TELANGANA ELECTRICITY REGULATORY COMMISSION

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

ORDER

ON

TRUE UP FOR FY 2023-24 AND AGGREGATE REVENUE REQUIREMENT & REVISED TRANSMISSION TARIFFs FOR FY 2025-26

FOR

TRANSMISSION CORPORATION OF TELANGANA LIMITED (TGTransco)

29.04.2025

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List of Abbreviations

4th control period	For the period of FY 2019-20 to FY 2023-24
5th control period	For the period of FY 2024-25 to FY 2028-29
A&G	Administrative and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
CAG	Comptroller and Auditor General of India
CERC	Central Electricity Regulatory Commission
FCC	Financial Completion Certificate
FY	Financial Year
GoI	Government of India
GoT	Government of Telangana
GFA	Gross Fixed Assets
I&CAD	Irrigation & Command Area Development
IEGC	India Electricity Grid Code
IND AS	Indian Accounting Standard
ISTS	Inter State Transmission System
kV	kilo Volt
LIS	Lift Irrigation Scheme
MAT	Minimum Alternate Tax
MoP	Ministry of Power
MVA	Mega Volt Ampere
MW	Mega-Watt
MYT	Multi Year Tariff
NLDC	National Load Despatch Centre
O&M	Operation and Maintenance
OP	Original Petition
OCFA	Original Cost of Fixed Assets
PCC	Optical Fibre Cable
PPA	Power Purchase Agreement
NCE	Non-Conventional Energy
PGCIL	Power Grid Corporation of India Limited
R&M	Repairs and Maintenance
ROCE	Return on Capital Employed
RoE	Return on Equity
RoW	Right of Way
RRB	Regulated Rate Base
Rs.	Rupees
SLDC	State Load Despatch Centre
SRLDC	Southern Regional Load Dispatch Centre
STU	State Transmission Utility
TGERC	Telangana Electricity Regulatory Commission
TGTransco	Transmission Corporation of Telangana Limited
WACC	Weighted Average Cost of Capital

TELANGANA ELECTRICITY REGULATORY COMMISSION

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

Dated 29.04.2025

Present

Dr. Justice Devaraju Nagarjun, Chairman

O.P.No.19 of 2025 & I.A.No.1 of 2025

Transmission Corporation of Telangana Limited

… Applicant

The Transmission Corporation of Telangana Limited (hereinafter referred to as "Applicant" or "Petitioner" or "TGTransco" or Licensee) filed the Petition before the Commission on 20.01.2025 for approval of True up for FY 2023-24 and Aggregate Revenue Requirement & Revised Transmission Tariffs for FY2025-26 for its Transmission Business under Section 26(5) of the Andhra Pradesh Electricity Reform Act, 1998 and under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 (hereinafter referred to as 'the Act') read with the Telangana Electricity Regulatory Commission (Multi Year Tariff) Regulation No.2 of 2023.

The Commission, in exercise of its powers under the Electricity Act, 2003 read with Regulation No. 5 of 2005 & Regulation No.2 of 2023 and after considering petitioner's submissions, additional submissions, suggestions/objections of the stakeholders, issues that are raised during Public Hearing, response to the same by the petitioner and all other relevant material, passed the following Order.

ORDER

CHAPTER-1
INTRODUCTION

1.1 BACKGROUND

The Commission

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

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

TGTransco

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

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

Limited (as the State Transmission Utility (STU) in the State vide G.O.Ms.No.1, dated 21.06.2014. TGTransco is presently carrying out solely, the transmission business and SLDC activity as per the Licence No.1 of 2014 granted by the erstwhile APERC on Deemed Licence Conditions of Licensee, Transitional (Reorganisation) Regulations, etc.

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

1.2 Regulation No.1 of 2014

1.2.1 The Commission soon after its formation has notified Regulation viz., ‘Adoption’ Regulation No.1 of 2014 on 10.12.2014 being adoption of previously subsisting regulations, decisions, directions or Order, licenses and practice of directions. As such, all the Regulations framed by the erstwhile Commission before formation of Telangana State will continue to apply for the State of Telangana, till further modification.

1.3 Regulation No.5 of 2005

1.3.1 Accordingly, the Regulation No.5 of 2005 notified on 30.11.2005 viz.,’ (Terms and conditions for determination of Transmission Tariff) Regulation, 2005 and it subsequent amendment thereof, as subsisting as on date of constitution of TGERC and in force, shall mutatis mutandis apply to the State of Telangana. Regulation No.5 of 2005 introduced Multi-Year-Tariff framework and specified the principles and procedures of filings and also defines control period as a multi-year period fixed by the Commission from time to time, usually five (5) years, consequently 4th control period is from FY 2019-20 to FY 2023-24.

1.4 Earlier ARR & Transmission Tariffs Order of the Commission

1.4.1 The Commission has passed Orders on 20.03.2020 in O.P.Nos.3 of 2019 on Aggregate Revenue Requirement and Transmission Tariffs for 4th control period (FY 2019-20 to FY 2023-24) for Transmission business of

TGTransco.

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

1.5 DETERMINATION OF MYT FOR 4TH CONTROL PERIOD AND APRS FOR FY 2019-20, FY 2020-21 & FY 2021-22 AND FY 2022-23 FOR TRANSMISSION BUSINESS

1.5.1 Based on the filings the Commission issued MYT Order dated 20.3.2020 for 4th control period for Transmission Business i.e. from FY 2019-20 to FY 2023-24, for TGTransco filing for ARR, FPT and MYT for 4th control period and passed Order dated 02.09.2021 for Annual Performance Review (APR) for FY 2019-20, Order dated 07.04.2022 for APR of FY 2020-21, Order dated 26.05.2023 for APR of FY 2021-22 and Order dated 07.06.2024 for APR of FY 2022-23 for TGTransco Transmission Business. The Commission vide its Order dated 07.06.2024 in O.P.No.2 of 2024 has determined the net revenue surplus of Rs.527.29 crore till FY 2022-23 for transmission Business. The relevant paragraphs of the said Order are reproduced below for reference:

"4.13 RECOVERY OF REVENUE GAP/(SURPLUS)

4.13.1 The Commission directs the Applicant to include and propose the adjustment mechanism of the total approved revenue surplus of Rs.527.29 crore (gap of Rs.64.89 crore for FY 2019-20, surplus of Rs.173.93 crore for FY 2020-21, gap of Rs.160.80 crore for FY 2021-22 and surplus of Rs.579.05 crore for FY 2022-23) in its end of control period review petition for 4th control period."

1.6 TIMELINES FOR FILING OF APR FOR FY 2023-24 OF 4TH CONTROL PERIOD

1.6.1 The Commission in its Order dated 20.03.2020 in O.P.No.3 of 2019 on Aggregate Revenue Requirement (ARR) and Transmission Tariff for 4th control period (FY 2019-20 to FY 2023-24) had given directions to the petitioner herein to file the Performance Review for each year of 4th Control Period before 31st December of the following year.

1.7 REGULATION NO.2 OF 2023

1.7.1 Meanwhile, this Commission has notified 'Multi Year Tariff' Regulation, 2023 [Regulation No.2 of 2023] on 30.12.2023, which supersedes Regulation No.5 of 2005.

1.8 TIMELINES FOR FILINGS THE PETITION AFTER FIRST YEAR OF THE CONTROL PERIOD

1.8.1 As per clause 6 of Regulation No.2 of 2023, TGTransco has to make Annual Petition comprising of (i) True-up of preceding year; (ii) Aggregate Revenue Requirement (ARR) for ensuing year of the Control Period; and (iii) Proposal of Revised Tariff and Charges for ensuing year of the Control Period. The timeline for Annual Tariff petition for FY 2025-26 is 30.11.2024.

1.9 STATUTORY AND REGULATORY PROVISIONS

1.9.1 As per illustration given under clause 6.2 of Regulation No.2 of 2023 the timelines stipulated for filing of Annul Tariff Petition after first year of the control period is by 30.11.2024.

1.9.2 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."*

1.9.3 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*

1.10 PRESENT PETITION

1.10.1 TGTransco has filed True up for FY 2023-24 and Revised ARR & Tariff Petition for FY 2025-26 on 20.01.2025 with the following prayers:

a. to take the accompanying Annual Tariff petition for filing Aggregate Revenue Requirement and Filings for Proposed Tariff for the FY 2025-26 of 5th control period i.e., FY 2024-25 to FY 2028-29 for Transmission business by TGTransco on record,

b. for consideration of Income Tax paid for the FY 2022-23, in line with previous APR Orders, and adjust the True-up accordingly in ensuing Orders for 5th Control Period, as prayed for in the Review Petition to O.P. No. 02 of 2024;

c. to consider and approve TGTransco's ARR, FPT for Annual Tariff Petition including all requested regulatory treatments in the filing;

1.11 DELAY CONDONATION APPLICATION

1.11.1 The TGTRANSCO was expected to file this petition on or before 30.11.2024. However this Application is filed on 20.01.2025, thereby there is a delay in filing the application. Accordingly, the TGTRANSCO has filed this application along with IA seeking delay condonation along with petition in O.P. No. 19 of 2025 with following reasons:

a) As per the clause 6.2(e) of TGERC Regulation No. 2 of 2023 dated 30.12.2023, TGTransco is required to file Annual Tariff Petition for FY 2025-26 for Transmission Business by 30.11.2024. TGERC has issued Tariff order for Transmission business for 5th MYT (FY 2024-25 to FY 2028-29) on 28.10.2024.

As the licensee had to study the Tariff Order for 5th MYT and prepare the Annual Tariff petition for FY 2025-26, and due to insufficient time between the date of tariff order for 5th MYT and due date for filing Annual Tariff Petition for FY 2025-26, TGTransco could not file the Annual Tariff Petition for FY 2025-26 for Transmission business by 30.11.2024.

1.11.2 TGTransco requested the Commission to exempt payment of penalty due to delay in filing of the petition.

1.11.3 As per Regulation No. 2 of 2023, compliance with the stipulated deadlines is essential for maintaining regulatory efficiency and accountability. The timely submission of ARR and tariff petitions ensures transparency, financial prudence, and the smooth functioning of the regulatory framework. While the Commission acknowledges the reasons cited by the DISCOMs for the delay, it is important to reiterate that the responsibility for timely submissions rests with the licensees.

1.11.4 Repeated delays in filing tariff petitions not only disturb the regulatory process but also have financial and operational implications for the sector. It is important for all licensees to comply with regulatory timelines as prescribed under the applicable regulations.

1.11.5 As per Clause 29.2 (f) of Regulation No. 2 of 2023, the Commission will have a right to impose penalties, including the reduction in the Return on Equity (RoE), for non-compliance with filing deadlines. The TGTRANSCO has also filed separate application for condoning the delay in filing the petition beyond the deadlines fixed in Regulation No. 02 of 2023. The TGTRANSCO has mainly submitted for condonation of delay because the Commission was expected to pass order in the petition of ARR for FY 2024-25 on or before March 2024 as per the Regulation. However, admittedly this Commission has passed orders on 28.10.2024. Therefore, as rightly submitted by TGTRANSCO has to study the Multiyear Tariff (MYT) for the FY 2024-25 to FY 2028-29 and prepare the Annual Tariff Petition for FY 2025-26. Due to insufficient time between the date of MYT Tariff Order and due date for filing Annual Tariff Petition for FY 2025-26. TGTRANSCO couldn't file the Annual Tariff Petition for FY 2025-26 for Transmission Business by dt.30.11.2024. Even otherwise imposing penalties for delay is not going to serve the purpose. The penalty, if any imposed will not be passed on to the consumers and it will be added to the losses of the TGTRANSCO, thereby financial health of TGTRANSCO will get deteriorated.

1.11.6 Therefore, considering the submission of TGTRANSCO, the Commission with a separate reasoned order has condoned the delay in filing the petitions beyond the deadline. The Commission directs the TGTRANSCO to ensure strict compliance with regulatory deadlines in subsequent filings, failing which necessary regulatory actions, will be imposed as per the provisions of the applicable regulations.

1.12 ADMISSION OF PETITIONS

1.12.1 The petition submitted by TGTransco was scrutinized and is found to be in Order as required under 'Conduct of Business' Regulation, 2015 (Regulation No.2 of 2015). The Commission admitted the filings and the same were taken on record by assigning O.P.No.19 of 2025 & I.A.No.1 of 2025. On consideration of all the parties in the public hearing, the Commission allowed I.A No.1 of 2025 and condoned the delay in filing the main petition, vide separate order.

1.13 DATA GAPS

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

1.14 PUBLIC NOTICE

1.14.1 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 04.02.2025 (**Annexure-1**) . The Public Notice was to inform the stakeholders and general public at large that the petitioner has filed True-up for FY 2023-24 and ARR and Revised Transmission Tariff for FY 2025-26 and petition before the Commission. It was also notified in the Public Notice that, objections/ suggestions on the filings may be filed with the petitioner by 25.02.2025 with a copy marked to the Commission Secretary. In the Public Notice it was also indicated that Public Hearing will be held on 11.03.2025 from 10:30 hours onwards in the Court Hall of the Commission, Vidyut Niyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045. The filings of the petitioner along with the additional information submitted by TGTransco was also posted on the official website of TGTransco as well as on the website of the Commission.

1.15 RESPONSE TO PUBLIC NOTICE

1.15.1 In response to the Public Notice, objections/suggestions were received from

Three (3) stakeholders. The details of stakeholders who submitted objections/ suggestions is enclosed as **Annexure-2**.

1.15.2 The petitioner was directed to arrange response to the stakeholder's written objections/suggestions received, by 03.03.2025 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.

1.16 STATE ADVISORY COMMITTEE MEETING

1.16.1 The State Advisory Committee (SAC) meeting was conducted on 04.03.2025 in the Meeting Hall of Commission's Office at 'Vidyut Niyantran Bhavan', G.T.S. Colony, Kalyan Nagar, Hyderabad 500 045. The views of the members were duly considered while determining the True up for FY 2023-24 and ARR & Revised Transmission charges for FY 2025-26.

1.17 PUBLIC HEARING

1.17.1 The Commission has conducted the Public Hearing as published in Public Notice on 11.03.2025 at TGERC Court Hall. During the Public Hearing, TGTransco made a brief presentation on its filing and then the Commission heard the objectors desiring to be heard in person. During the hearing, apart from the registered objectors, the persons/organizations who were interested to submit their objections were also heard. As directed by the Commission, the Petitioner responded on the issues raised by the objectors during the Public Hearing. The list of the stakeholders who attended the public hearing is at Annexure -3.

CHAPTER-2
SUMMARY OF FILINGS

2.1 PETITIONER'S CLAIM

2.1.1 The petitioner has filed the petition for determination of True up for FY 2023-24, ARR & Revised Transmission Tariff for FY 2025-26 for transmission business. The summary of each of the submissions is detailed below:

2.2 ANNUAL PERFORMANCE REVIEW FOR FY 2023-24

2.2.1 In compliance to the Directive No.3 in Order dated 20.03.2020 in O.P.No.3 of 2019 on Aggregate Revenue Requirement (ARR) and Transmission Tariff for 4th control period (FY 2019-20 to FY 2023-24), TGTransco has filed the True up Petition for FY 2023-24.

2.3 FINANCIAL PERFORMANCE FOR FY 2023-24

2.3.1 TGTransco has submitted the following filings for its Transmission Business for FY 2023-24:

- Statement of variance with the Tariff Order for each item in the Aggregate Revenue Requirement (ARR) and reasons for variations.
- Actual Aggregate Requirement (ARR) for the year computed based on actual investments, actual interest and other costs.
- The Surplus/Deficit for the year arrived based on actual revenue for the respective year.

