



TELANGANA ELECTRICITY REGULATORY COMMISSION
Vidyut Niyamtran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

ORDER
ON
TRUE UP FOR FY 2024-25
AND
REVISED AGGREGATE REVENUE REQUIREMENT (ARR)
&
TRANSMISSION TARIFFs FOR FY 2026-27
FOR
TRANSMISSION CORPORATION OF TELANGANA LIMITED
(TGTRANSCO)

ORDER DATED 28.03.2026

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LIST OF ABBREVIATIONS

5 th control period	For the period of FY 2024-25 to FY 2028-29
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
ATP	Annual Tariff Petition
AAD	Advance Against Depreciation
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CWIP	Capital Work in Progress
FCC	Financial Completion Certificate
FY	Financial Year
GoTG	Government of Telangana
GFA	Gross Fixed Assets
I&CAD	Irrigation & Command Area Development
IND AS	Indian Accounting Standard
ISTS	Inter State Transmission System
IoWC	Interest on Working Capital
LIS	Lift Irrigation Scheme
kV	kilo Volt
MAT	Minimum Alternate Tax
MoP	Ministry of Power
MW	Mega-Watt
MYT	Multi Year Tariff
O&M	Operation and Maintenance
OP	Original Petition
OCFA	Original Cost of Fixed Assets
PCC	Physical Completion Certificate
PPA	Power Purchase Agreement
NCE	Non-Conventional Energy
PGCIL	Power Grid Corporation of India Limited
R&M	Repairs and Maintenance
RoE	Return on Equity
RoW	Right of Way
Rs.	Rupees
SLDC	State Load Despatch Centre
SRLDC	Southern Regional Load Dispatch Centre
STU	State Transmission Utility
TGERC	Telangana Electricity Regulatory Commission
TGTRANSCO	Transmission Corporation of Telangana Limited
WPI	Wholesale Price Index

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TELANGANA ELECTRICITY REGULATORY COMMISSION

Vidyut Niyamtran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045

Dated 28.03. 2026

Present

Dr. Justice Devaraju Nagarjun, Chairman
Sri. Raghu Kancharla, Member (Technical)
Sri. Cherukuri Srinivasa Rao, Member (Finance)

O.P.No.68 of 2025

Transmission Corporation of Telangana Limited (TGTRANSCO)

... Applicant

The Transmission Corporation of Telangana Limited (hereinafter referred to as “Applicant” or “Petitioner” or “TGTRANSCO” or Licensee) filed the Petition before the Commission on 29.11.2025 for approval of True up for FY 2024-25 and Revised Aggregate Revenue Requirement & Transmission Tariffs for FY2026-27 for its Transmission Business under Section 26(5) of the Telangana Electricity Reform Act, 1998 and under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 (hereinafter referred to as ‘the Act’) read with the Telangana Electricity Regulatory Commission (Multi Year Tariff) Regulation No.2 of 2023.

The Commission, in exercise of its powers under the Electricity Act, 2003 read with Regulation No.2 of 2023 and after considering petitioner’s submissions, additional submissions, suggestions/objections of the stakeholders, issues that are raised during Public Hearing, response to the same by the petitioner and all other relevant material, passed the following Order.

ORDER

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

THE COMMISSION

1.1.1 Telangana Electricity Regulatory Commission was constituted by the Government of Telangana (GoTG) in terms of the provisions of Schedule XII(C)(3) of the A.P. Reorganisation Act of 2014, read with Section 82(1) of the Electricity Act, 2003 vide G.O.Ms.No.3, (Energy) (Budget) Department, dated 26.07.2014. The Government of Telangana issued G.O.Ms.No.12, Energy (HR. A1) Department, dated 31.05.2024 for change of nomenclature and amended the expression and abbreviation as '*Telangana Electricity Regulatory Commission (TGERC)*'.

1.1.2 This Commission having been established u/s 82(1) of the Act, 2003 is required to exercise the powers and functions vested in it in terms of Section 86(1)(a) and Section 62(1) of the Act, 2003 to determine the tariff for transmission of electricity within the State of Telangana.

1.2 TGTRANSCO

1.2.1 Consequent upon formation of the state of Telangana and its coming into being with effect from 02.06.2014, the Government of Andhra Pradesh has established Transmission Corporation of Telangana Limited vide G.O Ms. No 25 dated 29.05.2014. The Commission (APERC) has issued deemed license to TGTRANSCO (the State Transmission Utility) with license No.1 of 2014 vide Proceeding No. APERC/Secy./160/2014 dated 11.07.2014 with effective from 23.06.2014.

1.2.2 In pursuant to provisions of the Andhra Pradesh Reorganisation Act, 2014, the then Government of Andhra Pradesh vide G.O.Ms.No.26 Energy (CC) Department, dated 29.05.2014 had created a separate transmission company for the State of Telangana. Accordingly, Transmission Corporation of Telangana Limited was formed and got incorporated on 29.05.2014 under the Companies Act, 2013 for undertaking power transmission business in Telangana State. The Government of Telangana, under Section 31(1) of the Electricity Act, 2003 has notified Transmission Corporation of Telangana Limited (as the State Transmission Utility (STU) in the State vide G.O.Ms.No.1, dated 21.06.2014.

TGTRANSCO is presently carrying out solely, the transmission business and SLDC activity as per the License No.1 of 2014 granted by the erstwhile APERC on Deemed License Conditions of Licensee, Transitional (Re-organisation) Regulations, etc.

- 1.2.3 In the wake of the State Government issuing U.O. Note No.4634/Genl, L&C/ 2024, dated 17.05.2024 to replace all references to “TS” with “TG” in the nomenclature of all State PSUs, Agencies, Autonomous Institutions and other government bodies, the abbreviated form of TSTRANCO has been replaced with TGTRANSCO and also to use the revised logo in all official documents.

1.3 EARLIER ARR & TRANSMISSION TARIFFS ORDER OF THE COMMISSION

- 1.3.1 The Commission has issued Orders on 28.10.2024 in O.P.No.14. of 2024 on Aggregate Revenue Requirement and Transmission Tariffs for 5th control period (FY 2024-25 to FY 2028-29) for Transmission business of TGTRANSCO.

- 1.3.2 The Commission has issued Order on 29.04.2025 in O.P. No.19 of 2025 and I.A No.1 of 2025 on True up for FY 2023-24 and Aggregate Revenue and Revised Transmission Tariffs for FY 2025-26 for Transmission Business.

1.4 REGULATION NO.2 OF 2023

- 1.4.1 Meanwhile, this Commission has notified ‘Multi Year Tariff’ Regulation, 2023 [Regulation No.2 of 2023] on 30.12.2023.

1.5 TIMELINES FOR FILING THE PETITION AFTER FIRST YEAR OF THE CONTROL PERIOD

- 1.5.1 As per illustration given under clause 6.2 of Regulation No. 2 of 2023 the timelines stipulated for filing of Annual Tariff Petition after first year of the control period is 30.11.2025.

1.6 STATUTORY AND REGULATORY PROVISIONS

- 1.6.1 As per clause 6 of Regulation No.2 of 2023, TGTRANSCO has to make Annual Petition comprising of (i) True-up of preceding year; (ii) Aggregate Revenue Requirement (ARR) for ensuing year of the Control Period; and (iii) Proposal of Revised Tariff and Charges for ensuing year of the Control Period.

- 1.6.2 Provision under clause 29.2 of Multi Year Tariff Regulation No.2 of 2023 stipulates that:

“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.”

1.6.3 Clause (4) [clause 4(3)(c) of Principal Regulation No.2 of 2016] of First Amendment to ‘Fee’ Regulation, 2022 (Regulation No.2 of 2022) stipulates that”

“The penal fee that is attracted in case of licensee or generating company not complying with the provisions of other regulations on the specific topics mentioned in the table below shall be required to pay the penal fee as shown in the opposite column on each of the petition separately whenever it is filed.

Aggregate Revenue Requirement & Tariff/ Multi Year Tariff petition.	Rs.5,000/- per day for the first 30 days beyond the specified date.
... ..	After 30 days, Rs.1,50,000/- plus Rs.10,000/- per day till submission of petition

1.7 PRESENT PETITION

1.7.1 TGTRANSCO has filed petition for True up for FY 2024-25 and Revised ARR & Transmission Tariffs for FY 2026-27 on 29.11.2025 with the following prayers:

1. The Commission is humbly prayed to consider the above and allow Advance Against Depreciation to enable the Company to discharge the repayment commitment without shortage of funds.
2. To consider the Return on Equity @14% for FY 2024-25 as per the Regulation No.2 of 2023 without any reduction in RoE on account of penalty for delay in filing of MYT petition in view of the huge impact on cash flows due to:
 - a. imposing of penalty by reduction RoE and
 - b. decrease in depreciation due to implementation of new regulation 2 of 2023.
3. To consider the Revised Estimates submitted in the current filings in finalizing the Transmission tariff for FY 2026-27 as there is huge variation in investment plan filed in MYT and this Annual Tariff Petition based on existing conditions;
4. To consider the adjustment of the impact of True down for FY 2024-25 in two instalments in the ensuing annual tariff orders for FY 2026-27 and FY 2027-28.
5. To take the accompanying Annual Tariff Petition for filing Aggregate Revenue Requirement and Filings for Proposed Tariff for the FY 2026-27 of 5th control period for Transmission business by TGTRANSCO on record;

6. To grant suitable opportunity to TGTRANSCO within a reasonable time frame to file additional material information, if required;
7. To grant the waivers prayed for with respect to such filing requirements as TGTRANSCO is unable to comply with at this stage, as more specifically detailed and for the reasons set out in the present ARR, FPT for Annual Tariff Petition filing;
8. To treat the filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record;
9. To consider and approve TGTRANSCO's ARR, FPT for Annual Tariff Petition including all requested regulatory treatments in the filing;
10. To pass such order, as the Commission may deem fit and proper in the facts and circumstances of the case.

1.8 ADMISSION OF PETITION

- 1.8.1 The petition submitted by TGTRANSCO was scrutinized and is found to be in Order as required under 'Conduct of Business' Regulation, 2015 (Regulation No.2 of 2015). The Commission admitted the filings and the same were taken on record by assigning O.P.No.68 of 2025.

1.9 DATA GAPS

- 1.9.1 Upon scrutiny of the filing, the Commission has identified certain data gaps and directed the petitioner to furnish additional information. Subsequently, the petitioner has submitted additional information. The Commission has considered the original filings and additional information submitted by the petitioner.

1.10 PUBLIC NOTICE

- 1.10.1 The petitioner, as directed by the Commission, published a Public Notice in two (2) Telugu, two (2) English and One (1) Urdu daily newspapers on 20.12.2025 (**Annexure-1**). The Public Notice was to inform the stakeholders and general public at large that the petitioner has filed True-up for FY 2024-25 and Revised ARR and Transmission Tariff for FY 2026-27 before the Commission. It was also notified in the Public Notice that, objections/ suggestions on the filings may be filed with the petitioner by 10.01.2026 with a copy marked to the Commission Secretary. In the Public Notice it was also indicated that Public Hearing will be held on 23.01.2026 from 11:00 hours onwards in the Court Hall of the Commission, Vidyut Niyamtran Bhavan', G.T.S. Colony, Kalyan Nagar,

Hyderabad 500 045. The filings of the petitioner along with the additional information submitted by TGTRANSCO was also posted on the official website of TGTRANSCO as well as on the website of the Commission.

1.11 RESPONSE TO PUBLIC NOTICE

1.11.1 In response to the Public Notice, objections/suggestions were received from Seven (7) stakeholders. The details of stakeholders who submitted objections/suggestions is enclosed as **Annexure-2**.

1.11.2 The petitioner was directed to arrange response to the stakeholder's written objections/suggestions received, by 17.01.2026 to the respective objector with a copy to the Commission Secretary before the scheduled date of Public Hearing. It was also directed to post the replies on the website of TGTRANSCO.

1.12 PUBLIC HEARING

1.12.1 The Commission has conducted the Public Hearing as published in Public Notice on 23.01.2026 at TGERC Court Hall. During the Public Hearing, TGTRANSCO made a brief presentation on its filing and then the Commission heard the objectors desiring to be heard in person. As directed by the Commission, the Petitioner responded on the issues raised by the objectors during the Public Hearing. The list of the stakeholders who attended the public hearing is at **Annexure -3**.

CHAPTER-2: SUMMARY OF FILINGS

2.1 PETITIONER'S CLAIM

- 2.1.1 The petitioner has filed the petition for determination of True up for FY 2024-25, Revised ARR and Transmission Tariff for FY 2026-27 for transmission business. The summary of each of the submissions is detailed below:

TRUE UP FOR FY 2024-25

2.2 FINANCIAL PERFORMANCE FOR FY 2024-25

- 2.2.1 TGTRANSCO has submitted the following for FY 2024-25 for Transmission Business:
- Statement of variance comparing Tariff Order vs Actuals for each item in the Aggregate Revenue Requirement (ARR) and reasons for variations.
 - Actual Aggregate Requirement (ARR) for FY 2024-25, computed based on actual investments, actual interest and other costs.
 - The Surplus / Deficit for FY 2024-25 arrived based on actual revenue for the respective year.

2.3 OPERATION & MAINTENANCE (O&M) EXPENSES

- 2.3.1 The O&M expenses claimed by the Petitioner for FY 2024-25 is as shown in Table below:

Table 2.1: O&M expenses (Rs. Crores) claimed for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Net Employee Cost	1123.60	1005.50	(118.10)
A&G Expenses	64.78	74.50	9.72
R&M Expenses	111.14	55.01	(56.13)
Net O&M Expenses	1,299.52	1,135.01	(164.51)

- 2.3.2 The reasons submitted by the petitioner for decrease in Net O&M Expenses for FY 2024-25 by Rs. 164.51 Crores are as follows:
- Decrease in Employee Terminal Benefits provision as per Actuarial Valuation.
 - Actual R&M expenses incurred being lower than the amount permitted by the Commission.

2.4 DEPRECIATION

2.4.1 The Petitioner has submitted that, depreciation is claimed towards replacement of fixed assets. Depreciation has been calculated for each year on all fixed assets on Straight line Method considering the useful life specified in Regulation No. 2 of 2023. The depreciation for FY 2024-25 claimed by the petitioner is as shown in Table below:

Table 2.2: Depreciation (Rs. Crores) claimed for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Depreciation	818.35	542.60	(275.75)

2.4.2 Actual depreciation amount has decreased due to

- i) Change in Depreciation methodology and
- ii) Comparatively lower capitalisation during the year relative to capitalisation approved in 5th MYT Order.

2.4.3 Request for Issue of orders on the useful life of Transmission Lines:

- a. During the Financial Year 2024-25, Company has adopted depreciation methodology by considering useful life of the Transmission Assets as specified in Annexure-I of TGERC Regulation No.2 of 2023.
- b. Further, it is to submit that the useful life of the Transmission lines is considered as 35 years specified under Definitions 2 (69) instead of 25 years mentioned under Annexure-I (depreciation schedule) due to lack of uniformity. Thereby, Company has arrived a total depreciation amount of Rs.542.49 Crores (As per audited accounts). In case, if the Company would have considered useful life of the Transmission lines as 25 years the total depreciation would have been Rs.681.33 Crores.
- c. In view of the above, the Commission is requested to issue specific orders on the useful life of the Transmission lines and consider the depreciation accordingly.

Further to the above, the depreciation allowed by the Commission as per Regulation 2 of 2023 for Transmission Business is much less than the long-term debt repayment for each year of the 5th MYT period. As such there is a shortage of cash flows in discharging repayments of the project loans. In view of this, the following is submitted;

2.4.4 Request for Advance against Depreciation to have sufficient cash flows for the repayment of long-term loans;

1. CERC in their Tariff Regulation 2004, vide clause 21.1 (ii)(a). Depreciation – provides “Depreciation shall be calculated annually based on straight line method over the useful life of the asset and at the rates prescribed.” Further to this, the regulation also provides for Advance Against Depreciation vide clause 21.1 (ii)(a) in case the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year.
2. Further, the CERC regulation 2009, vide clause 17. Depreciation sub clause (4), provides that, the depreciation for initial period of 12 years from date of commercial operation shall be computed as per rates specified under this regulation and the balance depreciation shall be spread over the balance useful life of the assets.
3. Similar provisions with respect to Depreciation were provided in the CERC regulations 2014 and 2019.
4. The depreciation provisions of above tariff regulations from 2004 to 2019, ensured that the licensee recovered sufficient depreciation amount to meet loan repayment obligations on borrowed capital without any negative cash flow impact on the company, wherein (i) the regulation 2004 has provided for Advance Against Depreciation in case the claimed depreciation is lower than the actual loan repayment and (ii) the regulation 2009, 2014 and 2019 has provided for higher rate of depreciation during the initial 12 years of asset life, since majority of the loan repayment terms were 10 to 15 years, which enabled the licensee to repay substantial loan portion during the initial 12 years of asset life.
5. Consequent to the above provisions under the CERC regulations from 2004 to 2019, the company was in a position to discharge its long-term debt obligations consistently by way of recovery of sufficient depreciation through tariff revenue until FY 2023-24.
6. However, the Commission has issued Regulation 2 of 2023, wherein the Commission has changed the methodology of depreciation to uniform straight line method over the useful life of the asset (by specifying the

life of assets in Annexure-I) from the existing methodology of CERC followed by the company. According to this, the rate of depreciation in respect of Plant & Machinery and Lines & Towers have been reduced by 50% (approx.) and in transmission business, these assets cover major portion of Asset Block and hence there is a huge variation in allowable depreciation and long-term debt repayment obligation, which is adversely affecting the cash flows of the company from FY 2024-25 onwards.

