan drawals for approved schemes. We request the Commission to consider these variations as per the true-up mechanism provided in the MYT Regulations, 2023 (2 of 2023).</p>
2.	<p>While TGSPDCL is claiming 78.67% higher expenditure under return on equity (RoE) TGNPDCL is claiming 110.71% higher expenditure under RoE during the FY 2024-25. TGDISCOMs are claiming higher RoE than allowed by the Commission in the Order dated 28-10-2024 on ARR and Wheeling Tariff for Distribution Business for Control Period FY 2024-25 to FY 2028-29.</p>	<p>The variation arises due to the difference in the asset base considered by the Hon'ble Commission, which is lower than the actual figures as per the audited books of accounts for FY 2024-25, and also because the RoE has been considered at 11%.</p> <p>Further, TGSPDCL has claimed a RoE of 16% based on Regulation 29.2(e), which permits a base RoE of 14% with an additional incentive of up to 2% linked to compliance with the Standards of Performance (SoP).</p> <p>The additional Return on Equity (RoE) claimed reflects our</p>

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		sustained efforts toward improving service quality and operational efficiency. We request the Hon'ble Commission to approve the claim in accordance with the performance-linked incentive provisions.
3.	The Commission in its Order reduced the RoE for the FY 2024-25 to 11% for delay in filing ARR and tariff proposals (para 4.6.8). The same rate shall be maintained. Allowing the TGDISCOMs claim amounts to condoning this delay.	While there was a delay in filing ARR and tariff proposals, it was due to complexities in data segregation and compliance with new MYT formats. The delay was not intentional and occurred during the transition to the 5th Control Period. We request the Commission to consider this context and allow the RoE as claimed, as the delay did not impact consumer service delivery.
4.	TGDISCOMs are claiming 2% higher RoE for achieving standards of performance (SoP). TGDISCOMs' claims on SoP cannot be accepted. Their claims related to achieving SoP needs to be verified on the ground. Their claims related to achieving SoP shall be subjected to third party scrutiny. We request the Commission not to approve higher RoE claimed by TGDISCOMs.	The additional 2% RoE claimed is in accordance with Regulation 29.2(e), which incentivizes licensees for achieving SoP. We have implemented measures to improve reliability, reduce interruptions, and enhance consumer grievance redressal. We request the Commission to approve our claim.
5.	Frequently we come across news about arrest of TGDISCOMs staff by Anti Corruption Bureau (ACB) for indulging in corrupt practices. These facts deny TGDISCOMs' claims about achieving SoP. We request the Commission to direct TGDISCOMs to	Isolated incidents reported in the media do not reflect the overall performance of TGSPDCL. We have robust internal vigilance mechanisms and take disciplinary action against erring staff. We request the Commission to consider performance metrics and audited compliance reports rather than anecdotal reports.

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	provide details regarding their staff arrested by ACB and action taken against them.	The details of the action taken against erring staff for FY 2024-25 and FY 2025-26 are provided in the <b>Annexure - I</b>																																								
6.	<p><b>Distribution ARR for FY 2026-27 (Rs. in Cr)</b></p> <table border="1" data-bbox="304 396 1012 846"> <thead> <tr> <th>Particulars</th> <th>Approved (Rs.CR)</th> <th>Revised (Rs.CR)</th> <th>Increase %</th> </tr> </thead> <tbody> <tr> <td>O&amp;M Charges</td> <td>3,653.41</td> <td>4,072</td> <td>11.47</td> </tr> <tr> <td>Depreciation</td> <td>670.55</td> <td>1,034</td> <td>54.10</td> </tr> <tr> <td>Interest and finance charges on loans</td> <td>553.87</td> <td>840</td> <td>51.62</td> </tr> <tr> <td>Interest on working capital</td> <td>102.51</td> <td>150</td> <td>45.63</td> </tr> <tr> <td>Return on equity</td> <td>314.37</td> <td>434</td> <td>38.22</td> </tr> <tr> <td>Impact True up 2024-25</td> <td></td> <td>545</td> <td></td> </tr> <tr> <td>Non-tariff income</td> <td>159.75</td> <td>532</td> <td></td> </tr> <tr> <td>Income from Open Access</td> <td>1.28</td> <td>1.20</td> <td></td> </tr> <tr> <td><b>Distribution ARR</b></td> <td><b>5,133.68</b></td> <td><b>6,542</b></td> <td></td> </tr> </tbody> </table>	Particulars	Approved (Rs.CR)	Revised (Rs.CR)	Increase %	O&M Charges	3,653.41	4,072	11.47	Depreciation	670.55	1,034	54.10	Interest and finance charges on loans	553.87	840	51.62	Interest on working capital	102.51	150	45.63	Return on equity	314.37	434	38.22	Impact True up 2024-25		545		Non-tariff income	159.75	532		Income from Open Access	1.28	1.20		<b>Distribution ARR</b>	<b>5,133.68</b>	<b>6,542</b>		The Hon'ble Commission has approved O&M expenses by applying escalation on the average of the true-up expenses for the immediate preceding control period, and this if further escalated for 3 years as per clause No. 81 of Regulation No. 2 of 2023. However, the approved amount so derived is lower than the actual expenditure incurred during FY 2023-24. O&M cost escalation is based on CPI/WPI indices in accordance with Regulation 81.3 based on actuals for FY 2024-25. This revision is primarily on account of actual employee cost, repairs & maintenance activities, and administrative expenses, projected based on CPI/WPI.
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7.	The Commission had issued the MYT Wheeling tariff order for distribution business related to 5th control period on 28th October 2024. In that order the Commission had approved distribution business ARR for each year of the 5th control period. TGDISCOMs in their present filings have claimed that in accordance to the regulation, the DISCOMs have computed the ARR of Distribution business against each cost element based on the Distribution MYT Tariff Order for 5th Control Period as approved by Hon'ble TGERC. But there is wide variation between	The Hon'ble Commission has approved Employee cost for FY 2024-25 by applying escalation on the average of the true-up expenses for the immediate preceding control period, and this if further escalated for 3 years as per clause No. 81 of Regulation No. 2 of 2023. However, the approved amount so derived is lower than the actual expenditure incurred during FY 2023-24. Further, the methodology specified by the Commission does not consider three aspects viz. (i) the impact of variation in number of employee's year on year, (ii) impact of Pay Revision (iii) impact of the yearly increments of the employees of the licensees.																																								

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	<p>the distribution ARR approved by the Commission for the FY 2026-27 as a part of 5th Control Period wheeling tariff order and the present filings by the TGDISCOMs. At the same time TGDISCOMs did not provide reasons for the variations in expenditure and income figures. In the case of TGNPDCL while the Commission had approved Rs. 3,525.84 crore in the ARR for FY 2026-27 the DISCOM is claiming Rs. 4,391 crore. Similarly, in the case of TGSPDCL while the Commission had approved Rs. 5,133.68 crore the DISCOM is claiming Rs. 6,542 crore. Even after taking in to account the impact of true up for FY 2024-25 TGDISCOMs' claims are higher than that approved by the Commission.</p>	<p>The increase in depreciation, interest on working capital and return on equity is due to variation in asset base considered by Hon'ble Commission is lower against actuals as per book of accounts for FY 2024-25. The revised ARR for FY 2026-27 is computed based on actual cost trends, inflation, and capital investment requirements. We request the Commission to consider these variations as we have filed our submission in accordance with MYT Regulations, 2023 (2 of 2023).</p>
8.	<p>In the case of TGSPDCL revised claims on O&amp;M charges are higher by 11.47%, on depreciation higher by 54.10%, on interest on long term loans higher by 51.62%, on interest on working capital higher by 45.63% and on return on equity higher than 38.22%. Similarly, in the case of TGNPDCL revised claims on O&amp;M charges are higher by 5.19%, on depreciation higher by 44.07%, on interest on working capital higher by 40.85% and on return on equity higher than</p>	

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	15.18%. Given this wide deviation TGDISCOMs' claims related to distribution ARR for the year 2026-27 shall be thoroughly scrutinised.	
9.	In the present filings for the FY 2026-27 while TGNPDCL has proposed a rate of interest of 10.76% on loans, TGSPDCL has proposed a rate of interest of 9.97%. These rates of interest are higher than those claimed during the 4 <sup>th</sup> control period. As such TGDISCOMs' proposed rates of interest for the FY 2026-27 need to be brought down. TGDISCOMs may be advised to go in for swapping of loans to bring down interest burden	The proposed interest rates reflect prevailing market conditions and actual loan portfolio. The TGSPDCL submits that the projected interest on loan for FY 2026-27 has been computed based on the weighted average interest rate, considering the mix of existing loans, the applicable interest rates on new loans, and the scheduled repayment obligations, the resulting weighted average projected interest rate works out to 9.97% for FY 2026-27. We request the Commission to consider these variations in accordance with MYT Regulations, 2023 (2 of 2023). We have submitted detailed computation sheets to the Hon'ble Commission.
10.	As a part of distribution business ARR for FY 2026-27 TGDISCOMs are claiming return on equity of 16%. This includes 14% towards regular return on equity and 2% for achieving Standards of Performance (SoP). The Commission in its Order dated 28-10-2024 on ARR and Wheeling Tariff for Distribution Business for Control Period FY 2024-25 to FY 2028-29 adopted 14% as return on equity. The same shall be applied to present application of TGDISCOMs for the FY 2026-	The additional 2% RoE claimed is in accordance with Regulation 29.2(e), which incentivizes licensees for achieving SoP. We have implemented measures to improve reliability, reduce interruptions, and enhance consumer grievance redressal. In view of the above, licensee is confident in achieving the SoP. We request the Commission to allow this claim.

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	27.	
11.	<p>This additional 2% towards return on equity may be allowed after completion of the FY if DISCOMs achieve the target SoP. TGDISCOMs' claims on achieving SoP needs to be thoroughly scrutinized by the Commission or shall be subjected to third party verification. Electricity consumers in the state are at the receiving end. TGDISCOMs' claims on achieving SoP do not reflect the ground reality. We often come across news reports of DISCOM staff being arrested by Anti Corruption Branch (ACB) for their corrupt practices. But these arrests represent just tip of an iceberg and the rot runs deep. Arrested DISCOM staff are initially suspended and reinstated after 6 months, without any punishment. We request the Commission to direct TGDISCOMs file details of the DISCOM staff arrested by ACB during the FYs 2024-25 and 2025-26 and action taken on these staff. Electricity consumers in the state deserve better service.</p>	<p>TGSPDCL respectfully submit that the additional 2% RoE linked to Standards of Performance (SoP), as provided under Regulation 29.2(e), should not be deferred entirely to the true-up stage. If this component is allowed only during true-up, DISCOMs will lose revenue through wheeling charges because the higher RoE will not be factored into the wheeling tariff computation for the year. This creates a structural disadvantage despite compliance with SoP targets. TGDISCOMs have implemented robust measures to meet SoP requirements, including reliability improvements, timely consumer service delivery, and safety initiatives. We therefore request the Hon'ble Commission to consider allowing the additional 2% RoE provisionally in the ARR, subject to post-year verification, so that wheeling charges reflect the correct cost structure and DISCOMs are not penalized for timely compliance. We have robust internal vigilance mechanisms and take disciplinary action against erring staff. The details of the same for FY 2024-25 and FY 2025-26 are provided in the Annexure - I</p>
12.	<p>TGSPDCL mentioned that it will be spending Rs. 176 Crore towards AT&amp;C loss reduction during the ensuing financial year. TGNPDCL will be spending Rs. 9 Crore under the same heading. Past experience shows that</p>	<p>TGSPDCL submits that the proposed AT&amp;C loss reduction expenditure is aimed at addressing both technical and commercial loss drivers through targeted interventions. The program includes deployment of DT metering and feeder</p>

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	<p>there was not much improvement on this front. Given zero or negative returns this expenditure on AT&amp;C loss reduction shall not be allowed.</p>	<p>analytics, installation of metering for high-risk consumers along with AMI pilots, preventive patrols and theft deterrence measures in identified hotspots, and service wire and pillar box rehabilitation in dense urban localities. Performance will be monitored through feeder-wise loss baselines compared to post-implementation results, comprehensive energy audits segregating HT and LT losses, and revenue protection outcomes. We request the Hon'ble Commisison to approve the investments made by TGSPDCL.</p>
13.	<p>TGDISCOMs' expenditure on capital and other expenditure shall be prudent and taken up through transparent bidding process. It has to be seen that bid terms are not drafted to benefit a select few vendors. There were also instances of spending more than necessary leading to higher capital expenditure. According to a news report published in Namaste Telangana on 10<sup>th</sup> October 2025 while bid rate for cable per meter was Rs. 3,019 TGSPDCL spent Rs. 5,200 per meter.</p>	<p>All procurements follow transparent e-tendering, competitive bidding in accordance with Regulation 2 of 2023 and specification-driven evaluation (IS/IEC compliance, conductor class, insulation thickness, fire-retardant properties, installation accessories, warranty).</p>
14.	<p>TGSPDCL proposed converting overhead lines in to underground cables in Hyderabad for reliable and safe electricity distribution at a total estimated cost of Rs. 14,725 Crore. The DISCOM proposes to spend</p>	<p>The approval letter from GoTGon conversion of overhead 33 kV, 11 kV and LT lines to underground cables willbe submittedto Hon'ble Commission. The same was submitted to Hon'ble TGERC</p>

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	Rs. 4,725 Crore on this during the FY 2026-27. In the write up it was stated that details were provided in Annexure-III (para.2.3). But no Annexure-III was provided as a part of the petition.	
15.	Underground cable work is also described as an aesthetic exercise, to improve the looks of Hyderabad city. Will there be any financial support from GHMC or GoTG for the proposed underground cable work?	The underground cabling works are initiated for reliability, we are in dialogue with GoTG to explore capital support, and cost-sharing. We will update the Commission on any confirmed grants/subsidy from GoTG.
16.	Underground cable works are being rushed through in the background of electrical accidents involving overhead lines during the month of August 2025. In the background of these accidents overhead internet and TV cables were removed from electric poles. During this exercise some cable operators claimed that they have paid service charges for using electric poles to hang the cables. We would like to know whether income from this source is included under non-tariff income.	Pole rental charges are already accounted as Non-Tariff Income in the Retail Supply and Wheeling business in accordance with Clause 82&90 of MYT Regulations, 2023 (2 of 2023).

## **2. Response to Cellular Operators Association of India (COAI)**

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
1.	We note from the Public Notice that the proposed	The proposed wheeling charges of Rs. 767/kVA/month for

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	<p>wheeling charges for LT category consumers have been fixed at Rs. 767/kVA/month for Southern Power Distribution Company of Telangana Limited and Rs. 1,196/kVA/month for Northern Power Distribution Company of Telangana Limited. The proposed levels represent a substantial increase in the fixed cost burden on open access consumers. Such high wheeling charges, when applied uniformly, significantly escalate the overall cost of power procurement, particularly for consumers with geographically dispersed loads and round-the-clock operational requirements, such as the telecom sector. The impact is further magnified for consumers sourcing power under the Green Energy Open Access mechanism, where additional statutory charges already apply, thereby rendering renewable power procurement financially unattractive despite its environmental benefits.</p>	<p>TGSPDCL and Rs. 1,196/kVA/month for TGNPDCL. These charges are determined strictly in accordance with the TGERC Multi-Year Tariff (MYT) Regulations, which mandate recovery of distribution network costs based on voltage level and cost causation principles, not on the source of energy. The approach considered by the Hon'ble Commission in its MYT order for 5<sup>th</sup> Control Period is shown below:</p> <p><i>“4.13.4 Further, Clause 79.2 of Regulation No. 2 of 2023, clearly specifies that the Wheeling Charges shall be determined separately for LT voltage, 11 kV voltage, and 33 kV voltage.</i></p> <p><i>4.13.5 In accordance with Clause 79.2 of Regulation No. 2 of 2023, the Commission has computed the Wheeling Charges for the Control period i.e. FY2024-25 to FY2028-29.</i></p> <ul style="list-style-type: none"> <li><i>• The year wise approved ARR for each year of the Control Period, i.e. FY2024-25 to FY2028-29 has been allocated amongst 33 kV, 11 kV and LT voltage levels;</i></li> <li><i>• Having allocated the components of ARR among each voltage, the cost attributable for each voltage has been computed;</i></li> <li><i>• The demand incident at each voltage level has been arrived at by considering the voltage wise demands in the ratio on actuals available with the Commission and</i></li> </ul>

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		<p><i>approved losses as per Resource Plan Order dated 29.12.2023;</i></p> <ul style="list-style-type: none"> <li>• <i>The voltage wise wheeling charges have been computed by dividing the apportioned ARR at each voltage level by the demand at that voltage level.”</i></li> </ul> <p>The distribution network must maintain capacity to serve contracted demand irrespective of whether the consumer procures power from conventional or renewable sources. Therefore, the methodology adopted by the Commission—fixed wheeling charges linked to kVA demand—is cost-reflective and consistent with regulatory framework.</p>
2.	<p>We respectfully submit that Green Energy sourced power, by its very nature, has lower plant load factor and efficiency as compared to conventional sources, owing to intermittency and variability of renewable generation. Applying uniform wheeling charges without accounting for these inherent characteristics makes Green Energy Open Access (GEOA) economically unviable for consumers for the telecom sector, which is otherwise committed to increasing renewable energy adoption in line with national sustainability goals.</p>	<p>While we acknowledge that renewable energy has inherent intermittency and lower PLF, these characteristics affect generation economics, not network cost drivers. The network remains obligated to provide the same level of readiness and reliability for all users including open access users.</p> <p>Differentiating wheeling charges based on generation source, which is contrary to the principles of non-discrimination and cost reflectivity in the MYT framework.</p>

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3.	<p>In view of the above, we strongly urge to define and notify a separate and rational wheeling charges per unit specifically for Green Energy sourced power. Without such differentiation, the high wheeling charges per unit will negate the intended benefits of GEOA and discourage telecom sector from transitioning to renewable energy, thereby undermining both environmental objectives and policy intent.</p>	<p>The MYT Regulations and Commission's past orders do not envisage a separate wheeling charge for green energy or a shift from capacity-based charges (Rs. /kVA/month) to energy-based charges (Rs. /kWh). The abstract of Clause 79.2 of Regulation 2 of 2023 is provided below:</p> <p><i>“The Wheeling Charges of the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of Tariff filed by the Distribution Licensee: Provided that the Wheeling Charges shall be denominated in terms of Rupees/kVA/month for long-term and medium-term Open Access and in terms of Rupees/kVA/hr for short-term Open Access, for the purpose of recovery from the Distribution System User, or any such denomination, as may be stipulated by the Commission: Provided further that the Wheeling Charges shall be determined separately for LT voltage, 11 kV voltage, and 33 kV voltage, as applicable.”</i></p> <p>However, we respectfully submit that TGSPDCL's filing for FY 2026–27 has also provided wheeling charges expressed in Rs. /kWh in addition to the standard Rs. /kVA/month structure.</p>
4.	<p>We therefore request you to kindly consider Clur concerns and provide appropriate relief by prescribing a separate, lower wheeling charge framework for Green</p>	<p>The Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 provide certainty on applicable charges—transmission, wheeling, CSS, and</p>

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	<p>Energy sourced power,so as to ensure long-term viability of GEOA and promote sustainable energy usage byessential service sectors such as telecommunications.</p> <p>We respectfully pray to notify a separate wheeling charge for Green Energysoureed power, considering its inherent intermittency and lower efficiency ordefine wheeling charge per unit (Rs/kwh) so as to ensure the viability of GreenEnergy Open Access and promote renewable energy adoption.</p>	<p>standby—but do not mandate concessional wheeling charges for renewable energy.</p> <p><i>“9. Charges to be levied for Open Access.– (1) The charges to be levied on Green Energy Open Access consumers shall be as follows:-</i></p> <p><i>(a) Transmission charges;</i></p> <p><i>(b)Wheeling charges;</i></p> <p><i>(c) Cross subsidy Surcharge;</i></p> <p><i>(d)Standby charges wherever applicable; and</i></p> <p><i>(e)No other charges except the charges above, shall be levied”</i></p> <p>Thus, the current approach is fully compliant withElectricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022.TGDISCOMs respectfully submit that COAI’s request for a separate or wheeling charges for green energy, does not align with the TGERC MYT framework or GEOA Rules. We request the Commission to consider the same methodology as defined in Regulation 2 of 2023 for determination of wheeling charges</p>

### 3. Response to Sri M. Venugopal Rao, Senior Journalist & Convener, Centre for Power Studies

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	Objections dated 24.12.2025	
1.	<p>The Hon'ble Commission has issued public notices on the following 15 petitions, inviting objections and suggestions from interested public. The last dates for filing objections and suggestions range from the 1st to 12th January, 2026. The petitions are in 17 volumes running into nearly 2000 pages. The following are the petitions:</p> <ol style="list-style-type: none"> <li>1. True-up for 1st year of 5th Control Period i.e., FY 2024-25 vide O.P.No.70 of 2025 of TGSPDCL and vide O.P.No.71 of 2025 of TGNPDCL</li> <li>2. Revised ARR and tariff proposal for FY 2026-27 vide O.P.No.72 of 2025 of TGSPDCL and vide O.P.No.73 of 2025 of TGNPDCL. Last date for filing objections and suggestions in both the petitions is 12.1.2026</li> <li>3. ARR proposed and revised transmission tariff and charges for FY 2026-27 and True up for FY 2024-25 for transmission business vide O.P.No.68 of 2025.</li> <li>4. ARR proposed and revised SLDC charges for FY 2026-27 and True up for FY 2024-25 for SLDC Activity vide O.P.No.69 of 2025. Last date for filing objections</li> </ol>	Under the purview of Hon'ble Commission.

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	<p>and suggestions in both the petitions is 10.1.2026</p> <p>5. Filings made by SCCL in the matter of Annual tariff for FY 2026-27 containing ARR and Revised tariff proposal for FY 2026-27 and True-Up for FY 2024-25 vide O.P.No.64 of 2025 in respect of 2X600 MW Singareni Thermal Power Plant.Last date for receiving Comments/Suggestions: 10.1.2026</p> <p>6. Filings made by TGGENCO in the matter of Annual tariff for FY 2026-27 containing ARR and Revised tariff proposal for FY 2026-27 and True-Up for FY 2024-25 vide O.P.No.67 of 2025 in respect of Generation Business. Last date for receiving Comments/Suggestions: 10.1.2026.</p> <p>7. Filings made by TGNPDCL vide O.P.No. 66 of 2025 and TGSPDCL vide O.P.No. 65 of 2025 in the matter of determination of Additional Surcharge for H1 of FY 2026-27.Last date for receiving comments/suggestions: is 9.01.2026</p> <p>8. Filings made by TGGENCO in the matter of determination of Capital Cost and Provisional Tariff in respect of the following:</p> <p>a. Unit-2 (800MW) of YTPS for the period from FY 2024-25 to FY 2028-29 vide O.P.No.77 of 2025.</p>	

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	<p>b. Unit-1 (800MW) of YTPS for the period from FY 2025-26 to FY 2028-29 vide O.P.No.76 of 2025.Last date for receiving comments/suggestions: 9.01.2026</p> <p>9. Filings made by TGGENCO in the matter of Approval of Additional Capital Cost in respect of the following:</p> <p>a. New Conveying System and Construction of Space frame structure raw coal storage shed at BTPS vide O.P.No.74 of 2025.</p> <p>b. Construction of Quarters at KTPS-VII Stage vide O.P 78 of 2025.</p> <p>c. Raising of Additional Ash Pond bunds at KTPS V&amp;VI Stages vide O.P.No.75 of 2025.Last date for receiving comments/suggestions: 9.1.2026</p> <p>10. Commission invites comments and suggestions in the matter of consent to procure a share of 800 MW from the 2400 MW (3X800 MW) of Telangana Super Thermal Power Station (Telangana STPP) Stage-II instead of procurement of 800 MW exclusively from one unit and approval to the draft PPA signed by TGDISCOMs with NTPC for procurement of a share of 800 MW power from 2400 MW (3x800 MW) Telangana STPP Stage-II for a period of 25 years vide</p>	

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	<p>I.A.No.39 of 2025 in O. P. No.31 of 2025.Last date for receiving comments/suggestions: 1.1.2026</p> <p>Needless to say, it is impossible to study all the above-mentioned petitions in detail, analyse and prepare comprehensive submissions simultaneously within the time stipulated by the Commission. Preoccupied with other pressing engagements and preparation of submissions on ARR and tariff revision proposals of APDISCOMs for the FY 2026-27 till the end of last year, could not even examine the above-mentioned 15 petitions. From the 5th to 10th of this month, I will be held up in unavoidable family attention.</p> <p>As the Hon'ble Commission is aware, serious objectors participating in the regulatory process on issues like the said 15 petitions in larger public interest can literally be counted on fingertips, as experience has been confirming. We had earlier experience of facing a similar situation and in view of no extension of time granted, we could not file detailed submissions.</p> <p>We request the Hon'ble Commission to extend time for filing detailed submissions till 25th of this month,</p>	

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	especially in IA No.39 in OP No.31 of 2025 and OP Nos.76 and 77 of 2025 and OP Nos.70, 71, 72 and 73.	
	Objection Dated 24.12.2025	
1.	For the FY 2024-25, TGSPDCL and TGSPDCL have sought a true-up of Rs.545crore and Rs.484 crore, respectively, for their distribution business and adjustment of the same in their ARR for 2026-27.	<p>The true-up figures estimated by TGDIs are based on the difference between the actual cost incurred vis-à-vis approved figures.</p> <p>As the two Discoms were filing the true-up petitions separately therefore all the figures have been shown at the Discom level</p>
2.	SPDCL has proposed a total capital expenditure of R.7508 crore for the FY 2026-27 against a contracted capacity of 10,675 MW. It has projected ARR of Rs.6542 crore for the next financial year.	<p>The proposed capital expenditure of Rs. 7,508 crore for FY 2026-27 includes both the capex already approved by the Hon'ble Commission for the 5th Control Period and the additional capex requirements that have emerged due to recent system conditions, network constraints, and reliability considerations.</p> <p>The additional capex primarily pertains to Underground cabling works, SCADA expansion and automation, New substations and capacity augmentation, required to meet summer peak loads and to address loading of existing transformers and feeders.</p> <p>These works were not envisaged at the time of filing the MYT Petition due to evolving demand patterns, accelerated urbanisation, and emergent reliability issues. The new substations are planned for upcoming summers as we are expecting high unprecedented peak demand and stress on the distribution network, necessitating immediate system</p>

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		<p>reinforcement to maintain safe voltage levels and prevent overloads.</p> <p>Accordingly, the additional capex being sought is directly linked to system reliability and safety. TGSPDCL therefore requests the Hon'ble Commission to approve the additional capex and the ARR arravied for FY 2026-27 to ensure reliable and uninterrupted supply to consumers during the forthcoming high-demand periods.</p>
3.	<p>SPDCL has submitted that “the proposed project for converting overhead (OH) lines tounderground (UG) cables in the Telangana Core Urban Region (TCUR), primarily Hyderabad, is one of the most significant initiatives with a total estimated cost of Rs. 14,725 crore. Urban areas like Hyderabad face unique challenges in maintaining reliable and safe electricity distribution. Overhead lines are susceptible to frequent faults caused by adverse weather conditions, tree falls, and accidental contact. Additionally, rapid urbanization has led to right-of-way (ROW) disputes, pole encroachments, and congestion in public spaces, making maintenance and expansion of overhead networks increasingly difficult. These issues not only compromise reliability but also pose serious safety</p>	<p>a) TGSPDCL is in active dialogue with multilateral agencies and domestic financial institutions to mobilise funds for the UG cabling project at competitive interest rates. As of now the scheme is proposed to be financed through M/s.REC.The discussions once conclude we will provide the complete financing plan—including sources of funds and terms &amp; conditions—will be submitted to the Hon'ble Commission for approval as per regulatory requirements.</p> <p>b) TGSPDCL is in discussions with the Government of Telangana regarding budgetary support for the UG cabling project. The details of modalities and extent of such support will be submitted to the Hon'ble Commission once finalised.</p>

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	<p>hazards, including electrical accidents and fire risks. The conversion to underground cabling addresses these challenges comprehensively. UG cables are insulated and laid below ground, which significantly reduces the risk of faults due to environmental factors and eliminates hazards associated with exposed conductors. This enhances public safety, minimizes outages, and improves overall power quality. Furthermore, underground networks require less maintenance compared to overhead systems, resulting in long-term operational savings. The project supports TGSPDCL's strategic goal of creating a resilient and future ready distribution network capable of handling increased load demand and integrating advanced technologies. In addition to reliability and safety benefits, this initiative aligns with national and state-level directives under RDSS to modernize distribution infrastructure and reduce Aggregate Technical and Commercial (AT&amp;C) losses. By reducing interruptions and improving voltage profiles, underground cabling enhances consumer satisfaction and ensures compliance with service quality standards. Overall, the conversion of OH lines to UG</p>	<p>c) TGSPDCL has formally submitted its RDSS proposal to Government of Telanagawhich includes UG cabling works. The proposal is under evaluation, and TGSPDCL will appraise the Hon'ble Commission once approval is received. Any sanctioned grant under RDSS will be duly submitted to the Hon'ble Commission for consideration.</p> <p>d) AT&amp;C loss reduction is not the sole or direct driver for the UG cabling project, the primary benefits of UG cabling are reliability improvement, fault reduction, safety enhancement, and system resilience, particularly in high-density urban areas. While UG cabling does contribute to lowering technical losses by reducing faults, improving voltage profiles, and eliminating theft-prone pockets, the impact cannot be isolated as a standalone percentage attributable solely to this project, since AT&amp;C performance is influenced by multiple operational and commercial factors.</p> <p>Further, TGSPDCL submits that commercial loss components—particularly billing and collection—are addressed through regular governance and operational processes, and no part of the UG cabling capex is intended for or linked to collection efficiency.</p>

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	<p>cables in TCUR is a transformative investment that delivers multiple benefits-improved reliability, enhanced safety, better aesthetics, regulatory compliance, and long-term cost efficiency. It represents TGSPDCL's commitment to modernization and its proactive approach to addressing urban distribution challenges. TGSPDCL plans to invest Rs. 4,725 crore for FY 2026-27 during the first phase, focusing on high-priority zones with dense population and severe ROW issues. The phase-wise implementation roadmap of capital investment is as follows. Recently, formal approval was accorded by Government of Telangana in cabinet meeting dated 25.11.2025 for conversion of overhead cables to underground cabling in TCUR area." We request the Hon'ble Commission to examine the following points, among others:</p> <p><b>a) The DISCOM has to explain how funds for the capital expenditure are being mobilized and with what terms and conditions.</b></p> <p><b>b) Since Cabinet of the state government has given formal approval for this monumental work on 25.11.2025, is the state government providing</b></p>	<p>Accordingly, the proposed capex does not impose any avoidable burden on consumers, as its primary purpose is to strengthen the distribution network and ensure safe, reliable, and interruption-free supply. Any efficiency gains arising from the investment—technical or commercial—will naturally reflect in the overall performance of the licensee and these benefits will be passed on to the consumers in due course and will be reviewed by the Hon'ble Commission.</p> <p>e) The proposed UG cabling expenditure is a network-strengthening investment, and its recovery will follow the established regulatory framework applicable to all approved capex, subject to prudence checks by the Hon'ble Commission. The benefits of the project accrue primarily through reduced outages, improved reliability, enhanced network redundancy, and reduction in fault-related technical losses, which collectively support higher energy throughput and improved system performance. These gains naturally contribute to stabilizing revenue without creating any additional or direct burden on consumers.</p> <p>TGSPDCL reiterates that the project is intended to</p>

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	<p>any budgetary grant to the DISCOM for execution of the works in a phased manner?</p> <p>c) Since this initiative aligns with national and state-level directives under RDSS to modernize distribution infrastructure and reduce Aggregate Technical and Commercial (AT&amp;C) losses, as contended by the DISCOM, are any grants provided under RDSS proposed to be spent for these works?</p> <p>d) Reduction of Aggregate Technical and Commercial (AT&amp;C) losses being one of the objectives of this project, what is the additional benefit that should accrue to the consumers in terms of reduction of technical and commercial losses, percentagewise and revenue-wise, i.e., in addition to the annual targets being determined by the Hon'ble Commission in its respective orders, permitting required expenditure?</p> <p>The concept of AT&amp;C losses is whimsical, because it includes collection of dues by the DISCOMs. It is the responsibility of the DISCOMs to take effective and timely steps under terms of supply to collect dues from consumers in time.</p>	<p>improve system reliability and consumer service quality, and the recovery of expenditure will be governed strictly as per the Hon'ble Commission's regulatory provisions.</p> <p>f) Wheeling charges are determined strictly in accordance with the methodology prescribed by the Hon'ble Commission, based on approved capital cost, approved O&amp;M expenses, and the normative parameters applicable for the tariff year. The UG cabling expenditure will be considered for wheeling charge computation.</p> <p>g) TGSPDCL submits that distribution network investments—whether augmentation of existing substations, construction of new substations, or strengthening works such as UG cabling—are system-level infrastructure that serve the entire licensee area. As per established regulatory practice, the costs of approved distribution assets are pooled and recovered from all consumers of the DISCOM, and not restricted only to consumers in the specific geographic location where the works are undertaken.</p> <p>UG cabling in TCUR forms part of the overall distribution network strengthening plan and supports system</p>

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	<p>For collection of dues, capital expenditure is not required. Dues should not be considered as losses, but as revenue to be collected. Proposal to incur additional expenditure for this purpose is nothing but imposing avoidable burden on the consumers, who have been paying CC bills promptly, without any additional benefit to them.</p> <p>e) How does the DISCOM propose to recover the expenditure being incurred for the said works?</p> <p>f) Going by the wheeling charges proposed by the DISCOM, is the expenditure being incurred for the said works going to be collected from the consumers as a part and parcel of wheeling charges?</p> <p>g) The proposed conversion of overhead lines into underground cables is confined to Telangana Core Urban Region (TCUR), primarily Hyderabad, with a huge capital expenditure. Is the expenditure being incurred for the said works proposed to be collected from the consumers of the area where the proposed works are being executed or from all the consumers under the DISCOM?</p> <p>h) Will the presumed benefits of these works -</p>	<p>reliability, stability, and operational efficiency across the license area. Accordingly, any expenditure approved by the Hon'ble Commission will be recovered in the same manner as other approved capex, through the ARR of the DISCOM, and not levied selectively on consumers of the project area.</p> <p>h) The benefits of the UG cabling project are not confined to the immediate project area. Strengthening the network in high-density, high-load urban zones improves the overall system stability, contingency handling, power flow security, and operational efficiency of the entire DISCOM area. This leads to measurable system-wide gains such as reduced outages, improved voltage levels, lower fault incidence, and smoother load management—benefits that accrue to all consumer categories across TGSPDCL, not just to consumers within TCUR.</p> <p>The objective of the project is not to provide any “luxury arrangement”, but to address persistent issues such as frequent faults, safety risks, RoW constraints, and network congestion that directly affect the reliability of the larger interconnected system. These interventions are essential for ensuring a robust and resilient distribution</p>

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	<p><b>improved reliability, enhanced safety, better aesthetics, regulatory compliance, and long-term cost efficiency – accrue to all the consumers under the DISCOM or only to the consumers of the specified area and how? What is the cost-benefit analysis made, if any? Will such expenditure really benefit the consumers in terms of reducing tariff burdens on them, or impose additional burdens on long-term basis in the name of presumed benefits under the proposed super luxury arrangement?</b></p>	<p>network, particularly in view of growing urban demand. However, the investment is expected to moderate long-term costs by reducing fault-related expenditure, lowering technical losses in congested corridors, and minimizing repeated replacement/repair of overhead infrastructure.</p>
4.	<p>SPDCL has also proposed a base capital investment of Rs.3,589 crore for network elements such as addition sub-stations, smart meters, enhancement and augmentation of PTRs, feeders and DTRs. It has also proposed other capital expenditure of Rs.3,919 crore for measures for AT&amp;C reduction, reliability improvement &amp; contingency schemes, renovation &amp; modernization, technology upgradation, new consumer capex, civil infrastructure development and miscellaneous project cost.</p>	<p>The proposed capital expenditure of Rs. 7,508 crore for FY 2026-27 includes both the capex already approved by the Hon'ble Commission for the 5th Control Period and the additional capex requirements that have emerged due to recent system conditions, network constraints, and reliability considerations. The additional capex primarily pertains to Underground cabling works, SCADA expansion and automation, New substations and capacity augmentation, required to meet summer peak loads and to address loading of existing transformers and feeders. These works were not envisaged at the time of filing the MYT Petition due to evolving demand patterns, accelerated urbanisation, and emergent reliability issues. The new</p>

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		<p>substations are planned for upcoming summers as we are expecting high unprecedented peak demand and stress on the distribution network, necessitating immediate system reinforcement to maintain safe voltage levels and prevent overloads.</p> <p>Accordingly, the additional capex being sought is directly linked to system reliability and safety. TGSPDCL therefore requests the Hon'ble Commission to approve the additional capex and the ARR arrived for FY 2026-27 to ensure reliable and uninterrupted supply to consumers during the forthcoming high-demand periods.</p>
5.	<p>TGNPDCL has projected a base capital expenditure of Rs.1736 crore – for network elements Rs.1207 crore, other capital expenditure of Rs.435 crore and additional capital expenditure of Rs.95 crore - with a contracted capacity of 4115 MW for the FY 2026-27. It has also projected ARR of Rs.4391 crore.</p>	<p>The proposed capital expenditure for FY 2026-27 includes both the capex already approved by the Hon'ble Commission for the 5th Control Period and the additional capex requirements of Rs. 95 crore include schemes such as UG Cabling and GMSPV (Solar) have been taken up only after obtaining approval of the Hon'ble Commission, and the expenditure will be subject to prudence check before being capitalized.</p>
6.	<p>While the contracted capacity of SPDCL for the FY 2026-27 is 10675 MW, that of NPDCL is 4114 MW or 38.55% of SPDCL's contracted capacity. Similarly, while the capital expenditure proposed by SPDCL is Rs.7508 crore, that of NPDCL is Rs.1736 crore or</p>	<p>The comparison between TGSPDCL and TGNPDCL based on contracted capacity, capex, and ARR percentages is not like-to-like. Each DISCOM operates under distinct network conditions, consumer mix, geography, and investment needs, which cannot be evaluated proportionally.</p>