2.4 OPERATION & MAINTENANCE (O&M) EXPENSES

2.4.1 The O&M expenses claimed by the Petitioner for FY 2023-24 is as shown in Table below:

Table 2.1: O&M expenses claimed for FY 2023-24

(Rs. In Crores

Particulars	MYT Order	Claimed	Deviation
Gross O&M Expenses	1197.51	1325.34	127.83
Less: O&M Expenses Capitalised	176.98	189.28	12.30
Net O&M Expenses	**1020.53**	**1136.05**	**115.52**

2.4.2 The reason submitted by the petitioner for increase in Net O&M Expenses for FY 2023-24 by Rs. 115.52 Crores is as follows:

- The O&M Expenses as per Tariff Order is computed based on O&M approved norms in accordance with the provisions of the Regulation 5 of

2005. The petitioner has submitted the actual O&M Expenses as per audited accounts of FY 2023-24.

- There is a decrease in Capitalisation of Expenses due to decrease in Capitalisation during the year.

2.5 DEPRECIATION

2.5.1 In compliance to the Commission's Directive No.5 in the Order dated 20.03.2020, the petitioner has changed depreciation policy duly charging depreciation as per the rates specified by Central Electricity Regulatory Commission (CERC) with effect from FY 2020-21. The depreciation for FY 2023-24 claimed by the petitioner is as shown in Table below:

Table 2.2: Depreciation claimed for FY 2023-24

(Rs. In crores)

Particulars	MYT Order	Claimed	Deviation
Depreciation	1378.79	1073.34	(305.45)

2.5.2 Actual depreciation amount has been decreased due to

i) Change in Depreciation methodology and

ii) less Capitalisation during the year.

2.5.3 Depreciation has been arrived as per the CERC depreciation rates under straight line method on the opening assets and also on additions to OCFA during the year proportionately in accordance with CERC regulations 2019.

2.5.4 The Commission is requested to consider the depreciation on the addition during the Year from the date of Capitalisation as per CERC Regulation No.33, Vide notification No.L-1/236/2018/CERC dt: 07.03.2019.

2.6 TAXES ON INCOME

2.6.1 Taxes on Income is calculated as per Clause 5.13.5 of 4th MYT Order at current rate of Minimum Alternate Tax (MAT) on the Return on Equity (RoE) @ 14% on 25% of actual Regulated Rate Base (RRB) in accordance with the Regulation No.5 of 2005:

Table 2.3: Taxes on Income claimed for FY 2023-24

(Rs. In crores)

Particulars	MYT Order	Claimed	Deviation
Taxes on Income	120.23	82.42	(37.81)

2.6.2 In this connection, the petitioner submitted that, Income Tax has been paid on Profits for an amount of Rs.39.72 crore for FY 2023-24 under MAT

Provisions and the same was transferred to MAT Tax Credit Entitlement Account (MAT Asset) and hence it has not appeared in P&L Account. The petitioner is paying Income Tax as per MAT provisions and the same is being claimed in all the MYTs/APR filings submitted to TGERC.

2.7 TAXES ON INCOME FOR FY 2022-23

2.7.1 The Petitioner has submitted the following in respect to claim of Taxes on Income for FY 2022-23:

i) The Commission has passed APR Order for FY 2022-23 on 07.06.2024 vide. O.P.No.2 of 2024 in respect of Transmission Business and approved Revenue surplus of Rs.579.05 Crores as against Revenue surplus of Rs.252.33 Crores filed by TGTRANSCO based on audited values of FY 2022-23,wherein, the Commission has not allowed "Taxes on Income" paid by the petitioner stating that, the actual income tax paid for FY 2022-23 is nil for current year as per audited account for FY 2022-23.

ii) As against APR orders passed by the Commission vide O.P.No.2 of 2024, dt.07.06.2024 as per clause-32 of Regulation No.2 of 2015, the petitioner has filed a review petition in accordance with clause 16.2 of the Regulation No.5 of 2005 before the Commission vide O.P. No.2 of 2024 dated, 22nd July, 2024 stating that, "During the Financial year 2022-23 the petitioner has paid income tax of Rs.41,11,82,472/- as per Income Tax Return under section 115JB of Income Tax Act 1961 as Minimum Alternative Tax and the same will be available for adjusting against Tax payables in the future years. Hence, the same was taken as asset in the Audited Books of Accounts. Therefore, in Profit and Loss Account statement as per Audited Books the Tax paid for the year is shown as "Nil".

iii) Consequently, the Commission vide R.P.No.3 of 2024 dated, 18th October, 2024 has disposed the Review Petition without considering the above claim on the reason that, the Licensee has not submitted the documents while filing the "Annual Performance Review Petition" for FY 2022-23 filed during December,2023. The Commission further at Para (11) of the Review Petition Order stated that, "it does not restrict the petitioner from claiming the said amount in appropriate proceedings setting out the proper evidence in support of the claim and the way forward in treating the amount in the subsequent control period".

iv) In this connection, petitioner has submitted the following documents in proof of payment of income tax for an amount of Rs.41.12 Crores for the FY 2022-23 as per Income Tax Returns filed.

a) ITR Filings of FY 2022-23 in support of income tax payable and actual payment.

b) Copies of challan towards advance tax paid by the Company

c) Form 26 AS towards TDS payments made against Company Revenues.

v) In view of the above, the Commission is prayed to consider the actual Income Tax amount of Rs.41.12 Crore for FY 2022-23 and adjust the same in the total true-up amount to be approved for the next Control Period.

2.8 RETURN ON CAPITAL EMPLOYED (ROCE)

2.8.1 The Return on Capital Employed (RoCE) covers:

i) the interest charges on the debt portion; and

ii) RoE on the claimed RRB @ Debt Equity ratio of 75:25;

2.8.2 RoCE has been claimed by adding the actual interest charges (net of interest capitalised) and RoE @ 14% on 25% of claimed RRB. The RoCE claimed by the petitioner for FY 2023-24 as per the methodology specified in Regulation No.5 of 2005 is as shown in the Table below:

Table 2.4: ROCE claimed for FY 2023-24

(Rs. In Crores)

Particulars	MYT Order	Claimed	Deviation
Regulated Rate Base (RRB)	**16225.85**	**11123.35**	**-5102.50**
Cost of Debt (Interest & Finance Charges)	1198.68	795.67	-403.01
Return on Equity @14% on 25% of RRB	567.90	389.32	-178.59
Return on Capital Employed (ROCE)	**1766.59**	**1184.99**	**-581.60**

2.8.3 The depreciation for the year has been calculated on straight line method considering the depreciation rates as notified in CERC (Terms and Conditions of Tariff) Regulations, 2019.

2.8.4 In the Regulated Rate Base (RRB) calculation, the petitioner has considered the actual asset addition to Fixed assets tallying with the books of accounts. The petitioner has requested to allow the entire capitalization amount in RRB computation.

2.8.5 Addition to OCFA as per the audited accounts for FY2023-24 is Rs.1246.34 Crore which is after adjustment of Asset withdrawal of Rs. 21.26 Crores during the Year.

2.8.6 The Return on Capital Employed (ROCE) for the year is computed by considering the net interest expenditure at actual and Return on Equity (ROE) @14% on 25% of actual Regulated Rate Base as per Regulation No. 5 of 2005.

2.9 REVENUE

2.9.1 The Following is the revenue for FY 2023-24 claimed by the petitioner

Table 2.5*: *Revenue claimed for FY 2023-24

(*Rs. in Crores)*

Particulars	MYT Order	Claimed	Deviation
Revenue from Transmission Charges	3808.43	4117.68	309.25
Other Income	477.71	440.69	-37.02
Total:	**4286.14**	**4558.37**	**272.23**

2.9.2 The net increase in revenue of Rs. 272.23 crore is due to revenue from inter-state transmission Charges (ISTS) of Rs. 265.58 Crores approved by CERC.

2.10 AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2023-24

2.10.1 The total Aggregate Revenue Requirement (ARR) for FY 2023-24 claimed by the petitioner is as shown in Table below:

Table 2.6*: *Summary of APR as claimed for FY 2023-24

(Rs. in Crores)

Particulars	MYT Order	Claimed	Deviation
Expenditure	**2696.53**	**2481.10**	**-215.43**
O&M Costs	1197.51	1325.34	**127.83**
O&M Carrying Costs	0.00	0.00	**0.00**
Depreciation	1378.79	1073.34	**-305.45**
Taxes	120.23	82.42	**-37.81**
Special Appropriation	0.00	0.00	**0.00**
Other Expenses	0.00	0.00	**0.00**
Expenses Capitalized	**176.98**	**189.28**	**12.30**
O&M Expenses Capitalized	176.98	189.28	**12.30**

Net Expenditure	**2519.55**	**2291.82**	**-227.73**
RoCE	1766.59	1184.99	**-581.60**
Gross ARR	**4286.14**	**3476.80**	**-809.34**
Non-Tariff Income	477.71	440.69	**-37.02**
Revenue from Tariff	3808.43	4117.68	**309.25**
Total Revenue	**4286.14**	**4558.37**	**272.23**
Surplus/(Deficit)	**0.00**	**1081.56**	**1081.56**

2.10.2 The petitioner has considered total surplus of Rs.1608.87 Crores for 4th MYT Control period, duly accepting the Surplus/Deficit as per the APR Orders for the FY 2019-20, FY 2020-21, FY 2021-22 and FY 2022-23 and filings for FY 2023-24. The petitioner has proposed for adjustment of Rs.1608.87 Crores in FY 2025-26 as a Special Appropriation towards balance amount of True up for 4th MYT Control Period (FY 2019-20 to FY 2023-24) and pass on the difference to the customers.

2.11 TECHNICAL PERFORMANCE FOR FY 2023-24

2.11.1 Capital works are being taken up for Power System improvements and for evacuation of power from the upcoming Generating Stations. Strengthening of the Transmission System is being planned to meet the existing and upcoming load demand, to improve the system voltage profile, to enhance the reliability of the system. The construction of new 220 kV & 132 kV Sub-stations and connected lines are being executed with the funding from M/s REC, M/s PFC and internal (TGTransco) funding.

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

- Erection of 132/33kV SS at Padmanagar in Karimnagar District
- Erection of 132/33kV SS at Pammy in Khammam District.
- Erection of 132kV DC line from proposed 400/220/132kV SS Choutuppal to 132kV SS Choutuppal.
- Erection of 33 KV features at 132 KV Railway Traction Switching Station, Kothagudem, KothagudemBhadradri District.
- Erection of 220kV Twin Moose DC line by making LILO of existing 220kV Salivagu-Bheemghanpur line at Ramappapoint(Loc.No.66) to proposed 400/220/132kV KTPP SS in Jayashankar Bhupalapally District.

- Erection of 220kV Twin Moose DC line by making LILO of existing 220kV Palakurthy-Bhimghanapur SC line to proposed 400/220/132kV KTPP SS at Ramappa point in Jayashankar Bhupalapally District.
- Erection of 220/132kV SS Ammavaripet & LILO one circuit of 220kV Manoharabad-Warangal DC line to proposed 220/132kV SS Ammavaripet in Warangal District.
- 400kV Capital Works completed during FY 2023-24:

  a) Yadradri Thermal Power (5x800 MW) Evacuation Scheme :

     i) Choutuppal 400/220/132kV Substation is commissioned with 2x500 MVA ICT of 400/220kV, 2x160 MVA ICT of 220/132kV

     ii) 2 Nos. 400kV Feeder Bay Extensions (YTPP-I & 2) charged at Dindi 400/220kV Substation

  b) Reactors Scheme-III :

     i) 125MVAR Bus Reactor charged at Maheshwaram 400/220kV Substation.

     ii) 125MVAR Bus Reactor charged at Kethireddypally 400/220/132 kV Substation.

  c) Augmentation Scheme-IV (Transformation capacity addition) :

     i) 1 No. 500 MVA, 400/220 kV ICT charged (in place of 315MVA ICT) at the existing Veltoor 400/220 kV Substation.

     ii) 1 No. 500 MVA, 400/220 kV ICT charged at the existing Suryapet 400/220/132 kV Substation.

     iii) 1 No. 500 MVA, 400/220 kV ICT charged at the existing Dichpally 400/220 kV Substation.
- Lift Irrigation Schemes

  a) 400kV LI Scheme : Sita Rama Lift Irrigation Scheme:

     i) 220/11 kV V.K.Ramavaram LI Substation charged.

     ii) 220kV LILO of KTS - Asupaka Line to V.K. Ramavaram 220/11 kV LI Substation (2.832 ckm) charged.

  b) Palamuru Lift Irrigation Scheme

     i) 400/11kV Narlapur LI Sub-Station (incl.1No.125MVAR Bus Reactor) charged.

     ii) 400/11kV Vattem LI Sub-Station (incl.1No.125MVAR Bus Reactor) charged.

iii) 400/11kV Yedula LI Sub-Station (incl.1No.125MVAR Bus Reactor) charged.

iv) 2Nos.400kV QMDC Bays at 400/220kV Dindi Sub-Station charged.

v) 400kV QMDC Line from proposed 400/11kV Yedula LISS to proposed 400/11kV Narlapur LISS(27.737 kM) charged.

vi) 400kV QMDC Line from 400/220kV Dindi SS to proposed 400/11kV Yedula LISS(55.32kM) charged.

vii) 400kV QMDC Line from 400/11kV Yedula LI SS to 400/11kV Vattem LI SS(30.363 kM) charged.

c) Kaleshwaram Lift Irrigation Scheme

i) 220kV DC line from 400/220kV Jangaon SS to Devannapeta (110CkM) charged.

ii) 220/11kV Devannapeta Sub-Station in Hanumakonda Dist., (formerly Warangal(Urban) Dist.,) charged.

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

Table 2.7*: *Transmission Loss (%) claimed for FY 2023-24

Transmission Loss (%)	Approved	2.50
	Actual	2.30

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

Table 2.8*: *Season-wise system load details for FY 2023-24

Season	**Occurrence of Maximum system Load**		**Occurrence of Minimum system Load**	
	System Load (MW)	**Date**	**System Load (MW)**	**Date**
Summer	15623	08.03.2024	4841	01.05.2023
Monsoon	15370	20.09.2023	4493	27.07.2023
Winter	15164	28.02.2024	5476	05.12.2023

2.11.4 The number and duration of supply interruptions on EHT lines during FY 2023-24 are shown in table below:

Table 2.9*: *Number and duration of supply interruptions on EHT lines during FY 2023-24

EHT line voltage	No. of interruptions	Total time of interruptions (Hrs)	Avg. Duration Per Interruption (Hrs)
400kV	17	194.05	Beyond 2 Hrs. (11.41)
220kV	62	707.58	Beyond 2 Hrs. (10.92)
132kV	96	1266.07	Beyond 2 Hrs. (10.22)

2.11.5 The transmission system availability factor of TGTransco system calculated as per guidelines of CERC during FY 2023-24 is 99.98%.