7. In this regard, company has already raised an objection on depreciation clause during public consultation process while finalizing new tariff regulations of TGERC.
8. Further, TGTRANSCO has filed an objection under clauses 39 & 40 of TGERC Regulation No.2 of 2015 seeking a review of clause 28 (depreciation) of the TGERC MYT Regulation No.2 of 2023 on 24th January, 2024 but the same was not admitted by the Commission stating that the petition is not maintainable and it cannot revisit the clauses in Regulation through judicial proceedings as it had already undertaken public consultation process.
9. As per clause 28.5 of Regulation No. 2 of 2023 it is clearly stated that the “depreciation allowed for each year of the control period shall be deemed to be equal to the loan repayment, up to the ceiling of 75% of asset cost or actual debt component used for funding such asset”.
10. In accordance with the clause 28.5 of the Regulation, the Commission is prayed to consider the actual repayment of the long-term debt used for funding of assets each year duly considering the advance against the depreciation to be adjusted in future, in order to overcome the shortage of cash flows towards repayment of long-term loans if the actual depreciation is considered.
11. In this regard, the year wise actual repayment as per the repayment schedule for FY 2024-25 to FY 2026-27 duly comparing with the depreciation (Excluding amortization on Consumer Contribution assets)

is submitted below:

(Rs. in Crores)

Financial Year	Depreciation	Repayment	Shortage
2024-25	239.01	1159.91	920.90
2025-26	767.18	1303.57	536.39
2026-27	860.71	978.90	118.19

12. The Commission is requested to consider Advance Against Depreciation in true-up filing for FY 2024-25 and also proposed tariff filings for FY 2026-27.

Advance Against Depreciation (AAD):

- Advance Against Depreciation (AAD) is a regulatory provision by the Central Electricity Regulatory Commission (CERC) allowing electricity transmission licensees to collect more tariff than the projected depreciation, but only when the loan repayment instalments exceed the calculated depreciation, and the shortfall is capped. This mechanism provides an advance against future depreciation by allowing recovery up to a certain limit (often 1/10th or 1/12th of the loan) if loan repayments outpace depreciation, effectively acting as a timing adjustment to ensure sufficient cash flow for loan servicing.
- If the annual loan repayment amount is significantly higher than the annual depreciation allowed, and the difference is within the permitted ceiling, the company can claim an Advance Against Depreciation for that period. This allows recovering more capital early on, ensuring the Company to meet its loan obligations. In later years, when the loan balance decreases, the depreciation recovery will be higher because the AAD amount has already been recovered.
- The following are few instances where CERC and other State Regulatory Authorities have allowed the Advance Against Depreciation.
 - 1) *CERC vide Order dated, 18.10.2005 against Petition No. 47/2005 In the matter of Approval of generation tariff of Uri Hydroelectric Project for the period 1.4.2004 to 31.3.2009. And in the matter of National Hydroelectric Power Corporation Ltd. ...Petitioner*

Vs

Punjab State Electricity Board, Patiala and 14 Others ... Respondents

Allowed Advance Against Depreciation to the Petitioner from FY 2004-05 to 2008-09 as per sub-clause (b) of clause (ii) of Regulation 56 of the 2004 regulations, in addition to allowable depreciation, stating that, the transmission licensee is entitled to Advance Against Depreciation, computed in the manner given hereunder:

AAD = Loan repayment amount as per regulation 56 (i) subject to a ceiling of 1/10th of loan amount as per regulation 54 minus depreciation as per schedule.

2) *The Karnataka Electricity Regulatory Commission has proposed the following amendments to KERC (Tariff) Regulations, 2000 in order to comply with the CERC Tariff Policy 2004 and requested the stakeholders and experts to furnish their views/comments;*

- i) *To facilitate the Electricity Supply Companies (ESCOMs) to file their ERCs without waiting for the subsidy commitment letter from the Government.*
- ii) *To provide return on equity (RoE) to transmission and distribution utilities at the rates notified in CERC (Terms and conditions of Tariff) Regulations 2004 issued on 26.03.04.*
- iii) *To adopt rates of depreciation on assets as per CERC (Terms and conditions of Tariff) Regulations 2004 issued on 26.03.04.*
- iv) *There should be no need for any advance against depreciation.*

The Karnataka Power Transmission Corporation Ltd., regarding rates of depreciation against point (iii) above expressed the following views:

KPTCL has stated that the rates of depreciation as per CERC Regulations are much lower when compared to the rates being presently followed as per MoP notification dated 29.3.1994. The depreciation charged to P&L account in KPTCL and ESCOMs every year is available as an internal resource to the companies for debt servicing.

*Even with an average 6.5 % rate depreciation (As per MoP notification) the internal resources are not sufficient to meet the requirement of debt servicing and **the companies are contemplating seeking advance against depreciation while filing ERC. Hence KPTCL & ESCOMs request the Commission not to amend the tariff regulation in the matter of depreciation.***

Commission's views;

*Regarding advance against depreciation, the Commission notes that while the CERC (Terms & Conditions of Tariff) Regulations 2004 notified on 26.03.04 provides for advance against depreciation to cover the debt repayment obligation, the Tariff Policy specifies that "There should be no need for any advance against depreciation". **The Commission notes that with the depreciation rates notified in CERC Regulations, advance against depreciation may be required to meet the debt repayment obligation. However, such advance shall not be allowed for repayment of short-term loans.***

Accordingly, the Commission decides to adopt the rates of depreciation as per CERC Regulations for transmission as well as distribution utilities duly providing for advance against depreciation to the extent necessary to meet the debt repayment obligation.

Accordingly, Karnataka Electricity Regulatory Commission (KERC)'s Order No. B/12/01 dated, 29th March 2006 in exercise of the powers conferred on it by section 56 of KER Act, 1999, read with section 181 of Electricity Act, 2003 and all other powers enabling it in this behalf, the Commission approves amendments to KERC (Tariff) Regulations, 2000.

2.5 INTEREST AND FINANCE CHARGES ON LOAN FOR FY 2024-25

- 2.5.1 The Petitioner has submitted that, Interest and finance Charges on Loans are claimed as per the actual interest cost incurred (excl. interest on short-term/working capital loan) during FY 2024-25.

Table 2.3: Interest and Finance Charges (Rs. Crores) on Loan for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Interest and Finance Charges on Loan	978.43	781.61	(196.82)

- 2.5.2 The decrease in Interest and Finance charges of Rs.196.82 Crores is due to (i) decrease in capital Investment and (ii) Repayment of loans during the year.

2.6 INTEREST ON WORKING CAPITAL FOR FY 2024-25

2.6.1 The Petitioner has submitted that, Interest on Working Capital is arrived as per methodology specified in clause 33.2 of Regulation No.2 of 2023 duly adopting Interest rate of 10.15% as per approved in MYT for FY 2024-25.

Table 2.4: Interest on Working Capital (Rs. Crores) for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Interest on working capital	75.09	58.20	(16.89)

2.7 RETURN ON EQUITY

2.7.1 The Petitioner has submitted that, Return on Equity @14% is allowed on 25% net opening asset block and net additions during the year as per the clause 29.2(d) of Regulation No. 2 of 2023.

Table 2.5: ROE (Rs. Crores) claimed for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Return on Equity	432.30	541.41	109.11

2.7.2 The Petitioner has submitted the following reasons for variance in Return on Equity:

- a. The Increase in Return on Equity of Rs.109.11 crores is due to considering RoE at 14% net of tax as per Regulation No. 2 of 2023.
- b. As per clause 29.2 of Regulation, the Commission has reduced return on equity (RoE) by 3.5% for FY 2024-25 due to delay in submission of 5th Multi Year Tariff Petition. The company has already made a request for condonation of delay in filing of above petition.
- c. In light of the above, the Commission is once again prayed for waiver of reduction of RoE for delay in filing of above Multi Year Tariff Petition by considering above condonation request.

2.8 NON-TARIFF INCOME

2.8.1 The petitioner has claimed Non-Tariff Income of Rs. 455.19 Crores as shown in the table below:

Table 2.6: Non-Tariff Income (Rs. Crores) claimed for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Non-Tariff Income	464.70	455.19	(9.51)

2.9 AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2024-25

2.9.1 The Petitioner submitted that, the Total Aggregate Revenue Requirement (ARR)

approved by the Commission for the year is Rs. 3,138.98 Crores, against actual ARR of Rs. 2,603.65 Crores. Whereas the company has received Rs. 3,994.41 Crores by way of tariff revenue, thereby the company has earned a Surplus of Rs. 1,390.76 Crores during FY 2024-25.

- 2.9.2 The total Aggregate Revenue Requirement (ARR) for FY 2024-25 claimed by the petitioner is as shown in Table below:

Table 2.7: Summary of True up (Rs. Crores) as claimed for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Aggregate Revenue Requirement			
Operation & Maintenance Expenses	1,299.52	1,135.02	(164.50)
Depreciation	818.35	542.60	(275.75)
Interest and Finance charges on loan	978.43	781.61	(196.82)
Interest on Working Capital	75.09	58.20	(16.89)
Return on Equity	432.30	541.41	109.11
Less:			
Non-Tariff Income	464.70	455.19	(9.51)
Less:			
Impact of special appropriation for prior period			
Aggregate Revenue Requirement	3,138.98	2,603.65	(535.34)
Revenue Received	3,138.98	3,994.41	855.42
Total Surplus			(1,390.76)

- 2.9.3 From the above, the net expenditure of the Company has been decreased by Rs. 535.34 Crores mainly due to decrease in O&M expenses, depreciation and interest and finance charges. Whereas the total revenue of the company increased by Rs. 855.42 Crores on account of receipt of ISTS – POC charges of Rs. 431.08 crores and excess transmission tariff revenue of Rs. 376.03 Crores collected at old tariff rates as per the interim order of the Commission vide I.A. No. 8 of 2024 dated 15.03.2024 due to delay in filing of MYT petition for FY 2024-25 of 5th MYT control period and balance is on account of open access revenue. In view of the above, the Company has earned a surplus of Rs.1390.76 Crores for FY 2024-25.

2.10 TECHNICAL PERFORMANCE FOR FY 2024-25

- 2.10.1 Capital works are being taken up for Power System improvements and for

evacuation of power from the up-coming Generating Stations. Strengthening of the Transmission System is being planned to meet the existing and upcoming load demand, to improve the system voltage profile, to enhance the reliability of the system. The construction of new 400kV, 220 kV & 132 kV Sub-stations and connected lines are being executed with the funding from M/s REC, M/s PFC, PSDF (Grant for Reactor), M/S.HUDCO (for Augmentation) and internal (TGTRANSCO) funding.

The Strengthening of the transmission system is being planned to improve the system voltage profile, decrease losses and to enhance the reliability of the system. Plan to improve transmission system performance consists of the following activities:

I. 400kV Works:

1. KTPP System Improvement Scheme:

- 400/220/132kV KTPP (Bhupalapally) Substation - commissioned with 2x500MVA, 400/220kV ICTs on 19.02.2025.

2. Yadadri Thermal Power (5x800 MW) Evacuation Scheme:

- 1 No. 400kV Feeder Bay Extension at 400/220kV Jangaon Substation charged on 20.05.2024.
- 1 No. 125MVAR Bus Reactor at 400kV Choutuppall Substation charged on 02.07.2024.
- 400kV Yadadri TPP Switchyard - Dindi QMDC Line(103.783KM)- Ckt-I & Ckt-II Commissioned on 30.09.2024 & 01.10.2024 respectively.

3. Reactors Scheme - III :

- 1 No. 125MVAR Bus Reactor at 400kV Suryapet Substation charged on 10.04.2024.
- 1 No. 125MVAR Bus Reactor at 400kV Narsapur Substation charged on 25.04.2024.
- 2 Nos. 125MVAR Bus Reactors at 400kV Dindi Substation charged on 27.04.2024 & 23.10.2024.
- 1 No. 80MVAR Bus Reactor at 400kV Asupaka LI Substation charged on 08.05.2024.
- 1 No. 125MVAR Bus Reactor at 400kV Jangaon Substation charged on 20.05.2024.
- 1 No. 63MVAR Switchable Line Reactor at 400kV Asupaka LI

Substation charged on 17.12.2024.

4. Augmentation Scheme-IV (Transformation capacity addition) :
 - 1 No. 315 MVA, 400/220kV ICT at 400kV Kamalapuram Substation charged on 29.04.2024 (Dismantled ICT from Gajwel 400KV Substation).
 - 1 No. 315 MVA, 400/220kV ICT at 400kV Asupaka Substation charged on 04.10.2024 (Dismantled ICT from Veltoor 400KV Substation).

II. 220/132kV construction works:

5. 220/132/33 kV Substation at Borampet in Ranga Reddy district
6. 132/33 kV Sub-Station at Nuthankal (V) & (M) in Suryapet District instead of 132/33 kV Aipoor SS in Suryapet District
7. Erection of 220kV SMDC line from proposed 400/220kV SS Damaracherla to existing 220/132/33kV SS Huzurnagar in Nalgonda District.
8. 132 kV DC line from 400/220/132 kV SS Narsapur to 132/33 kV SS Yeldurthy in Medak District
9. 2nd circuit stringing on existing 132 kV DC/SC line from 132/33 kV Shaligowraram SS to 132/33 kV Mothkur SS in Nalgonda District
10. Making LILO of 132 kV Dharmaram - Godur line to 220/132 KV SS Jagityal in Jagityal District
11. 132 kV LILO of existing 132 kV Maddur – Makthal DC/SC line to existing newly charged 132/33 kV Narayanpet Sub-Station in Mahaboobnagar District – to meet N -1 Contingency.

III. LIS Works:

12. 1no.25MVA,400/11kV Station Transformer (Toshiba Make) charged at 400/11kV Vattam LI Substation on 05.10.2024
13. LIS - 400 kV Bays at 765/400 kV Nizamabad ss (For 400 kV QMDC Line from Nizamabad to Chandulapur)

2.10.2 The licensee has undertaken a number of loss reduction measures such as system improvement, reactive power compensation etc., and would continue to do so with an aim to further reduce the transmission losses. The true up of transmission losses

approved vs actuals is given below:

Table 2.8: Transmission Loss (%) claimed for FY 2024-25

Transmission Loss (%)	MYT Approved	2.48
	Actual	2.19

Table 2.9: Transmission Network Availability(%) claimed for FY 2024-25

Transmission System Availability (%)	MYT Approved	99.9
	Actual	99.9

2.10.3 The system load details for three seasons' viz., summer, winter and monsoon are as follows:

Table 2.10: Season-wise system load details for FY 2024-25

Season	Occurrence of Maximum system Load		Occurrence of Minimum system Load	
	System Load (MW)	Date	System Load (MW)	Date
Summer	17162	20.03.2025	3546	07.05.2024
Monsoon	15573	29.08.2024	5443	02.09.2024
Winter	16601	26.02.2025	6061	24.11.2024

2.10.4 The number and duration of supply interruptions on EHT lines during FY 2024-25 are shown in table below:

Table 2.11: Number and duration of supply interruptions on EHT lines during FY 2024-25

EHT line voltage	No. of interruptions	Total time of interruptions (Hrs)	Avg. Duration Per Interruption (Hrs)
400kV	22	233.933	Beyond 2 Hrs. (10.171)
220kV	54	641.633	Beyond 2 Hrs. (11.88)
132kV	110	1116.467	Beyond 2 Hrs. (10.14)

2.10.5 The Petitioner has submitted that the following steps have been implemented to improve the performance and monitoring of transmission system.

1. Replacement of aged conductors in a phased manner, since conductor snapping and jumper failures are found to be the major causes for interruptions.
2. Replacement of old and failed insulators on existing lines.
3. Reinforcement of the conductor of overloaded lines, periodical tree cutting work to prevent falling of branches with conductor, conducting quarterly inspection of lines and timely rectification of defects noticed.
4. Breakdown staff attending supply interruptions is arranged round the clock.

5. Emergency vehicles are kept ready for breakdown staff round the clock to facilitate quick and timely deployment of staff and minimize the duration of interruptions.
6. Safety appliances such as gloves, safety shoes, helmets, earthing rods are also provided to the breakdown staff with necessary T&P.
7. Use of off line signature preventive maintenance and line fault locators for locating the fault on lines during breakdowns.
8. TGTRANSCO is carrying out the hot line works very effectively in the live line maintenance from 132kV to 400kV lines and Sub-Station by adopting hot stick method - using insulated sticks, bare hand technique using conductive suit along with insulated ladder, like replacement of damaged insulators, tightening of bolts and nuts of jumpers, shoe clamp, tension clamp and bay to bay jumpers connection etc.,

REVISED AGGREGATE REVENUE REQUIREMENT & TRANSMISSION TARIFF FOR FY 2026-27

2.10.5.1 The Petitioner has submitted that, Aggregate Revenue Requirement (ARR) for Annual Transmission Charges for FY 2026-27 are computed as per the methodology notified by Multi Year Tariff Regulation No.2 of 2023.

2.10.5.2 The Petitioner has submitted the following Capital Investment plan for FY 2026-27:

Table 2.12: Capital Expenditure and Capitalisation (Rs. Crores) claimed for FY 2026-27

Particulars	MYT Order	Claimed	Variance
Opening Capital Works in Progress	2,251.86	3,301.13	1,049.27
Capital Expenditure during the year	727.27	4,432.61	3,705.34
Capitalisation during the year	1,312.51	4,949.18	3,636.67
Closing Capital Works in Progress	1,666.62	2,784.56	1,117.94

Note: Capital Expenditure for FY 2025-26 and FY 2026-27 is inclusive of Interest during construction (IDC) & O&M Expenses capitalized for respective years.

