



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) &
SLDC CHARGES FOR FY 2026-27
OF
TRANSMISSION CORPORATION OF TELANGANA LIMITED
(TGTRANSCO)

ORDER DATED 28 .03.2026

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LIST OF ABBREVIATIONS

4 th control period	For the period from FY 2019-20 to FY 2023-24
control period	For the period from FY 2024-25 to FY 2028-29
AAD	Advance Against Depreciation
A&G	Administrative and General
APR	Annual performance Review
ARR	Aggregate Revenue Requirement
ATP	Annual Tariff Petition
CC	Consumer Contribution
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CWIP	Capital Work in Progress
DISCOM	Distribution Company
EAT	Earnings After Tax
EE	Employee Expenses
FPT	Filing for Proposed Tariff
FY	Financial Year
GFA	Gross Fixed Assets
IoWC	Interest on Working Capital
MAT	Minimum Alternative Tax
MW	Mega-Watt
MYT	Multi Year Tariff
NTI	Non-Tariff Income
O&M	Operation and Maintenance
O.P.	Original Petition
OA	Open Access
POC	Point of Connection
R&M	Repairs & Maintenance
RoE	Return on Equity
RoW	Right of Way
Rs.	Rupees
SLDC	State Load Despatch Centre
SRPC	Southern Regional Power Committee
STU	State Transmission Utility
TGERC	Telangana Electricity Regulatory Commission
TGNPDCL	Northern Power Distribution Company of Telangana Limited
TGSPDCL	Southern Power Distribution Company of Telangana Limited
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. 69 of 2025

Transmission Corporation of Telangana Limited (TGTRANSCO)

... Applicant

Transmission Corporation of Telangana Limited (hereinafter referred to as 'Applicant' or 'Petitioner' or 'TGTRANSCO' or 'Licensee') filed petition on 29.11.2025 under Sections 61 to 64 of the Electricity Act, 2003 read with relevant guidelines and Regulations as adopted by the Commission for True up for FY 2024-25 and determination of revised Aggregate Revenue Requirement (ARR) & SLDC Charges for SLDC activity for FY 2026-27.

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 petitioner and all other relevant material, passed the following:

ORDER**CHAPTER-1: INTRODUCTION****1.1 BACKGROUND****The Commission**

1.1.1 Telangana State 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)*'.

TGSLDC

1.1.2 The Government of Telangana (GoTG) notified in G.O.Ms.No.9 Energy (Budget) Department, dated 17.09.2014 that the existing SLDC shall continue as SLDC and be operated by the Transmission Corporation of Telangana Limited (TGTRANSCO), which was earlier notified as the State Transmission Utility (STU) for Telangana State.

1.2 EARLIER ARR & SLDC CHARGES ORDER OF THE COMMISSION

1.2.1 The Commission has passed Order on 28.10.2024 in O.P. No 15. of 2024 on Aggregate Revenue Requirement and SLDC Charges for 5th control period (FY 2024-25 to FY 2028-29) for SLDC activity of TGTRANSCO.

1.2.2 The Commission has passed Order on 29.04.2025 in O.P. No. 20 of 2025 & I.A.No.02 of 2025 on Annual Performance Review for FY 2023-24 and Aggregate Revenue Requirement (ARR) & Revised SLDC Charges for FY 2025-26.

1.3 REGULATION NO.2 OF 2023

1.3.1 This Commission has notified '*Multi Year Tariff*' Regulation, 2023 [Regulation No.2 of 2023] on 30.12.2023.

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

1.4.1 As per clause 6 of Regulation No. 2 of 2023, SLDC has to file 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. The timeline for filing of Annual Tariff petition for FY 2026-27 is 30.11.2025.

1.5 STATUTORY AND REGULATORY PROVISIONS

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 by 30.11.2025.

1.5.2 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.”

1.5.3 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.

1. 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

1.6 PRESENT PETITION

1.6.1 TGTRANSCO has filed the instant petition on 29.11.2025 for approval of True up for FY 2024-25 and Revised Aggregate Revenue Requirement (ARR) & SLDC Charges for SLDC activity for FY 2026-27 with the following requests:

- a. To consider the return on equity @ 14% for FY 2024-25 as per Regulation No. 2 of 2023 without any reduction on account of penalty for delay in filing of MYT petition in view impact on cash flows
- b. To consider the revised estimates submitted in the current filing in finalizing the SLDC tariff for FY 2026-27 as there is huge variation in investment plan filed in MYT and Annual Tariff petition based on existing conditions
- c. To take the accompanying petition for determination of ARR & SLDC charges of SLDC business of TGTRANSCO for FY: 2026-27 on record
- d. To grant suitable opportunity to TGTRANSCO within a reasonable time frame to file additional information if any
- e. To treat the filing as complete in view of substantial compliance with justification placed on record
- f. To consider the Annual Tariff Petition including all requested regulatory treatments in the filing
- g. To pass such order, as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the petition.

1.7 ADMISSION OF PETITION

1.7.1 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 has admitted the filings and the same were taken on record by assigning O.P. No. 69 of 2025.

1.8 DATA GAPS

1.8.1 Upon scrutiny of the filing, the Commission has identified certain data gaps and directed the petitioner to furnish additional information. Accordingly, the petitioner

submitted the additional information. The Commission has considered the original filing and additional information submitted by the petitioner.

1.9 PUBLIC NOTICE

1.9.1 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 petition for True Up for FY 2024-25 and Revised ARR and SLDC Charges 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 Nyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045. The filings of the petitioner along with the additional information submitted by TGTRANSCO were posted on the official website of TGTRANSCO as well as on the website of the Commission.

1.10 RESPONSE TO PUBLIC NOTICE

1.10.1 In response to the Public Notice, objections/suggestions were received from Six (6) stakeholders. The details of stakeholders who have submitted objections/suggestions is enclosed as **Annexure-2**.

1.10.2 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.

1.11 PUBLIC HEARING

1.11.1 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 brief presentation on the filings and objections made by the objectors. Four objectors were present in the Public Hearing and were permitted to present objections before the Commission. At the end, as directed by the Commission, the TGTRANSCO responded

on the issues raised by the stakeholders 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 and Revised ARR & SLDC Charges for FY 2026-27 for SLDC activity. The summary of each of the submissions is detailed below:

TRUE UP FOR FY 2024-25

2.1.2 TGTRANSCO has filed True Up petition for FY 2024-25, as per the MYT Regulation No.2 of 2023 for variations in recovery of capital cost and operating charges over the fees and charges fixed for a year on account of variations in SLDC usage for the FY 2024-25.

2.2 FINANCIAL PERFORMANCE FOR FY 2024-25

2.2.1 TGTRANSCO has submitted the following filings for its SLDC activity for FY 2024-25:

- Statement of variance with the Tariff Order for each item in the Aggregate Revenue Requirement (ARR) and reasons for variation.
- Actual ARR for the year computed based on O&M Charges and actual interest and other costs.
- The surplus/deficit for FY 2024-25 arrived based on actual revenue for FY 2024-25.

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 claimed for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claim	Variance
Employee Cost	49.37	55.71	6.34
A&G Expenses	1.66	0.87	-0.79
R&M Expenses	0.99	2.38	1.39
Total O&M Expenses	52.02	58.96	6.94

2.3.2 The reasons submitted by the petitioner for increase in O&M Expenses for FY 2024-25 by Rs. 6.94 Crores is as follows:

- i. The increase in Employee benefits expense is mainly due to annual grade increments, leave encashment and DA.
- ii. There is a normal decrease in actual A&G expenses.
- iii. There is a normal increase in actual Repair and Maintenance (R&M) expenditure due to higher consumption of Operation and Maintenance (O&M) materials and an increase in R&M expenses for office equipment services (AMC) compared to the previous year's actuals.

2.4 DEPRECIATION

2.4.1 The petitioner has submitted that depreciation is a claim towards replacement cost of fixed assets and depreciation for the FY 2024-25 is arrived based on useful life as declared by the Commission vide Regulation No. 2 of 2023. The claim made by the petitioner is shown in the table below:

Table 2.2: Depreciation claimed for FY 2024-25

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variance
1.	Buildings		0.00	
2.	Civil Works		0.01	
3.	Plant and Machinery		1.70	
4.	IT Equipment	1.41	0.00	2.67
5.	Communication Equipment		0.00	
6.	Furniture & Fixtures		0.03	
8.	Intangible assets		0.75	
9.	Office equipment		1.60	
	Total	1.41	4.08	2.67

2.4.2 The increase in depreciation expense during FY 2024-25 is primarily due to the following reasons:

- i. **Reclassification of Fixed Assets:** A reclassification of fixed assets was carried out on 01.04.2024, leading to a change in the depreciation base.
- ii. **Depreciation on REMC Grant Assets:** Depreciation amounting to Rs.1.19 crore was charged during FY 2024-25 on assets created under the REMC Grant received from PGCIL and the same was amortized and accounted in other income.

2.5 INTEREST ON WORKING CAPITAL

2.5.1 The Interest on Working Capital for the control period is arrived by considering the following:

- a) One month of O&M expenses.
- b) Receivables for 45 days of Aggregate Revenue Requirement.

2.5.2 The working capital rate of interest @10.15% has been arrived based on SBI MCLR 8.65% plus 150 Basis Points. The claim made by the petitioner is shown in the table below:

Table 2.3: Interest on Working Capital claimed for FY 2024-25

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	O&M expenses	4.33	4.91	0.58
2.	Maintenance spares @1% of Opening GFA	0.00	0.20	0.20
3.	Receivables	6.82	7.67	0.85
4.	Less: Security Deposit.	0.00	-3.72	-3.72
	Total Working Capital requirement	11.15	9.07	-2.08
5.	Interest rate	10.15%	10.15%	-
6.	Interest on working capital	1.13	0.92	-0.21

2.5.3 The increase in Interest on Working Capital is mainly due to rise in O&M expenses and receivables considered for the control period.

2.5.4 *Note: - 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.

2.6 RETURN ON EQUITY

2.6.1 The Return on Equity has been computed as per the Regulation No.2 of 2023, clause 29 and grossed up at Normal rate of tax as per Clause 30. The claim made by the petitioner is shown in the table below:

Table 2.4: Return on Equity claimed for FY 2024-25

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	Regulatory Equity at the beginning	2.18	1.57	-0.61

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
	of the year			
2.	Capitalisation during the year	7.52	0.21	-7.31
3.	Equity portion of capitalisation during the year	1.88	0.05	-1.83
4.	Reduction in Equity Capital on account of retirement / replacement of assets	0.00	0.00	0.00
5.	Regulatory Equity at the end of the year	4.06	1.63	-2.43
	Rate of Return on Equity			
6.	Base rate of Return on Equity	10.50%	14.00%	3.5%
7.	Effective Income Tax rate	17.47%	17.47%	-
8.	Rate of Return on Equity	12.72%	16.96%	4.24%
	Return on Equity Computation			
9.	Return on Regulatory Equity at the beginning of the year	0.28	0.27	-0.01
10.	Return on Regulatory Equity addition during the year	0.12	0.00	-0.12
11.	Total Return on Equity	0.40	0.27	-0.13

2.6.2 As per clause 29.2 of regulation, the Commission has reduced Return on Equity (RoE) by 3.5% FY 2024-25 due to delay in submission of Multi Year Tariff petition. The company has already made a request for condonation of delay in filing of above petition.

2.6.3 The petitioner has prayed for waiver of reduction of RoE for delay in filing of above Multi Year Tariff petition by considering above condonation request.

2.7 NON-TARIFF INCOME

2.7.1 The Non-Tariff Income for the Control Period has been computed as per the Regulation No.2 of 2023, clause no.99. The claim of the petitioner is as shown in table below:

Table 2.5: Non-Tariff Income claimed for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claim	Variation
Non-Tariff Income	0.50	1.95	1.45
Total	0.50	1.95	1.45

2.7.2 The amount of Non-Tariff Income for the control period includes SLDC Processing fee, SLDC Registration fee and delayed payment charges and there is an increase of non –tariff income mainly due to amortization of REMC Grants of Rs.1.19 crore.

2.8 ARR AND IMPACT OF TRUE-UP FOR FY 2024-25

2.8.1 Based on the Annual Performance Review orders and Audited Accounts, pass through/claim for FY 2024-25 Period is as follows:

Table 2.6: ARR and Impact of True-Up claimed for FY 2024-25

(Rs. Crores)

Sl. No.	Particulars	MYT/ Tariff Order	Claim	Variation
I.	Expenses side summary			
1.	Operation & Maintenance Expenses	52.02	58.96	6.94
2.	Depreciation	1.41	4.08	2.67
3.	Interest and finance charges on loan	0.83	0.00	-0.83
4.	Interest on Working Capital	1.13	0.92	-0.21
5.	Return on Equity	0.40	0.27	-0.13
	Less:			
6.	Non-Tariff Income	0.50	1.95	1.48
7.	Income from Open Access Charges			
	Aggregate Revenue Requirement	55.29	62.25	6.96
II	Revenue side summary			
1.	Revenue from SLDC Charges	55.29	54.66	-0.63
III	Revenue Gap/(Surplus)	0.00	7.59	7.59

2.8.2 As seen from the above, that (i) actual expenditure over the approved was increased by 6.96 crores and (ii) actual revenue over the approved was decreased by 0.63 crores. Thereby, there is a net deficit in SLDC operating charges for an amount of Rs.7.59 crores during FY 2024-25.