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

1. Replacement of aged conductors in a phased manner, since conductor snapping and jumper failures are found to be the major causes for interruptions.
2. Replacement of old and failed insulators on existing lines.
3. Reinforcement of the conductor of overloaded lines, periodical tree cutting work to prevent falling of branches with conductor, conducting quarterly inspection of lines and timely rectification of defects noticed.
4. Breakdown staff attending supply interruptions is arranged round the clock.
5. Emergency vehicles are kept ready for breakdown staff round the clock to facilitate quick and timely deployment of staff and minimize the duration of interruptions.
6. Safety appliances such as gloves, safety shoes, helmets, earthing rods are also provided to the breakdown staff with necessary T&P.
7. Use of off line signature preventive maintenance and line fault locators for locating the fault on lines during breakdowns.
8. TGTRANSCO is carrying out the hot line works very effectively in the live line maintenance from 132kV to 400kV lines and Sub-Stations by adopting hot stick method - using insulated sticks, bare hand technique using conductive suit along with insulated ladder, replacement of damaged insulators, tightening of bolts and nuts of jumpers, shoe clamp, tension clamp and bay to bay jumpers connection etc.,

2.12 END OF CONTROL PERIOD REVIEW FOR FY2019-20 TO 2023-24

2.12.1 Based on the Annual Performance Review orders for FY 2019-20 to FY 2022-23 and Audited Accounts for FY 2023-24 pass through of gains/losses for 4th Control Period is as follows:

Table 2.10: Pass through of Gains/Losses for 4th Control Period as claimed

(Rs. In Crores)

Sl.No.	Financial Year	Particulars	Amount
1.	2019-20	Deficit as per APR order dated 02.09.2021	(64.88)
2.	2020-21	Surplus as per APR order dated 07.04.2022	173.94
3.	2021-22	Deficit as per APR order dated 26.05.2023	(160.80)
4.	2022-23	Surplus as per APR order dated 07.06.2024	579.05
5.	2023-24	Surplus (as per Audited Accounts)	1081.56
Total Surplus			**1608.87**

2.12.2 It can be seen from the above that the net pass through of gains/losses for the 4th MYT Control Period is arrived at Rs. 1608.87 Crores and the same was considered as special appropriations for FY 2025-26.

2.12.3 The impact of True-Up for 4th Control Period has been arrived before adjustment of disallowed income tax of Rs. 41.12 Crores as per APR for FY 2022-23. The disallowed income tax is claimed in the APR petition for FY 2023-24 under the heading “Taxes on Income for FY 2022-23”.

2.13 TECHNICAL PERFORMANCE ANALYSIS

2.13.1 A brief analysis of the key elements of petitioner’s business is as follows:

i) The petitioner has undertaken a number of loss reduction measures such as system improvement, reactive power compensation etc., and would continue to do so with an aim to further reduce the transmission losses. The true up of transmission losses approved vs actuals is given below:

Table 2.11: Actual Transmission Loss during 4th Control Period

(in %)

Particulars		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Transmission Loss (%)	Approved	3.09	2.78	2.71	2.64	2.57	2.50
	Actual	2.85	2.65	2.57	2.47	2.52	2.30

ii) The transmission network availability has been maintained at 99.9% throughout the 4th Control Period (FY 2019-20 to FY 2023-24).

2.14 REVISED AGGREGATE REVENUE REQUIREMENT FOR FY 2025-26

2.14.1 The Petitioner has submitted its Aggregate Revenue Requirement (ARR) for Annual Transmission Charges for FY 2025-26 as per the methodology notified by Multi Year Tariff Regulation No.2 of 2023.

2.14.2 The Petitioner has submitted the following Capital Investment plan for FY 2025-26:

Table 2.12: Capital Investment plan claimed for FY 2025-26

(Rs. In Crores)

Sl. No.	Particulars	FY 2024-25			FY 2025-26		
		MYT/Tariff Order	Actuals	variation	MYT/Tariff Order	Proj.	Variation
1.	Opening Capital Works in Progress	2,475.03	4,223.33	-	2,991.73	3,801.51	809.78
2.	Capital Expenditure during the year	2,864.16	2,179.43	-684.73	1,029.73	5,032.55	4,002.82
3.	Capitalisation during the year	2,347.46	2,601.25	253.79	1,769.60	7,120.66	5,351.06
4.	Closing Capital Works in Progress	2,991.73	3,801.51	-	2,251.86	1,713.39	-538.47

Note: Capital Expenditure for FY 2024-25 and FY 2025-26 is inclusive of Interest during construction (IDC) & O&M Expenses capitalized for respective years.

2.14.3 The Petitioner has submitted the following Aggregate Revenue Requirement for FY 2025-26.

Table 2.13: Summary of ARR claimed for FY 2025-26

(Rs. In Crores)

Sl. No.	Particulars	FY 2024-25			FY 2025-26		
		MYT/Tariff Order	Actuals	Var.	MYT/Tariff Order	Proj.	Var.
1.	Operation & Maintenance Expenses	1,299.52	1,232.58	-66.94	1,377.19	1,303.41	-73.78
2.	Depreciation	818.35	773.2	-45.15	863.33	920.9	57.57
3.	Interest and finance charges on loan	978.43	939.71	-38.72	986.85	1,137.49	150.64
4.	Interest on Working Capital	75.09	73.33	-1.76	81.67	83.34	1.67
5.	Return on Equity	432.30	545.26	112.96	628.71	687.51	58.80
6.1	Less: Non-Tariff Income	464.70	389.03	-75.67	515.70	443.27	-72.43
6.2	Income from Open Access Charges		-			-	
6.3	Income from Other Business		-			-	
7.1	Less: Impact of surplus pass-through for 4th Control Period					1,608.87	1,608.87
ARR		**3,138.99**	**3,175.04**	**36.05**	**3,422.05**	**2,080.50**	**-1,341.55**

2.14.4 The Petitioner has Projected Transmission Losses (in %) for the FY 2025-26 of 5th Control Period. As per the MYT framework, the licensee's forecast of loss reduction trajectory for FY 2025-26 is as shown below:

Table 2.14: Transmission Losses (in %) claimed for FY 2025-26

Particulars	2024-25 (Proj)	2025-26 (Proj)
Transmission Loss Range	2.48 +/- 0.2	2.46 +/- 0.2

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

***Table 2.15*: Transmission System Availability (in %) claimed for FY 2025-26**

Particulars	2024-25 (Proj)	2025-26 (Proj)
Transmission System Availability	99.9	99.9

2.15 REVISED TRANSMISSION TARIFF FOR FY 2025-26

2.15.1 The Petitioner has submitted that the Transmission charges are computed by dividing the net ARR of FY 2025-26 with the total contracted capacity of the year. Transmission Charges Proposed for FY 2025-26 is shown in table below:

Table 2.16: Transmission Charges claimed for FY 2025-26

Particulars	FY 2025-26
ARR of Transmission Business (Rs. in crores)	2,080.50
Transmission Contracted Capacity (MW)	23,544.83
Transmission Tariff for Long Term/Medium Term Users (Rs./kW/Month)	73.64
Transmission Tariff for Short-Term Users (Rs./kW/Hr)	0.10

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

3.1 OBJECTIONS/SUGGESTIONS MADE ON FILINGS

3.1.1 Three (3) stakeholders have filed written objections/suggestions on the Petition for True up for FY 2023-24 and Revised ARR & Tariff Petition for FY 2025-26. 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 petitioners. For the sake of brevity, the objections/suggestions raised by the stakeholders and responses of the petitioners have been consolidated and summarised issue-wise. In case any suggestion is not specifically elaborated, it does not mean that the same has not been considered.

True up for FY 2023-24

3.2 REGULATORY PROVISIONS

3.2.1 The ARR of Transmission Licensee for each year of control period shall contain the following items:

- Operation and Maintenance (O&M) expenses;
- Return on Capital Employed (ROCE);
- Depreciation;
- Taxes on Income;
- Corrections for "uncontrollable" items and "controllable" items; and
- Any other relevant expenditure.

3.2.2 The Clause 5 of Regulation No.5 of 2005 stipulates that till such time as there is complete segregation of accounts between SLDC activity and Transmission Business, the Transmission Licensee shall apportion its costs on the basis of an Allocation Statement.

3.2.3 The Petitioner has filed the True up for FY 2023-24 and submitted its audited accounts for FY 2023-24 along with the Allocation Statement segregating its actual expenses and revenue between Transmission business and SLDC activity for FY 2023-24.

3.3 CAPITALISATION FOR FY 2023-24

Petitioner's Claim

3.3.1 The Petitioner has claimed the capitalisation of Rs. 1246.34 crore as against Rs.4864.66 Crores approved by the Commission for FY 2023-24 in MYT order.

Stakeholder's submissions

3.3.2 The stakeholders have submitted that under MYT Regulation No. 2 of 2023, the petitions for 5th control period were due by 31.01.2024. The Commission has rejected TGTRANSCO's request for a three-month extension in letter dated 07.02.2024. Despite this, the petitions were submitted on 19.09.2024, resulting in a delay of nearly 7 months and 19 days. The reasons provided by the licensee for this delay are deemed unjustifiable. Against ARR of Rs.4286.14 crore for the FY 2023-24 determined by the Commission, TGTRANSCO has achieved Rs.4558.37 crore. Compared to what was determined by the Commission in the MYT order, for the FY 2023-24, various items under expenditure have come down substantially - depreciation by Rs.305.45 crore, taxes by Rs.37.81 crore, net expenditure by Rs.227.73 crore, cost of debt by Rs.403.01 crore, regulated rate base by a whopping Rs.5102.50 crore, return on equity by Rs.178.59 crore and return on capital employed by Rs.581.60 crore. At the same time, revenue from tariff has increased by Rs.309.25 crore.

3.3.3 TGTRANSCO has maintained that capitalization of expenditure decreased due to decrease in capitalization. However, it has to explain the items for which it could not incur expenditure permitted by the Commission and whether the purpose for which the said expenditure was permitted was really required and served or not in maintaining its transmission network during 2023-24.

3.3.4 Even the lesser expenditure vis a vis permitted expenditure needs to be subjected to prudence check by the Commission to ascertain whether the expenditure incurred item-wise is as permitted by it in the MYT order, and whether variations in such expenditure are required, justifiable and permissible. Compared to the expenditure permitted by the Commission for the FY concerned, the actual expenditure in absolute terms is lesser, but it need not be lesser compared to the expenditure permitted item wise in relative terms. As such, the permissible expenditure and ARR for 2023-24 may turn out to be higher; it need not be permitted at that level. In other words, prudence check of all relevant factors may lead to more surplus than what the licensee has shown for true down.

3.3.5 TGTransco has explained that apart from lesser capitalization, shifting of methodology for depreciation from MoP, GoI, to CERC is the reason for lesser depreciation. As far as decrease in depreciation due to change in the said methodology is concerned, it reduces the burden of frontloading the tariff on consumers, without causing any loss to TGTRANSCO. Lesser depreciation caused due to lesser capitalization and hefty reduction in RRB naturally leads to reduction in RoCE and RoE. It is a reflection of the failure of TGTRANSCO to take up and complete the works and incur expenditure permitted by the Commission in time. The licensee has to explain the reasons for such a failure and how it proposes to take corrective measures.

3.3.6 It is observed that the works proposed to be taken up by TGTRANSCO during FY 2023-24 are not executed as per the schedule, as such the interest during construction (IDC) will be increased. TGTRANSCO may be directed to provide justification for delay in execution for works. IDC shall be allowed as per the justification provided by TGTRANSCO for delay and after prudent check.

3.3.7 Further the stakeholder in the public hearing has stated that it is strange that capital expenditure for 2023-24 increased slightly, but capitalization is lesser by Rs.3597.06 Crores or 383.77%. It confirms non-completion of works to facilitate capitalization in time and meet requirements of the network.

3.3.8 TRASMISSION, as well as distribution, network expansion works need to be taken up and executed in time to meet requirements of evacuating and transmission from the generation projects is obvious. If generation projects are completed as scheduled and if required transmission works are not completed as per contracted capacities, it will create problems for evacuation of power from the projects concerned. If generation projects are not completed and commercial operation dates are not declared in time, and if required transmission works are completed as scheduled, the latter will remain idle till CoDs of projects concerned are declared. Since completion of transmission works are expected to synchronize with CoDs of generation projects, due to delays in execution of generation projects or lift irrigation schemes of the department of I&CAD, several problems do arise. It may lead to deferring execution of works in the middle, resulting in cost escalation, including interest during construction. Such burdens are being proposed to be imposed on the consumers under true-up claims, unjustifiably. TGTRANSCO has avoided its response to our query that it has to explain the items for which it could not incur expenditure permitted by the Commission and whether the purpose which the said expenditure was permitted was really required and served or not in maintaining its network. Higher capital expenditure and lesser capitalization have to be examined in the light of these implications.

3.3.9 The contention of TGTRANSCO that some of the schemes proposed for 2023-24 could not be taken up, since some other projects had to be taken up as per field exigencies indicates lop-sided planning. If there was delay in supply of materials due to lock-down restrictions imposed during the period of Covid-19, it should be confined to that period. For subsequent periods of the 4th control period when no such restrictions were imposed, the question of cascading effects of the said restrictions does not arise. TGTRANSCO has pointed out that works based on deposit contribution of the department of irrigation and command area development will be executed as per its request shows that time schedules of the works keep changing and that there has been no certainty, as well as stability, in the projections made for the control period. The projections have simply been desultory. The stakeholder has questioned on the increase in capital expenditure when for 2023-24, progress of some of the works was slow because of payments pending from I&CAD.

Petitioner's Replies

3.3.10 Certain expenditure components like depreciation, Taxes and Interest charges have not been incurred in FY 2023-24 to the extent permitted by the Commission in tariff order, since the company has comparatively lower asset capitalization (i.e. 9,325.23crs.) during the 4th control period from FY 2019-

20 to FY 2023-24 as against approved capitalization (i.e. Rs. 16,988.07 crs) for the same period on account of delay in completion of certain major projects like Dameracherla – YTPP. Accordingly, depreciation, taxes and interest expenditure has decreased than the expenditure permitted by the Commission in the tariff order.

3.3.11 The Capital expenditure approved for FY 2023-24 is Rs.1397.91 Crores. The actual expenditure incurred is Rs.1461.04 Crores. The Capitalization approved for FY 2023-24 is 4864.66 Crores and actuals as per audited accounts is 1267.60 Crores.

3.3.12 The Annual Tariff Petition for 4th Multi Year Tariff control period from FY 2019-20 to FY 2023-24 was filed on 30.11.2019. Some of the 220/132 kV schemes proposed for FY 2023-24 in the MYT ARR could not be taken up since, some other projects had to be taken up as per field exigencies. Few of the schemes from them may be taken up in the future.

3.3.13 Lock down restrictions due to Covid-19 second wave in 2021 has resulted in delay in supply of material due to restrictions in vehicle movement from other states to Telangana which had cascading effects in the works during the 4th control period.

3.3.14 The Lift Irrigation Schemes / PRLIS works are Deposit Contribution works and the consumer is I & CAD. Works will be executed as per the request of Irrigation & CAD department (Govt. of Telangana).

3.3.15 Capitalization of expenditure for FY 23-24 decreased as the progress of Additional 1 TMC works and 2 TMC works (Yacharam Thanda, New Manchippa and Manchippa) and other PRLIS works (Narlapur SS, Yedula SS, Vattem SS & Uddandapur SS) were slow due to pending payments from I & CAD department.