2.10.5.3 The Petitioner has submitted the following Aggregate Revenue Requirement for FY 2026-27.

Table 2.13: Summary of ARR (Rs. Crores) claimed for FY 2026-27

Sl. No	Particulars	MYT Order	Claimed	Variance
1.	Operation & Maintenance Expenses	1,456.47	1,424.57	-31.90
2.	Depreciation	898.11	1,082.33	184.22
3.	Interest and finance charges on loan	970.28	953.84	-16.44
4.	Interest on Working Capital	85.10	77.51	-7.59
5.	Return on Equity	669.15	711.24	42.09
6.1	Less: Non-Tariff Income	580.46	325.27	-255.19
6.2	Income from Open Access Charges	-	-	0.00
6.3	Income from Other Business	-	-	0.00
7.1	Less: Surplus pass-through	-	700.00	700.00
Aggregate Revenue Requirement		3,498.64	3,224.21	-274.44

2.10.5.4 The Petitioner has projected Transmission Losses (in %) for the FY 2026-27 of 5th Control Period as per the MYT framework, the licensee's forecast of loss reduction trajectory for FY 2026-27 is as shown below:

Table 2.14: Transmission Losses (in %) claimed for FY 2026-27

Particulars	Claimed
Transmission Loss Range	2.44 +/- 0.2

2.10.5.5 Projected Transmission System Availability (in %) for FY 2025-26 & FY 2026-27 of the 5th Control Period.

Table 2.15: Transmission System Availability (in %) claimed for FY 2026-27

Particulars	Claimed
Transmission System Availability(%)	99.9

2.11 REVISED TRANSMISSION TARIFF FOR FY 2026-27

2.11.1 The Petitioner has submitted that the Transmission charges are computed by dividing the net ARR of FY 2026-27 with the total contracted capacity of the year. Transmission Charges Proposed for FY 2026-27 is shown in table below:

Table 2.16: Transmission Charges claimed for FY 2026-27

Particulars	FY 2026-27
ARR of Transmission Business (Rs. in crores)	3,224.21
Transmission Contracted Capacity (MW)	22,510.68
Transmission Tariff for Long Term/Medium Term Users (Rs./kW/Month)	119.36
Transmission Tariff for Short-Term Users (Rs./kW/Hr)	0.17

CHAPTER-3: ISSUES RAISED BY STAKEHOLDERS, RESPONSES OF THE PETITIONER AND COMMISSION'S ANALYSIS AND FINDINGS

3.1 SUGGESTIONS MADE ON FILINGS

3.1.1 Seven (7) stakeholders have filed written objections/suggestions on the Petition for True up for FY 2024-25 and Revised ARR & Tariff Petition for FY 2026-27. The Commission has considered all the objections/suggestions of the stakeholders made in writing as well as oral submissions made during the Public Hearing and the responses of the petitioner. For the sake of brevity, the objections/suggestions raised by the stakeholders and responses of the petitioner have been consolidated and summarized issue-wise. In case any suggestion is not specifically elaborated, it does not mean that the same has not been considered.

TRUE UP FOR FY 2024-25

3.2 CAPITALISATION FOR FY 2024-25

Petitioner's Claim

3.2.1 The Petitioner has claimed the capitalisation of Rs. 1,360.95 Crores as against Rs.2,347.46 Crores approved by the Commission for FY 2024-25 in MYT order for 5th Control Period.

Stakeholder's submissions

3.2.2 One of the stakeholders requested the petitioner to provide reasons for lower capitalisation achieved in FY 2024-25 with respect to the approved capitalisation.

Petitioner's Replies

3.2.3 The Petitioner submitted that, the 400kV works approved for FY 2024-25 are nil. The capitalization of Rs. 723.067 Crores against 400KV works in FY 2024-25 is due to spill over works from FY 2023-24.

3.2.4 The reasons for lower capitalisation achieved in FY 2024-25 as compared to the approved capitalisation for FY 2024-25 for other capital works of TGTRANSCO are (i) delay in forest clearances from the forest authorities, (ii) delay in Railway crossing approvals from Railway authorities and (iii) delay in land acquisition and ROW issues, Court cases.

3.2.5 For LIS/PRLIS and other Deposit Contributory works, the actual expenditure varies as per the payments received from I&CAD department, Govt. of Telangana etc., Accordingly, capitalization claimed was lower than the approved

capitalization for FY 2024-25.

Commission's Analysis and Findings

3.2.6 The Commission has considered the objections of stakeholders and reasons submitted by the Petitioner and has verified capitalisation with audited accounts and observed that, actual capitalization is lower than the capitalisation approved in MYT Order. On prudence check, it is observed that, TGTRANSCO has capitalized Rs.1,360.97 Crores and withdrawn Rs.78.99 Crores of assets. Hence, the Commission has approved Rs.1,281.98 Crores towards net capitalisation for FY 2024-25 as given in the table below.

Table 3.1: Capitalisation (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Order	Claimed	Approved
Capitalisation	2,347.46	1,360.97	1,360.97
Assets Withdrawn	-	78.99	78.99
Net Capitalisation	2,347.46	1,281.97	1,281.97

3.3 OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Claim

3.3.1 The petitioner has claimed O&M expenses of Rs.1,135.02 Crores for FY 2024-25 as against Rs.1,299.52 Crores as approved in MYT order.

Stakeholder's Submission

3.3.2 One of the stakeholders has submitted that, O&M is a controllable expense. Savings must be shared with consumers as per regulatory principles. The Licensee shall demonstrate that savings are due to efficiency gains and not deferred maintenance. At least 60% of controllable savings shall be passed on to consumers.

3.3.3 The variation in O&M expenses has not been justified/claimed considering the normative expenses for FY 2024-25, in context of issue of controllable/uncontrollable items. TGTRANSCO has claimed the difference in O&M expenses with respect to actual expenses and not with respect to normative expenses, which is not as per the methodology specified in the MYT Regulations.

3.3.4 The stakeholder has submitted that; the Audited Accounts for FY 2024-25 provides for employee benefit expenses of Rs. 1043.12 Cr., which also includes SLDC expenses. However, in the segmental accounts reported on Pg. 38 of Audited accounts, the total employee benefits expenses including SLDC expenses

are shown as Rs. 1237.14 Cr. out of which Rs. 55.71 Cr. pertains to SLDC business. TGTRANSCO has claimed Rs. 1005.50 Cr. as employee expenses for TGTRANSCO, however there is no way to substantiate this claim due to such discrepancy observed in audited accounts of FY 2024-25 and sought additional information regarding the same. In case employee expenses for SLDC are to be considered as Rs 55.71 Cr., then as per the audited statement, the employee expenses for TGTRANSCO would be Rs. 987.41 Cr. (Rs. 1043.12 Cr. – Rs. 55.71 Cr.) and not Rs. 1005.50 Cr. as claimed in the Petition.

Petitioner's Replies

3.3.5 As per clause 14.1(b) of Regulation No. 2 of 2023, one-third of the gain on account of controllable factors shall be retained by the licensee. During FY 2024-25, the company has a gain of Rs. Rs. 164.50 Crores. towards O&M Expenses. In view of this, the company is eligible to retain one-third of the gain (i.e. Rs.54.83 Crores) and the petitioner requested to consider the same while approving True up for FY 2024-25.

3.3.6 As per Clause 4(6)(e) of Regulation No. 2 of 2023 the Transmission Licensee has to file Annual petition consisting of True up of the preceding year i.e., FY 2024-25 duly comparing the approved O&M expenses with the actual O&M expenses incurred by the Company as per the audited accounts. Further, submitted that the methodology provided at clause 71 of the Regulation No.2 of 2023 is applied while filing the tariff petition for the future years.

3.3.7 The details of actual Employee benefit expenses for the FY 2024-25 is as follows:

Particulars	Amount (Rs. In Crores)
Employee cost as per P&L Statement	1,043.12
Add: Employee cost Capitalized	175.93
Add: Employee cost shown under OCI (Note No.12B(v))	18.09
Total	1,237.14
Less: SLDC Employee Cost	55.71
Net TRANSCO Employee Cost	1,181.43
Less: Employee Cost Capitalized	175.93
Net employee Cost Claimed under O&M expenses	1,005.50

Commission's Analysis and Findings

3.3.8 Clause 71 of Regulation No.2 of 2023 specifies the provisions related to O&M Expenses. The relevant extract of the Regulation is as follows:

71.1 The O&M expenses for transmission licensee shall comprise of:

- i) *Employee cost including unfunded past liabilities of pension and gratuity;*
- ii) *Repairs and Maintenance (R&M) expenses; and*
- iii) *Administrative and Generation (A&G) expenses.*

71.2 *The O&M expenses for transmission licensee for each year of the Control Period shall be approved based on the formula shown below:*

$$O\&M_n = EMP_n + R\&M_n + A\&G_n$$

Where,

- i. *O&M_n – Operation and Maintenance expense for the nth year;*
- ii. *EMP_n – Employee Costs for the nth year;*
- iii. *R&M_n – Repair and Maintenance Costs for the nth year;*
- iv. *A&G_n – Administrative and General Costs for the nth year;*

71.3 *The above components shall be computed in the manner specified below:*

$$EMP_n = (EMP_{n-1}) \times (\text{CPI Inflation});$$

$$R\&M_n = K \times (GFA_n) \times (\text{WPI Inflation}) \text{ and}$$

$$A\&G_n = (A\&G_{n-1}) \times (\text{WPI Inflation})$$

Where,

- *EMP_{n-1} – Employee Costs for the (n-1)th year;*
- *“K” is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT order based on transmission licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*
- *GFA_n - Opening Gross Fixed Asset for the nth year;*
- *A&G_{n-1} – Administrative and General Costs for the (n-1)th year;*
- *CPI Inflation – is the point to point change in the Consumer Price Index (CPI) for Industrial Workers (all India) as per Labour Bureau, Government of India; in case CPI Inflation is negative, the escalation/change shall be 0%;*
- *WPI Inflation – is the point to point change in the Wholesale Price Index (WPI) as per the Office of Economic Advisor of Government of India;*

Provided that the employee cost and A&G expenses for the first year of the Control Period shall be worked out considering the average of the tried-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 employee costs and WPI Inflation for A&G expenses.

71.4 Provisioning of expenses shall not be considered as actual expenses at the time of true-up, and only expenses as actually incurred shall be considered."

Employee Cost

3.3.9 The Commission has taken note of the observation of the stakeholder and the reply of the petitioner on the discrepancy in Employee cost between annual accounts and the claim. On verifying the annual accounts, it is observed that the net employee cost pertaining to Transmission business is Rs.1,005.50 crores.

3.3.10 In accordance with clauses 71.2 & 71.3 of Regulation No. 2 of 2023, the Commission has computed revised normative employees cost for FY 2024-25 by considering trued up employee cost for FY 2023-24 duly escalating with the actual CPI Inflation factor at 3.39% for FY 2024-25. The Revised Normative Employee cost computed for FY 2024-25 is shown below:

Table 3.2: Revised normative employee cost (Rs. Crores) for FY 2024-25

Employee Cost for FY 2023-24	CPI Inflation	Revised Normative Employee Cost for FY 2024-25
(a)	(b)	a*(1+b)
1,198.42	3.39%	1,239.03

Repairs & Maintenance Costs

3.3.11 In accordance with clauses 71.2 & 71.3 of Regulation No.2 of 2023, the Commission has computed revised normative Repairs and Maintenance costs for FY 2024-25 considering K factor FY 2024-25 at 0.22% (considering trued up R&M Expenses and GFA for FY 2023-24) and actual WPI Inflation as 2.27% for FY 2024-25. The details of Revised Normative Repairs and Maintenance costs for FY 2024-25 is shown below:

Table 3.3: Revised normative R&M expenses (Rs. Crores) for FY 2024-25

K	Opening GFA	WPI Inflation	Revised R & M Expenses for FY 2024-25
(a)	(b)	(c)	a*b*(1+c)
0.22%	24,112.04	2.27%	53.73

Administrative & General Costs

3.3.12 In accordance with clauses 71.2 & 71.3 of regulation No.2 of 2023, the Commission has computed revised normative Administrative & General costs for

FY 2024-25 by considering trued up A&G costs for FY 2023-24 and duly escalating with actual WPI Inflation at 2.27% for FY 2024-25. The Revised Normative Administrative & General costs computed for FY 2024-25 is shown below:

Table 3.4: Revised Normative A&G Expenses (Rs. Crores) for FY 2024-25

A&G Expenses for FY 2023-24	WPI Inflation	Revised Normative A&G Expenses for FY 2024-25
(a)	(b)	a*(1+b)
77.09	2.27%	78.84

3.3.13 Based on the revised normative Employee Cost, A&G Cost and R&M expenses, the gains/losses of the above are arrived at by comparing with the actuals for FY 2024-25.

3.3.14 The observation made by the stakeholder on gain/loss and sharing is taken note of. The revised normative expenses are compared with actuals and arrived at gain/loss. In case of gain, 2/3rd of the gain is shared with the beneficiary and in case of loss, 1/3rd of the loss is shared with the beneficiary in accordance with Clause 14 of Regulation No.2 of 2023. Further, the Employee Cost, A&G Cost and R&M expenses for FY 2024-25 are approved by adding the sharing of Gain/loss to the revised normative.

3.3.15 The O&M Expenses claimed and approved after sharing of Gain/Loss for FY 2024-25 is as shown in table below:

Table 3.5: O&M expenses (Rs. Crores) claimed and approved after sharing of Gain/Loss for FY 2024-25

Sl. No	Particulars	MYT Approved	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved (after sharing)
		A	B	C	D=(B-C)	E*	F=(E+C)
1	Employee Cost	1,123.60	1,181.43	1,239.03	(57.60)	(38.40)	1,200.63
2	R&M Cost	111.14	55.01	53.73	1.28	0.43	54.16
3	A&G Cost	64.78	74.50	78.84	(4.34)	(2.89)	75.95
	Gross Expenses	1,299.52	1,310.94	1,371.60	(60.66)	(40.87)	1,330.74
	Capitalisation		175.93	175.93			175.93
	Net Expenses	1,299.52	1,135.02	1,195.68	(60.66)	(40.87)	1,154.81

*Sharing: 2/3rd to Beneficiary if Gain, 1/3rd to Beneficiary if Loss.

3.4 DEPRECIATION FOR FY 2024-25

Petitioner's Claim

3.4.1 The Petitioner has claimed depreciation of Rs. 542.60 Crores against Rs. 818.35

Crores approved by the Commission for FY 2024-25 in the MYT order.

- 3.4.2 Further, the petitioner submitted that the useful life of the Transmission lines is considered as 35 years specified under Definition 2 (69) instead of 25 years mentioned under Annexure-I (depreciation schedule). Thereby, the petitioner has arrived total depreciation amount of Rs.542.49 Crores (as per audited accounts) and the total depreciation would have been Rs.681.33 Crores if TGTRANSCO has considered useful life of the Transmission lines as 25 years.

Stakeholder's Submission

- 3.4.3 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, TGTRANSCO should compute depreciation strictly as per clause 28.5 of Regulation, supported by complete loan-repayment schedules and asset - funding ratios and requested to deny the Advance Against Depreciation.
- 3.4.4 Advance against depreciation cannot be claimed against the Regulations at this stage. The Commission undertook extensive stakeholder consultation before issuance of MYT Regulations, wherein TGTRANSCO was also provided an opportunity to make its representation. Once the Regulations are notified, any modification to the same may not be entertained by the Commission. Therefore, TGTRANSCO cannot claim any relaxation to the provisions of the Regulations at the time of filing True up.
- 3.4.5 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 true-up order for FY 2023-24 reportedly admitted Rs. 22,865.70 crore. This difference of over Rs. 34 crores directly influence depreciation, interest on loan, and RoE computations. Under Clause 20.5 (Financial Prudence) and Clause 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, the stakeholder has requested to consider opening GFA of Rs. 22,865.70 crore as per the approved true-up order of 2023-24 dt:29.04.2025.

- 3.4.6 Further, the stakeholder submitted that, there is significant under-utilization of approved capital expenditure is evident from (a) Depreciation shortfall of Rs. 275.75 Crores and (b) Interest shortfall of Rs. 196.82 Crores. These variances indicate failure to commission approved projects on time. Consumers shall not bear future tariff burdens arising from historical non-performance.

Petitioner's Replies

- 3.4.7 The Petitioner submitted that, the Company was following the Depreciation rates as per the CERC regulations on straight line basis till the FY 2023-24. These regulations provide 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.
- 3.4.8 However, the Commission 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% approximately for Transmission business. Due to which the Company is facing shortage of funds to meet repayment obligations.
- 3.4.9 Further to the above, 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 approximately and requested 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.
- 3.4.10 As per the ATP Order of FY 2025-26 dated 29.04.2025 the Company has claimed the Opening GFA as Rs.22,900.11 Crores and additions for the FY 2023-24 of Rs.1,246.34 crores based on audited Annual Accounts.
- 3.4.11 Further, the detailed breakup of Opening GFA approved by the 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.
- 3.4.12 The shortfall in depreciation for Rs. 275.75 Crores is majorly due to (i) change in useful life for arriving depreciation from FY 2024-25 and (ii) delay in

completion/capitalisation of certain major projects due Right-of-Way issues.

3.4.13 Further, the shortfall in interest and finance charges of Rs. 196.82 Crores. is majorly due to pre-closure of certain loans during the year. As such, there is no underperformance of the company as stated by the stakeholder.

Commission's Analysis and Findings

3.4.14 Clause 28 of Regulation No. 2 of 2023 is reproduced below:

"28. Depreciation

28.1 The generating entity, licensee, and SLDC shall be permitted to recover depreciation on the value of fixed assets used in their respective regulated businesses, computed in the following manner:

(a) The approved original cost of the fixed assets shall be the value base for calculation of depreciation:

Provided that the depreciation shall be allowed on the entire capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or de-capitalised assets.

(b) Depreciation shall be computed annually based on the straight-line method on the basis of the expected useful life specified in the Annexure I to this Regulation.

(c) The salvage value of the asset shall be considered at ten per cent of the allowable capital cost and depreciation shall be allowed up to a maximum of ninety per cent of the allowable capital cost of the asset:

Provided that the generating entity or Licensee or SLDC shall submit certification from the Statutory Auditor for the capping of depreciation at ninety per cent of the allowable capital cost of the asset:

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero per cent of the allowable capital cost.

28.2 Land other than the land held under lease and the land for reservoir in case of hydel Generating Station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

28.3 In case of existing assets, the balance depreciable value as on 01.04.2024 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.03.2024 from the gross depreciable value of the assets:

Provided that depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

28.4 *The generating entity or Licensee or SLDC shall submit the depreciation computations separately for assets added up to 31.03.2024 and assets added on or after 01.04.2024.*

28.5 *Depreciation allowed for each year of the control period shall be deemed to be equal to the loan repayment, up to the ceiling of seventy five percent (75%) of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost:*

Provided that depreciation allowed for each year of the control period beyond seventy five percent (75%) of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost, shall be utilised for reduction of equity during that year."