2.8.3 The petitioner has requested to admit the above Claim/Deficit amount of Rs. 7.59 Crores for FY 2024-25.

REVISED AGGREGATE REVENUE REQUIREMENT AND SLDC CHARGES FOR FY 2026-2027

2.9 CAPITAL EXPENDITURE AND CAPITALISATION

2.9.1 The Capital Investments proposed for the execution of works pertaining to the Grid Operation, EBC, Telecom and Power Systems during the control period are detailed in table below:

Table 2.7: Capital Expenditure and Capitalization claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	Opening Capital Works in Progress	6.07	32.48	26.41
2.	Capital Expenditure during the year	-	43.84	43.84
3.	Capitalisation during the year	6.07	76.32	70.25
4.	Closing Capital Works in Progress	-	0.00	0.00

2.10 OPERATION AND MAINTENANCE EXPENSES

2.10.1 Operation and Maintenance expenses (O&M Expenses) : As per Regulation 2 of 2023, clause no.71 Operation and Maintenance expenses shall comprise of the following:

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

Where,

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

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

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

Table 2.8: O&M Expenses claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	Employee Expenses	55.25	65.68	10.43
2.	A&G Expenses	1.82	0.96	-0.86
3.	R & M Expenses	4.54	3.31	-1.23
4.	Total O&M Expenses	61.61	69.95	8.34

2.10.2 It could be seen from the above that,

- a) The impact of the PRC (Pay Revision Commission) has been considered at 7% for FY 2026–27, as per the earlier PRC.
- b) The Employee cost has been computed by considering FY 2024-25 as base year and duly escalating at the rate of 4.96% (monthly average of CPI Inflation for FY 2020-21 to 2024-25).
- c) The Admin & General (A&G) expenses have been computed using FY 2024-25 as the base year, with a WPI escalation rate of 5.05% derived from the average inflation rates for FY 2020-21 to FY 2024-25.
- d) There is an increase in R&M Expenses due to increase in office equipment services (AMC).

2.10.3 Repairs and Maintenance (R&M) expenses have been computed as per the regulation No.2 of 2023, where "K" factor is arrived by dividing R & M Expenses with Opening GFA of the respective year and duly escalating with WPI Inflation at the rate of 5.05%.

Where, K is the average % of R&M expenses on Opening GFA of FY 2024-25 worked out at 5.74%

2.11 DEPRECIATION

2.11.1 Depreciation: Depreciation is a claim towards replacement cost of fixed assets. The depreciation for the FY 2026-27 is arrived based on useful life as declared vide regulation no. 2 of 2023. The depreciation claimed is as shown in table below:

Table 2.9: Depreciation claimed for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claim	Variation
Opening GFA	92.07	52.28	-39.79
Addition During the Year	6.07	76.31	70.24
Closing GFA	98.14	128.59	30.45
Depreciation	12.43	10.55	-1.88

2.11.2 There is a major decrease in depreciation during the FY 2025-26 as Back up SLDC at Warangal is expected to be capitalized in the FY 2026-27. Whereas, the Commission has considered the same in MYT for FY. 2025-26.

2.12 INTEREST AND FINANCE CHARGES ON LOAN

2.12.1 Interest and Finance Charges on Loan: The Interest and Finance charges have been computed as per the Regulation 2 of 2023, Clause no.31 at the weighted average

interest rate applied on the normative average loan for the year arrived as per Clause no.27 of Regulation 2 of 2023.

Table 2.10: Interest & Finance Charges on Loan claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	Opening Balance of Gross Normative Loan	50.77	39.22	-11.55
2.	Cumulative Repayment till the year	0.00	16.44	16.44
3.	Opening Balance of Net Normative Loan	50.77	22.78	-27.99
4.	Less: Reduction of Normative Loan due to retirement or replacement of assets	0.00	0.00	0.00
5.	Addition of Normative Loan due to capitalisation during the year	4.55	57.24	52.69
6.	Repayment of Normative loan during the year	12.43	10.55	-1.88
7.	Closing Balance of Net Normative Loan	42.89	69.47	26.58
8.	Closing Balance of Gross Normative Loan	55.33	96.47	41.14
9.	Average Balance of Net Normative Loan	46.83	46.13	-0.70
10.	Weighted average Rate of Interest on actual Loans (%)	9.6%	9.0%	-
11.	Interest	4.50	4.15	-0.35
12.	Finance charges	0.00	0.00	0.00
13.	Total Interest & Finance charges	4.50	4.15	-0.35

2.12.2 There is a major decrease in Interest and Finance Charges during the FY 2025-26 as Back up SLDC at Warangal is expected to be capitalized in the FY 2026-27.

2.12.3 The Interest and Finance charges have been computed on the following basis:

- Opening balance of Net normative loan has been arrived on 75% of the Opening Net Fixed Assets.
- Addition of normative loan during the year is considered as 75% of Additions to fixed assets during the year.
- Repayment of the normative loan during the year is considered equal to the depreciation amount.
- The “Average Normative Loan” is arrived by considering average of net opening and net closing normative loan.
- Interest rate at 9% is considered as the weighted average rate of Interest on Actual long term loan portfolio at the beginning of each year.

2.13 INTEREST AND WORKING CAPITAL

2.13.1 Interest on Working Capital: The Interest on working capital for the control period has been computed as per the Regulation No.2 of 2023, clause 33.5 as follows:

- a) One month of O&M expenses.
- b) Receivables for 45 Days of Aggregate Revenue Requirement.

2.13.2 The working capital rate of interest @10.25% has been arrived based on SBI MCLR 8.75%(*) Plus 150 Basis Points.

*Note :- 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.

Table 2.11: Interest on Working Capital claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	O&M expenses	5.13	5.83	0.70
2.	Maintenance spares @1% of Opening GFA		0.52	0.52
3.	Receivables	10.24	11.07	0.83
4.	Security Deposit.		-3.00	-3.00
	Total Working Capital requirement	15.38	14.42	-0.96
5.	Interest rate	10.15%	10.25%	
6.	Interest on working capital	1.56	1.48	-0.08

2.14 RETURN ON EQUITY

2.14.1 Return on Equity: The Return on Equity has been computed as per the Regulation No.2 of 2023, clause 29 and grossed up at Normal rate of tax as per Clause 30.

Table 2.12: Return on Equity claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	Regulatory Equity at the beginning of the year	19.67	13.07	-6.60
2.	Capitalisation during the year	6.08	76.32	70.24
3.	Equity portion of capitalization during the year	1.52	19.08	17.56

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
4.	Reduction in Equity Capital on account of retirement / replacement of assets			
5.	Regulatory Equity at the end of the year	21.19	32.14	10.95
	Rate of Return on Equity			
6.	Base rate of Return on Equity	14.00%	14.00%	
7.	Effective Income Tax rate	17.47%	17.47%	
8.	Rate of Return on Equity	16.96%	16.96%	
	Return on Equity Computation			
9.	Return on Regulatory Equity at the beginning of the year	3.34	2.22	-1.12
10.	Return on Regulatory Equity addition during the year	0.13	1.62	1.49
11.	Total Return on Equity	3.47	3.85	0.38

2.14.2 Return on Equity has been considered at 14% on equity portion detailed below:

- Opening regulated equity has been arrived by considering 25% of net block of fixed assets of previous year.
- Addition of equity for the year has been considered as 25% of fixed asset addition during the year.
- Return on Equity has been arrived at 16.96% (14% rate of return with effective MAT rate) on opening regulated equity and on the 50% equity addition during the year.

2.15 NON-TARIFF INCOME

2.15.1 Non-Tariff Income: The Non-Tariff Income for the Control Period has been computed as per the Regulation No.2 of 2023, clause no.99 as detailed below:

Table 2.13: Non-Tariff Income claimed for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claim	Variation
Income from SLDC Processing Fee, Registration Fee and Surcharge	0.50	0.50	0.00
Total	0.50	0.50	0.00

2.15.2 The amount of Non-Tariff Income for the control period includes SLDC Processing fee, SLDC Registration fee and delayed payment charges.

2.16 AGGREGATE REVENUE REQUIREMENT

2.16.1 Aggregate Revenue Requirement: The following is the position of Aggregate Revenue Requirement for FY 2026-27:

Table 2.14: Aggregate Revenue Requirement claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claim	Variation
1.	Operation & Maintenance Expenses	61.61	69.95	8.34
2.	Depreciation	12.43	10.55	-1.88
3.	Interest and finance charges on loan	4.50	4.15	-0.35
4.	Interest on Working Capital	1.56	1.48	-0.08
5.	Return on Equity	3.47	3.85	0.38
	Less:			
6.	Non-Tariff Income	0.50	0.50	0.00
7.	Income from Open Access Charges			
	Add:			
8.	Impact of true-up for prior period	0.00	7.59	7.59
9.	Aggregate Revenue Requirement	83.06	97.05	13.99
10.	Generation Capacity in MW	23,305.15	23,550.63	245.48
11.	SLDC Charges in Rs. /MW/Month	2,970.04	3,434.23	463.84

2.17 SLDC CHARGES

2.17.1 The SLDC charges are computed by dividing the net ARR of each year with the total contracted capacity of the respective year. As such, the following are the SLDC charges for FY 2026-27.

Table 2.15: SLDC charges claimed for FY 2026-27

Particulars	MYT Order	Claim	Variation
ARR of SLDC Business (Rs. Crores)	83.07	97.05	13.98
Generation Contracted Capacity (MW)	23,305.15	23,550.63	245.48
SLDC Charges (Rs/MW/month)	2,970.39	3,434.23	463.84

CHAPTER-3: ISSUES RAISED BY STAKEHOLDERS, RESPONSES OF PETITIONER AND COMMISSION'S ANALYSIS AND FINDINGS FOR TRUE UP OF FY 2024-25

3.1 SUGGESTIONS MADE ON FILINGS

3.1.1 Six (6) stakeholders have filed objections/suggestions on the petition for True up for FY 2024-25 and determination of revised Aggregate Revenue Requirement (ARR) & SLDC Charges for SLDC activity for FY 2026-27, as discussed in Chapters 3 and 4. The petitioner has filed replies on the objections/suggestions received from the stakeholders. 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 suggestions are not specifically elaborated it does not mean that the same has not been considered.

TRUE UP OF FY 2024-25

3.2 CAPITALISATION FOR FY 2024-25

Petitioner's Claim

3.2.1 The Petitioner has claimed an amount of Rs.0.21 Crores towards capitalisation for FY 2024-25 towards air conditioners and establishment of REMC. The petitioner submitted that existing old tower type air conditioners in server room have served their useful life and frequent maintenance issues were observed. Therefore, two numbers of Air Conditioners were procured for Rs. 0.034 Crores. Further, the Petitioner has capitalised grants of Rs. 0.17 Crores towards Establishment of REMC at TGSLDC.

Commission's Analysis and Findings

3.2.2 *The Commission directs the petitioner to submit the details of completed capital works pertaining to SLDC operations along with Physical Completion Certificate (PCC) and Financial Completion Certificate (FCC) as is being done for transmission projects. The Commission also directs the petitioner to file a monthly report with the Commission on progress in capital works pertaining to SLDC operations by 25th of every month relating to the previous month.*

3.2.3 The petitioner has claimed Rs. 0.21 Crores towards capitalisation as against Rs.7.52 Crores approved in MYT order dated 28.10.2024. The Commission has verified capitalisation with audited accounts and approved Rs.0.21 Crores as shown in table below:

Table 3.1: Capitalization claimed and approved for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Capitalisation	7.52	0.21	0.21

3.3 OPERATION AND MAINTENANCE EXPENSES FOR FY 2024-25

Petitioner's Claim

3.3.1 The Operation and Maintenance (O&M) expenses comprise of (i) Employee cost, (ii) A&G expenses and (iii) R&M expenses. The O&M expenses claimed for FY 2024-25 is as shown in the Table below:

Table 3.2: O&M Expenses claimed for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claim	Variance
Employee Cost	49.37	55.71	6.34
A&G Expenses	1.66	0.87	-0.79
R&M Expenses	0.99	2.38	1.39
Total O&M Expenses	52.02	58.96	6.94

3.3.2 The Petitioner submitted the following with regard to the above claim:

- (i) There is an increase of Rs.6.34 crores towards employee cost compared to that approved in MYT Order. The increase in Employee expenses is mainly due to Annual Grade Increments, leave Encashment and DA.
- (ii) There is a normal decrease in actual A&G expenses.
- (iii) There is a normal increase in actual Repair and Maintenance (R&M) expenditure due to higher consumption of Operation and Maintenance (O&M) materials and an increase in R&M expenses for office equipment services (AMC) compared to the previous year's actuals.

Stakeholder's Submission

3.3.3 Few stakeholders submitted that the employee expenses are very high when compared to the standard and requested to provide details in this regard. Further pointed that the SLDC contribution towards pension and gratuity has not been provided.

3.3.4 Another stakeholder stated that despite increasing automation employee costs are projected on a higher side. Further requested to benchmark employee cost per substation with reference to peer utilities and restrict SLDC recruitment to essential technical roles only.

Petitioner's Replies

3.3.5 The actual increase in Employee benefit expenses for the FY 2024-25 is Rs.2.71 crores when compared to actual employee cost of the FY 2023-24 (i.e., Rs.55.72 Crores – Rs.53.01 Crores).

3.3.6 The Employee expenses for the FY 2024-25 has increased mainly on account of regular annual grade increment, encashment of earned leave by the employees and Dearness Allowance and also includes Actuarial Valuation Liability towards employee terminal benefits.