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	<p>23.12% of SPDCL's proposed capital expenditure. Had SPDCL's specific capital expenditure proposed for underground cables not been considered, the percentage of NPDCL's proposed capital expenditure would have been much more. While the ARR projected by SPDCL is Rs.6542 crore, that of NPDCL is Rs.4391 crore or 67.12% of SPDCL's ARR. Compared to SPDCL's contracted capacity and proposed capital expenditure vis a vis NPDCL's projections, the latter's projection of ARR, on the face of it, seems to be unjustifiably exorbitant. Due to conditions specific to distribution network of NPDCL, especially consumer mix, some percentage of proportional variation can be understood. But the projected ARR of NPDCL calls for a thorough regulatory scrutiny through comparative study and realistic pruning.</p>	<p>ARR projections of each DISCOM must therefore be assessed on individual technical and operational merits, not through proportional ratios. TGSPDCL submits that filings are made strictly as per regulations, and the Hon'ble Commission will examine each utility based on its own prudence parameters.</p>
7.	<p>As a part of the suggested comparative study, the wheeling charges proposed by both DISCOMs for the same category/voltage-wise consumers need to be examined. The wheeling charges proposed by NPDCL voltage-wise for long-term and medium-term consumers and short-term open access for the FY</p>	<p>The comparison between TGSPDCL and TGNPDCL based on contracted capacity, capex, and ARR percentages is not like-to-like. Each DISCOM operates under distinct network conditions, consumer mix, geography, and investment needs. The approach considered by the Hon'ble Commission in its MYT order for 5<sup>th</sup> Control Period is shown below:</p>

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	<p>2026-27 are higher than those proposed by SPDCL, despite the fact that the percentage of line losses at 33 kv, 11 kv and LT for NPDCL are lower than those for SPDCL. These need to be subjected to prudence check and pruned.</p>	<p><i>“4.13.4 Further, Clause 79.2 of Regulation No. 2 of 2023, clearly specifies that the Wheeling Charges shall be determined separately for LT voltage, 11 kV voltage, and 33 kV voltage.</i></p> <p><i>4.13.5 In accordance with Clause 79.2 of Regulation No. 2 of 2023, the Commission has computed the Wheeling Charges for the Control period i.e. FY2024-25 to FY2028-29.</i></p> <ul style="list-style-type: none"> <li><i>• The year wise approved ARR for each year of the Control Period,i.e. FY2024-25 to FY2028-29 has been allocated amongst 33 kV, 11 kVand LT voltage levels;</i></li> <li><i>• Having allocated the components of ARR among each voltage, the cost attributable for each voltage has been computed;</i></li> <li><i>• The demand incident at each voltage level has been arrived at byconsidering the voltage wise demands in the ratio on actuals availablewith the Commission and approved losses as per Resource Plan Orderdated 29.12.2023;</i></li> <li><i>• The voltage wise wheeling charges have been computed by dividing theapportioned ARR at each voltage level by the demand at that voltagelevel.”</i></li> </ul> <p>Therefore, we request the Hon’ble Commission to approve the charges as per the filing made by TGNPDCL</p>
8.	<p>Going by the complex nature of works to be taken up for underground cables, whether SPDCL would be</p>	<p>a) The Government subsidy for retail tariffs and the capital support for UG cabling are two distinct interventions. The</p>

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	<p>able to implement the same, incurring the proposed capital expenditure for FY 2026-27 is doubtful. The projection of various elements of ARR for the next financial year is higher compared to what the Commission had approved in the MYT order. Even before the financial year begins, the elements of ARR are revised upwards by SPDCL. If the Commission approves the proposed capital expenditure and requirement of revenue under various heads and wheeling charges, and if SPDCL fails to execute the proposed works with such a huge capital investment during the next financial year, it would lead to collection of excess revenue in the form of inflated wheeling charges, thereby imposing avoidable burden on the consumers additionally. In such a situation, true-down also may not materialize, if item-wise expenditure exceeds what is approved by the Commission. It may be argued that, since the DISCOMs have not proposed any tariff hike for retail supply business for FY 2026-27, implying that the state government would agree to provide required subsidy to bridge their revenue gap as determined by the Commission, there would be no additional burden</p>	<p>subsidy extended for avoiding tariff hike is a system-wide measure applicable to the entire consumer base, whereas the UG cabling project is a network-strengthening initiative approved by the Government of Telangana, targeted at resolving unique reliability, safety, and RoW challenges in TCUR.</p> <p>There is no attempt to camouflage or redistribute costs, as any capital expenditure admitted for ARR purposes is subject to the Hon'ble Commission's prudence checks, phasing and approval. Any budgetary support extended by the Government will be placed transparently before the Hon'ble Commission.</p> <p>b) The continuation of Government subsidy in future years is a policy decision of the Government of Telangana, and TGSPDCL does not base its capital investment planning on assumptions regarding future subsidies. The UG cabling project is being pursued as a long-term network-strengthening requirement, and any expenditure capitalised will be admitted into ARR only after the Hon'ble Commission's prudence evaluation and approval, irrespective of the Government's subsidy position in any given year.</p>

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	<p>on the consumers directly for the next financial year. However, the following points, among others, need to be examined:</p> <p>a) Instead of providing budgetary grant for the proposed works for underground cables in the specified area, the government can show that it is providing subsidy to avoid tariff hike for all the consumers of SPDCL and in the process concealing the fact that a lion's share of the proposed expenditure, as well as its resultant benefit, is confined to the specified area and consumers of that area. In other words, imbalance in terms of taking up or not taking up the said works for various areas of the DISCOMs can be camouflaged to falsely show that it is a balanced approach under the cover of the overall subsidy the government would provide.</p> <p>b) There is no guarantee that the government would continue to provide subsidy to bridge the revenue gap of the DISCOMs for subsequent financial years as determined by the Commission, without tariff hikes, when works for underground cables continue to be executed and expenditure capitalized.</p> <p>c) Since wheeling charges would be a part of total</p>	<p>c) Wheeling charges form part of the ARR only to the extent approved by the Hon'ble Commission after prudence scrutiny. Any potential revenue gap after accounting for Government subsidy is addressed by the Commission through its annual tariff determination process, which ensures that no undue or automatic burden is passed on to consumers.</p> <p>d) TGSPDCL fully agrees that all elements of ARR and capex projections must undergo the Hon'ble Commission's prudence check in accordance with the applicable regulations and normative parameters. The availability of Government subsidy for FY 2026-27 does not dilute or bypass the regulatory scrutiny applicable to the DISCOMs' distribution business.</p> <p>TGSPDCL reiterates that its submissions strictly follow the regulatory framework, and welcomes the Commission's prudence-based assessment to ensure consumer interests remain fully protected.</p>

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	<p>annual expenditure for retail supply business of the DISCOMs, that burden would invariably fall on the consumers to the extent revenue gap remains, after adjusting the subsidy government would agree to provide, in the form of tariff hikes.</p> <p>d) Even if the state government would provide subsidy required to bridge the revenue gap of the DISCOMs for their retail supply business for FY 2026-27 as determined by the Commission, all the projections made by the DISCOMs for expenditures and revenue requirement for their distribution business should be subjected to effective prudence check, allowing only what is permissible as per normative parameters being adopted by the Commission in terms of its applicable regulations</p>	
9.	<p>Regarding true-up claims of the DISCOMs for the FY 2024-25, claims under almost all components exceeded what were approved by the Commission for that FY in the MYT order. They should be subjected to prudence check by the Commission and what are permissible be determined in light of its regulations and normative parameters being adopted by it. Lion's share of variations pertains to O&amp;M expenditures,</p>	<p>It is to submit that, there is an increase of Rs. 449.06 crores in the employee expenses compared with the expenses approved in the wheeling tariff order by the Hon'ble Commission (actual expenses vis-à-vis approved in tariff order i.e., Rs. 3611.43 crores vis-à-vis Rs. 3162.37 crores) is due to massive retirements (there was pause in retirements due to increasing the</p>

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	<p>especially of employees costs, of the DISCOMs. They also indicate that the licensees did not or could not project their requirements in the MYT realistically, probably, to show their requirements at a lesser level and are now claiming hundreds of crores of rupees additionally under true-up.</p>	<p>retirement age from 58 to 61 years by the GoTG) and the TGSPDCL has undertaken actuarial valuation towards pension and gratuity provision and final EL encashment obligations in respect of Employees who have retired due to superannuation. Further, it is to submit that, the increase in the employee cost due to new recruitment in various cadres and the impact of yearly increments of the employees during the year.Hence, the Licensee humbly requests the Hon'ble commission to allow the Actual Expenditure incurred towards employee expenses as per audited annual accounts of FY 2024-25.</p>
10.	<p>The lion's share of the expenditure proposed for FY 2026-27 pertains to purchase of materials and giving contracts for execution of works. As such, an effective prudence check to see that they are within reasonable limits is imperative. An effective approach for comparing and ascertaining justifiability of tendering process and prices paid for purchase of materials is imperative to ensure that no manipulations take place to unduly favour entities of the choice of the powers-that-be by inflating costs and share spoils of the system. Comparison of prices paid by DISCOMs of a neighboring state/states alone may not be sufficient to justify the prices being paid by TGDISCOMs, because</p>	<p>All procurements follow transparent e-tendering, competitive bidding in accordance with Regulation 2 of 2023 and specification-driven evaluation.</p>

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	<p>the purchases made by DISCOMs of some other states cannot be taken for granted as outcome of real competitive bids. Prices for materials concerned prevailing in the year and period of purchase in the market need to be ascertained for any realistic and objective comparison. In view of the very limited comparison of prices, we requested TGERC repeatedly to examine the entire process of purchasing materials by TGDISCOMs and comparing prices prevailed in the market during the said year and prices paid for the same materials by power entities in other neighboring states by calling for all relevant records from the DISCOMs and issue appropriate orders and make the details public so that the same can be examined by interested public to make their submissions during the public hearings on true-up claims for distribution business of the DISCOMs and for MYT for distribution business for the control period concerned. No such information has been made public.</p>	
11.	<p>Successive Commissions have been found wanting in regulating prices at which DISCOMs and TRANSCO have been purchasing materials and giving contracts</p>	<p>11&amp;12 TGDISCOMs follow a transparent, competitive, and multi-stage</p>

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	<p>and making the details public. No Commission pointed out any irregularities committed by the licensees in this regard, leave aside pointing out who were responsible for the same, taking action against them, if law permits, or recommending to the government to take action against them. This has been one of the glaring deficiencies in the regulatory process. TGERC never pointed out any such irregularities since its inception. In the absence of such initiatives over the years, accountability of the authorities concerned is not being established and they are allowed to go scot-free, while the avoidable burdens are being imposed on the consumers.</p>	<p>procurement process through e-procurement portal. All major material purchases and work contracts are finalized through open competitive bidding, with clear technical specifications and approval at multiple levels to prevent any scope for manipulation. The Hon'ble Commission already subjects capex and material procurement costs to prudence checks, including comparisons with benchmark rates, historical procurement prices, and market-aligned norms.</p> <p>The suggestion that procurement is manipulated or that comparisons with neighboring states are inadequate is unfounded.</p>
12.	<p>The general trend is that TGDSCOMS and TRANSCO are not purchasing materials and implementing works as approved in the MYT orders. As such, the actual expenditures shown to have been incurred by them in the true-up/true-down claims turn out to be higher item-wise or lesser than the overall expenditures approved by the Commission in the MYTs, as the case may be. However, no details are being made public by TGERC on item-wise costs incurred by the licensees for materials purchased and</p>	

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	contracts given vis a vis market prices and whether such a comparison is made.	
13.	While no reports are being prepared and made public by TGERC relating to the issues referred to above, in the reports of the Comptroller and Auditor General of India, as and when they are submitted to the Legislature, details of such questionable transactions and decisions and the resultant adverse consequences can be found. Reports about such manipulations are being published and telecasted in the media occasionally.	As regards public disclosure, TGDISCOMs comply with regulatory filing norms and submit detailed records to the Commission. Certain bid-level documents contain commercially sensitive information and are furnished to the Commission but not placed in full in the public domain.
14.	In the subject petitions, additional information submitted by SPDCL runs into 206 pages, including its responses to various queries raised by the Hon'ble Commission, while that of NPDCL is confined to a few pages, as uploaded in the website of the Commission. A number of pages are hazy and difficult to read. Despite extension of time for filing submissions by eight days, it has become very difficult to study all this information, in view of need for studying other petitions – not all petitions – and filing submissions. Public hearing on the subject petitions is scheduled on 24.1.2026. In other words, just three days time is	<p><b>Sl. 14,15,16</b></p> <p>TGSPDCL submits that the additional information filed runs into several pages because the Hon'ble Commission had sought detailed clarifications on multiple technical, financial, and operational aspects, and the DISCOM has provided comprehensive responses to ensure full transparency and regulatory compliance. The volume of information reflects the complexity and scale of the network, not any attempt to burden stakeholders.</p> <p>As regards readability of certain scanned pages, TGSPDCL will make legible copies available to the Hon'ble Commission wherever required. Timelines for public hearing and for filing</p>

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	<p>given from the last date of filing submissions by objectors for the DISCOMs to send their responses to objections and suggestions of objectors and the latter to study the same and make further submissions during the scheduled public hearings! Nevertheless, we thank the Hon'ble Commission for condoning delay in filing our submissions in some of the petitions and taking the same on record and permitting us to participate in public hearings.</p>	<p>submissions are in purview of the Hon'ble Commission, and TGSPDCL will comply fully within the prescribed schedule.</p>
15.	<p>Though time for filing submissions by interested public in the subject petitions is extended by eight days, the way petitions of TGGENCO, TGTRANSCO, TGDISCOMs, NTPC, SCCL, etc., have been filed and the Commission has taken up the same, leading to overlapping of time to study all these petitions, analyse them, prepare and submit detailed and meaningful submissions by serious objectors participating in the public hearings in larger consumer interest, the time given for filing objections and suggestions from the date of public notice of the first petition in the series to that of the last petition, irrespective of the intentions of the utilities and the Commission, makes it absolutely impossible for any</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>serious objector to study them and make purposeful and meaningful contribution to the regulatory process. What is more surprising is that, even while extending time for filing objections and suggestions in some of the petitions, public notices have been issued on new petitions - true-up petitions of the two DISCOMs for three consecutive FYs ending 2024-25 - inviting objections and suggestions to be filed on or before the end of January, 2026, coinciding with the last date for filing objections and suggestions on ARR and tariff revision proposals of the two DISCOMs and CESS for FY 2026- 27, thereby further shrinking the time available to objectors for each petition. This kind of approach dilutes seriousness and efficacy of the regulatory process and public participation. The number of objectors who have filed and could not file their submissions in all the petitions on which the Commission has invited objections and suggestions confirm the unwarranted constraints being faced by them due to overlapping of time given by the Commission. Filing objections and suggestions in about 21 voluminous petitions within a span of about forty days, i.e., on an average two days per petition, is</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>a mind-boggling and insurmountable task. If courts of law adopt this kind of approach, probably, there would be no pendency of cases for longer periods! The Hon'ble Commission should have directed the DISCOMs and other utilities to file their true-up petitions year-wise in time and compelled them to abide by it. For example, for FY 2024-25, the DISCOMs should have filed their true-up petitions after their annual accounts for that FY were audited and the Commission should have taken up the same for public hearings during the middle of the FY 2025-26 itself. There is no justification in delaying such a process and clubbing those petitions with the petitions of the DISCOMs for ARR and tariff revision proposals for the FY 2026-27 and the Commission allowing the same. The same applies to the petitions filed by TGTRANSCO, TGGENCO and other generators of power like SCCL. The utilities need not wait, and should not be permitted, to file their true-up/true-down petitions and tariff revision petitions, except ARR and tariff revision petitions of the DISCOMs for their retail supply business, till November 29 of the FY concerned. Early completion of the regulatory process</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>on true-up claims, say, before November, it will facilitate giving reasonable time for each petition to enable interested objectors to study and file their submissions in time, on the one hand, and the Hon'ble Commission to issue its orders also well in advance. Such an approach also makes it regulatory process relatively easier for the Commission for adjusting the impact arising from all such orders ultimately in the RSTO for the next financial year in such a way that it comes into force with effect from the 1<sup>st</sup> April of the next financial year.</p>	
16.	<p>As the Commission is aware, objectors have had to face a similar difficult situation, with a difference in degree, during the last two years for studying and filing their submissions in time and in a detailed way. Utilities also could not send their responses to the objections in some of the petitions well in time as a result of which objectors could not get the opportunity to study them and make further submissions during the public hearings. We had requested the Hon'ble Commission on earlier occasions to see to it that sufficient gap is maintained, without overlapping of time in taking up different petitions, issuing public</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>notices, giving time for filing objections and suggestions, for utilities to send their responses to objectors and the latter to study them and make further submissions during public hearings, in a detailed, meaningful and purposeful way to strengthen the regulatory process and public participation. We once again request the Hon'ble Commission to seriously consider our reasonable request and avoid this kind of overlapping of time relating to the regulatory process on various petitions.</p>	
17.	<p>We request the Hon'ble Commission to permit us to make further submissions during public hearings on the subject petitions. We also request the Hon'ble Commission to provide us a link to participate in the public hearings through virtual mode so that we can avail ourselves of the opportunity to make use of the time saved for studying and filing submissions in some of the remaining petitions by the end of this month. It is not possible to study, prepare and file our submissions in some of the petitions within the given time. Incidentally, I have to participate in the public hearings being conducted by the Hon'ble APERC on the ARR and tariff proposals of APDISCOMs for FY</p>	<p>In the pervue of the Hon'ble Commission</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	2026-27 and I could not prepare further submissions in response to the replies sent by them, preoccupied as I have been with study and preparation of submissions in some of the petitions being taken up by the Hon'ble TGERC for its consideration and public hearings.	

#### 4. Response to Power Foundation of India (PFI)

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p>Power Foundation of India (PFI) is a Policy Research &amp; Advocacy entity, registered as a society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.</p> <p>PFI has been a party in the process of Distribution Tariff determination. For last financial year Petitions related to True-up FY 2023-24 and ARR FY 2025-26, PFI had submitted its comments/suggestions to various SERCs of Maharashtra, Andhra Pradesh, Punjab, Telangana, Madhya Pradesh, Rajasthan, Uttar Pradesh, Tamil Nadu, Uttarakhand and have also presented our</p>	Under the purview of Hon'ble Commission.

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>comments/suggestions before Hon'ble Commission in Public Hearing.</p> <p>This year also we intent to file comments / suggestions on True-up FY 2024-25 and ARR FY 2026-27. However, due to voluminous data and less time period provided by TGERC we request time extension of 10 days after Last Date to enable us to submit our comments on Tariff Petitions.</p> <p>An extension would allow for a more comprehensive and high-quality analysis and response, which we believe is in the public interest and will aid the Commission in its determination of Tariff. We greatly appreciate your understanding and kind consideration of this request.</p>	

**TGSPDCL True-Up Petition FY 2024-25 for Distribution Wheeling Business**

1.	<p><b>A. SEPARATE AUDITED ACCOUNTS - WHEELING &amp; RETAIL SUPPLY BUSINESS</b></p> <p>4) PFI has observed that TG DISCOMs file separate True-Up Petitions for Distribution Wheeling &amp; Retail Supply Business. However, segmental reporting for these two businesses is not present in the Audited Accounts of TG DISCOMs. Relevant extract from the Audited Accounts is as follows.</p> <p><i>“Note: 38 Segment reporting (AS-17) is not applicable since distribution and retail supply of power comprises primary and reportable segment.”</i></p>	<p>TGSPDCL respectfully submits that we are preparing Annual Accounts in accordance with Indian Accounting Standards and the same is being segregated for the Distribution Wheeling Business and Retail Supply Business in full compliance with the MYT formats notified by the Hon'ble Commission. The Hon'ble Commission has prescribed an Allocation Matrix under Regulation 77 to be used in cases where complete accounting segregation has not yet been achieved. In line with this, TGSPDCL has been adopting the Allocation Matrix exactly as directed by the Hon'ble TSERC, ensuring full regulatory compliance.</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>5) Regulation 77 of TGERC (Multi Year Tariff) Regulations, 2023 clearly states that separate accounts need to be maintained for Distribution &amp; Retail Supply Busines.</p> <p><i>“77 Separation of Accounts of Distribution Licensee 77.1 Every distribution licensee shall maintain separate accounting records for the Wheeling Business and Retail Supply Business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately for:</i></p> <p><i>(a) Distribution Wheeling Business;</i></p> <p><i>(b) Retail Supply of electricity.</i></p> <p><i>Provided that in case complete accounting segregation has not been done between the Wheeling Business and Retail Supply Business of the distribution licensee, the Aggregate Revenue Requirement of the distribution licensee shall be apportioned between the Wheeling Business and Retail Supply Business in accordance with the following Allocation Matrix..”</i></p> <p>6) TG DISCOMs have been using pre-defined ratios as per Regulation 77 of TGERC MYT Regulations 2023, for allocating costs between the two businesses, but these ratios are based on assumptions and do not represent the true picture. Such usage of predefined ratios without splitting the costs &amp; revenue into Wheeling &amp; Retail Business leads to non-scientific &amp; non-transparent allocation of costs &amp; revenue to the two businesses.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>7) Open Access, which is one of the main pillars to promote competition in the electricity sector, as mandated u/s 42 of the Electricity Act, 2003 (Act) requires determination of Wheeling Charges. These Charges can not be ascertained in an accurate and transparent manner until separate audited accounts are maintained.</p> <p>8) Further, Section 42 of draft Electricity (Amendment) Bill, 2025 states that it is the duty of a distribution licensee to provide non-discriminatory open access of its network to other distribution licensees. Relevant extract is as follows:  <i>“Section 42 (Duties of distribution licensee and open access)</i>  <i>(1) It shall be the duty of a distribution licensee to:</i>  <i>(a) ensure an efficient, co-ordinated and economic distribution network in his area of supply;</i>  <i>(b) provide non-discriminatory open access to his network to other distribution licensees in their areas of supply on payment of wheeling charges;</i>  <i>(c) supply electricity in accordance with the provisions of this Act, and</i>  <i>(d) develop and maintain distribution system, as required, avoiding duplication, as may be specified by the Appropriate Commission.”</i></p> <p>9) Also, Section 14 of draft <i>Electricity (Amendment) Bill, 2025</i> allows multiple distribution licensees in the same area using shared network. The amendment is proposed to be done in 6th</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>proviso, which is as follows.</p> <p><b>“Section 14. (Grant of licence):</b></p> <p><i>The Appropriate Commission may, on an application made to it under section 15,grant a license to any person -</i></p> <p><i>(a) to transmit electricity as a transmission licensee; or</i></p> <p><i>(b) to distribute electricity as a distribution licensee; or</i></p> <p><i>(c) to undertake trading in electricity as an electricity trader, in any area as may be specified in the license:</i></p> <p>.</p> <p><i>Provided also that the Appropriate Commission may grant a license to two or morepersons for distribution of electricity “through their own <b>or shared</b> distributionsystem within the same area <b>in accordance with the framework as specifiedby the Commission</b>”, subject to the conditions that the applicant for grant oflicense within the same area shall, without prejudice to the otherconditions orrequirements under this Act, comply with the additional requirements [relating tothe capital adequacy, credit-worthiness, or code of conduct] as may be prescribedby the Central Government, and no such applicant, who complies with all therequirements for grant of license, shall be refused grant of license on the groundthat there already exists a licensee in the same area for the same purpose.”</i></p> <p>10) In view of above, it can be seen that separate accounts are required for promotingcompetition and improving efficiency</p>	

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	<p>and transparency in the two businesses (Distribution Wheeling &amp; Retail Supply).</p> <p><b>Accordingly, PFI requests the Hon'ble Commission to direct TGSPDCL to provide audited accounts separately for Distribution Wheeling &amp; Retail Supply Business and file revised True-Up Petitions.</b></p>																																																																																																																																																																																																																																						
2.	<p><b>B. DEPRECIATION</b></p> <p>12) TGSPDCL has claimed Rs. 1,034 Cr. of Depreciation in FY 2024-25, detailed calculations for which have not been provided. However, as per Note 11 of the Audited Accounts of TGSPDCL, the retired Assets in FY 2024-25 are worth Rs. 17.74Cr. So, the net Depreciation for TGSPDCL for FY 2024-25 should be after reducing the impact of Retired Assets.</p> <table border="1" data-bbox="331 846 1018 1226"> <caption>Note No.11 - Property Plant, Equipment and Intangibles (Rs. In Crores)</caption> <thead> <tr> <th rowspan="2">S.No</th> <th rowspan="2">Particulars</th> <th colspan="3">Gross Carrying Values</th> <th colspan="3">Depreciation &amp; Amortisation</th> <th colspan="3">Net Carrying Values</th> </tr> <tr> <th>As at April 1, 2024</th> <th>Additions</th> <th>Deletions/Adjustments</th> <th>As at 31st March 2025</th> <th>As at 1st April 2024</th> <th>Deletions/Adjustments</th> <th>As at 31st March 2025</th> <th>As at 31st March 2024</th> <th>As at March 31, 2024</th> </tr> </thead> <tbody> <tr> <td>a</td> <td><b>Plant, Property and Equipment</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Land</td> <td>8.64</td> <td>-</td> <td>-</td> <td>8.64</td> <td>-</td> <td>-</td> <td>-</td> <td>8.64</td> <td>8.64</td> </tr> <tr> <td></td> <td>Buildings</td> <td>383.76</td> <td>13.02</td> <td>-</td> <td>396.78</td> <td>131.50</td> <td>12.86</td> <td>-</td> <td>144.76</td> <td>232.26</td> </tr> <tr> <td></td> <td>Other Civil Works</td> <td>229.21</td> <td>0.95</td> <td>-</td> <td>230.16</td> <td>51.97</td> <td>7.78</td> <td>-</td> <td>59.72</td> <td>177.26</td> </tr> <tr> <td></td> <td>Plant and Machinery</td> <td>9,713.31</td> <td>797.77</td> <td>3.08</td> <td>10,514.01</td> <td>5,104.43</td> <td>799.51</td> <td>2.51</td> <td>5,408.41</td> <td>5,012.19</td> </tr> <tr> <td></td> <td>Lines and Cable Networks</td> <td>9,501.49</td> <td>894.96</td> <td>-</td> <td>10,396.45</td> <td>4,510.63</td> <td>467.88</td> <td>-</td> <td>4,508.31</td> <td>5,040.05</td> </tr> <tr> <td></td> <td>Tools and Molding equipment</td> <td>1,994.68</td> <td>146.87</td> <td>89.84</td> <td>2,121.61</td> <td>1,197.58</td> <td>60.83</td> <td>15.31</td> <td>1,241.24</td> <td>879.32</td> </tr> <tr> <td></td> <td>Vehicles</td> <td>7.35</td> <td>-</td> <td>-</td> <td>7.36</td> <td>6.39</td> <td>0.83</td> <td>-</td> <td>6.43</td> <td>6.95</td> </tr> <tr> <td></td> <td>Furniture and Fixtures</td> <td>0.80</td> <td>0.64</td> <td>-</td> <td>1.44</td> <td>12.05</td> <td>0.83</td> <td>-</td> <td>12.68</td> <td>6.56</td> </tr> <tr> <td></td> <td>Office Equipment</td> <td>27.74</td> <td>3.47</td> <td>0.83</td> <td>32.04</td> <td>34.63</td> <td>2.16</td> <td>0.82</td> <td>36.77</td> <td>33.41</td> </tr> <tr> <td></td> <td>IT Infrastructure</td> <td>2.72</td> <td>0.07</td> <td>-</td> <td>2.84</td> <td>1.77</td> <td>6.02</td> <td>-</td> <td>1.84</td> <td>1.00</td> </tr> <tr> <td></td> <td>Computer &amp; IT Equipment</td> <td>300.11</td> <td>2.41</td> <td>-</td> <td>302.52</td> <td>158.15</td> <td>12.20</td> <td>-</td> <td>170.35</td> <td>33.87</td> </tr> <tr> <td></td> <td><b>Sub Total</b></td> <td><b>22,128.41</b></td> <td><b>1,775.16</b></td> <td><b>23.05</b></td> <td><b>23,872.72</b></td> <td><b>11,899.60</b></td> <td><b>903.53</b></td> <td><b>17.74</b></td> <td><b>12,884.59</b></td> <td><b>18,793.43</b></td> </tr> <tr> <td>b</td> <td><b>Intangible Assets</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Computer Software</td> <td>20.80</td> <td>-</td> <td>-</td> <td>20.80</td> <td>53.77</td> <td>4.51</td> <td>-</td> <td>38.28</td> <td>12.52</td> </tr> <tr> <td></td> <td><b>Sub Total</b></td> <td><b>20.80</b></td> <td><b>-</b></td> <td><b>-</b></td> <td><b>20.80</b></td> <td><b>53.77</b></td> <td><b>4.51</b></td> <td><b>-</b></td> <td><b>38.28</b></td> <td><b>12.52</b></td> </tr> <tr> <td>c</td> <td><b>Capital Work in Progress</b></td> <td><b>1,178.71</b></td> <td><b>2,026.54</b></td> <td><b>1,811.77</b></td> <td><b>1,243.85</b></td> <td><b>-</b></td> <td><b>-</b></td> <td><b>-</b></td> <td><b>1,243.85</b></td> <td><b>1,128.78</b></td> </tr> <tr> <td>d</td> <td><b>GRAND TOTAL (a+b+c)</b></td> <td><b>24,327.92</b></td> <td><b>3,801.70</b></td> <td><b>1,834.82</b></td> <td><b>25,253.80</b></td> <td><b>11,953.37</b></td> <td><b>908.04</b></td> <td><b>17.74</b></td> <td><b>14,166.56</b></td> <td><b>19,914.43</b></td> </tr> <tr> <td></td> <td><b>Grand Total of Previous Year</b></td> <td><b>21,439.43</b></td> <td><b>3,528.73</b></td> <td><b>1,841.40</b></td> <td><b>23,225.19</b></td> <td><b>10,622.34</b></td> <td><b>942.13</b></td> <td><b>16.80</b></td> <td><b>13,663.82</b></td> <td><b>18,742.42</b></td> </tr> </tbody> </table> <p><small>* Depreciation value as per Hon'ble CERC Notification has been adopted from the financial year 2022-23</small></p>	S.No	Particulars	Gross Carrying Values			Depreciation & Amortisation			Net Carrying Values			As at April 1, 2024	Additions	Deletions/Adjustments	As at 31st March 2025	As at 1st April 2024	Deletions/Adjustments	As at 31st March 2025	As at 31st March 2024	As at March 31, 2024	a	<b>Plant, Property and Equipment</b>											Land	8.64	-	-	8.64	-	-	-	8.64	8.64		Buildings	383.76	13.02	-	396.78	131.50	12.86	-	144.76	232.26		Other Civil Works	229.21	0.95	-	230.16	51.97	7.78	-	59.72	177.26		Plant and Machinery	9,713.31	797.77	3.08	10,514.01	5,104.43	799.51	2.51	5,408.41	5,012.19		Lines and Cable Networks	9,501.49	894.96	-	10,396.45	4,510.63	467.88	-	4,508.31	5,040.05		Tools and Molding equipment	1,994.68	146.87	89.84	2,121.61	1,197.58	60.83	15.31	1,241.24	879.32		Vehicles	7.35	-	-	7.36	6.39	0.83	-	6.43	6.95		Furniture and Fixtures	0.80	0.64	-	1.44	12.05	0.83	-	12.68	6.56		Office Equipment	27.74	3.47	0.83	32.04	34.63	2.16	0.82	36.77	33.41		IT Infrastructure	2.72	0.07	-	2.84	1.77	6.02	-	1.84	1.00		Computer & IT Equipment	300.11	2.41	-	302.52	158.15	12.20	-	170.35	33.87		<b>Sub Total</b>	<b>22,128.41</b>	<b>1,775.16</b>	<b>23.05</b>	<b>23,872.72</b>	<b>11,899.60</b>	<b>903.53</b>	<b>17.74</b>	<b>12,884.59</b>	<b>18,793.43</b>	b	<b>Intangible Assets</b>											Computer Software	20.80	-	-	20.80	53.77	4.51	-	38.28	12.52		<b>Sub Total</b>	<b>20.80</b>	<b>-</b>	<b>-</b>	<b>20.80</b>	<b>53.77</b>	<b>4.51</b>	<b>-</b>	<b>38.28</b>	<b>12.52</b>	c	<b>Capital Work in Progress</b>	<b>1,178.71</b>	<b>2,026.54</b>	<b>1,811.77</b>	<b>1,243.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,243.85</b>	<b>1,128.78</b>	d	<b>GRAND TOTAL (a+b+c)</b>	<b>24,327.92</b>	<b>3,801.70</b>	<b>1,834.82</b>	<b>25,253.80</b>	<b>11,953.37</b>	<b>908.04</b>	<b>17.74</b>	<b>14,166.56</b>	<b>19,914.43</b>		<b>Grand Total of Previous Year</b>	<b>21,439.43</b>	<b>3,528.73</b>	<b>1,841.40</b>	<b>23,225.19</b>	<b>10,622.34</b>	<b>942.13</b>	<b>16.80</b>	<b>13,663.82</b>	<b>18,742.42</b>	<p>The depreciation amount considered here does not include fully depreciated assets, the fully depreciated assets are net off while calculating the Return on Equity and Interest on loan components.</p> <p>The licensee has considered the depreciation on assets funded through consumer contributions as Deferred Revenue Income under non-tariff income (NTI). Since the Net ARR i.e., the Gross ARR minus the NTI is considered for the purpose of computation of wheeling charges, the licensee prays that the Hon'ble Commission may consider the depreciation figures as filed by the licensee.</p>
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	Vehicles	7.35	-	-	7.36	6.39	0.83	-	6.43	6.95																																																																																																																																																																																																																													
	Furniture and Fixtures	0.80	0.64	-	1.44	12.05	0.83	-	12.68	6.56																																																																																																																																																																																																																													
	Office Equipment	27.74	3.47	0.83	32.04	34.63	2.16	0.82	36.77	33.41																																																																																																																																																																																																																													
	IT Infrastructure	2.72	0.07	-	2.84	1.77	6.02	-	1.84	1.00																																																																																																																																																																																																																													
	Computer & IT Equipment	300.11	2.41	-	302.52	158.15	12.20	-	170.35	33.87																																																																																																																																																																																																																													
	<b>Sub Total</b>	<b>22,128.41</b>	<b>1,775.16</b>	<b>23.05</b>	<b>23,872.72</b>	<b>11,899.60</b>	<b>903.53</b>	<b>17.74</b>	<b>12,884.59</b>	<b>18,793.43</b>																																																																																																																																																																																																																													
b	<b>Intangible Assets</b>																																																																																																																																																																																																																																						
	Computer Software	20.80	-	-	20.80	53.77	4.51	-	38.28	12.52																																																																																																																																																																																																																													
	<b>Sub Total</b>	<b>20.80</b>	<b>-</b>	<b>-</b>	<b>20.80</b>	<b>53.77</b>	<b>4.51</b>	<b>-</b>	<b>38.28</b>	<b>12.52</b>																																																																																																																																																																																																																													
c	<b>Capital Work in Progress</b>	<b>1,178.71</b>	<b>2,026.54</b>	<b>1,811.77</b>	<b>1,243.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,243.85</b>	<b>1,128.78</b>																																																																																																																																																																																																																													
d	<b>GRAND TOTAL (a+b+c)</b>	<b>24,327.92</b>	<b>3,801.70</b>	<b>1,834.82</b>	<b>25,253.80</b>	<b>11,953.37</b>	<b>908.04</b>	<b>17.74</b>	<b>14,166.56</b>	<b>19,914.43</b>																																																																																																																																																																																																																													
	<b>Grand Total of Previous Year</b>	<b>21,439.43</b>	<b>3,528.73</b>	<b>1,841.40</b>	<b>23,225.19</b>	<b>10,622.34</b>	<b>942.13</b>	<b>16.80</b>	<b>13,663.82</b>	<b>18,742.42</b>																																																																																																																																																																																																																													
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>No. 2 of 2023 (<i>Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023</i>) is as follows:</p> <p><b>“26 Consumer Contribution, Deposit Work, Grant and Capital Subsidy</b></p> <p>...</p> <p>26.2 <i>The expenses on such capital works shall be treated as follows:-</i></p> <p>...</p> <p><b>(c) provisions related to depreciation, as specified in clause 28, shall not be applicable to the extent of such financial support received;”</b></p> <p>14) TGSPDCL has submitted that Depreciation amount claimed by them includes amortised depreciation on Consumer Contribution Assets of Rs. 429 Cr. however this has not been adjusted and gross Depreciation has been claimed. The amortised depreciation on Consumer Contribution Assets is instead considered as part of Non-Tariff Income by TGSPDCL, referred to as Deferred Revenue Income.</p> <p>15) PFI submits that Depreciation of Consumer Contributed Assets can not be categorized as “Income”. Moreover, while calculating the Interest &amp; Finance Charges TGSPDCL considers the Gross Depreciation (Depreciation including Depreciation on Consumer Contributed Assets) &amp; equates it to Repayment of Loan.</p> <p>16) There are three key means of financing Assets – (i) funded</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>through ARR, (ii) ConsumerContribution &amp; (iii) Government Grants. Assets which are finance through ConsumerContribution are handled by the DISCOM on behalf of the consumers and can not be used for claiming Depreciation.</p> <p>17) Nearly all State Electricity Regulatory Commissions adjust the amortised depreciation of consumer contributed assets in the gross depreciation and do not treat it as Non-Tariff Income. Relevant extract from <i>Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017</i> is as follows.</p> <p><b>“29. Any grant or contribution or facility or financial support received by the Utility from the Central and/or State Government, any statutory body, authority, consumer or any other person, whether in cash or kind, for execution of the project or scheme, which does not involve any servicing of debt or equity or otherwise carry any liability of payment or repayment or charges shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation.”</b></p> <p>Relevant extract from <i>Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution &amp; Retail Supply under Multi Year Tariff Framework) Regulations, 2024</i> is as follows.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>“18. CAPITAL COST</p> <p>.</p> <p>.</p> <p>(8)The amount of any contribution made by the consumers, open access consumers andGovernment subsidy towards works for connection to the distribution system ortransmission system of the distribution /transmission licensee, shall be deducted fromthe original cost of the project for the purpose of calculating the amount under debt andequity under these Regulations.”</p> <p>18) Accordingly, PFI requests the Hon’ble TGERC to approve Depreciation for FY2024-25 for Distribution Business of TGSPDCL taking into account the RetiredAssets and the impact of Assets funded by Consumer Contribution or throughany Capital subsidy or Grant. In any case, the allowed Depreciation for TGSPDCLfor FY 2024-25 should not be more than Rs. 363 Cr. The difference between theclaimed Depreciation of Rs. 1034 Cr. and Rs. 363 Cr. proposed by PFI shouldnot be passed on to the consumers at large through ARR and should be borneby the Govt. of Telangana in the form of subsidy.</p>	
3.	<p><b>C. INTEREST &amp; FINANCE CHARGES</b></p> <p>19) As submitted above, TGSPDCL has calculated theInterest and Finance Chargesconsidering GrossDepreciation (i.e.</p>	<p>We have adopted the same methodology applied by the Hon’ble Commission in the MYT Order for computing interest on loan, including the treatment of depreciation, which serves as the normative loan</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Depreciation including Depreciation on Consumer Contributed Assets) which is against the Regulatory Provisions.</p> <p>20) Further, Opening Balance of Normative Loan has been considered as per audited accounts and not as per Regulatory Provisions. FY 2024-25 is the first year of the 5th Control Period (FY 2024-25 to FY 2028-29) and the Hon'ble TGERC, in Distribution Wheeling MYT Order dated 28/10/2024 had calculated the Opening Normative Loan for FY 2024-25 based on the Closing Normative Loan at the end of FY 2024-25. Relevant extract from the said Order is as follows.</p> <p><i>“4.7.3 The Commission has determined the opening loan base for FY 2024-25 by taking the approved Gross Fixed Assets (GFA) as on 01.04.2024, adjusted for accumulated depreciation, consumer contributions, and grants, and apportioning it based on a debt-equity ratio of 75:25. Additionally, in accordance with Clause 27.1 of Regulation No. 2 of 2023, the Commission has applied the same 75:25 debt-equity ratio to the approved capitalisation during the year, net of consumer contributions and grants, to calculate the loan addition for each year of the Control Period”</i></p> <p>21) Accordingly, PFI has recomputed the Interest &amp; Finance Charges after considering the Opening Balance of Normative Loan for FY 2024-25 same as Closing Balance of Normative Loan for FY 2023-24 &amp; deduction of Depreciation on Consumer Contributed Assets from Gross Depreciation.</p>	<p>repayment as per Regulation 31.3.</p> <p>Specifically, the depreciation considered for loan repayment is as recognised in the ARR computation framework approved by the Commission, including the Commission-prescribed handling of consumer contribution funded assets.</p>