- 3.4.15 The Commission has taken note of the submissions of the stakeholders and replies of petitioner as per clause 28.1. The depreciation shall be computed annually based on Straight Line method on the basis of expected useful life specified in the Regulation and depreciation is allowed up to maximum of 90%/100% of the asset ensuring full loan repayment over the years within the useful life and the Commission does not find it appropriate to approve the request of petitioner for AAD.
- 3.4.16 The Commission has considered the trued-up closing GFA of FY 2023-24 as Rs.22,865.70 Crores as opening GFA for FY 2024-25 against the claim of Rs.22,900.11 Crores.
- 3.4.17 The Commission has observed that the petitioner has not shown depreciation separately for assets added up to 31.03.2024 and assets added on or after 01.04.2024 as per Clause 28.4 of Regulation No.2 of 2023.
- 3.4.18 Further in a reply to additional information sought by the Commission, the petitioner has submitted asset wise details added up to 31.03.2024 and assets added on or after 01.04.2024.
- 3.4.19 The Commission has calculated depreciation separately for the existing assets as on 31.03.2024 and for the assets on or after 01.04.2024, in accordance with clause 28.4 of Regulation No.2 of 2023.
- 3.4.20 For existing assets, the Commission has calculated balance useful life and balance depreciable value as on 01.04.2024. Balance useful life is calculated by deducting the completed life of the asset from asset life as specified in Annexure I of Regulation No.2 of 2023. Balance depreciable Value is arrived at by deducting the accumulated depreciation from the depreciable value of the asset. Depreciation

for FY 2024-25 is determined by spreading the balance depreciable Value over the balance useful life.

- 3.4.21 For Assets on or after 01.04.2024, the Commission has considered useful life as per Annexure I and depreciation is calculated accordingly.
- 3.4.22 The total depreciation is arrived by adding depreciation calculated on existing assets as on 31.03.2024 and assets added after 31.03.2024 as mentioned above.
- 3.4.23 In accordance with clause 26 of the Regulation, amortisation relating to consumer contribution, deposit work, grant and capital subsidy is deducted from gross depreciation.
- 3.4.24 The Commission has considered approved capitalisation as GFA addition during FY 2024-25.
- 3.4.25 Further, it is observed that, the petitioner has considered useful life of 35 years instead of useful life of 25 years mentioned in Annexure I of the Regulation. In accordance with the Regulation the Commission has calculated depreciation as per Annexure I.
- 3.4.26 The approved depreciation for FY 2024-25 is as shown in the table below:

Table 3.6: Depreciation (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Approved	Claimed	Approved
Opening GFA	27,708.24	24,146.45	24,112.04
Additions during the year	2347.46	1,281.97	1281.97
Closing GFA	30,055.70	25,428.42	25,394.01
Gross Depreciation	1,034.83	542.60	681.33
Less: Amortisation of CC Assets	216.49	-	303.35
Net Depreciation	818.35	542.60	377.98

3.5 INTEREST AND FINANCE CHARGES ON LOAN

Petitioner's Claim

- 3.5.1 The Petitioner has claimed the Interest and Finance charges on loan of Rs. 781.61 Crores as against Rs. 978.43 Crores approved by the Commission for FY 2024-25 in MYT order.

Stakeholder's Submission

- 3.5.2 The Stakeholder has submitted that MYT Regulations provides for the Interest Expenses to be allowed on a normative basis. However, TGTRANSCO has claimed Interest Expenses on actuals based on the Audited Accounts. The concept of True up is not meant to change the approach of admission of an expense under

the RTM principles.

Petitioner's Replies

3.5.3 As per Clause 4(6)(e) of Regulation 2 of 2023 the Transmission Licensee must file Annual petition consists of True up of the preceding year i.e., FY 2024-25 duly comparing the approved Interest and finance Charges on loan with the actual Interest expenses incurred by the Company.

3.5.4 Further, it is to submit that the Methodology provided at clause 31 of the Regulation No. 2 of 2023 is applied while filing the tariff petition for the future years.

Commission's Analysis and Findings

3.5.5 Clause 31 of Regulation 2 of 2023 specifies the provisions related to Interest and Finance Charges on Loan. The relevant extract of the Regulation is as follows:

“31.1 The loans arrived at in the manner indicated in clause 27 on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalization of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

31.2 The normative loan outstanding as on 01.04.2024, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2024, from the gross normative loan.

31.3 The loan repayment during each year of the control period shall be deemed to be equal to the depreciation allowed for that year, up to the ceiling of seventy five percent (75%) of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost.

.....
31.6 The interest on loan shall be computed on the normative average loan of the year by applying the weighted average rate of interest:

Provided that at the time of Truing-up, the normative average loan of the concerned year shall be considered on the basis of the actual asset capitalization approved by the Commission for the year.

.....”

3.5.6 The Commission has arrived Opening Loan in accordance with clause 31 of the Regulation No.2 of 2023, i.e., considering 75% of TGTRANSCO Gross Fixed

Assets (i.e., GFA minus Consumer Contribution Assets) less Cumulative Repayment (i.e., Accumulated Depreciation – up to 75%).

3.5.7 Debt Equity Ratio is considered at 75:25 as per clause 27 of Regulation No.2 of 2023. Accordingly, 75% of approved capitalization of TGTRANSCO assets during the year considered as additions to Loans for FY 2024-25.

3.5.8 In accordance clause 28 of the Regulation No.2 of 2023, the Commission has considered approved net depreciation for the year up to 75% as repayment of loan during the year and beyond 75% of the asset cost is utilized for reduction in equity.

3.5.9 The weighted average rate of Interest on actual loan term loan portfolio for FY 2024-25 as per audited accounts and additional information submitted by the Petitioner is considered at 9%. The approved Interest & Finance Charges for FY 2024-25 is as shown in the table below:

Table 3.7: Interest and Finance Charges (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Order	Claimed	Approved
Opening Loan	9,787.90		14,820.74
Less: Cumulative Repayment	-		7,205.10
Net Opening Loan	9,787.90		7,615.65
Additions during the year	811.12	781.61	722.95
Repayment during the year	818.35		377.70
Closing Loan	9780.67		7,960.89
Interest Rate	10.00%		9.00%
Interest on Loan	978.43	781.61	700.86

3.6 INTEREST ON WORKING CAPITAL FOR FY 2024-25

Petitioner's Claim

3.6.1 The petitioner has claimed the Interest on Working Capital of Rs.58.20 Crores as against Rs. 75.09 Crores approved by the Commission for FY 2024-25 in MYT order.

Commission's Analysis and Findings

3.6.2 Clause 33.2 of Regulation 2 of 2023 specifies the provisions related to Interest on Working Capital. The relevant extract of the Regulation is as follows:

"33.2 Transmission

(a) *The working capital requirement of the Transmission Licensee shall cover:*

(i) *Normative Operation and maintenance expenses for one (1)*

month;

(ii) *Maintenance spares at one percent (1%) of the opening Gross Fixed Assets for the Year; and*

(iii) *Receivables equivalent to forty-five (45) days of the Aggregate Revenue Requirement;*

minus

(iv) *Amount held as security deposits other than those in the form of Bank Guarantees, if any, from Transmission System Users: Provided that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from transmission charges excluding incentive, if any, and other components of working capital approved in the Truing-up before sharing of gains and losses;*

33.6 *Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the petition for determination of Tariff is filed, plus 150 basis points:*

Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average Base Rate prevailing during the concerned Year plus 150 basis points."

3.6.3 The Commission has computed revised normative working capital requirement in accordance with clause 33 of Regulation No.2 of 2023.

3.6.4 The Commission has observed that weighted average base rate prevailing during FY 2024-25 is 8.88% (SBI MCLR (1Yr) Weighted Average rate). Hence, the Commission has considered Interest rate as 10.38% (8.88% plus 150 basis points) for arriving the Interest on Working Capital for FY 2024-25. The approved Interest on Working Capital for FY 2024-25 is as shown in the table below:

Table 3.8: Interest on Working Capital (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Approved	Claimed	Revised Normative
O&M Expenses	108.29		99.64
Maintenance Spares	277.08		241.12
Receivables	387.00		339.37
Less: Security Deposits	32.58	58.20	8.37
Total Working Capital Requirement	739.79		671.76
Interest Rate	10.15%		10.38%
Interest on Working Capital	75.09	58.20	69.74

3.6.5 Based on the recomputed normative Interest on Working Capital, the gain/loss is

arrived at by comparing with the claim for FY 2024-25.

- 3.6.6 In accordance with Clause 14 of Regulation No.2 of 2023, the sharing of gain/loss of Interest on Working Capital is arrived at. Further, the revised normative Interest on Working Capital for FY 2024-25 is arrived at by adding the sharing of gain/loss to the revised normative.
- 3.6.7 The Commission has approved Interest on Working Capital of Rs.61.57 Crores, after sharing of gain/loss as shown in table below:

Table 3.9: Interest on Working Capital (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Approved	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss*	Approved
Interest on working Capital	75.09	58.20	69.74	(11.54)	(7.69)	62.05

*Sharing: 2/3rd to Beneficiary if Gain, 1/3rd to Beneficiary if Loss.

3.7 RETURN ON EQUITY FOR FY 2024-25

Petitioner's Claim

- 3.7.1 The petitioner has claimed Return on Equity of Rs.541.41 Crores as against Rs. 432.30 Crores approved by the Commission for FY 2024-25 in MYT order.

Stakeholder's submissions

- 3.7.2 One of the stakeholders submitted that, the Commission had earlier imposed a 3.5% reduction in RoE on account of delayed filing. The present claim ignores this regulatory penalty. It is submitted that the rate of RoE once determined in MYT Order cannot be revised at the time of True-up. Therefore, RoE may be allowed at the rate at which RoE was approved in MYT Order for FY 2024-25. Allowing full 14% RoE would burden consumers with approximately Rs. 109 Crores and dilute regulatory discipline. RoE shall be restricted to 10.5% strictly as per the Commission's directions.
- 3.7.3 Percentage of RoE may not be raised by MAT rate unless there is actual MAT paid by TGTRANSCO. Therefore, RoE may be allowed only at the base rate of 14.00%.
- 3.7.4 The stakeholder further submitted that, when operation and maintenance charges, depreciation, interest and finance charges on loan, interest on working capital for the FY 2024-25 decreased considerably against approved in the tariff order, the return on equity claimed by TRANSCO has increased from Rs.432.30 crore as

against Rs.541.41 crore approved by the Commission, i.e., by Rs.109.11 crore or 25.24%.

Petitioner's Replies

- 3.7.5 The petitioner has requested the Commission to consider the condonation of delay in filings for the 5th Multi Year Control period during the time of filing of Multi Year Tariff petition as the delay has happened mainly due to the reasons not in the control of the Company such as General election to the 18th Lok Sabha etc.,
- 3.7.6 However, the Commission has levied a penalty by reducing the RoE by 3.5%. There by the company has incurred a loss of Rs.143.97 crores approximately as per 5th MYT Order. The petitioner once again requested the Commission to allow condonation of delay and approve RoE at 14 % without penalty.
- 3.7.7 The company has computed the RoE at 14% without any deduction by requesting the Commission to consider condonation of delay and approve RoE at 14 % without penalty.
- 3.7.8 The Clause 30.1 of Regulation 2 of 2023 specifically mentions that the RoE shall be grossed up with effective income tax rate of the relevant year. Further, it also provided that in case the Company is paying tax under MAT, then the effective tax rate shall be considered as MAT rate including surcharge and cess.
- 3.7.9 The Company has paid tax for the FY 2024-25 under MAT provisions for an amount of Rs.81.77 Crores. The Company has grossed up RoE in the ATP filings with MAT rate and computed RoE for the FY 2024-25 & FY 2026-27 as per clause 30.1 of Regulation 2 of 2023.

Commission's Analysis and Findings

- 3.7.10 Clause 29 of Regulation No.2 of 2023 specifies provisions related to Return on Equity. The relevant extract of the Regulation is as follows:

"29. Return on Equity

29.1 Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with clause 27.

29.2 Return on Equity shall be computed at the following base rates:

... ..

(d)Transmission Licensee: 14.00%;

... ..

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.

... ..

29.3 *The Return on Equity shall be computed in the following manner:*

- (a) *Return at the allowable rate as per this clause, applied on the amount of equity capital at the commencement of the Year; plus*
- (b) *Return at the allowable rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost, for the investments put to use in generation business or transmission business or distribution business or SLDC, for such Year.*

30. *Tax on Return on Equity*

30.1 *The Base rate of Return on Equity allowed by the Commission under clause 29.2 shall be grossed up with the effective Income Tax rate of the respective entity for the respective financial year: Provided that the effective Income Tax rate shall be considered on the basis of actual Income Tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating entity or licensee, as the case may be:*

Provided further that the actual Income Tax on the amount of income from Delayed Payment Charges or Interest on Delayed Payment or Income from Other Business or income from any source that has not been considered for computing the Aggregate Revenue Requirement or income from efficiency gains and incentive approved by the Commission shall be excluded for the calculation of effective Income Tax rate:

Provided also that in case of generating entity or licensee paying Minimum Alternate Tax (MAT), the effective Income Tax rate shall be considered as MAT rate including surcharge and cess:

Provided also that if no Income Tax has been paid by the Company as a whole, then the effective Income Tax rate shall be considered as "Nil".

3.7.11 The submission of the stakeholder not to consider the request of the petitioner to consider condonation of delay and approve RoE at 14 % without penalty is taken note of. The RoE was reduced as the petition was filed with delay and the Commission has not condoned the delay and rate of RoE once determined in MYT Order cannot be revised at the time of True-up. Hence, the Commission has not considered the request of the petitioner for Condonation of delay and approval of Rate of RoE as 14% without penalty and considered Rate of Return on Equity as 10.50% as approved in MYT Order for FY 2024-25.

3.7.12 With reference to the submission of the stakeholder on the applicability of MAT rate, the Commission has verified the Tax return submitted by the petitioner and

observed that the petitioner has paid tax as per MAT provisions and hence considered applicable Tax Rate as MAT Rate @ 17.472%.

- 3.7.13 The Commission has arrived at the Opening Equity Base in accordance with clauses 29 and 30 of Regulation, considering 25% of GFA less consumer contribution assets and accumulated depreciation beyond 75%.
- 3.7.14 Further, to arrive at the equity addition during FY 2024-25, the Commission has considered 25% of approved capitalization of total GFA Additions less additions to Consumer Contribution Assets for FY 2024-25.
- 3.7.15 The MAT rate is considered after grossing up the base rate of RoE to derive the effective rate of Return on Equity. The approved Return on Equity for FY 2024-25 is as shown in the table below:

Table 3.10: Return on Equity (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Approved	Claimed	Approved
Opening Equity	3,262.63	3,061.15	4,940.25
Reduction from Equity beyond 75%	-	-	277.58
Opening Net Equity	-	-	4,662.66
Addition	270.37	260.73	240.98
Reduction on account of depreciation beyond 75%	-	-	0.28
Closing Equity	3,533.01	3,321.88	4,903.37
Rate of RoE	14.00%	14.00%	14.00%
Reduction in Base ROE for delay in filling of Petition (7 Month)	3.50%	-	3.50%
Allowable Rate of Return on Equity	10.50%	-	10.50%
Tax Rate	17.47%	17.47%	17.47%
Grossed up rate of RoE	12.72%	16.96%	12.72%
Return on Equity	432.30	541.41	608.54

3.8 NON-TARIFF INCOME FOR FY 2024-25

Petitioner's Claim

- 3.8.1 The Petitioner has claimed Non-Tariff Income (NTI) of Rs. 455.19 Crores as against Rs.464.70 Crores approved by the Commission for FY 2024-25 in MYT order.

Commission's Analysis and Findings

- 3.8.2 The components of NTI as per Clause 72 of Regulation 2 of 2023 is as follows:

"72.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;*
- b) Net income from sale of de-capitalised assets;*

- c) Income from sale of scrap;
- d) Income from statutory investments;
- e) Interest income on advances to suppliers/contractors;
- f) Income from rental from staff quarters;
- g) Income from rental from contractors;
- h) Income from hire charges from contactors and others;
- i) Supervision charges for capital works;
- j) Any other Non-Tariff Income.”

3.8.3 The Commission has verified the NTI with the annual accounts. It is observed that, the petitioner has claimed amortization relating to CC assets of Rs.303.59 Crores for FY 2024-25 under NTI. Since, the Commission has reduced amortization relating to CC assets from Depreciation, the same is not considered under Non-Tariff Income. The Approved Non-Tariff Income for FY 2024-25 is as shown below:

Table 3.11: Non-Tariff Income (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Approved	Claimed	Approved
Non-Tariff Income	464.70	455.19	151.60

3.9 TRUE UP FOR FY 2024-25

Petitioner's Claim

3.9.1 The petitioner has claimed the total Aggregate Revenue Requirement (ARR) of Rs. 2,603.65 Crores and revenue of Rs.3,994.41 Crores as against approved ARR of Rs. 3,138.99 Crores resulting in a surplus of Rs.1390.76 Crores during FY 2024-25.

3.9.2 The true up for FY 2024-25 claimed by the petitioner is as shown in Table below:

Table 3.12: Summary of True up (Rs. Crores) as claimed for FY 2024-25

Particulars	MYT Order	Claimed	Variance
Aggregate Revenue Requirement			
Operation & Maintenance Expenses	1,299.52	1,135.02	(164.50)
Depreciation	818.35	542.60	(275.75)
Interest and Finance charges on loan	978.43	781.61	(196.82)
Interest on Working Capital	75.09	58.20	(16.89)
Return on Equity	432.30	541.41	109.11
Less:			
Non-Tariff Income	464.70	455.19	(9.51)

Less:			
Impact of special appropriation for prior period			
Aggregate Revenue Requirement	3,138.98	2,603.65	(535.34)
Revenue Received	3,138.98	3,994.41	855.42
Total Surplus			(1,390.76)

Stakeholders Submission

- 3.9.3 The stakeholder submitted that, true-up results in a surplus of Rs.535.34 Crores and shall be mandatorily adjusted in FY 2026-27 tariffs to directly benefit consumers.
- 3.9.4 The Stakeholder requested the petitioner to provide detailed break-up of transmission loss as claimed in True-up of FY 2024-25 (i.e. 2.19%) and also to provide clarification/justification on how they have been able to reduce the actual transmission loss for FY 2024-25 by 0.11% with respect to FY 2023-24, whereas the approved transmission loss for the same period was reduced only by 0.02%.
- 3.9.5 TGTRANSCO to provide proof for claiming transmission availability at 99.90% during FY 2024-25 and substantiate its claims by providing reports of system outages and shutdown carried out in FY 2024-25.
- 3.9.6 TGTRANSCO has claimed to adjust the surplus derived from True-up of FY 2024-25 in a period of two years i.e. FY 2026- 27 and FY 2027-28. The Stakeholder requested the Commission to adjust the entire surplus in the ensuing year i.e. in FY 2026-27 since TGRANSCO has already recovered higher tariff as compared to the tariff supposed to be recovered for FY 2024-25.
- 3.9.7 For the first year of the 5th control period, i.e., 2024-25, Transmission Corporation of Telangana Limited (TGTRANSCO) has projected a surplus revenue of Rs. 1,390.76 crore, with expenditure decreasing by Rs. 535.34 crore and total revenue increasing by Rs. 855.42 crore., and aggregate revenue requirement decreasing to Rs.2603.65 crore from Rs. 3,138.99 crore approved by the Commission in the MYT order for the fifth control period. The revenue of TRANSCO decreased to Rs. 2,603.65 crore from Rs. 3,994.41 crore approved by the Commission for FY 2024-25. As we have been pointing out over the years, the ARRs being projected by TRANSCO and approved by the Commission have been tended to be inflated substantially. The results of FY 2024-25 have once again confirmed the same. That the surplus of Rs.1390.76 crore works out to 53.41% of the actual ARR of

Rs.2603.76 crore once again underlines the need for taking a realistic view and improving their efficiency and performance in making projections of various components of ARR and determining the same, on the part of TGTRANSCO and TGERC, respectively.