3.3.16 The Capitalization approved for FY:2023-24 is 4864.66 Crores and actuals as per audited accounts is 1267.60 Crores. The major schemes responsible for drastic fall are given below :

(Rs. In Crores)

Description of the Scheme	**Proposed Capitalisation for FY 2023-24**	**Actual Capitalisation for FY 2023-24**	**Variation**
Palamuru Rangareddy LIS (PRLIS)	1,901.00	287.12	-1,613.88
KTPP system Improvement Scheme	312.00	88.84	-223.16
Yadadri Thermal Power (5x800MW) Evacuation Scheme	1,677.55	82.41	-1,595.14
Total	**3,890.55**	**458.37**	**-3,432.18**

Commission's Analysis and Findings

3.3.17 The Commission has recorded the reasons submitted by the Petitioner/TGTRANSCO, the reasons for delay in Capitalisation of Palamuru Rangareddy LI Scheme on account of delay in payment of charges by I&CAD. The Commission has observed that capitalization as per audited accounts for FY 2023-24 is Rs. 1246.34 Crores. Considering that the actual capitalization is lower than the capitalization approved in the MYT Order, the Commission has approved Rs. 1246.34 Crores towards capitalization for FY 2023-24 as given in table below:

Table 3.1: Capitalization claimed and approved for FY 2023-24

(Rs. in crores)

Particulars	**Approved in the MYT Order dated: 20.03.2020**	**Claimed**	**Approved**
Capitalization	4864.66	1246.34	1246.34

3.4 OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Claim

3.4.1 The Petitioner has submitted that the transmission system of TGTransco as of March 31, 2024 consists of 7221 Circuit kMs of 400 kV lines, 10117 Circuit kms of 220 kV lines, 12771 Circuit kMs of 132 kV lines, 28 Nos. 400 kV sub-stations, 104 Nos. 220 kV sub-stations and 253 Nos. 132 kV sub-stations.

3.4.2 The petitioner has claimed O&M expenses of Rs.1136.05 Crores for FY 2023-24 as against the approved normative expenses of Rs.1020.53 Crores in MYT order dated 20.03.2020.

Stakeholder's Submissions

3.4.3 TRANSCO has shown an increase of Rs.127.83 Crores (10.67%) in O&M expenditure compared to what the Commission determined for 2023-24. It reflects elements of profligacy. In fact, O&M expenditure should have decreased due to other decreases substantially. TGTRANSCO has requested the Commission to allow actual O&M expenditure as per its audited accounts for the FY 2023-24 against the expenditure determined in the MYT order. As per applicable regulations and parameters, the Commission has been determining permissible expenditures for the items approved in the MYT orders, after considering submissions of the licensees. The licensees are expected to incur permitted expenditure prudently. Without justifying additional expenditure, seeking its approval on the simplistic and implied proposition that the expenditure is incurred, it is shown in the audited accounts, and, therefore, it should be permitted, is questionable and impermissible. Audited accounts reflect the expenditure incurred, but do not, ipso facto, provide justification, if the additional expenditure is impermissible. TGTRANSCO has not submitted the audited accounts for 2023-24, along with its subject petitions.

Petitioner's Replies

3.4.4 The O&M expenditure as per Tariff Order is an estimated amount computed based on O&M approved norms (as per no. of bays and line length in circuit kms), whereas, the petitioner has submitted the actual O&M cost as per audited accounts of FY 2023-24.

3.4.5 Further, the gross O&M expenditure approved in tariff order for FY 2023-24 of Rs. 1197.51 Crores. did not factor in the pay revision that was implemented from 2022-23 and actuarial valuation provision towards terminal benefits of the employees. Therefore, the increase in O&M expenses can be majorly attributable to increase in employee cost due to above mentioned factors.

3.4.6 Further to the above, the audited annual accounts of the company for FY 2023-24 was already submitted along with the subject petitions. However, hardcopy of the same is forwarded to the stakeholder.

Commission's Analysis and Findings

3.4.7 The details of the transmission network claimed by the Petitioner as shown below:

Table 3.2: Details of Transmission Network claimed for FY 2023-24

Sl.No.	Particulars	Claim
A	**Lines (Ckt kM)**	
1.	400 kV	7220.60
2.	220 kV	10116.88
3.	132 kV	12771.19
	Total	**30108.68**
B.	**Bays (Nos.)**	
1.	400 kV	394
2.	220 kV	906
3.	132 kV	2032
	Total	**3332**

3.4.8 The Commission has observed that the petitioner has claimed O&M Expenses as per audited accounts for FY 2023-24 and the increase in O&M Expenses is on account of increase in employee expenses due to pay scale revision in FY 2022-23 and terminal benefits. The relevant extract of audited accounts of FY 2023-24 of TGTransco is as follows:

"21.1 The net defined benefits obligation towards Pension and Gratuity in respect of employees who are on roll as on 31.01.1999 lies with the Company and Master Trust in the ratio of 26:74. Accordingly, Company has obtained Actuarial Valuation reports and provided the liability in the books of accounts.

21.2 The expenditure accounted towards Leave encashment and Gratuity of employees joined after 31.01.1999 are accounted as per the actuarial valuation Reports. However, the actual contribution to Trusts towards Pension & Gratuity in respect of the employees appointed prior to 01.02.1999 was paid @33.15% and Contribution towards Gratuity in respect of employees appointed after 01.02.1999 was paid @6.08% on Pay plus D.A.

21.3 During the year Company has provided the liability towards terminal benefits (including Gratuity to Artisans) as per the Actuarial Valuation reports in the books of accounts by adapting maximum Gratuity Ceiling of Rs.16.00 lakh to GPF Employees as per TOO No 1623 dated

20.04.2023 (GOMs. No.56, Dt. 11.06.2021) and Rs.20.00 lakh in respect of EPF Employees and Artisans as per Gratuity Act, 1972.

21.4 Company has provided the Short-term medical liability as per Actuarial Valuation.

21.5 During the year Company has given Pay Revision to Employees and Artisans @7% of their existing Basic pay w e f. 01.04.2022 vide TOO Ms. No.1637 dt. 28.04.2023 and TOO.Ms. No 1633 dt. 2.704.2023 respectively. Due to which there is an increase in Employee cost by 13.37% in Basic Pay, 58.72% in HRA and 27.78% in other allowances.

3.4.9 Clause 10.4 of Regulation No. 5 of 2005 stipulates O&M Expenses as controllable factor. The Commission has considered the actual transmission Lines (ckt km) and Bays (No.) submitted by the Petitioner in its revised submissions for recomputing the normative O&M expenses for FY 2023-24.

3.4.10 The effect of pay revision for FY 2022-23 is not considered in arriving at the normative parameters approved for FY 2022-23 in MYT order. The petitioner has submitted that the Pay revision was rolled out in FY 2022-23 for employees. The impact of pay revision was considered in the APR of FY 2022-23. The base values of normative parameters i.e., Rs. /Bay and Rs. /CKM were derived by dividing the trued up O&M expenditure of FY 2022-23 approved in the APR order with actual transmission line length and bays.

3.4.11 The base O&M expenses/bay and base O&M expenses/CKM for FY 2022-23 were escalated with escalation factor of 3.51% as per MYT order to arrive at the O&M expenses/bay and base O&M expenses/CKM for FY 2023-24. The base O&M expenses/bay and base O&M expenses/CKM for FY 2023-24 were multiplied with the actual bays and line length(CKM) to arrive at the normative O&M expenses for FY 2023-24 which works out to be Rs 1194.24 Crores.

3.4.12 The Commission has approved the lower of recomputed normative O&M expenses and the actual expenses claimed by the petitioner. The O&M expenses claimed by the Petitioner, the recomputed O&M expenses and those approved by the Commission are shown in the Table below:

Table 3.3: O&M expenses claimed and approved for FY 2023-24

(Rs. in Crores)

Particulars	Approved in MYT Order dated 20.03.2020	Claimed	Recomputed Normative O&M Expenses	Approved
Employee Expenses		1198.42		1198.42
R&M expenses	1197.51	49.82	1383.53	49.82
A&G expenses		77.09		77.09
Capitalized expenses	176.98	189.28	189.28	189.28
Net O&M expenses	**1020.53**	**1136.05**	**1194.24**	**1136.05**

3.5 DEPRECIATION

Petitioner's Claim

3.5.1 The Petitioner has claimed depreciation of Rs. 1073.34 Crores against Rs. 1378.79 Crores approved by the Commission for FY 2023-24 in the MYT order.

Stakeholder's Submissions

3.5.2 There is a huge deviation in RoCE amount from the approved valued in MYT to an extent of Rs. -581.60 Crores. on the one hand. On the other hand, it was observed that the decrease in the deprecation amount claimed is not comparable as such. Hence, depreciation may be allowed after prudent check.

Petitioner's Replies

3.5.3 The decrease in RoCE is majorly due to asset capitalisation of Rs. 9,325.23 Crores for the 4th control period (i.e. from FY 2019-20 to FY 2023- 24) as against approved capitalization of Rs. 16,988.07 Crores on account of delay in completion of certain major projects. Accordingly, actual depreciation has also been decreased.

Commission's Analysis and Findings

3.5.4 As regards depreciation, Clause 15 of the Regulation No.5 of 2005 stipulates as under:

" 15 *DEPRECIATION*

Depreciation shall be computed in the following manner:

15.1 For each year of control period, depreciation shall be calculated on the *amount of Original Cost of the Fixed Assets included in the RRB at the beginning of each year of control period:*

Provided that depreciation on assets funded by consumer/user contributions or through any capital subsidy/grant etc shall not be allowed in the revenue requirement of the Transmission Licensee.

15.2 Depreciation allowance for each year of control period shall be determined, generally based on the methodology, rates and other terms as decided by CERC from time to time.

15.3 Depreciation shall be charged from the 1st April of the following year from the date the asset is put to use."

3.5.5 The Petitioner has claimed that the depreciation was calculated considering the rates of depreciation as notified in CERC (Terms and Conditions of Tariff) Regulations, 2019. The closing value of GFA of FY 2022-23 approved in APR Order dated 07.06.2024 has been considered as opening value of fixed assets of FY 2023-24. The Commission has computed the depreciation considering the approved opening GFA for FY 2023-24 and depreciation rate as per Regulation. The depreciation claimed and approved for FY 2023-24 is as shown in the Table below:

Table 3.4: Depreciation claimed and approved for FY 2023-24

(Rs. In Crores)

Particulars	Approved in the MYT Order dated 20.03.2020	Claimed	Approved
Depreciation	1378.79	1073.34	1071.73

3.6 REGULATED RATE BASE (RRB)

Petitioner's Claim

3.6.1 The Petitioner has claimed the Regulated Rate Base (RRB) of Rs. 11123.35 Crores as against Rs. 16225.85 Crores approved by the Commission for FY 2023-24 in MYT order.

Commission's Analysis and Findings

3.6.2 The Commission has approved the RRB for FY 2023-24 in accordance with the provisions of Regulation No.5 of 2005. The Commission has considered the closing balance of GFA, accumulated depreciation and consumer contribution for FY 2022-23 approved in the APR Order dated 07.06.2024 as opening balance of GFA, accumulated depreciation and consumer contribution for FY 2023-24.

3.6.3 The approved capitalisation during the year has been considered as investments capitalised. The actual consumer contributions received during the year as per audited accounts has been considered. The depreciation for FY 2023-24 has been considered as approved at Table 3.4. The working capital requirement for computation of RRB for FY 2023-24 has been considered as equivalent to 45 days of approved net O&M expenses as per Regulation 5 of 2005.

3.6.4 The RRB claimed and approved for FY 2023-24 is as shown in the Table below:

Table 3.5: RRB claimed and approved for FY 2023-24

(Rs. in Crores)

Particulars	Approved in MYT Order dated 20.03.2020	Claimed	Approved
Original Cost of Fixed Assets at the beginning of the year	26441.55	22900.11	22865.70
Accumulated Depreciation at the beginning of the year	8214.77	7927.01	7890.42
Grant/Consumer Contribution at the beginning of the year	3036.97	3769.01	3736.46
Change in Rate Base			
Investments capitalised during the year	4864.66	1246.34	1246.34
Depreciation during the year	1378.79	1073.34	1071.73
Grant/Consumer Contribution addition during the year	1665.43	614.59	614.59
Change in Rate Base	**910.22**	-220.79	-219.99
Working Capital			
Working Capital	**125.82**	140.06	139.68
Regulated Rate Base for RoCE	**16225.85**	**11123.35**	**11158.51**

3.7 WEIGHTED AVERAGE COST OF CAPITAL

Petitioner's Claim

3.7.1 The petitioner has claimed the Weighted Average Cost of Capital (WACC) of 10.65% as against 10.89% approved by the Commission for FY 2023-24 in MYT order.

Commission's Analysis and Findings

3.7.2 The Commission has approved WACC for FY 2023-24 in accordance with the provisions of the Regulation No.5 of 2005. The Debt Equity ratio has been considered as 75:25, the same as approved in the MYT Order. From the actual loan balances and interest submitted by the Petitioner, the Commission has worked out the cost of debt for FY 2023-24 as 10.66% against the claim of 10.65%. The Commission has considered the cost of equity as 14%, same as that approved in the MYT Order.

3.7.3 The Weighted Average Cost of Capital (WACC) claimed and approved for FY 2023-24 is as shown in the Table below:

Table 3.6: WACC claimed and approved for FY 2023-24

Particulars	Approved in the MYT Order dated 20.03.2020	Claimed	Approved
Debt	75%	75%	75%
Equity	25%	25%	25%
Debt equity ratio	3	3	3
Cost of debt	9.85%	9.54%	9.54%
Cost of equity	14.00%	14.00%	14.00%
WACC	10.89%	10.65%	10.66%

3.8 RETURN ON CAPITAL EMPLOYED

Petitioner's Claim

3.8.1 The petitioner has claimed Return on Capital Employed (RoCE) of Rs.1184.99 Crores as against Rs. 1766.59 Crores approved by the Commission for FY 2023-24 approved in MYT order.

Commission's Analysis and Findings

3.8.2 The Commission has approved RoCE for FY 2023-24 considering the approved RRB and WACC as above. The RoCE claimed and approved for FY 2023-24 is shown in the Table below:

Table 3.7: Return on Capital Employed claimed and approved for FY 2023-24

(Rs. in crores)

Particulars	Approved in MYT Order dated 20.03.2020	Claimed in the Petition	Approved
Original Cost of Fixed Assets at the beginning of the year	26441.55	22900.11	22865.70
Accumulated Depreciation at the beginning of the year	8214.77	7927.01	7890.42

Grant/Consumer Contribution at the beginning of the year	3036.97	3769.01	3736.46
Change in Rate Base			
Investments capitalised during the year	4864.66	1246.34	1246.34
Depreciation during the year	1378.79	1073.34	1071.73
Grant/Consumer Contribution addition during the year	1665.43	614.59	614.59
Change in Rate Base	**910.22**	-220.79	-219.99
Working Capital			
Working Capital	**125.82**	140.06	139.68
Regulated Rate Base for RoCE	**16225.85**	**11123.35**	**11158.51**
Weighted Average Cost of Capital	10.89%	10.65%	10.66%
Return on Capital Employed	**1766.59**	**1184.99**	**1189.12**

3.9 TAXES ON INCOME

Petitioner's Claim

3.9.1 The petitioner has claimed the taxes on income of Rs.82.42 Crores as against Rs.120.23 Crores approved by the Commission for FY 2023-24 in MYT order.

Stakeholder's Submissions

3.9.2 The Commission is requested to allow Rs.39.72 crores paid by TGTRANSCO as Income Tax on profits for the FY 2023-24 as per the Income Tax Return, U/s 115JB of the Income Tax Act, 1961 in accordance with the MAT provisions.

Petitioner's Replies

3.9.3 The Commission is requested to consider the observation of the stakeholder as the same is actually paid by the Company and submitted the copy of ITR filed in supporting the claim for FY 2023-24.

3.9.4 The Petitioner further requested to consider the Income Tax of Rs.41.12 Crores actually paid by TGTRANSCO for FY 2022-23 and claimed in True up Filings vide (iii) b. “Taxes on Income for FY 2022-23” of current filings. A copy of ITR in supporting of the same is already submitted to the Commission.

Commission's Analysis and Findings

3.9.5 As regards Taxes on Income, Clause 16 of the Regulation No.5 of 2005 stipulates as under:

"16. Taxes on Income

16.1 Taxes on Income, if any, on the income stream of the licensed business of the Transmission Licensee shall be treated as an expense and shall be recoverable through ARR.