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4.	<p data-bbox="296 699 630 727"><b>D. OTHER EXPENDITURE</b></p> <p data-bbox="296 743 1045 911">23) TGSPDCL has claimed Rs. 25.60 Cr. as Other Expenditure for FY 2024-25. Such other expenditure includes Rs. 20.18 Cr. of compensation/ ex-gratia amount paid to Electrical Accidents.</p> <p data-bbox="296 927 1045 1230">24) It is pertinent to note that all penalties and compensation payable by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the Aggregate Revenue Requirement.</p> <p data-bbox="296 1247 1045 1414">25) PFI submits that Section 57 (2) and Section 59 (1) of the Act focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:</p>	<p data-bbox="1060 699 1919 959">Our claim includes (a) statutory and ex-gratia payments arising from force-majeure/public safety events not attributable to the utility; and (b) amounts mandated under lawful directions where no fault of the licensee is established. According to the guidelines of the Hon'ble Commission of Proceedings No. TSERC/Secy/86 of 2015, Dt:28-12-2015, para no.3 is extracted as below.</p> <p data-bbox="1136 976 1919 1230"><i>“After careful consideration of the information submitted and issues raised by the DISCOMs, the Commission hereby enhances the ex-gratia sum payable, as a safety measure, in the case of a fatal accident resulting in death of a non-departmental person and / or of an animal owing to electrocution and other issues connected therewith are dealt hereunder.”</i></p> <p data-bbox="1060 1247 1919 1377">Therefore, TGSPDCL is paying the compensation/ex-gratia amount to every Electrical accident to non-departmental person and / or of an animal with Department fault or without Department fault in every year</p>																																							

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p><i>“Section 57. (Consumer Protection: Standards of performance of licensee):</i></p> <p><i>(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.</i></p> <p><i>(2) If a licensee fails to meet the standards specified under sub-section (1), without prejudice to any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such compensation to the person affected as may be determined by the Appropriate Commission:</i></p> <p><i>Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard....”</i></p> <p><i>Section 59. (Information with respect to levels of performance):</i></p> <p><i>(1) Every licensee shall, within the period specified by the Appropriate Commission, furnish to the Commission the following information, namely:-</i></p> <p><i>(a) the level of performance achieved under sub-section (1) of the section 57;</i></p> <p><i>(b) the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation.”</i></p> <p>26) Conjoint reading of Section 57 &amp; Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the</p>	<p>and this expenditure is booked under compensations account under A&amp;G expenses in the licensee books of accounts. The details of the same are already being submitted to the Hon'ble Commission.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>compensation only after going through the merits of each case.</p> <p>27) Further, Hon'ble APTEL vide its Judgment dated 27/09/2012 in Appeal No.141 of 2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analyzing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:</p> <p><i>“Section 57(2) provides for a case-by-case determination of compensation. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular standard of performance had been violated, as to how and what extent the person has been affected due to such violation.”</i></p> <p>28) PFI observes that TGSPDCL has not submitted any details or reference of communications forwarded to the Hon'ble Commission w.r.t. electrical accidents and action taken and have only claimed the compensation amount in the Petition.</p> <p><b>29) In view of above, PFI proposes the Hon'ble Commission to direct DISCOMs to submit case-by-case reason of accident and allow pass through of compensation only in cases where the reason is not attributable to the DISCOM.</b></p>	
5.	<b>E. SUMMARY OF TRUE-UP FY 2024-25</b>	The replies related to Depreciation, Interest on Loans, and other

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																																																																																									
	<p>30) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for TGSPDCL Distribution Wheeling Business is as follows, Hon'ble Commission is requested to kindly consider the same.</p> <table border="1" data-bbox="310 435 1045 1105"> <thead> <tr> <th>Sr. No.</th> <th>Particulars</th> <th>Claimed by DISCOM</th> <th>Proposed by PFI</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Operation &amp; Maintenance (O&amp;M) Expenses (6a+6b+6c)</td> <td>4025</td> <td>4025</td> <td>0</td> </tr> <tr> <td>1a</td> <td>Employee Expenses</td> <td>3611</td> <td>3611</td> <td></td> </tr> <tr> <td>1b</td> <td>Administrative &amp; General (A&amp;G) Expenses</td> <td>201</td> <td>201</td> <td></td> </tr> <tr> <td>1c</td> <td>Repair &amp; Maintenance (R&amp;M) Expenses</td> <td>213</td> <td>213</td> <td></td> </tr> <tr> <td>2</td> <td>Return on Equity</td> <td>302</td> <td>302</td> <td>0</td> </tr> <tr> <td>3</td> <td>Interest on Loan</td> <td>534</td> <td>428</td> <td>(106)</td> </tr> <tr> <td>5a</td> <td>Over and above normative</td> <td></td> <td>106</td> <td></td> </tr> <tr> <td>4</td> <td>Interest on Working Capital</td> <td>126</td> <td>126</td> <td>0</td> </tr> <tr> <td>5</td> <td>Depreciation</td> <td>809</td> <td>363</td> <td>(446)</td> </tr> <tr> <td>5a</td> <td>Impact of Decapitalization</td> <td></td> <td>18</td> <td></td> </tr> <tr> <td>5b</td> <td>Amortized Depreciation from Consumer Contributed Assets</td> <td></td> <td>429</td> <td></td> </tr> <tr> <td>6</td> <td>Other Costs</td> <td>26</td> <td>5</td> <td>(20)</td> </tr> <tr> <td>6a</td> <td>Less: Comp. for Electrical accident on account of reasons attributable to DISCOM</td> <td></td> <td>20</td> <td></td> </tr> <tr> <td>7</td> <td>Aggregate Revenue Requirement (ARR)</td> <td>5,822</td> <td>5,250</td> <td>(572)</td> </tr> <tr> <td>8</td> <td>Less: Non-Tariff Income</td> <td>570</td> <td>142</td> <td>429</td> </tr> <tr> <td>8a</td> <td>Less: Amortized Depreciation from Consumer Contributed Assets</td> <td></td> <td>429</td> <td></td> </tr> <tr> <td>9</td> <td>Less: Other Income</td> <td>17</td> <td>17</td> <td></td> </tr> <tr> <td>10</td> <td>Net ARR</td> <td>5,235</td> <td>5,091</td> <td></td> </tr> <tr> <td>11</td> <td>Revenue from Sale of Power</td> <td>4690</td> <td>4690</td> <td>0</td> </tr> <tr> <td>2</td> <td>Revenue (Gap)/Surplus</td> <td>(545)</td> <td>(401)</td> <td>(144)</td> </tr> </tbody> </table> <p>In view of above, elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Telangana in the form of subsidy. <b>Accordingly, the revised subsidy is of Rs. 4,159 Cr. instead of booked subsidy of Rs. 4,015 Cr. for FY 2024-25 which should be paid by Govt. of Telangana</b></p>	Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference	1	Operation & Maintenance (O&M) Expenses (6a+6b+6c)	4025	4025	0	1a	Employee Expenses	3611	3611		1b	Administrative & General (A&G) Expenses	201	201		1c	Repair & Maintenance (R&M) Expenses	213	213		2	Return on Equity	302	302	0	3	Interest on Loan	534	428	(106)	5a	Over and above normative		106		4	Interest on Working Capital	126	126	0	5	Depreciation	809	363	(446)	5a	Impact of Decapitalization		18		5b	Amortized Depreciation from Consumer Contributed Assets		429		6	Other Costs	26	5	(20)	6a	Less: Comp. for Electrical accident on account of reasons attributable to DISCOM		20		7	Aggregate Revenue Requirement (ARR)	5,822	5,250	(572)	8	Less: Non-Tariff Income	570	142	429	8a	Less: Amortized Depreciation from Consumer Contributed Assets		429		9	Less: Other Income	17	17		10	Net ARR	5,235	5,091		11	Revenue from Sale of Power	4690	4690	0	2	Revenue (Gap)/Surplus	(545)	(401)	(144)	<p>expenditure are provided in the above related sections. Therefore, it is requested to that the Hon'ble Commission to kindly approve the figures as per filings and methodology followed by TGDISCOMs.</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
	to TGSPDCL.	
<b>TGSPDCL ARR Petition FY 2026-27 for Distribution Wheeling Business</b>		
6.	<p><b>A. DEPRECIATION</b></p> <p>31) TGSPDCL has claimed Depreciation pertaining to FY 2026-27 for Distribution Business including the Depreciation on Consumer Contributed Assets. However, as per the Regulatory Provisions, Depreciation on assets funded by consumer/user contributions shall not be allowed in the revenue requirement of the DISCOM. Relevant extract of Regulations 26 of Regulation No. 2 of 2023 (<i>Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023</i>) is as follows:</p> <p><i>“26 Consumer Contribution, Deposit Work, Grant and Capital Subsidy</i></p> <p>...</p> <p><i>26.2 The expenses on such capital works shall be treated as follows:-</i></p> <p>...</p> <p><i>(c) provisions related to depreciation, as specified in clause 28, shall not be applicable to the extent of such financial support received;”</i></p> <p>32) <b>TGSPDCL has claimed Rs. 384 Cr. of Depreciation through Consumer Contribution. Accordingly, PFI requests the Hon’ble TGERC to reduce the Depreciation as claimed by TGSPDCL for FY 2026-27 by Rs. 384 Cr.</b></p>	<p>The licensee has considered the depreciation on assets funded through consumer contributions as Deferred Revenue Income under non-tariff income (NTI). Since the Net ARR i.e., the Gross ARR minus the NTI is considered for the purpose of computation of wheeling charges, the licensee prays that the Hon’ble Commission may consider the depreciation figures as filed by the licensee.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>considering the impact of Depreciation on Assets funded by Consumer Contribution. The difference of Rs. 384 Cr. should be borne by the Govt. of Telangana in the form of subsidy.</p>	
7.	<p><b>B. REVISED RETURN ON EQUITY (RoE)</b></p> <p>33) TGSPDCL in ARR Petition has claimed 16% RoE including additional 2% RoE for performance towards meeting Standards of Performance (SOP) for FY 2026-27. PFI has observed that as per the applicable Regulatory provisions, RoE is to be allowed at 14% and additional RoE up to 2% which is linked to Licensee's performance towards meeting SOP is to be allowed at the time of True-Up provided the DISCOM has met overall SOP as specified by the Hon'ble TGERC. In this regard, relevant extract of <i>Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation, 2023</i> is as follows:</p> <p><i>29 Return on Equity</i></p> <p><i>29.2 Return on Equity shall be computed at the following base rates:</i></p> <p>.....</p> <p><i>(e) Distribution licensee: Base Return on Equity of 14% and additional Return on Equity up to 2% linked to Licensee's performance towards meeting standards of performance:</i></p> <p><i>Provided that the Commission at the time of true-up shall allow the additional Return on Equity up to 2% based on Licensee meeting the summary of overall performance standards as</i></p>	<p>TGSPDCL have claimed additional 2% ROE indicating that we are well positioned to meet the standard of performance and have therefore factored it in their ROE computations for FY 2025-26. The Standard of Performance is determined on various parameters or service area such as Normal fuse-off calls, line breakdowns, distribution transformer failure, period of scheduled outage, street light faults and continuity indices.</p> <p>In each of the above-mentioned areas, TGSPDCL have carried out extensive work in terms of improving the response time of 1912, carrying out scheduled and regular maintenance activities as part of summer action plan preparedness, launching of Emergency Response Team Vehicles to quickly turnaround/ restore normalcy. Hence, TGDIscoms claim of additional 2% ROE in the ROE computation is valid and justified and it humbly prays to the Hon'ble Commission to kindly approve the computations as per its filings</p> <p>Hence it is requested before the Hon'ble Commission to kindly approve the Rate of Return considered for calculation of Return on Equity by TGSPDCL.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																																												
	<p>specified in Clause 1.11 of Schedule III of TSERC (Licensees' Standards of Performance) Regulations, 2016.</p> <p>34) In view of above, PFI has recomputed the RoE pertaining to FY 2026-27 based on applicable Regulatory principles, as tabulated below:</p> <table border="1" data-bbox="310 480 1003 792"> <thead> <tr> <th>Particulars</th> <th>Claimed by TGSPDCL</th> <th>PFI Working</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Regulatory Equity at the beginning of the year</td> <td>2192</td> <td>2192</td> <td></td> </tr> <tr> <td>Capitalization during the year</td> <td>7209</td> <td>7209</td> <td></td> </tr> <tr> <td>Equity portion of capitalization during the year</td> <td>1802</td> <td>1802</td> <td></td> </tr> <tr> <td>Equity portion of fully depreciated assets (incremental)</td> <td>163</td> <td>163</td> <td></td> </tr> <tr> <td>Regulatory Equity at the end of the year</td> <td>3831</td> <td>3831</td> <td></td> </tr> <tr> <td><b>Rate of Return on Equity</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Base rate of Return on Equity</td> <td>16%</td> <td>14%</td> <td></td> </tr> <tr> <td>Effective Income Tax rate</td> <td>0%</td> <td>0%</td> <td></td> </tr> <tr> <td>Rate of Return on Equity</td> <td>16%</td> <td>14%</td> <td></td> </tr> <tr> <td><b>Return on Equity Computation</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Return on Regulatory Equity at the beginning of the year</td> <td>351</td> <td>307</td> <td></td> </tr> <tr> <td>Return on Regulatory Equity addition during the year</td> <td>131</td> <td>115</td> <td></td> </tr> <tr> <td><b>Total Return on Equity</b></td> <td>482</td> <td>422</td> <td></td> </tr> <tr> <td><b>Total Return on Equity to Distribution business (90%)</b></td> <td><b>434</b></td> <td><b>379</b></td> <td><b>(54)</b></td> </tr> </tbody> </table> <p>35) In view of above, PFI submits before the Hon'ble TGERC to consider PFI working as shown above for RoE and kindly reduce Rs. 54 Cr. from RoE claimed by TGSPDCL for FY 2026-27. The difference of Rs. 54 Cr. should be borne by the Govt. of Telangana in the form of Subsidy.</p>	Particulars	Claimed by TGSPDCL	PFI Working	Difference	Regulatory Equity at the beginning of the year	2192	2192		Capitalization during the year	7209	7209		Equity portion of capitalization during the year	1802	1802		Equity portion of fully depreciated assets (incremental)	163	163		Regulatory Equity at the end of the year	3831	3831		<b>Rate of Return on Equity</b>				Base rate of Return on Equity	16%	14%		Effective Income Tax rate	0%	0%		Rate of Return on Equity	16%	14%		<b>Return on Equity Computation</b>				Return on Regulatory Equity at the beginning of the year	351	307		Return on Regulatory Equity addition during the year	131	115		<b>Total Return on Equity</b>	482	422		<b>Total Return on Equity to Distribution business (90%)</b>	<b>434</b>	<b>379</b>	<b>(54)</b>	
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8.	<p><b>A. SUMMARY OF ARR FY 2026-27</b></p> <p>1) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for TGSPDCL Distribution Wheeling Business is as follows, Hon'ble Commission is requested to kindly consider the same.</p>	<p>The replies related to Depreciation, Interest on Loans, and other expenditure are provided in the above related sections. Therefore, it is requested to that the Hon'ble Commission to kindly approve the figures as per filings and methodology followed by TGDISCOMs.</p>																																																												

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																																																											
	<table border="1" data-bbox="310 245 1003 581"> <thead> <tr> <th>Sr. No.</th> <th>Particulars</th> <th>Claimed by DISCOM</th> <th>Proposed by PFI</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Operation &amp; Maintenance (O&amp;M) Expenses (1a+1b+1c)</td> <td>4072</td> <td>4072</td> <td>0</td> </tr> <tr> <td>1a</td> <td>Employee Expenses</td> <td>3638</td> <td>3638</td> <td></td> </tr> <tr> <td>1b</td> <td>Administrative &amp; General (A&amp;G) Expenses</td> <td>199</td> <td>199</td> <td></td> </tr> <tr> <td>1c</td> <td>Repair &amp; Maintenance (R&amp;M) Expenses</td> <td>235</td> <td>235</td> <td></td> </tr> <tr> <td>2</td> <td>Return on Equity (RoE)</td> <td>434</td> <td>380</td> <td>(54)</td> </tr> <tr> <td>2a</td> <td>Less: Additional 2% RoE on account of SOP</td> <td></td> <td>54</td> <td></td> </tr> <tr> <td>3</td> <td>Interest on Loan</td> <td>840</td> <td>840</td> <td>0</td> </tr> <tr> <td>4</td> <td>Interest on Working Capital</td> <td>150</td> <td>150</td> <td>0</td> </tr> <tr> <td>5</td> <td>Depreciation</td> <td>1034</td> <td>650</td> <td>(384)</td> </tr> <tr> <td>5b</td> <td>Amortized Depreciation from Consumer Contributed Assets</td> <td></td> <td>384</td> <td></td> </tr> <tr> <td>6</td> <td>Aggregate Revenue Requirement (ARR)</td> <td>6,530</td> <td>6,092</td> <td>(438)</td> </tr> <tr> <td>7</td> <td>Less: Non-Tariff Income</td> <td>532</td> <td>532</td> <td>0</td> </tr> <tr> <td>8</td> <td>Other Income</td> <td>1</td> <td>1</td> <td></td> </tr> <tr> <td>9</td> <td>Net ARR</td> <td>5,996</td> <td>5,558</td> <td>(438)</td> </tr> </tbody> </table> <p data-bbox="302 602 1045 862">In view of above, elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers, rather it should be borne by Govt. of Telangana in the form of subsidy. <b>Accordingly, the subsidy to be decided by Govt. of Telangana forFY 2026-27 should include Rs. 438 Cr. additionally.</b></p>	Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference	1	Operation & Maintenance (O&M) Expenses (1a+1b+1c)	4072	4072	0	1a	Employee Expenses	3638	3638		1b	Administrative & General (A&G) Expenses	199	199		1c	Repair & Maintenance (R&M) Expenses	235	235		2	Return on Equity (RoE)	434	380	(54)	2a	Less: Additional 2% RoE on account of SOP		54		3	Interest on Loan	840	840	0	4	Interest on Working Capital	150	150	0	5	Depreciation	1034	650	(384)	5b	Amortized Depreciation from Consumer Contributed Assets		384		6	Aggregate Revenue Requirement (ARR)	6,530	6,092	(438)	7	Less: Non-Tariff Income	532	532	0	8	Other Income	1	1		9	Net ARR	5,996	5,558	(438)	
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9.	<p data-bbox="302 878 1045 906"><b>B. O&amp;M EXPENSES EFFICIENCY FACTOR</b></p> <p data-bbox="302 922 1045 1040">36) PFI has observed that as per <i>TGERC (Multi Year Tariff) Regulations, 2023</i>, Operations &amp; Maintenance Expenses calculation does not take into account any efficiency factor. Relevant extract from the said Regulations is as follows.</p> <p data-bbox="302 1105 1045 1138"><i>“81 Operation and Maintenance Expenses</i></p> <p data-bbox="302 1154 1045 1227"><i>81.1 The O&amp;M expenses for distribution licensee shall comprise of:</i></p> <ul data-bbox="302 1243 1045 1406" style="list-style-type: none"> <li><i>• Employee cost including unfunded past liabilities of pension and gratuity;</i></li> <li><i>• Repairs and Maintenance (R&amp;M) expenses; and</i></li> <li><i>• Administrative and Generation (A&amp;G) expenses.</i></li> </ul>	<p data-bbox="1066 878 1915 1040">TGSPDCL respectfully submits that we are strictly following the same O&amp;M computation methodology adopted by the Hon’ble Commission in the MYT Order and as prescribed in Regulation 81 of the TSERC MYT Regulations, 2023.</p> <p data-bbox="1066 1057 1915 1227">TGSPDCL has applied O&amp;M costs exactly as per the methodology approved and adopted by the Commission. We humbly request that the O&amp;M method already notified and adopted by the Hon’ble Commission be continued.</p>																																																																											

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	<p>81.2 The O&amp;M expenses for distribution licensee for each year of the Control</p> <p>Period shall be approved based on the formula shown below:</p> $O\&M_n = EMP_n + R\&M_n + A\&G_n$ <p>Where,</p> <ul style="list-style-type: none"> <li>• O&amp;M<sub>n</sub> – Operation and Maintenance expense for the nth year;</li> <li>• EMP<sub>n</sub> – Employee Costs for the nth year;</li> <li>• R&amp;M<sub>n</sub> – Repair and Maintenance Costs for the nth year;</li> <li>• A&amp;G<sub>n</sub> – Administrative and General Costs for the nth year;</li> </ul> <p>81.3 The above components shall be computed in the manner specified below:</p> $EMP_n = (EMP_{n-1}) \times (CPI \text{ Inflation});$ $R\&M_n = K \times (GFAn) \times (WPI \text{ Inflation}) \text{ and}$ $A\&G_n = (A\&G_{n-1}) \times (WPI \text{ Inflation})"$ <p>37) It is submitted that under a performance based regulatory regime, regulated entities are incentivized to improve their efficiency level. This improved efficiency is expected to decrease the costs and hence many State Electricity Regulatory Commissions, like Delhi &amp; Haryana, have incorporated an efficiency factor in the calculation of O&amp;M Expenses.</p> <p>Relevant extract from <i>HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution &amp; Retail Supply under Multi Year Tariff</i></p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Framework) Regulations, 2024 is as follows.</p> <p>“47.3. Operation and maintenance expensesThe actual audited Employee cost (excluding terminal liabilities) and A&amp;G expenses forthe financial year preceding the base year, subject to prudence check, shall be escalatedat the escalation factor of 5.47% to arrive at theEmployee cost (excluding terminalliabilities) and A&amp;G expenses for the base year of the control period. The O&amp;M expensesfor the nth year of the control period shall be approved based on the formula given below:</p> $O\&M_n = (R\&M_n + EMP_n + A\&G_n) * (1 - X_n) + \text{Terminal Liabilities}$ <p>Where,</p> <ul style="list-style-type: none"> <li>• R&amp;M<sub>n</sub> – Repair and maintenance costs of the transmission licensee for the nth year;</li> <li>• EMP<sub>n</sub> – Employee costs of the transmission licensee for the nth year excluding terminal liabilities;</li> <li>• A&amp;G<sub>n</sub> – Administrative and general costs of the transmission licensee for the nth year;</li> <li>•</li> <li>•</li> </ul> <p>(c) X<sub>n</sub> is an efficiency factor for nth yearX<sub>n</sub> will be calculated by the Commission by analyzing the change in the totaloperating expenditure i.e. expenditure before depreciation, interest and taxes (i)Per unit of circuit km over last three years;</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>and (ii) Per unit of transformation capacity over last three years. The Value of <math>X_n</math> will be determined by the Commission in the MYT order for the control period...”</p> <p>38) Further, Honble APTEL in its judgement dated 31/05/2011 in Appeal No. 52 of 2008 has upheld the concept of Efficiency Factor in O&amp;M expenses in the case of TPDDL, as follows.</p> <p>“60. The last issue is erroneous computation of efficiency factor. ..</p> <p>64. Since O&amp;M expenses of the Appellant were compared with the similar urban distribution companies in other States, the Commission found the expenses of the Appellant were on the higher side and therefore MYT Regulations were framed to bring the requisite efficiency in the system. According to the Commission, the Commission is of the opinion that O &amp; M expenses trajectory for the Control Period shall be decided on the basis of annual efficiency improvement factor and as such O&amp;M cost of the Appellant is on the higher side....</p> <p>65. In view of the above reasoning's, the State Commission was constrained from allowing them to continue to operate in such a manner and pass on the higher costs to the consumers. The increase in the O&amp;M cost is supplemented by the increase in the efficiency level and cost of saving/cost of reductions/other economies being available to the Appellant. Therefore, there is no merit in this contention raised by the Appellant.</p>	

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	<p>66. The Learned Counsel for the Appellant has relied on the findings of the Tribunal in its judgment dated 29.9.2010 in Appeal No. 28 of 2008 in the matter of Delhi Transco Ltd.vs. DERC and Others wherein in paragraph 25 of the judgment the Tribunal set aside the order of the State Commission in respect of efficiency factor for Delhi Transco decided by the State Commission on ad-hoc basis without any benchmarking or any analysis and identification of area of efficiency. However, in the present case the State Commission has compared the O&amp;M expenses of the Appellant with other utilities and given a reasoned order. Thus, the findings of the Tribunal in Appeal No. 28 of 2008 will not apply to the present case. Accordingly, this issue is answered as against the Appellant.”</p> <p>39) Therefore, <b>PFI requests Hon’ble TGERC to approve O&amp;M Expenses only after incorporating an appropriate efficiency factor.</b></p>	

#### 5. Response to SEI Sriram Power Private Limited

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p><b>Violation of Multi-Year Tariff (MYT) Principle</b></p> <ul style="list-style-type: none"> <li>The MYT framework under Regulation No. 2 of 2023 is designed to provide tariff certainty and avoid frequent revisions. Any mid-period upward revision undermines the very purpose of MYT.</li> </ul>	<p>TGSPDCL respectfully submits that there is no violation of the MYT principle under TSERC (Multi-Year Tariff) Regulation, 2023 (Regulation No. 2 of 2023). In accordance with clause 6.2 (e) of Regulation 2 of 2023 requires the distribution licensee to file, for every year after the first year of the Control Period, an annual</p>

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	<ul style="list-style-type: none"> <li>• TGSPDCL has proposed Rs. 6,542crore. However, the approved ARR for FY 2026-27 is already set at: TGSPDCL: Rs. 5,133.68 crore. Almost 25% rise in ARR sought by the TGSPDCL.</li> <li>• Any increase beyond this would be contrary to the Commission's own order and the principles of regulatory consistency.</li> </ul>	<p>petition containing the true-up of the previous year and the revised Aggregate Revenue Requirement (ARR) for the ensuing year, along with the revised tariff and charges. Further, the MYT framework mandates that the Commission shall determine the ARR and tariff for each year of the Control Period separately, and also provides for the treatment of controllable and uncontrollable variables. Therefore, submission of a revised ARR for FY 2026-27 is not a mid-period revision but a statutory obligation under the MYT mechanism. The ARR approved in the original MYT Order serves only as a baseline projection, and the Regulation does not freeze the ARR; instead, it anticipates annual updates based on actual capitalisation, O&amp;M norms, true-up impacts, and other permissible adjustments. Hence, the proposal of ARR of Rs. 6,542crore does not contravene the MYT Order nor undermine regulatory consistency, as it has been filed strictly in accordance with the provisions of Regulation No. 2 of 2023.</p>
2.	<p><b>Unrealistic Capital Expenditure Plan</b></p> <ul style="list-style-type: none"> <li>• TGSPDCL has proposed a total capital expenditure of 7,508 crores for FY 2026-27, a massive increase from previous years.</li> <li>• While infrastructure investment is necessary, the scale and pace of proposed spending especially on</li> </ul>	<p>TGSPDCL respectfully submits that the additional capital expenditure proposed for FY 2026-27 has not been made unilaterally nor in deviation from the MYT framework, but only after obtaining the necessary approval from the Government of Telangana. The revised capex plan, including the additional works proposed for FY 2026-27, has been taken up strictly in</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>projects such as underground cabling in TCUR (Rs. 14,725 crores totat Rs. 4,725crores in FY27)are disproportionate and lack proper phasing or cost-benefit justification.</p> <ul style="list-style-type: none"> <li>• The Commission in its MYT Order 28.10.2024, has already deferred the Smart MeterCapex due to lack of proper justification and government approval.</li> <li>• In the absence of new, approved capital investments, there is no basis for revising ARRupwards. The Capital Investment Plan approved by the Commission for FY 2024-29 is finaland binding.</li> <li>• Such rapid capital infusion will inevitably lead to higher wheeling charges, which areultimately passed on to consumers.</li> </ul>	<p>accordance with Government approval vide G.O. No. 43 dated 29.12.2025. The capital expenditure forming part of the ARR will also be subject to the Hon'ble Commission's prudence check, including evaluation of justification, phasing and actual capitalisation, as per Regulations 7.1–7.6 and 21.3 under the MYT framework. Hence, TGSPDCL is strictly adhering to the regulatory requirements and submitted its revised capex plan fro FY 2026-27 for undertaking additional capex for approval from Hon'ble Commission.</p>
3.	<p><b>Excessive Wheeling Charge Hike</b></p> <ul style="list-style-type: none"> <li>• The proposed wheeling charges for LT consumers stand at Rs. 767.27 /kV A/month forlong/medium-term open access-an exorbitant rate that will cripple small and mediumenterprises.</li> <li>• For 11 kV consumers, the proposed rate is Rs. 275.33/kVA/ month, and for 33 kVconsumers, Rs.</li> </ul>	<p>The proposed wheeling charges are determined strictly in accordance with the TGERC Multi-Year Tariff (MYT) Regulations, which mandate recovery of distribution network costs based on voltage level and cost causation principles, not on the source of energy. The approach considered by the Hon'ble Commission in its MYT order for 5<sup>th</sup> Control Period is shown below:</p> <p style="text-align: center;"><i>“4.13.4 Further, Clause 79.2 of Regulation No. 2 of 2023,</i></p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>94.18/kVA/month, all representing steep increases.</p> <ul style="list-style-type: none"> <li>• Short-term charges are also disproportionately high: Rs. 1.0656/kVA/hr for LT, which will discourage short-term power transactions and market flexibility.</li> <li>• Wheeling Charges for FY 2026-27 are already set at:46.47/kVA/month (33kV), Rs. 189.16/kVA/month (11 kV), Rs. 625.13/kVA/month(LT)</li> <li>• Any further increase would distort the cost-reflective tariff design and unfairly burden higher-voltage consumers.</li> </ul>	<p><i>clearly specifies that the Wheeling Charges shall be determined separately for LT voltage, 11 kV voltage, and 33 kV voltage.</i></p> <p><i>4.13.5 In accordance with Clause 79.2 of Regulation No. 2 of 2023, the Commission has computed the Wheeling Charges for the Control period i.e. FY2024-25 to FY2028-29.</i></p> <ul style="list-style-type: none"> <li>• <i>The year wise approved ARR for each year of the Control Period, i.e. FY2024-25 to FY2028-29 has been allocated amongst 33 kV, 11 kV and LT voltage levels;</i></li> <li>• <i>Having allocated the components of ARR among each voltage, the cost attributable for each voltage has been computed;</i></li> <li>• <i>The demand incident at each voltage level has been arrived at by considering the voltage wise demands in the ratio on actuals available with the Commission and approved losses as per Resource Plan Order dated 29.12.2023;</i></li> <li>• <i>The voltage wise wheeling charges have been computed by dividing the apportioned ARR at each voltage level by the demand at that voltage level.”</i></li> </ul> <p>Therefore, we request the Hon’ble Commission to approve the charges as per the filing made by TGSPDCL</p>
4.	<b>Adverse Impact on Open Access and Renewable</b>	While we acknowledge that renewable energy has inherent