3.3.7 However, as per clause 89.3 of regulation 2 of 2023 Employee Cost for the year is arrived at by increasing the previous year employee cost with an inflation rate of Consumer Price Index. But in actual practice employees receive annual grade increment and Encashment of leave salary but the same was not considered in Commission methodology.

3.3.8 In view of the above, the actual employee cost for the FY 2024-25 has increased when compared to approved employee benefit expenses for the year.

3.3.9 Pension & Gratuity expenses pertaining to SLDC has been clearly shown under Note No. 4 and 16 of Notes Financials of FY 2024-25.

Commission's Analysis and Findings

3.3.10 Clause 98 of Regulation No.2 of 2023 specifies the provisions related to O&M Expenses. The relevant extract of the Regulation is as follows:

98.1 The O&M expenses for SLDC shall comprise of:

- i) *Employee cost;*
- ii) *Repairs and Maintenance (R&M) expenses; and*

iii) *Administrative and Generation (A&G) expenses.*

98.2 *The O&M expenses for SLDC 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;*

98.3 *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 SLDC'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 trued-up expenses after adding/deducting the share of efficiency gains/losses, for the immediately preceding control period, excluding abnormal expenses, if any, subject to prudence check by the Commission and duly escalating the same for 3 years with CPI Inflation for employee costs and WPI Inflation for A&G expenses.*

98.4 *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."*

3.3.11 The Petitioner has claimed the O&M Expenses as Rs. 58.96 Crores against the approved value of Rs. 52.02 Crores in MYT Order dated 28.10.2024 for FY 2024-25. The Commission has observed that the Petitioner has claimed the O&M Expenses on actual basis as per audited accounts.

Employee cost

3.3.12 In accordance with Clause 98.3 of Regulation No.2 of 2023, the Commission has computed the revised normative employee cost for FY 2024-25, by escalating the trued-up Employee expenses of FY 2023-24 with actual CPI inflation factor of 3.39% for FY 2024-25. The revised normative employee cost computed for FY 2024-25 is shown below:

Table 3.3: Revised normative employee cost for FY 2024-25

(Rs. Crores)

Employee Cost for FY 2023-24	CPI Inflation	Revised normative employee cost for FY 2024-25
(a)	(b)	a*(1+b)
53.01	3.39%	54.80

A&G Expenses

3.3.13 In accordance with Clause 98.3 of Regulation No.2 of 2023, the Commission has computed revised normative A&G expenses for FY 2024-25, by escalating the trued-up expenses of FY 2023-24 with actual WPI of 2.27% for FY 2024-25. The details of revised normative A&G Expenses for FY 2024-25 are as shown in table below:

Table 3.4: Revised normative A&G expenses for FY 2024-25

(Rs. Crores)

A&G Expenses for FY 2023-24	WPI Inflation	Revised normative A&G expenses for FY 2024-25
(a)	(b)	a * (1+b)
0.58	2.27%	0.60

R&M Expenses

3.3.14 In accordance with Clause 98.3 of Regulation No.2 of 2023, the Commission has computed K factor as 4.40% for FY 2024-25 based on R&M expenses and Opening GFA for FY 2023-24. The normative R&M Expenses of FY 2024-25 is computed by multiplying the opening GFA for FY 2024-25 with K factor and WPI inflation factor of 2.27% for FY 2024-25. The details of revised normative R&M Expenses for FY 2024-25 are shown in table below:

Table 3.5: Revised normative R&M Expenses for FY 2024-25

(Rs. Crores)

K	GFA_n	WPI Inflation	Revised normative R&M Expenses for FY 2024-25
(a)	(b)	(c)	(a*b*(1+c))
4.40%	28.06	2.27%	1.26

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

3.3.16 In accordance with Clause 14 of Regulation 2 of 2023, the sharing of gains and losses of Employee Cost, A&G Expenses and R&M Expenses is arrived at by deducting revised normative expenses from the actuals. Further, the Employee Cost, A&G Expenses and R&M Expenses for FY 2024-25 are arrived by adding sharing of gains and losses to the revised normative expenses.

3.3.17 The Commission has approved the O&M expenses of Rs. 57.03 Crores against the petitioner's claim of Rs. 58.96 Crores for FY 2024-25 after sharing of gains/losses as shown in table below:

Table 3.6: O&M Expenses claimed and approved after sharing of Gain/Loss for FY 2024-25

(Rs. Crores)

Particulars	MYT order	Claim	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved after sharing of Gain/Loss
	a	b	c	d=b-c	e*	f = c+e
Employee Expenses	49.37	55.71	54.80	0.91	0.30	55.11
A&G Expenses	1.66	0.87	0.60	0.27	0.09	0.69
R&M Expenses	0.99	2.38	1.26	1.11	0.37	1.63
O&M Expenses	52.01	58.96	56.66	2.29	0.76	57.43

* 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 Rs. 4.08 Crores towards depreciation for FY 2024-25 and submitted that the depreciation is a claim towards replacement cost of fixed assets. The depreciation for the FY 2024-25 is arrived based on useful life as specified in Regulation No. 2 of 2023. The Depreciation claimed for FY 2024-25 is shown in table below:

Table 3.7: Depreciation claimed for FY 2024-25

(Rs. Crores)

Particulars	MYT order	Claim	Variance
Depreciation	1.41	4.08	2.67

3.4.2 The petitioner has submitted that the increase in depreciation expense during FY 2024–25 is primarily due to the following reasons:

- Reclassification of fixed assets was carried out on 01.04.2024, leading to a change in the depreciation base.
- Depreciation amounting to Rs.1.19 crore was charged during FY 2024–25 on assets created under the REMC Grant received from PGCIL and the same was amortized and accounted in other income.

Stakeholder's Submission

3.4.3 One of the stakeholders pointed that, a comparison of the actual depreciation with the depreciation approved by the Commission in the previous Tariff/MYT Order indicates

a significantly higher amount, even after excluding Rs. 1.19 Crores from the actual depreciation.

Petitioner's Replies

3.4.4 During the FY 2024-25 the Company has reclassified some of the assets in compliance with Regulation No.2 of 2023. The increase in depreciation is mainly on account of reclassification of assets and Capitalization of assets during the FY 2024-25.

3.4.5 Further, at the time of filing of MYT the company has not taken into consideration of reclassification of assets, hence there is difference in depreciation approved by the Commission and actual depreciation claimed in the FY 2024-25.

Commission's Analysis and Findings

3.4.6 Clause 28 of Regulation No.2 of 2023 specifies the provisions related to Depreciation. The relevant extract of the Regulation is as follows:

"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."

3.4.7 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.

3.4.8 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.

3.4.9 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.

3.4.10 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.

3.4.11 For Assets on or after 01.04.2024, the Commission has considered useful life as per Annexure I and depreciation is calculated accordingly.

3.4.12 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.

3.4.13 The Commission has considered approved capitalisation as GFA addition during FY 2024-25.

3.4.14 The depreciation claimed and approved for FY 2024-25 is as follows:

Table 3.8: Depreciation claimed and approved for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Opening GFA	22.12	28.06	28.06
Additions during the year	7.52	0.21	0.21
Closing GFA	29.65	28.26	28.27
Gross Depreciation	1.41	4.08	4.08
Amortization of Consumer Contributed Assets	-	1.19	1.19
Net Depreciation	1.41	2.88	2.88

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

Petitioner's claim

3.5.1 The petitioner has not claimed interest and finance charges on loan for FY 2024-25.

Commission's Analysis and Findings

3.5.2 Clause 31 of Regulation No.2 of 2023 specifies the provisions related to I&FC on Loan.

The relevant extract of the Regulation No.2 of 2023 is reproduced as below:

“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-capitalisation 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.

.....”

3.5.3 The Commission has arrived Opening Loan in accordance with Clause 31 of the Regulation No.2 of 2023, i.e., considering 75% of SLDC Gross Fixed Assets (i.e., GFA minus Consumer Contribution Assets/Grants) less Cumulative Repayment (i.e., Accumulated Depreciation – up to 75%).

3.5.4 Debt Equity Ratio is considered at 75:25 as per clause 27 of Regulation No.2 of 2023, accordingly 75% of approved capitalization of SLDC Assets during the year is considered as additions to loans for FY 2024-25.

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

3.5.6 The Commission has computed interest and finance charges on loan in accordance with Clause 31.5 of Regulation No.2 of 2023 which is reproduced below.

“31.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year:

Provided that at the time of Truing-up, the weighted average rate of interest computed on the basis of the actual long-term loan portfolio during the concerned year shall be considered as the rate of interest:

Provided further that if there is no actual long-term loan for a particular year but normative long-term loan is still outstanding, the last available weighted

average rate of interest for actual long-term loan shall be considered:

Provided also that if the generating entity or the licensee or the SLDC, as the case may be, does not have actual long-term loan even in the past, the weighted average rate of interest of its other businesses regulated by the Commission shall be considered:

Provided also that if the generating entity or the licensee or the SLDC, as the case may be, does not have actual long-term loan, and its other businesses regulated by the Commission also do not have actual long-term loan even in the past, then the weighted average rate of interest of the entity as a whole shall be considered:

Provided also that if the entity as a whole does not have actual long-term loan, then the Base Rate at the beginning of the respective year shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.”

3.5.7 The interest rate is considered as 9.00% as per weighted average rate of Interest of actual long term loan portfolio of Transmission Business for FY 2024-25. The Interest & Finance Charges on Loan approved for FY 2024-25 is as shown in table below:

Table 3.9: Interest & Finance charges on Loan claimed and approved for FY 2024-25
(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Opening Loan	6.55		1.82
Additions during the Year	5.64		0.03
Repayment during the Year	1.41		0.36
Closing Loan	10.78	-	1.49
Average Loan	8.66		1.65
Interest rate	9.60%		9.00%
Interest on loan	0.83	-	0.15

3.6 INTEREST ON WORKING CAPITAL FOR FY 2024-25

Petitioner's Claim

3.6.1 The petitioner has claimed Rs. 0.92 Crores towards Interest on Working Capital by considering the following:

- One month of O&M expenses.
- Receivables for 45 days of Aggregate Revenue Requirement.

The working capital rate of interest @10.15% has been arrived based on SBI MCLR 8.65% plus 150 Basis Points.

Table 3.10: Interest on Working Capital claimed for FY 2024-25

(Rs. Crores)			
Particulars	MYT Order	Claim	Variance
O&M Expenses	4.33	4.91	0.58
Maintenance spares @1% of Opening GFA	0.00	0.20	0.20
Receivables	6.82	7.67	0.85
Less: Security Deposit	0.00	-3.72	-3.72
Total Working Capital Requirement	11.15	9.07	-2.08
Interest Rate	10.15%	10.15%	-
Interest on Working Capital	1.13	0.92	-0.21

Commission's Analysis and Findings

3.6.2 Clause 33.5 of Regulation No.2 of 2023, specifies the provisions related to IoWC. The relevant extract of the Regulation is as follows:

“33.5 *SLDC*

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

- (i) *Operation and Maintenance expenses for one (1) month;*
- (ii) *Receivables equivalent to forty-five (45) days of the Aggregate Revenue Requirement:*

.....
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 petitioner has considered Maintenance spares at 1% of opening GFA and less of security deposit in arriving at working capital, which is not in accordance with the Clause 33.5 of the Regulation.

3.6.4 The Commission has computed revised normative working capital requirement in accordance with Clause 33.5 of Regulation No.2 of 2023. The Commission has observed that the SBI weighted average MCLR for FY 2024-25 is 8.88% and the same is considered for computation of interest rate for arriving IoWC as 10.38% (SBI MCLR 8.88% plus 150 basis points) in accordance with clause 33.6 of Regulation No.2 of 2023. The revised normative IoWC for FY 2024-25 is as shown below:

Table 3.11: Revised normative Interest on Working Capital for FY 2024-25

(Rs. Crores)

Particular	Revised normative for FY 2024-25
Normative O&M expenses for 1 Month	4.66
Receivables equivalent to 45 days of ARR	7.53
Total Working Capital requirement	12.19
Interest rate	10.38%
Interest on Working Capital	1.27

3.6.5 Based on the revised normative Interest on Working Capital, the gains and losses are arrived at by comparing with the claim for FY 2024-25.

3.6.6 In accordance with Clause 14 of Regulation 2 of 2023, the sharing of gains and losses of revised normative Interest on Working Capital is arrived at by deducting the revised normative from the claimed IoWC. Further, the revised Interest on Working Capital for FY 2024-25 is arrived by adding sharing of gains and losses to the revised normative IoWC.