16.2 Taxes on Income actually payable and paid shall be included in the ARR, limited, however, to tax on Return on Equity component of the Return on Capital Employed, and excluding tax on profit, if any, in excess of such return "(arising out of any reason, including efficiency of the Transmission Licensee or any explicit incentive provided in the ARR), penalties, interest on delayed payment of tax etc., and duly adjusted for any refunds, etc. received for the previous periods.

16.3 Tax incidence on income arising out of true-up of cost adjustments of previous year(s) due to un-controllable factors shall also be considered as pass-through, on actual basis, provided the tax. so claimed and that already allowed for the year (s) which the true-up relates does not exceed the overall ceiling specified in clause 16.2 adjusted against the tax already provided in the previous year(s)."

3.9.6 It is observed that, as per the income tax acknowledgment submitted by the Petitioner, the income tax paid by the petitioner for FY 2023-24 is Rs. 39.72 Crores. Therefore, the Commission approved taxes on income of Rs. 39.72 Crores for FY 2023-24.

Table 3.8: Tax on Income claimed and approved for FY 2023-24

(Rs. in Crores)

Particulars	Approved in the MYT Order dated 20.03.2020	Claimed	Approved
Taxes on Income	120.23	82.42	39.72

3.10 NON-TARIFF INCOME

Petitioner's Claim

3.10.1 The Petitioner has claimed Non-Tariff Income (NTI) of Rs. 440.69 Crores as against Rs.477.71 Crores approved by the Commission for FY 2023-24 in MYT order.

Stakeholder's submissions

3.10.2 The stakeholder has submitted that TGTRANSCO has claimed a decrease in Non-Tariff Income (NTI) without providing clarification for the reduction in its filings. The Commission may consider allowing the NTI after conducting a prudent review.

Petitioner's Replies

3.10.3 The interest on loans & advances to TGDISCOMs for an amount of Rs.170.91 Crores. has been reduced from Interest & Finance charges (Expenditure side) and as well as from Non-Tariff Income (Income side) as such there is no financial impact on ARR. These loans are being availed for providing financial assistance to TG DISCOMs as Inter Corporate Deposits (ICDs).

Commission's Analysis and Findings

3.10.4 The details of NTI as per audited accounts is as shown in table below:

Table 3.9: Non-Tariff Income as per audited accounts for FY 2023-24

(Rs. in Crores)

Particulars	As per Audited Accounts
Supervision charges	116.20
Contributions & amortisation towards depreciation on LIS and Other than LIS Assets	257.29
Registration fees	0.63
Operating and maintenance/annual maintenance charges	5.32
Interest on staff loans and advances	1.24
Interest on Income Tax refund	2.30
Income from investments in bonds and fixed deposits	9.02
Income from sale of scrap	4.78
Gain on fair value changes - investments classified at FVTPL	2.04
Fines and penalties collected	30.69
Interest on investments under contingency reserve	-1.05
Income from Lease rentals	12.01
Miscellaneous receipts	0.51
Total Non-Tariff Income	**440.98**

3.10.5 The Commission has scrutinized the audited accounts of the Petitioner and approved the NTI for FY 2023-24. The NTI claimed and approved is as shown in the Table below:

Table 3.10: Non-Tariff Income claimed and approved for FY 2023-24

(Rs. in Crores)

Particulars	Approved in the MYT Order dated 20.03.2020	Claimed	Approved
Non-Tariff Income	477.71	440.69	440.98

3.11 AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24

Petitioner's Claim

3.11.1 The petitioner has claimed the net Aggregate Revenue Requirement of Rs.3917.49 Crores for FY 2023-24 as against Rs.4763.85 Crores approved in MYT Order.

Commission's Analysis and Findings

3.11.2 Based on the above analysis, the Aggregate Revenue Requirement approved by the Commission for FY 2023-24 is as shown in the Table below:

Table 3.11: Aggregate Revenue Requirement claimed and approved for FY 2023-24

(Rs. in Crores)

Particulars	Approved in MYT Order dated 20.03.2020	Claimed	Approved
Net O&M expenses	1020.53	1136.05	1136.05
Return on Capital Employed	1766.59	1184.99	1189.12
Depreciation	1378.79	1073.34	1071.73
Taxes on Income	120.23	82.42	39.72
Gross ARR	4286.14	3476.80	3436.62
Less: Non-Tariff Income	477.71	440.69	440.98
Net ARR	**3808.43**	**3036.11**	**2995.64**

3.12 REVENUE FOR FY 2023-24

Petitioner's Claim

3.12.1 The Following is the revenue for FY 2023-24 claimed by the petitioner

Table 3.12: Revenue claimed for FY 2023-24

(Rs. in Crores)

Particulars	MYT Order	Claimed	Deviation
Revenue from Transmission Charges	3808.43	4117.68	309.25
Other Income	477.71	440.69	-37.02
Total:	**4286.14**	**4558.37**	**272.23**

3.12.2 The net increase in revenue of Rs. 272.23 Crores is due to revenue from inter-state transmission Charges (ISTS) of Rs. 265.58 Crores approved by CERC.

Stakeholder's submissions

3.12.3 The stakeholder has submitted that the petitioner has stated that one of the reasons for net increase in revenue of TGTRANSCO for 2023-24 is revenue from ISTS charges of Rs.265.58 Crores approved by CERC. The licensee has not explained how it could get revenue from ISTS charges, which accrue to PGCIL. The stakeholder has raised a query whether ISTS charges paid earlier to PGCIL is a refund as per questionable GNA-ISTS order given by CERC, which was revised, after it is challenged in an appeal filed by some of the TGDISCOMs in the southern region, and after the order on the appeal given by APTEL.

Petitioner's Replies

3.12.4 The Yearly Transmission Charges(YTC) are shared amongst the users of ISTS system as per (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020. The Yearly Transmission Charges are determined by the CERC as per the CERC (Terms and Conditions of Tariff) Regulations applicable for the period.

3.12.5 The petitioner files the Tariff petition for determination of YTC for the 41 nos. inter-state lines owned by it, for every control period.

3.12.6 The CTUIL (erstwhile PGCIL) is responsible for raising transmission bills, collection and disbursement of monthly transmission charges to ISTS transmission licensees. An amount of Rs. 265.58 Crores. was received during FY 2023-24 towards ISTS charges.

Commission's Analysis and Findings

3.12.7 The Commission has taken note of the submissions of stakeholder and of the petitioner and the Revenue from ISTS charges is considered in the Revenue approved for FY 2023-24.

Table 3.13: Revenue claimed and approved for FY 2023-24

(Rs. in Crores)

Particulars	Approved in MYT Order dated: 20.03.2020	Claimed	Approved
Revenue from Transmission Charges	3808.43	4117.68	4117.68

3.13 SUMMARY OF ANNUAL PERFORMANCE REVIEW

Petitioner's Claim

3.13.1 The Petitioner has claimed the revenue surplus of Rs.1081.56 Crores for FY 2023-24.

Commission's Analysis and Findings

3.13.2 Based on the approved ARR and revenue for FY 2023-24, the total revenue gap/(surplus) approved by the Commission is as shown in the Table below:

Table 3.14: Revenue gap/(surplus) claimed and approved for FY 2023-24

(Rs. in Crores)

Particulars	Approved in MYT Order dated: 20.03.2020	Claimed	Approved
Net ARR	3808.43	3036.12	2995.64
Revenue from Transmission Charges	3808.43	4117.68	4117.68
Revenue Gap/(Surplus)	**0.00**	**(1081.56)**	**(1122.04)**

3.13.3 As against the revenue surplus of Rs. 1081.56 Crores claimed for FY 2023-24 by the Petitioner, the Commission has approved the revenue surplus of Rs.1122.04 Crores.

3.14 OBSERVATIONS ON AUDITED ACCOUNTS

Stakeholder's submissions

3.14.1 There are certain unidentified amounts/balances migrated from IFS Accounting Software to SAP accounting software amounting to Rs.3559.55 Lakhs which needs to be identified and reconciled from the date of migration, i.e., 31.08.2016. The impact, if any, on the accounts is not ascertained.

3.14.2 Company has not provided the details of CWIP Ageing w.r.t Cost run and time over run in the financial statements as required under sch III of Companies Act 2013.

3.14.3 The Company has not made fair value of other non-current financial liabilities of Rs.52,025.47 Lakhs (Refer note 14.1) and some of the staff loans/advances to the extent of Rs.28.02 Lakhs (Refer Note 3) as per Ind AS 109 - Financial Instruments. The likely impact, if any, on adjustments relating to fair value was not ascertainable.

3.14.4 In respect of security deposits from suppliers of Rs.2152.04 Lakhs, retention money from suppliers of Rs.48301.09 Lakhs and security deposit-operating charges of Rs,1572.33 Lakhs, the company has not classified into current and non-current portion as per Schedule III to the Companies Act, 2013. Further the likely impact, if any, on adjustments relating to fair value was not ascertainable.

3.14.5 The company is of the view that the provision and disclosures are required only to the extent of their share of 26% of the Pension & Gratuity obligation in respect of employees on rolls as on 31.01.1999, as per the actuarial valuation, Master trust is contributing 74% of the obligation which in turn is being paid by way of floating interest on the bonds issued by AP Genco to match proportionate outflows on account of pension & gratuity obligations of their share. However, the disclosure is not in accordance with the requirements of Ind AS 19.

3.14.6 Company is receiving grants from Central govt. towards PSDF schemes and are accounted as Liability till conditions specified in grant are met. Subsequently, on meeting the conditions, the company is amortizing such liability as income over a period of 15 years, instead of amortizing on systematic basis over the useful life of the asset which is not in compliance with IND AS 20.

3.14.7 In our opinion and based on the information and explanations provided to us, the company has a policy of continuous physical verification of inventory. However, we observed that these verifications have not been conducted at the regular intervals as envisaged by the policy. Consequently, we are unable to confirm whether all discrepancies, if any, between the physical inventory and the book of records have been identified and appropriately dealt with in the financial statements.

Petitioner's Replies

3.14.8 The impact of observations made by the Auditors on annual accounts FY 2023-24 does not have impact on determination of Aggregate Revenue Requirement.

Commission's Analysis and Findings

3.14.9 The Commission has taken note of the submissions made by the stakeholders and reply furnished by the Petitioner.

3.15 CAPITALIZATION DURING 4TH CONTROL PERIOD

Stakeholder's submissions

3.15.1 TRANSCO has contended that decrease in capitalization during the 4th control period by Rs.7662.84 Crores or 45.11% against capitalization approved in MYT order is due to delay in completion of certain major projects like Dameracherla-YTPP. A marginal variation can be understood, but such a vast variation over a period of five years shows how unrealistic the projections and their requirements have been.

Petitioner's Replies

3.15.2 There is drastic decrease in the Capitalisation for FY:2023-24 vis-à-vis the approved values is due to delay in completion of projects. The major reasons for delay in the projects are as here under :

1. 400 KV works :
   a) KTPP (400/220/132 KV) SS (ERC approved scheme value 454.23 Cr/ 312.12 Cr 23-24)
   b) Yadadri evacuation scheme :

   400 KV Damercharla SS & 400 KV Choutuppal SS and connection Lines. (ERC approved value 2354.35 Cr / 1677.55 Cr).
2. For 220 & 132 KV works : The reasons for delay are mostly due to ROW problems, Forest clearance and GHMC permissions.

   The Lift Irrigation Schemes / PRLIS works are Deposit Contribution works and the consumer is I & CAD. Works will be executed as per the request of Irrigation & CAD department (Govt. of Telangana). The time schedules for Lift Irrigation works are changing due to delay in I&CAD pump house works, Rehabilitation & relocation of residents before handing over of site, ROW (right of way) issues at sub-station site etc.

Commission's Analysis and Findings

3.15.3 The Commission has taken note of the objections raised by the stakeholder in respect of inordinate delay in completion of the projects. This Commission has also is of the view that on account of delays in execution of the projects , the cost of the project may likely to go up and the Commission while taking note of the reasons submitted by TGTransco for delay in execution of the projects directs to strictly adhere to the timelines in execution of the projects.

3.16 TAXES ON INCOME FOR FY 2022-23

Petitioner's claim

3.16.1 The Petitioner has submitted the following in respect to claim of Taxes on Income for FY 2022-23:

i) The Commission has passed APR Order for FY 2022-23 on 07.06.2024 vide. O.P.No.2 of 2024 in respect of Transmission Business and approved Revenue surplus of Rs.579.05 Crores as against Revenue surplus of Rs.252.33 Crores filed by TGTRANSCO based on audited values of FY 2022-23 and the Commission has not allowed "Taxes on Income" paid by the petitioner stating that, the actual income tax paid for FY 2022-23 is nil for current year as per audited account for FY 2022-23.

ii) As against APR orders passed by the Commission vide O.P.No.2 of 2024, dt.07.06.2024 as per clause-32 of Regulation No.2 of 2015, the petitioner has filed a review petition in accordance with clause 16.2 of the Regulation No.5 of 2005 before the Commission vide O.P. No.2 of 2024 dated, 22nd July, 2024 stating that, "During the Financial year 2022-23 the petitioner has paid income tax of Rs.41,11,82,472/- as per Income Tax Return under section 115JB of Income Tax Act 1961 as Minimum Alternative Tax and the same will be available for adjusting against Tax payables in the future years. Hence, the same was taken as asset in the Audited Books of Accounts. Therefore, in Profit and Loss Account statement as per Audited Books the Tax paid for the year is shown as "Nil".

iii) Consequently, the Commission vide R.P.No.3 of 2024 dated, 18^{th} October, 2024 has disposed the Review Petition without considering the above claim on the reason that, the Licensee has not submitted the documents while filing the "Annual Performance Review Petition" for FY 2022-23 filed during December,2023. The Commission further at Para (11) of the Review Petition Order stated that, "it does not restrict the petitioner from claiming the said amount in appropriate proceedings setting out the proper evidence in support of the claim and the way forward in treating the amount in the subsequent control period".

iv) In this connection, petitioner has submitted the following documents in proof of payment of income tax for an amount of Rs.41.12 Crores for the FY 2022-23 as per Income Tax Returns filed.

   d) ITR Filings of FY 2022-23 in support of income tax payable and actual payment.
   e) Copies of challan towards advance tax paid by the Company
   f) Form 26 AS towards TDS payments made against Company Revenues.

v) In view of the above, the Commission is prayed to consider the actual Income Tax amount of Rs.41.12 Crores for FY 2022-23 and adjust the same in the total true-up amount to be approved for the next Control Period.

Stakeholder's Submissions

3.16.2 The Commission has considered the claim of income tax of Rs.41.12. Crores for FY 2022-23 on verification of the supporting documents submitted by the petitioner as part of end control period review of 4th control period.

3.16.3 While considering the claim of TGTRANSCO for deferred income tax, the Commission is requested to consider the observation of the auditors that "deferred tax asset of Rs.11,501 Lakhs allocated to the Company by APTRANSCO on demerger towards employee terminal benefits is not reassessed using the present enacted tax rates at the end of the reported period, pending receipt of necessary details from APTRANSCO.

Petitioner's Replies

3.16.4 The Commission has disallowed Rs.41.12 Crores of taxes on income for FY 2022-23 vide R.P.03 of 2024 dt. 18.10.2024 even though the company has submitted supporting documents such as Income Tax Return, 26AS statement and advance tax payment challans.

3.16.5 Further, the company has claimed the actual income tax paid of Rs. 41.12 Crores. For FY 2022-23 in current filings in accordance with Para (11) of the Review Petition Order and in compliance with clause 16.1 of regulation 5 of 2005.