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p><b>Energy</b></p> <ul style="list-style-type: none"> <li>• High wheeling charges disincentivize open access and discourage renewable energy integration.</li> <li>• Any increase would derail the state's energy transition goals and violate national renewable energy policies</li> </ul>	<p>intermittency and lower PLF, these characteristics affect generation economics, not network cost drivers. The network remains obligated to provide the same level of readiness and reliability for all users including open access users.</p> <p>Differentiating wheeling charges based on generation source, which is contrary to the principles of non-discrimination and cost reflectivity in the MYT framework.</p>
5.	<p><b>Inflated O&amp;M and Employee Costs</b></p> <ul style="list-style-type: none"> <li>• O&amp;M expenses are projected at Rs. 4,072 crores for distribution business (90% of total), with employee costs alone at Rs. 4,042 crores.</li> <li>• These figures reflect an unsustainable growth in administrative and employee expenses, which are not adequately linked to efficiency improvements or performance metrics.</li> <li>• The Commission has already recomputed O&amp;M expenses as per Regulation No. 2 of 2023, rejecting DISCOMs' inflated claims in its Order dated 28.10.2024.</li> <li>• Employee expenses were capped using CPI-based escalation, not arbitrary percentages.</li> <li>• Any further increase in O&amp;M without audited actuals would be contrary to the Commission's own</li> </ul>	<p>TGSPDCL respectfully submits that the O&amp;M cost projections for FY 2026-27 have been computed strictly in accordance with the TSERC (MYT) Regulation, 2023 (Regulation No. 2 of 2023) and therefore cannot be considered inflated or arbitrary. As mandated under Regulation 81.2–81.3, Employee Costs, A&amp;G Costs and R&amp;M Costs are required to be computed using the normative formulas specified therein—namely, Employee Cost = previous year cost × CPI inflation, A&amp;G Cost = previous year cost × WPI inflation, and R&amp;M Cost = K × GFA × WPI inflation, where the “K-factor” is fixed by the Hon’ble Commission in the approved MYT Order. Further, Regulation 81.5 explicitly prohibits provisioning and allows only actual audited expenses at the time of true-up, ensuring that no excess O&amp;M is admitted. In line with these provisions, TGSPDCL has adopted the Commission-determined base O&amp;M values, the inflation indices prescribed under the Regulation, and the K-factor approved by</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	analysis.	TSERC, without applying any additional or discretionary escalations. Accordingly, the O&M figures filed by TGSPDCL fully comply with the MYT framework and may be considered by the Hon'ble Commission.
6.	<p><b>High Return on Equity (RoE) Expectation</b></p> <ul style="list-style-type: none"> <li>• TGSPDCL expects a 16% RoE, including a performance-linked additional 2%, without demonstrating commensurate improvement in service quality, reliability, or loss reduction.</li> <li>• This expectation places an undue financial burden on consumers without guaranteeing better services.</li> <li>• The Commission earlier reduced RoE for FY 2024-25 from 14% to 11% due to delayed filing. Allowing an increase now would reward inefficiency.</li> </ul>	<p>TGSPDCL have claimed additional 2% ROE indicating that we are well positioned to meet the standard of performance and have therefore factored it in their ROE computations for FY 2025-26. The Standard of Performance is determined on various parameters or service area such as Normal fuse-off calls, line breakdowns, distribution transformer failure, period of scheduled outage, street light faults and continuity indices.</p> <p>In each of the above-mentioned areas, TGSPDCL have carried out extensive work in terms of improving the response time of 1912, carrying out scheduled and regular maintenance activities as part of summer action plan preparedness, launching of Emergency Response Team Vehicles to quickly turnaround/ restore normalcy. Hence, TGSPDCL's claim of additional 2% ROE in the ROE computation is valid and justified and it humbly prays to the Hon'ble Commission to kindly approve the computations as per its filings.</p> <p>While there was a delay in filing ARR and tariff proposals, it was due to complexities in data segregation and compliance with new MYT formats. The delay was not intentional and occurred during the transition to the 5th Control Period. We request the Commission to consider this context and allow the RoE as claimed, as the delay did not impact consumer service delivery. Hence it is requested before the</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		Hon'ble Commission to kindly approve the Rate of Return considered for calculation of Return on Equity by TGSPDCL.
7.	<p><b>Lack of Consumer Consultation and Transparency</b></p> <ul style="list-style-type: none"> <li>• The filing appears to have been prepared without meaningful stakeholder consultation.</li> <li>• Key assumptions regarding load growth, loss levels, and cost projections are not substantiated with transparent data or sensitivity analysis.</li> </ul>	<p>TGSPDCL respectfully submits that the allegation of lack of transparency or stakeholder consultation is factually incorrect, as the filing process has been undertaken strictly in accordance with the TSERC (MYT) Regulation, 2023. In compliance with Regulation 9.5, TGSPDCL has published the required public notice in widely circulated newspapers inviting suggestions and objections from all stakeholders and has made the complete petition, along with supporting data, available on its official website in a searchable and downloadable format for public access. Further, as mandated under Regulations 9.4–9.7, all relevant details, assumptions and computations have been provided to enable meaningful stakeholder review, and the Hon'ble Commission has already scheduled the public hearing, where all objectors, including the present one, will have an opportunity to be heard before issuance of the final Order. Accordingly, the filing has been carried out in a transparent, consultative and regulation-compliant manner.</p>
8.	<p><b>Adverse Impact on Industrial and Commercial Competitiveness</b></p> <ul style="list-style-type: none"> <li>• High wheeling charges will increase the cost of doing business in Telangana, especially for energy-</li> </ul>	<p>TGSPDCL respectfully submits that the wheeling charges proposed in the ARR have been determined strictly on a cost-reflective basis, as required under the TSERC (MYT) Regulation, 2023 (Regulation No. 2 of 2023), and are therefore</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>intensive industries.</p> <ul style="list-style-type: none"> <li>This may lead to migration of industries to states with lower wheeling costs, resulting in economic and employment losses.</li> </ul>	<p>essential for ensuring the adequate maintenance, reliability, and readiness of the distribution network. The Regulation mandates that the ARR of the Distribution Wheeling Business must recover the prudently approved costs of operating, maintaining, and strengthening the network (Reg. 79.1) and that voltage-wise wheeling charges must reflect the actual cost of service. Accordingly, the concern regarding adverse impact on competitiveness is misplaced, as a reliable and well-maintained network is fundamental to industrial productivity and economic growth.</p>
9.	<p><b>Legal and Regulatory Violations</b></p> <ul style="list-style-type: none"> <li>Section 61 of Electricity Act, 2003 mandates that tariffs shall be reasonable and transparent.</li> <li>Regulation No. 2 of 2023 does not permit mid-period upward revision without exceptional circumstances.</li> <li>The proposed increase is not supported by any change in law, force majeure, or unforeseen exigency.</li> </ul>	<p>TGSPDCL respectfully submits that there is no violation of Section 61 of the Electricity Act, 2003 or the TSERC (MYT) Regulation, 2023 (Regulation No. 2 of 2023), as alleged by the Objector. The MYT framework expressly requires the distribution licensee to file annual petitions after the first year of the Control Period, including true-up of the previous year and the revised ARR for the ensuing year, and mandates that the Commission shall determine the ARR and tariff for each year separately. Therefore, the ARR proposal for FY 2026-27 is not a mid-period revision but a mandatory annual filing under the Regulation. Accordingly, TGSPDCL affirms that it has strictly adhered to Regulation No. 2 of 2023 and that the allegation of legal or regulatory violation is without merit.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
10.	<p><b>Prayers/ Relief Sought</b></p> <p>We pray that this Hon'ble Commission may be pleased to:</p> <ul style="list-style-type: none"> <li>• Review and Rationalize Capex Plans - Ensure capital expenditure is phased, need-based, and aligned with realistic demand projections.</li> <li>• Moderate Wheeling Charges - Recompute charges based on prudence-checked costs, avoiding over-recovery.</li> <li>• Cap O&amp;M and Employee Costs - Link allowable expenses to performance benchmarks and efficiency gains.</li> <li>• Reduce RoE Expectation - Align RoE with actual performance and sectoral benchmarks.</li> <li>• Ensure Transparency and Stakeholder Participation - Conduct public hearings and seek objections before approving the ARR.</li> <li>• Protect Consumer Interests - Ensure that any tariff increase is minimal, justified, and accompanied by service quality improvements.</li> <li>• Reject the petitions for increase in ARR and Wheeling Charges for FY 2026-27..</li> </ul>	<p>TGSPDCL respectfully submits that it is strictly adhering to the Electricity Act, 2003 and the TSERC (Multi-Year Tariff) Regulation, 2023 (Regulation No. 2 of 2023) in every aspect of its filings—including annual true-up and revised ARR (Reg. 5.2(e), 6.2(e)), prudence-based treatment of controllable/uncontrollable items (Reg. 12–14), capital-investment approval and capitalisation safeguards (Reg. 7.1–7.11, 21.3), normative O&amp;M methodology (Reg. 81.2–81.5), RoE framework (Reg. 29.2(e)), voltage-wise, cost-reflective wheeling charges (Reg. 77.1, 79.1–79.2), and the full transparency and public-consultation process (Reg. 9.4–9.7); accordingly, the Hon'ble Commission may note that the allegations are baseless and without merit under Regulation 2 of 2023</p>

**6. Response to The Federation of Telangana Chambers of Commerce and Industry (FTCCI)**

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p><b>Directives compliance</b></p> <p>Hon’ble Commission vide order dt. 28.10.2024 in O.P.No.12 of 2024 &amp; I.A. No.11 of 2024, and I.A. No.23 of 2024 and O.P.No.13 of 2024 &amp; I.A. No.12 of 2024, and I.A. No.20 of 2024 determined the ARR and Wheeling tariffs for the MYT Control period FY 2024-29 (hereinafter referred to as “MYT Order”). Further, the Hon’ble Commission vide Order dated 29.04.2025 in OP No.1 of 2025, O.P. No. 3 of 2025 and O.P.No.31 of 2024 and O.P. No.2 of 2025, O.P.No.4 of 2025 and O.P.No.32 of 2024 determined the True up for FY 2023-24 and Revised ARR/ Wheeling tariffs for the FY 2025-26 (hereinafter referred to as “Tariff Order”). Vide both the aforementioned orders, the Hon’ble Commission issued several directives, a few of which are pertinent to be noted:</p> <p>“2. Capital Investments</p> <p>a. The DISCOMs shall seek approval for individual schemes at least 90 days prior to undertaking the</p>	<p>TGSPDCL submits that compliance with directives issued in the MYT and Tariff Orders is an ongoing process, and both DISCOMs are adhering to the requirements stipulated under the applicable Regulations, including those relating to investment approval, capitalisation procedures, and submission of PCC/FCC certificates. Wherever capital works are completed, the PCC and FCC are being issued by the competent authorities and submitted to the Hon’ble Commission in line with the timelines prescribed.</p> <p>TGSPDCL has already submitted the quarterly intimations for FY 2024-25 as part of the true-up filings.</p> <p>TGSPDCL reiterate that all capitalisation entries admitted into ARR will be strictly subject to prudence check, verification of PCC/FCC, and Commission approval, ensuring that only assets duly completed, recorded, and put to use are reflected in OCFA. Therefore, the concern regarding non-compliance or lack of oversight does not arise.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>investment in accordance with the Guidelines for Investment Approval. The individual schemes/projects submitted by the DISCOMs for Commission's approval must provide complete details including those relating to the cost and capitalisation for each year of 5th Control Period.</p> <p>b. Considering the importance of capitalisation of works, the Commission lays down the following requirements to be fulfilled before accepting inclusion of the value of capitalised work in the Original Cost of Fixed Assets (OCFA):</p> <p>i. On completion of a capital work, a physical completion certificate (PCC) to the effect that the work has been fully executed, physically, and the assets created are put in use, to be issued by the concerned engineer not below the rank of Superintendent Engineer.</p> <p>ii. The PCC shall be accompanied or followed by a financial completion certificate (FCC) to the effect that the assets created have been duly entered in the fixed assets register by transfer from the Capital Works in Progress (CWIP) register to OCFA. The FCC shall have to be issued by the concerned finance officer not</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>below the rank of Senior Accounts Officer.</p> <p>iii. The above-mentioned certificates have to be submitted to the Commission within 60 days of completion of work, at the latest. The Commission may also inspect or arrange to inspect, at random, a few of the capitalised works included in the OCFA to confirm that the assets created are actually being used and are useful for the business.”</p> <p>It is humbly submitted that the Petitioner has not submitted the directive compliance report in view of the above direction. Notably, the above direction is a fallout of the Regulation 7.8 and 7.9 of the Tariff Regulations. While the TGSPDCL has submitted the copy of intimation for Q1-Q3 of FY 2024-25 along with the True up petition, TGNPDCL has not submitted any details in compliance of the aforesaid direction.</p> <p>Since, capital investment contributes significantly to the ARR of the Distribution business, it is pertinent to mention that the non-compliance of the aforesaid directive should be treated seriously and punitive action for non-compliance be taken to ensure that the distribution capex is properly recorded and put to use.</p>	
2.	<b>Capital Expenditure and Capitalization</b>	The proposed capital expenditure of Rs. 7,508 crore for FY

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>TGSPDCL and TGNPDCL have claimed Capitalization to the tune of Rs. 1752 Crore and Rs. 889 Crore for the FY 2024-25.</p> <p>The Hon'ble Commission vide MYT Order has approved the Capital Investment Plan for the 5th Control Period (FY 2024-25 to FY 2028-29). Notably, the Petitioner while claiming the Capital Investment Plan for such period had sought the Capex which was in significant departure to the Capex approved in the Business Plan Order. The Hon'ble Commission uninspired by the justification provided by the Discoms disallowed the additional claim made therein and observed as follows:</p> <p>"4.2.6 The Commission vide its Order dated 29.12.2023, approved the Resource Plan of TGDISCOMs of the Control Period i.e. from FY2024-25 to FY2028-29 after carrying out the detailed analysis of the Capital Expenditure schemes submitted by TGDISCOMs.</p> <p>.....</p> <p>4.2.8 It is observed that TGDISCOMs have not submitted any details regarding the capital investment proposed for the period FY2024-25 to FY2028-29.</p>	<p>2026-27 includes both the capex already approved by the Hon'ble Commission for the 5th Control Period and the additional capex requirements that have emerged due to recent system conditions, network constraints, and reliability considerations.</p> <p>The additional capex primarily pertains to Underground cabling works, SCADA expansion and automation, New substations and capacity augmentation, required to meet summer peak loads and to address loading of existing transformers and feeders.</p> <p>These works were not envisaged at the time of filing the MYT Petition due to evolving demand patterns, accelerated urbanisation, and emergent reliability issues. The new substations are planned for upcoming summers as we are expecting high unprecedented peak demand and stress on the distribution network, necessitating immediate system reinforcement to maintain safe voltage levels and prevent overloads.</p> <p>Accordingly, the additional capex being sought is directly linked to system reliability and safety. TGSPDCL therefore requests the Hon'ble Commission to approve the additional capex and the ARR arravied for FY 2026-27 to ensure reliable and uninterrupted supply to consumers during the forthcoming high-demand periods.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>The Commission has sought information from TGDISCOMs to provide the scheme details of capex proposed, its preparedness along with proposed source of financing for each scheme. Further, the Commission also sought information from TGDISCOMs to provide the justification of variance in figures from Resource Plan Order dated 29.12.2023 approved by the Commission.</p> <p>4.2.9 TGSPDCL in its reply submitted that the base capex approved under Resource Plan is not adequate to meet the increased demand of Telangana as the base capex for FY2023-24 has already crossed the base capex (FY2024-25), approved in the Resource Plan for FY2024-25 to FY2028-29. Therefore, TGSPDCL has recomputed its base capex requirement and projected requirement based on actual figures available till date. Further, there is also variance in capex, due to introduction of smart meter capex requirements which was not envisaged earlier during Resource Plan approval. The other capex is proposed in line to Resource Plan approval.</p> <p>4.2.10 TGNPDCL in its reply submitted that the base capex and other capex is projected as per approved</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>Resource Plan Order dated 29.12.2023. The difference in the capex investment plan is only due to addition of capex proposed towards installation of smart meters.</p> <p>4.2.11 The Commission observed that TGSPDCL has not provided appropriate justification for the variance in the capex investment plan (Base Capex) from the approved Resource Plan Order dated 29.12.2023. Further, TGDISCOMs have not complied with Clause 80 of Regulation No. 2 of 2023 and has not provide the details of schemes proposed. Thus, in the light of limited information made available to the Commission by TGDISCOMs, the Commission has considered the base capex and other capex for both the TGDISCOMs as approved by the Commission in Resource Plan Order dated 29.12.2023.</p> <p>4.2.12 With regard to smart meters, TGDISCOMs submitted that the proposal is put forward before the State Government for the approval. In view of uncertainty in the capex investment towards the smart meters and directives issued by the Commission regarding smart meter implementations, the Commission defers the investment proposed towards</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>smart meters. The Petitioner may approach the Commission for approval of capex investment towards smart meters, after the approval of proposal submitted to the GoTG.”</p> <p>In a similar manner, the Petitioners have claimed additional Capex to what had already been approved in the Tariff determination proceedings for the FY 2025-26. The Hon’ble Commission vide Tariff order observed likewise as under:</p> <p>“3.17.16 The Commission vide its Order dated 28.10.2024, approved the Distribution MYT tariff for the Control Period i.e. from FY2024-25 to FY2028-29.</p> <p>3.17.17 It is observed that TGSPDCL has not submitted any details regarding the additional smart meter capital investment proposed for the period FY2025-26. The Commission has sought information from TGSPDCL to provide the scheme details of the additional smart meter capital investment proposed for the period FY2025-26, its preparedness along with proposed source of financing for each scheme.</p> <p>3.17.18 TGSPDCL in its reply submitted that the proposal for smart meter capex is put forward before the State Government for approval.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>3.17.19 In view of uncertainty in the capex investment towards the smart meters, the Commission defers the investment proposed toward smart meters. The Petitioner may approach the Commission for approval of capex investment towards smart meters, after the approval of proposal submitted to the GoTG.</p> <p>3.17.20 The Commission has considered the base capex and other capex for both the TGDISCOMs for FY2025-26 as approved by the Commission in Distribution MYT Order dated 28.10.2024.”</p> <p>7. Based on the above precedent, it is humbly submitted that the Hon’ble Commission has not admitted the variation in Capital Investment in both the MYT and Tariff Order and held that the approval would be restricted to approved Capex as per the Resource Plan Order dt. 29.12.2023. Further to the above, it is humbly submitted that the Capital investment towards Smart meters is not yet approved. Given that FY 2024-25 (true-up year) is the first year of the 5th Control Period, any claims ought to be admitted strictly in accordance with the MYT Order dated 28.10.2024. In this regard, attention is invited to the Capex and Capitalization claimed by the</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>Petitioners, for which essential particulars—such as scheme-wise break-up, nature of works, and funding details—have not been furnished.</p> <p>Further, while the Petitioners have sought additional capex in the MYT and Tariff Orders, no evidence has been provided to establish that such expenditure pertains only to approved schemes. Instead, the claims are merely stated as “as per Accounts” without any regulatory correlation or justification.</p> <p>Since distribution tariff is predominantly driven by Capex and Capitalization, the absence of substantiating and documentary evidence warrants strict regulatory scrutiny. Accordingly, the Objector submits that only 75% of the claimed Capex/Capitalization be provisionally admitted and the balance 25% be withheld, subject to submission and verification of complete scheme-wise details.</p> <p>The allowable Capex and Capitalization for the True up of FY 2024-25 as per the Objector’s assessment is as under:</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																			
	<p data-bbox="346 251 1003 289">Table 3: Summary of allowable Capex and Capitalization for the FY 2024-25 (All figures in Rs. Crores)</p> <table border="1" data-bbox="327 293 972 399"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Claimed</th> <th colspan="2">Allowable</th> </tr> <tr> <th>Capex</th> <th>Capitalization</th> <th>Capex</th> <th>Capitalization</th> </tr> </thead> <tbody> <tr> <td>TGSPDCL</td> <td>2,055</td> <td>1,752</td> <td>1,541</td> <td>1,314</td> </tr> <tr> <td>TGNPDCL</td> <td>823</td> <td>889</td> <td>617</td> <td>667</td> </tr> </tbody> </table> <p data-bbox="304 430 1008 565">the FY 2026-27, TGSPDCL and TGNPDCL have claimed Capital Investment to the tune of Rs. 8160 Crore and Rs. 1736 Crore respectively.</p> <p data-bbox="304 581 1008 1015">As could be inferred, the Petitioners especially TGSPDCL has made an all-round effort to exaggerate the Capital Expenditure in the current MYT filings. To quantify, the proposed Capital Expenditure by TGSPDCL is 312% of the Capex approved in the MYT Order whereas for TGNPDCL, it has claimed Rs. 95 Crore in excess to what has been approved in the MYT Order which was admitted by the Hon'ble Commission vide order dt. 18.09.2025.</p> <p data-bbox="304 1031 1008 1364">With respect to the significant deviation claimed by TGSPDCL towards Capex for FY 2026-27, it is submitted that such expenditure relates to new works and, therefore, mandatorily requires prior approval of the Hon'ble Commission. Any such Capex can be admitted only after satisfying the requirements of Regulation 80, including prudence check, necessity,</p>	Particulars	Claimed		Allowable		Capex	Capitalization	Capex	Capitalization	TGSPDCL	2,055	1,752	1,541	1,314	TGNPDCL	823	889	617	667	
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S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>and conformity with approved schemes, the relevant extracts of which are reproduced below:</p> <p>“80 Capital Investment Plan</p> <p>80.1 The distribution licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each Year of the Control Period for strengthening and augmentation of its distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multi-Year Tariff Petition for the entire Control Period.</p> <p>80.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding Rs. 10 Crore or such other amount as may be stipulated by the Commission from time to time and shall be in such form as may be stipulated by the Commission from time to time.</p> <p>80.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>distribution sub-stations, consumer sub-stations, transformation capacity in MVA and details of distribution transformers of different capacities, HT:LT ratio as well as distribution line length showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the Wheeling Charges.</p> <p>80.4 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the distribution licensee taking into consideration the prudence of the proposed expenditure and estimated impact on Wheeling Charges.”</p> <p>The Petitioner, while including Capital Expenditure in the present Petitions, has neither furnished any cogent justification nor placed on record adequate documentary evidence to explain the deviations from the Capex approved in the MYT Order in terms of the requirements of Regulation 80. As discussed in the preceding paragraphs, the Hon’ble Commission, on a similar footing, has restricted such claims to the levels approved under the MYT framework.</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>It is submitted that the TG Discoms have consistently fallen short of achieving the Capitalization levels approved under the MYT Order. While the Petitioners possess the right to claim Capex in accordance with the Business requirements, the Objector points out that such exercise should not be undertaken bypassing the regulatory provisions. In such circumstances, projections (for the FY 2026-27) based on unachieved approvals would be unrealistic and inflationary. Therefore, for prudent projection purposes, Capitalization ought to be restricted to the levels actually attained by the Petitioner in FY 2024-25 vis-à-vis the approved values. Accordingly, the Objector respectfully prays that the Hon'ble Commission approve Capitalization of Rs. 2,035 Crore and Rs. 944 Crore, in place of the MYT-approved Capitalization of Rs. 2,911 Crore and Rs. 1,754 Crore respectively for the FY 2026-27, as detailed in the computation below.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																											
	<p style="text-align: center;"><b>Table 4: Summary of admissible Capitalization for the FY 2026-27</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="317 284 957 500"> <thead> <tr> <th>Particulars</th> <th>TGSPDCL</th> <th>TGNPDCL</th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;"><b>FY 2024-25</b></td> </tr> <tr> <td>Capitalization approved in the MYT Order</td> <td>2,506.45</td> <td>1,652.10</td> </tr> <tr> <td>Capitalization attained</td> <td>1,752.09</td> <td>888.64</td> </tr> <tr> <td>% attained w.r.t. approved</td> <td>69.90%</td> <td>53.79%</td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>FY 2026-27</b></td> </tr> <tr> <td>Capitalization approved in the MYT Order</td> <td>2,910.83</td> <td>1,754.25</td> </tr> <tr> <td>%</td> <td>69.90%</td> <td>53.79%</td> </tr> <tr> <td><b>Capitalization admissible</b></td> <td><b>2,034.77</b></td> <td><b>943.59</b></td> </tr> </tbody> </table> <p>Notwithstanding to the above submissions, the Objector also apprehends that exaggerated Capex projections have in the past led to accumulation of revenue surplus with the Licensees which is yet to be passed through to the consumers.</p> <p>The Objector submits that the components of Depreciation, Interest Expenses and Return on Equity must be approved as per the Capitalization allowable as per preceding paras.</p>	Particulars	TGSPDCL	TGNPDCL	<b>FY 2024-25</b>			Capitalization approved in the MYT Order	2,506.45	1,652.10	Capitalization attained	1,752.09	888.64	% attained w.r.t. approved	69.90%	53.79%	<b>FY 2026-27</b>			Capitalization approved in the MYT Order	2,910.83	1,754.25	%	69.90%	53.79%	<b>Capitalization admissible</b>	<b>2,034.77</b>	<b>943.59</b>	
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3.	<p><b>Depreciation – Impact of consumer contribution and grants:</b></p> <p>TGSPDCL has claimed Depreciation to the tune of Rs. 809 Crore and Rs. 1149 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed Depreciation to the tune of Rs. 414 Crore and Rs. 661 Crore for the FY 2024-25 and FY 2026-27 respectively.</p>	<p>TGSPDCL submit that depreciation has been computed strictly as per the Tariff Regulations, applying the notified rates on the regulatory asset base and adjusting for consumer contribution and grants to the extent identifiable from audited accounts and scheme-wise records. There is no double recovery, as amortisation of grants and consumer contribution is duly reflected under non-tariff income in line with the Commission's methodology.</p>																											

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>The Petitioners have computed the depreciation based on the rates as per the Tariff Regulations. Further, as per the Tariff formats provided along with the Petition, it is observed that the Petitioner has claimed Depreciation on the asset funded out of consumer contribution and grants as well. At the same time, it has proposed adjustment of amortization (of grants) under Non-tariff income. Furthermore, the balances of Gross fixed asset (GFA) and consumer contribution &amp; grants claimed by the Petitioners are incorrect.</p> <p>In the above regard, Regulation 26 of Tariff Regulations 2023 in respect of treatment of Consumer Contribution, Deposit Work, Grant and Capital Subsidy provides as under:</p> <p>“26 Consumer Contribution, Deposit Work, Grant and Capital Subsidy</p> <p>26.1 The expenses on the following categories of works carried out by the generating entity or licensee or SLDC shall be treated as specified in clause 26.2:</p> <p>(a) Works undertaken from funds, partly or fully, provided by the users, which are in the nature of deposit works or consumer contribution works;</p>	<p>The objector’s inference that depreciation has been claimed on assets funded through grants/consumer contribution is incorrect. TGSPDCL followed the regulatory requirement that depreciation is not claimed to the extent assets are funded through such support, subject to availability of scheme-wise funding details and audited classification.</p> <p>Further, reconciliation of opening GFA and consumer contribution/grants is undertaken with reference to the audited accounts, and all variations are fully subject to the Hon’ble Commission’s prudence check during true-up. TGSPDCL also reiterate that capitalization entries, funding pattern, and asset addition details are furnished to the Commission for scrutiny along with supporting documents.</p> <p>The approach adopted in the Petition is consistent with past orders of the Hon’ble Commission. Accordingly, the depreciation claim is compliant, verifiable, and we request the Hon’ble Commission to consider the approve the same per the filings made by TGSPDCL.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>(b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments;</p> <p>(c) Other works undertaken with funding received without any obligation of repayment and with no interest costs.</p> <p>26.2 The expenses on such capital works shall be treated as follows:-</p> <p>(a) normative O&amp;M expenses as specified in this Regulation shall be allowed;</p> <p>(b) the debt: equity ratio, shall be considered in accordance with clause 27, after deducting the amount of such financial support received;</p> <p>(c) provisions related to depreciation, as specified in clause 28, shall not be applicable to the extent of such financial support received;</p> <p>(d) provisions related to return on equity, as specified in clause 29 shall not be applicable to the extent of such financial support received;</p> <p>(e) provisions related to interest on loan capital, as specified in clause 31 shall not be applicable to the extent of such financial support received.”</p> <p>Notably, the methodology adopted by the Petitioner is</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>at variance with that followed by the Hon'ble Commission in the Tariff Order for FY 2025-26. The Hon'ble Commission had specifically observed that the depreciation claim was not supported with proper segregation between existing and new assets and did not clearly indicate whether amortisation of consumer contribution had been duly accounted for. In the present Petition as well, similar deficiencies persist, rendering the depreciation claim unverifiable and contrary to the Commission's established approach.</p> <p>It is humbly submitted that the Opening balance of Consumer contribution &amp; Grants for the FY 2024-25 must be considered equivalent to the closing balance of consumer contribution &amp; grants approved by the Hon'ble Commission in the Tariff Order (True up of FY 2023-24). In a similar manner, the opening balances of GFA must be considered equivalent to the closing balance of the GFA approved in the True up of FY 2023-24.</p> <p>Relevant extracts of the Tariff Order depicting the opening GFA balance (and additions during (FY 24) and the Opening Consumer contribution &amp; grants (and additions during (FY 24) for the FY 2023-24 are</p>	

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	<p>shown as under:</p> <p>Table 3.7: ROCE claimed and approved for FY 2023-24 for TGSPDCL</p> <p style="text-align: center;">Rs.in crore</p> <table border="1" data-bbox="359 358 984 751"> <thead> <tr> <th>Particulars</th> <th>Approved in MYT Order dated:29.04.2020</th> <th>Actuals as claimed in APR</th> <th>Approved</th> </tr> </thead> <tbody> <tr> <td>Original Cost of Fixed Assets at the beginning of the year</td> <td></td> <td>20432.89</td> <td>20407.97</td> </tr> <tr> <td>Accumulated Depreciation at the beginning of the year</td> <td></td> <td>6621.11</td> <td>5820.55</td> </tr> <tr> <td>Consumer Contribution at the beginning of the year</td> <td></td> <td>8960.02</td> <td>8956.40</td> </tr> <tr> <td>Grants under UDAY Scheme</td> <td></td> <td></td> <td>656.48</td> </tr> <tr> <td><b>Regulated Rate Base</b></td> <td></td> <td>4851.76</td> <td>4974.53</td> </tr> <tr> <td>Investments capitalised during the year</td> <td></td> <td>1763.52</td> <td>1763.52</td> </tr> <tr> <td>Depreciation during the year</td> <td></td> <td>829.45</td> <td>828.44</td> </tr> <tr> <td>Consumer Contribution addition during the year</td> <td></td> <td>1157.80</td> <td>1157.80</td> </tr> <tr> <td><b>Change in Rate Base</b></td> <td></td> <td>-111.87</td> <td>-111.36</td> </tr> <tr> <td>O&amp;M expenses</td> <td></td> <td>296.68</td> <td>296.68</td> </tr> <tr> <td><b>Working Capital</b></td> <td></td> <td>296.68</td> <td>296.68</td> </tr> <tr> <td><b>Regulated Rate Base for RoCE</b></td> <td></td> <td>5036.58</td> <td>5159.86</td> </tr> </tbody> </table> <p>Table 3.8: ROCE claimed and approved for FY 2023-24 for TGNDPDCL</p> <p style="text-align: center;">Rs.in crore</p> <table border="1" data-bbox="338 849 945 1279"> <thead> <tr> <th>Particulars</th> <th>Approved in MYT Order dated: 29.04.2020</th> <th>Actuals as claimed in APR</th> <th>Approved</th> </tr> </thead> <tbody> <tr> <td>Original Cost of Fixed Assets at the beginning of the year</td> <td></td> <td>9802.59</td> <td>9586.83</td> </tr> <tr> <td>Accumulated Depreciation at the beginning of the year</td> <td></td> <td>4941.35</td> <td>4204.53</td> </tr> <tr> <td>Consumer Contribution at the beginning of the year</td> <td></td> <td>2036.94</td> <td>2619.26</td> </tr> <tr> <td>Grants under UDAY Scheme</td> <td></td> <td></td> <td>332.53</td> </tr> <tr> <td><b>Regulated Rate Base</b></td> <td></td> <td>2624.31</td> <td>2430.52</td> </tr> <tr> <td>Investments capitalised during the year</td> <td></td> <td>552.57</td> <td>552.57</td> </tr> <tr> <td>Depreciation during the year</td> <td></td> <td>356.24</td> <td>355.65</td> </tr> <tr> <td>Consumer Contribution addition during the year</td> <td></td> <td>179.41</td> <td>179.42</td> </tr> <tr> <td><b>Change in Rate Base</b></td> <td></td> <td>8.46</td> <td>8.75</td> </tr> <tr> <td>O&amp;M expenses</td> <td></td> <td>218.79</td> <td>209.68</td> </tr> <tr> <td><b>Working Capital</b></td> <td></td> <td>218.79</td> <td>209.68</td> </tr> <tr> <td><b>Regulated Rate Base for RoCE</b></td> <td></td> <td>2851.55</td> <td>2648.95</td> </tr> </tbody> </table> <p>Additionally, the perusal of Audited Accounts of TGSPDCL and TGNDPDCL indicates that the</p>	Particulars	Approved in MYT Order dated:29.04.2020	Actuals as claimed in APR	Approved	Original Cost of Fixed Assets at the beginning of the year		20432.89	20407.97	Accumulated Depreciation at the beginning of the year		6621.11	5820.55	Consumer Contribution at the beginning of the year		8960.02	8956.40	Grants under UDAY Scheme			656.48	<b>Regulated Rate Base</b>		4851.76	4974.53	Investments capitalised during the year		1763.52	1763.52	Depreciation during the year		829.45	828.44	Consumer Contribution addition during the year		1157.80	1157.80	<b>Change in Rate Base</b>		-111.87	-111.36	O&M expenses		296.68	296.68	<b>Working Capital</b>		296.68	296.68	<b>Regulated Rate Base for RoCE</b>		5036.58	5159.86	Particulars	Approved in MYT Order dated: 29.04.2020	Actuals as claimed in APR	Approved	Original Cost of Fixed Assets at the beginning of the year		9802.59	9586.83	Accumulated Depreciation at the beginning of the year		4941.35	4204.53	Consumer Contribution at the beginning of the year		2036.94	2619.26	Grants under UDAY Scheme			332.53	<b>Regulated Rate Base</b>		2624.31	2430.52	Investments capitalised during the year		552.57	552.57	Depreciation during the year		356.24	355.65	Consumer Contribution addition during the year		179.41	179.42	<b>Change in Rate Base</b>		8.46	8.75	O&M expenses		218.79	209.68	<b>Working Capital</b>		218.79	209.68	<b>Regulated Rate Base for RoCE</b>		2851.55	2648.95	
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	<p>Consumer contribution &amp; Grants amounting to Rs. 1221 Crore and Rs. 302 Crore has been received during the FY 2024-25. Relevant extracts of the Note 3 of the Audited Accounts are reproduced hereunder:</p> <p><b>TGSPDCL</b></p> <table border="1" data-bbox="346 483 997 808"> <thead> <tr> <th colspan="3">3 - RESERVES &amp; SURPLUS</th> </tr> <tr> <th rowspan="2">Particulars</th> <th>As at March 31, 2025</th> <th>As at March 31, 2024</th> </tr> <tr> <th>Rs. in Crore</th> <th>Rs. in Crore</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>a. Consumer Contribution towards capital assets</b></td> </tr> <tr> <td>Opening Balance</td> <td>8,719.68</td> <td>7,562.09</td> </tr> <tr> <td>(+) Current year Receipts</td> <td>1,220.99</td> <td>1,157.59</td> </tr> <tr> <td><b>Closing Balance</b></td> <td><b>9,940.67</b></td> <td><b>8,719.68</b></td> </tr> <tr> <td colspan="3"><b>b. Subsidies towards cost of capital assets</b></td> </tr> <tr> <td>Opening Balance</td> <td>73.40</td> <td>73.40</td> </tr> <tr> <td>(+) Current year Receipts</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Closing Balance</b></td> <td><b>73.40</b></td> <td><b>73.40</b></td> </tr> <tr> <td colspan="3"><b>c. Grants/Donations towards cost of capital assets</b></td> </tr> <tr> <td>Opening Balance</td> <td>1,324.74</td> <td>1,324.53</td> </tr> <tr> <td>(+) Current year Receipts</td> <td>0.13</td> <td>0.21</td> </tr> <tr> <td>(-) Current Year Utilization</td> <td>(0.13)</td> <td>-</td> </tr> <tr> <td><b>Closing Balance</b></td> <td><b>1,324.74</b></td> <td><b>1,324.74</b></td> </tr> <tr> <td><b>Total (Closing balance of a+b+c)</b></td> <td><b>11,338.81</b></td> <td><b>10,117.82</b></td> </tr> </tbody> </table> <p><b>TGNPDCL</b></p> <table border="1" data-bbox="315 873 982 1172"> <thead> <tr> <th colspan="3">Note: 3 - RESERVES AND SURPLUS</th> </tr> <tr> <th rowspan="2">Particulars</th> <th colspan="2">(Rs in Crore)</th> </tr> <tr> <th>As at 31.03.2025</th> <th>As at 31.03.2024</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>A) Capital reserve</b></td> </tr> <tr> <td colspan="3"><b>i) Consumer contributions for service connections</b></td> </tr> <tr> <td>At the beginning of the year</td> <td>1,794.53</td> <td>1,600.98</td> </tr> <tr> <td>Add: Received during the year</td> <td>297.25</td> <td>318.35</td> </tr> <tr> <td>Less: Amortised during the year</td> <td>124.94</td> <td>124.79</td> </tr> <tr> <td><b>At the end of the year</b></td> <td><b>1,966.84</b></td> <td><b>1,794.53</b></td> </tr> <tr> <td colspan="3"><b>ii) Subsidies/Grants towards cost of Capital assets</b></td> </tr> <tr> <td colspan="3"><small>(PHE Urban, INDIRAMMA, DIBG, RGGVY, DDUGJY, JPDS, Sowbaga, STSIDF, ST Habitations, RAPDRP-Part A, and RAHMRP-SCADA Works)</small></td> </tr> <tr> <td>At the beginning of the year</td> <td>421.82</td> <td>435.96</td> </tr> <tr> <td>Add: Received during the year</td> <td>4.63</td> <td>1.78</td> </tr> <tr> <td>Less: Amortised during the year</td> <td>29.62</td> <td>15.92</td> </tr> <tr> <td><b>At the end of the year</b></td> <td><b>396.83</b></td> <td><b>421.82</b></td> </tr> </tbody> </table> <p>The Hon'ble Commission is humbly submitted to kindly consider the Additions to Consumer Contribution and Grants as per the Audited Accounts for the True up of FY 2024-25.</p>	3 - RESERVES & SURPLUS			Particulars	As at March 31, 2025	As at March 31, 2024	Rs. in Crore	Rs. in Crore	<b>a. Consumer Contribution towards capital assets</b>			Opening Balance	8,719.68	7,562.09	(+) Current year Receipts	1,220.99	1,157.59	<b>Closing Balance</b>	<b>9,940.67</b>	<b>8,719.68</b>	<b>b. Subsidies towards cost of capital assets</b>			Opening Balance	73.40	73.40	(+) Current year Receipts	-	-	<b>Closing Balance</b>	<b>73.40</b>	<b>73.40</b>	<b>c. Grants/Donations towards cost of capital assets</b>			Opening Balance	1,324.74	1,324.53	(+) Current year Receipts	0.13	0.21	(-) Current Year Utilization	(0.13)	-	<b>Closing Balance</b>	<b>1,324.74</b>	<b>1,324.74</b>	<b>Total (Closing balance of a+b+c)</b>	<b>11,338.81</b>	<b>10,117.82</b>	Note: 3 - RESERVES AND SURPLUS			Particulars	(Rs in Crore)		As at 31.03.2025	As at 31.03.2024	<b>A) Capital reserve</b>			<b>i) Consumer contributions for service connections</b>			At the beginning of the year	1,794.53	1,600.98	Add: Received during the year	297.25	318.35	Less: Amortised during the year	124.94	124.79	<b>At the end of the year</b>	<b>1,966.84</b>	<b>1,794.53</b>	<b>ii) Subsidies/Grants towards cost of Capital assets</b>			<small>(PHE Urban, INDIRAMMA, DIBG, RGGVY, DDUGJY, JPDS, Sowbaga, STSIDF, ST Habitations, RAPDRP-Part A, and RAHMRP-SCADA Works)</small>			At the beginning of the year	421.82	435.96	Add: Received during the year	4.63	1.78	Less: Amortised during the year	29.62	15.92	<b>At the end of the year</b>	<b>396.83</b>	<b>421.82</b>	
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	<p>Based on the admissible Capitalization during the year (as discussed in the preceding sections) and additions to Consumer Contribution &amp; Grants during the FY 2024-25, the balances of GFA and Consumer Contribution &amp; Grants admissible for the FY 2024-25 are as under:</p> <p><b>Table 5: Summary of admissible GFA and Consumer contribution &amp; Grants for the FY 2024-25</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="348 609 949 898"> <thead> <tr> <th>Particulars</th> <th>TGSPDCL</th> <th>TGNPDCL</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>GFA</b></td> </tr> <tr> <td>Opening as on 01.04.2023 (As per Tariff Order)</td> <td>20407.97</td> <td>9586.83</td> </tr> <tr> <td>Additions during FY 2023-24 (As per Tariff Order)</td> <td>1763.52</td> <td>552.57</td> </tr> <tr> <td><b>Closing as on 31.03.2024</b></td> <td><b>22171.49</b></td> <td><b>10139.4</b></td> </tr> <tr> <td>Additions during FY 2024-25</td> <td>1,314.07</td> <td>666.48</td> </tr> <tr> <td><b>Closing as on 31.03.2025</b></td> <td><b>23,485.56</b></td> <td><b>10,805.88</b></td> </tr> <tr> <td colspan="3"><b>Consumer contribution and grants</b></td> </tr> <tr> <td>Opening as on 01.04.2023 (As per Tariff Order)</td> <td>9612.88</td> <td>2951.79</td> </tr> <tr> <td>Additions during FY 2023-24 (As per Tariff Order)</td> <td>1157.8</td> <td>179.42</td> </tr> <tr> <td><b>Closing as on 31.03.2024</b></td> <td><b>10770.68</b></td> <td><b>3131.21</b></td> </tr> <tr> <td>Additions during FY 2024-25</td> <td>1,221.12</td> <td>301.88</td> </tr> <tr> <td><b>Closing as on 31.03.2025</b></td> <td><b>11,991.80</b></td> <td><b>3,433.09</b></td> </tr> </tbody> </table> <p>In the absence of scheme wise details on capitalization which include the funding pattern as well, the Objector argues that for the projection purposes (FY 2026-27), the additions to the Consumer contribution during FY 2026-27 must be considered in the same ratio as was actually received during the FY 2024-25.</p> <p>Based on the Petitioner's submission that depreciation in the Audited Accounts is computed as</p>	Particulars	TGSPDCL	TGNPDCL	<b>GFA</b>			Opening as on 01.04.2023 (As per Tariff Order)	20407.97	9586.83	Additions during FY 2023-24 (As per Tariff Order)	1763.52	552.57	<b>Closing as on 31.03.2024</b>	<b>22171.49</b>	<b>10139.4</b>	Additions during FY 2024-25	1,314.07	666.48	<b>Closing as on 31.03.2025</b>	<b>23,485.56</b>	<b>10,805.88</b>	<b>Consumer contribution and grants</b>			Opening as on 01.04.2023 (As per Tariff Order)	9612.88	2951.79	Additions during FY 2023-24 (As per Tariff Order)	1157.8	179.42	<b>Closing as on 31.03.2024</b>	<b>10770.68</b>	<b>3131.21</b>	Additions during FY 2024-25	1,221.12	301.88	<b>Closing as on 31.03.2025</b>	<b>11,991.80</b>	<b>3,433.09</b>	
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	<p>per CERC Regulations, whereas depreciation claimed for tariff purposes is as per the Tariff Regulations, the Objector has derived the weighted average depreciation rate by dividing the depreciation claimed by the average of the opening and closing Gross Fixed Asset (GFA) balances as per the Audited Accounts. Accordingly, the weighted average rates work out to 3.52% for TGSPDCL and 3.91% for TGNPDCL, respectively.</p> <p>Based on the admissible Capitalization and additions to the consumer contribution &amp; grants for the FY 2024-25 and FY 2026-27 as discussed in the preceding sections, the allowable depreciation works out as under:</p> <p style="text-align: center;"><b>Table 6: Allowable Depreciation as per Objector's assessment for the FY 2024-25 and FY 2026-27</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="321 1003 993 1258"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Opening GFA</td> <td>22,171.49</td> <td></td> <td>10,139.40</td> <td></td> </tr> <tr> <td>Less: fully depreciated assets</td> <td>562.07</td> <td></td> <td>-</td> <td></td> </tr> <tr> <td>Less: Consumer contribution &amp; grants</td> <td>10,770.68</td> <td></td> <td>3,131.21</td> <td></td> </tr> <tr> <td>Net Opening GFA</td> <td>10,838.74</td> <td>11,504.51</td> <td>7,008.19</td> <td>7,956.27</td> </tr> <tr> <td>Net Additions to GFA during the year</td> <td>92.95</td> <td>616.64</td> <td>364.60</td> <td>623.04</td> </tr> <tr> <td>Closing GFA</td> <td>10,931.69</td> <td>12,121.15</td> <td>7,372.79</td> <td>8,579.32</td> </tr> <tr> <td>Weighted average rate of depreciation</td> <td>3.52%</td> <td>3.52%</td> <td>3.91%</td> <td>3.91%</td> </tr> <tr> <td><b>Depreciation</b></td> <td><b>383.00</b></td> <td><b>415.64</b></td> <td><b>280.83</b></td> <td><b>322.91</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Opening GFA	22,171.49		10,139.40		Less: fully depreciated assets	562.07		-		Less: Consumer contribution & grants	10,770.68		3,131.21		Net Opening GFA	10,838.74	11,504.51	7,008.19	7,956.27	Net Additions to GFA during the year	92.95	616.64	364.60	623.04	Closing GFA	10,931.69	12,121.15	7,372.79	8,579.32	Weighted average rate of depreciation	3.52%	3.52%	3.91%	3.91%	<b>Depreciation</b>	<b>383.00</b>	<b>415.64</b>	<b>280.83</b>	<b>322.91</b>	
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4.	<p><b>Interest on Loan:</b></p> <p>TGSPDCL has claimed Interest on Loan to the tune of Rs. 534 Crore and Rs. 934 Crore for the FY 2024-25</p>	<p>TGSPDCL submit that the Interest on Loan has been computed strictly as per Regulation No. 2 of 2023, applying the normative 75:25 debt–equity ratio to the asset base, consistent with the</p>																																																	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>and FY 2026-27 respectively. Likewise, TGNPDCL has claimed Interest on Loan to the tune of Rs. 328 Crore and Rs. 400 Crore for the FY 2024-25 and FY 2026-27 respectively.</p> <p>The Objector submits that the treatment of Interest Expense and Return on Equity has materially changed from FY 2024-25 onwards pursuant to the revised Regulations, which provide for allowance of Return on Equity and Interest on Loan in place of the earlier framework of Return on Capital Employed. This regulatory shift has correspondingly altered the methodology for computing Interest on Loan and Return on Equity. While the Objector is broadly aligned with the Petitioner's approach in principle, the key issue that remains pertains to the determination of the opening balances of Loan and Equity, which must be established strictly in accordance with regulatory provisions and principles of financial prudence.</p> <p>To arrive at the Opening balance of Normative loan, the reference is drawn to the Tariff order for FY 2025-26 wherein the Hon'ble Commission while determining the Interest on Loan observed as follows:</p> <p>"3.22.11 The Commission has determined the opening</p>	<p>methodology adopted by the Hon'ble Commission. The treatment of loan opening balances, loan additions, and repayment equivalent to depreciation has been done in line framework prescribed in the Regulations.</p> <p>The suggestion that accumulated depreciation should be applied at 100% for normative loan repayment does not align with the normative capital structure stipulated by the Regulations, which requires debt and equity to be maintained in the 75:25 ratio for all regulatory computations, including loan additions and repayment. With respect to consumer contribution and grants, TSNPDCL have already provided audited figures, consumer contribution part in GFA and scheme-wise segregation is submitted to the Hon'ble Commission as part of the prudence. Depreciation and loan computations exclude the grant-funded/consumer contribution portion of assets, fully complying with Regulation 26. In view of the above, TSNPDCL requests the Hon'ble Commission to approve Interest on loan as per the filings made by the Hon'ble Commission.</p>