3.6.7 The Commission has approved the IoWC of Rs. 1.04 Crores against the petitioner's claim of Rs. 0.92 Crores for FY 2024-25 after sharing of gains/losses as shown in table below:

Table 3.12: Interest on Working Capital claimed and approved after sharing of gain/loss for FY 2024-25

(Rs. Crores)

Particulars	MYT order	Claimed	Revised Normative	Gain/Loss	Sharing of Gain/Loss	Approved after sharing of Gain/Loss
Interest on Working Capital	1.13	0.92	1.27	-0.34	-0.23	1.04

3.7 RETURN ON EQUITY FOR FY 2024-25

Petitioner's Claim

3.7.1 The petitioner has claimed Return on Equity in accordance with Clauses 29&30 of Regulation No.2 of 2023 and grossed up at Normal rate of tax. The Return on Equity claimed by the petitioner is as shown below:

Table 3.13: Return on Equity claimed for FY 2024-25

3.7.2 The petitioner submitted that, as per clause 29.2 of regulation, the Commission has

Sl. No	Particulars	MYT Order	Claimed	Variance
1	Regulatory Equity at the beginning of the year	2.18	1.57	-0.61
2	Capitalisation during the year	7.52	0.21	-7.31
3	Equity portion of capitalisation during the year	1.88	0.05	-1.83
4	Reduction in Equity Capital on account of retirement / replacement of assets	0.00	0.00	0.00
5	Regulatory Equity at the end of the year	4.06	1.63	-2.43
	Rate of Return on Equity			
6	Base rate of Return on Equity	10.5%	14.00%	3.50%
7	Effective Income Tax rate	17.47%	17.47%	0.00
8	Rate of Return on Equity	12.72%	16.96%	4.24%
	Return on Equity Computation	-	-	-
9	Return on Regulatory Equity at the beginning of the year	0.28	0.27	-0.01
10	Return on Regulatory Equity addition during the year	0.12	0.00	-0.12
11	Total Return on Equity	0.40	0.27	-0.13

reduced return on Equity (RoE) by 3.5% for FY 2024-25 due to delay in submission of Multi Year Tariff petition. The company has already made a request for condonation of delay in filing of above petition. In light of the above, the Petitioner once again prayed the Commission for waiver of reduction of RoE for delay in filling of above Multi Year Tariff petition by considering above condonation request.

Stakeholder's Submission

3.7.3 One of the stakeholders submitted that, as per annual accounts for FY 2024-25 TGSLDC has not paid tax during FY 2024-25 (current tax is NIL). Accordingly, tax

on RoE shall be NIL, consistent with the MYT Regulations. Further the stakeholder requested that the prayer of TGSLDC for waiver of reduction in RoE on account of delay in filing the MYT Petition should not be accepted.

Petitioner's Replies

3.7.4 The petitioner submitted that 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 and also submitted that the Company has paid tax for FY 2024-25 under MAT provisions on Transmission & SLDC income for an amount of Rs.81.77 Crores (Submitted the copy of Income Tax return acknowledgement). By considering the same, the Company has grossed up RoE in the annual tariff petition filings with MAT rate.

3.7.5 Further, the petitioner submitted that the Company requested the Commission to consider for condonation of delay in filing the petition for determination of 5th control period (FY 2024-25 to FY 2028-29) Multi Year Tariffs as the delay was happened mainly due to the reason not in the control of the Company such as General election to the 18th Lok Sabha etc., However, while passing the orders the Commission has levied the penalty by reducing the RoE by 3.5%. Thereby the company has incurred a loss of Rs.0.13 Crores (approx.) as per MYT Order. In view of the above, the petitioner once again requested to allow condonation of delay and approve RoE at 14 % without penalty.

3.7.6 The petitioners also submitted that as per clause 27 of the Regulation 2 of 2023 the debt – equity portion will be considered at the ratio of 75:25. In accordance with Regulation, the company has arrived at normative equity as on 01.04.2024 by considering 25% of the net block of the assets for the purpose of computation of Return on Equity.

Commission's Analysis and Findings

3.7.7 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:*

... ..

(f) *SLDC: 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".

3.7.8 The Commission has arrived Opening Equity in accordance with clause 29 of the Regulation No.2 of 2023, i.e., considering 25% of SLDC Gross Fixed Assets (i.e., GFA minus Consumer Contribution Assets/Grants) less accumulated depreciation beyond 75% as per Clause 28 of the Regulation.

3.7.9 Debt Equity Ratio is considered at 75:25 as per clause 27 of Regulation No.2 of 2023, accordingly 25% of approved capitalization of SLDC Assets during the year is considered as additions to equity for FY 2024-25.

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

3.7.11 Rate of RoE: The request of the petitioner to condone the delay in filing of 5th MYT tariff petitions to allow RoE 14 % instead of 10.5 % is not considered by this Commission as the delay was not condoned by the previous Commission while passing the orders on 28.10.2024 and that orders were not challenged before the concerned authorities and it has become final. In view of the above the Commission is not inclined to condone the delay again and consider the RoE for FY 2024-25 as 10.5% as approved in MYT order dated 28.10.2024.

3.7.12 Tax Rate (MAT): The Commission has verified the operating segment wise revenue and expenditure for the year ending 31st march 2025 of Annual Accounts and observed that, the SLDC has incurred loss of Rs. 40.20 Lakh. Therefore, the Commission has considered the effective income tax rate as NIL against the claim of 17.47%.

3.7.13 Accordingly, Return on Equity claimed and approved for FY 2024-25 is as follows:

Table 3.14: Return on Equity claimed and approved for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Opening Equity	2.18	1.57	4.96

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Reduction on account of Accumulated Depreciation more than 75%	-	-	0.51
Equity at starting of the year	-	-	4.46
Addition during the Year	1.88	0.05	0.01
Reduction in Equity Capital on account of depreciation over 75% during the year	-	-	2.52
Net additions during the year	4.06	1.63	-2.51
Closing Equity	-	-	1.95
Base Rate of Return on Equity	10.50%	14.00%	10.50%
Effective Tax Rate	17.47%	17.47%	-
Grossed up Rate of Return on Equity	12.72%	16.96%	10.50%
Return on Equity	0.40	0.27	0.34

3.8 NON-TARIFF INCOME FOR FY 2024-25

Petitioner's Claim

3.8.1 The petitioner has claimed Rs. 1.95 Crores as Non-Tariff Income for FY 2024-25 as per Clause 99 of Regulation No.2 of 2023 which includes SLDC Processing fee, SLDC Registration fee and delayed payment charges and the increase is mainly due to amortization of REMC Grants of Rs.1.19 crore. The Non-Tariff Income claimed by the petitioner is as shown below:

Table 3.15: Non-Tariff Income claimed for FY 2024-25
(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Non-Tariff Income	0.50	1.95	1.45

Stakeholder's Submission

3.8.2 One of the stakeholders submitted that the Non-Tariff Income claimed does not reconcile with the audited financials and remains unsubstantiated. The NTI shown in the NTI section does not match the NTI factored into the ARR calculation.

Petitioner's Replies

3.8.3 The petitioner submitted the details of non-tariff income of Rs.1.98 crores are as follows:

Particulars	Amount (Rs. Crores)
SLDC charges including Other Operating income	56.40

Less: SLDC Charges	54.65
Other Operating charges (A)	1.75
Other income (B)	0.23
Total Non-Tariff Income (A+B)	1.98

Commission's Analysis and Findings

3.8.4 The Clause 99 of Regulation No. 2 of 2023 is as follows:

“99. Non-Tariff Income

99.1 The amount of Non-Tariff Income relating to the SLDC as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the SLDC Charges:

99.2 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 sale of tender documents;*
- i) Any other Non-Tariff Income*

3.8.5 The Commission has verified the annual accounts and observed that the Non-Tariff Income for FY 2024-25 is Rs.1.95 Crores which includes amortisation due to grants of Rs. 1.19 Crores.

3.8.6 The Commission has approved the depreciation after netting of amortisation due to grants of Rs. 1.19 Crores and hence has not considered amortisation due to grants as NTI. The NTI approved for FY 2024-25 is as follows:

Table 3.16: Non-Tariff Income claimed and approved for FY 2024-25

(Rs. Crores)			
Particular	MYT Order	Claimed	Approved
Non-Tariff Income	0.50	1.95	0.75

3.9 AGGREGATE REVENUE REQUIREMENT FOR FY 2024-25***Petitioner's Claim***

3.9.1 The ARR claimed by the petitioner for FY 2024-25 is Rs. 62.25 Crores which is Rs. 6.96 Crores more than that approved in the MYT order and is as shown in table below:

Table 3.17: ARR claimed for FY 2024-25

(Rs. Crores)			
Particulars	MYT Order	Claimed	Variance
Operation & Maintenance Expenses	52.02	58.96	6.94
Depreciation	1.41	4.08	2.67
Interest and finance charges on loan	0.83	0.00	-0.83
Interest on Working Capital	1.13	0.92	-0.21
Return on Equity	0.40	0.27	-0.13
Less:			
Non-Tariff Income	0.50	1.98	1.48
Income from Open Access Charges			
Aggregate Revenue Requirement	55.29	62.25	6.96

Stakeholder's Submission

3.9.2 One of the Stakeholders submitted that, the SLDC has sought a true-up of Rs.7.59 crore for 2024-25 in view of increase in O&M expenses, especially an increase of Rs.6.34 Crores towards employee expenses, and depreciation, after adjusting the reductions shown under other heads. Further, the petitioner has requested the Commission to admit the above deficit, without specifying how it should be adjusted. Further, the claim of SLDC for increase in O&M expenditure needs to be examined and determined prudently.

Petitioner's Replies

3.9.3 The petitioner submitted that the actual increase in Employee benefit expenses for the FY 2024-25 is Rs.2.71 crores when compared to actual employee cost of the FY 2023-24 (i.e., Rs.55.72 Crores – Rs.53.01 Crores). The Employee expenses for the FY 2024-25 has increased mainly on account of regular annual grade increment, encashment of

earned leave by the employees and Dearness Allowance and also includes Actuarial Valuation Liability towards employee terminal benefits.

3.9.4 The petitioner further submitted that as per clause 89.3 of regulation 2 of 2023 Employee Cost for the year is arrived at by increasing the previous year employee cost with an inflation rate of Consumer Price Index, but in actual practice employees receive annual grade increment and Encashment of leave salary but the same was not considered in Commission methodology. In view of the above, the actual employee cost for the FY 2024-25 has increased when compared to approved employee benefit expenses for the year.

Commission's Analysis and Findings

3.9.5 Based on the above analysis, the ARR claimed and approved is as shown in Table below:

Table 3.18: ARR claimed and Approved for FY 2024-25

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved before sharing	Approved after sharing
Operation & Maintenance Expenses	52.02	58.96	56.66	57.43
Depreciation	1.41	4.08	2.88	2.88
Interest and finance charges on loan	0.83	0.00	0.15	0.15
Interest on Working Capital	1.13	0.92	1.27	1.04
Return on Equity	0.40	0.27	0.34	0.34
Less:				
Non-Tariff Income	0.50	1.98	0.75	0.75
Income from Open Access Charges				
Aggregate Revenue Requirement	55.29	62.25	60.54	61.07

3.10 REVENUE FOR FY 2024-25

Petitioner's Claim

3.10.1 The Petitioner has claimed the revenue from Operating charges as Rs. 54.66 Crores.

Table 3.19: Revenue claimed for FY 2024-25
(Rs. Crores)

Particulars	MYT Order	Claimed	Deviation
SLDC Charges	55.29	54.66	-0.63

Stakeholder's Submission

3.10.2 Few stakeholders submitted that, the revenue from SLDC charges does not reconcile with the audited statements.

Petitioner's Replies

3.10.3 The petitioner replied that, in the page no.38 of Annual Accounts of FY 2024-25 under Operating segment wise revenue and expenditure statement under the head SLDC charges of Rs.56.40 crores includes both SLDC charges and Other operating income of the SLDC activity. And the other income consists Rs.0.23 crores mainly consist of interest income received by the Company.

3.10.4 The actual revenue received by the Company in the FY 2024-25 is Rs.56.63 crores which consists of SLDC Charges of Rs.54.66 crores, Other Operating income of Rs.1.75 crores and Other Income of Rs.0.23 crores

Commission's Analysis and Findings

3.10.5 The Commission after prudent check has considered Rs.1.195 Crores as amortisation under depreciation, Rs.0.75 Crores under NTI and the balance amount of Rs. 54.66 Crores is considered as revenue from SLDC Charges as shown in the table below:

Table 3.20: Revenue claimed and approved for FY 2024-25
(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Revenue from SLDC Charges	55.29	54.66	54.66

3.11 SUMMARY OF TRUE UP FOR FY 2024-25

Petitioner's Claim

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

Table 3.21: Summary of True-Up/Down claimed for FY 2024-25
(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Total ARR	55.29	62.25	6.96
Revenue from SLDC Charges:	55.29	54.66	-0.63
Deficit /(Surplus)	0.00	7.59	7.59

3.11.2 The actual expenditure over the approved has increased by Rs.6.96 Crores and actual Revenue over the approved has decreased by Rs.0.63 Crores. Thereby there is a net deficit in SLDC operating charges for an amount of Rs.7.59 Crores during FY 2024-25.

3.11.3 In view of the above, the petitioner requested to admit the above Claim/Deficit amount of Rs. 7.59 Crores for FY 2024-25.

Commission's Analysis and Findings

3.11.4 Based on the above analysis, the summary of approved True-Up for FY 2024-25 is as shown in the Table below:

Table 3.22: Gap/(Surplus) as claimed and approved for FY 2024-25
(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Total ARR	55.29	62.25	61.07
Total Revenue	55.29	54.66	54.66
Gap/(Surplus)	0.00	7.59	6.41

3.11.5 The True up approved for FY 2024-25 is Rs. 6.41 Crores against the claim of Rs. 7.59

**CHAPTER-4: REVISED AGGREGATE REVENUE REQUIREMENT (ARR) &
SLDC CHARGES FOR SLDC ACTIVITY FOR FY 2026-27**

4.1 CAPITAL INVESTMENT PLAN AND CAPITALISATION 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 claimed for FY 2026-27

(Rs. Crores)				
Sl. No.	Particulars	MYT Order	Claimed	Variance
1.	Opening Capital Works in Progress	6.07	32.48	26.41
2.	Capital Expenditure during the year	-	43.84	43.84
3.	Capitalisation during the year	6.07	76.32	70.25
4.	Closing Capital Works in Progress	-	0.00	0.00

4.1.2 The Petitioner submitted the following with regard to the major works to be carried out during FY 2026-27:

I. Upgradation of existing SCADA/EMS system at Main SLDC, Hyderabad & Establishment of SCADA/EMS system at Backup SLDC at Warangal:(On-going work)

a) Total Estimated Cost: Rs.62.16 Crore (excluding AMC Charges)

b) Proposed Expenditure for FY 2026-27: Rs.31.08 Cr. Spill-over from 2025-26

II. Replacement of old equipment and upgradation of equipment at main & Backup control centres for transmission of Voice & Data to SLDC:

a) Total Estimated Cost: Rs. 3.60 Crore.

b) Proposed Expenditure for FY 2026-27: Rs.1 Cr. Spill-over from 2025-26.