- 3.9.8 When licensees and generators are permitted to collect true-up amounts ultimately from the consumers as determined by the Commission, the surplus of Rs.1390.76 should be trued down and refunded to the consumers in one year instead of two years as proposed by the petitioner.

Petitioner's Replies

- 3.9.9 The tariff rate for the FY 2025-26 has reduced drastically due to adjustment of True up amount for the 4th Multi Year Control period in the single financial year i.e., FY 2025-26. Therefore, it resulted in shortage of the funds to meet Company monthly commitments of the Company.
- 3.9.10 The Company is facing huge shortfall of funds to meet debt obligation due to change in the depreciation methodology as per Regulation 2 of 2023. In view of the above, the Company has requested the Commission to consider the deferment of True down of the FY 2024-25.
- 3.9.11 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 endeavour to bring down the transmission losses.
- 3.9.12 The transmission system availability is calculated as per the procedure prescribed in Appendix-III (Procedure for Calculation of Transmission System Availability Factor) of the CERC (Terms and Conditions of Tariff) Regulations, 2019. The list of voltage wise system outages was submitted vide Tariff Filing Form-11 to the Annual Tariff Petition 2026-27 and are available on TGTRANSCO website.
- 3.9.13 The Company has earned surplus amount of Rs.1390.76 Crores for the FY 2024-25 is due to following reasons:
- i. Of the total excess revenue of Rs.855.42 crores (i) an amount of Rs.424.34 crores Transmission revenue earned due to collection of old tariff as per interim order vide IA No.8 of 2024 dated 15.03.2024 (including open

access). (ii) an amount of Rs.431.08 crores received towards Inter State Transmission Charges (PoC Charges) as per the CERC order for 4th Control period i.e., from FY 2019-20 to FY 2023-24.

- ii. The balance of surplus of Rs. 535.34 crores is on account of reduction in expenditure majorly depreciation due to change in methodology.
- iii. As such the company has earned a surplus amount of Rs.1390.76 crores due to above stated reasons but not due to over estimation/projections as stated by the stakeholder.

Commission's Analysis and Findings

3.9.14 The Commission has noted the submission of the stakeholder and petitioner replies regarding calculation of transmission system availability and *directs the petitioner to submit the Transmission System Availability computation along with supporting outage data as part of the Annual Tariff Petition.*

3.9.15 Based on the above, the revenue gap/(surplus) approved by the Commission for FY 2024-25 is as shown in the Table below:

Table 3.13: Revenue gap/(surplus) (Rs. Crores) claimed and approved for FY 2024-25

Particulars	MYT Order	Claimed	Trued up Approved	Approved after sharing
Operation & Maintenance Expenses	1,299.52	1,135.02	1,195.68	1,154.81
Depreciation	818.35	542.60	377.98	377.98
Interest and Finance Charges on Loan	978.43	781.61	700.86	700.86
Interest on Working Capital	75.09	58.20	69.74	62.05
Return on Equity	432.30	541.41	608.54	608.54
Less: Non-Tariff Income	464.70	455.19	151.60	151.60
Aggregate Revenue Requirement	3,138.98	2,603.65	2,801.19	2,752.64
Revenue	3,138.98	3,994.41	3,994.41	3,994.41
Gap/(Surplus)	-	(1,390.76)	(1,193.22)	(1,241.77)

3.9.16 The Commission has approved the revenue surplus of Rs.1,241.77 Crores as against a revenue surplus of Rs. 1,390.76 Crores claimed by the Petitioner for FY 2024-25.

CHAPTER-4: REVISED ARR AND TARIFF FOR FY 2026-27

4.1 CAPITAL EXPENDITURE AND CAPITALIZATION FOR FY 2026-27

Petitioner's claim

4.1.1 The petitioner has claimed the capital investment plan for FY 2026-27 as given in table below:

Table 4.1: Capital expenditure and capitalization (Rs. Crores) claimed for FY 2026-27

Particulars	MYT Order	Claimed	Variance
Opening Capital Works in Progress	2,251.86	3,301.13	1,049.27
Capital Expenditure during the year	727.27	4,432.61	3,705.34
Capitalisation during the year	1,312.51	4,949.18	3,636.67
Closing Capital Works in Progress	1,666.62	2,784.56	1,117.94

Stakeholder's submissions

- 4.1.2 The stakeholder submitted that, the Petitioner has claimed Capitalisation of Rs. 4,114.05 Crores for FY 2026-27. The proposal is nearly four times the actual capitalization achieved in FY 2024-25 and is not supported by historical execution capability. Capital Expenditure approval shall be restricted to realistic levels consistent with past performance, pending submission of credible execution evidence.
- 4.1.3 The Capital expenditure proposal is presented in aggregated form without scheme-wise DPRs, timelines, or land acquisition status. Further, the stakeholder has submitted that DPRs for all schemes exceeding Rs. 50 Crores shall be submitted and implementation schedules with target CODs shall be furnished before approval
- 4.1.4 Large investments in 220/132 kV and 400 kV systems are not supported by quantifiable consumer benefits. Scheme-wise Cost-Benefit Analysis shall be submitted indicating (i) Loss reduction (MUs), (ii) Voltage improvement and (iii) Load relief (MW)
- 4.1.5 The stakeholder has submitted that, Rs. 779.74 Crores towards LIS-related transmission works included in ARR. LIS assets are seasonal and under-utilized. Their costs are being recovered from general consumers, violating the "beneficiary pays" principle. Furthermore, the stakeholder has submitted that, (i) LIS-specific assets shall be segregated, (ii) Utilization factors shall be disclosed

and (iii) O&M and capital costs shall be recovered directly from the beneficiary department

- 4.1.6 In its MYT Order for the 5th Control Period, the Commission made a specific and reasoned choice to adopt the Resource Plan-approved capital investment plan, noting that TGTRANSCO had not adequately justified deviations from it. The MYT Order records that the TGTRANSCO failed to provide sufficient scheme-level justification as required under the regulations and therefore, the Commission adopted the Resource Plan figures as the MYT baseline for FY 2024-25 to FY 2028-29. This is a crucial regulatory fact that the MYT numbers were not just provisional placeholders but were frozen as a baseline after scrutiny and seeking additional information.
- 4.1.7 The stakeholder has submitted that, the petitioner seeks acceptance of Capital Expenditure for FY 2026-27 of Rs.4,432.61 Crores and Capitalisation for FY 2026-27 of Rs.4,949.18 Crores. This represents a five-to-six fold increase over the MYT approved within a single tariff year and such deviation necessitates the highest level of prudence scrutiny, particularly when the licensee relies on "changed conditions" without clearly establishing why such changes were not foreseeable at the MYT stage.
- 4.1.8 Further, the petitioner does not provide a comparative phasing table showing the MYT-approved year-wise phasing versus the revised year-wise phasing. In the absence of such data, it is not possible to establish the prudence of these claims. The claimed rise in capex should not be approved without the petitioner submitting data and evidence to substantiate its claims.
- 4.1.9 TGTRANSCO has claimed capitalisation for FY 2026-27 at Rs. 4949.18 Cr. as against the approved capitalisation of Rs. 1312.51 Cr. TGTRANSCO has been over projecting the Capitalisation for future years consistently on annual basis. Even in True-up of FY 2024-25, the capitalisation claimed by TGTRANSCO was much lower than the approved capitalisation for FY 2024-25. This depicts inaccurate planning of Capital works which ultimately burdens the retail consumers unduly.

Petitioner's Replies

- 4.1.10 The approved capital expenditure in respect of 400kV schemes is zero for FY 2026-27. However, Capital expenditure of Rs.935.64 crore is towards spill over 400kV Transmission works and new 400kV Transmission Schemes approved by

CEA in 2024-25 & 2025-26 proposed under System Strengthening as per the Transmission System requirement in line with growing Demand and System Improvement, are considered for FY 2026-27.

- 4.1.11 The resource plan was filed in August-2023 and the Commission has considered the capital investment plan as approved in the resource plan order dated 29-12-2023 for FY 2024-25 to 2028-29. Thereafter, the transmission capital expansion plan has been revised to include other schemes apart from the schemes approved in resource plan for strengthening the existing network for providing quality and reliable supply to the consumers in view of the increase in load demand.
- 4.1.12 As submitted at the time of ATP filling, the Administrative Approval for the new Transmission Schemes are under process. Detailed Project Reports (DPRs) along with Implementation schedules with target CODs, Cost-benefit justifications are being submitted to the Commission for Investment approval.
- 4.1.13 TGTRANSCO has taken up the works of construction of Transmission Lines & Substations for extending power supply to Lift Irrigation pumping stations on request of I&CAD Department, Government of Telangana as deposit contribution works.
- 4.1.14 Capital expenditure proposed in ARR towards LIS works are as per the targets and requirement of power supply to the LI pumping stations as communicated by I&CAD. However, the actual expenditure may vary as per the payments/deposits received from I&CAD department, Government of Telangana from time to time.
- 4.1.15 The transmission network developed for LI projects (LI assets) are owned by TGTRANSCO up to metering arrangement and can be utilized by TGTRANSCO as per the system requirement as this network is part of the TGTRANSCO Grid system. Hence, beside recovering the cost from I&CAD as per their utilization in running the LI pumps, O&M cost will be recovered from general consumers also.
- 4.1.16 The end beneficiary of LI projects are farmers, general public as the water lifted will be utilized for farming sector and for drinking water purpose.
- 4.1.17 The LIS Schemes are fully funded by Government of Telangana, hence TGTRANSCO does not claim any interest and finance charges, depreciation and return on equity on these assets in Aggregate Revenue Requirement of Transmission business.
- 4.1.18 However, as per clause 26.2(a), TGTRANSCO claims only operation and maintenance (O&M) expenses on Consumer Contribution/LIS assets.

- 4.1.19 Segregation of LIS assets will be taken up in due consultation with I&CAD. In respect of O&M cost, Operation & Maintenance of LI assets up to metering point is being taken up by TGTRANSCO which is owned by TGTRANSCO only. Hence, recovery of O&M costs from the consumer (i.e. I&CAD) doesn't arise. O&M of assets beyond metering arrangements (i.e. the assets pertaining to consumer) has to be taken up by consumer itself i.e. I&CAD.
- 4.1.20 At the time of ATP filling, the Administrative Approval for the new Transmission Schemes are under process. Detailed Project Reports (DPRs) along with Implementation schedules with target CODs, Cost-benefit justifications are being submitted to the Commission for Investment approvals.
- 4.1.21 Towards, spillover of 400kV Transmission works, Rs.496 crore proposed to be capitalized in FY 2026-27, are considered for capitalisation claim during FY 2026-27. (YTPP-Jangaon 400kV Line actual expenditure as on date, of Rs.361 crore (as per ERP) + Rs.135 crore towards projections for KTPP & YTPP schemes)

Commission's Analysis and Findings

- 4.1.22 Clause 7.1 of Regulation No.2 of 2023 details the general provisions related to Capital Investment Plan. The relevant para of Clause 7.1 is extracted below:

“7. Capital Investment Plan

7.1 The generating entity, transmission licensee, distribution licensee and SLDC shall file for approval of the Commission a Capital Investment Plan along with its Multi Year Tariff Petition, covering the entire control period with separate details for each year of the control period.

Provided that the capital investment plan filed by the generating entity/transmission licensee/distribution licensee for the control period commencing from 01.04.2024, as on date of notification of this Regulations, shall be deemed to have been filed under this Regulation.

For each capital investment scheme, the licensee shall submit the following details:

- *Brief outline of the different components that constitute it and the salient features of the scheme;*
- *The objectives of the scheme and justification for taking it up along with quantification of the objectives;*
- *A comprehensive sketch / single line diagrams of the proposed work, grid maps of relevant areas where the scheme is proposed to be executed;*
- *Detailed cost estimates for each item of work covered by the scheme;*
- *The scheme shall be supported by the results of the load flow study,*

or any other appropriate tools/techniques employed by the Licensee to simulate the impact of the scheme on network performance. The results of the load flow shall be provided for each year up to a period of five years from the date of commissioning of the scheme;

- *Financing plan supported by documents related to administrative approval, financial tie-up etc;*
- *Phasing of expenditure quarter wise for each work/module, supported with details of corresponding sources of funding;*
- *PERT/CPM chart detailing the activities involved in project execution highlighting the anticipated constraints, if any;*
- *Methodology of evaluation and measurement of the benefits accruing out of the investment; Cost benefit analysis;*
- *Physical benefits of the scheme;*
- *Financial benefits of the scheme supported by detailed calculations to demonstrate the payback period of the investment;”*

4.1.23 The Commission in MYT Order dated 28.10.2024, has approved the capital investment plan for 5th control period i.e., from FY 2024-25 to FY 2028-29 after carrying out detailed analysis of the Capital Expenditure schemes submitted by TGTRANSCO.

4.1.24 With reference to the submissions of the stakeholder on higher capital expenditure and capitalisation claimed by the petitioner the commission based on the submissions made in the filings and additional information, has taken into consideration the investment approvals accorded by the Commission, status of tendering, progress of schedule of works, capitalisation schedule etc., for approving the capital expenditure and capitalisation for FY 2026-27. The Commission has ensured balancing the interest of the petitioner to strengthen the transmission system to cater to the growing demand and at the same time not to over burden the consumers with front loading due to higher capital expenditure and capitalisation.

4.1.25 *The Commission directs the petitioner to submit scheme-wise Detailed Project Reports, COD schedules, and cost-benefit analysis for all capital schemes where the estimated cost exceeds Rs. 50 Crores, as part of the Annual Tariff Petition.*

4.1.26 In view of the above, the Commission approves Rs. 2,188.38 Crores towards capital expenditure for FY 2026-27 against claim of Rs. 4,432.61 Crores and the Commission shall approve any capital expenditure incurred over and above of Rs.2,188.38 Crores while truing up on prudence check.

Table 4.2: Capital Expenditure and Capitalisation (Rs. Crores) claimed and approved for FY 2026-27

Particulars	MYT	Claimed	Approved
Capital Expenditure	727.27	4,432.61	2,188.38
Capitalisation	1,312.51	4,949.18	2,117.35

4.2 OPERATION & MAINTENANCE EXPENSES FOR FY 2026-27***Petitioner's claim***

4.2.1 The petitioner has claimed Rs.1,424.57 Crores as against Rs. 1,456.46 Crores approved in MYT Order for FY 2026-27 as shown in table below:

Table 4.3: O&M Expenses (Rs. Crores) claimed for FY 2026-27

Particulars	MYT	Claimed	Variance
Employee Expenses	1,257.49	1,273.01	15.52
A&G Expenses	71.32	82.22	10.90
R&M Expenses	127.65	69.34	(58.31)
Total O&M Expenses	1,456.47	1,424.57	(31.89)

- The Employee cost for FY 2026-27 has been escalated with CPI inflation @ 4.96% (Average CPI Inflation factor of last 5 years from FY 2020-21 to FY 2024-25). Pay revision which was due on 01.04.2026 with provisional rate of 7% (As per the earlier approved fitment order issued vide T.O.O.(Jt.Secy-Per) Ms.No.1637 dated 28.04.2023) has been considered.
- Admin & General (A&G) expenses has been computed by considering FY 2025-26 as base year and duly escalating at the rate of 5.05% (Average WPI Inflation factor of last 5 years from FY 2020-21 to FY 2024-25) for FY 2026-27.
- Repairs and Maintenance (R&M) has been computed as per the Regulation No.2 of 2023, where K factor 0.24% is arrived by dividing R&M expenses with Opening GFA of the last 5 years from FY 2020-21 to FY 2024-25 and duly escalating with WPI Inflation at the rate of 5.05%(Average WPI Inflation factor of last 5 years from FY 2020-21 to FY 2024-25).

Commission's Analysis and Findings

4.2.2 The Commission has approved the O&M expenses in accordance with Clause 71 of Regulation No.2 of 2023.

Employee Cost

4.2.3 In accordance with Clause 71 of Regulation No.2 of 2023, the Commission has recomputed the Employee cost for FY 2026-27, by considering approved

employee cost after sharing for FY 2024-25 duly escalating with CPI Inflation at 5.79% as considered in MYT Order, twice. The employee cost approved for FY 2026-27 is shown below:

Table 4.4: Employee Cost (Rs. Crores) approved for FY 2026-27

Approved Employee Cost for FY 2024-25	CPI Inflation	Employee Cost for FY 2025-26	CPI Inflation as per MYT Order	Employee Cost for FY 2026-27
(a)	(b)	(c=a*(1+b))	(d)	(e=c*(1+d))
1,200.63	5.79%	1,270.15	5.79%	1,343.70

4.2.4 The petitioner has claimed Pay revision with provisional rate of 7% for FY 2026-27. The Commission has not considered the impact of PRC for FY 2026-27 as claimed by the petitioner and the same shall be considered after prudence check during the True up of FY 2026-27.