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	<p>loan base for FY2024-25 by taking the approved Gross Fixed Assets (GFA) as on 01.04.2024 adjusted for accumulated depreciation, consumer contributions, and grants and apportioning it based on a debt-equity ratio of 75:25. Additionally, in accordance with Clause 27.1 of Regulation No. 2 of 2023, the Commission has applied the same 75:25 debt-equity ratio to the approved capitalisation during the year, net of consumer contributions and grants, to calculate the loan addition for FY 2025-26.”</p> <p>However, the claim made by the petitioner (TGSPDCL) towards Opening balance of Normative Loan is shown as under:</p> <p><b>Table 7: Summary of TGSPDCL’s claim of Opening balance of Loan for the FY 2024-25</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="323 963 926 1138"> <thead> <tr> <th>Particulars</th> <th>2024-25</th> </tr> </thead> <tbody> <tr> <td>GFA as on 31.03.2024</td> <td>22196</td> </tr> <tr> <td>Consumer Contribution</td> <td>7600</td> </tr> <tr> <td>GFA excluding CC</td> <td>14596</td> </tr> <tr> <td>Loan = 75% of GFA excl. CC</td> <td>10947</td> </tr> <tr> <td>Accumulated Dep excl. CC</td> <td>7201</td> </tr> <tr> <td>Accumulated Depreciation excluding Consumer contribution 75%</td> <td>5401</td> </tr> <tr> <td><b>Opening Balance</b></td> <td><b>5546</b></td> </tr> </tbody> </table> <p>With reference to GFA and Consumer Contribution &amp; Grants in respect of determination of Opening balance of Loan, the Objector submits that the same may be considered in line with the discussions in the preceding section. However, the Petitioner has not</p>	Particulars	2024-25	GFA as on 31.03.2024	22196	Consumer Contribution	7600	GFA excluding CC	14596	Loan = 75% of GFA excl. CC	10947	Accumulated Dep excl. CC	7201	Accumulated Depreciation excluding Consumer contribution 75%	5401	<b>Opening Balance</b>	<b>5546</b>	
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	<p>provided any justification for applying 75% to Accumulated Depreciation (excluding Consumer Contribution) while deducting it from the Loan (i.e., 75% of GFA less CC). The Objector submits that Accumulated Depreciation (excluding CC) is fully available for loan repayment, and therefore, the application of only 75% thereto lacks regulatory and financial rationale. Further, the Tariff Regulations explicitly stipulate that repayment shall be equivalent to depreciation, rendering the application of a 75% factor unwarranted.</p> <p>Additionally, the Petitioner has not furnished the break-up of Consumer Contribution &amp; Grants forming part of Accumulated Depreciation. In the absence of such details, the Objector proposes that the contribution of Consumer Contribution &amp; Grants to Accumulated Depreciation be considered in proportion to the ratio of total Consumer Contribution as on 01.04.2024 to total GFA as on 01.04.2024, ensuring consistency and prudence in computation.</p> <p>In view of the above, the revised Opening Balance of Loan for TGSPDCL (as on 01.04.2024), as worked out by the Objector in accordance with regulatory</p>	

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	<p>principles and financial prudence, is set out below:</p> <p style="text-align: center;"><b>Table 8: Summary of Opening balance of Loan for TGSPDCL for the FY 2024-25</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 331 997 524"> <thead> <tr> <th>Particulars</th> <th>As claimed by the Petitioner</th> <th>As per Objector's assessment</th> </tr> </thead> <tbody> <tr> <td>GFA as on 31.03.2024 [A]</td> <td>22,196.00</td> <td>22,171.49</td> </tr> <tr> <td>Consumer Contribution [B]</td> <td>7,599.84</td> <td>10,770.68</td> </tr> <tr> <td>GFA excluding CC [C = A-B]</td> <td>14,596.16</td> <td>11,400.81</td> </tr> <tr> <td>Loan = 75% of GFA excl. CC [D = C x 75%]</td> <td>10,947.12</td> <td>8,550.61</td> </tr> <tr> <td>Accumulated Dep excl. CC [E]</td> <td>7,201.08</td> <td>5,786.25</td> </tr> <tr> <td>Accumulated Depreciation excluding Consumer contribution 75% [E x 75%]</td> <td>5,400.81</td> <td>NA</td> </tr> <tr> <td><b>Opening Balance of Normative Loan</b></td> <td><b>5,546.31</b></td> <td><b>2,764.36</b></td> </tr> </tbody> </table> <p>Notably, the TGNPDCL has not furnished the details of computation of opening normative loan hence, it is humbly submitted that the above methodology be adopted in that case as well.</p> <p>39. Based on the above discussions, the allowable Interest on Loan for both discoms for the FY 2024-25 and FY 2026-27 as per Objector's assessment is shown as below:</p> <p style="text-align: center;"><b>Table 9: Summary of admissible Interest on Loan for the FY 2024-25 and FY 2026-27</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 993 997 1200"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Opening balance of normative loan</td> <td>2,764.36</td> <td>2,485.97</td> <td>1,594.53</td> <td>1,725.42</td> </tr> <tr> <td>Additions: 75% of the Capitalization (less CC)</td> <td>69.71</td> <td>462.48</td> <td>273.45</td> <td>467.28</td> </tr> <tr> <td>Repayment (depreciation)</td> <td>383.00</td> <td>415.64</td> <td>280.83</td> <td>322.91</td> </tr> <tr> <td>Closing balance of normative loan</td> <td>2,451.07</td> <td>2,532.81</td> <td>1,587.15</td> <td>1,869.79</td> </tr> <tr> <td>Average balance of normative loan</td> <td>2,607.71</td> <td>2,509.39</td> <td>1,590.84</td> <td>1,797.61</td> </tr> <tr> <td>Weighted average rate of interest</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> </tr> <tr> <td><b>Interest on Loan</b></td> <td><b>250.38</b></td> <td><b>240.94</b></td> <td><b>163.23</b></td> <td><b>184.44</b></td> </tr> </tbody> </table>	Particulars	As claimed by the Petitioner	As per Objector's assessment	GFA as on 31.03.2024 [A]	22,196.00	22,171.49	Consumer Contribution [B]	7,599.84	10,770.68	GFA excluding CC [C = A-B]	14,596.16	11,400.81	Loan = 75% of GFA excl. CC [D = C x 75%]	10,947.12	8,550.61	Accumulated Dep excl. CC [E]	7,201.08	5,786.25	Accumulated Depreciation excluding Consumer contribution 75% [E x 75%]	5,400.81	NA	<b>Opening Balance of Normative Loan</b>	<b>5,546.31</b>	<b>2,764.36</b>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Opening balance of normative loan	2,764.36	2,485.97	1,594.53	1,725.42	Additions: 75% of the Capitalization (less CC)	69.71	462.48	273.45	467.28	Repayment (depreciation)	383.00	415.64	280.83	322.91	Closing balance of normative loan	2,451.07	2,532.81	1,587.15	1,869.79	Average balance of normative loan	2,607.71	2,509.39	1,590.84	1,797.61	Weighted average rate of interest	0.10	0.10	0.10	0.10	<b>Interest on Loan</b>	<b>250.38</b>	<b>240.94</b>	<b>163.23</b>	<b>184.44</b>	
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5.	<p><b>Return on Equity</b></p> <p>TGSPDCL has claimed Return on Equity to the tune of Rs. 302 Crore and Rs. 482 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL</p>	<p>TGSPDCL submit that Return on Equity has been computed strictly as per Regulation No. 2 of 2023, applying the normative 75:25 debt–equity ratio to the asset base, in line with the methodology adopted by the Hon'ble Commission. The RoE rate</p>																																																																				

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	<p>has claimed Return on Equity to the tune of Rs. 177 Crore and Rs. 245 Crore for the FY 2024-25 and FY 2026-27 respectively.</p> <p>It is also worth mentioning that the Petitioners have claimed RoE at a rate of 16% for the FY 2024-25 and FY 2026-27 wherein Licensees have sought an additional 2% (towards compliance of SOP) over the base rate of 14%.</p> <p>Opening balance of Equity</p> <p>As discussed in the preceding section, the treatment of Interest Expense and Return on Equity has materially changed from FY 2024-25 onwards pursuant to the revised Regulations, which provide for allowance of Return on Equity and Interest on Loan in place of the earlier framework of Return on Capital Employed. Further, the Objector argues that the opening balances of Equity must be established strictly in accordance with regulatory provisions and principles of financial prudence.</p> <p>To arrive at the Opening balance of Equity, the reference is drawn to the Tariff order for FY 2025-26 wherein the Hon'ble Commission while determining the Return on Equity observed as follows:</p>	<p>of 14% + 2% SOP incentive, as permitted under the Regulations, has been applied uniformly.</p> <p>The computation of opening equity, equity additions, and exclusion of consumer-contribution/grant-funded assets has been carried out, consistent with the framework. The objector's presumption of misalignment is therefore not correct.</p> <p>Where consumer contribution and grants form part of asset funding, such portions are excluded from the equity base.</p> <p>We request the Hon'ble Commission to approve the rate of 16% for calculation of Return on Equity as per the filing made by TGSPDCL</p>

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	<p>“3.21.15 The Commission has determined the opening equity base for FY2024-25 by taking the approved Gross Fixed Assets (GFA) as on 01.04.2024, and adjusted for accumulated depreciation, consumer contributions, and grants based on normative debt-equity ratio of 75:25. Furthermore, in accordance with Clause 27.1 of Regulation No. 2 of 2023, the Commission has applied the same 75:25 debt-equity ratio to the approved capitalisation, net of consumer contributions and grants to calculate the equity addition for each year of the Control Period.”</p> <p>7However, the claim made by the petitioner (TGSPDCL) towards Opening balance of Equity (as on 01.04.2024) is shown as under:</p> <p><b>Table 10: Summary of TGSPDCL’s claim of Opening balance of Equity for the FY 2024-25</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="331 1057 961 1255"> <thead> <tr> <th>Particulars</th> <th>FY 2023-24</th> </tr> </thead> <tbody> <tr> <td>Total GFA as on 31.03.2023</td> <td>22196</td> </tr> <tr> <td>Consumer Contribution assets in GFA as on 31.03.2023</td> <td>7599.84</td> </tr> <tr> <td>Fixed Assets post removal of CC as on 31.03.2023</td> <td>14596</td> </tr> <tr> <td>Total Accumulated Depreciation as on 31.03.2023</td> <td>11252.69</td> </tr> <tr> <td>Contribution of CC in Accumulated Depreciation</td> <td>4051.61</td> </tr> <tr> <td>Accumulated Depreciation post removal of Dep due to CC</td> <td>7201</td> </tr> <tr> <td>Balance Assets after deduction of accumulated Depreciation</td> <td>7395</td> </tr> <tr> <td><b>Balance Assets Equity Portion (25%)</b></td> <td><b>1849</b></td> </tr> </tbody> </table> <p>With reference to GFA and Consumer Contribution &amp; Grants in respect of RoE, the Objector submits that the same may be considered in line with the</p>	Particulars	FY 2023-24	Total GFA as on 31.03.2023	22196	Consumer Contribution assets in GFA as on 31.03.2023	7599.84	Fixed Assets post removal of CC as on 31.03.2023	14596	Total Accumulated Depreciation as on 31.03.2023	11252.69	Contribution of CC in Accumulated Depreciation	4051.61	Accumulated Depreciation post removal of Dep due to CC	7201	Balance Assets after deduction of accumulated Depreciation	7395	<b>Balance Assets Equity Portion (25%)</b>	<b>1849</b>	
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S.No.	Summary of Objections / Suggestions	Response of the Licensee																											
	<p>discussions in the preceding section. Further, in the absence of break-up of Consumer Contribution &amp; Grants forming part of Accumulated Depreciation, the Objector proposes that the contribution of Consumer Contribution &amp; Grants to Accumulated Depreciation be considered in proportion to the ratio of total Consumer Contribution as on 01.04.2024 to total GFA as on 01.04.2024, ensuring consistency and prudence in computation.</p> <p>Based on the above, the admissible Opening Equity for TGSPDCL (as on 01.04.2024) as per the Objector's assessment is as under:</p> <p style="text-align: center;"><b>Table 11: Summary of admissible Opening balance of Equity for TGSPDCL for the FY 2024-25</b></p> <p style="text-align: center;"><i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="317 917 997 1149"> <thead> <tr> <th>Particulars</th> <th>As claimed by the Petitioner</th> <th>As per Objector's assessment</th> </tr> </thead> <tbody> <tr> <td>Total GFA as on 31.03.2023</td> <td>22,196.00</td> <td>22,171.49</td> </tr> <tr> <td>Consumer Contribution assets in GFA as on 31.03.2023</td> <td>7,599.84</td> <td>10,770.68</td> </tr> <tr> <td>Fixed Assets post removal of CC as on 31.03.2023</td> <td>14,596.16</td> <td>11,400.81</td> </tr> <tr> <td>Total Accumulated Depreciation as on 31.03.2023</td> <td>11,252.69</td> <td>11,252.69</td> </tr> <tr> <td>Contribution of CC in Accumulated Depreciation</td> <td>4,051.61</td> <td>5,466.44</td> </tr> <tr> <td>Accumulated Depreciation post removal of Dep due to CC</td> <td>7,201.08</td> <td>5,786.25</td> </tr> <tr> <td>Balance Assets after deduction of accumulated Depreciation</td> <td>7,395.08</td> <td>5,614.56</td> </tr> <tr> <td><b>Balance Assets Equity Portion (25%)</b></td> <td><b>1,848.77</b></td> <td><b>1,403.64</b></td> </tr> </tbody> </table> <p>Notably, the TGNPDCL has not furnished the details of computation of opening Equity hence, it is humbly submitted that the above methodology be adopted in that case as well.</p>	Particulars	As claimed by the Petitioner	As per Objector's assessment	Total GFA as on 31.03.2023	22,196.00	22,171.49	Consumer Contribution assets in GFA as on 31.03.2023	7,599.84	10,770.68	Fixed Assets post removal of CC as on 31.03.2023	14,596.16	11,400.81	Total Accumulated Depreciation as on 31.03.2023	11,252.69	11,252.69	Contribution of CC in Accumulated Depreciation	4,051.61	5,466.44	Accumulated Depreciation post removal of Dep due to CC	7,201.08	5,786.25	Balance Assets after deduction of accumulated Depreciation	7,395.08	5,614.56	<b>Balance Assets Equity Portion (25%)</b>	<b>1,848.77</b>	<b>1,403.64</b>	
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6.	<b>Rate of Return on Equity</b>	While there was a delay in filing ARR and tariff proposals, it was																											

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>The Petitioners have argued that the Rate of RoE has been claimed based on the base rate and incentive specified in the Tariff Regulations. However, Regulation 29 of the Tariff Regulations provide as under:</p> <p>“29 Return on Equity</p> <p>29.1 Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with clause 27.</p> <p>29.2 Return on Equity shall be computed at the following base rates:</p> <p>(a) Thermal generating stations: 15.50%;</p> <p>(b) Run of river hydro generating stations: 15.50%;</p> <p>(c) Storage type hydro generating stations including pumped storage hydro generating storage and run of rover hydro generating station with pondage: 16.50%;</p> <p>.....</p> <p>(d) Transmission licensee: 14%;</p> <p>(e) Distribution licensee: Base Return on Equity of 14% and additional Return on Equity up to 2% linked to Licensee’s performance towards meeting standards of performance:</p> <p>Provided that the Commission at the time of true-up</p>	<p>due to complexities in data segregation and compliance with new MYT formats. The delay was not intentional and occurred during the transition to the 5th Control Period.We request the Commission to consider this context and allow the RoE as claimed, as the delay did not impact consumer service delivery.</p> <p>Further, TGSPDCL has claimed a RoE of 16% based on Regulation 29.2(e), which permits a base RoE of 14% with an additional incentive of up to 2% linked to compliance with the Standards of Performance (SoP).</p> <p>The additional Return on Equity (RoE) claimed reflects our sustained efforts toward improving service quality and operational efficiency. We request the Hon’ble Commission to approve the rate of 16% for calculation of Return on Equity as pe the filing made by TGSPDCL</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>shall allow the additional Return on Equity up to 2% based on Licensee meeting the summary of overall performance standards as specified in Clause 1.11 of Schedule III of TSERC (Licensees' Standards of Performance) Regulations, 2016;</p> <p>(f) SLDC: 14%.</p> <p>Provided that in case of delay in submission of tariff/true-up filings by the generating entity or licensee or SLDC, as required under this Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof.”</p> <p>In view of the above, the Petitioner is required to adhere to the timelines prescribed under the Tariff Regulations, failing which a reduction in the RoE is attracted as a penalty. The Hon'ble Commission, while approving the MYT Order for FY 2024–29, has already invoked this proviso, the relevant extracts of which are reproduced below:</p> <p>“4.6.8 Rate of RoE: As per timelines specified in Regulation No.2 of 2023,</p> <p>TGDISCOMs had to file the petitions by 31.01.2024. However, TGDISCOMs have filed the petitions with delay and filed their respective petitions on</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>12.07.2024 (TGSPDCL) and 20.07.2024 (TGNPDCL) with a delay of 163 days for TGSPDCL and delay of 171 days for TGNPDCL. As per clause 29.2 of Regulation No.2 of 2023, in case the petitioner delays in filing the petition, there is provision for reduction in rate of Return on Equity by 0.5% per month or part thereof. Hence, the rate of RoE has to be reduced by 3.00% for all the years of 5th control period. Duly considering the advice given by the members during SAC meeting held on 05.10.2024 and since it is a first filing as per MYT Regulation No.2 of 2023, the Commission has taken a lenient view and restricted reduction of rate of RoE only for the first year of 5th control period i.e., FY 2024-25.</p> <p>4.6.9 Thus, the Commission considered net allowable rate of RoE as 11.00% for first year of 5th control period and for subsequent four years of 5th control period rate of RoE is considered as 14%.”</p> <p>In the present Petition, the Petitioner has sought relaxation of the Rate of RoE approved under the MYT Order and has claimed recovery of the base rate of RoE through the True-Up for FY 2024–25. By seeking a change in the RoE at the stage of True-Up,</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>the Petitioner is effectively attempting to reopen and modify the Tariff Order, which is impermissible in law. Once the Commission determines the norms and parameters in a Tariff Order, the same attain finality and cannot be altered except where the Regulations themselves expressly permit such variation.</p> <p>It is well settled through a catena of judgments of the Hon'ble APTEL that the True-Up mechanism is only meant to reconcile approved estimates with actuals based on the already approved norms and cannot be used to revise, substitute, or re-determine the tariff parameters. The scope of True-Up is limited to adjustment within the framework of the Tariff Order and not to re-write the tariff itself.</p> <p>Therefore, permitting relaxation in the Rate of RoE at the True-Up stage would not only amount to modification of the Tariff Order, but would also dilute the intent of the Tariff Regulations, which link RoE to regulatory discipline, including adherence to prescribed timelines. Any such relaxation would undermine regulatory certainty and defeat the very objective of incentivising compliance by the utility.</p> <p>Furthermore, the Licensees have also claimed an</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>incentive of 2% over the base rate of RoE citing compliance to TSERC (Licensees' Standards of Performance) Regulations, 2016 and have submitted the compliance report to the Hon'ble Commission through separate communications.</p> <p>At the outset, the Objector submits that compliance with SOP and the associated incentive framework is an integral part of the Tariff Regulations and cannot be presumed or admitted merely on assertion. The Licensees are obligated to place on record verifiable data and documentary evidence substantiating such compliance. A bald statement of compliance does not confer eligibility for incentive and must withstand the test of regulatory scrutiny and public examination. Further, the Objector questions the quality and robustness of the compliance being reported to the Hon'ble Commission. It is imperative to examine whether the underlying data is systematically monitored, audited, and governed by clearly defined reporting guidelines. In the absence of any critical and objective evaluation of distribution performance beyond mere statistics, the claim for incentive lacks merit.</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Without prejudice to the above, the Objector submits that the Licensees cannot, in law or equity, simultaneously suffer penalties and seek incentives on the very same regulatory obligations. Where the Hon'ble Commission has already taken cognizance of non-compliance by imposing penalties for delayed filings, the Licensees are estopped from claiming incentive for alleged SOP compliance in the same regulatory regime. Penalty and incentive are mutually exclusive consequences attached to performance standards under the Regulations, and permitting both to coexist for the same period and parameter would be arbitrary, inconsistent with regulatory discipline.</p> <p>56. Further, the proviso to the Tariff Regulations expressly confines the admissibility of the 2% incentive claim to the stage of True-Up. Such proviso cannot be extended or imported into tariff determination proceedings for FY 2026-27. Accordingly, the Petitioner's claim of 2% incentive for FY 2026-27 is premature and does not merit admission under the Tariff Regulations at this stage.</p> <p>Based on the above arguments, it is humbly submitted that the Rate of RoE should be approved at</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																												
	<p>11.0% for the FY 2024-25. The allowable Return on Equity for both discoms for the FY 2024-25 and FY 2026-27 as per Objector’s assessment is shown as below:</p> <p style="text-align: center;"><b>Table 12: Summary of admissible Return on Equity for the FY 2024-25 and FY 2026-27</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="310 500 1003 678"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Opening Equity</td> <td>1,403.64</td> <td>1,570.08</td> <td>836.65</td> <td>1,073.67</td> </tr> <tr> <td>Additions during the year</td> <td>23.24</td> <td>154.16</td> <td>91.15</td> <td>155.76</td> </tr> <tr> <td>Closing Equity</td> <td>1,426.88</td> <td>1,724.24</td> <td>927.80</td> <td>1,229.43</td> </tr> <tr> <td>Average Equity</td> <td>1,415.26</td> <td>1,647.16</td> <td>882.22</td> <td>1,151.55</td> </tr> <tr> <td>Rate of RoE</td> <td>11%</td> <td>14%</td> <td>0.11</td> <td>0.14</td> </tr> <tr> <td>Tax Rate</td> <td>0%</td> <td>0%</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Return on Equity</b></td> <td><b>155.68</b></td> <td><b>230.60</b></td> <td><b>97.04</b></td> <td><b>161.22</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Opening Equity	1,403.64	1,570.08	836.65	1,073.67	Additions during the year	23.24	154.16	91.15	155.76	Closing Equity	1,426.88	1,724.24	927.80	1,229.43	Average Equity	1,415.26	1,647.16	882.22	1,151.55	Rate of RoE	11%	14%	0.11	0.14	Tax Rate	0%	0%	-	-	<b>Return on Equity</b>	<b>155.68</b>	<b>230.60</b>	<b>97.04</b>	<b>161.22</b>	
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7.	<p><b>Operations and Maintenance Expenses</b></p> <p>TGSPDCL has claimed Operations and Maintenance Expenses (O&amp;M Expenses) to the tune of Rs. 4025 Crore and Rs. 4524 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed O&amp;M Expenses to the tune of Rs. 2783 Crore and Rs. 3130 Crore for the FY 2024-25 and FY 2026-27 respectively.</p> <p>At the outset, it is submitted that the Petitioners have claimed O&amp;M Expenses for the True-up year based purely on actuals from Audited Accounts, rather than adopting the normative framework mandated under the Tariff Regulations. It is further submitted that the O&amp;M Expenses claimed by TGNPDCL appear</p>	<p>It is to submit that, there is an increase of Rs. 449.06 crores in the employee expenses compared with the expenses approved in the wheeling tariff order by the Hon’ble Commission (actual expenses vis-à-vis approved in tariff order i.e., Rs. 3611.43 crores vis-à-vis Rs. 3162.37 crores) is due to massive retirements (there was pause in retirements due to increasing the retirement age from 58 to 61 years by the GoTG) and the TGSPDCL has undertaken actuarial valuation towards pension and gratuity provision and final EL encashment obligations in respect of Employees who have retired due to superannuation. Further, it is to submit that, the increase in the employee cost due to new recruitment in various cadres and the impact of</p>																																												

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>disproportionately high, particularly when compared with TGSPDCL, despite TGNPDCL owning only about half the asset base and handling nearly one-third of the energy sales of TGSPDCL. In this background, the Hon'ble Commission is respectfully urged to undertake a robust benchmarking exercise for O&amp;M Expenses, duly factoring employee deployment across key functions such as consumer services, substation operations, and asset management, and aligning the allowance with prudent utility practices and efficiency norms rather than untested actuals.</p> <p>TGSPDCL has attributed the increase in O&amp;M primarily to escalation in Employee Expenses, A&amp;G Expenses, and R&amp;M Expenses. It is stated that Employee Cost has risen by about Rs. 239 crore on account of DA increase, Rs. 160 crore towards enhanced employer contribution to Provident Fund based on actuarial valuation, and Rs. 45.22 crore towards Employee Medical Reimbursement. While these figures are asserted, the Petitioner has not demonstrated the prudence, necessity, or efficiency of such escalations, nor established that the same are unavoidable and in line with regulatory</p>	<p>yearly increments of the employees during the year.</p> <p>Hence, the Licensee humbly requests the Hon'ble commission to allow the Actual Expenditure incurred towards O&amp;M expenses as per audited annual accounts of FY 2024-25. Further, we also requests the Hon'ble Commission to approve the projected O&amp;M expenses as per the filings.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>benchmarks.</p> <p>Further, the Petitioner submits a marginal increase in Repairs &amp; Maintenance Expenses, citing regular maintenance of UG cable networks (Rs. 11.42 crore) and expenditure of about Rs. 5.08 crore towards substation maintenance and allied civil works. The Objector submits that such increases, though presented as routine, require proper justification, benchmarking, and demonstration of efficiency gains, and cannot be admitted merely on the basis of narration.</p> <p>It goes without saying that the Objector argues that the O&amp;M Expenses have been claimed in complete violation of the Regulation 81 of the Tariff Regulations 2023, relevant extracts of which are reproduced as below:</p> <p>“81.1 The O&amp;M expenses for distribution licensee shall comprise of:</p> <ul style="list-style-type: none"> <li>• Employee cost including unfunded past liabilities of pension and gratuity;</li> <li>• Repairs and Maintenance (R&amp;M) expenses; and</li> <li>• Administrative and Generation (A&amp;G) expenses.</li> </ul> <p>81.2 The O&amp;M expenses for distribution licensee for</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>each year of the Control Period shall be approved based on the formula shown below:</p> $O\&M_n = EMP_n + R\&M_n + A\&G_n$ <p>Where,</p> <ul style="list-style-type: none"> <li>• O&amp;M<sub>n</sub> – Operation and Maintenance expense for the nth year;</li> <li>• EMP<sub>n</sub> – Employee Costs for the nth year;</li> <li>• R&amp;M<sub>n</sub> – Repair and Maintenance Costs for the nth year;</li> <li>• A&amp;G<sub>n</sub> – Administrative and General Costs for the nth year;</li> </ul> <p>81.3 The above components shall be computed in the manner specified below:</p> $EMP_n = (EMP_{n-1}) \times (\text{CPI Inflation});$ $R\&M_n = K \times (GF_n) \times (\text{WPI Inflation}) \text{ and}$ $A\&G_n = (A\&G_{n-1}) \times (\text{WPI Inflation})$ <p>Provided that the employee cost and A&amp;G expenses for the first year of the Control Period shall be worked out considering the average of the trued-up expenses after adding/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</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>escalating the same for 3 years with CPI Inflation for employee costs and WPI Inflation for A&amp;G expenses.”</p> <p>Based on the above, the employee costs and administrative (A&amp;G) expenses for the first year of the new Control Period are to be computed based on the average of the Trued up costs from the previous period, adjusted for efficiency gains or losses. Any unusual or abnormal expenses need to be excluded by the Commission.</p> <p>Against this methodology, the Hon’ble Commission in the MYT order observed as follows:</p> <p>“Employee Expenses  .....</p> <p>4.4.13 The Commission has scrutinized the trued-up expenses and observed that there is no abnormal expense in the preceding Control Period. In accordance to proviso of Clause 81.3 of Regulation No. 2 of 2023, the Commission has recomputed the Employee Expenses for FY2024-25, by considering the average of trued-up expenses after adding/deducting the share of efficiency gains/losses, for the immediately preceding Control Period till FY2022-23 and approved values for FY2023-24. The</p>	