New works Proposed to be taken up:

III. Renovation of existing SLDC control room and Server room, UPS room, SLDC video conference room and Telecom room:

Post establishment of New Server room, New UPS room & Temporary Control room and parallel operation of new & old SCADA systems for 3 months,

tentatively by September 2026, SLDC operations will be shifted to Temporary Control Room. The existing Control room & Server room(old) UPS room(old), SLDC video conference room and Telecom room infrastructure will also be upgraded.

Cost Estimate: Rs. 1,89,02,391/-.

Present Status: T.O.O is issued, and Scrutiny of estimate is underway by accounts wing as part of tendering process

Execution period: To be commenced in April-2026

- IV. Personal Computers: Rs.7,48,245.15/-
- V. Furniture for Main SLDC: Rs.5,00,000/-
- VI. Cyber security Rs.18,15,000/-
- VII. Miscellaneous/Unforeseen Expenses: Rs.5,00,000/-
- VIII. Unforeseen expenses for EMS/SCADA: Rs.10,00,000/-
- IX. Implementation of SAMAST (Scheduling, Accounting, Metering and Settlement of Transactions in Electricity) Project at TGSLDC:

ABT regime introduced by CERC at National level had a positive impact. Hence, SERCs are advised to introduce ABT and frequency linked Deviation Settlement Mechanism at state level.

The SAMAST scheme will achieve an efficient mechanism for proper scheduling for settlement of electricity transactions in a transparent manner for the power transactions across intra-state boundaries.

DSM (Deviation Settlement Mechanism) as per TGERC Regulations will be enforced for all stakeholders by comparing Implemented schedules with Actual Generation and drawls. The Stakeholders are TGGENCO, TG DISCOMs, IPPs, CPPs, EHT PDs (Both RE and non-RE) etc.

In present scenario, energy exchanges between TGDISCOMs are only being settled based on marginal cost which is not in line with CERC Deviation Settlement Mechanism. No settlement procedure is in place for Intra state generators (except Solar and wind) and full open access consumers. Whereas in

SAMAST, all Intra State Generators (excluding Solar and wind) having installed capacity of 5 MW and above, Distribution licensees, Deemed Distribution licensees and Full Open Access Consumers will be covered under DSM mechanism. Project components:

1. Procurement of ABT meters.
2. Development of Software application module.
3. Procurement of IT components
4. AMR (automatic meter reading) module including procurement of GPRS modems with Ethernet port for obtaining continuous meter data online for carrying out weekly energy settlements.

Cost Estimate: Rs.21.95 Crore.

Out of total project cost of 21.95 Crores, Grant is 12.48 Crore & Entity portion is 9.47 Cr of which SLDC portion is 5.17 cr & balance 4.3 cr is to be borne by TGTRANSCO. Rs. 1.495 Cr grant was utilized by TGTRANSCO.

Present Status:

Purchase Order (PO) was placed for procurement of 1389 meters. Meters were supplied by the vendor to TGTRANSCO Stores. Installation of 911 meters is completed out of 1389 Meters. PSDF grant of Rs.1.495 Cr was utilised. Tendering is in progress for development of IT applications for all modules of SAMAST.

Development of Software application module: Re-tendering is in progress.

Execution period: To be completed by December-2026 (tentative).

4.1.3 Total expenditure proposed for FY 2026-27 is Rs. 39,59,65,636.15.

Stakeholder's Submissions

4.1.4 The stakeholders have stated that, the petitioner has mentioned that, the SAMAST scheme cost is Rs. 21.95 crore with Rs. 12.48 crore PSDF grant. Grant utilisation (actual vs booked) is not reconciled in Formats. Depreciation on grant funded assets must not burden licensees and requested the petitioner to provide justification.

- 4.1.5 One of the stakeholders submitted that the writeup on the status of ongoing works as on 31.03.2025 requires additional details, including the expected commissioning schedule of the project and the phasing of works over the remaining period of completion.
- 4.1.6 The stakeholders further submitted that the opening GFA for FY 2026–27 is approximately Rs. 52 Crores, while the proposed capital expenditure during the year is around Rs.43 Crores, constituting nearly 84% of the total assets capitalized since the company became operational. It is difficult to justify the capitalization of such a substantial proportion of total assets within a single year, i.e., FY 2026–27. Accordingly, detailed justification and supporting information are required. The total capitalization during the period October 2025 to March 2027 is approximately Rs.100 Crores, which appears unusually high when compared to zero capitalisation during the period April 2025 to September 2025. Capitalisation should be allowed in line with past trend at the time of True-Up.
- 4.1.7 The closing CWIP has been shown as NIL, implying that no works are expected to spill over into the subsequent year. Accordingly, justification is required on how the capital expenditure proposed in FY 2026–27, amounting to Rs. 43.84 Crores, is proposed to be completed and capitalized within the same financial year, which does not align with the capex indicated in the Investment Plan, which amounts to Rs. 39.60 Crores.

Petitioner's Replies

- 4.1.8 The petitioner submitted that SAMAST scheme cost is Rs. 21.95 Crores out of which Rs. 12.48 Crores is PSDF grant and remaining Rs. 9.47 Crores is Entity portion. Out of the entity portion, the SLDC share is Rs. 5.17 Crores, which is not covered under the grant component. Accordingly, there is no financial burden on the licensees for the grant portion. SLDC works are proposed to be executed in the Financial Year 2026-27. Till date, SLDC didn't utilize any grant. Hence, the same was not reconciled in formats. Depreciation will be calculated on Rs 5.17 Cr only excluding the PSDF grant of Rs 9.47 Cr for the SLDC works. The Availability Based Tariff (ABT) regime introduced by CERC at the national level had a positive impact. Hence, SERCs are advised to introduce ABT regime at state level i.e., implementation of ABT and frequency linked Deviation Settlement Mechanism (DSM) at state level. Further, TGERC had notified

the Deviation Settlement Mechanism (DSM) and Related matters Regulation No.3 of 2021, dated 16.06.2021, for carrying out Intra-State DSM. Accordingly, TGS LDC has initiated the SAMAST (i.e. Scheduling, Accounting, Metering and Settlement of Transactions in Electricity) project to implement intrastate ABT in Telangana.

4.1.9 The petitioner has submitted the status of ongoing works as on 31.03.2025

1) Upgradation of existing SCADA system at Main SLDC, Hyderabad & Establishment of SCADA/EMS system as Backup SLDC at Warangal:

- a) Expected commissioning date: 6th September 2026
- b) Of the total expenditure of 62.16 Cr, 31.08 Cr is proposed in 2025-26 and remaining expenditure is proposed in 2026-2027.

2) Construction of building & providing infrastructure for Backup SLDC:

- a) Expected commissioning date: 31st March 2026
- b) Expenditure of Rs.7,59,01,471 is proposed in FY 2025-26

4.1.10 As part of disaster management, each state shall have a Main State Load Dispatch Centre (SLDC) and a fully functional Backup SLDC. TGS LDC has proposed to establish a full-fledged Backup SLDC wherein parallel grid operations to the Main SLDC will be carried out. In the event of any incident or disruption at the Main SLDC, the Backup SLDC shall assume operations with minimal downtime or instant switchover. To establish the Backup SLDC, the following activities shall be undertaken: construction of building infrastructure for the Backup SLDC, procurement and deployment of SCADA system to enable real-time monitoring and control, and establishment of necessary communication links to ensure seamless integration with the various stations, Main SLDC, Main SRLDC & Backup SRLDC etc. Further, existing SCADA system is also proposed for replacement, as it was commissioned in 2015-16, has become insufficient to support the faster pace of grid expansion and increasingly complex grid management activities. In line with CERC's approved life cycle of 7 years for SCADA/IT systems, the system is being replaced with a state-of-the-art SCADA/EMS solution. The new SCADA/EMS system will provide enhanced visibility of grid operations, advanced decision-making facilities for system operators, and improved real-time operation and control for reliable, efficient, and secure grid management. All works related to Backup SLDC establishment and SCADA replacement shall be completed during FY 2025-26 & FY 2026-27 and constitute

major capitalization in these years. During the FY 2024-25 the Company has taken up Upgradation of existing SCADA/EMS System at main SLDC, Hyderabad & Establishment of a SCADA/EMS System as Backup SLDC at Warangal in order to meet the unexceptional situation which may arise in any time in the future with the approval of the Commission for an amount of Rs.62.16 Crores on 21.03.2024. The following are the expenditure incurred and proposed to be incurred towards this asset is as follows:

Particulars	Rs. in Crores
Expenditure incurred in FY 2024-25	1.72
Expenditure proposed in the FY 2025-26	38.66
Total Capital expenditure incurred by FY 2025-26	40.38
Less: Proposed Capitalization in the FY 2025-26 (Building expected to be completed in the FY 2025-26)	9.31
Opening CWIP as on 31.03.2026	31.07
Expenditure proposed in the FY 2026-27	36.39
Total expenditure incurred till FY 2026-27	67.46
Add: Interest During the Construction (Till date of Capitalization)	5.59
Total capitalized in the FY 2026-27	73.05

4.1.11 The petitioner also submitted that majority of the SLDC business capital works are having gestation period less than one year except the Backup SLDC work which was taken up in the FY 2024-25, whose Project execution is approx. 20 months (as submitted in the MYT filings). Therefore, all other assets whose expenditure incurred in that financial year is capitalized in the same year. However, during the FY 2026-27 the Backup SLDC asset is proposed to be capitalized, hence it was considered under capitalization. Which resulted in NIL CWIP as on 31.03.2027.

4.1.12 The capital expenditure proposed in the FY 2026-27 is Rs. 39.60 crores, however in the filings along with interest during construction of the FY 2026-27 Rs. 4.24 crores also included under Capital Expenditure of the Year. Therefore, the entire amount of Rs.43.84 crores including the IDC proposed to be Capitalised in the FY 2026-27.

Commission's Analysis and Findings

4.1.13 Clause 7.1 of Regulation No.2 of 2023 details the provision related to Capital Investment Plan. The relevant para of clause 7.1 is reproduced 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;”*

4.1.14 The Commission taking into consideration of the progress of works submitted by the petitioner related to the works upgradation of existing SCADA/EMS system at Main SLDC, Hyderabad & Establishment of SCADA/EMS system at Backup SLDC at Warangal and replacement of old equipment and upgradation of equipment at main & Backup control centres for transmission of Voice & Data to SLDC has considered for capitalization for FY 2025-26 in the revised ARR and SLDC charges for FY 2025-26 order dated 29.04.2025.

4.1.15 For implementation of SAMAST, the SLDC may complete the works and approach the Commission with DPR as per Clause 7.6 of Regulation No.2 of 2023. *The Commission directs the Petitioner to ensure the completion of all works pertaining to the implementation of SAMAST (Scheduling, Accounting, Metering and Settlement of Transactions) in Telangana by December 31, 2026.*

4.1.16 For works relating to renovation of existing SLDC rooms and other remaining works, the Commission defers approval of the schemes and directs the petitioner to approach the Commission for approval of these schemes, duly furnishing the details specified under Clause 7.6 of Regulation No. 2 of 2023. *The Commission directs the petitioner to approach the Commission for approval of schemes duly indicating the details as specified in clause 7.6 of Regulation No.2 of 2023.*

4.1.17 In view of the above, the Commission has considered the Capital Investment Plan and capitalization for FY 2026-27 as approved in MYT order.

4.1.18 The Capital Investment Plan claimed and approved for FY 2026-27 is as follows:

Table 4.2: Capital Investment Plan and Capitalisation claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Capital Expenditure	0.00	43.84	0.00
Capitalization during the year	6.07	76.32	6.07

4.2 OPERATION & MAINTENANCE EXPENSES FOR FY 2026-27

Petitioner's claim

4.2.1 The petitioner has claimed Rs. 69.95 Crores towards O&M expenses for FY 2026-27 in accordance with Regulation 2 of 2023. The O&M Expenses claimed by the petitioner for FY2026-27 is as follows:

Table 4.3: O&M Expenses claimed for FY 2026-27

(Rs. Crores)			
Particulars	MYT Order	Claimed	Variance
Employee Expenses	55.25	65.68	10.43
A&G Expenses	1.82	0.96	-0.86
R & M Expenses	4.54	3.31	-1.23
Total O&M Expenses	61.61	69.95	8.34

- The impact of the PRC has been considered at 7% for FY 2026-27, as per earlier PRC.
- Employee Cost: The Employee cost has been computed by considering FY 2024-25 as base year and duly escalating at the rate of 4.96% (monthly average of CPI Inflation for FY 2020-21 to 2024-25).
- Admin & General (A&G) expenses: have been computed by considering FY 2024-25 as base year and duly escalating at the rate of 5.05%. Where, the 5.05% derived from the average inflation rates of FY 2020-21 to 2024-25.
- Repairs and Maintenance (R&M): There is increase in R&M expenses due to increase in office equipment services (AMC). R&M Expenses have been computed as per the regulation No.2 of 2023, where "K" factor is arrived by dividing R & M Expenses with Opening GFA of the respective year and duly escalating with WPI Inflation at the rate of 5.05%. Where, K is the average % of R&M expenses on Opening GFA of FY 2024-25 worked out at 5.74%.