A&G Expenses

4.2.5 In accordance with clause 71 of Regulation No.2 of 2023, the Commission has recomputed the A&G expenses for FY 2026-27 by considering approved A&G cost after sharing of gain/loss for FY 2024-25 duly escalating twice with WPI Inflation at 4.93%, as considered in MYT Order. The A&G cost approved for FY 2026-27 is shown below:

Table 4.5: A&G Expenses (Rs. Crores) approved for FY 2026-27

Approved A&G Expenses for FY 2024-25	WPI Inflation	A&G cost for FY 2025-26	WPI Inflation	A&G Expenses for FY 2026-27
(a)	(b)	(c=a*(1+b))	(d)	(e=c*(1+d))
75.95	4.93%	79.69	4.93%	83.62

R&M Expenses

4.2.6 The Commission has considered the K factor of 0.22% for FY 2025-26 (considering trued up R&M Expenses and opening GFA for FY 2024-25) and K factor for FY 2026-27 as 0.24% (considering R&M expenses and opening GFA for FY 2025-26) and WPI inflation factor of 4.93% as approved in MYT Order dated 28.10.2024. The normative R&M Expenses of FY 2026-27 is computed by multiplying the opening GFA for FY 2026-27 with K factor duly escalating with WPI inflation factor. The details of computed R&M Expenses for FY 2026-27 are shown in table below:

Table 4.6: R&M Expenses (Rs. Crores) approved for FY 2026-27

K	Opening GFA	WPI Inflation	R & M Expenses for FY 2025-26	K	Opening GFA	WPI Inflation	R & M Expenses for FY 2026-27
(a)	(b)	(c)	a*b*(1+c)	(a)	(b)	(c)	a*b*(1+c)
0.22%	25,394.01	4.93%	59.85	0.24%	27,163.61	4.93%	67.17

4.2.7 Based on the above approved Employee Cost, A&G Expenses and R&M Expenses, the O&M Expenses approved for FY 2026-27 is as shown below:

Table 4.7: O&M expenses (Rs. Crores) claimed and approved for FY 2026-27

Particular	MYT Order	Claimed	Approved
Employee costs	1,257.49	1,273.01	1343.70
A&G Expenses	71.32	82.22	83.62
R&M Expenses	127.65	69.34	67.17
O&M Expenses	1,456.47	1,424.57	1,494.50
Less: O&M Expenses Capitalized			119.63
Net O&M Expenses	1,456.47	1,424.57	1,374.87

4.3 DEPRECIATION

Petitioner's claim

4.3.1 The Petitioner has claimed depreciation of Rs.1,082.33 Crores in accordance with Clause 28 of Regulation 2 of 2023, as shown below:

Table 4.8: Depreciation (Rs. Crores) claimed for FY 2026-27

Particulars	MYT Order	Claimed	Variance
Depreciation	898.11	1,082.33	184.22

4.3.2 Depreciation for FY 2026-27 is calculated as per Clause 28 and Annexure I of Regulation No.2 of 2023 by considering the opening net fixed assets value as on 01.04.2025 as per books of accounts for FY 2024-25.

Commission's Analysis and Findings

4.3.3 The Commission has approved depreciation in accordance with Clause 28 of Regulation No.2 of 2023.

4.3.4 The Commission has observed that the petitioner has not shown depreciation separately for assets added up to 31.03.2024 and assets added on or after 01.04.2024 as per Clause 28.4 of Regulation No.2 of 2023.

4.3.5 Further in a reply to additional information sought by the Commission, the

petitioner has submitted asset wise details added up to 31.03.2024 and assets added on or after 01.04.2024.

- 4.3.6 The Commission has considered approved capitalisation as additions for GFA during FY 2025-26 and FY 2026-27.
- 4.3.7 The Commission has calculated depreciation separately for the existing assets as on 31.03.2024 and for the assets on or after 01.04.2024, in accordance with clause 28 of Regulation No.2 of 2023.
- 4.3.8 For existing assets as on 31.03.2024, the Commission has calculated balance useful life and balance depreciable value as on 31.03.2024. Balance useful life is calculated by deducting the completed life of the asset from asset life as specified in Annexure I of Regulation No.2 of 2023. Balance depreciable value is arrived at by deducting the accumulated depreciation from the depreciable value of the asset. depreciation for FY 2026-27 is determined by spreading the balance depreciable value over the balance useful life.
- 4.3.9 For assets added after 31.03.2024, the Commission has considered useful life as per Annexure I and depreciation is calculated accordingly.
- 4.3.10 The total depreciation is arrived by adding depreciation calculated on existing assets as on 31.03.2024 and assets added after 31.03.2024.
- 4.3.11 The depreciation approved by the Commission is net of amortization of consumer contributions and grants. The depreciation claimed and approved for FY 2026-27 is as follows:

Table 4.9: Depreciation (Rs. Crores) claimed and approved for FY 2026-27

Particulars	MYT Order	Claimed	Approved
Gross Depreciation	1,166.12	1,082.33	801.77
Less: Amortization relating to CC assets & grants	268.02	-	132.64
Net Depreciation	898.11	1,082.33	669.14

4.4 INTEREST AND FINANCE CHARGES ON LOAN

Petitioner's claim

- 4.4.1 The petitioner has claimed Rs.953.84 Crores as against Rs.970.28 Crores approved in MYT Order for FY 2026-27 as shown in table below:

Table 4.10: I&FC charges (Rs. Crores) on Loan claimed for FY 2026-27

Particulars	Claimed
Opening Loan	9,629.24
Additions during the year	2,798.57
Repayment	860.71
Closing Loan	11,567.10
Interest rate (%)	9.00%
Interest on loan	953.84

4.4.2 The petitioner has submitted that the Interest and Finance Charges have been computed as per Clause 31 of the Regulation 2 of 2023, at the weighted average interest rate applied on the Normative average loan for the year arrived as per clause 27 of Regulation 2 of 2023.

Commission's Analysis and Findings

4.4.3 The Commission has approved I&FC in accordance with Clause 31 of Regulation 2 of 2023.

4.4.4 The Commission has considered the approved closing loan base of FY 2024-25 as opening loan base for FY 2025-26. Further, to derive addition of loans during FY 2025-26 & FY 2026-27, the Commission has considered the normative Debt: Equity ratio of 75:25 on approved capitalization during the years, in line with clause 27.1 of Regulation No.2 of 2023. Further, the Commission has considered closing loan base of FY 2025-26 as opening loan base for FY 2026-27.

4.4.5 The repayment of loan has been limited to 75% of the asset value as per the clause 28.5 of Regulation 2 of 2023.

4.4.6 The Commission has considered Interest Rate at 9%, as per weighted average rate of interest for long term loan portfolio during the year. The approved Interest & Finance Charges on loan for FY 2026-27 is as shown in the table below:

Table 4.11: Interest & Finance charges (Rs. Crores) on Loan claimed and approved for FY 2026-27

Particulars	MYT Order	Claimed	Approved
Opening Loan	9,956.29	9,629.24	8,409.02
Additions during the Year	391.20	2,798.57	1,197.28
Repayment during the Year	898.11	860.71	659.39
Closing Loan	9,449.38	11,567.10	8,946.92
Interest rate	10.00%	9.00%	9.00%
Interest on loan	970.28	953.84	781.02

4.5 INTEREST ON WORKING CAPITAL FOR FY 2026-27

Petitioner's claim

4.5.1 The petitioner has claimed Interest on Working Capital (IoWC) of Rs. 77.51 Crores as against Rs.85.10 Crores as approved in MYT order, as shown in table below:

Table 4.12: Interest on Working Capital (Rs. Crores) claimed for FY 2026-27

Particulars	Claimed
O&M expenses	118.71
Maintenance spares	275.01
Receivables	397.50
Less:	
Security Deposits	35.00
Total Working Capital requirement	756.23
Interest rate %	10.25%
Interest on working capital	77.51

4.5.2 The petitioner has claimed IoWC as per Clause 33.2 of Regulation No.2 of 2023. The Petitioner submitted that they considered One (1) month O&M expenses, maintenance spares @ 1% of the opening GFA for the year, receivables for 45 days minus amount held as security deposits as per books of accounts to derive the total working capital requirement.

4.5.3 Further, the petitioner has considered rate of IoWC as 10.25% considering 8.75% as 1-year SBI MCLR plus 150 basis points in accordance with clause No.33.6 of Regulation No.2 of 2023.

Commission's Analysis and Findings

4.5.4 The Commission has approved IoWC in accordance with Clause 33.2 of Regulation 2 of 2023.

4.5.5 The Commission has computed the working capital requirement in accordance with Clause 33.2 of Regulation No.2 of 2023. It is observed that SBI MCLR as on date of filing is 8.75% as claimed by petitioner. The interest rate considered for computation of IoWC is 10.25% (SBI MCLR 8.75% plus 150 basis points) in accordance with Clause 33.6 of Regulation No.2 of 2023. The IoWC approved for FY 2026-27 is as shown below:

Table 4.13: Interest on Working Capital (Rs. Crores) claimed and approved for FY 2026-27

Particulars	MYT Order	Claimed	Approved
Normative O&M expenses for 1 Month	121.37	118.71	114.57
Maintenance spares as 1% of Opening GFA	318.25	275.01	271.64
Receivables equivalent to 45 days of ARR	431.34	397.50	299.15
Less:			
Security Deposits	32.58	35.00	35.00
Total Working Capital Requirement	838.38	756.23	650.36
Interest Rate on Working Capital	10.15%	10.25%	10.25%
Interest on Working Capital	85.10	77.51	66.66

4.6 RETURN ON EQUITY FOR FY 2026-27

Petitioner's claim

4.6.1 The petitioner has claimed Return on Equity of Rs. 711.24 Crores as against Rs.669.15 Crores in MYT order as shown in table below:

Table 4.14: Return on Equity (Rs. Crores) claimed for FY 2026-27

Particulars	Amount
Opening Equity Base	3,726.21
Equity portion capitalization during FY 2026-27	932.86
Closing Equity	4,659.06
Rate of Return on Equity	14.00%
Effective Income Tax Rate	17.472%
Grossed up rate of Return on Equity	16.964%
Return on Equity	711.24

4.6.2 The petitioner submitted that Return on Equity (ROE) is computed as per clause 29 of Regulation No.2 of 2023 grossed up with Tax as per Clause 30. The Return on Equity has been considered at 14% on equity portion, arrived as follows:

- Opening regulated equity has been arrived by considering 25% of net block of fixed assets of previous year excluding Consumer Contribution Assets.
- Additions to equity for the year has been considered as 25% of fixed asset addition during the year excluding Consumer Contribution Assets.
- Return on Equity has been arrived at 16.96% (Rate of return at 14% with effective normal tax rate) on opening regulated equity and on the 50% of equity addition during the year.

Commission's Analysis and Findings

4.6.3 The Commission has approved RoE in accordance with Clause 29 of Regulation

No.2 of 2023.

- 4.6.4 The Commission has considered the approved closing equity base of FY 2024-25 as opening equity base for FY 2025-26. Further, to derive addition of equity during FY 2025-26 & FY 2026-27, the Commission has considered the normative Debt Equity ratio of 75:25 on approved capitalization during the years, in line with clause 27.1 of Regulation No.2 of 2023. The Commission has considered closing equity base of FY 2025-26 as opening equity base for FY 2026-27.
- 4.6.5 The depreciation beyond 75% of asset cost is utilized for reduction of Equity as per the Clause 28.5 of Regulation 2 of 2023.
- 4.6.6 Rate of RoE: Rate of RoE at 14 % is considered as per Regulation No.2 of 2023.
- 4.6.7 Tax Rate (MAT): The Commission has considered Effective Income Tax rate as 17.472% in line with the MYT order dated 28.10.2024. The MAT rate is considered after grossing up the base rate of RoE to derive the effective rate of Return on Equity.
- 4.6.8 The Return on Equity approved for FY 2026-27 is as follows:

Table 4.15: Return on Equity (Rs. Crores) claimed and approved for FY 2026-27

Particulars	MYT Order	Claimed	Approved
Opening Equity	3,879.32	3,726.21	5,244.86
Addition during the Year	130.40	932.86	399.09
Reduction in Equity on account of depreciation beyond 75%	-	-	9.75
Closing Equity	4,009.72	4,659.06	5,634.20
Base Rate of Return on Equity	14.00%	14.00%	14.00%
Effective Tax Rate	17.47%	17.47%	17.47%
Grossed up Rate of Return on Equity	16.96%	16.96%	16.96%
Return on Equity	669.15	711.24	922.76

4.7 NON-TARIFF INCOME FOR FY 2026-27

Petitioner's claim

- 4.7.1 The petitioner has claimed Non-Tariff Income (NTI) of Rs.325.27 Crores as against Rs.580.46 Crores in MYT Order as shown in table below:

Table 4.16: Non-Tariff Income (Rs. Crores) claimed for FY 2026-27

Particulars	Claimed
Non-Tariff Income	325.27

- 4.7.2 NTI includes interest income on staff loans and advances, income from investments, supervision charges, amortization of consumer grants, lease rentals, etc. on late payment charges. The petitioner based on the past trend has projected

NTI for FY 2026-27.

Stakeholder's submissions

4.7.3 TGTRANSCO has claimed Non-Tariff Income of Rs. 455.19 Crores in True-up of FY 2024-25, whereas in FY 2025-26 and FY 2026-27, it has claimed Rs. 328.48 Cr. and Rs. 325.27 Cr. respectively. The Commission is requested to allow Non-Tariff Income for FY 2025-26 and FY 2026-27 keeping base of actual Non-Tariff Income as claimed in True-up for FY 2024-25.

Petitioner's Replies

4.7.4 The petitioner has submitted that, the component wise details of the non-tariff income are shown under ATP form 8 of the filings. With regard to the NTI the following is submitted:

- i. The components of NTI are non-recurring in nature except amortization of Consumer contribution and Lift irrigation assets.
- ii. Company has changed the period of amortization of the Consumer Contribution and LIS assets from the FY 2025-26 to have uniformity with depreciation of the assets in line with useful life provided under Regulation 2 of 2023.
- iii. Accordingly, the amortization amount under NTI for the FY 2025-26 and FY 2026-27 was reduced.
- iv. Further, the other components of NTI for the FY 2025-26 and FY 2026-27 are duly verified and proposed in the ATP filings.

Commission's Analysis and Findings

4.7.5 The Commission has approved NTI in accordance with Clause 72 of Regulation 2 of 2023.

4.7.6 The Commission has approved NTI as claimed by the petitioner excluding amortization of consumer contributed assets of Rs. 132.64 Crores as the same is already excluded in depreciation. The NTI approved for FY 2026-27 is as follows:

Table 4.17: Non-Tariff Income (Rs. Crores) claimed and approved for FY 2026-27

Particulars	MYT Order	Claimed	Approved
Non-Tariff Income	580.46	325.27	146.22

4.8 IMPACT OF TRUE UP FOR FY 2024-25

Petitioner's claim

4.8.1 The petitioner has claimed that, based on the Audited Annual Accounts of the FY 2024-25, the Pass-through (revenue surplus) of the year by comparing with MYT Tariff Order Approved for the FY 2024-25 is Rs. 1,390.76 crores. Out of the above surplus an amount of Rs.700 crores is proposed to be adjusted in the proposed Tariff for the FY 2026-27 and the balance is proposed to be adjusted in the next financial year of the Control Period.

Stakeholder's submissions

4.8.2 Stakeholders have submitted that, TGTRANSCO has claimed to adjust the surplus derived from True-up of FY 2024-25 in a period of two years i.e. FY 2026- 27 and FY 2027-28. The Stakeholder requested the Commission to adjust the entire surplus in the ensuing year i.e. in FY 2026-27 since TGRANSCO has already recovered higher tariff as compared to the tariff supposed to be recovered for FY 2024-25 and when licensees and generators are permitted to collect true-up amounts ultimately from the consumers as determined by the Commission, the surplus of Rs.1390.76 Crores should be trued down and refunded to the consumers in one year instead of two years as proposed by the petitioner.

Commission's Analysis and Findings

4.8.3 The Commission finds merit in the stakeholder's submission to adjust the entire surplus in a single year, so as not to burden consumers with a tariff increase. Accordingly, the Commission has approved a surplus of Rs. 1,241.77 Crores for FY 2024-25 and adjusted the entire amount in FY 2026-27.

4.9 ARR FOR TRANSMISSION BUSINESS FOR FY 2026-27

Petitioner's claim

4.9.1 The petitioner has claimed the ARR of Rs.3,224.02 Crores as against Rs. 3,498.64 Crores as approved in MYT Order as shown in table below:

Table 4.18: ARR claimed (Rs. Crores) for FY 2026-27

Particulars	Amount
Operation & Maintenance Expenses	1,424.57
Depreciation	1,082.33
Interest and finance charges on loan	953.84
Interest on Working Capital	77.51
Return on Equity	711.24
Less: Non-Tariff Income	(325.27)
Less: Impact of true-up for FY 2024-25	(700.00)
Aggregate Revenue Requirement	3,224.21

Stakeholder's submissions

4.9.2 The stakeholder has submitted that, TRANSCO has adjusted Rs.700 crore from the surplus shown for 2024-25 from the ARR of Rs.3498.65 crore, thereby projecting revised ARR of Rs.3224.21 crore, as if it were reducing the ARR of Rs.3498.65 crore permitted by the Commission in the MYT order by Rs.274.44 crore. In fact, without such impermissible adjustment, the ARR projected for FY 2026-27 by TRANSCO would increase to Rs.3924.21 crore.

Petitioner's Replies

4.9.3 The Company has filed its Transmission petition for the FY 2026-27 based on the revised projections in respect of capitalization and Capital expenditure as per the guidelines framed under regulation 2 of 2023 except requesting the Commission for deferment of surplus amount of Rs.690.76 crores pertaining to FY 2024-25.