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	<p>average employee expenses have been duly escalated thrice with average CPI inflation factor of last 5 financial years (FY2019-20 to FY2023-24) to arrive at Employee expenses for FY2024-25. As the employee expenses have been arrived by considering the average of employee expenses of last five years, the Commission has considered the average CPI Inflation factor of last 5 financial years.</p> <p>4.4.14 The Employee Expenses of each financial year for FY2025-26 to FY2028-29 is computed by escalating the above derived value of Employee expenses by average CPI inflation factor (5.79%) of last 5 financial years (FY2019-20 to FY2023-24). The Employee Expenses approved by the Commission for the period FY2024-25 to FY2028-29 are as shown below:</p> <p>A&amp;G Expenses</p> <p>4.4.15 The Commission has recomputed the A&amp;G Expenses for FY2024-25, by considering the average of trued-up A&amp;G expenses after adding/deducting the share of efficiency gains/losses, for the immediately preceding Control Period till FY2022-23 and approved values for FY2023-24. The average A&amp;G expenses</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>have been duly escalated thrice with average WPI inflation factor of last 5 financial years (FY2019-20 to FY2023-24) to arrive at A&amp;G expenses for FY2024-25. As the A&amp;G expenses have been arrived by considering the average of A&amp;G expenses of last five years, the Commission has considered the average WPI Inflation factor of last 5 financial years. The A&amp;G Expenses of each financial year for FY2025-26 to FY2028-29 is computed by escalating the above derived value of A&amp;G expenses by average WPI inflation factor (4.93%) of last 5 financial years (FY2019-20 to FY2023-24). The A&amp;G Expenses approved by the Commission for the period FY2024-25 to FY2028-29 are as shown below</p> <p>4.4.16 With regard to R&amp;M Expenses, the Commission has computed the 'k' factor based on the approved R&amp;M Expenses as the percentage of opening GFA (approved) at beginning of each year of the 4th Control Period. The normative R&amp;M Expenses of each financial year for the period FY2024-25 to FY2028-29 is computed by multiplying the opening GFA, with 'k' factor derived above and average WPI inflation factor of last 5 financial years which is being</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>escalated for each year of the period FY2024-25 to FY2028-29.”</p> <p>From the above, it is abundantly clear that the Hon’ble Commission has determined the normative O&amp;M Expenses with due regard to the Tariff Regulations. The Petitioner’s claim seeking variation in O&amp;M Expenses is do not pass the test of Regulation 81. The petitioner has failed to demonstrate as to how the variation is admissible beyond the normative level of expense. The variation sought by the Petitioner is based on variation in routine expenditure items and are not extraordinary items warranting intervention of the Hon’ble Commission.</p> <p>It is worth noting that the Hon’ble Commission in the past orders has approved the O&amp;M Expenses on normative basis at the time of True up. In view of the set precedence for O&amp;M Expenses admission, the Hon’ble Commission is sincerely submitted to approve the O&amp;M Expenses for the True up of FY 2024-25 on normative basis.</p> <p>Based on the above, it is humbly submitted that the Employee and A&amp;G Expenses be approved same as approved in the MYT Order. In so far as the R&amp;M</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																																										
	<p>Expenses are concerned, the same is linked to Opening GFA balances which have undergone a change pursuant to True up of FY 2023-24. Accordingly, based on admissible GFA as discussed in the preceding sections, the allowable R&amp;M Expenses are shown as under:</p> <p style="text-align: center;">Table 13: Summary of admissible R&amp;M Expenses for the FY 2024-25 and FY 2026-27 <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 597 1003 716"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>GFA (opening)</td> <td>22,171.49</td> <td>25,813.77</td> <td>10,139.40</td> <td>11,911.71</td> </tr> <tr> <td>K-factor</td> <td>0.90%</td> <td>0.90%</td> <td>0.90%</td> <td>0.90%</td> </tr> <tr> <td>WPI</td> <td>4.93%</td> <td>4.93%</td> <td>4.93%</td> <td>4.93%</td> </tr> <tr> <td><b>R&amp;M Expenses</b></td> <td><b>209.38</b></td> <td><b>243.78</b></td> <td><b>95.75</b></td> <td><b>112.49</b></td> </tr> </tbody> </table> <p>Based on the above assessments of each item of the O&amp;M Expenses, the allowable O&amp;M Expenses as per the Objector's assessment is as under:</p> <p style="text-align: center;">Table 14: Summary of O&amp;M Expenses admissible as per Objector's assessment for the FY 2024-25 and FY 2026-27 <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 964 1003 1084"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Employee Expenses</td> <td>3,162.37</td> <td>3,539.21</td> <td>2,360.89</td> <td>2,642.23</td> </tr> <tr> <td>R&amp;M Expenses</td> <td>209.38</td> <td>243.78</td> <td>95.75</td> <td>112.49</td> </tr> <tr> <td>A&amp;G Expenses</td> <td>217.64</td> <td>239.64</td> <td>135.41</td> <td>149.10</td> </tr> <tr> <td><b>Total</b></td> <td><b>3,589.39</b></td> <td><b>4,022.63</b></td> <td><b>2,592.05</b></td> <td><b>2,903.82</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	GFA (opening)	22,171.49	25,813.77	10,139.40	11,911.71	K-factor	0.90%	0.90%	0.90%	0.90%	WPI	4.93%	4.93%	4.93%	4.93%	<b>R&amp;M Expenses</b>	<b>209.38</b>	<b>243.78</b>	<b>95.75</b>	<b>112.49</b>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Employee Expenses	3,162.37	3,539.21	2,360.89	2,642.23	R&M Expenses	209.38	243.78	95.75	112.49	A&G Expenses	217.64	239.64	135.41	149.10	<b>Total</b>	<b>3,589.39</b>	<b>4,022.63</b>	<b>2,592.05</b>	<b>2,903.82</b>	
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8.	<p><b>Non Tariff Income and Income from OA Charges</b></p> <p>TGSPDCL has claimed Non-tariff income (NTI) to the tune of Rs. 570 Crore and Rs. 532 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed NTI to the tune of Rs. 175 Crore and Rs. 183 Crore for the FY 2024-25 and FY</p>	<p>TGSPDCL submits that the Non-Tariff Income (NTI) has been computed strictly with reference to the distribution business, in accordance with Regulation 82 of the Tariff Regulations, 2023. Only income streams that are attributable to the distribution business have been included.</p> <p>The deferred revenue arising from the amortisation of consumer</p>																																																										

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>2026-27 respectively.</p> <p>The Objector humbly submits that the NTI submitted by the Distribution Licensees is understated. Regulation 82 of the Tariff Regulations 2023 provides for the consideration of items that qualify under NTI, relevant extracts of which are reproduced below:</p> <p>“82 Non-Tariff Income</p> <p>82.1.....</p> <p>82.2 The Non-Tariff Income shall include:</p> <p>a) Income from rent of land or buildings;</p> <p>b) Net income from sale of de-capitalised assets;</p> <p>c) Income from sale of scrap;</p> <p>d) Income from statutory investments;</p> <p>e) Interest income on advances to suppliers/contractors;</p> <p>f) Income from rental from staff quarters;</p> <p>g) Income from rental from contractors;</p> <p>h) Income from hire charges from contractors and others;</p> <p>i) Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission;</p> <p>j) Supervision charges for capital works;</p>	<p>contribution and grants has been considered separately, consistent with the methodology adopted by Hon'ble Commission.</p> <p>DISCOMs request the Hon'ble Commission to approve the Non-Tariff Income as per the filings.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>k) Income from advertisements;  l) Income from sale of tender documents;  m) Any other Non-Tariff Income.”</p> <p>The Objector submits that the Petitioner has not comprehensively considered all items qualifying as Non-Tariff Income (NTI) under the Tariff Regulations while formulating its claim. It is further observed that the Petitioner has included amortisation of assets funded through Consumer Contribution and Grants, which is impermissible for NTI computation. Upon excluding the same, the NTI for TGSPDCL works out to Rs. 142 Crore, over which the Petitioner has applied an annual escalation of 2% twice to arrive at the projected NTI for FY 2026-27.</p> <p>It is also pertinent to note that certain income heads such as Sale of Scrap and SDs &amp; BGs forfeited are shown as negative for FY 2024-25, which the Objector strongly objects to. A negative value under an income head effectively represents an expense and cannot be treated as income without detailed justification. The Petitioner has neither substantiated the basis for such negative entries nor demonstrated that they are normal, recurring in nature. Despite this, the Petitioner</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																	
	<p>has proceeded to project these negative values for future years, which is untenable, as such items are typically exceptional and non-recurring. Accordingly, the Petitioner’s approach of projecting negative income heads lacks prudence and ought to be disregarded by the Hon’ble Commission.</p> <p>The perusal of the Annual Audited Accounts for the FY 2024-25 indicates that the TGSPDCL has booked Other Income of Rs. 435 Crore (excl. Amortization of CC&amp;G). The relevant extract of the Audited Accounts (FY 2024-25) is reproduced hereunder:</p> <table border="1" data-bbox="310 808 1003 1019"> <thead> <tr> <th colspan="3">22 -OTHER INCOME</th> </tr> <tr> <th>Particulars</th> <th>2024-25 Rs. In Crore</th> <th>2023-24 Rs. In Crore</th> </tr> </thead> <tbody> <tr> <td>Interest Income</td> <td></td> <td></td> </tr> <tr> <td>Bank</td> <td>8.77</td> <td>15.08</td> </tr> <tr> <td>Staff</td> <td>1.38</td> <td>1.10</td> </tr> <tr> <td>Others : Interest on ED</td> <td>4.98</td> <td>9.91</td> </tr> <tr> <td>Rent from Company's Property Plant and Equipment</td> <td>0.68</td> <td>0.70</td> </tr> <tr> <td>Sale of Scrap</td> <td>11.76</td> <td>1.09</td> </tr> <tr> <td>Penalties from Suppliers</td> <td>10.61</td> <td>8.30</td> </tr> <tr> <td>Other Income</td> <td>397.40</td> <td>331.18</td> </tr> <tr> <td><b>Total</b></td> <td><b>435.58</b></td> <td><b>367.36</b></td> </tr> </tbody> </table> <p>a. As per the Company's Policy, interest on loans given to employees is recovered after repayment of the principal loan amount.</p> <p>b. Interest on ED : Electricity Duty is being raised on sale of electricity to consumer at six paise per unit and paid to the State Government as and when the liability is arising, irrespective of receipt from consumer. Further, Interest on Electricity Duty is levied on the consumers when they fail to pay the bills within due date as per the Clause 4.4 of the APERC Electricity Supply Code Regulation No. 5 of 2004 adopted by TGERC vide Regulation No. 1 of 2014. Hence the Interest on Electricity Duty collected from the consumers due to late payment of bills is being treated as Other Income to the DISCOM.</p> <p>c. Other Income includes prior period CC Charges of Rs.251.86 Crore, Incidental charges of Rs. 98.96 Crore, Storage and Handling Charges of Rs.8.40 Crores, Contingencies of Rs.8.31 Crore and Income from Short term Investment is</p> <p>The Objector submits that the Other Income of Rs. 397 Crore claimed by the Petitioner must be supported with a detailed break-up and proper</p>	22 -OTHER INCOME			Particulars	2024-25 Rs. In Crore	2023-24 Rs. In Crore	Interest Income			Bank	8.77	15.08	Staff	1.38	1.10	Others : Interest on ED	4.98	9.91	Rent from Company's Property Plant and Equipment	0.68	0.70	Sale of Scrap	11.76	1.09	Penalties from Suppliers	10.61	8.30	Other Income	397.40	331.18	<b>Total</b>	<b>435.58</b>	<b>367.36</b>	
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	<p>justification as to why such income should not be treated as Non-Tariff Income (NTI) in terms of the Tariff Regulations. The note furnished indicates that this income includes items such as prior period CC charges, storage and handling charges, among others, which prima facie fall within the scope of NTI. It is incumbent upon the Licensee to place on record clear reasons and documentary evidence to justify any exclusion. In the absence of such justification, the entire Other Income as reflected in the Audited Accounts for FY 2024-25 ought to be considered for NTI purposes.</p> <p>Likewise, in the case of TGNPDCL, the Audited Accounts disclose miscellaneous receipts, the detailed break-up of which has not been furnished by the Petitioner. In the absence of adequate information on record, the NTI must be admitted by considering the entire amount of Other Income / Miscellaneous Receipts in full. Accordingly, the admissible NTI, as assessed by the Objector for FY 2024-25, is set out below:</p>	

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	<p style="text-align: center;">Table 15: Summary of NTI admissible as per Objector's assessment for the FY 2024-25 <i>(All figures in Rs. Crores)</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 30%;">TGSPDCL</th> <th style="width: 30%;">TGNPDCL</th> </tr> </thead> <tbody> <tr> <td><b>Interest Income</b></td> <td></td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">8.77</td> <td style="text-align: right;">5.97</td> </tr> <tr> <td>Staff</td> <td style="text-align: right;">1.38</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">4.98</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Rent from Company's PPE</td> <td style="text-align: right;">0.68</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Sale of Scrap</td> <td style="text-align: right;">11.76</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Penalties from suppliers</td> <td style="text-align: right;">10.61</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Other Income</td> <td style="text-align: right;">397.40</td> <td style="text-align: right;">26.86</td> </tr> <tr> <td>Late payment surcharge</td> <td style="text-align: center;">-</td> <td style="text-align: right;">96.45</td> </tr> <tr> <td>Deferred revenue income</td> <td style="text-align: center;">-</td> <td style="text-align: right;">154.56</td> </tr> <tr> <td style="text-align: center;"><b>Total</b></td> <td style="text-align: right;"><b>435.58</b></td> <td style="text-align: right;"><b>283.84</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL	TGNPDCL	<b>Interest Income</b>			Bank	8.77	5.97	Staff	1.38	-	Others	4.98	-	Rent from Company's PPE	0.68	-	Sale of Scrap	11.76	-	Penalties from suppliers	10.61	-	Other Income	397.40	26.86	Late payment surcharge	-	96.45	Deferred revenue income	-	154.56	<b>Total</b>	<b>435.58</b>	<b>283.84</b>	
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9.	<p><b>Income from OA charges</b></p> <p>Revenue from OA Charges amounting to Rs. 16.70 Crore has been claimed by the TGSPDCL for the FY 2024-25.</p> <p>The perusal of Audited Accounts indicates that the Revenue from Other – Wheeling, Unscheduled Interchange, Capacitor surcharge, etc. is Rs. 28.53 Crore as shown hereunder:</p>	<p>With respect to OA charges, TGSPDCL clarify that only wheeling-related OA revenue, has been shown separately under Open Access Revenue. Other charges that pertain to the retail supply business have not been considered.</p> <p>TGSPDCL Requests the Hon'ble Commission to approve the Open Access revenue as per the filings</p>																																				

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10.	<p data-bbox="304 1031 1003 1416"><b>11 Interest on Working Capital</b> TGSPDCL has claimed Interest on Working Capital (IoWC) to the tune of Rs. 126 Crore and Rs. 150 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGSPDCL has claimed NTI to the tune of Rs. 82 Crore and Rs. 100 Crore for the FY 2024-25 and FY 2026-27 respectively. The Petitioner's claim of Rate of Interest of IoWC of</p>	<p data-bbox="1033 1031 1873 1416">TGSPDCL submit that Interest on Working Capital has been computed strictly as per Regulation 33.6 of the Tariff Regulations, applying the notified formula using the SBI 1-year MCLR plus 150 bps, based on the prevailing rates applicable for the relevant year. The rate adopted in the Petition reflects the actual weighted average MCLR. We request the Hon'ble Commission to approve the Interest on Working Capital computation as per the filings made by</p>																																																									

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																																																																
	<p>10.50% for the FY 2024-25 is incorrect. As per the proviso to the Regulation 33.6 of the Tariff Regulations, Rate of Interest on Working Capital must be considered equal to the weighted average Base Rate (1 year SBI MCLR) prevailing during the concerned Year plus 150 basis points. Accordingly, the Objector has assessed the Rate for the True up of FY 2024-25 as 10.38% as shown herein below:</p> <p><b>Table 16: Month-wise 1 Y SBI MCLR and computation of Weighted Average Rate of IoWC as per Objector</b></p> <table border="1" data-bbox="321 699 940 1114"> <thead> <tr> <th>Sl. No.</th> <th>From Date</th> <th>To Date</th> <th>No. of Days</th> <th>Base Rate</th> </tr> </thead> <tbody> <tr><td>1</td><td>4/1/2024</td><td>4/14/2024</td><td>13</td><td>8.65%</td></tr> <tr><td>2</td><td>4/15/2024</td><td>5/14/2024</td><td>30</td><td>8.65%</td></tr> <tr><td>3</td><td>5/15/2024</td><td>6/14/2024</td><td>31</td><td>8.65%</td></tr> <tr><td>4</td><td>6/14/2024</td><td>7/14/2024</td><td>31</td><td>8.75%</td></tr> <tr><td>5</td><td>7/15/2024</td><td>8/14/2024</td><td>31</td><td>8.85%</td></tr> <tr><td>6</td><td>8/15/2024</td><td>9/14/2024</td><td>31</td><td>8.95%</td></tr> <tr><td>7</td><td>9/15/2024</td><td>10/14/2024</td><td>30</td><td>8.95%</td></tr> <tr><td>8</td><td>10/15/2024</td><td>11/14/2024</td><td>31</td><td>8.95%</td></tr> <tr><td>9</td><td>11/15/2024</td><td>12/14/2024</td><td>30</td><td>9.00%</td></tr> <tr><td>10</td><td>12/15/2024</td><td>1/14/2025</td><td>31</td><td>9.00%</td></tr> <tr><td>11</td><td>1/15/2025</td><td>2/14/2025</td><td>31</td><td>9.00%</td></tr> <tr><td>12</td><td>2/15/2025</td><td>3/14/2025</td><td>28</td><td>9.00%</td></tr> <tr><td>13</td><td>3/15/2025</td><td>3/31/2025</td><td>17</td><td>9.00%</td></tr> <tr> <td colspan="4"><b>Weighted Average Rate (WAR)</b></td> <td><b>8.88%</b></td> </tr> <tr> <td colspan="4"><b>Rate of IoWC (WAR + 150 b.p.)</b></td> <td><b>10.38%</b></td> </tr> </tbody> </table> <p>Based on the disallowances on other items of the ARR and Rate of IoWC as above (FY 2024-25), the allowable Interest on Working Capital as per the Objector's assessment works out as follows:</p>	Sl. No.	From Date	To Date	No. of Days	Base Rate	1	4/1/2024	4/14/2024	13	8.65%	2	4/15/2024	5/14/2024	30	8.65%	3	5/15/2024	6/14/2024	31	8.65%	4	6/14/2024	7/14/2024	31	8.75%	5	7/15/2024	8/14/2024	31	8.85%	6	8/15/2024	9/14/2024	31	8.95%	7	9/15/2024	10/14/2024	30	8.95%	8	10/15/2024	11/14/2024	31	8.95%	9	11/15/2024	12/14/2024	30	9.00%	10	12/15/2024	1/14/2025	31	9.00%	11	1/15/2025	2/14/2025	31	9.00%	12	2/15/2025	3/14/2025	28	9.00%	13	3/15/2025	3/31/2025	17	9.00%	<b>Weighted Average Rate (WAR)</b>				<b>8.88%</b>	<b>Rate of IoWC (WAR + 150 b.p.)</b>				<b>10.38%</b>	<p>TGSPDCL</p>
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S.No.	Summary of Objections / Suggestions	Response of the Licensee																																												
	<p style="text-align: center;"><b>Table 17: Summary of admissible IoWC for the FY 2024-25 and FY 2026-27</b> (All figures in Rs. Crores unless stated explicitly)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Particulars</th> <th colspan="2" style="text-align: center;">TGSPDCL</th> <th colspan="2" style="text-align: center;">TGNPDCL</th> </tr> <tr> <th style="text-align: center;">FY 2024-25</th> <th style="text-align: center;">FY 2026-27</th> <th style="text-align: center;">FY 2024-25</th> <th style="text-align: center;">FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>O&amp;M expenses</td> <td style="text-align: right;">299.12</td> <td style="text-align: right;">335.22</td> <td style="text-align: right;">216.00</td> <td style="text-align: right;">241.99</td> </tr> <tr> <td>Maintenance spares</td> <td style="text-align: right;">221.71</td> <td style="text-align: right;">258.14</td> <td style="text-align: right;">101.39</td> <td style="text-align: right;">119.12</td> </tr> <tr> <td>Receivables</td> <td style="text-align: right;">495.60</td> <td style="text-align: right;">562.71</td> <td style="text-align: right;">356.39</td> <td style="text-align: right;">411.69</td> </tr> <tr> <td><b>Less:</b></td> <td></td> <td></td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total Working Capital requirement</td> <td style="text-align: right;">1,016.43</td> <td style="text-align: right;">1,156.06</td> <td style="text-align: right;">673.79</td> <td style="text-align: right;">772.79</td> </tr> <tr> <td>Interest rate</td> <td style="text-align: right;">10.38%</td> <td style="text-align: right;">10.25%</td> <td style="text-align: right;">10.38%</td> <td style="text-align: right;">10.25%</td> </tr> <tr> <td><b>Interest on working capital</b></td> <td style="text-align: right;"><b>105.51</b></td> <td style="text-align: right;"><b>118.50</b></td> <td style="text-align: right;"><b>69.94</b></td> <td style="text-align: right;"><b>79.21</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	O&M expenses	299.12	335.22	216.00	241.99	Maintenance spares	221.71	258.14	101.39	119.12	Receivables	495.60	562.71	356.39	411.69	<b>Less:</b>			-	-	Total Working Capital requirement	1,016.43	1,156.06	673.79	772.79	Interest rate	10.38%	10.25%	10.38%	10.25%	<b>Interest on working capital</b>	<b>105.51</b>	<b>118.50</b>	<b>69.94</b>	<b>79.21</b>	
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11.	<p><b>Wheeling Charges</b></p> <p>Based on the discussions in the aforesaid sections, it is clear that the allowable ARR as per the Objector's assessment is Rs. 3,894 Crore and Rs. 3,081 Crore which is for TGSPDCL and TGNPDCL respectively for the FY 2026-27.</p> <p>As per Tariff Order for FY 2025-26, the recoverable ARR for the FY 2026-27 is Rs. 5474 Crore and Rs. 3160 Crore for TGSPDCL and TGNPDCL respectively which is significantly higher than the recoverable ARR as per the Objector's assessment.</p> <p>Consequently, the Objector humbly submits that there is no scope for revision in Wheeling charges and rather there is an ample scope for reduction in wheeling charges.</p>	<p>The proposed wheeling charges are determined strictly in accordance with the TGERC Multi-Year Tariff (MYT) Regulations, which mandate recovery of distribution network costs based on voltage level and cost causation principles, not on the source of energy. The approach considered by the Hon'ble Commission in its MYT order for 5<sup>th</sup> Control Period is shown below:</p> <p style="padding-left: 40px;"><i>“4.13.4 Further, Clause 79.2 of Regulation No. 2 of 2023, clearly specifies that the Wheeling Charges shall be determined separately for LT voltage, 11 kV voltage, and 33 kV voltage.</i></p> <p style="padding-left: 40px;"><i>4.13.5 In accordance with Clause 79.2 of Regulation No. 2 of 2023, the Commission has computed the Wheeling Charges for the Control period i.e. FY2024-25 to FY2028-29.</i></p> <ul style="list-style-type: none"> <li>• <i>The year wise approved ARR for each year of the Control Period, i.e. FY2024-25 to FY2028-29 has been allocated amongst 33 kV, 11 kV and LT voltage levels;</i></li> <li>• <i>Having allocated the components of ARR among each voltage, the cost attributable for each voltage has been</i></li> </ul>																																												

S.No.	Summary of Objections / Suggestions	Response of the Licensee
		<p><i>computed;</i></p> <ul style="list-style-type: none"> <li>• <i>The demand incident at each voltage level has been arrived at by considering the voltage wise demands in the ratio on actuals available with the Commission and approved losses as per Resource Plan Order dated 29.12.2023;</i></li> <li>• <i>The voltage wise wheeling charges have been computed by dividing the apportioned ARR at each voltage level by the demand at that voltage level.”</i></li> </ul> <p>Therefore, we request the Hon’ble Commission to approve the proposed wheeling charges as per the filings.</p>

**7. Response to South Indian Cement Manufacturers' Association (SICMA)**

S.No.	Summary of Objections / Suggestions	Response of the Licensee
1.	<p><b>Directives compliance</b></p> <p>Hon’ble Commission vide order dt. 28.10.2024 in O.P.No.12 of 2024 &amp; I.A. No.11 of 2024, and I.A. No.23 of 2024 and O.P.No.13 of 2024 &amp; I.A. No.12 of 2024, and I.A. No.20 of 2024 determined the ARR and Wheeling tariffs for the MYT Control period FY 2024-29 (hereinafter referred to as “MYT Order”). Further,</p>	<p>TGSPDCL submits that compliance with directives issued in the MYT and Tariff Orders is an ongoing process, and both DISCOMs are adhering to the requirements stipulated under the applicable Regulations, including those relating to investment approval, capitalisation procedures, and submission of PCC/FCC certificates. Wherever capital works are completed, the PCC and FCC are being issued by the competent authorities and</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>the Hon'ble Commission vide Order dated 29.04.2025 in OP No.1 of 2025, O.P. No. 3 of 2025 and O.P.No.31 of 2024 and O.P. No.2 of 2025, O.P.No.4 of 2025 and O.P.No.32 of 2024 determined the True up for FY 2023-24 and Revised ARR/ Wheeling tariffs for the FY 2025-26 (hereinafter referred to as "Tariff Order"). Vide both the aforementioned orders, the Hon'ble Commission issued several directives, a few of which are pertinent to be noted:</p> <p>"2. Capital Investments</p> <p>c. The DISCOMs shall seek approval for individual schemes at least 90 days prior to undertaking the investment in accordance with the Guidelines for Investment Approval. The individual schemes/ projects submitted by the DISCOMs for Commission's approval must provide complete details including those relating to the cost and capitalisation for each year of 5th Control Period.</p> <p>d. Considering the importance of capitalisation of works, the Commission lays down the following requirements to be fulfilled before accepting inclusion of the value of capitalised work in the Original Cost of Fixed Assets (OCFA):</p>	<p>submitted to the Hon'ble Commission in line with the timelines prescribed.</p> <p>TGSPDCL has already submitted the quarterly intimations for FY 2024-25 as part of the true-up filings.</p> <p>TGSPDCL reiterate that all capitalisation entries admitted into ARR will be strictly subject to prudence check, verification of PCC/FCC, and Commission approval, ensuring that only assets duly completed, recorded, and put to use are reflected in OCFA. Therefore, the concern regarding non-compliance or lack of oversight does not arise.</p>

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>i. On completion of a capital work, a physical completion certificate (PCC) to the effect that the work has been fully executed, physically, and the assets created are put in use, to be issued by the concerned engineer not below the rank of Superintendent Engineer.</p> <p>ii. The PCC shall be accompanied or followed by a financial completion certificate (FCC) to the effect that the assets created have been duly entered in the fixed assets register by transfer from the Capital Works in Progress (CWIP) register to OCFA. The FCC shall have to be issued by the concerned finance officer not below the rank of Senior Accounts Officer.</p> <p>iii. The above-mentioned certificates have to be submitted to the Commission within 60 days of completion of work, at the latest. The Commission may also inspect or arrange to inspect, at random, a few of the capitalised works included in the OCFA to confirm that the assets created are actually being used and are useful for the business.”</p> <p>It is humbly submitted that the Petitioner has not submitted the directive compliance report in view of the above direction. Notably, the above direction is a</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>fallout of the Regulation 7.8 and 7.9 of the Tariff Regulations. While the TGSPDCL has submitted the copy of intimation for Q1-Q3 of FY 2024-25 along with the True up petition, TGNPDCL has not submitted any details in compliance of the aforesaid direction.</p> <p>Since, capital investment contributes significantly to the ARR of the Distribution business, it is pertinent to mention that the non-compliance of the aforesaid directive should be treated seriously and punitive action for non-compliance be taken to ensure that the distribution capex is properly recorded and put to use.</p>	
2.	<p><b>Capital Expenditure and Capitalization</b></p> <p>TGSPDCL and TGNPDCL have claimed Capitalization to the tune of Rs. 1752 Crore and Rs. 889 Crore for the FY 2024-25.</p> <p>The Hon'ble Commission vide MYT Order has approved the Capital Investment Plan for the 5th Control Period (FY 2024-25 to FY 2028-29). Notably, the Petitioner while claiming the Capital Investment Plan for such period had sought the Capex which was in significant departure to the Capex approved in the Business Plan Order. The Hon'ble Commission uninspired by the justification provided by the Discoms</p>	<p>The proposed capital expenditure of Rs. 7,508 crore for FY 2026-27 includes both the capex already approved by the Hon'ble Commission for the 5th Control Period and the additional capex requirements that have emerged due to recent system conditions, network constraints, and reliability considerations.</p> <p>The additional capex primarily pertains to Underground cabling works, SCADA expansion and automation, New substations and capacity augmentation, required to meet summer peak loads and to address loading of existing transformers and feeders.</p> <p>These works were not envisaged at the time of filing the MYT Petition due to evolving demand patterns, accelerated urbanisation, and emergent reliability issues. The new</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>disallowed the additional claim made therein and observed as follows:</p> <p>“4.2.6 The Commission vide its Order dated 29.12.2023, approved the Resource Plan of TGDISCOMs of the Control Period i.e. from FY2024-25 to FY2028-29 after carrying out the detailed analysis of the Capital Expenditure schemes submitted by TGDISCOMs.</p> <p>.....</p> <p>4.2.8 It is observed that TGDISCOMs have not submitted any details regarding the capital investment proposed for the period FY2024-25 to FY2028-29. The Commission has sought information from TGDISCOMs to provide the scheme details of capex proposed, its preparedness along with proposed source of financing for each scheme. Further, the Commission also sought information from TGDISCOMs to provide the justification of variance in figures from Resource Plan Order dated 29.12.2023 approved by the Commission.</p> <p>4.2.9 TGSPDCL in its reply submitted that the base capex approved under Resource Plan is not adequate to meet the increased demand of Telangana as the</p>	<p>substations are planned for upcoming summers as we are expecting high unprecedented peak demand and stress on the distribution network, necessitating immediate system reinforcement to maintain safe voltage levels and prevent overloads.</p> <p>Accordingly, the additional capex being sought is directly linked to system reliability and safety. TGSPDCL therefore requests the Hon’ble Commission to approve the additional capex and the ARR arrived for FY 2026-27 to ensure reliable and uninterrupted supply to consumers during the forthcoming high-demand periods.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>base capex for FY2023-24 has already crossed the base capex (FY2024-25), approved in the Resource Plan for FY2024-25 to FY2028-29. Therefore, TGSPDCL has recomputed its base capex requirement and projected requirement based on actual figures available till date. Further, there is also variance in capex, due to introduction of smart meter capex requirements which was not envisaged earlier during Resource Plan approval. The other capex is proposed in line to Resource Plan approval.</p> <p>4.2.10 TGNPDCL in its reply submitted that the base capex and other capex is projected as per approved Resource Plan Order dated 29.12.2023. The difference in the capex investment plan is only due to addition of capex proposed towards installation of smart meters.</p> <p>4.2.11 The Commission observed that TGSPDCL has not provided appropriate justification for the variance in the capex investment plan (Base Capex) from the approved Resource Plan Order dated 29.12.2023. Further, TGDISCOMs have not complied with Clause 80 of Regulation No. 2 of 2023 and has not provide the details of schemes proposed. Thus, in the light of</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>limited information made available to the Commission by TGDISCOMs, the Commission has considered the base capex and other capex for both the TGDISCOMs as approved by the Commission in Resource Plan Order dated 29.12.2023.</p> <p>4.2.12 With regard to smart meters, TGDISCOMs submitted that the proposal is put forward before the State Government for the approval. In view of uncertainty in the capex investment towards the smart meters and directives issued by the Commission regarding smart meter implementations, the Commission defers the investment proposed towards smart meters. The Petitioner may approach the Commission for approval of capex investment towards smart meters, after the approval of proposal submitted to the GoTG.”</p> <p>In a similar manner, the Petitioners have claimed additional Capex to what had already been approved in the Tariff determination proceedings for the FY 2025-26. The Hon'ble Commission vide Tariff order observed likewise as under:</p> <p>“3.17.16 The Commission vide its Order dated 28.10.2024, approved the Distribution MYT tariff for</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>the Control Period i.e. from FY2024-25 to FY2028-29.</p> <p>3.17.17 It is observed that TGSPDCL has not submitted any details regarding the additional smart meter capital investment proposed for the period FY2025-26. The Commission has sought information from TGSPDCL to provide the scheme details of the additional smart meter capital investment proposed for the period FY2025-26, its preparedness along with proposed source of financing for each scheme.</p> <p>3.17.18 TGSPDCL in its reply submitted that the proposal for smart meter capex is put forward before the State Government for approval.</p> <p>3.17.19 In view of uncertainty in the capex investment towards the smart meters, the Commission defers the investment proposed towards smart meters. The Petitioner may approach the Commission for approval of capex investment towards smart meters, after the approval of proposal submitted to the GoTG.</p> <p>3.17.20 The Commission has considered the base capex and other capex for both the TGDISCOMs for FY2025-26 as approved by the Commission in Distribution MYT Order dated 28.10.2024.”</p> <p>7. Based on the above precedent, it is humbly</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>submitted that the Hon'ble Commission has not admitted the variation in Capital Investment in both the MYT and Tariff Order and held that the approval would be restricted to approved Capex as per the Resource Plan Order dt. 29.12.2023. Further to the above, it is humbly submitted that the Capital investment towards Smart meters is not yet approved. Given that FY 2024-25 (true-up year) is the first year of the 5th Control Period, any claims ought to be admitted strictly in accordance with the MYT Order dated 28.10.2024. In this regard, attention is invited to the Capex and Capitalization claimed by the Petitioners, for which essential particulars—such as scheme-wise break-up, nature of works, and funding details—have not been furnished.</p> <p>Further, while the Petitioners have sought additional capex in the MYT and Tariff Orders, no evidence has been provided to establish that such expenditure pertains only to approved schemes. Instead, the claims are merely stated as “as per Accounts” without any regulatory correlation or justification.</p> <p>Since distribution tariff is predominantly driven by Capex and Capitalization, the absence of</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																			
	<p>substantiating and documentary evidence warrants strict regulatory scrutiny. Accordingly, the Objector submits that only 75% of the claimed Capex/Capitalization be provisionally admitted and the balance 25% be withheld, subject to submission and verification of complete scheme-wise details.</p> <p>The allowable Capex and Capitalization for the True up of FY 2024-25 as per the Objector's assessment is as under:</p> <p style="text-align: center;"><b>Table 3: Summary of allowable Capex and Capitalization for the FY 2024-25</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="327 743 972 850"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Claimed</th> <th colspan="2">Allowable</th> </tr> <tr> <th>Capex</th> <th>Capitalization</th> <th>Capex</th> <th>Capitalization</th> </tr> </thead> <tbody> <tr> <td>TGSPDCL</td> <td>2,055</td> <td>1,752</td> <td>1,541</td> <td>1,314</td> </tr> <tr> <td>TGNPDCL</td> <td>823</td> <td>889</td> <td>617</td> <td>667</td> </tr> </tbody> </table> <p>the FY 2026-27, TGSPDCL and TGNPDCL have claimed Capital Investment to the tune of Rs. 8160 Crore and Rs. 1736 Crore respectively.</p> <p>As could be inferred, the Petitioners especially TGSPDCL has made an all-round effort to exaggerate the Capital Expenditure in the current MYT filings. To quantify, the proposed Capital Expenditure by TGSPDCL is 312% of the Capex approved in the MYT Order whereas for TGNPDCL, it has claimed Rs. 95 Crore in excess to what has been approved in the</p>	Particulars	Claimed		Allowable		Capex	Capitalization	Capex	Capitalization	TGSPDCL	2,055	1,752	1,541	1,314	TGNPDCL	823	889	617	667	
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	<p>MYT Order which was admitted by the Hon'ble Commission vide order dt. 18.09.2025.</p> <p>With respect to the significant deviation claimed by TGSPDCL towards Capex for FY 2026-27, it is submitted that such expenditure relates to new works and, therefore, mandatorily requires prior approval of the Hon'ble Commission. Any such Capex can be admitted only after satisfying the requirements of Regulation 80, including prudence check, necessity, and conformity with approved schemes, the relevant extracts of which are reproduced below:</p> <p>“80 Capital Investment Plan</p> <p>80.1 The distribution licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each Year of the Control Period for strengthening and augmentation of its distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multi-Year Tariff Petition for the entire Control Period.</p> <p>80.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all</p>	

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	<p>capital expenditure projects of a value exceeding Rs. 10 Crore or such other amount as may be stipulated by the Commission from time to time and shall be in such form as may be stipulated by the Commission from time to time.</p> <p>80.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of distribution sub-stations, consumer sub-stations, transformation capacity in MVA and details of distribution transformers of different capacities, HT:LT ratio as well as distribution line length showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the Wheeling Charges.</p> <p>80.4 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the distribution licensee taking into consideration the prudence of the proposed expenditure and estimated impact on Wheeling Charges.”</p>	

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	<p>The Petitioner, while including Capital Expenditure in the present Petitions, has neither furnished any cogent justification nor placed on record adequate documentary evidence to explain the deviations from the Capex approved in the MYT Order in terms of the requirements of Regulation 80. As discussed in the preceding paragraphs, the Hon'ble Commission, on a similar footing, has restricted such claims to the levels approved under the MYT framework.</p> <p>It is submitted that the TG Discoms have consistently fallen short of achieving the Capitalization levels approved under the MYT Order. While the Petitioners possess the right to claim Capex in accordance with the Business requirements, the Objector points out that such exercise should not be undertaken bypassing the regulatory provisions. In such circumstances, projections (for the FY 2026-27) based on unachieved approvals would be unrealistic and inflationary. Therefore, for prudent projection purposes, Capitalization ought to be restricted to the levels actually attained by the Petitioner in FY 2024-25 vis-à-vis the approved values. Accordingly, the Objector respectfully prays that the Hon'ble</p>	

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	<p>Commission approve Capitalization of Rs. 2,035 Crore and Rs. 944 Crore, in place of the MYT-approved Capitalization of Rs. 2,911 Crore and Rs. 1,754 Crore respectively for the FY 2026-27, as detailed in the computation below.</p> <p style="text-align: center;"><b>Table 4: Summary of admissible Capitalization for the FY 2026-27</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="317 537 957 748"> <thead> <tr> <th data-bbox="317 537 722 558">Particulars</th> <th data-bbox="732 537 835 558">TGSPDCL</th> <th data-bbox="846 537 957 558">TGNPDCL</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="317 566 957 581" style="text-align: center;"><b>FY 2024-25</b></td> </tr> <tr> <td data-bbox="317 583 722 604">Capitalization approved in the MYT Order</td> <td data-bbox="732 583 835 604">2,506.45</td> <td data-bbox="846 583 957 604">1,652.10</td> </tr> <tr> <td data-bbox="317 605 722 626">Capitalization attained</td> <td data-bbox="732 605 835 626">1,752.09</td> <td data-bbox="846 605 957 626">888.64</td> </tr> <tr> <td data-bbox="317 628 722 649">% attained w.r.t. approved</td> <td data-bbox="732 628 835 649">69.90%</td> <td data-bbox="846 628 957 649">53.79%</td> </tr> <tr> <td colspan="3" data-bbox="317 667 957 682" style="text-align: center;"><b>FY 2026-27</b></td> </tr> <tr> <td data-bbox="317 690 722 711">Capitalization approved in the MYT Order</td> <td data-bbox="732 690 835 711">2,910.83</td> <td data-bbox="846 690 957 711">1,754.25</td> </tr> <tr> <td data-bbox="317 712 722 734">%</td> <td data-bbox="732 712 835 734">69.90%</td> <td data-bbox="846 712 957 734">53.79%</td> </tr> <tr> <td data-bbox="317 735 722 756"><b>Capitalization admissible</b></td> <td data-bbox="732 735 835 756"><b>2,034.77</b></td> <td data-bbox="846 735 957 756"><b>943.59</b></td> </tr> </tbody> </table> <p>Notwithstanding to the above submissions, the Objector also apprehends that exaggerated Capex projections have in the past led to accumulation of revenue surplus with the Licensees which is yet to be passed through to the consumers.</p> <p>The Objector submits that the components of Depreciation, Interest Expenses and Return on Equity must be approved as per the Capitalization allowable as per preceding paras.</p>	Particulars	TGSPDCL	TGNPDCL	<b>FY 2024-25</b>			Capitalization approved in the MYT Order	2,506.45	1,652.10	Capitalization attained	1,752.09	888.64	% attained w.r.t. approved	69.90%	53.79%	<b>FY 2026-27</b>			Capitalization approved in the MYT Order	2,910.83	1,754.25	%	69.90%	53.79%	<b>Capitalization admissible</b>	<b>2,034.77</b>	<b>943.59</b>	
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3.	<p><b>Depreciation – Impact of consumer contribution and grants:</b></p> <p>TGSPDCL has claimed Depreciation to the tune of</p>	<p>TGSPDCL submit that depreciation has been computed strictly as per the Tariff Regulations, applying the notified rates on the regulatory asset base and adjusting for consumer contribution</p>																											