Stakeholder's submissions

4.2.2 One of the stakeholders submitted that R&M expenses increased from Rs. 1.59 crore to Rs. 3.31 crore. Form-2.3 shows that the K-factor differs significantly year-to-year, and no technical justification is provided for doubling R&M despite stable GFA. The Stakeholder requested to provide justification.

Petitioner's Replies

4.2.3 The petitioner submitted that in accordance with clause 98.3 of Regulation 2 of 2023 R & M expenses for the relevant year is arrived on opening GFA at K factor duly escalating with WPI inflation.

4.2.4 The petitioner further submitted that for FY 2026-27 the R & M Cost has been arrived on opening GFA of Rs. 52.29 Crs. by multiplying K factor at 6.03% (K factor has been arrived by considering average R & M cost of the last 5 years) and the same has been escalated with WPI inflation rate of 5.05%.

Commission's Analysis and Findings

4.2.5 The Commission has approved the O&M expenses in accordance with Clause 98 of Regulation No.2 of 2023.

Employee cost

4.2.6 The Commission has recomputed the employee cost for FY 2026-27 by escalating the trued-up expenses after sharing of gain/loss of FY 2024-25 with the actual CPI inflation factor of 5.79% twice, as approved in the MYT order. The Commission has not considered the impact of PRC for FY 2026-27 and the same shall be considered after prudence check during True-Up of FY 2026-27. The employee cost approved for FY 2026-27, as shown below:

Table 4.4: Employee cost approved for FY 2026-27

(Rs. Crores)

Approved Employee Cost for FY 2024-25	CPI Inflation as per MYT Order	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))
55.11	5.79%	58.30	5.79%	61.67

A&G Expenses

4.2.7 The Commission has recomputed the A&G expenses for FY 2026-27 by escalating the trued-up A&G expenses after sharing of gain/loss of FY 2024-25 with the WPI factor of 4.93% twice, as approved in the MYT order. The A&G expenses approved for FY 2026-27 is as shown below:

Table 4.5: A&G Expenses approved for FY 2026-27

(Rs. Crores)

Approved A&G Expenses for FY 2024-25	WPI Inflation as per MYT Order	A&G cost for FY 2025-26	WPI Inflation as per MYT Order	A&G Expenses for FY 2026-27
(a)	(b)	(c=a*(1+b))	(d)	(e=c*(1+d))
0.69	4.93%	0.72	4.93%	0.76

R&M Expenses

4.2.8 The Commission has computed the K-factor for FY 2025-26 as 5.82% by dividing the trued up R&M expenses with opening GFA for FY 2024-25 and K-factor for FY 2026-27 as 6.11% by dividing the computed R&M expenses with opening GFA for FY 2025-26. The R&M expenses for FY 2026-27 have been computed by applying the K-factor to the opening GFA for FY 2026-27 and further escalating it with the WPI inflation factor of 4.93%, as approved in the MYT Order dated 28.10.2024. The details of the approved R&M expenses for FY 2026-27 are as shown below:

Table 4.6: R&M Expenses approved for FY 2026-27

(Rs. Crores)

K	Opening GFA for FY 2026-27	WPI Inflation	R&M Expenses for FY 2026-27
(a)	(b)	(c)	a*b*(1+c)
6.11%	90.70	4.93%	5.81

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

Table 4.7: O&M expenses claimed and approved for FY 2026-27

(Rs. Crores)

Particular	MYT Order	Claimed	Approved
Employee cost	55.25	65.68	61.67
A&G Expenses	1.82	0.96	0.76
R&M Expenses	4.54	3.31	5.81
O&M Expenses	61.62	69.95	68.24

4.3 DEPRECIATION

Petitioner's Claim

4.3.1 The petitioner has claimed Rs. 10.55 Crores as depreciation and submitted that the depreciation is meant for repayment of long-term loans. Depreciation has been calculated based on useful life as per Regulation No. 2 of 2023. The Depreciation claimed for FY 2026-27 is shown in table below:

Table 4.8: Depreciation claimed for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Opening GFA	92.07	52.28	-39.79
Addition During the Year	6.07	76.31	70.24
Closing GFA	98.14	128.59	30.45
Depreciation	12.43	10.55	-1.88

4.3.2 There is a major decrease in depreciation during the FY 2025-26 as Back up SLDC at Warangal is expected to be capitalized in the FY 2026-27. Whereas, the Commission has considered the same in MYT order for FY 2025-26.

Stakeholder's Submissions

4.3.3 One of the stakeholders has submitted that the depreciation claimed for FY 2026-27 is Rs. 10.55 Crores. The Stakeholder requested the Commission to direct TGS LDC to provide justification with detailed breakup on scheme-wise capital expenditure, capitalization and depreciation.

Petitioner's Replies

4.3.4 The petitioner submitted that the depreciation for FY 2026-27 has proposed to be increased mainly an account of capitalization of Rs. 62.16 Crores pertaining to back up SLDC at Warangal and upgradation of existing SCADA/EMS system at main SLDC, Hyderabad, which includes IT equipment of Rs.73.99 Crores for FY 2026-27.

Commission's Analysis and Findings

4.3.5 The Commission has approved the depreciation in accordance with 28 of Regulation No.2 of 2023.

4.3.6 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. 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.

4.3.7 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 28.4 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 as mentioned above.

4.3.11 The Commission has considered approved capitalisation as additions for GFA during FY 2025-26 and FY 2026-27.

4.3.12 The depreciation approved by the Commission is net of depreciation due to grants. The depreciation claimed and approved for FY 2026-27 is as follows:

Table 4.9: Depreciation claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Opening GFA	92.07	52.28	90.70
Additions during the year	6.07	76.31	6.07
Closing GFA	98.14	128.59	96.77
Gross Depreciation	12.43	10.55	12.16
Amortization of Consumer Contributed Assets	-	-	1.19
Net Depreciation	12.43	10.55	10.97

4.4 INTEREST AND FINANCE CHARGES ON LOAN FOR FY 2026-27

Petitioner's claim

4.4.1 The petitioner has claimed Rs.4.15 Crores as Interest and Finance Charges on Loan for FY 2026-27 as shown below:

Table 4.10: I&FC charges on Loan claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claimed	Variance
1.	Opening Balance of Gross Normative Loan	50.77	39.22	-11.55
2.	Cumulative Repayment till the year	0.00	16.44	16.44
3.	Opening Balance of Net Normative Loan	50.77	22.78	-27.99
4.	Less: Reduction of Normative Loan due to retirement or replacement of assets	0.00	0.00	0.00
5.	Addition of Normative Loan due to capitalisation during the year	4.55	57.24	52.69
6.	Repayment of Normative loan during the year	12.43	10.55	-1.88
7.	Closing Balance of Net Normative Loan	42.89	69.47	26.58
8.	Closing Balance of Gross Normative Loan	55.33	96.47	41.14
9.	Average Balance of Net Normative Loan	46.83	46.13	-0.70
10.	Weighted average Rate of Interest on actual Loans (%)	9.6%	9 %	-
11.	Interest	4.50	4.15	-0.35
12.	Finance charges	0.00	0.00	0.00
13.	Total Interest & Finance charges	4.50	4.15	-0.35

4.4.2 There is a major decrease in Interest and Finance Charges during the FY 2025-26 as Back up SLDC at Warangal is expected to be capitalized in the FY 2026-27.

4.4.3 The Petitioner has submitted that the Interest and Finance charges have been computed on the following basis:

- Opening balance of Net normative loan has been arrived on 75% of the Opening Net Fixed Assets.
- Addition of normative loan during the year is considered as 75% of Additions to fixed assets during the year.
- Repayment of the normative loan during the year is considered equal to the depreciation amount.
- The "Average Normative Loan" is arrived by considering average of net opening and net closing normative loan.

- e) Interest rate at 9 % is considered as the weighted average rate of Interest on Actual long term loan portfolio at the beginning of each year.

Stakeholder's Submissions

4.4.4 One of the stakeholders requested for detailed information on borrowings, outstanding loan balances, and the computation of the weighted average interest rate applied for calculating interest on loans.

Petitioner's Replies

4.4.5 The Petitioner replied that the Company has taken long term loan for the purpose of backup SLDC work at Warangal and upgradation of existing SCADA and the interest rate applicable for the said loan is considered for the purpose of computations.

Commission's Analysis and Findings

4.4.6 The Commission has approved I&FC in accordance with Clause 31 of Regulation No.2 of 2023.

4.4.7 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.

4.4.8 The repayment of loan has been limited to 75% of the assets value as per the Clause 28.5 of Regulation 2 of 2023.

4.4.9 The interest rate is considered as 9.00% as per weighted average rate of interest of actual long term loan portfolio of Transmission Business for FY 2024-25. The Interest & Finance Charges on Loan approved for FY 2026-27 is as shown in table below:

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Opening Loan	50.77	22.78	42.94
Additions during the Year	4.55	57.24	4.55
Repayment during the Year	12.43	10.55	10.97

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Closing Loan	42.89	69.47	36.53
Interest rate	9.60%	9.00%	9.00%
Interest on loan	4.50	4.15	3.58

Table 4.11: Interest & Finance charges on Loan claimed and approved for FY 2026-27

4.5 INTEREST ON WORKING CAPITAL FOR FY 2026-27

Petitioner's Claim

4.5.1 The Petitioner has claimed Rs. 1.48 Crores as Interest on Working Capital and submitted that the Interest on Working Capital has been computed as per the Clause 33.5 of Regulation No.2 of 2023.

Table 4.12: Interest on Working Capital claimed for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
O&M expenses	5.13	5.83	0.70
Maintenance spares @1% of Opening GFA	-	0.52	0.52
Receivables	10.24	11.07	0.83
Security Deposit	-	-3.00	-3.00
Total Working Capital requirement	15.38	14.42	-0.96
Interest rate	10.15%	10.25%	
Interest on working capital	1.56	1.48	-0.08

- The petitioner has claimed IoWC as per clause 33.5 of Regulation No.2 of 2023.
- The petitioner has considered One (1) month O&M expenses, receivables for 45 days to derive the total working capital requirement.
- 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.

Stakeholder's Submissions

4.5.2 The stakeholder has submitted that the receivables, which should be equivalent to 45 days of the ARR, work out to Rs. 11.96 Crores; however, they considered it as Rs. 11.07 Crores.

Petitioner's Replies

4.5.3 The petitioner submitted that as per clause 33.5 of Regulation 2 of 2023, one of the components of working capital is 45 days receivables of the ARR.

4.5.4 However, while computing the 45 days receivables for the FY 2026-27 for the purpose of Interest on working capital, the True up amount of Rs.7.59 crores pertaining to FY 2024-25 is not considered as the same is subject to approval of the Commission.

Commission's Analysis and Findings

4.5.5 The Commission has computed the working capital requirement in accordance with Clause 33.5 of Regulation No.2 of 2023.

4.5.6 The Commission has observed that SBI MCLR as on date of filing for 1 year is 8.75% and considered the interest rate for computation of IoWC as 10.25% (SBI MCLR of 8.75% plus 150 basis points) in accordance with clause 33.6 of Regulation No.2 of 2023. The IoWC claimed and approved for FY 2026-27 is as shown below:

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

Particulars	MYT Order	Claimed	Approved
Normative O&M expenses for 1 Month	5.13	5.83	5.61
Maintenance spares @1% of Opening GFA	-	0.52	-
Receivables equivalent to 45 days of ARR	10.24	11.07	11.53
Less: Security Deposit	-	3.00	-
Total Working Capital requirement	15.38	14.42	17.14
Interest rate	10.15%	10.25%	10.25%
Interest on Working Capital	1.56	1.48	1.76

4.6 RETURN ON EQUITY FOR FY 2026-27***Petitioner's claim***

4.6.1 The Petitioner has claimed Rs. 3.85 Crores as RoE and submitted that the Return on Equity has been computed as per Clause 29 of Regulation No.2 of 2023, and grossed up at normal rate of tax as per clause 30. The Return on Equity claimed by the petitioner is as shown below:

Table 4.14: Return on Equity claimed for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Regulatory Equity at the beginning of the year	19.67	13.07	-6.60
Capitalisation during the year	6.08	76.32	70.24
Equity portion of capitalization during the year	1.52	19.08	17.56
Reduction in Equity Capital on account of retirement / replacement of assets			
Regulatory Equity at the end of the year	21.19	32.14	10.95
Rate of Return on Equity			
Base rate of Return on Equity	14.00%	14.00%	
Effective Income Tax rate	17.47%	17.47%	
Rate of Return on Equity	16.96%	16.96%	
Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	3.34	2.22	-1.12
Return on Regulatory Equity addition during the year	0.13	1.62	1.49
Total Return on Equity	3.47	3.85	0.38

4.6.2 The petitioner has submitted that the Return on Equity has been considered at 14% on equity portion as detailed below:

- i. Opening regulated equity has been arrived by considering 25% of net block of fixed assets of previous year.
- ii. Addition of equity for the year has been considered as 25% of fixed asset addition during the year.
- iii. Return on Equity has been arrived at 16.96% (14% rate of return with effective normal tax rate) on opening regulated equity and on the 50% equity addition during the year.