Commission's Analysis and Findings

4.9.4 The Commission has approved ARR of Rs.2,426.45 Crores for FY 2026-27 after adjusting the entire surplus of Rs.1,241.77 Crores for FY 2024-25 and Aggregate Revenue Requirement (ARR) approved for FY 2026-27 is as follows:

Table 4.19: ARR (Rs. Crores) claimed and approved for FY 2026-27

Particulars	Claimed	Approved
Operation & Maintenance Expenses	1,424.57	1,374.87
Depreciation	1,082.33	669.14
Interest and finance charges on loan	953.84	781.02
Interest on Working Capital	77.51	66.66
Return on Equity	711.24	922.76
Less: Non-Tariff Income	(325.27)	(146.22)
Impact of true-up for prior period	(700.00)	(1,241.77)
Aggregate Revenue Requirement	3,224.21	2,426.45

4.10 CONTRACTED CAPACITIES**Petitioner's claim**

4.10.1 The petitioner has claimed the following contracted capacities (Generation Capacity in MW) for FY 2026-27.

Table 4.20: Contracted Capacity claimed for FY 2026-27

Particulars	Capacity
Contracted Capacity (MW)	22,510.68

Stakeholder's submissions

4.10.2 Stakeholder submitted that, for the FY 2026-27, total generation contracts of

TGDISCOMs are projected to be 22510.68 MW, which includes 142.174 MW for intra-state open access, against 21788.23 MW estimated for 2025-26 - an increase of 722.45 MW or 3.32%. However, the increase in ARR for 2026-27 over estimated ARR of Rs.1760 crore for 2025-26 is more by Rs.2164.21 crore or 122.97%. On the face of it, the increase is abnormal and the basis for the same needs to be examined thoroughly, in view of the actual trends for the last and current financial years.

- 4.10.3 For the FY 2026-27, in their ARR petitions, both the TGDISCOMs have projected availability of 1,13,006 MU and requirement of 1,01,981 MU, with a surplus of 11,025 MU. However, TGTRANSCO has projected availability of 115605 MU against 106157.47 MU approved by the Commission in the resource plan for the 5th control period. Similarly, TRANSCO has projected energy requirement of 98427.60 MU against 92364.52 MU approved by the Commission. The energy balance for the next financial year projected by TGTRANSCO is 17178.24 MU against 13792.95 MU approved by the Commission, i.e., more by 3385.29 MU or 24.54%. Surplus projected by TRANSCO over the surplus projected by the DISCOMs is higher by 6153.24 MU or 55.81%. TRANSCO has maintained that “the energy requirement figures are being finalized by the TGDISCOMs & hence the figures given above are subject to change.” However, a variation of 55.81% cannot be justified. Such a variation indicates that either TRANSCO has overestimated availability, requirement and surplus or the DISCOMs have underestimated the same or, it may be that both the estimates are unrealistic.
- 4.10.4 The highest peak demand of 17162 MW was recorded on 20.3.2025, for 2025-26, it is projected to be 17614 MW and for 2026-27 it is projected to be 18709 MW, both in the month of March of the respective FYs. TRANSCO has stated that CSPDCL of Chhattisgarh has stopped declaring capacity to TGDISCOMs from April, 2022 and filed OP No.24 of 2026 before CSERC, seeking directions to TGDISCOMs to pay outstanding dues. Until the dispute with reference to outstanding amounts is resolved, it is unlikely that CSPDCL will resume power supply to TGDISCOMs. Since TGERC has not considered any availability from CSPDCL in the retail supply business of TGDISCOMs for FY 2024-25 to FY 2028-29, as there is no scheduling of power, contracted capacity of this project is not considered for TGDISCOMs ATP for FY 2026-27. Had availability from CSPDCL been considered, availability of surplus for TGDISCOMs would have

been much more.

Petitioner's Replies

- 4.10.5 The peak demand for 2023-24 was recorded as 15623MW and the peak demand reached for FY 2025-26 (as on date) is 16,613MW on 23.12.2025. As the demand has increased, there is an increase in capital expenditure due to the strengthening of the network infrastructure and thereby capitalization. Since, the capitalization increases, the ARR proposed for 2026-27 increases.
- 4.10.6 The variation in projected energy availability, requirement, and surplus for FY 2026–27 among the projections of the TGDISCOMs, TGTRANSCO, and the Commission-approved Resource Plan for the 5th Control Period is due to differences in planning methodology and not on account of any over-estimation or under-estimation by TGTRANSCO.
- 4.10.7 TGTRANSCO has considered declared availability furnished by TGGENCO, Central Generating Stations (CGS), Singareni, and SEMCORP. In contrast, the TGDISCOMs, in their ARR petitions, have adopted normative NAPAF-based availability. With respect to renewable energy sources, the TGDISCOMs have considered standard CUFs along with additional availability arising from policy initiatives such as solarization of agricultural pump sets, rooftop solar installations under the Gruha Jyothi scheme, and model solar village programs. TGTRANSCO, however, has conservatively adopted generation projections based on historical CUFs, resulting in comparatively lower availability projections for both solar and non-solar renewable energy sources.
- 4.10.8 On the demand side, the energy requirement projections of TGTRANSCO, TGDISCOMs, and the Commission-approved Resource Plan are broadly aligned, with variations well within acceptable planning margins. Accordingly, the higher surplus projected by TGTRANSCO is purely a mathematical outcome of differences in availability assumptions.
- 4.10.9 Although the surplus projected by TGTRANSCO is higher than that projected by the TGDISCOMs, the absolute variation in projected availability is only about 2.25%, which is reasonable and well within generally accepted limits for system planning. Further, TGTRANSCO has clearly stated that the energy requirement figures are subject to finalization by the TGDISCOMs.
- 4.10.10 In view of the above, the projections for FY 2026–27 submitted by TGTRANSCO are transparent, data-driven, and prudential, and that the variation in projected

surplus power is due to reasonable differences in planning methodology.

Commission's Analysis and Findings

4.10.11 *The Commission directs the petitioner to submit the reconciliation of energy balance projections with TGDISCOMs as part of the Annual Tariff Petition.*

4.10.12 The Commission has considered the contracted capacity of 22244.39 MW due to the following reasons:

- CGS Capacities have been considered as per latest Share allocation (%) of CGS stations to Telangana vide. SRPC Allocation Order i.e., SRPC/SE(O)/54/2025-26/5219 dated 17th October-2025, which is applicable from 19.10.2025.
- The 300MW of solar capacity of M/s Eden Renewable Bercy Private Limited has not been considered as the expected date of commissioning of the solar plant is in April 2027.

Table 4.21: Contracted Capacity claimed and approved for FY 2026-27

Particulars	Claimed	Approved
Contracted Capacity (MW)	22,510.68	22,244.39

4.10.13 The station-wise details of contracted capacities are given in **Anneuxre-4**.

4.11 TRANSMISSION TARIFFS

Petitioner's claim

4.11.1 Based on the net ARR projections and Contracted Capacities of generating stations, the petitioner has claimed the Transmission Tariffs for FY 2026-27 as follows:

Table 4.22: Transmission Tariff claimed for FY 2026-27

Particulars	Claimed
Aggregate Revenue Requirement (Rs.in Crores)	3,224.21
Transmission Contracted Capacity (MW)	22,510.68
Transmission Tariff for Long Term/Medium Term Users (Rs./kW/Month)	119.36
Transmission Tariff for Short Term Users (Rs./kW/Hr)	0.17

Stakeholders Submission

4.11.2 For the FY 2026-27, TRANSCO has proposed transmission tariff for long-term and medium-term users @ Rs.119.36 per kw per month and for short-term users @ Rs.0.17 per kw per hour against a contracted transmission capacity of 22,510.68 MW and ARR of Rs.3224.21 crore for transmission business. Since the

ARR projected by TRANSCO for the FY 2026-27 is highly inflated for the reasons explained above, the transmission tariffs proposed by it are, naturally, highly inflated. After reducing various components of ARR projected by TRANSCO, realistically, and examining the need for works proposed requested the Commission to reduce the proposed transmission charges also proportionately.

Commission's Analysis and Findings

4.11.3 The Commission has determined the transmission tariff payable by the long-term, medium-term users and short-term users of the transmission system in accordance with clause 74 of Regulation No.2 of 2023. The relevant extract of the Regulation is reproduced below:

“74.1 The transmission tariff payable by the long-term and medium-term users of the transmission system shall be determined in accordance with the following formula.

$$TR = ARR \div 12 / TCC$$

Where,

TR = Transmission Rate in Rs./kW/month;

ARR = Aggregate Revenue Requirement as determined under clause 69.1; TSERC (MYT) Regulation, 2023

TCC = Total Contracted Capacity in kW of the Transmission system by all Long-Term and Medium-Term Users.

74.2 The transmission tariff payable by the short-term users of the transmission system shall be determined in accordance with the following formula:

$$TR = ARR \div \text{number of hours in the year} / TCC$$

Where,

TR = Transmission Rate in Rs./kW/hr;

ARR = Aggregate Revenue Requirement as determined under clause 69.1;

TCC = Total Contracted Capacity in kW of the Transmission system by all Long-Term and Medium-Term Users.”

4.11.4 In accordance with Clauses 74 of Regulation No.2 of 2023, the Commission has determined the Transmission Tariff based on the approved Aggregate Revenue Requirement (ARR) and Contracted Capacities of Generators for FY 2026-27 as follows:

Table 4.23: Transmission Tariff claimed and approved for FY 2026-27

Particulars	Claimed	Approved
Aggregate Revenue Requirement (Rs.in Cr.)	3,224.21	2,426.45
Transmission Contracted Capacity (MW)	22,510.68	22,244.39

Particulars	Claimed	Approved
Transmission Tariff for Long Term/Medium Term Users (Rs./kW/Month)	119.36	90.90
Transmission Tariff for Short-Term Users (Rs./kW/hr)	0.17	0.12

4.12 TRANSMISSION LOSSES

Petitioner's claim

4.12.1 The Petitioner has claimed the transmission loss for FY 2026-27 as follows:

Table 4.24: Transmission Losses claimed for FY 2026-27

Particulars	Claimed
Transmission Loss Range	2.44 (+/- 0.2)

Stakeholders Submission

4.12.2 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. 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 Clause 20.5(a) requires licensees to make realistic, prudence - compliant projections. Therefore, stakeholders submits that the Commission may adopt loss projections aligned with recent audited performance.

Petitioners Replies

4.12.3 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 endeavour to bring down the transmission losses.

Commission's Analysis and Findings

4.12.4 The Commission has analysed the submissions of the stakeholders and replies of the petitioner and *directs the petitioner to submit the transmission loss computation methodology along with supporting data as part of the Annual Tariff*

Petition.

4.12.5 Clause 76 of Regulation No.2 of 2023 specifies provisions related to Transmission Losses. The relevant extract of the regulation is as follows:

"76. Transmission Losses

76.1 The transmission licensee shall propose the trajectory of the transmission losses for the control period in its MYT Petition for the control period with detailed justification for the proposed loss trajectory.

76.2 The energy losses in the intra-State transmission system, approved, shall be considered as transmission losses and borne by the Transmission System Users in proportion to their usage of the intra-State transmission system."

4.12.6 The Commission has approved the transmission loss trajectory for 5th control period in the MYT order dated 28.10.2024. The Commission has approved the same for FY 2026-27 as follows:

Table 4.25: Transmission Losses claimed and approved for FY 2026-27

Particulars	Claimed	Approved
Transmission Losses (%)	2.44 (+/- 0.2)	2.44 (+/- 0.2)

Notes on Transmission Tariff:

- i) The transmission licensee shall raise monthly bill for Intra-State Transmission Charges on every Transmission System User (TSU) on the first working day of the month for the Transmission Charges of preceding month.
- ii) The monthly bill for transmission Tariff shall be payable within thirty days of receipt of bill by the TSUs.
- iii) All TSUs shall ensure timely payment of Transmission Tariff to the transmission licensees.
- iv) The Transmission Tariffs determined for FY 2026-27 are applicable from 01.04.2026 to 31.03.2027.

This Order is corrected and signed on this the 28th day of March 2026.

SD/-
Cherukuri Srinivasa Rao
Member (Finance)

SD/-
Raghu Kancharla
Member (Technical)

SD/-
Dr. Justice Devaraju Nagarjun
Chairman

// CERTIFIED COPY //

APPENDIX-A : COMMISSION'S DIRECTIVES

1. The Commission directs the petitioner to submit the Transmission System Availability computation along with supporting outage data as part of the Annual Tariff Petition. (Para 3.9.14)
2. The Commission directs the petitioner to submit scheme-wise Detailed Project Reports, COD schedules, and cost-benefit analysis for all capital schemes where the estimated cost exceeds Rs. 50 Crores, as part of the Annual Tariff Petition. (Para 4.1.25)
3. The Commission directs the petitioner to submit the reconciliation of energy balance projections with TGDISCOMs as part of the Annual Tariff Petition. (Para 4.10.11)
4. The Commission directs the petitioner to submit the transmission loss computation methodology along with supporting data as part of the Annual Tariff Petition. (Para 4.12.4)

Appeared in Deccan Chronicle and The Times of India (English) on 20.12.2025

Deccan Chronicle
Saturday 20 December 2025

BEFORE THE HONOURABLE
TELANGANA ELECTRICITY REGULATORY COMMISSION
 Vidut Nyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad - 500045.

Transmission Corporation of Telangana Limited (TGTRANSCO)

PUBLIC NOTICE
 O.P. No.68 of 2025 and O.P. No. 69 of 2025

Notice is hereby given to all that the Transmission Corporation of Telangana Limited (TGTRANSCO) holding Transmission License No. 01 of 2014, as on 11-07-2014, filed petition before the Telangana Electricity Regulatory Commission (TGERC) for True Up for FY 2024-25 and annual tariffs for FY 2026-27 for transmission business and b) for True Up for FY 2024-25 and annual tariffs for FY 2026-27 for SLDC activity. These filings have been taken on record by the Commission in O.P. No. 68 of 2025 (Transmission Business) and O.P. No.69 of 2025 (SLDC activity), respectively.

Copies of the filings referred are available in the Office of the Chief Engineer (Commercial & RAC) Room No. 149, 'A' Block, TGTRANSCO, Vidut Southa, Hyderabad-500082 and the Chief Engineer (Metro Zone, Rural Zone, Karimnagar and Warangal Zone) and Superintending Engineer/ OMC/ TGTRANSCO (Khammam, Nizamabad, Adilabad, Karimnagar, Ramagundam, Nalgonda, Suryapet, Mahabubnagar, Wanaparthy, Warangal, Jangam, Metro East, Metro West, Metro Central, Metro South, Siddipet, Sangareddy located at Hyderabad) from 20.12.2025. Interested persons may inspect/ peruse the said filings and take note thereof during office hours at any of the said offices free of cost. These proposals are also available on www.tgtransco.com in downloadable form and the same may be also accessed at www.tgtransco.com. A copy of these filings can be obtained from the above office on payment of photocopying charge by cash.

Objections/suggestions/comments if any, on the said filings together with supporting material may be sent to the Chief Engineer (Commercial & RAC) Room No. 149, 'A' Block, TGTRANSCO, Vidut Southa, Hyderabad-500082 in person or through Registered Post so as to reach on or before 10.01.2026 by 5 PM. A copy of the same must also be filed with the Commission Secretary, TGERC, at the address mentioned above or at email id secy@tgerc.telangana.gov.in. The objections/suggestions/comments should be duly signed and should carry full name, postal address, e-mail id and contact number of the person(s)/ stakeholder(s) sending the objections/suggestions/comments. If the objections/suggestions/comments are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned.

The objections/suggestions/comments shall be made in the following format:

Para No. in the petition, if available	Proposal of the TGTRANSCO as made in the petition	Objections/ Suggestions/ Comments
1		
2		

The objection/suggestion/comment should accompany the following details:

Name of the Objector
 Correspondence Address
 Email-id
 Contact Number
 Objection filed against
 Whether copy of objection /suggestion /comment enclosed?
 Whether proof of delivery of copy of objection/suggestion/comment at licensee's office enclosed?
 Whether Objector wants to be heard in person?

The gist of the filings of the TGTRANSCO (a) for True-up for FY 2024-25 and annual tariffs for FY 2026-27 for Transmission business and (b) for True-up for FY 2024-25 and annual tariffs for FY 2026-27 for SLDC activity are indicated in Schedule-I & II as given below.

Telangana Electricity Regulatory Commission intends to conduct a Public Hearing on 23.01.2026 from 11:00 Hrs onwards in the Court Hall of TGERC, Vidut Nyantran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad.

Sd/-
CHAIRMAN AND MANAGING DIRECTOR
 TGTRANSCO

Place: Hyderabad.
 Date: 20.12.2025.