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	<p>Rs. 809 Crore and Rs. 1149 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed Depreciation to the tune of Rs. 414 Crore and Rs. 661 Crore for the FY 2024-25 and FY 2026-27 respectively.</p> <p>The Petitioners have computed the depreciation based on the rates as per the Tariff Regulations. Further, as per the Tariff formats provided along with the Petition, it is observed that the Petitioner has claimed Depreciation on the asset funded out of consumer contribution and grants as well. At the same time, it has proposed adjustment of amortization (of grants) under Non-tariff income. Furthermore, the balances of Gross fixed asset (GFA) and consumer contribution &amp; grants claimed by the Petitioners are incorrect.</p> <p>In the above regard, Regulation 26 of Tariff Regulations 2023 in respect of treatment of Consumer Contribution, Deposit Work, Grant and Capital Subsidy provides as under:</p> <p>“26 Consumer Contribution, Deposit Work, Grant and Capital Subsidy</p> <p>26.1 The expenses on the following categories of</p>	<p>and grants to the extent identifiable from audited accounts and scheme-wise records. There is no double recovery, as amortisation of grants and consumer contribution is duly reflected under non-tariff income in line with the Commission’s methodology.</p> <p>The objector’s inference that depreciation has been claimed on assets funded through grants/consumer contribution is incorrect. TGSPDCL followed the regulatory requirement that depreciation is not claimed to the extent assets are funded through such support, subject to availability of scheme-wise funding details and audited classification.</p> <p>Further, reconciliation of opening GFA and consumer contribution/grants is undertaken with reference to the audited accounts, and all variations are fully subject to the Hon’ble Commission’s prudence check during true-up. TGSPDCL also reiterate that capitalization entries, funding pattern, and asset addition details are furnished to the Commission for scrutiny along with supporting documents.</p> <p>The approach adopted in the Petition is consistent with past orders of the Hon’ble Commission. Accordingly, the depreciation claim is compliant, verifiable, and we request the Hon’ble Commission to consider the approve the same per the filings made by TGSPDCL.</p>

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	<p>works carried out by the generating entity or licensee or SLDC shall be treated as specified in clause 26.2:</p> <p>(a) Works undertaken from funds, partly or fully, provided by the users, which are in the nature of deposit works or consumer contribution works;</p> <p>(b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments;</p> <p>(c) Other works undertaken with funding received without any obligation of repayment and with no interest costs.</p> <p>26.2 The expenses on such capital works shall be treated as follows:-</p> <p>(a) normative O&amp;M expenses as specified in this Regulation shall be allowed;</p> <p>(b) the debt: equity ratio, shall be considered in accordance with clause 27, after deducting the amount of such financial support received;</p> <p>(c) provisions related to depreciation, as specified in clause 28, shall not be applicable to the extent of such financial support received;</p> <p>(d) provisions related to return on equity, as specified in clause 29 shall not be applicable to the extent of</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>such financial support received;</p> <p>(e) provisions related to interest on loan capital, as specified in clause 31 shall not be applicable to the extent of such financial support received.”</p> <p>Notably, the methodology adopted by the Petitioner is at variance with that followed by the Hon’ble Commission in the Tariff Order for FY 2025-26. The Hon’ble Commission had specifically observed that the depreciation claim was not supported with proper segregation between existing and new assets and did not clearly indicate whether amortisation of consumer contribution had been duly accounted for. In the present Petition as well, similar deficiencies persist, rendering the depreciation claim unverifiable and contrary to the Commission’s established approach.</p> <p>It is humbly submitted that the Opening balance of Consumer contribution &amp; Grants for the FY 2024-25 must be considered equivalent to the closing balance of consumer contribution &amp; grants approved by the Hon’ble Commission in the Tariff Order (True up of FY 2023-24). In a similar manner, the opening balances of GFA must be considered equivalent to the closing balance of the GFA approved in the True up of FY</p>	

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	<p>2023-24.</p> <p>Relevant extracts of the Tariff Order depicting the opening GFA balance (and additions during (FY 24) and the Opening Consumer contribution &amp; grants (and additions during (FY 24) for the FY 2023-24 are shown as under:</p>	

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	<p data-bbox="409 263 949 284">Table 3.7: ROCE claimed and approved for FY 2023-24 for TGSPDCL</p> <p data-bbox="856 289 936 310">Rs.in crore</p> <table border="1" data-bbox="359 310 984 703"> <thead> <tr> <th>Particulars</th> <th>Approved in MYT Order dated:29.04.2020</th> <th>Actuals as claimed in APR</th> <th>Approved</th> </tr> </thead> <tbody> <tr> <td>Original Cost of Fixed Assets at the beginning of the year</td> <td></td> <td>20432.89</td> <td>20407.97</td> </tr> <tr> <td>Accumulated Depreciation at the beginning of the year</td> <td></td> <td>6621.11</td> <td>5820.55</td> </tr> <tr> <td>Consumer Contribution at the beginning of the year</td> <td></td> <td>8960.02</td> <td>8956.40</td> </tr> <tr> <td>Grants under UDAY Scheme</td> <td></td> <td></td> <td>656.48</td> </tr> <tr> <td><b>Regulated Rate Base</b></td> <td></td> <td>4851.76</td> <td>4974.53</td> </tr> <tr> <td>Investments capitalised during the year</td> <td></td> <td>1763.52</td> <td>1763.52</td> </tr> <tr> <td>Depreciation during the year</td> <td></td> <td>829.45</td> <td>829.44</td> </tr> <tr> <td>Consumer Contribution addition during the year</td> <td></td> <td>1157.80</td> <td>1157.80</td> </tr> <tr> <td><b>Change in Rate Base</b></td> <td></td> <td>-111.87</td> <td>-111.36</td> </tr> <tr> <td>O&amp;M expenses</td> <td></td> <td>296.68</td> <td>296.68</td> </tr> <tr> <td><b>Working Capital</b></td> <td></td> <td>296.68</td> <td>296.68</td> </tr> <tr> <td><b>Regulated Rate Base for RoCE</b></td> <td></td> <td>5036.58</td> <td>5159.86</td> </tr> </tbody> </table> <p data-bbox="325 755 869 776">Table 3.8: ROCE claimed and approved for FY 2023-24 for TGNPDCL</p> <p data-bbox="827 781 907 802">Rs.in crore</p> <table border="1" data-bbox="338 802 945 1227"> <thead> <tr> <th>Particulars</th> <th>Approved in MYT Order dated: 29.04.2020</th> <th>Actuals as claimed in APR</th> <th>Approved</th> </tr> </thead> <tbody> <tr> <td>Original Cost of Fixed Assets at the beginning of the year</td> <td></td> <td>9602.59</td> <td>9586.83</td> </tr> <tr> <td>Accumulated Depreciation at the beginning of the year</td> <td></td> <td>4941.35</td> <td>4204.53</td> </tr> <tr> <td>Consumer Contribution at the beginning of the year</td> <td></td> <td>2036.94</td> <td>2619.26</td> </tr> <tr> <td>Grants under UDAY Scheme</td> <td></td> <td></td> <td>332.53</td> </tr> <tr> <td><b>Regulated Rate Base</b></td> <td></td> <td>2624.31</td> <td>2430.52</td> </tr> <tr> <td>Investments capitalised during the year</td> <td></td> <td>552.57</td> <td>552.57</td> </tr> <tr> <td>Depreciation during the year</td> <td></td> <td>356.24</td> <td>355.65</td> </tr> <tr> <td>Consumer Contribution addition during the year</td> <td></td> <td>179.41</td> <td>179.42</td> </tr> <tr> <td><b>Change in Rate Base</b></td> <td></td> <td>8.46</td> <td>8.75</td> </tr> <tr> <td>O&amp;M expenses</td> <td></td> <td>218.79</td> <td>209.68</td> </tr> <tr> <td><b>Working Capital</b></td> <td></td> <td>218.79</td> <td>209.68</td> </tr> <tr> <td><b>Regulated Rate Base for RoCE</b></td> <td></td> <td>2851.55</td> <td>2648.95</td> </tr> </tbody> </table> <p data-bbox="304 1263 1008 1393">Additionally, the perusal of Audited Accounts of TGSPDCL and TGNPDCL indicates that the Consumer contribution &amp; Grants amounting to Rs.</p>	Particulars	Approved in MYT Order dated:29.04.2020	Actuals as claimed in APR	Approved	Original Cost of Fixed Assets at the beginning of the year		20432.89	20407.97	Accumulated Depreciation at the beginning of the year		6621.11	5820.55	Consumer Contribution at the beginning of the year		8960.02	8956.40	Grants under UDAY Scheme			656.48	<b>Regulated Rate Base</b>		4851.76	4974.53	Investments capitalised during the year		1763.52	1763.52	Depreciation during the year		829.45	829.44	Consumer Contribution addition during the year		1157.80	1157.80	<b>Change in Rate Base</b>		-111.87	-111.36	O&M expenses		296.68	296.68	<b>Working Capital</b>		296.68	296.68	<b>Regulated Rate Base for RoCE</b>		5036.58	5159.86	Particulars	Approved in MYT Order dated: 29.04.2020	Actuals as claimed in APR	Approved	Original Cost of Fixed Assets at the beginning of the year		9602.59	9586.83	Accumulated Depreciation at the beginning of the year		4941.35	4204.53	Consumer Contribution at the beginning of the year		2036.94	2619.26	Grants under UDAY Scheme			332.53	<b>Regulated Rate Base</b>		2624.31	2430.52	Investments capitalised during the year		552.57	552.57	Depreciation during the year		356.24	355.65	Consumer Contribution addition during the year		179.41	179.42	<b>Change in Rate Base</b>		8.46	8.75	O&M expenses		218.79	209.68	<b>Working Capital</b>		218.79	209.68	<b>Regulated Rate Base for RoCE</b>		2851.55	2648.95	
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	<p>1221 Crore and Rs. 302 Crore has been received during the FY 2024-25. Relevant extracts of the Note 3 of the Audited Accounts are reproduced hereunder:</p> <p><b>TGSPDCL</b></p> <p><b>3 - RESERVES &amp; SURPLUS</b></p> <table border="1" data-bbox="348 448 997 756"> <thead> <tr> <th rowspan="2">Particulars</th> <th>As at March 31, 2025</th> <th>As at March 31, 2024</th> </tr> <tr> <th>Rs. in Crore</th> <th>Rs. in Crore</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>a. Consumer Contribution towards capital assets</b></td> </tr> <tr> <td>Opening Balance</td> <td>8,719.68</td> <td>7,562.09</td> </tr> <tr> <td>(+) Current year Receipts</td> <td>1,220.99</td> <td>1,157.59</td> </tr> <tr> <td><b>Closing Balance</b></td> <td><b>9,940.67</b></td> <td><b>8,719.68</b></td> </tr> <tr> <td colspan="3"><b>b. Subsidies towards cost of capital assets</b></td> </tr> <tr> <td>Opening Balance</td> <td>73.40</td> <td>73.40</td> </tr> <tr> <td>(+) Current year Receipts</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Closing Balance</b></td> <td><b>73.40</b></td> <td><b>73.40</b></td> </tr> <tr> <td colspan="3"><b>c. Grants/Donations towards cost of capital assets</b></td> </tr> <tr> <td>Opening Balance</td> <td>1,324.74</td> <td>1,324.53</td> </tr> <tr> <td>(+) Current year Receipts</td> <td>0.13</td> <td>0.21</td> </tr> <tr> <td>(-) Current Year Utilization</td> <td>(0.13)</td> <td>-</td> </tr> <tr> <td><b>Closing Balance</b></td> <td><b>1,324.74</b></td> <td><b>1,324.74</b></td> </tr> <tr> <td><b>Total (Closing balance of a+b+c)</b></td> <td><b>11,338.81</b></td> <td><b>10,117.82</b></td> </tr> </tbody> </table> <p><b>TGNPDCL</b></p> <table border="1" data-bbox="312 821 982 1118"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">(Rs in Crore)</th> </tr> <tr> <th>As at 31.03.2025</th> <th>As at 31.03.2024</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Note: 3 - RESERVES AND SURPLUS</b></td> </tr> <tr> <td colspan="3"><b>A) Capital reserve</b></td> </tr> <tr> <td colspan="3"><b>i) Consumer contributions for service connections</b></td> </tr> <tr> <td>At the beginning of the year</td> <td>1,794.53</td> <td>1,600.98</td> </tr> <tr> <td><b>Add: Received during the year</b></td> <td><b>297.25</b></td> <td><b>318.35</b></td> </tr> <tr> <td><b>Less: Amortised during the year</b></td> <td><b>124.94</b></td> <td><b>124.79</b></td> </tr> <tr> <td><b>At the end of the year</b></td> <td><b>1,966.84</b></td> <td><b>1,794.53</b></td> </tr> <tr> <td colspan="3"><b>ii) Subsidies/Grants towards cost of Capital assets</b></td> </tr> <tr> <td colspan="3"><small>(PHE-Urban, INDIRAMMA, D3G, RGGVY, DDUGJY, IPDS, Sowbagya, STSDI, ST Habitations, RAPDRP-Part A, and RAPDRP-SCADA Works)</small></td> </tr> <tr> <td>At the beginning of the year</td> <td>421.82</td> <td>435.96</td> </tr> <tr> <td><b>Add: Received during the year</b></td> <td><b>4.63</b></td> <td><b>1.78</b></td> </tr> <tr> <td><b>Less: Amortised during the year</b></td> <td><b>29.62</b></td> <td><b>15.92</b></td> </tr> <tr> <td><b>At the end of the year</b></td> <td><b>396.83</b></td> <td><b>421.82</b></td> </tr> </tbody> </table> <p>The Hon'ble Commission is humbly submitted to kindly consider the Additions to Consumer Contribution and Grants as per the Audited Accounts for the True up of FY 2024-25.</p> <p>Based on the admissible Capitalization during the</p>	Particulars	As at March 31, 2025	As at March 31, 2024	Rs. in Crore	Rs. in Crore	<b>a. Consumer Contribution towards capital assets</b>			Opening Balance	8,719.68	7,562.09	(+) Current year Receipts	1,220.99	1,157.59	<b>Closing Balance</b>	<b>9,940.67</b>	<b>8,719.68</b>	<b>b. Subsidies towards cost of capital assets</b>			Opening Balance	73.40	73.40	(+) Current year Receipts	-	-	<b>Closing Balance</b>	<b>73.40</b>	<b>73.40</b>	<b>c. Grants/Donations towards cost of capital assets</b>			Opening Balance	1,324.74	1,324.53	(+) Current year Receipts	0.13	0.21	(-) Current Year Utilization	(0.13)	-	<b>Closing Balance</b>	<b>1,324.74</b>	<b>1,324.74</b>	<b>Total (Closing balance of a+b+c)</b>	<b>11,338.81</b>	<b>10,117.82</b>	Particulars	(Rs in Crore)		As at 31.03.2025	As at 31.03.2024	<b>Note: 3 - RESERVES AND SURPLUS</b>			<b>A) Capital reserve</b>			<b>i) Consumer contributions for service connections</b>			At the beginning of the year	1,794.53	1,600.98	<b>Add: Received during the year</b>	<b>297.25</b>	<b>318.35</b>	<b>Less: Amortised during the year</b>	<b>124.94</b>	<b>124.79</b>	<b>At the end of the year</b>	<b>1,966.84</b>	<b>1,794.53</b>	<b>ii) Subsidies/Grants towards cost of Capital assets</b>			<small>(PHE-Urban, INDIRAMMA, D3G, RGGVY, DDUGJY, IPDS, Sowbagya, STSDI, ST Habitations, RAPDRP-Part A, and RAPDRP-SCADA Works)</small>			At the beginning of the year	421.82	435.96	<b>Add: Received during the year</b>	<b>4.63</b>	<b>1.78</b>	<b>Less: Amortised during the year</b>	<b>29.62</b>	<b>15.92</b>	<b>At the end of the year</b>	<b>396.83</b>	<b>421.82</b>	
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	<p>year (as discussed in the preceding sections) and additions to Consumer Contribution &amp; Grants during the FY 2024-25, the balances of GFA and Consumer Contribution &amp; Grants admissible for the FY 2024-25 are as under:</p> <p><b>Table 5: Summary of admissible GFA and Consumer contribution &amp; Grants for the FY 2024-25</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="348 558 949 846"> <thead> <tr> <th>Particulars</th> <th>TGSPDCL</th> <th>TGNPDCL</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>GFA</b></td> </tr> <tr> <td>Opening as on 01.04.2023 (As per Tariff Order)</td> <td>20407.97</td> <td>9586.83</td> </tr> <tr> <td>Additions during FY 2023-24 (As per Tariff Order)</td> <td>1763.52</td> <td>552.57</td> </tr> <tr> <td><b>Closing as on 31.03.2024</b></td> <td><b>22171.49</b></td> <td><b>10139.4</b></td> </tr> <tr> <td>Additions during FY 2024-25</td> <td>1,314.07</td> <td>666.48</td> </tr> <tr> <td><b>Closing as on 31.03.2025</b></td> <td><b>23,485.56</b></td> <td><b>10,805.88</b></td> </tr> <tr> <td colspan="3"><b>Consumer contribution and grants</b></td> </tr> <tr> <td>Opening as on 01.04.2023 (As per Tariff Order)</td> <td>9612.88</td> <td>2951.79</td> </tr> <tr> <td>Additions during FY 2023-24 (As per Tariff Order)</td> <td>1157.8</td> <td>179.42</td> </tr> <tr> <td><b>Closing as on 31.03.2024</b></td> <td><b>10770.68</b></td> <td><b>3131.21</b></td> </tr> <tr> <td>Additions during FY 2024-25</td> <td>1,221.12</td> <td>301.88</td> </tr> <tr> <td><b>Closing as on 31.03.2025</b></td> <td><b>11,991.80</b></td> <td><b>3,433.09</b></td> </tr> </tbody> </table> <p>In the absence of scheme wise details on capitalization which include the funding pattern as well, the Objector argues that for the projection purposes (FY 2026-27), the additions to the Consumer contribution during FY 2026-27 must be considered in the same ratio as was actually received during the FY 2024-25.</p> <p>Based on the Petitioner's submission that depreciation in the Audited Accounts is computed as per CERC Regulations, whereas depreciation claimed</p>	Particulars	TGSPDCL	TGNPDCL	<b>GFA</b>			Opening as on 01.04.2023 (As per Tariff Order)	20407.97	9586.83	Additions during FY 2023-24 (As per Tariff Order)	1763.52	552.57	<b>Closing as on 31.03.2024</b>	<b>22171.49</b>	<b>10139.4</b>	Additions during FY 2024-25	1,314.07	666.48	<b>Closing as on 31.03.2025</b>	<b>23,485.56</b>	<b>10,805.88</b>	<b>Consumer contribution and grants</b>			Opening as on 01.04.2023 (As per Tariff Order)	9612.88	2951.79	Additions during FY 2023-24 (As per Tariff Order)	1157.8	179.42	<b>Closing as on 31.03.2024</b>	<b>10770.68</b>	<b>3131.21</b>	Additions during FY 2024-25	1,221.12	301.88	<b>Closing as on 31.03.2025</b>	<b>11,991.80</b>	<b>3,433.09</b>	
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	<p>for tariff purposes is as per the Tariff Regulations, the Objector has derived the weighted average depreciation rate by dividing the depreciation claimed by the average of the opening and closing Gross Fixed Asset (GFA) balances as per the Audited Accounts. Accordingly, the weighted average rates work out to 3.52% for TGSPDCL and 3.91% for TGNPDCL, respectively.</p> <p>Based on the admissible Capitalization and additions to the consumer contribution &amp; grants for the FY 2024-25 and FY 2026-27 as discussed in the preceding sections, the allowable depreciation works out as under:</p> <p style="text-align: center;"><b>Table 6: Allowable Depreciation as per Objector's assessment for the FY 2024-25 and FY 2026-27</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="321 954 997 1206"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Opening GFA</td> <td>22,171.49</td> <td></td> <td>10,139.40</td> <td></td> </tr> <tr> <td>Less: fully depreciated assets</td> <td>562.07</td> <td></td> <td>-</td> <td></td> </tr> <tr> <td>Less: Consumer contribution &amp; grants</td> <td>10,770.68</td> <td></td> <td>3,131.21</td> <td></td> </tr> <tr> <td>Net Opening GFA</td> <td>10,838.74</td> <td>11,504.51</td> <td>7,008.19</td> <td>7,956.27</td> </tr> <tr> <td>Net Additions to GFA during the year</td> <td>92.95</td> <td>616.64</td> <td>364.60</td> <td>623.04</td> </tr> <tr> <td>Closing GFA</td> <td>10,931.69</td> <td>12,121.15</td> <td>7,372.79</td> <td>8,579.32</td> </tr> <tr> <td>Weighted average rate of depreciation</td> <td>3.52%</td> <td>3.52%</td> <td>3.91%</td> <td>3.91%</td> </tr> <tr> <td><b>Depreciation</b></td> <td><b>383.00</b></td> <td><b>415.64</b></td> <td><b>280.83</b></td> <td><b>322.91</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Opening GFA	22,171.49		10,139.40		Less: fully depreciated assets	562.07		-		Less: Consumer contribution & grants	10,770.68		3,131.21		Net Opening GFA	10,838.74	11,504.51	7,008.19	7,956.27	Net Additions to GFA during the year	92.95	616.64	364.60	623.04	Closing GFA	10,931.69	12,121.15	7,372.79	8,579.32	Weighted average rate of depreciation	3.52%	3.52%	3.91%	3.91%	<b>Depreciation</b>	<b>383.00</b>	<b>415.64</b>	<b>280.83</b>	<b>322.91</b>	
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4.	<p><b>Interest on Loan:</b></p> <p>TGSPDCL has claimed Interest on Loan to the tune of Rs. 534 Crore and Rs. 934 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL</p>	<p>TGSPDCL submit that the Interest on Loan has been computed strictly as per Regulation No. 2 of 2023, applying the normative 75:25 debt–equity ratio to the asset base, consistent with the methodology adopted by the Hon'ble Commission. The treatment</p>																																																	

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	<p>has claimed Interest on Loan to the tune of Rs. 328 Crore and Rs. 400 Crore for the FY 2024-25 and FY 2026-27 respectively.</p> <p>The Objector submits that the treatment of Interest Expense and Return on Equity has materially changed from FY 2024-25 onwards pursuant to the revised Regulations, which provide for allowance of Return on Equity and Interest on Loan in place of the earlier framework of Return on Capital Employed. This regulatory shift has correspondingly altered the methodology for computing Interest on Loan and Return on Equity. While the Objector is broadly aligned with the Petitioner's approach in principle, the key issue that remains pertains to the determination of the opening balances of Loan and Equity, which must be established strictly in accordance with regulatory provisions and principles of financial prudence.</p> <p>To arrive at the Opening balance of Normative loan, the reference is drawn to the Tariff order for FY 2025-26 wherein the Hon'ble Commission while determining the Interest on Loan observed as follows:</p> <p>"3.22.11 The Commission has determined the opening loan base for FY2024-25 by taking the approved</p>	<p>of loan opening balances, loan additions, and repayment equivalent to depreciation has been done in line framework prescribed in the Regulations.</p> <p>The suggestion that accumulated depreciation should be applied at 100% for normative loan repayment does not align with the normative capital structure stipulated by the Regulations, which requires debt and equity to be maintained in the 75:25 ratio for all regulatory computations, including loan additions and repayment. With respect to consumer contribution and grants, TSNPDCL have already provided audited figures, consumer contribution part in GFA and scheme-wise segregation is submitted to the Hon'ble Commission as part of the prudence. Depreciation and loan computations exclude the grant-funded/consumer contribution portion of assets, fully complying with Regulation 26. In view of the above, TSNPDCL requests the Hon'ble Commission to approve Interest on loan as per the filings made by the Hon'ble Commission.</p>

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	<p>Gross Fixed Assets (GFA) as on 01.04.2024 adjusted for accumulated depreciation, consumer contributions, and grants and apportioning it based on a debt-equity ratio of 75:25. Additionally, in accordance with Clause 27.1 of Regulation No. 2 of 2023, the Commission has applied the same 75:25 debt-equity ratio to the approved capitalisation during the year, net of consumer contributions and grants, to calculate the loan addition for FY 2025-26.”</p> <p>However, the claim made by the petitioner (TGSPDCL) towards Opening balance of Normative Loan is shown as under:</p> <p><b>Table 7: Summary of TGSPDCL’s claim of Opening balance of Loan for the FY 2024-25</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="323 911 926 1084"> <thead> <tr> <th>Particulars</th> <th>2024-25</th> </tr> </thead> <tbody> <tr> <td>GFA as on 31.03.2024</td> <td>22196</td> </tr> <tr> <td>Consumer Contribution</td> <td>7600</td> </tr> <tr> <td>GFA excluding CC</td> <td>14596</td> </tr> <tr> <td>Loan = 75% of GFA excl. CC</td> <td>10947</td> </tr> <tr> <td>Accumulated Dep excl. CC</td> <td>7201</td> </tr> <tr> <td>Accumulated Depreciation excluding Consumer contribution 75%</td> <td>5401</td> </tr> <tr> <td><b>Opening Balance</b></td> <td><b>5546</b></td> </tr> </tbody> </table> <p>With reference to GFA and Consumer Contribution &amp; Grants in respect of determination of Opening balance of Loan, the Objector submits that the same may be considered in line with the discussions in the preceding section. However, the Petitioner has not provided any justification for applying 75% to</p>	Particulars	2024-25	GFA as on 31.03.2024	22196	Consumer Contribution	7600	GFA excluding CC	14596	Loan = 75% of GFA excl. CC	10947	Accumulated Dep excl. CC	7201	Accumulated Depreciation excluding Consumer contribution 75%	5401	<b>Opening Balance</b>	<b>5546</b>	
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	<p>Accumulated Depreciation (excluding Consumer Contribution) while deducting it from the Loan (i.e., 75% of GFA less CC). The Objector submits that Accumulated Depreciation (excluding CC) is fully available for loan repayment, and therefore, the application of only 75% thereto lacks regulatory and financial rationale. Further, the Tariff Regulations explicitly stipulate that repayment shall be equivalent to depreciation, rendering the application of a 75% factor unwarranted.</p> <p>Additionally, the Petitioner has not furnished the break-up of Consumer Contribution &amp; Grants forming part of Accumulated Depreciation. In the absence of such details, the Objector proposes that the contribution of Consumer Contribution &amp; Grants to Accumulated Depreciation be considered in proportion to the ratio of total Consumer Contribution as on 01.04.2024 to total GFA as on 01.04.2024, ensuring consistency and prudence in computation.</p> <p>In view of the above, the revised Opening Balance of Loan for TGSPDCL (as on 01.04.2024), as worked out by the Objector in accordance with regulatory principles and financial prudence, is set out below:</p>	

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	<p style="text-align: center;"><b>Table 8: Summary of Opening balance of Loan for TGSPDCL for the FY 2024-25</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 280 997 475"> <thead> <tr> <th>Particulars</th> <th>As claimed by the Petitioner</th> <th>As per Objector's assessment</th> </tr> </thead> <tbody> <tr> <td>GFA as on 31.03.2024 [A]</td> <td>22,196.00</td> <td>22,171.49</td> </tr> <tr> <td>Consumer Contribution [B]</td> <td>7,599.84</td> <td>10,770.68</td> </tr> <tr> <td>GFA excluding CC [C = A-B]</td> <td>14,596.16</td> <td>11,400.81</td> </tr> <tr> <td>Loan = 75% of GFA excl. CC [D = C x 75%]</td> <td>10,947.12</td> <td>8,550.61</td> </tr> <tr> <td>Accumulated Dep excl. CC [E]</td> <td>7,201.08</td> <td>5,786.25</td> </tr> <tr> <td>Accumulated Depreciation excluding Consumer contribution 75% [E x 75%]</td> <td>5,400.81</td> <td>NA</td> </tr> <tr> <td><b>Opening Balance of Normative Loan</b></td> <td><b>5,546.31</b></td> <td><b>2,764.36</b></td> </tr> </tbody> </table> <p>Notably, the TGNPDCL has not furnished the details of computation of opening normative loan hence, it is humbly submitted that the above methodology be adopted in that case as well.</p> <p>39. Based on the above discussions, the allowable Interest on Loan for both discoms for the FY 2024-25 and FY 2026-27 as per Objector's assessment is shown as below:</p> <p style="text-align: center;"><b>Table 9: Summary of admissible Interest on Loan for the FY 2024-25 and FY 2026-27</b> <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 946 997 1149"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Opening balance of normative loan</td> <td>2,764.36</td> <td>2,485.97</td> <td>1,594.53</td> <td>1,725.42</td> </tr> <tr> <td>Additions: 75% of the Capitalization (less CC)</td> <td>69.71</td> <td>462.48</td> <td>273.45</td> <td>467.28</td> </tr> <tr> <td>Repayment (depreciation)</td> <td>383.00</td> <td>415.64</td> <td>280.83</td> <td>322.91</td> </tr> <tr> <td>Closing balance of normative loan</td> <td>2,451.07</td> <td>2,532.81</td> <td>1,587.15</td> <td>1,869.79</td> </tr> <tr> <td>Average balance of normative loan</td> <td>2,607.71</td> <td>2,509.39</td> <td>1,590.84</td> <td>1,797.61</td> </tr> <tr> <td>Weighted average rate of interest</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> <td>0.10</td> </tr> <tr> <td><b>Interest on Loan</b></td> <td><b>250.38</b></td> <td><b>240.94</b></td> <td><b>163.23</b></td> <td><b>184.44</b></td> </tr> </tbody> </table>	Particulars	As claimed by the Petitioner	As per Objector's assessment	GFA as on 31.03.2024 [A]	22,196.00	22,171.49	Consumer Contribution [B]	7,599.84	10,770.68	GFA excluding CC [C = A-B]	14,596.16	11,400.81	Loan = 75% of GFA excl. CC [D = C x 75%]	10,947.12	8,550.61	Accumulated Dep excl. CC [E]	7,201.08	5,786.25	Accumulated Depreciation excluding Consumer contribution 75% [E x 75%]	5,400.81	NA	<b>Opening Balance of Normative Loan</b>	<b>5,546.31</b>	<b>2,764.36</b>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Opening balance of normative loan	2,764.36	2,485.97	1,594.53	1,725.42	Additions: 75% of the Capitalization (less CC)	69.71	462.48	273.45	467.28	Repayment (depreciation)	383.00	415.64	280.83	322.91	Closing balance of normative loan	2,451.07	2,532.81	1,587.15	1,869.79	Average balance of normative loan	2,607.71	2,509.39	1,590.84	1,797.61	Weighted average rate of interest	0.10	0.10	0.10	0.10	<b>Interest on Loan</b>	<b>250.38</b>	<b>240.94</b>	<b>163.23</b>	<b>184.44</b>	
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5.	<p><b>Return on Equity</b></p> <p>TGSPDCL has claimed Return on Equity to the tune of Rs. 302 Crore and Rs. 482 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed Return on Equity to the tune of Rs. 177</p>	<p>TGSPDCL submit that Return on Equity has been computed strictly as per Regulation No. 2 of 2023, applying the normative 75:25 debt–equity ratio to the asset base, in line with the methodology adopted by the Hon'ble Commission. The RoE rate of 14% + 2% SOP incentive, as permitted under the Regulations,</p>																																																																				

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Crore and Rs. 245 Crore for the FY 2024-25 and FY 2026-27 respectively.</p> <p>It is also worth mentioning that the Petitioners have claimed RoE at a rate of 16% for the FY 2024-25 and FY 2026-27 wherein Licensees have sought an additional 2% (towards compliance of SOP) over the base rate of 14%.</p> <p>Opening balance of Equity</p> <p>As discussed in the preceding section, the treatment of Interest Expense and Return on Equity has materially changed from FY 2024-25 onwards pursuant to the revised Regulations, which provide for allowance of Return on Equity and Interest on Loan in place of the earlier framework of Return on Capital Employed. Further, the Objector argues that the opening balances of Equity must be established strictly in accordance with regulatory provisions and principles of financial prudence.</p> <p>To arrive at the Opening balance of Equity, the reference is drawn to the Tariff order for FY 2025-26 wherein the Hon'ble Commission while determining the Return on Equity observed as follows:</p> <p>"3.21.15 The Commission has determined the</p>	<p>has been applied uniformly.</p> <p>The computation of opening equity, equity additions, and exclusion of consumer-contribution/grant-funded assets has been carried out, consistent with the framework. The objector's presumption of misalignment is therefore not correct.</p> <p>Where consumer contribution and grants form part of asset funding, such portions are excluded from the equity base.</p> <p>We request the Hon'ble Commission to approve the rate of 16% for calculation of Return on Equity as per the filing made by TGSPDCL</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee																		
	<p>opening equity base for FY2024-25 by taking the approved Gross Fixed Assets (GFA) as on 01.04.2024, and adjusted for accumulated depreciation, consumer contributions, and grants based on normative debt-equity ratio of 75:25. Furthermore, in accordance with Clause 27.1 of Regulation No. 2 of 2023, the Commission has applied the same 75:25 debt-equity ratio to the approved capitalisation, net of consumer contributions and grants to calculate the equity addition for each year of the Control Period.”</p> <p>7However, the claim made by the petitioner (TGSPDCL) towards Opening balance of Equity (as on 01.04.2024) is shown as under:</p> <p><b>Table 10: Summary of TGSPDCL’s claim of Opening balance of Equity for the FY 2024-25</b> (All figures in Rs. Crores)</p> <table border="1" data-bbox="331 1008 961 1203"> <thead> <tr> <th>Particulars</th> <th>FY 2023-24</th> </tr> </thead> <tbody> <tr> <td>Total GFA as on 31.03.2023</td> <td>22196</td> </tr> <tr> <td>Consumer Contribution assets in GFA as on 31.03.2023</td> <td>7599.84</td> </tr> <tr> <td>Fixed Assets post removal of CC as on 31.03.2023</td> <td>14596</td> </tr> <tr> <td>Total Accumulated Depreciation as on 31.03.2023</td> <td>11252.69</td> </tr> <tr> <td>Contribution of CC in Accumulated Depreciation</td> <td>4051.61</td> </tr> <tr> <td>Accumulated Depreciation post removal of Dep due to CC</td> <td>7201</td> </tr> <tr> <td>Balance Assets after deduction of accumulated Depreciation</td> <td>7395</td> </tr> <tr> <td><b>Balance Assets Equity Portion (25%)</b></td> <td><b>1849</b></td> </tr> </tbody> </table> <p>With reference to GFA and Consumer Contribution &amp; Grants in respect of RoE, the Objector submits that the same may be considered in line with the discussions in the preceding section. Further, in the</p>	Particulars	FY 2023-24	Total GFA as on 31.03.2023	22196	Consumer Contribution assets in GFA as on 31.03.2023	7599.84	Fixed Assets post removal of CC as on 31.03.2023	14596	Total Accumulated Depreciation as on 31.03.2023	11252.69	Contribution of CC in Accumulated Depreciation	4051.61	Accumulated Depreciation post removal of Dep due to CC	7201	Balance Assets after deduction of accumulated Depreciation	7395	<b>Balance Assets Equity Portion (25%)</b>	<b>1849</b>	
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	<p>absence of break-up of Consumer Contribution &amp; Grants forming part of Accumulated Depreciation, the Objector proposes that the contribution of Consumer Contribution &amp; Grants to Accumulated Depreciation be considered in proportion to the ratio of total Consumer Contribution as on 01.04.2024 to total GFA as on 01.04.2024, ensuring consistency and prudence in computation.</p> <p>Based on the above, the admissible Opening Equity for TGSPDCL (as on 01.04.2024) as per the Objector's assessment is as under:</p> <p style="text-align: center;">Table 11: Summary of admissible Opening balance of Equity for TGSPDCL for the FY 2024-25 (All figures in Rs. Crores)</p> <table border="1" data-bbox="312 862 997 1101"> <thead> <tr> <th>Particulars</th> <th>As claimed by the Petitioner</th> <th>As per Objector's assessment</th> </tr> </thead> <tbody> <tr> <td>Total GFA as on 31.03.2023</td> <td>22,196.00</td> <td>22,171.49</td> </tr> <tr> <td>Consumer Contribution assets in GFA as on 31.03.2023</td> <td>7,599.84</td> <td>10,770.68</td> </tr> <tr> <td>Fixed Assets post removal of CC as on 31.03.2023</td> <td>14,596.16</td> <td>11,400.81</td> </tr> <tr> <td>Total Accumulated Depreciation as on 31.03.2023</td> <td>11,252.69</td> <td>11,252.69</td> </tr> <tr> <td>Contribution of CC in Accumulated Depreciation</td> <td>4,051.61</td> <td>5,466.44</td> </tr> <tr> <td>Accumulated Depreciation post removal of Dep due to CC</td> <td>7,201.08</td> <td>5,786.25</td> </tr> <tr> <td>Balance Assets after deduction of accumulated Depreciation</td> <td>7,395.08</td> <td>5,614.56</td> </tr> <tr> <td><b>Balance Assets Equity Portion (25%)</b></td> <td><b>1,848.77</b></td> <td><b>1,403.64</b></td> </tr> </tbody> </table> <p>Notably, the TGNPDCL has not furnished the details of computation of opening Equity hence, it is humbly submitted that the above methodology be adopted in that case as well.</p>	Particulars	As claimed by the Petitioner	As per Objector's assessment	Total GFA as on 31.03.2023	22,196.00	22,171.49	Consumer Contribution assets in GFA as on 31.03.2023	7,599.84	10,770.68	Fixed Assets post removal of CC as on 31.03.2023	14,596.16	11,400.81	Total Accumulated Depreciation as on 31.03.2023	11,252.69	11,252.69	Contribution of CC in Accumulated Depreciation	4,051.61	5,466.44	Accumulated Depreciation post removal of Dep due to CC	7,201.08	5,786.25	Balance Assets after deduction of accumulated Depreciation	7,395.08	5,614.56	<b>Balance Assets Equity Portion (25%)</b>	<b>1,848.77</b>	<b>1,403.64</b>	
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6.	<p><b>Rate of Return on Equity</b></p> <p>The Petitioners have argued that the Rate of RoE has</p>	<p>While there was a delay in filing ARR and tariff proposals, it was due to complexities in data segregation and compliance with new</p>																											