3.16.6 The Commission is requested to consider the actual Income Tax amount of

Rs.41.12 Crores paid for FY 2022-23 and adjust the same in the total true-up amount to be approved for 4th Control Period.

3.16.7 Deferred tax asset towards terminal benefits is allotted on demerger of Rs. 11501 lakhs and reassessment of this asset does not have any impact on computation of transmission charges.

Commission's Analysis and Findings

3.16.8 The Commission in order dated 18.10.2024 in R.P.03 of 2024 has disallowed Rs.41.12 Crores towards income tax for FY 2022-23 stating the following:

"Para 11: In these circumstances and for the reasons set out in the preceding paragraphs, the review petitioner has not laid out any case for reviewing the order passed by the Commission in O.P.No.2 of 2024. However, it does not restrict the petitioner from claiming the said amount in appropriate proceedings setting out the proper evidence in support of the claim and the way forward in treating the amount in the subsequent control period."

3.16.9 The Commission has verified the documentary evidence submitted towards the claim of Rs.41.12 Crores towards income tax for FY 2022-23 and finds it prudent to allow the same in the end of control period true up. The details are as given in table below:

Table 3.15: Taxes on Income claimed and approved for FY 2022-23

(Rs. in Crores)

Particulars	Claimed	Approved
Taxes on Income	41.12	41.12

3.17 TRUE UP/ DOWN AFTER END OF 4TH CONTROL PERIOD WITH CARRYING COST

Petitioner's Claim

3.17.1 As per the earlier APR orders issued by the Commission for FY 2019-20, FY 2020-21, FY 2021-22 & FY 2022-23 and as per the Annual Audited Accounts for FY2023-24, the Petitioner has claimed an overall revenue Surplus of Rs. 1608.87 Crores as pass on to 5th Control Period. The Petitioner's claim is as shown below:

Table 3.16: Revenue gap/(Surplus) claimed for 4th Control Period

(Rs. in Crores)

Sl.No.	Financial Year	Particulars	Amount
1	2019-20	Revenue gap as per APR order dated 02.09.2021	64.88
2	2020-21	Revenue surplus as per APR order dated 07.04.2022	(173.94)
3	2021-22	Revenue gap as per APR order dated 26.05.2023	160.80
4	2022-23	Revenue surplus as per APR order dated 07.06.2024	(579.05)
5	2023-24	Revenue surplus (as per filings)	(1081.56)
Total			**(1608.87)**

Stakeholder's Submissions

3.17.2 During the 4th control period, TRANSCO has shown deficit for two years - Rs.64.86 Crores for 2019-20 and Rs.160.80 Crores for 2021-22 – and surplus for three years – Rs.173.94 Crores for 2020-21, Rs.579.05 Crores for 2022-23 and Rs.1081.56 Crores for 2023-24. TGTRANSCO has requested the Commission to consider actual income tax of Rs.41.12 Crores for 2022-23 and adjust it under true-up for next control period. It may be considered on submission of proof and permissibility. TGTRANSCO has requested the Commission to permit adjustment of the amount under true down for the 4th control period and pass on the balance to the consumers.

3.17.3 Projection and determination of inflated ARR and tariffs in the MYT order is leading to imposing avoidable higher burdens on the consumers, with licensees collecting more revenue than what is actually due to them.

3.17.4 While true-up is being allowed annually, true-down is being allowed after end of the control period. As a result, the consumers are being denied refund of the amount due under true-down annually. The licensees are being allowed to retain the true-down amounts with them till the Commission determines true-down after completion of the control period. No interest is being allowed on the true-down amounts. Since adjustment of true-up/true down is between TGTRANSCO and the TGDISCOMs for transmission business, and within the TGDISCOM for distribution business, the amount due to be passed on to the consumers under true-down is not being shown and adjusted in their bills for retail supply of power.

3.17.5 Adjustment of the amount due under true-down after completion of the control period in the ARR of TGTRANSCO/TGDISCOM transmission/distribution business does not benefit the consumers directly. On the other hand, such an adjustment again results in frontloading the tariff to the extent the amount due under true-down is adjusted accordingly.

3.17.6 Such an adjustment would lead to old consumers to whom the amount of true-down is to be refunded, cross-subsidising a part of it to new consumers for whom transmission charges would apply during the FY concerned. It is unfair. The Commission is requested to consider the arrangement suggested by amending the applicable regulations appropriately, if necessary, to ensure fairness and do justice to the consumers at large.

3.17.7 Adjusting amounts due under true-down for transmission and distribution business in their ARR for the 1st year of the next control period would lead to reduction of ARR and revenue gap for retail supply business of the DISCOMs. In this way, need for subsidy from the government comes down to that extent in advance. Transmission and distribution tariffs are being factored into ARR of the TGDISCOMs for their retail supply business. If amounts due under true-down for transmission and distribution business are adjusted annually, as suggested above the consumers do get benefit of subsidy fully, if the government decides to provide subsidy required to bridge the revenue gap determined by the Commission fully for ARR of the TGDISCOMs annually, with no increase in tariffs as well. How much subsidy and to which categories of consumers is to be provided is left to the discretion of the government.

3.17.8 The petitioner may be directed to either pay carrying costs to the TGDISCOMs for the delay in adjusting true-down claims or promptly repay the amount to the TGDISCOMs upon issuance of the orders on Transco's Annual Performance Review.

3.17.9 TGTRANSCO has pointed out that both true-up and true-down are being adjusted after completion of the control period only. It has further pointed out that, for the 3rd control period, the Commission approved a net surplus of Rs.520.51 Crores plus carrying cost at interest rate of 9.85% of Rs.25.64 Crores on the surplus and recovered a total of Rs.546.15 Crores as per applicable regulation.

3.17.10 Though true-up or true-down is being approved after completion of the control period, it is not an equitable arrangement, because, it has been true-down only, in practice.

3.17.11 Even for the second control period true-down was approved. For the 4th control period also, true-down is shown by TGTRANSCO. These trends confirm that true-down for control periods has been going on as a continuous phenomenon, that true-downs are not a result of efficiency improvement, but of inflated claims of the licensee as approved by the Commission.

3.17.12 How the true-down amount approved by the Commission after end of control period is being passed on to the consumers is a moot point that needs to be re-examined and decided by the Commission.

Petitioner's Replies

3.17.13 The petitioner has replied that both true-up and true-down are being adjusted after the completion of the control period only.

3.17.14 It is to submit that the Commission has approved a net surplus of Rs. 520.51 Crores for 3rd control period and has further charged carrying cost at interest rate of 9.85% p.a for Rs. 25.64 Crores on the surplus and recovered a total of Rs. 546.15 Crores as per clause 20.2 of the Regulation No. 5 of 2005. (See "Table 4-18: Recovery of approved surplus for 3rd control period" of tariff order for 4th control period). The Commission is requested to take a view on levying the carrying cost on true-down claims on the plea that, the TGDISCOMs are not paying any carrying cost/surcharge on delay in payment of Transmission Charges to TGTRANSCO.

3.17.15 Further the petitioner in public hearing has requested for waival of carrying cost to be levied on the Rs.1608.87 Crores of True down (surplus) amount for the 4th control period since the above adjustment has been proposed to be made in single year instead of spreading out to multiple years.

3.17.16 The Commission is prayed to take a view as per the regulation. However, the entire true-down amount of the control period is proposed to adjust in a single year (i.e. FY 2025-26) instead of multiple years. Hence, the Commission is prayed not to impose any carrying cost on the same.

Commission's Analysis and Findings

3.17.17 For the purpose of sharing of gains and losses with the consumers, as per Clause 10.7 of Regulation No.5 of 2005, aggregate gains/losses as a whole shall be determined and passed on to the consumers. The Cause 10.7 is extracted hereunder:

"For the purpose of sharing gains and losses with the users, only aggregate gains or losses for the control period as a whole will be considered. The Commission will review the gains and losses for each item of the ARR and make appropriate adjustments wherever required."

3.17.18 The Commission has issued APR orders for FY 2019-20 to FY 2022-23 and approved True up for FY 2023-24 at Table 3.14 above in this order. The summary of Revenue gap/(Surplus) for 4th Control Period is as shown below.

Table 3.17: Revenue gap/(Surplus) approved for 4th Control Period

(Rs. in Crores)

Sl.No.	Financial Year	Claimed	Approved
1	2019-20	64.88	64.88
2	2020-21	(173.94)	(173.94)
3	2021-22	160.80	160.80
4	2022-23	(579.05)	(579.05)
5	2023-24	(1081.56)	(1122.04)
6	Taxes on Income for FY 2022-23	-	41.12
Total		(1608.87)	(1608.23)

3.17.19 The Commission has approved the true down and pass on the gains Rs. 1608.23 Crores in FY 2025-26 without any carrying cost as it is to be passed in immediate financial year in terms of clause 10.7 of Regulation No. 5 of 2005.

REVISED ARR AND TARIFF FOR FY 2025-26

3.18 CAPITAL INVESTMENT PLAN AND CAPITALIZATION FOR FY 2025-26

Petitioner's claim

3.18.1 The petitioner has claimed the capital investment plan for FY 2025-26 as given in table below:

Table 3.18: Capital Investment Plan claimed for FY 2025-26

Rs.in crore

Sl. No.	Particulars	FY 2025-26		
		MYT Order dt 28.10.2024	Claimed	Variance
1	Opening Capital Works in Progress	2991.73	3,801.51	809.78
2	Capital Expenditure during the year	1,029.73	5,032.55	4002.82
3	Capitalisation during the year	1,769.60	7,120.66	5,351.06
4	Closing Capital Works in Progress	2,251.86	1,713.39	-538.47

Stakeholder's submissions

3.18.2 The stakeholder has submitted that the PPAs with 4 projects with a total capacity of 1001.11 MW expired during 2024 - TGGENCO's RTS-B 62.5 MW, Sembcorp Energy India Ltd. 570 MW, GVK extension 118.56 MW and GVK Gouthami 250.05 MW. Non-supply of power from Chattisgarh plant (1000 MW) is continuing. While a generation capacity of 3744 MW was added from YTPP of TGGENCO during 2024-25, only 4.60 MW of a solar plant is expected to be added during the next financial year. It is projected that, against availability of 106636.81 MU, total energy requirement of the TGDISCOMs at state periphery is expected to be 87564 MU during 2025-26. The projected availability of surplus power during the next FY is 19,073 MU, against a projected surplus of 12,696 MU during 2024-25. Against a contracted capacity of 23545 MW for 2025-26, TGTRANSCO has proposed a revised transmission tariff of Rs.73.64 per kw per month. While the contracted capacity of 13958 MW is shown by both the TGDISCOMs for their distribution business for the FY 2025-26, contracted transmission capacity of TGTRANSCO is higher by 40.71%. While transmission capacity contracted for the next financial year for open access is 129.75 MW only, the remaining capacity might be above 33 kV level. TGTRANSCO has to make it clear whether the contracted capacity for its transmission business for

2025-26 includes the projected hefty surplus power also. The total contracted transmission capacity for 2024-25 is 23545 MW. In other words, contracted transmission capacity for 2025-26 has increased by 4.40% only. However, capital expenditure (including interest during construction and O&M expenditure capitalized) during 2025-26 is revised to increase to Rs. 5032.55 Crores from the permitted Rs.1029.73 Crores, i.e., by Rs.4002.82 Crores or 388.73%. Similarly, capitalization of expenditure is revised to increase to Rs.7120.66 Crores from the permitted Rs.1769.60 Crores, i.e., by Rs.5351.06 Crores or 302.39%. Such abnormal increases in one FY confirm that TGTRANSCO could not take up the works permitted in the previous years, execute and capitalize them in time, thereby not meeting intended requirements for maintaining and strengthening transmission network. As a result of such avoidable delay, interest during the construction, and even approved costs, must have been escalated. We request the Commission to subject them to prudence check and examine the permissibility or otherwise of the additional expenditure, including additional interest during the period of delay. Compared to increase in contracted transmission capacity by just 4.40%, whether the revised increases of capital expenditure of Rs.5032.55 Crores and capitalization of Rs.7120.66 Crores during the FY 2025-26 alone is required, justified and permissible or not need to be examined.

3.18.3 If transmission (as well as distribution) capacity is added, covering the huge surplus power also, the additional network capacities remain unutilized or under-utilised, to the extent they cannot be put to use otherwise. If transmission (as well as distribution) capacities remain unutilized or under-utilised, and if transmission (as well as distribution) charges are collected, to that extent, avoidable burdens would be imposed on the consumers. Similar would be the situation, if demand for power turns out to be considerably less than what is projected and determined in the MYT order during the FY concerned. Therefore, a realistic balance between demand, procurement of power and addition of transmission and distribution needs to be maintained to the extent technically possible.

3.18.4 TGTRANSCO has to submit the details of works executed during the 4th control period and the current FY and proposed to be executed for the next financial year with the contributions of the department of I&CAD and such other consumers, if any, the expenditures incurred or to be incurred work-wise and scheme-wise.

3.18.5 For works taken up with the contribution of consumers, that amount should not be included in the total capital expenditure of TGTRANSCO. Such contributions should not be taken into account for working out and determining aggregate revenue requirement of TGTRANSCO.

3.18.6 For determining transmission charges, expenditures incurred for such works executed with contributions of consumers should not be taken into account. If not, it gives undue benefit to TGTRANSCO in the form of claiming depreciation charges for such works also and collecting higher transmission charges from all the consumers covered under its transmission system.

3.18.7 Transmission charges for consumers, who have not contributed any amounts, and for consumers, who have contributed amounts, should be worked out and determined, separately, taking relevant factors into account.

3.18.8 The stakeholder has enquired about the ownership of the transmission infrastructure developed with the contributions being made by consumers like I&CAD. Details of the agreement, as well as arrangement, between TGTRANSCO and I&CAD for adjustment of the contributions being made by the latter and transmission charges to be collected by TGTRANSCO shall be provided.

3.18.9 For schemes of I&CAD, power is not required throughout the day and year, as it depends on availability and requirement of water. It is to be clarified whether transmission capacity created with the contributions of I&CAD is being used for other consumers, when the former is not using it. Also clarify on the transmission charges being collected from I&CAD and other consumers for the transmission network created with the contributions of the department of I&CAD.

3.18.10 The Commission is requested to deduct contributions made by I&CAD and such other consumers, who contributed contributions, from the capital expenditure incurred and capitalization achieved by TGTRANSCO for the 4th control period, as well as from capital expenditure and ARR projected for

FY 2025-26, and reassess ARR and tariffs. It will result in increase in surplus to be trued up for the 4th control period and reduction in ARR and tariffs proposed for 2025-26. In this connection it may be noted that, in the audited accounts for 2023-24, TGTRANSCO's auditors pointed out that "The company has capitalized Lift Irrigation schemes including assets pertaining to deposit contribution works pertaining to Consumers i.e., beyond terminal and metering arrangement. The Company has not identified and segregated the assets capitalized under deposit contribution works. The impact on the accounts is not ascertainable."

Petitioner's Replies

3.18.11 The Generation Contracted capacity filed by the petitioner for FY2025-26 is 23545 MW which includes Open Access capacity of 129.754 MW. As can be seen from the TGDISCOM Retail Supply Business filing for FY 2025-26 they have filed a generation contracted capacity of 23797 MW. Hence, there is a difference of 383 MW.

3.18.12 The PPAs with the Generators are entered by the TGDISCOMs and not TGTRANSCO. However, in the Resource Plan Approval Order, the TGERC has communicated the energy requirement, energy availability and energy surplus/deficit for the 5th Control Period and 6th Control Periods as approved by the Commission in Business Plan Order of State Distribution Licensees for the 5th and 6th Control Period as applicable /approved figures.

