**ANNEXURE-I**

**True-Up filings for FY 2024-25 and Annual Tariff Petition for FY 2026-27**

**Replies to submissions on Transmission Business O.P no.68 of 2025 by Southern Power Distribution Company of Telangana Limited**

| **SI. No** | **Objections** | **Reply** |
| --- | --- | --- |
| 1 | Projected Transmission Losses (in %) for the FY 2025-26 & FY 2026-27  TGTRANSCO’s projection of transmission losses at 2.46% for FY 2025‑26 and 2.44% for FY 2026‑27 as approved in 5th Control Period MYT Order dt:28.10.2024 represents an unjustified upward deviation from the audited actual transmission losses of 2.30% (FY 2023‑24) and 2.19% (FY 2024‑25), as disclosed in the petition (p.10 & p.12). Such projections run contrary to the consistent downward trajectory observed in the past two years and lack any technical justification in the filings. Under TGERC MYT Regulation 12.1(b), variation in transmission losses is a controllable item, and Reg. 20.5(a) requires licensees to make realistic, prudence - compliant projections. Therefore, DISCOMs submits that the Commission may adopt loss projections aligned with recent audited performance. | The transmission losses depend on the distance of generation plants from loads. Solar plants, Lift Irrigation Loads & Agricultural pump sets inject reactive power into the system leading to higher transmission losses. So, Losses can decrease or even increase based on generation type (proximity to loads) and reactive power injection (solar plants & irrigation loads).  **However, TGTransco will always endeavor to bring down the transmission losses.** |
| 2 | Advance Against Depreciation TGTRANSCO seeks approval of Advance Against Depreciation (AAD) on the grounds that depreciation allowed under TGERC MYT Regulation 2 of 2023 is not adequate to meet loan repayment obligations. However, Regulation 28.5 explicitly provides that “depreciation allowed for each year shall be deemed equal to the loan repayment up to 75% of asset cost or actual debt component.” This deeming provision already ensures full loan‑repayment alignment within the depreciation framework and eliminates the need for a separate AAD mechanism. Introducing AAD despite this clause would burden the licensees resulting in tariff hike to the consumers. Therefore, DISCOMs submit that, TGTRANSCO should instead compute depreciation strictly as per Reg.28.5, supported by complete loan-repayment schedules and asset ‑ funding ratios. And also the Hon’ble Commission is requested to deny the Advance  Against Depreciation. | 1. The Company was following the Depreciation rates as per the CERC regulations on straight line basis till the FY 2023-24. These regulations provides specified rates of depreciation up to first 12 years period ensuring the licensee to recover sufficient depreciation amount to meet the loan repayment obligation without any negative cashflow impact on the Company. Since, Majority of the loan repayment terms were 10-15 years only. 2. However, the Hon’ble TGERC has issued New Regulation No.2 of 2023, duly changing methodology of depreciation to uniform straight line method over the useful life of the asset. As such the depreciation amount of the Company has been reduced to 50% Approx. in Transmission business. Due to which the Company is facing shortage of funds to meet repayment obligations. (Details of such shortage has been provided in ATP filings at point no.ii(c )(11)). 3. Further to the above, it is to submit that if the Company would have followed CERC methodology of Depreciation the amount of Depreciation for the FY 2024-25 works to Rs.1,163.99 crores approx., 4. In this regard the Company has requested the Hon’ble Commission to provide Advance against Depreciation in the relevant year and to be adjusted in future where the actual loan repayment is less than the depreciation amount. |
| 4 | **Opening GFA**  The petition and Excel Form‑4 indicate an Opening Gross Fixed Asset value of Rs. 22,900.11 crore for FY 2023‑24, whereas the FY 2023‑24 true‑up order reportedly admitted Rs. 22,865.70 crore. This difference of over Rs. 34 crores directly influences depreciation, interest on loan, and RoE computations. Under Regulation 20.5 (Financial Prudence) and Regulation 21.3 (Capital Cost), opening asset values must be consistent with Commission‑admitted figures unless fully justified. In view of the above, as the petition provides no reconciliation or explanation for this difference such as restatements, or correction entries, TGDISCOMs request the Hon’ble Commission to consider opening GFA Rs. 22,865.70 crore as per the approved true- up order of 2023-24 dt:29.04.2025. | As per the ATP Order of FY 2025-26 dated 29.04.2025 the Company has calimed at Para no.3.8 the Opening GFA is Rs.22,900.11 Crores and additions for the FY 2023-24 of Rs.1,246.34 crores based on audited Annual Accounts.  Futher, the detailed breakup of Opening GFA approved by the Hon’ble Commission is not available with the Company.  Therefore, the Company has considered Rs.24,146.45 crores as Opening GFA for FY: 2024-25 in the ATP filings for the FY 2026-27 as per Audited Accounts. |