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>been claimed based on the base rate and incentive specified in the Tariff Regulations. However, Regulation 29 of the Tariff Regulations provide as under:</p> <p>“29 Return on Equity</p> <p>29.1 Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with clause 27.</p> <p>29.2 Return on Equity shall be computed at the following base rates:</p> <p>(a) Thermal generating stations: 15.50%;</p> <p>(b) Run of river hydro generating stations: 15.50%;</p> <p>(c) Storage type hydro generating stations including pumped storage hydro generating storage and run of rover hydro generating station with pondage: 16.50%;</p> <p>.....</p> <p>(d) Transmission licensee: 14%;</p> <p>(e) Distribution licensee: Base Return on Equity of 14% and additional Return on Equity up to 2% linked to Licensee’s performance towards meeting standards of performance:</p> <p>Provided that the Commission at the time of true-up shall allow the additional Return on Equity up to 2%</p>	<p>MYT formats. The delay was not intentional and occurred during the transition to the 5th Control Period.We request the Commission to consider this context and allow the RoE as claimed, as the delay did not impact consumer service delivery.</p> <p>Further, TGSPDCL has claimed a RoE of 16% based on Regulation 29.2(e), which permits a base RoE of 14% with an additional incentive of up to 2% linked to compliance with the Standards of Performance (SoP).</p> <p>The additional Return on Equity (RoE) claimed reflects our sustained efforts toward improving service quality and operational efficiency. We request the Hon’ble Commission to approve the rate of 16% for calculation of Return on Equity as pe the filing made by TGSPDCL</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>based on Licensee meeting the summary of overall performance standards as specified in Clause 1.11 of Schedule III of TSERC (Licensees' Standards of Performance) Regulations, 2016;</p> <p>(f) SLDC: 14%.</p> <p>Provided that in case of delay in submission of tariff/true-up filings by the generating entity or licensee or SLDC, as required under this Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof.”</p> <p>In view of the above, the Petitioner is required to adhere to the timelines prescribed under the Tariff Regulations, failing which a reduction in the RoE is attracted as a penalty. The Hon'ble Commission, while approving the MYT Order for FY 2024–29, has already invoked this proviso, the relevant extracts of which are reproduced below:</p> <p>“4.6.8 Rate of RoE: As per timelines specified in Regulation No.2 of 2023,</p> <p>TGDISCOMs had to file the petitions by 31.01.2024. However, TGDISCOMs have filed the petitions with delay and filed their respective petitions on 12.07.2024 (TGSPDCL) and 20.07.2024 (TGNDPCL)</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>with a delay of 163 days for TGSPDCL and delay of 171 days for TGNPDCL. As per clause 29.2 of Regulation No.2 of 2023, in case the petitioner delays in filing the petition, there is provision for reduction in rate of Return on Equity by 0.5% per month or part thereof. Hence, the rate of RoE has to be reduced by 3.00% for all the years of 5th control period. Duly considering the advice given by the members during SAC meeting held on 05.10.2024 and since it is a first filing as per MYT Regulation No.2 of 2023, the Commission has taken a lenient view and restricted reduction of rate of RoE only for the first year of 5th control period i.e., FY 2024-25.</p> <p>4.6.9 Thus, the Commission considered net allowable rate of RoE as 11.00% for first year of 5th control period and for subsequent four years of 5th control period rate of RoE is considered as 14%.”</p> <p>In the present Petition, the Petitioner has sought relaxation of the Rate of RoE approved under the MYT Order and has claimed recovery of the base rate of RoE through the True-Up for FY 2024–25. By seeking a change in the RoE at the stage of True-Up, the Petitioner is effectively attempting to reopen and</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>modify the Tariff Order, which is impermissible in law. Once the Commission determines the norms and parameters in a Tariff Order, the same attain finality and cannot be altered except where the Regulations themselves expressly permit such variation.</p> <p>It is well settled through a catena of judgments of the Hon'ble APTEL that the True-Up mechanism is only meant to reconcile approved estimates with actuals based on the already approved norms and cannot be used to revise, substitute, or re-determine the tariff parameters. The scope of True-Up is limited to adjustment within the framework of the Tariff Order and not to re-write the tariff itself.</p> <p>Therefore, permitting relaxation in the Rate of RoE at the True-Up stage would not only amount to modification of the Tariff Order, but would also dilute the intent of the Tariff Regulations, which link RoE to regulatory discipline, including adherence to prescribed timelines. Any such relaxation would undermine regulatory certainty and defeat the very objective of incentivising compliance by the utility.</p> <p>Furthermore, the Licensees have also claimed an incentive of 2% over the base rate of RoE citing</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>compliance to TSERC (Licensees' Standards of Performance) Regulations, 2016 and have submitted the compliance report to the Hon'ble Commission through separate communications.</p> <p>At the outset, the Objector submits that compliance with SOP and the associated incentive framework is an integral part of the Tariff Regulations and cannot be presumed or admitted merely on assertion. The Licensees are obligated to place on record verifiable data and documentary evidence substantiating such compliance. A bald statement of compliance does not confer eligibility for incentive and must withstand the test of regulatory scrutiny and public examination. Further, the Objector questions the quality and robustness of the compliance being reported to the Hon'ble Commission. It is imperative to examine whether the underlying data is systematically monitored, audited, and governed by clearly defined reporting guidelines. In the absence of any critical and objective evaluation of distribution performance beyond mere statistics, the claim for incentive lacks merit.</p> <p>Without prejudice to the above, the Objector submits</p>	

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>that the Licensees cannot, in law or equity, simultaneously suffer penalties and seek incentives on the very same regulatory obligations. Where the Hon'ble Commission has already taken cognizance of non-compliance by imposing penalties for delayed filings, the Licensees are estopped from claiming incentive for alleged SOP compliance in the same regulatory regime. Penalty and incentive are mutually exclusive consequences attached to performance standards under the Regulations, and permitting both to coexist for the same period and parameter would be arbitrary, inconsistent with regulatory discipline.</p> <p>56. Further, the proviso to the Tariff Regulations expressly confines the admissibility of the 2% incentive claim to the stage of True-Up. Such proviso cannot be extended or imported into tariff determination proceedings for FY 2026-27. Accordingly, thePetitioner's claim of 2% incentive for FY 2026-27 is premature and does not merit admission under the Tariff Regulations at this stage.</p> <p>Based on the above arguments, it is humbly submitted that the Rate of RoE should be approved at 11.0% for the FY 2024-25. The allowable Return on</p>	

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	<p>Equity for both discoms for the FY 2024-25 and FY 2026-27 as per Objector's assessment is shown as below:</p> <p style="text-align: center;">Table 12: Summary of admissible Return on Equity for the FY 2024-25 and FY 2026-27 (All figures in Rs. Crores)</p> <table border="1" data-bbox="315 451 1003 625"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Opening Equity</td> <td>1,403.64</td> <td>1,570.08</td> <td>836.65</td> <td>1,073.67</td> </tr> <tr> <td>Additions during the year</td> <td>23.24</td> <td>154.16</td> <td>91.15</td> <td>155.76</td> </tr> <tr> <td>Closing Equity</td> <td>1,426.88</td> <td>1,724.24</td> <td>927.80</td> <td>1,229.43</td> </tr> <tr> <td>Average Equity</td> <td>1,415.26</td> <td>1,647.16</td> <td>882.22</td> <td>1,151.55</td> </tr> <tr> <td>Rate of RoE</td> <td>11%</td> <td>14%</td> <td>0.11</td> <td>0.14</td> </tr> <tr> <td>Tax Rate</td> <td>0%</td> <td>0%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Return on Equity</td> <td>155.68</td> <td>230.60</td> <td>97.04</td> <td>161.22</td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Opening Equity	1,403.64	1,570.08	836.65	1,073.67	Additions during the year	23.24	154.16	91.15	155.76	Closing Equity	1,426.88	1,724.24	927.80	1,229.43	Average Equity	1,415.26	1,647.16	882.22	1,151.55	Rate of RoE	11%	14%	0.11	0.14	Tax Rate	0%	0%	-	-	Return on Equity	155.68	230.60	97.04	161.22	
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7.	<p><b>Operations and Maintenance Expenses</b></p> <p>TGSPDCL has claimed Operations and Maintenance Expenses (O&amp;M Expenses) to the tune of Rs. 4025 Crore and Rs. 4524 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed O&amp;M Expenses to the tune of Rs. 2783 Crore and Rs. 3130 Crore for the FY 2024-25 and FY 2026-27 respectively.</p> <p>At the outset, it is submitted that the Petitioners have claimed O&amp;M Expenses for the True-up year based purely on actuals from Audited Accounts, rather than adopting the normative framework mandated under the Tariff Regulations. It is further submitted that the O&amp;M Expenses claimed by TGNPDCL appear disproportionately high, particularly when compared</p>	<p>It is to submit that, there is an increase of Rs. 449.06 crores in the employee expenses compared with the expenses approved in the wheeling tariff order by the Hon'ble Commission (actual expenses vis-à-vis approved in tariff order i.e., Rs. 3611.43 crores vis-à-vis Rs. 3162.37 crores) is due to massive retirements (there was pause in retirements due to increasing the retirement age from 58 to 61 years by the GoTG) and the TGSPDCL has undertaken actuarial valuation towards pension and gratuity provision and final EL encashment obligations in respect of Employees who have retired due to superannuation. Further, it is to submit that, the increase in the employee cost due to new recruitment in various cadres and the impact of yearly increments of the employees during the year.</p>																																												

<b>S.No.</b>	<b>Summary of Objections / Suggestions</b>	<b>Response of the Licensee</b>
	<p>with TGSPDCL, despite TGNPDCL owning only about half the asset base and handling nearly one-third of the energy sales of TGSPDCL. In this background, the Hon'ble Commission is respectfully urged to undertake a robust benchmarking exercise for O&amp;M Expenses, duly factoring employee deployment across key functions such as consumer services, substation operations, and asset management, and aligning the allowance with prudent utility practices and efficiency norms rather than untested actuals.</p> <p>TGSPDCL has attributed the increase in O&amp;M primarily to escalation in Employee Expenses, A&amp;G Expenses, and R&amp;M Expenses. It is stated that Employee Cost has risen by about Rs. 239 crore on account of DA increase, Rs. 160 crore towards enhanced employer contribution to Provident Fund based on actuarial valuation, and Rs. 45.22 crore towards Employee Medical Reimbursement. While these figures are asserted, the Petitioner has not demonstrated the prudence, necessity, or efficiency of such escalations, nor established that the same are unavoidable and in line with regulatory benchmarks.</p>	<p>Hence, the Licensee humbly requests the Hon'ble commission to allow the Actual Expenditure incurred towards O&amp;M expenses as per audited annual accounts of FY 2024-25. Further, we also requests the Hon'ble Commission to approve the projected O&amp;M expenses as per the filings.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>Further, the Petitioner submits a marginal increase in Repairs &amp; Maintenance Expenses, citing regular maintenance of UG cable networks (Rs. 11.42 crore) and expenditure of about Rs. 5.08 crore towards substation maintenance and allied civil works. The Objector submits that such increases, though presented as routine, require proper justification, benchmarking, and demonstration of efficiency gains, and cannot be admitted merely on the basis of narration.</p> <p>It goes without saying that the Objector argues that the O&amp;M Expenses have been claimed in complete violation of the Regulation 81 of the Tariff Regulations 2023, relevant extracts of which are reproduced as below:</p> <p>“81.1 The O&amp;M expenses for distribution licensee shall comprise of:</p> <ul style="list-style-type: none"> <li>• Employee cost including unfunded past liabilities of pension and gratuity;</li> <li>• Repairs and Maintenance (R&amp;M) expenses; and</li> <li>• Administrative and Generation (A&amp;G) expenses.</li> </ul> <p>81.2 The O&amp;M expenses for distribution licensee for each year of the Control Period shall be approved</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>based on the formula shown below:  <math>O\&amp;M_n = EMP_n + R\&amp;M_n + A\&amp;G_n</math>  Where,  <ul style="list-style-type: none"> <li>• O&amp;Mn – Operation and Maintenance expense for the nth year;</li> <li>• EMPn – Employee Costs for the nth year;</li> <li>• R&amp;Mn – Repair and Maintenance Costs for the nth year;</li> <li>• A&amp;Gn – Administrative and General Costs for the nth year;</li> </ul> 81.3 The above components shall be computed in the manner specified below:  <math>EMP_n = (EMP_{n-1}) \times (\text{CPI Inflation});</math>  <math>R\&amp;M_n = K \times (GFAn) \times (\text{WPI Inflation})</math> and  <math>A\&amp;G_n = (A\&amp;G_{n-1}) \times (\text{WPI Inflation})</math>  Provided that the employee cost and A&amp;G expenses for the first year of the Control Period shall be worked out considering the average of the trued-up expenses after adding/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 Inflation for</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>employee costs and WPI Inflation for A&amp;G expenses.”</p> <p>Based on the above, the employee costs and administrative (A&amp;G) expenses for the first year of the new Control Period are to be computed based on the average of the Trued up costs from the previous period, adjusted for efficiency gains or losses. Any unusual or abnormal expenses need to be excluded by the Commission.</p> <p>Against this methodology, the Hon’ble Commission in the MYT order observed as follows:</p> <p>“Employee Expenses  .....</p> <p>4.4.13 The Commission has scrutinized the trued-up expenses and observed that there is no abnormal expense in the preceding Control Period. In accordance to proviso of Clause 81.3 of Regulation No. 2 of 2023, the Commission has recomputed the Employee Expenses for FY2024-25, by considering the average of trued-up expenses after adding/deducting the share of efficiency gains/losses, for the immediately preceding Control Period till FY2022-23 and approved values for FY2023-24. The average employee expenses have been duly</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>escalated thrice with average CPI inflation factor of last 5 financial years (FY2019-20 to FY2023-24) to arrive at Employee expenses for FY2024-25. As the employee expenses have been arrived by considering the average of employee expenses of last five years, the Commission has considered the average CPI Inflation factor of last 5 financial years.</p> <p>4.4.14 The Employee Expenses of each financial year for FY2025-26 to FY2028-29 is computed by escalating the above derived value of Employee expenses by average CPI inflation factor (5.79%) of last 5 financial years (FY2019-20 to FY2023-24). The Employee Expenses approved by the Commission for the period FY2024-25 to FY2028-29 are as shown below:</p> <p>A&amp;G Expenses</p> <p>4.4.15 The Commission has recomputed the A&amp;G Expenses for FY2024-25, by considering the average of trued-up A&amp;G expenses after adding/deducting the share of efficiency gains/losses, for the immediately preceding Control Period till FY2022-23 and approved values for FY2023-24. The average A&amp;G expenses have been duly escalated thrice with average WPI</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>inflation factor of last 5 financial years (FY2019-20 to FY2023-24) to arrive at A&amp;G expenses for FY2024-25. As the A&amp;G expenses have been arrived by considering the average of A&amp;G expenses of last five years, the Commission has considered the average WPI Inflation factor of last 5 financial years. The A&amp;G Expenses of each financial year for FY2025-26 to FY2028-29 is computed by escalating the above derived value of A&amp;G expenses by average WPI inflation factor (4.93%) of last 5 financial years (FY2019-20 to FY2023-24). The A&amp;G Expenses approved by the Commission for the period FY2024-25 to FY2028-29 are as shown below</p> <p>4.4.16 With regard to R&amp;M Expenses, the Commission has computed the 'k' factor based on the approved R&amp;M Expenses as the percentage of opening GFA (approved) at beginning of each year of the 4th Control Period. The normative R&amp;M Expenses of each financial year for the period FY2024-25 to FY2028-29 is computed by multiplying the opening GFA, with 'k' factor derived above and average WPI inflation factor of last 5 financial years which is being escalated for each year of the period FY2024-25 to</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>FY2028-29.”</p> <p>From the above, it is abundantly clear that the Hon’ble Commission has determined the normative O&amp;M Expenses with due regard to the Tariff Regulations. The Petitioner’s claim seeking variation in O&amp;M Expenses is do not pass the test of Regulation 81. The petitioner has failed to demonstrate as to how the variation is admissible beyond the normative level of expense. The variation sought by the Petitioner is based on variation in routine expenditure items and are not extraordinary items warranting intervention of the Hon’ble Commission.</p> <p>It is worth noting that the Hon’ble Commission in the past orders has approved the O&amp;M Expenses on normative basis at the time of True up. In view of the set precedence for O&amp;M Expenses admission, the Hon’ble Commission is sincerely submitted to approve the O&amp;M Expenses for the True up of FY 2024-25 on normative basis.</p> <p>Based on the above, it is humbly submitted that the Employee and A&amp;G Expenses be approved same as approved in the MYT Order. In so far as the R&amp;M Expenses are concerned, the same is linked to</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																																										
	<p>Opening GFA balances which have undergone a change pursuant to True up of FY 2023-24. Accordingly, based on admissible GFA as discussed in the preceding sections, the allowable R&amp;M Expenses are shown as under:</p> <p style="text-align: center;">Table 13: Summary of admissible R&amp;M Expenses for the FY 2024-25 and FY 2026-27 <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 548 1003 667"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>GFA (opening)</td> <td>22,171.49</td> <td>25,813.77</td> <td>10,139.40</td> <td>11,911.71</td> </tr> <tr> <td>K-factor</td> <td>0.90%</td> <td>0.90%</td> <td>0.90%</td> <td>0.90%</td> </tr> <tr> <td>WPI</td> <td>4.93%</td> <td>4.93%</td> <td>4.93%</td> <td>4.93%</td> </tr> <tr> <td><b>R&amp;M Expenses</b></td> <td><b>209.38</b></td> <td><b>243.78</b></td> <td><b>95.75</b></td> <td><b>112.49</b></td> </tr> </tbody> </table> <p>Based on the above assessments of each item of the O&amp;M Expenses, the allowable O&amp;M Expenses as per the Objector's assessment is as under:</p> <p style="text-align: center;">Table 14: Summary of O&amp;M Expenses admissible as per Objector's assessment for the FY 2024-25 and FY 2026-27 <i>(All figures in Rs. Crores)</i></p> <table border="1" data-bbox="310 915 1003 1032"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>Employee Expenses</td> <td>3,162.37</td> <td>3,539.21</td> <td>2,360.89</td> <td>2,642.23</td> </tr> <tr> <td>R&amp;M Expenses</td> <td>209.38</td> <td>243.78</td> <td>95.75</td> <td>112.49</td> </tr> <tr> <td>A&amp;G Expenses</td> <td>217.64</td> <td>239.64</td> <td>135.41</td> <td>149.10</td> </tr> <tr> <td><b>Total</b></td> <td><b>3,589.39</b></td> <td><b>4,022.63</b></td> <td><b>2,592.05</b></td> <td><b>2,903.82</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	GFA (opening)	22,171.49	25,813.77	10,139.40	11,911.71	K-factor	0.90%	0.90%	0.90%	0.90%	WPI	4.93%	4.93%	4.93%	4.93%	<b>R&amp;M Expenses</b>	<b>209.38</b>	<b>243.78</b>	<b>95.75</b>	<b>112.49</b>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	Employee Expenses	3,162.37	3,539.21	2,360.89	2,642.23	R&M Expenses	209.38	243.78	95.75	112.49	A&G Expenses	217.64	239.64	135.41	149.10	<b>Total</b>	<b>3,589.39</b>	<b>4,022.63</b>	<b>2,592.05</b>	<b>2,903.82</b>	
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8.	<p><b>Non Tariff Income and Income from OA Charges</b></p> <p>TGSPDCL has claimed Non-tariff income (NTI) to the tune of Rs. 570 Crore and Rs. 532 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGNPDCL has claimed NTI to the tune of Rs. 175 Crore and Rs. 183 Crore for the FY 2024-25 and FY 2026-27 respectively.</p>	<p>TGSPDCL submits that the Non-Tariff Income (NTI) has been computed strictly with reference to the distribution business, in accordance with Regulation 82 of the Tariff Regulations, 2023. Only income streams that are attributable to the distribution business have been included.</p> <p>The deferred revenue arising from the amortisation of consumer contribution and grants has been considered separately,</p>																																																										

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>The Objector humbly submits that the NTI submitted by the Distribution Licensees is understated. Regulation 82 of the Tariff Regulations 2023 provides for the consideration of items that qualify under NTI, relevant extracts of which are reproduced below:</p> <p>“82 Non-Tariff Income</p> <p>82.1.....</p> <p>82.2 The Non-Tariff Income shall include:</p> <p>a) Income from rent of land or buildings;</p> <p>b) Net income from sale of de-capitalised assets;</p> <p>c) Income from sale of scrap;</p> <p>d) Income from statutory investments;</p> <p>e) Interest income on advances to suppliers/contractors;</p> <p>f) Income from rental from staff quarters;</p> <p>g) Income from rental from contractors;</p> <p>h) Income from hire charges from contractors and others;</p> <p>i) Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission;</p> <p>j) Supervision charges for capital works;</p> <p>k) Income from advertisements;</p>	<p>consistent with the methodology adopted by Hon’ble Commission.</p> <p>TGNSDCL Requests the Hon’ble Commission to approve the Non-Tariff Income as per the filings.</p>

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	<p>l) Income from sale of tender documents; m) Any other Non-Tariff Income.”</p> <p>The Objector submits that the Petitioner has not comprehensively considered all items qualifying as Non-Tariff Income (NTI) under the Tariff Regulations while formulating its claim. It is further observed that the Petitioner has included amortisation of assets funded through Consumer Contribution and Grants, which is impermissible for NTI computation. Upon excluding the same, the NTI for TGSPDCL works out to Rs. 142 Crore, over which the Petitioner has applied an annual escalation of 2% twice to arrive at the projected NTI for FY 2026-27.</p> <p>It is also pertinent to note that certain income heads such as Sale of Scrap and SDs &amp; BGs forfeited are shown as negative for FY 2024-25, which the Objector strongly objects to. A negative value under an income head effectively represents an expense and cannot be treated as income without detailed justification. The Petitioner has neither substantiated the basis for such negative entries nor demonstrated that they are normal, recurring in nature. Despite this, the Petitioner has proceeded to project these negative values for</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																	
	<p>future years, which is untenable, as such items are typically exceptional and non-recurring. Accordingly, the Petitioner’s approach of projecting negative income heads lacks prudence and ought to be disregarded by the Hon’ble Commission.</p> <p>The perusal of the Annual Audited Accounts for the FY 2024-25 indicates that the TGSPDCL has booked Other Income of Rs. 435 Crore (excl. Amortization of CC&amp;G). The relevant extract of the Audited Accounts (FY 2024-25) is reproduced hereunder:</p> <table border="1" data-bbox="310 760 1003 971"> <thead> <tr> <th colspan="3">22 -OTHER INCOME</th> </tr> <tr> <th>Particulars</th> <th>2024-25 Rs. In Crore</th> <th>2023-24 Rs. In Crore</th> </tr> </thead> <tbody> <tr> <td>Interest Income</td> <td></td> <td></td> </tr> <tr> <td>Bank</td> <td>8.77</td> <td>15.08</td> </tr> <tr> <td>Staff</td> <td>1.38</td> <td>1.10</td> </tr> <tr> <td>Others : Interest on ED</td> <td>4.98</td> <td>9.91</td> </tr> <tr> <td>Rent from Company's Property Plant and Equipment</td> <td>0.68</td> <td>0.70</td> </tr> <tr> <td>Sale of Scrap</td> <td>11.76</td> <td>1.09</td> </tr> <tr> <td>Penalties from Suppliers</td> <td>10.61</td> <td>8.30</td> </tr> <tr> <td>Other Income</td> <td>397.40</td> <td>331.18</td> </tr> <tr> <td><b>Total</b></td> <td><b>435.58</b></td> <td><b>367.36</b></td> </tr> </tbody> </table> <p>a. As per the Company's Policy, interest on loans given to employees is recovered after repayment of the principal loan amount.</p> <p>b. Interest on ED : Electricity Duty is being raised on sale of electricity to consumer at six paise per unit and paid to the State Government as and when the liability is arising, irrespective of receipt from consumer. Further, Interest on Electricity Duty is levied on the consumers when they fail to pay the bills within due date as per the Clause 4.4 of the APERC Electricity Supply Code Regulation No. 5 of 2004 adopted by TGERC vide Regulation No. 1 of 2014. Hence the Interest on Electricity Duty collected from the consumers due to late payment of bills is being treated as Other Income to the DISCOM.</p> <p>c. Other Income includes prior period CC Charges of Rs.251.86 Crore, Incidental charges of Rs. 98.96 Crore, Storage and Handling Charges of Rs.8.40 Crores, Contingencies of Rs.8.31 Crore and Income from short term Investment is</p> <p>The Objector submits that the Other Income of Rs. 397 Crore claimed by the Petitioner must be supported with a detailed break-up and proper justification as towky such income should not be</p>	22 -OTHER INCOME			Particulars	2024-25 Rs. In Crore	2023-24 Rs. In Crore	Interest Income			Bank	8.77	15.08	Staff	1.38	1.10	Others : Interest on ED	4.98	9.91	Rent from Company's Property Plant and Equipment	0.68	0.70	Sale of Scrap	11.76	1.09	Penalties from Suppliers	10.61	8.30	Other Income	397.40	331.18	<b>Total</b>	<b>435.58</b>	<b>367.36</b>	
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	<p>treated as Non-Tariff Income (NTI) in terms of the Tariff Regulations. The note furnished indicates that this income includes items such as prior period CC charges, storage and handling charges, among others, which prima facie fall within the scope of NTI. It is incumbent upon the Licensee to place on record clear reasons and documentary evidence to justify any exclusion. In the absence of such justification, the entire Other Income as reflected in the Audited Accounts for FY 2024-25 ought to be considered for NTI purposes.</p> <p>Likewise, in the case of TGNPDCL, the Audited Accounts disclose miscellaneous receipts, the detailed break-up of which has not been furnished by the Petitioner. In the absence of adequate information on record, the NTI must be admitted by considering the entire amount of Other Income / Miscellaneous Receipts in full. Accordingly, the admissible NTI, as assessed by the Objector for FY 2024-25, is set out below:</p>	

S.No.	Summary of Objections / Suggestions	Response of the Licensee																																				
	<p style="text-align: center;">Table 15: Summary of NTI admissible as per Objector's assessment for the FY 2024-25 <i>(All figures in Rs. Crores)</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 25%;">TGSPDCL</th> <th style="width: 25%;">TGNPDCL</th> </tr> </thead> <tbody> <tr> <td><b>Interest Income</b></td> <td></td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">8.77</td> <td style="text-align: right;">5.97</td> </tr> <tr> <td>Staff</td> <td style="text-align: right;">1.38</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">4.98</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Rent from Company's PPE</td> <td style="text-align: right;">0.68</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Sale of Scrap</td> <td style="text-align: right;">11.76</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Penalties from suppliers</td> <td style="text-align: right;">10.61</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Other Income</td> <td style="text-align: right;">397.40</td> <td style="text-align: right;">26.86</td> </tr> <tr> <td>Late payment surcharge</td> <td style="text-align: center;">-</td> <td style="text-align: right;">96.45</td> </tr> <tr> <td>Deferred revenue income</td> <td style="text-align: center;">-</td> <td style="text-align: right;">154.56</td> </tr> <tr> <td style="text-align: center;"><b>Total</b></td> <td style="text-align: right;"><b>435.58</b></td> <td style="text-align: right;"><b>283.84</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL	TGNPDCL	<b>Interest Income</b>			Bank	8.77	5.97	Staff	1.38	-	Others	4.98	-	Rent from Company's PPE	0.68	-	Sale of Scrap	11.76	-	Penalties from suppliers	10.61	-	Other Income	397.40	26.86	Late payment surcharge	-	96.45	Deferred revenue income	-	154.56	<b>Total</b>	<b>435.58</b>	<b>283.84</b>	
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9.	<p><b>Income from OA charges</b></p> <p>Revenue from OA Charges amounting to Rs. 16.70 Crore has been claimed by the TGSPDCL for the FY 2024-25.</p> <p>The perusal of Audited Accounts indicates that the Revenue from Other – Wheeling, Unscheduled Interchange, Capacitor surcharge, etc. is Rs. 28.53 Crore as shown hereunder:</p>	<p>With respect to OA charges, TGSPDCL clarify that only wheeling-related OA revenue, has been shown separately under Open Access Revenue. Other charges that pertain to the retail supply business have not been considered.</p> <p>TGSPDCL Requests the Hon'ble Commission to approve the Open Access revenue as per the filings</p>																																				

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10.	<p data-bbox="304 1029 1003 1417"><b>11 Interest on Working Capital</b> TGSPDCL has claimed Interest on Working Capital (IoWC) to the tune of Rs. 126 Crore and Rs. 150 Crore for the FY 2024-25 and FY 2026-27 respectively. Likewise, TGSPDCL has claimed NTI to the tune of Rs. 82 Crore and Rs. 100 Crore for the FY 2024-25 and FY 2026-27 respectively. The Petitioner's claim of Rate of Interest of IoWC of</p>	<p data-bbox="1033 1029 1873 1417">TGSPDCL submit that Interest on Working Capital has been computed strictly as per Regulation 33.6 of the Tariff Regulations, applying the notified formula using the SBI 1-year MCLR plus 150 bps, based on the prevailing rates applicable for the relevant year. The rate adopted in the Petition reflects the actual weighted average MCLR. We request the Hon'ble Commission to approve the Interest on Working Capital computation as per the filings made by</p>																																																									

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	<p>10.50% for the FY 2024-25 is incorrect. As per the proviso to the Regulation 33.6 of the Tariff Regulations, Rate of Interest on Working Capital must be considered equal to the weighted average Base Rate (1 year SBI MCLR) prevailing during the concerned Year plus 150 basis points. Accordingly, the Objector has assessed the Rate for the True up of FY 2024-25 as 10.38% as shown herein below:</p> <p><b>Table 16: Month-wise 1 Y SBI MCLR and computation of Weighted Average Rate of IoWC as per Objector</b></p> <table border="1" data-bbox="323 703 940 1114"> <thead> <tr> <th>Sl. No.</th> <th>From Date</th> <th>To Date</th> <th>No. of Days</th> <th>Base Rate</th> </tr> </thead> <tbody> <tr><td>1</td><td>4/1/2024</td><td>4/14/2024</td><td>13</td><td>8.65%</td></tr> <tr><td>2</td><td>4/15/2024</td><td>5/14/2024</td><td>30</td><td>8.65%</td></tr> <tr><td>3</td><td>5/15/2024</td><td>6/14/2024</td><td>31</td><td>8.65%</td></tr> <tr><td>4</td><td>6/14/2024</td><td>7/14/2024</td><td>31</td><td>8.75%</td></tr> <tr><td>5</td><td>7/15/2024</td><td>8/14/2024</td><td>31</td><td>8.85%</td></tr> <tr><td>6</td><td>8/15/2024</td><td>9/14/2024</td><td>31</td><td>8.95%</td></tr> <tr><td>7</td><td>9/15/2024</td><td>10/14/2024</td><td>30</td><td>8.95%</td></tr> <tr><td>8</td><td>10/15/2024</td><td>11/14/2024</td><td>31</td><td>8.95%</td></tr> <tr><td>9</td><td>11/15/2024</td><td>12/14/2024</td><td>30</td><td>9.00%</td></tr> <tr><td>10</td><td>12/15/2024</td><td>1/14/2025</td><td>31</td><td>9.00%</td></tr> <tr><td>11</td><td>1/15/2025</td><td>2/14/2025</td><td>31</td><td>9.00%</td></tr> <tr><td>12</td><td>2/15/2025</td><td>3/14/2025</td><td>28</td><td>9.00%</td></tr> <tr><td>13</td><td>3/15/2025</td><td>3/31/2025</td><td>17</td><td>9.00%</td></tr> <tr> <td colspan="4"><b>Weighted Average Rate (WAR)</b></td> <td><b>8.88%</b></td> </tr> <tr> <td colspan="4"><b>Rate of IoWC (WAR + 150 b.p.)</b></td> <td><b>10.38%</b></td> </tr> </tbody> </table> <p>Based on the disallowances on other items of the ARR and Rate of IoWC as above (FY 2024-25), the allowable Interest on Working Capital as per the Objector's assessment works out as follows:</p>	Sl. No.	From Date	To Date	No. of Days	Base Rate	1	4/1/2024	4/14/2024	13	8.65%	2	4/15/2024	5/14/2024	30	8.65%	3	5/15/2024	6/14/2024	31	8.65%	4	6/14/2024	7/14/2024	31	8.75%	5	7/15/2024	8/14/2024	31	8.85%	6	8/15/2024	9/14/2024	31	8.95%	7	9/15/2024	10/14/2024	30	8.95%	8	10/15/2024	11/14/2024	31	8.95%	9	11/15/2024	12/14/2024	30	9.00%	10	12/15/2024	1/14/2025	31	9.00%	11	1/15/2025	2/14/2025	31	9.00%	12	2/15/2025	3/14/2025	28	9.00%	13	3/15/2025	3/31/2025	17	9.00%	<b>Weighted Average Rate (WAR)</b>				<b>8.88%</b>	<b>Rate of IoWC (WAR + 150 b.p.)</b>				<b>10.38%</b>	<p>TGSPDCL</p>
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	<p style="text-align: center;"><b>Table 17: Summary of admissible IoWC for the FY 2024-25 and FY 2026-27</b> (All figures in Rs. Crores unless stated explicitly)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">TGSPDCL</th> <th colspan="2">TGNPDCL</th> </tr> <tr> <th>FY 2024-25</th> <th>FY 2026-27</th> <th>FY 2024-25</th> <th>FY 2026-27</th> </tr> </thead> <tbody> <tr> <td>O&amp;M expenses</td> <td>299.12</td> <td>335.22</td> <td>216.00</td> <td>241.99</td> </tr> <tr> <td>Maintenance spares</td> <td>221.71</td> <td>258.14</td> <td>101.39</td> <td>119.12</td> </tr> <tr> <td>Receivables</td> <td>495.60</td> <td>562.71</td> <td>356.39</td> <td>411.69</td> </tr> <tr> <td><b>Less:</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Working Capital requirement</td> <td>1,016.43</td> <td>1,156.06</td> <td>673.79</td> <td>772.79</td> </tr> <tr> <td>Interest rate</td> <td>10.38%</td> <td>10.25%</td> <td>10.38%</td> <td>10.25%</td> </tr> <tr> <td><b>Interest on working capital</b></td> <td><b>105.51</b></td> <td><b>118.50</b></td> <td><b>69.94</b></td> <td><b>79.21</b></td> </tr> </tbody> </table>	Particulars	TGSPDCL		TGNPDCL		FY 2024-25	FY 2026-27	FY 2024-25	FY 2026-27	O&M expenses	299.12	335.22	216.00	241.99	Maintenance spares	221.71	258.14	101.39	119.12	Receivables	495.60	562.71	356.39	411.69	<b>Less:</b>					Total Working Capital requirement	1,016.43	1,156.06	673.79	772.79	Interest rate	10.38%	10.25%	10.38%	10.25%	<b>Interest on working capital</b>	<b>105.51</b>	<b>118.50</b>	<b>69.94</b>	<b>79.21</b>	
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11.	<p><b>Wheeling Charges</b></p> <p>Based on the discussions in the aforesaid sections, it is clear that the allowable ARR as per the Objector’s assessment is Rs. 3,894 Crore and Rs. 3,081 Crore which is for TGSPDCL and TGNPDCL respectively for the FY 2026-27.</p> <p>As per Tariff Order for FY 2025-26, the recoverable ARR for the FY 2026-27 is Rs. 5474 Crore and Rs. 3160 Crore for TGSPDCL and TGNPDCL respectively which is significantly higher than the recoverable ARR as per the Objector’s assessment.</p> <p>Consequently, the Objector humbly submits that there is no scope for revision in Wheeling charges and rather there is an ample scope for reduction in wheeling charges.</p>	<p>The proposed wheeling charges are determined strictly in accordance with the TGERC Multi-Year Tariff (MYT) Regulations, which mandate recovery of distribution network costs based on voltage level and cost causation principles, not on the source of energy. The approach considered by the Hon’ble Commission in its MYT order for 5<sup>th</sup> Control Period is shown below:</p> <p><i>“4.13.4 Further, Clause 79.2 of Regulation No. 2 of 2023, clearly specifies that the Wheeling Charges shall be determined separately for LT voltage, 11 kV voltage, and 33 kV voltage.</i></p> <p><i>4.13.5 In accordance with Clause 79.2 of Regulation No. 2 of 2023, the Commission has computed the Wheeling Charges for the Control period i.e. FY2024-25 to FY2028-29.</i></p> <ul style="list-style-type: none"> <li>• <i>The year wise approved ARR for each year of the Control Period, i.e. FY2024-25 to FY2028-29 has been allocated amongst 33 kV, 11 kV and LT voltage levels;</i></li> <li>• <i>Having allocated the components of ARR among each voltage, the cost attributable for each voltage has been</i></li> </ul>																																												

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		<p><i>computed;</i></p> <ul style="list-style-type: none"> <li>• <i>The demand incident at each voltage level has been arrived at by considering the voltage wise demands in the ratio on actuals available with the Commission and approved losses as per Resource Plan Order dated 29.12.2023;</i></li> <li>• <i>The voltage wise wheeling charges have been computed by dividing the apportioned ARR at each voltage level by the demand at that voltage level.”</i></li> </ul> <p>Therefore, we request the Hon’ble Commission to approve the proposed wheeling charges as per the filings.</p>