3.18.13 The resource plan was filed in August 2023. The Commission has considered the Capital Investment Plan as approved in the Resource Plan Order dated 29.12.2023 for FY 2024-25 to FY 2028-29. Thereafter, the transmission capital expansion plan has been revised to strengthen the existing network for providing quality & reliable power to the consumers to meet the high demand expected for the summer of 2025-26 based on the high demand experienced during hot summer in 2024-25.

3.18.14 Capital expenditure (1.1d) and capitalization statements for FY 2023-24 and projected expenditure for FY 2025-26 are already submitted in the filings.

3.18.15 The total capital expenditure of the company includes capital projects of TGTRANSCO and also projects for which financial support received for development of Consumer Contribution assets, Deposit Works. However, the assets funded by TGTRANSCO are only considered for computation of Aggregate Revenue Requirement during 4th control period. The same method is followed for ARR computation for 5th control period as per regulation 2 of 2023.

3.18.16 As per regulation 5 of 2005, while computing Regulated Rate Base (RRB) to arrive at Return on Capital Employed (RoCE), the value of assets pertaining to Consumer Contribution (including I&CAD works) are deducted from total asset base of the company. Further, depreciation expenditure w.r.t consumer contribution assets is adjusted against the amortisation of consumer contribution towards these assets as income resulting in zero impact on ARR claim.

3.18.17 Since the consumer contribution amounts (incl. I&CAD) and the assets pertaining to consumer contribution are excluded (as explained above) in computation of transmission charges, the need for determination of transmission tariff separately for consumers who have contributed amounts and for those who have not contributed amounts does not arise.

3.18.18 The infrastructure developed by TGTRANSCO beyond the metering point is for the consumer (i.e. I&CAD) and belongs to I&CAD dept. However, O&M of all such infrastructure is carried out by TGTRANSCO.

3.18.19 As TGTRANSCO owns the transmission line upto the metering point for I&CAD works, the same can be used by TGTRANSCO as per grid / system requirements.

3.18.20 TGDIDCOMs collect Energy Charges from I & CAD department which includes transmission charges. TGTRANSCO does not collect any transmission charges from I&CAD.

3.18.21 Transmission Charges are paid by TGDISCOMs to TGTRANSCO based on their approved Generation Contracted Capacities (MW). In addition to this, for Open Access transactions, Transmission Charges are levied on either generators or consumers, whoever enters into Open Access agreements with TGTRANSCO.

Commission's Analysis and Findings

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

"7. Capital Investment Plan

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

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

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

- *Brief outline of the different components that constitute it and the salient features of the scheme;*
- *The objectives of the scheme and justification for taking it up along with quantification of the objectives;*
- *A comprehensive sketch / single line diagrams of the proposed work, grid maps of relevant areas where the scheme is proposed to be executed;*
- *Detailed cost estimates for each item of work covered by the scheme;*
- *The scheme shall be supported by the results of the load flow study, or any other appropriate tools/techniques employed by the Licensee to simulate the impact of the scheme on network performance. The results of the load flow shall be provided for each year up to a period of five years from the date of commissioning of the scheme;*
- *Financing plan supported by documents related to administrative approval, financial tie-up etc;*
- *Phasing of expenditure quarter wise for each work/module, supported with details of corresponding sources of funding;*
- *PERT/CPM chart detailing the activities involved in project execution*
  highlighting the anticipated constraints, if any;
- *Methodology of evaluation and measurement of the benefits accruing out of the investment; Cost benefit analysis;*
- *Physical benefits of the scheme;*
- *Financial benefits of the scheme supported by detailed calculations to demonstrate the payback period of the investment;"*

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

3.18.24 Further, Clause 70 of Regulation No.2 of 2023 details the provisions specifically related to transmission Capital Investment Plan, requirements and necessary documents to be submitted before the Commission for approval of Capital Investment Plan. The relevant para of Clause 70 is extracted below:

"70.1 The transmission licensee shall submit a detailed capital investment plan, financing plan and physical targets for each year of the control period for strengthening and augmentation of the intra-State transmission system of the Transmission Licensee, meeting the requirement of load growth, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multiyear Aggregate Revenue Requirement for the entire control period.

70.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value exceeding Rupees ten crore or such other amount as may be stipulated from time to time, and shall be in such form as may be stipulated.

70.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of bays, name, configuration and location of grid substations, substation capacity (MVA), transmission line length (circuit kilometres) showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the transmission charges."

3.18.25 The Commission has observed that the Petitioner in their present Petition has claimed capital expenditure of Rs.5032.55 Crores against Rs.1,029.73 Crores approved in MYT order and capitalization for an amount of Rs. 7,120.66 Crores against Rs. 1,769.60 Crores approved in the MYT order. As part of additional information, the petitioner was asked to submit the reasons for the variance. The petitioner in its reply submitted that the variance from approved capital expenditure and capitalization is mainly due to anticipated increase in high demand in FY 2024-25.

3.18.26 After analysis of the current status of line loadings, PTR loadings and voltage pattern submitted by TGSLDC,the Commission finds that the petitioner has not complied with Clause 70.3 of Regulation No.2 of 2023 and has not submitted the complete details of the schemes proposed as part of Capital

Investment Plan for FY 2025-26. Further, the information submitted is not accompanied by documents as may be required including but not limited to as number of bays, name, configuration and location of grid substations, substation capacity (MVA), transmission line length (circuit kilo meters) showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the transmission charges. Also, the petitioner has failed to provide the appropriate justification for variance from that approved in MYT order. Therefore, the Commission has considered the Capital Investment Plan and capitalization for FY 2025-26 as approved in MYT order.

Table 3.19: Capital Investment Plan claimed and approved for FY 2025-26

(Rs.in crores)

Particulars	Claimed	Approved
Capital Expenditure	**5,032.55**	**1,029.73**

3.18.27 For determination of capitalization for FY 2025-26, the Commission has considered the same percentage of opening CWIP and capital expenditure as approved in the MYT order. Accordingly, the Commission has approved Rs.1769.60 Crores towards capitalization for FY 2025-26 as follows:

Table 3.20:Additional Capitalisation claimed and approved for FY 2025-26

(Rs.in crores)

Particulars	Claimed	Approved
Capitalization during the year	**7,120.66**	1,769.60

3.19 OPERATION & MAINTENANCE EXPENSES

Petitioner's claim

3.19.1 Clause 71.1 of Regulation No.2 of 2023 is reproduced below:

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

i) Employee cost including unfunded past liabilities of pension and gratuity;

ii) Repairs and Maintenance (R&M) expenses; and

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

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

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

Where,

i. $O\&M_n$ – Operation and Maintenance expense for the n^{th} year;

ii. EMP_n – Employee Costs for the n^{th} year;

iii. $R\&M_n$ – Repair and Maintenance Costs for the n^{th} year;

iv. $A\&G_n$ – Administrative and General Costs for the n^{th} year;

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

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

$R\&M_n = K \times (GFA_n) \times (WPI\ Inflation)$ *and*

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

Where,

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

Provided that the employee cost and A&G expenses ***for the first year of the Control Period*** *shall be worked out considering the average of the 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."

3.19.2 The O&M Expenses claimed by the petitioner for FY 2025-26 are as follows:

Table 3.21: O&M Expenses claimed for FY 2025-26

(Rs.in crores)

Sl. No.	**Particulars**	**FY 2025-26**		
		MYT Order dt 28.10.2024	**Claimed**	**Variance**
1	Employee Expenses	1,188.66	1,116.82	-71.84
2	A&G Expenses	67.97	88.92	20.95
3	R&M Expenses	120.56	97.67	-22.89
Total O&M Expenses		1,377.19	1,303.41	-73.78

- *Employee cost*: The Employee cost has been computed by considering FY 2024-25 as base year and duly escalating at the rate of 5.20% (monthly average of CPI Inflation for FY 2023-24) for FY 2025-26.
- *Administrative and General (A&G) Expenses*: Admin & General (A&G)

expenses has been computed by considering FY 2024-25 as base year and duly escalating at the rate of 7.4% (average inflation from FY 2019-20 to FY 2023-24) for FY 2025-26.

- *Repairs & Maintenance (R&M) expenses*: Repairs and Maintenance (R&M) has been computed as per the regulation No.2 of 2023, where K factor 0.34% is arrived by dividing R&M expenses with Opening GFA of the respective year from FY 2019-20 to FY 2023-24 and duly escalating with WPI Inflation at the rate of 7.4%.
  - Where, K factor is the average % of R&M expenses on Opening GFA from FY 2019-20 to FY 2023-24 worked out to 0.34%.
  - WPI Inflation is considered as average inflation from FY 2019-20 to FY 2023-24, and arrived at 7.4%.
  - K factor for FY 2025-26 is worked out to 0.37%.

Commission's Analysis and Findings

Employee Cost

3.19.3 In accordance with proviso of Clause 71.3 of Regulation No.2 of 2023, the Commission has recomputed the Employee cost for FY 2024-25, by escalating the trued-up expenses of FY 2023-24 with CPI inflation factor of 5.79% approved in MYT order. Further the employee cost of FY 2024-25 has been escalated with CPI inflation factor of 5.79% approved in MYT order to arrive at Employee cost of FY 2025-26. The normative employee cost computed for FY 2025-26 is shown below:

Table 3.22: Normative Employee Cost computed for FY 2025-26

(Rs.in Crores)

Employee Cost for FY 2024-25	CPI Inflation	Employee Cost for FY 2025-26
(a)	**(b)**	**a*(1+b)**
1267.82	5.79%	**1341.23**

A&G Expenses

3.19.4 In accordance with proviso of clause 71.3 of Regulation No.2 of 2023, the Commission has recomputed the A&G expenses for FY 2024-25, by escalating the trued-up expenses of FY 2023-24 with WPI of 4.93% as approved in MYT order. Further A&G expenses for FY 2025-26 were computed by escalating the A&G expenses of FY 2024-25 with WPI of 4.93%

as approved in MYT order. The details of computed A&G Expenses for FY 2025-26 is as shown in table below:

Table 3.23: Normative A&G Expenses computed for FY 2025-26

(Rs.in Crores)

A&G Expenses for FY 2024-25	WPI Inflation	A&G Expenses for FY 2025-26
(a)	**(b)**	**a*(1+b)**
80.89	4.93%	84.88

R&M Expenses

3.19.5 The Commission has considered the K factor of 0.38% and WPI inflation factor of 4.93% as approved in MYT Order dated 28.10.2024. The normative R&M Expenses of FY 2025-26 is computed by multiplying the opening GFA for FY 2025-26 with K factor and WPI inflation factor. The details of computed R&M Expenses for FY 2025-26 are shown in table below:

Table 3.24: Normative R&M Expenses computed for FY 2025-26

(Rs.in Crores)

K	Opening GFA	WPI Inflation	R & M Expenses
(a)	**(b)**	**(c)**	**a*b*(1+c)**
0.38%	26459.51	4.93%	106.13

3.19.6 Based on the above Employee Cost, A&G Expenses and R&M Expenses computed on normative basis, the O&M Expenses approved for FY 2025-26 is as shown below:

Table 3.25: O&M expenses claimed and approved for FY 2025-26

(Rs.in Crores)

Particular	MYT Order dt 28.10.2024	Claimed	Approved
Employee costs	1188.66	1326.30	1341.23
A&G Expenses	67.97	88.92	84.88
R&M Expenses	120.56	97.67	106.13
O&M Expenses	**1377.19**	**1512.89**	**1532.24**

3.20 DEPRECIATION

Petitioner’s claim

3.20.1 The Petitioner has submitted that the depreciation is claimed in accordance with Clause 28 of Regulation 2 of 2023.

Table 3.26: Depreciation claimed for FY 2025-26

(Rs.in Crores)

Sl. No.	Asset Group	FY 2025-26		
		MYT Order dt 28.10.2024	Claimed	Variance
1.	*Land & land right*	863.33	-	57.57
2.	*Buildings*		25.07	
3.	*Other civil works*		16.58	
4.	*Plant and Machine*		416.75	
5.	*Lines & cable network*		437.72	
6.	*Vehicles*		0.56	
7.	*Furniture & Fixtures*		2.23	
8.	*Intangible assets*		3.00	
9.	*Office equipment*		18.98	
Total		**863.33**	**920.90**	**57.57**

- Depreciation for the Control period is calculated as per Clause 28 of Regulation No.2 of 2023:
  - Balance depreciable value as on 01.04.2024 has been considered as per books of accounts for FY 2023-24.
  - Further, for the additions for FY 2024-25 & FY 2025-26, depreciation is calculated as per the Clause 28 of Regulation No.2 of 2023 and Annexure I.

Commission's Analysis and Findings

3.20.2 Clause 28 of Regulation No.2 of 2023 specifies the provisions related to Depreciation. The relevant extract 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."

3.20.3 The Commission has observed that the Petitioner has computed the depreciation considering the projected additional capitalisation for FY 2024-25 & FY 2025-26.

3.20.4 The Commission has computed the depreciation based on approved GFA using straight line method and expected useful life specified in the Annexure-I of Regulation No.2 of 2023. Further, as per clause 28.4 the depreciation is computed separately for assets added up to 31.03.2024 and assets added on or after 01.04.2024 and summed up to derive the total deprecation for FY 2025-26.

3.20.5 The depreciation claimed and approved for FY 2025-26 is as follows:

Table 3.27: Net Depreciation claimed and approved for FY 2025-26

(Rs.in Crores)

Particulars	MYT Order dt 28.10.2024	Claimed	Approved
Gross Depreciation	1109.92	920.90	981.58
Amortization of Consumer Contributed Assets	246.58	336.38	209.04
Net Depreciation	863.33	584.51	772.54

3.21 INTEREST AND FINANCE CHARGES ON LOANS

Petitioner's claim

3.21.1 The Interest and Finance charges (I&FC) on Loans claimed by the Petitioner for FY 2025-26 is as follows:

Table 3.28: I&FC charges on Loan claimed for FY 2025-26

(Rs.in Crores)

Particulars	Amount
Opening Loan	9604.78
Additions during the year	4124.85
Repayment	584.51
Closing Loan	13145.12
Interest rate (%)	10.00%
Interest on loan	**1137.49**

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

Commission's Analysis and Findings

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

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

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

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

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

31.4 *Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.*

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.

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

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

31.7 *The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Deposit Works, Grants or Capital Subsidy.*

31.8 *The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check:*

Provided that the finance charges such as credit rating charges, collection facilities charges, financing cost of delayed payment surcharge, bank charges and other finance charges of similar nature shall be part of A&G expenses.

31.9 *The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and* *capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission based on the justification to be submitted by the Generating Company or Transmission Licensee or Distribution Licensee along with documentary evidence, as applicable:*

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the generating entity or the transmission licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission :

Provided also that the Commission may also take into consideration the impact of time overrun on the supply of electricity to the concerned Beneficiary.

31.10 The generating entity or the licensee or the SLDC, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1, subject to prudence check :

Provided that refinancing shall not be done if such refinancing including other costs associated with such refinancing results in net increase in interest:

Provided further that if refinancing is done and it results in net increase on interest, then the rate of interest shall be considered equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed:

Provided also that the re-financing shall not be subject to any conditions that are not in line with standard loan documents:

Provided also that the generating entity or the licensee or the SLDC, as the case may be, shall submit documentary evidence of the costs associated with such re-financing:

Provided also that the net savings in interest shall be computed after factoring all the terms and conditions, and based on the weighted average rate of interest of actual portfolio of loans taken from Banks and Financial Institutions recognised by the Reserve Bank of India, before and after re-financing of loans:

Provided also that the net savings in interest shall be calculated as an annuity for the term of the loan, and the annual net savings shall be shared between the entity and Beneficiaries in the specified ratio."