Stakeholder's submissions

4.6.3 One of the stakeholders has submitted that the MYT framework does not allow projected tax, only actual tax paid may be considered. Accordingly, the effective income tax rate should not be considered in the calculation of RoE for FY2026-27.

4.6.4 Further stated that, the equity value should be 25% of the Net Fixed Assets instead of Gross Fixed Assets.

Petitioner's Replies

4.6.5 The petitioner has submitted that clause 30.1 of Regulation No.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 and submitted that the petitioner has paid tax for FY 2024-25 under MAT provisions on Transmission & SLDC income for an amount of Rs.81.77 Crores by considering the same, the Company has grossed up RoE in the annual tariff petition filings with MAT rate. Accordingly, the Company has computed RoE for the FY 2026-27 as per clause 30.1 of Regulation 2 of 2023.

4.6.6 As per clause 27 of the Regulation 2 of 2023 the debt – equity portion will be considered at the ratio of 75:25.

4.6.7 In view of the regulation Company has arrived normative Equity as on 01.04.2024 by considering 25% of the net block of the assets for the purpose of computation of Return on Equity.

Commission's Analysis and Findings

4.6.8 The Commission has approved RoE in accordance with Clause 29 of Regulation No.2 of 2023.

4.6.9 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. Further, the Commission has considered closing equity base of FY 2025-26 as opening equity base for FY 2026-27.

4.6.10 The depreciation beyond 75% of asset cost is utilised for reduction of Equity as per the Clause 28.5 of Regulation 2 of 2023.

4.6.11 Rate of RoE: The Commission has considered the rate of RoE at 14 % as per Regulation No.2 of 2023.

4.6.12 Tax Rate (MAT): The Commission has considered Effective Income Tax rate as 17.472% in line with the MYT order dated:28.10.2024.

4.6.13 The MAT rate is considered after grossing up the base rate of RoE to derive the effective rate of Return on Equity for FY 2026-27.

4.6.14 Accordingly, Return on Equity claimed and approved for FY 2026-27 is as follows:

Table 4.15: Return on Equity claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Approved
Opening Equity	19.67	13.07	17.48
Addition during the Year	1.52	19.08	1.52
Reduction in Equity Capital on account of depreciation over 75% during the year	-	-	0.19
Closing Equity	21.19	32.15	18.81
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	3.47	3.85	3.08

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.0.50 Crores for FY 2026-27 as follows:

Table 4.16: Non-Tariff Income claimed for FY 2026-27

(Rs. Crores)

Particulars	MYT Order	Claimed	Variance
Non-Tariff Income	0.50	0.50	0.00

- NTI includes SLDC processing fee, SLDC registration fee and surcharge on delayed payment charges.

Commission's Analysis and Findings

4.7.2 The Commission has approved NTI in accordance with Clause 99 of Regulation No. 2 of 2023.

4.7.3 Considering the filings of the petitioner the Commission approved the NTI of Rs.0.50 Crores as shown below:

Table 4.17: Non-Tariff Income claimed and approved for FY 2026-27

(Rs. Crores)

Particular	MYT Order	Claimed	Approved
Non-Tariff Income	0.50	0.50	0.50

4.8 ARR FOR SLDC ACTIVITY FOR FY 2026-27***Petitioner's Claim***

4.8.1 The petitioner has claimed Aggregate Revenue Requirement (ARR) of Rs. 97.05 Crores for SLDC Activity for FY 2026-27 is as follows:

Table 4.18: ARR claimed for FY 2026-27

(Rs. Crores)

Sl. No.	Particulars	MYT Order	Claimed	Variance
1.	Operation & Maintenance Expenses	61.62	69.95	8.34
2.	Depreciation	12.43	10.55	-1.88
3.	Interest and finance charges on loan	4.50	4.15	-0.35
4.	Interest on Working Capital	1.56	1.48	-0.08
5.	Return on Equity	3.47	3.85	0.38
	Less:			
6.	Non-Tariff Income	0.50	0.50	0.00
7.	Income from Open Access Charges			
	Add:			
8.	Impact of true-up for prior period	0.00	7.59	7.59
9.	Aggregate Revenue Requirement	83.07	97.05	13.99
10.	Generation Capacity in MW	23,305.15	23,550.63	
11.	SLDC Charges in Rs. /MW/Month	2,970.04	3,434.23	

Stakeholder's Submissions

4.8.2 The Stakeholder submitted that, while ARR of SLDC activity for FY 2025-26, is estimated to come down by Rs.14.65 crore, with actual ARR estimated to be Rs.67.72 crore against Rs.82.37 crore approved in ATP order. It has projected ARR for FY 2026-27 of Rs.97.05 crore against Rs.83.06 crore approved in the MYT order for the control period, i.e., more by Rs.13.99 crore. Compared to the estimated ARR for 2025-26, ARR for 2026-27 is higher by Rs.29.33 crore or 43.31%.

4.8.3 The stakeholder further submitted that the generation contracted capacity for SLDC activity increased from estimated 22,828.18 MW for 2025-26 to 23,550.65 MW for

2026-27, i.e., by 722.65 MW or 3.16% against this, the projected increase of 43.31% in ARR for 2026-27 seems to be very much higher.

4.8.4 The claims of SLDC and approvals given by the Commission for the FY 2025-26 and projections of SLDC for 2026-27 have also tended to be inflated, as in the case of TRANSCO, with a difference in degree. Based on inflated projection of ARR for 2026-27, SLDC charges proposed for the same FY are increased by 962.09 per MW per month or 38.92% compared to the estimated charges for 2025-26.

Petitioner's Replies

4.8.5 The petitioner submitted that the Company has filed its SLDC petition for 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.

4.8.6 The petitioner also submitted that the projected ARR for FY 2026-27 has increased mainly an account of capitalization of Rs. 62.16 Crores pertaining to back up SLDC at Warangal.

4.8.7 Further submitted that as part of disaster management, each state shall have a main State Load Dispatch Centre (SLDC) and a fully functional backup SLDC. TGSLDC has proposed to establish a full-fledged backup SLDC wherein parallel grid operations to the main SLDC will be carried out. In the event of any incident or disruption at the main SLDC, the backup SLDC shall assume operations with minimal downtime or instant switchover and submitted that to establish the backup SLDC construction of building infrastructure for the backup SLDC, procurement and deployment of SCADA system to enable real-time monitoring and control, and establishment of necessary communication links to ensure seamless integration with the various stations, Main SLDC, Main SRLDC & Backup SRLDC etc are to be taken up.

4.8.8 Further, existing SCADA system is also proposed for replacement, as it was commissioned in 2015-16 and become insufficient to support the faster pace of grid expansion and increasingly complex grid management activities. In line with CERC's approved life cycle of 7 years for SCADA/IT systems, the system is being replaced with a state-of-the-art SCADA/EMS solution. The new SCADA/EMS system will provide enhanced visibility of grid operations, advanced decision-making facilities for

system operators, and improved real-time operation and control for reliable, efficient, and secure grid management.

4.8.9 The petitioner has submitted that all works related to backup SLDC establishment and SCADA replacement shall be completed during FY 2025–26 & FY 2026–27 and constitute major capitalization in these years.

4.8.10 The petitioner further informed that during FY 2024-25 the Company has taken up upgradation of existing SCADA/EMS System at main SLDC, Hyderabad & establishment of a SCADA/EMS System as backup SLDC at Warangal in order to meet the unexceptional situation which may arise in any time in future with the approval of the Commission for an amount of Rs.62.16 Crores on 21.03.2024.

4.8.11 The Company has filed its SLDC 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 claiming of True-up amount of Rs.7.59 crores pertaining to FY 2024-25. Due to which there is change in ARR in the annual tariff petition when compared to MYT approved ARR.

Commission's Analysis and Findings

4.8.12 Based on the above analysis, the Commission approved Aggregate Revenue Requirement (ARR) for FY 2026-27 is as follows:

Table 4.19: ARR claimed and approved for FY 2026-27

(Rs. Crores)

Particulars	Claimed	Approved
Operation & Maintenance Expenses	69.95	68.24
Depreciation	10.55	10.97
Interest and finance charges on loan	4.15	3.58
Interest on Working Capital	1.48	1.76
Return on Equity	3.85	3.08
Less: Non-Tariff Income	0.50	0.50
Aggregate Revenue Requirement	89.46	87.12
Impact of true-up for Prior Period	7.59	6.41
Net Aggregate Revenue Requirement	97.05	93.54

4.9 CONTRACTED CAPACITIES

Petitioner's Claim

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

Table 4.20: Contracted Capacities claimed for FY 2026-27

Particulars	Capacity
Generation Capacity (MW)	23,550.63

Commission's Analysis and Findings

4.9.2 Having considered the additional information submitted by the petitioner, the Commission has approved the contracted capacity of 23,274.34 MW as against the claim of 23,550.63 MW.

- 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 Capacities claimed and approved for FY 2026-27

Particulars	Claim	Approved
Generation Capacity (MW)	23,550.63	23,274.34

The year-wise, station-wise details of normative contracted capacities are given in **Anneuxre-4**.

4.10 SLDC CHARGES

Petitioner's Claim

4.10.1 Based on the ARR projections and Contracted Capacities, the petitioner has claimed the SLDC Charges for FY 2026-27 is as follows:

Table 4.22: SLDC Charges claimed for FY 2026-27

Particulars	MYT Order	Claimed	Variance
ARR of SLDC Business (Rs. Crores)	83.07	97.05	13.98
Generation Contracted Capacity (MW)	23,305.15	23,550.63	245.48
SLDC Charges (Rs/MW/month)	2,970.39	3,434.23	463.84

Commission's Analysis and Findings

4.10.2 Clause 100 of Regulation No.2 of 2023 specifies provisions related to determination of SLDC Charges. The relevant clause is extracted below:

“100. SLDC Charges

100.1 The SLDC Charges payable by the Transmission System Users shall be computed in accordance with the following formula:

$$SLDC\ Charges = \frac{ARR}{12}$$

Total generation capacity in MW

Where,

SLDC Charges are in Rs./MW/month

ARR = Aggregate Revenue Requirement as determined under clause 97.1;”

4.10.3 Based on the approved ARR and considering generation capacities, the SLDC Charges approved for FY 2026-27 is as follows:

Table 4.23: SLDC Charges claimed and approved for FY 2026-27

Particulars	Claim	Approved
ARR of SLDC activity (Rs. Crores)	97.05	93.54
Generation Contracted Capacity (MW)	23,550.63	23,274.34
SLDC Charges (in Rs. /MW/month)	3,434.23	3,349.03

APPLICABILITY

- The SLDC Charges shall be payable by generating companies (including captive generating plants), distribution licensees and trading licensees using the intra-State transmission network under any agreement or arrangement with the transmission licensee in proportion to the capacity contracted.
- The SLDC Charges 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

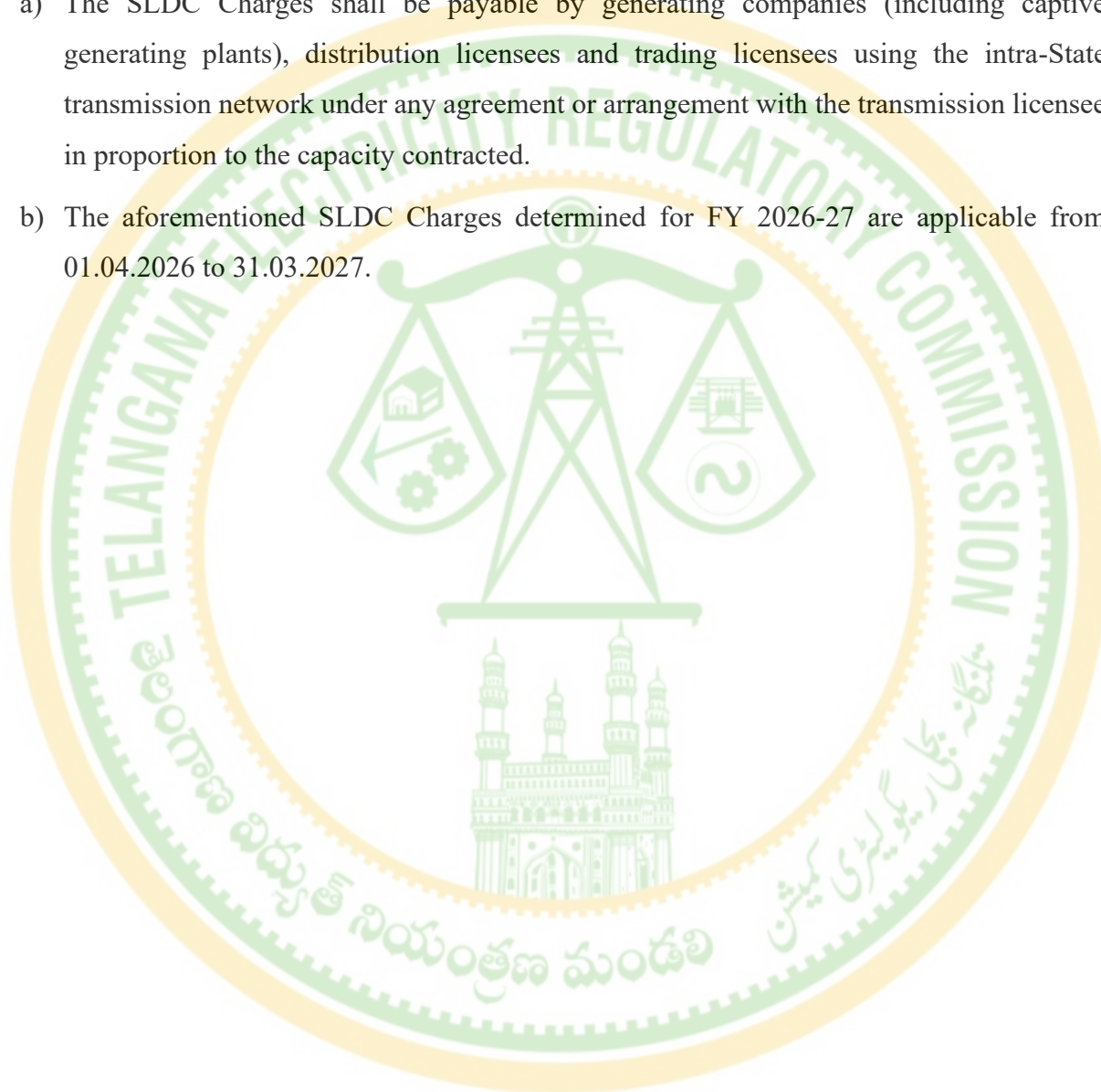
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APPENDIX-A: SCHEDULE OF APPROVED SLDC CHARGES**SLDC Charges (Rs./MW/Month)**

Particulars	FY 2026-27
SLDC Charges (Rs. /MW/Month)	3,349.03

Applicability

- The SLDC Charges shall be payable by generating companies (including captive generating plants), distribution licensees and trading licensees using the intra-State transmission network under any agreement or arrangement with the transmission licensee in proportion to the capacity contracted.
- The aforementioned SLDC Charges determined for FY 2026-27 are applicable from 01.04.2026 to 31.03.2027.