SCHEDULE - I
 1. Annual Performance Review for FY 2024-25 for Transmission Business (Rs. In Crores)

Sl. No.	Particulars	Units	FY 2024-25		Variation
			Tariff Order Approved	Apr - Mar Actuals	
1	Aggregate Revenue Requirement				
1	Operation & Maintenance Expenses	Rs. Crs.	1,299.52	1,135.02	(164.50)
2	Depreciation	Rs. Crs.	838.35	542.60	(295.75)
3	Interest and finance charges on loan	Rs. Crs.	978.43	781.61	(196.82)
4	Interest on Working Capital	Rs. Crs.	75.09	58.20	(16.88)
5	Return on Equity	Rs. Crs.	432.30	541.41	109.11
6	Less: Non-Tariff Income	Rs. Crs.	464.20	455.19	(9.01)
7	Impact of special appropriation for prior period (FY-2024-25)	Rs. Crs.	-	-	-
8	Aggregate Revenue Requirement	Rs. Crs.	3,138.99	2,603.65	(535.34)
9	Revenue Received	Rs. Crs.	3,138.99	3994.41	(1,855.42)
10	Total Surplus (H)				(1,990.76)

2. Revised Aggregate Revenue Requirement for FY 2026-27 for Transmission Business (Rs. In Crores)

Sl. No.	Particulars	Units	FY 2026-27		Variation
			MYT/Tariff Order	Projected	
1	Operation & Maintenance Expenses		1,456.47	1,424.57	-31.90
2	Depreciation		898.11	1,082.33	184.22
3	Interest and finance charges on loan		970.28	953.84	-16.44
4	Interest on Working Capital		85.10	77.51	-7.59
5	Return on Equity		669.15	711.24	42.09
6	Less: Non-Tariff Income		580.46	325.27	-255.19
7	Income from Open Access Charges		-	-	-
8	Income from Other Business		-	-	-
9	Less: Surplus pass-through		700.00	700.00	0.00
10	Aggregate Revenue Requirement		3,498.65	3,224.21	-274.44

3. Proposed Transmission Tariffs and Transmission Losses for FY 2026-27 for Transmission Business

Particulars	FY 2026-27
ARR of Transmission Business (Rs. in crores)	(n+3)
Transmission Contracted Capacity (MW)	3,224.21
Transmission Tariff for Long-term & Medium Term Users (Rs/kWh/month)	22,510.68
Transmission Tariff for Short Term Users (Rs/kWh/hr)	119.36
Projected Transmission Losses (in %)	0.17
Projected Transmission Losses (in %)	2.44 (v. 0.2)

SCHEDULE - II
 1. Annual Performance Review for FY 2024-25 for SLDC Business (Rs. In Crores)

Particulars	FY 2024-25		Deviation
	Tariff Order	Actuals	
Total Expenditure	55.29	62.25	6.96
Revenue from SLDC Charges	55.29	54.66	-0.63
Deficit	0.00	7.59	7.59

2. Revised Aggregate Revenue Requirement for FY 2026-27 for SLDC Business (Rs. In Crores)

Sl. No.	Particulars	Units	Reference	FY 2026-27		Variation
				5th MYT Order	Projected	
1	Operation & Maintenance Expenses	Rs. Crore	Form 2	61.61	69.95	8.34
2	Depreciation	Rs. Crore	Form 4	12.43	10.55	-1.88
3	Interest and finance charges on loan	Rs. Crore	Form 5	4.50	4.15	-0.35
4	Interest on Working Capital	Rs. Crore	Form 6	1.56	1.48	-0.08
5	Return on Equity	Rs. Crore	Form 7	3.47	3.85	0.38
6	Less: Non-Tariff Income	Rs. Crore	Form 8	0.50	0.50	0.00
7	Income from Open Access Charges	Rs. Crore	Form 9	-	-	-
8	Impact of true-up for prior period (FY-2024-25)	Rs. Crore	Form 11	-	7.59	7.59
9	Aggregate Revenue Requirement	Rs. Crore	Form 12	83.06	97.05	13.99
10	Generation Capacity	MW	Form 12	23305.15	23550.63	245.48
11	SLDC Charges	Rs./MW / Month	Form 12	2970.04	3434.23	464.19

3. Proposed SLDC Charges for FY 2026-27 for SLDC Business

Particulars	Projected for FY 2026-27
ARR of SLDC Business (Rs. in Crores)	97.05
Generation Contracted Capacity (MW)	23550.63
SLDC Charges (Rs/MW/month)	3434.23

BEFORE THE HONOURABLE
TELANGANA ELECTRICITY REGULATORY COMMISSION
 Vidut Nyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad - 500045.

Transmission Corporation of Telangana Limited (TGTRANSCO)

PUBLIC NOTICE
 O.P. No.68 of 2025 and O.P. No. 69 of 2025

Notice is hereby given to all that the Transmission Corporation of Telangana Limited (TGTRANSCO) holding Transmission License No. 01 of 2014, as on 11-07-2014, filed petition before the Telangana Electricity Regulatory Commission (TGERC) for True Up for FY 2024-25 and annual tariffs for FY 2026-27 for transmission business and b) for True Up for FY 2024-25 and annual tariffs for FY 2026-27 for SLDC activity. These filings have been taken on record by the Commission in O.P. No. 68 of 2025 (Transmission Business) and O.P. No.69 of 2025 (SLDC activity), respectively.

Copies of the filings referred are available in the Office of the Chief Engineer (Commercial & RAC) Room No. 149, 'A' Block, TGTRANSCO, Vidut Southa, Hyderabad-500082 and the Chief Engineer (Metro Zone, Rural Zone, Karimnagar and Warangal Zone) and Superintending Engineer/ OMC/ TGTRANSCO (Khammam, Nizamabad, Adilabad, Karimnagar, Ramagundam, Nalgonda, Suryapet, Mahabubnagar, Wanaparthy, Warangal, Jangam, Metro East, Metro West, Metro Central, Metro South, Siddipet, Sangareddy located at Hyderabad) from 20.12.2025. Interested persons may inspect/ peruse the said filings and take note thereof during office hours at any of the said offices free of cost. These proposals are also available on www.tgtransco.com in downloadable form and the same may be also accessed at www.tgtransco.com. A copy of these filings can be obtained from the above office on payment of photocopying charges by cash.

Objections/suggestions/comments if any, on the said filings together with supporting material may be sent to the Chief Engineer (Commercial & RAC) Room No. 149, 'A' Block, TGTRANSCO, Vidut Southa, Hyderabad-500082 in person or through Registered Post so as to reach on or before 10.01.2026 by 5 PM. A copy of the same must also be filed with the Commission Secretary, TGERC, at the address mentioned above or at email id secy@tgerc.telangana.gov.in. The objections/suggestions/comments should be duly signed and should carry full name, postal address, e-mail id and contact number of the person(s)/ stakeholder(s) sending the objections/suggestions/comments. If the objections/suggestions/comments are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned.

The objections/suggestions/comments shall be made in the following format:

Para No. in the petition, if available	Proposal of the TGTRANSCO as made in the petition	Objections/ Suggestions/ Comments
1		
2		

The objection/suggestion/comment should accompany the following details:

Name of the Objector
 Correspondence Address
 Email-id
 Contact Number
 Objection filed against
 Whether copy of objection /suggestion /comment enclosed?
 Whether proof of delivery of copy of objection/suggestion/comment at licensee's office enclosed?
 Whether Objector wants to be heard in person?

The gist of the filings of the TGTRANSCO (a) for True-up for FY 2024-25 and annual tariffs for FY 2026-27 for Transmission business and (b) for True-up for FY 2024-25 and annual tariffs for FY 2026-27 for SLDC activity are indicated in Schedule-I & II as given below.

Telangana Electricity Regulatory Commission intends to conduct a Public Hearing on 23.01.2026 from 11:00 Hrs onwards in the Court Hall of TGERC, Vidut Nyantran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad.

Sd/-
CHAIRMAN AND MANAGING DIRECTOR
 TGTRANSCO

Place: Hyderabad.
 Date: 20.12.2025.

SCHEDULE - I
 1. Annual Performance Review for FY 2024-25 for Transmission Business (Rs. In Crores)

Sl. No.	Particulars	Units	FY 2024-25		Variation
			Tariff Order Approved	Actuals	
1	Aggregate Revenue Requirement				
1	Operation & Maintenance Expenses	Rs. Crs.	1,299.52	1,135.02	(164.50)
2	Depreciation	Rs. Crs.	838.35	542.60	(295.75)
3	Interest and finance charges on loan	Rs. Crs.	978.43	781.61	(196.82)
4	Interest on Working Capital	Rs. Crs.	75.09	58.20	(16.88)
5	Return on Equity	Rs. Crs.	432.30	541.41	109.11
6	Less: Non-Tariff Income	Rs. Crs.	464.20	455.19	(9.01)
7	Impact of special appropriation for prior period (FY-2024-25)	Rs. Crs.	-	-	-
8	Aggregate Revenue Requirement	Rs. Crs.	3,138.99	2,603.65	(535.34)
9	Revenue Received	Rs. Crs.	3,138.99	3994.41	(1,855.42)
10	Total Surplus (H)				(1,990.76)

2. Revised Aggregate Revenue Requirement for FY 2026-27 for Transmission Business (Rs. In Crores)

Sl. No.	Particulars	Units	FY 2026-27		Variation
			MYT/Tariff Order	Projected	
1	Operation & Maintenance Expenses		1,456.47	1,424.57	-31.90
2	Depreciation		898.11	1,082.33	184.22
3	Interest and finance charges on loan		970.28	953.84	-16.44
4	Interest on Working Capital		85.10	77.51	-7.59
5	Return on Equity		669.15	711.24	42.09
6	Less: Non-Tariff Income		580.46	325.27	-255.19
7	Income from Open Access Charges		-	-	-
8	Income from Other Business		-	-	-
9	Less: Surplus pass-through		700.00	700.00	0.00
10	Aggregate Revenue Requirement		3,498.65	3,224.21	-274.44

3. Proposed Transmission Tariffs and Transmission Losses for FY 2026-27 for Transmission Business

Particulars	FY 2026-27
ARR of Transmission Business (Rs. in crores)	(n+3)
Transmission Contracted Capacity (MW)	3,224.21
Transmission Tariff for Long-term & Medium Term Users (Rs/kWh/month)	22,510.68
Transmission Tariff for Short Term Users (Rs/kWh/hr)	119.36
Projected Transmission Losses (in %)	0.17
Projected Transmission Losses (in %)	2.44 (v. 0.2)

SCHEDULE - II
 1. Annual Performance Review for FY 2024-25 for SLDC Business (Rs. In Crores)

Particulars	FY 2024-25		Deviation
	Tariff Order	Actuals	
Total Expenditure	55.29	62.25	6.96
Revenue from SLDC Charges	55.29	54.66	-0.63
Deficit	0.00	7.59	7.59

2. Revised Aggregate Revenue Requirement for FY 2026-27 for SLDC Business (Rs. In Crores)

Sl. No.	Particulars	Units	Reference	FY 2026-27		Variation
				5th MYT Order	Projected	
1	Operation & Maintenance Expenses	Rs. Crore	Form 2	61.61	69.95	8.34
2	Depreciation	Rs. Crore	Form 4	12.43	10.55	-1.88
3	Interest and finance charges on loan	Rs. Crore	Form 5	4.50	4.15	-0.35
4	Interest on Working Capital	Rs. Crore	Form 6	1.56	1.48	-0.08
5	Return on Equity	Rs. Crore	Form 7	3.47	3.85	0.38
6	Less: Non-Tariff Income	Rs. Crore	Form 8	0.50	0.50	0.00
7	Income from Open Access Charges	Rs. Crore	Form 9	-	-	-
8	Impact of true-up for prior period (FY-2024-25)	Rs. Crore	Form 11	-	7.59	7.59
9	Aggregate Revenue Requirement	Rs. Crore	Form 12	83.06	97.05	13.99
10	Generation Capacity	MW	Form 12	23305.15	23550.63	245.48
11	SLDC Charges	Rs./MW / Month	Form 12	2970.04	3434.23	464.19

3. Proposed SLDC Charges for FY 2026-27 for SLDC Business

Particulars	Projected for FY 2026-27
ARR of SLDC Business (Rs. in Crores)	97.05
Generation Contracted Capacity (MW)	23550.63
SLDC Charges (Rs/MW/month)	3434.23

**ANNEXURE-2 : LIST OF STAKEHOLDERS WHO SUBMITTED WRITTEN
OBJECTIONS/ SUGGESTIONS**

Sl. No.	Name and Address of the stakeholders
1.	On behalf of TGDISCOMs by Chief Engineer (IPC&RAC)TGSPDCL, Corporate Office, 6-1-50, 1 st Floor, Mint Compound, Hyderabad - 500 063
2.	R V Subba Rao H.No.12-13-657, 2 nd Floor, Lane No.1, Street No.14, Nagarjuna Nagar, Tarnaka, Secunderabad, Telangana State, India
3.	Saumya Vaishnava WRI India, 1 st Floor, Godrej & Boyce Premises, Gasworks Lane, Lalbaug, Parel, Mumbai – 400012
4.	T. Sujatha, Sr. Director FTCCI, 11-6-841. Federation House, Federation Marg, Red Hills, Hyderabad - 500004
5.	M. Venugopala Rao Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101,Monarch Prestige, Journalist's Colony, Serilingampally Mandal , Hyderabad - 500 032
6.	I. Gopinath, Chief Executive Officer, SICMA Administrative Office: 3 rd Floor, 36 th Square, Plot no. 481, Road no. 36, Jubilee Hills, Hyderabad - 500034, Telangana, India.
7.	Vinod Kumar Agarwal General Secretary, Telangana Iron & Steel Manufacturers Association (TISMA), Regd. Office: Flat No. 101, 1 st Floor, Satya Sarovar Apt, Ghansi Bazar, Near High Court, Hyderabad-500002, Telangana.

ANNEXURE-3: LIST OF STAKEHOLDERS WHO ATTENDED THE PUBLIC HEARING HELD ON 23.01.2026

Sl. No.	Name and Address of the stakeholder
1.	M. Venugopala Rao Senior Journalist & Convener, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalist's Colony, Serilingampally Mandal , Hyderabad - 500 032
2.	Federation of Telangana Chambers of Commerce and Industry (FTCCI) on behalf of FTCCI , Telangana Iron & Steel Manufacturers Association (TISMA),, South India Cement Manufacturers Association (SICMA), Hyderabad.
3.	Southern Power Distribution Company of Telangana Limited, Hyderabad.
4.	Northern Power Distribution Company of Telangana Limited, Warangal.

ANNEXURE-4 : TRANSMISSION CONTRACTED CAPACITY FOR FY 2026-27

Sl. No.	Generating Station/Unit/Source	Installed Capacity (MW)	Net Capacity TG Share (MW)	Claimed	Capacities Approved for FY 2026-27
(A)	GENCO THERMAL:				
1	KTPS-V	500	453.5	453.50	453.50
2	KTPS-VI	500	473.75	473.75	473.75
3	KTPS-VII	800	758.00	758.00	758.00
4	KTPP-I	500	473.75	473.75	473.75
5	KTPP-II	600	568.5	568.50	568.50
6	RTS-B*	62.5	56.25	0	0.00
7	BTPS	1,080	988.2	988.20	988.20
8	YTSP	4,000	3790	3,790.00	3,790.00
	Total Thermal (A):	8,042.50	7,561.95	7,505.70	7,505.70
(B)	GENCO HYDEL:				
1	Srisailam Left Bank HES	900	889.20	889.20	889.20
2	NSPH	815.6	807.44	807.44	807.44
3	NSLCPH	60	59.40	59.40	59.40
4	Lower Jurala HES	240	237.60	237.60	237.60
5	Pulichintala	120	118.80	118.80	118.80
6	Priyadarshini Jurala HES	234	115.83	115.83	115.83
7	Pochampad PH (I-IV)	36	35.64	35.64	35.64
8	Singur	15	14.85	14.85	14.85
9	Nizam Sagar PH	10	9.90	9.90	9.90
10	Mini Hydel (Peddapalli)	9.16	9.07	9.07	9.07
11	Palair	2	1.98	1.98	1.98
	Total Hydel (B):	2,441.76	2,299.71	2,299.71	2,299.71
	Total TGGENCO (A+B):	10,484.26	9,861.66	9,805.41	9,805.41
(C)	CENTRAL GENERATING STATIONS				
1	NTPC (SR)-I & II	2,100	297.19	297.19	316.88
2	NTPC (SR) Stage-III	500	75.51	75.51	80.21
3	NTPC Talcher Stage II	2,000	192.58	192.58	199.51
4	NTPC Simhadri Stage-I	1,000	510.61	510.61	507.91
5	NTPC Simhadri Stage-II	1,000	235.85	235.85	239.44
6	Telangana STPP	1,600	1,298.42	1,298.42	1,281.8
7	NTPC Kudigi Unit-I, II & III	2,400	251.63	251.63	250.31
8	NLC Stage-I	580	2.80	2.80	2.8
9	NLC Stage-II	790	3.68	3.68	3.69
10	NLC Exp-I	420	2.95	2.95	3.24
11	NLC Exp-II	500	3.38	3.38	3.86
12	New Neyvelli Thermal Power plant (NNTPP)	934	58.12	58.12	57.82

Sl. No.	Generating Station/Unit/Source	Installed Capacity (MW)	Net Capacity TG Share (MW)	Claimed	Capacities Approved for FY 2026-27
13	NTECL Vallur Thermal Power Plant	1,500	96.28	96.28	95.77
14	NLC Tamilnadu (Tuticorn) Unit-I & Unit II	1,000	135.78	135.78	135.07
15	NPC-MAPS	440	19.16	19.16	21.41
16	NPC-Kaiga Unit-I&II	440	58.50	58.50	65.37
17	NPC-Kaiga Unit-III & IV	440	62.36	62.36	69.68
18	KKNPP (Kudankulam Nuclear Power Plant) Unit-I	1,000	2.37	2.37	0
19	KKNPP (Kudankulam Nuclear Power Plant) Unit-II	1,000	46.10	46.10	50
20	NSM Bundled Phase -II	25,650	186.61	186.61	200
21	NVVNL Bundled Power(Coal)	45.81	42.99	42.99	45.81
	Total CGS (B):	45,339.81	3,582.87	3,582.87	3,630.58
	IPPs & Gas Projects				
(D)	IPPs				
1	Singareni Thermal Power Plant	1,200	1,131.00	1,131.00	1,131.00
2	Atal Bihari Vajpayee thermal Power Plant, Chhattisgarh (formerly Marwa Power Plant) **	1,000	947.5	0.00	0.00
3	Sembcorp Energy India Limited (SEIL) (269.45 MW)	1,320	269.45	269.45	269.45
	Total IPPs:	3,520	2,347.95	1,400.45	1,400.45
(E)	Gas Projects				
1	Vemagiri	370	193.41	193.41	193.41
2	Kona seema***	444.08	231.83	0.00	0.00
	Total Gas Projects	814.08	425.24	193.41	193.41
	Total IPP & Gas Projects (C)	4,334.08	2,773.19	1,593.86	1,593.86
(F)	****Inter-State Hydel Projects				
1	Machkund (TG Share)	84	44.82	0	0
2	TB.Dam (TG Share)	57.6	30.73	0	0
	Total Inter-State Hydel (D)	141.6	75.55	0	0
(G)	Total DISCOM contracts (PPAs) without NCE (A+B+C+D+E+F)	60,299.75	16,293.27	14,982.14	15,029.85

Sl. No.	Generating Station/Unit/Source	Installed Capacity (MW)	Net Capacity TG Share (MW)	Claimed	Capacities Approved for FY 2026-27
(H)	NCE Projects / Renewable Energy (includes RE projects with injection at 132 KV and above)				
i)	Solar	7,116.77	7,116.77	7,116.77	6,816.77
ii)	Bagasse	75.7	75.7	75.7	61.70
iii)	Industrial Waste	7.5	7.5	7.5	7.5
iv)	Municipal Solid Waste	58.3	58.3	58.3	58.3
v)	Wind	128.1	128.1	128.1	128.1
vi)	Mini Hydel	0	0	0	0
vii)	Biomass	0	0	0	0
	Total 132 KV NCE	7,386.37	7,386.37	7,386.37	7,072.37
(I)	Open Access	155.386	143.174	142.174	142.174
	(J) TRANSMISSION Total Generation Contracts (in MW) (G+ H + I)	67,841.50	23,822.81	22,510.68	22,244.39