APPENDIX-B: COMMISSION'S DIRECTIVES**1. Details of Completed Capital Works**

The Commission directs the petitioner to submit the details of completed capital works pertaining to SLDC operations along with Physical Completion Certificate (PCC) and Financial Completion Certificate (FCC) as is being done for transmission projects. The Commission also directs the petitioner to file a monthly report with the Commission on progress in capital works pertaining to SLDC operations by 25th of every month relating to the previous month. (Para 3.2.2)

2. Details of Actual Costs and Revenue

The Commission directs the petitioner to file the actual costs and revenues by 25th of every month relating to the previous month in the format prescribed for this purpose by the Commission. The Commission also directs the petitioner to state its own observations on cost, revenues and capacities along with the monthly report.

3. Optimum Utilisation of SLDC Assets

The Commission directs the petitioner to make needful study and send the proposal for approval regarding the optimum utilisation of SLDC assets by engaging in other business activity and amount of financial gains to be accrued on account of the above.

4. Timely Filing of Petitions

The Commission directs the petitioner to adhere to the timelines as specified in Regulation No.2 of 2023 in future filing of petitions.

5. Implementation of SAMAST

The Commission directs the Petitioner to ensure the completion of all works pertaining to the implementation of SAMAST (Scheduling, Accounting, Metering and Settlement of Transactions) in Telangana by December 31, 2026. (Para 4.1.15)

6. Approval of Schemes

Petitioner is directed to approach the Commission for approval of schemes duly indicating the details as specified in clause 7.6 of Regulation No.2 of 2023. (Para 4.1.16)

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
 Viduyt Nyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad - 500045.

Transmission Corporation of Telangana Limited (TGTANSOCO)

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 (TGTANSOCO) holding Transmission License No. 01 of 2014, as on 11-07-2014, filed petition before the Telangana Electricity Regulatory Commission (TGERC) 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. 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, TGTANSOCO, Viduyt Soudha, Hyderabad-500082 and the Chief Engineer (Metro Zone, Rural Zone, Karimnagar and Warangal Zone) and Superintendent Engineer/ OMC/ TGTANSOCO (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 at any of the said offices free of cost. These proposals are also available on www.tgtansoco.in in downloadable form and the same may be also accessed at www.telanganaregulator.in. 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, TGTANSOCO Viduyt Soudha, 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 sec@telanganaregulator.in. The objections/suggestions/comments should be duly signed and carry full name, post address, e-mail id and contact number of the person(s)/ stakeholder(s) sending them. 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:

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

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

Name of the Objector
 Correspondence Address
 Email-id
 Contact Number
 Objector 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 TGTANSOCO (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, Viduyt Nyantran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad.

Sd/-
 CHAIRMAN AND MANAGING DIRECTOR
 TGTANSOCO
 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		
			Approved	Actuals	Variation
1	Aggregate Revenue Requirement				
1	Operation & Maintenance Expenses	Rs. Crs.	1,299.52	1,135.02	164.50
2	Depreciation	Rs. Crs.	818.35	542.60	275.75
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	16.89
5	Return on Equity	Rs. Crs.	432.30	343.41	109.31
6	Less: Non-Tariff Income	Rs. Crs.	464.70	455.19	9.51
7	Less: 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	(855.42)
10	Total Surplus (H-I)	Rs. Crs.			1,390.77

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

Sl. No.	Particulars	Units	FY 2026-27		
			MYT/Tariff Order	Projected	Variation
1	Aggregate Revenue Requirement				
1	Operation & Maintenance Expenses	Rs. Crs.	1,456.47	1,424.57	-31.90
2	Depreciation	Rs. Crs.	898.11	1,082.33	-184.22
3	Interest and finance charges on loan	Rs. Crs.	970.28	953.84	-16.44
4	Interest on Working Capital	Rs. Crs.	85.30	77.51	-7.79
5	Return on Equity	Rs. Crs.	669.15	711.24	-42.09
6	Less: Non-Tariff Income	Rs. Crs.	580.46	325.27	-255.19
7	Less: Income from Open Access Charges	Rs. Crs.	-	-	-
8	Less: Income from Other Business	Rs. Crs.	-	-	-
9	Less: Surplus pass-through	Rs. Crs.	-	700.00	700.00
10	Aggregate Revenue Requirement	Rs. Crs.	3,498.65	3,224.21	-274.44

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

Particulars	Projected (in %)
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
Projected Transmission Losses (in %)	2.44 (+/- 0.23)

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

Sl. No.	Particulars	Units	FY 2024-25		
			Tariff Order	Actuals	Deviation
1	Total Expenditure		55.29	62.25	-6.96
2	Revenue from SLDC Charges		55.29	54.66	-0.63
3	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		
				5th MYT Order	Projected	Variation
1	Aggregate Revenue Requirement					
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	Less: Income from Open Access Charges	Rs. Crore	Form 9	-	-	-
8	Less: 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

THE TIMES OF INDIA
SATURDAY, DECEMBER 20, 2025

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

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Sd/-
 CHAIRMAN AND MANAGING DIRECTOR
 TGTANSOCO
 Place: Hyderabad.
 Date: 20.12.2025.

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4	Interest on Working Capital	Rs. Crs.	75.09	58.20	16.89
5	Return on Equity	Rs. Crs.	432.30	343.41	109.31
6	Less: Non-Tariff Income	Rs. Crs.	464.70	455.19	9.51
7	Less: 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	(855.42)
10	Total Surplus (H-I)	Rs. Crs.			1,390.77

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

Sl. No.	Particulars	Units	FY 2026-27		
			MYT/Tariff Order	Projected	Variation
1	Aggregate Revenue Requirement				
1	Operation & Maintenance Expenses	Rs. Crs.	1,456.47	1,424.57	-31.90
2	Depreciation	Rs. Crs.	898.11	1,082.33	-184.22
3	Interest and finance charges on loan	Rs. Crs.	970.28	953.84	-16.44
4	Interest on Working Capital	Rs. Crs.	85.30	77.51	-7.79
5	Return on Equity	Rs. Crs.	669.15	711.24	-42.09
6	Less: Non-Tariff Income	Rs. Crs.	580.46	325.27	-255.19
7	Less: Income from Open Access Charges	Rs. Crs.	-	-	-
8	Less: Income from Other Business	Rs. Crs.	-	-	-
9	Less: Surplus pass-through	Rs. Crs.	-	700.00	700.00
10	Aggregate Revenue Requirement	Rs. Crs.	3,498.65	3,224.21	-274.44

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

Particulars	Projected (in %)
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
Projected Transmission Losses (in %)	2.44 (+/- 0.23)

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

Sl. No.	Particulars	Units	FY 2024-25		
			Tariff Order	Actuals	Deviation
1	Total Expenditure		55.29	62.25	-6.96
2	Revenue from SLDC Charges		55.29	54.66	-0.63
3	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		
				5th MYT Order	Projected	Variation
1	Aggregate Revenue Requirement					
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	Less: Income from Open Access Charges	Rs. Crore	Form 9	-	-	-
8	Less: 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, 1st Floor, Mint Compound, Hyderabad - 500 063
2.	R V Subba Rao H.No.12-13-657, 2nd Floor, Lane No.1, Street No.14, Nagarjuna Nagar, Tarnaka, Secunderabad, Telangana State, India
3.	T. Sujatha, Sr. Director FTCCI, 11-6-841. Federation House, Federation Marg, Red Hills, Hyderabad - 500004
4.	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
5.	I. Gopinath, Chief Executive Officer, SICMA Administrative Office: 3rd Floor, 36th Square, Plot no. 481, Road no. 36, Jubilee Hills, Hyderabad - 500034, Telangana, India.
6.	Vinod Kumar Agarwal General Secretary, Telangana Iron & Steel Manufacturers Association (TISMA), Regd. Office: Flat No. 101, 1st 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: TGS LDC CONTRACTED CAPACITY FOR FY 2026-27

Sl. No	Generating Station/Unit/ Source	Installed Capacity (MW)	Net Capacity TS Share (MW)	Claimed	Approved
(A)					
1	KTPS-V	500	453.50	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	568.50	568.50	568.50
6	RTS-B	62.5	56.25	0.00	0.00
7	BTPS	1,080	988.20	988.20	988.20
8	YTSP	4,000	3,790.00	3,790.00	3,790.00
Total Thermal (A):		8,042.50	7,505.70	7,505.70	7,505.70
(B)					
1	Srisaïlam 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	Pochampadu 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
(C)					
1	Machkund	84.00	44.82	0	0
2	Tungabhadra Dam	57.60	30.73	0	0
Total Interstate Hydel		141.60	75.55	0	0
(D)					
1	NTPC (SR)-I & II	2,100	322.42	297.19	316.88
2	NTPC (SR) Stage-III	500	81.69	75.51	80.21
3	NTPC Talcher Stage-II	2,000	202.23	192.58	199.51
4	NLC Stage-I	580	3.31	2.8	2.8
5	NLC Stage-II	790	4.35	3.68	3.69
6	NPC-MAPS	440	19.31	19.16	21.41
7	NPC-Kaiga Unit-I&II	440	59.05	58.5	65.37

Sl. No	Generating Station/Unit/ Source	Installed Capacity (MW)	Net Capacity TS Share (MW)	Claimed	Approved
8	NPC-Kaiga Unit-III & IV	440	62.91	62.36	69.68
9	NTPC Simhadri Stage-I	1,000	510.61	510.61	507.91
10	NTPC Simhadri Stage-II	1,000	241.71	235.85	239.44
11	NTECL Vallur Thermal Power Plant	1,500	97.26	96.28	95.77
12	NLC Tamil Nadu (Tuticorin) Unit-I & Unit II	1,000	136.82	135.78	135.07
13	Kudigi Unit-I, II & III	2,400	256.72	251.63	250.31
14	New Neyveli Thermal Power plant	934	58.19	58.12	57.82
15	NLC Exp-I	420	3.48	2.95	3.24
16	NLC Exp-II	500	3.99	3.38	3.86
17	Telangana STPP	1,600	1,287.80	1,298.42	1,281.80
18	KKNPP (Kudankulam Nuclear Power Plant) Unit-I	1,000	2.80	2.37	0.00
19	KKNPP (Kudankulam Nuclear Power Plant) Unit-II	1,000	46.10	46.1	50.00
20	NVVNL Bundled Power (Coal)	45.81	42.92	42.99	45.80
21	NSM Bundled Phase -II	25,650	186.83	186.61	200.00
Total CGS		45,339.81	3,630.41	3,582.87	3,630.58
(E)					
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	1,000	947.50	0.00	0.00
3	Thermal Power Tech (Unit - I) (Sembcorp I)	1,320	269.45	269.45	269.45
Total Other Projects		2,520.00	2,347.95	1,400.45	1,400.45
(F)					
1	Vema Giri	370	193.41	193.41	193.03
2	Kona Seema	444.08	0.00	0.00	0.00
Total Gas projects		814.08	193.41	193.41	193.03

Sl. No	Generating Station/Unit/ Source	Installed Capacity (MW)	Net Capacity TS Share (MW)	Claimed	Approved
(G)					
1	Solar	7,876.92	7,876.92	8,131.15	7,831.04
2	Biomass	6.00	6.00	6.00	6.00
3	Bagasse	61.70	61.70	81.70	61.70
4	IW	15.00	15.00	18.50	15.00
5	Mini Hydel	2.55	2.00	2.55	2.00
6	MSW	19.80	34.30	58.30	34.30
7	Wind	128.10	128.10	128.10	128.10
8	Non-Solar Total	233.15	247.10	295.15	271.61
NCEs total		8,110.07	8,124.02	8,426.32	8,102.69
Contract Demand (CD)		67,409.82	23,546.27	23,408.08	23,132.16
(H)	LT OA Contracts	129.75	129.75	142.174	142.174
Total Generation Contracted Capacity (in MW)		67,539.57	23,676.02	23,550.63	23,274.34