3.21.4 The Commission has derived the opening loan base for FY 2024-25 by considering approved gross GFA as on 01.04.2024 by netting of accumulated depreciation, consumer contribution & grants and debt equity ratio of 75 : 25. Further, to derive addition of loans during FY 2024-25 & FY 2025-26 ,in line with clause 27.1 of Regulation No.2 of 2023, the Commission has considered the normative Debt: Equity ratio of 75:25 on approved capitalization during the years after netting of consumer contributions and grants. The interest rate is considered as 10.00% as approved in MYT order dated 28.10.2024. The Interest & Finance Charges on Loan approved for FY 2025-26 is as shown in table below:

Table 3.29: Interest & Finance charges on Loan claimed and approved for FY 2025-26

(Rs.in Crores)

Particulars	**MYT Order dt 28.10.2024**	**Claimed**	**Approved**
Opening Loan	9780.67	9604.78	8227.73
Additions during the Year	1038.95	4124.85	1025.09
Repayment during the Year	863.33	584.51	772.54
Closing Loan	9956.29	13145.12	8480.28
Interest rate	10.00%	10.00%	10.00%
Interest on loan	**986.85**	**1137.49**	**835.40**

3.22 INTEREST ON WORKING CAPITAL FOR FY 2025-26

Petitioner's claim

3.22.1 The Interest on Working Capital (IoWC) claimed by the petitioner for FY 2025-26 is as follows:

Table 3.30: Interest on Working Capital claimed for FY 2025-26

(Rs.in Crores)

Particulars	**Amount**
O&M expenses	108.62
Maintenance spares	267.48
Receivables	454.86
Less:	-
Security Deposits	37.24
Total Working Capital requirement	**793.71**
Interest rate %	10.50
Interest on working capital	**83.34**

- The petitioner has claimed IoWC as per Clause 33.2 of Regulation No.2 of 2023.
- The Petitioner submitted that they considered One (1) month O&M expenses, maintenance spares @ 1% of the opening GFA for the year, receivables for 45 days minus amount held as security deposits, if any from transmission system users to derive the total working capital requirement.
- Further, the petitioner has considered rate of IoWC as 10.50%

considering 9.00% 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

3.22.2 The CERC has considered O&M expenses and interest on working capital only, to arrive at the transmission charges for the lines whose life is more than 25 years considering the useful life of transmission lines as 25 years. In view of the above the Commission is requested to adopt the same methodology for the intra state lines for which the life is more than 25 years and for the length of the line which is to be considered as intra state partially and partially inter state (for which CERC has already adopted the said methodology) for which the life is more than 25 years.

Petitioner's Replies

3.22.3 The petitioner has submitted to the Commission to consider the stakeholder submission basing on Regulations & Statistics.

Commission's Analysis and Findings

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

"33.2 Transmission

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

(i) Normative Operation and maintenance expenses for one (1) month;

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

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

minus

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

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

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

3.22.5 The Commission has computed the working capital requirement in accordance with Clause 33.2 of Regulation No.2 of 2023. It is observed that SBI MCLR as on date of filing is 9.00% same as the claim of petitioner. The interest rate considered for computation of IoWC is 10.50% (SBI MCLR 9.00% plus 150 basis points) in accordance with Clause 33.6 of Regulation No.2 of 2023. The IoWC approved for FY 2025-26 is as shown below:

Table 3.31: Interest on Working Capital claimed and approved for FY 2025-26

(Rs.in Crores)

Particulars	MYT Order dt 28.10.2024	Claimed	Approved
Normative O&M expenses for 1 Month	114.77	108.62	127.69
Maintenance spares as 1% of Opening GFA	300.56	267.48	264.60
Receivables equivalent to 45 days of ARR	421.90	454.86	425.24
Less:			
Security Deposits	32.58	37.24	32.58
Total Working Capital Requirement	**804.64**	**793.71**	**784.94**
Interest Rate on Working Capital	10.15%	10.50	10.50%
Interest on Working Capital	**81.67**	**83.34**	**82.42**

3.23 RETURN ON EQUITY (ROE)

Petitioner's claim

3.23.1 The Return on Equity claimed by the petitioner for FY 2025-26 is as follows:

Table 3.32: Return on Equity claimed by the Petitioner for FY 2025-26

(Rs.in Crores)

Particulars	Amount
Opening Equity Base	3,365.28
Capitalization during the year	5,499.80
Equity portion capitalization during FY	1,374.95
Closing Equity	4740.23
Rate of Return on Equity	14.00%
Effective Income Tax Rate	17.47%
Grossed up rate of Return on Equity	16.96%
Return on Equity	**687.51**

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

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

Stakeholder's submissions

3.23.2 The stakeholder has stated that while there is a decrease in expenses such as O&M expenses, depreciation, interest and finance charges on loans and interest on working capital, there is a significant increase in the Return on Equity (RoE) in the ARR for the FY 2024-25.

Petitioner's Replies

3.23.3 The Return on Equity for FY 2024-25 has been arrived as per methodology specified in regulation 2 of 2023 on Asset Base of the company. Further, the ARR for FY 2024-25 in ATP for FY 2025-26 has been projected based on 1st half actuals (up to 30th September 2024) and 2nd half estimates (Oct – Mar'25).

Commission's Analysis and Findings

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

"29. Return on Equity

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

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

… …

(d) Transmission Licensee: 14.00%;

Provided that in case of delay in submission of tariff/true-up filings by the generating entity or licensee or SLDC, as required under this Regulation, rate of RoE shall be reduced by 0.5% per month or part thereof.

… … .

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

(a) Return at the allowable rate as per this clause, applied on the amount of equity capital at the commencement of the Year; plus

(b) Return at the allowable rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable

capital cost, for the investments put to use in generation business or transmission business or distribution business or SLDC, for such Year.

30. Tax on Return on Equity

30.1 The Base rate of Return on Equity allowed under clause 29.2 shall be grossed up with the effective Income Tax rate of the respective entity for the respective financial year:

… …

30.2 Rate of pre-tax Return on Equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base Rate / (1-t);

Where

"Base Rate" is the rate of Base Return on Equity in accordance with clause 29.2;

"t" is the effective Income Tax rate in accordance with clause 30.1."

3.23.5 Equity: The Commission has derived the opening Equity base for FY 2024-25 by considered approved gross GFA as on 01.04.2024 by netting of accumulated depreciation, consumer contribution & grants and considering the debt equity ratio of 75 : 25. Further, to derive addition of equity during FY 2024-25 & FY 2025-26 ,in line with clause 27.1 of Regulation No.2 of 2023, the Commission has considered the normative Debt: Equity ratio of 75:25% on approved capitalization during the years after netting of consumer contributions and grants.

3.23.6 The Commission has considered the RoE as 14% as per the Regulation No.2 of 2023.

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

3.23.8 The MAT rate is considered after grossing up the base rate of RoE to derive the effective rate of Return on Equity. The Return on Equity approved for FY 2025-26 is as follows:

Table 3.33: Return on Equity claimed and approved for FY 2025-26

(Rs.in Crores)

Particulars	Claimed	Approved
Opening Equity	3,365.28	2,972.38
Addition during the Year	1,374.95	341.70
Closing Equity	4740.23	3,314.08
Base Rate of Return on Equity	14.00%	14.00%
Effective Tax Rate	17.47%	17.47%
Grossed up Rate of Return on Equity	16.96%	16.96%

Particulars	Claimed	Approved
Return on Equity	**687.51**	**533.20**

3.24 NON-TARIFF INCOME FOR FY 2025-26

Petitioner's claim

3.24.1 The Non-Tariff Income (NTI) claimed by the petitioner for FY 2025-26 is as follows:

Table 3.34: Non-Tariff Income claimed for FY 2025-26

(Rs.in Crores)

Particulars	Amount
Non-Tariff Income	443.27

- NTI includes interest income on staff loans and advances, income from investments, supervision charges, amortization of consumer grants, lease rentals, etc. on late payment charges.
- The petitioner based on the past trend has projected NTI for FY 2025-26.

Commission's Analysis and Findings

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

"72.2 The Non-Tariff Income shall include:
a) Income from rent of land or buildings;
b) Net income from sale of de-capitalised assets;
c) Income from sale of scrap;
d) Income from statutory investments;
e) Interest income on advances to suppliers/contractors;
f) Income from rental from staff quarters;
g) Income from rental from contractors;
h) Income from hire charges from contactors and others;
i) Supervision charges for capital works;
j) Any other Non-Tariff Income."

3.24.3 The amortization of consumer contributed assets of Rs.209.04 is not considered under NTI as the net depreciation excluding the amortization of consumer contributed assets is considered for ARR. The NTI approved for FY 2025-26 is as follows:

Table 3.35: Non-Tariff Income claimed and approved for FY 2025-26

(Rs.in Crores)

Particulars	MYT Order dt 28.10.2024	Claimed	Approved
Non-Tariff Income	515.70	443.27	306.66

3.25 IMPACT OF END OF CONTROL PERIOD TRUE UP

Petitioner's Submissions

3.25.1 The petitioner has proposed for adjustment of Rs.1608.87 Crores pertaining to end of control period true up of 4^{th} control period in FY 2025-26 as a special appropriation.

Stakeholder's submissions

3.25.2 TGTRANSCO has submitted a proposal for true down of Rs.1081.56 Crores for its transmission business for the FY 2023-24 and worked out a surplus of Rs.1608.87 Crores for the 4th control period. Except exceeding targets of reduction in transmission losses, the reasons given by TRANSCO for this surplus indicate that it is due to under-performance in terms of various factors. It also indicates that there is scope for improving its performance.

3.25.3 Against aggregate revenue requirement of Rs.4286.14 Crores for the FY 2023-24 determined by the Commission, TRANSCO has achieved Rs.4558.37 Crores. Compared to what was determined by the Commission in the MYT order, for the FY 2023-24, various items under expenditure have come down substantially - depreciation by Rs.305.45 Crores, taxes by Rs.37.81 Crores, net expenditure by Rs.227.73 Crores, cost of debt by Rs.403.01 Crores, regulated rate base by a whopping Rs.5102.50 Crores, return on equity by Rs.178.59 Crores and return on capital employed by Rs.581.60 Crores. At the same time, revenue from tariff has increased by Rs.309.25 Crores.

3.25.4 Further the stakeholder in the public hearing has stated that the evasive response or non-response of TGTRANSCO that our contention that the surplus for the 4th control period worked out by TGTRANSCO indicates that it is due to under-performance and that there is scope for improving its performance is a "submission to Commission" is amusing. Its reluctance to rebut or accept the point raised by us is indicative of lack of valid grounds to rebut our contention or willingness to recognize reality, as the case may be. Irrespective of the stand the Commission takes, it is a point pertaining to performance of TGTRANSCO, which cannot absolve itself of its responsibility.

Petitioner's Replies

3.25.5 TGTRANSCO will continuously endeavor to improve its performance and serve consumers better.

3.25.6 The True-down (Surplus) amount of 4th control period has been adjusted in Annual Tariff Petition FY 2025-26 as per the regulation. Making such adjustment has resulted in lower transmission tariff rate for FY 2025-26 in proposed petition of Rs. 73.64, as against approved tariff rate of Rs. 127.42. As such the true-down amount is proposed to pass on to the consumers in FY 2025-26.

Commission's Analysis and Findings

3.25.7 For the purpose of sharing of gains and losses with the consumers, as per Clause 10.7 of Regulation No.5 of 2005, aggregate gains/losses as a whole shall be determined and passed on to the consumers.

3.25.8 The petitioner has requested to approve the end control period true up/down and pass on the gains/losses to the consumers in FY 2025-26 under Special Appropriation.

3.25.9 On considering the petitioner as well as the stakeholders, the Commission has approved the true down of Rs.1608.23 Crores and pass on the gains in FY 2025-26.

3.26 ARR FOR TRANSMISSION BUSINESS FOR FY 2025-26

Petitioner's claim

3.26.1 The petitioner has claimed the ARR for FY 2025-26 as follows:

Table 3.36: ARR claimed for FY 2025-26

(Rs.in Crores)

Particulars	Amount
Operation & Maintenance Expenses	1303.41
Depreciation	920.9
Interest and finance charges on loan	1,137.49
Interest on Working Capital	83.34
Return on Equity	687.51
Less: Non-Tariff Income	443.27
Impact of true-up for Prior Period (Surplus)	-1608.87
Aggregate Revenue Requirement	**2080.50**

Commission's Analysis and Findings

3.26.2 Based on the above analysis, the Aggregate Revenue Requirement (ARR) approved for FY 2025-26 is as follows:

Table 3.37: ARR claimed and approved for FY 2025-26

(Rs.in Crores)

Particulars	Claimed	Approved
Operation & Maintenance Expenses	1303.41	1532.24
Depreciation	920.9	772.54
Interest and finance charges on loan	1,137.49	835.40
Interest on Working Capital	83.34	82.42
Return on Equity	687.51	533.20
Less: Non-Tariff Income	443.27	306.66
Impact of true-up for prior period	-1608.87	-1608.23
Aggregate Revenue Requirement	**2080.50**	**1840.91**

3.27 CONTRACTED CAPACITIES

Petitioner's claim

3.27.1 The petitioner has claimed the following contracted capacities (Generation Capacity in MW) for FY 2025-26.

Table 3.38: Generation Capacity claimed for FY 2025-26

Particulars	Capacity
Generation Capacity (MW)	23544.83

Stakeholder's submissions

3.27.2 Regarding imbalance between contracted capacity and higher capital expenditure and capitalization proposed for FY 2025-26, TGTRANSCO has stated that there is a difference of 383 MW between the contracted capacity filed by it of 23454 MW and 23797 MW filed by TGDISCOMs for the FY 2025-26. It has referred to the resource plan and business plan approved by the Commission for the 5th control period. It is obvious that the said plans are considered by the Commission on the basis of the projections made by the TGDISCOMs and TGTRANSCO. The question is not who is signing PPAs with generators. When the plans are prepared by the licensees and approved by the Commission, it is based on the presumption that such capacities for generation, transmission and distribution are required. Contrary to such projections and presumptions, ground reality is turning out to be different. In the face of projecting availability of an abnormal quantum of surplus power of 28,504 MU or 30% excess compared to projected requirement, whether the surplus capacity also is considered for expansion of transmission and distribution networks is the moot point. There is no answer from TGTRANSCO. TGTRANSCO has maintained that after the Commission approved capital investment plan and resource plan for the 5th control period in its order dated 29.12.2023, "the transmission capital expansion plan has been revised to strengthen the existing network for providing quality & reliable power to the consumers to meet high demand expected for the summer of 2025-26 based on the high demand experienced during hot summer in 2024-25." It is a sweeping observation, without any substantiation. In other words, TGTRANSCO is admitting that its network is deficient, despite the fact that nearly 30% of surplus power is projected to be available (with or without required transmission and distribution network?), with no additional generation capacity is being added during 2025-26, and no need for addition of generation capacity, and PPAs for a capacity of about 2000 MW being not in force. Against an increase of just 4.40% in contracted transmission capacity for 2025-26, is capital expenditure required to increase by 388.73% within a span of about one year from the date of the said order given by the Commission? For the year 2025-26, summer period confining to April, May and June or a part thereof, to what extent and when TGTRANSCO is going to strengthen its existing network and how much expenditure is required for it? The casual approach of TGTRANSCO in responding to the objections and queries shows that seriousness, inclination to recognize and tell the truth, what is right or wrong, how to correct the blunders committed, the lessons learnt or to be learnt from them and how to proceed in the right direction, and above all, its respect and accountability for regulatory process of the Commission, are found wanting.

3.27.3 The casual reply of TGTRANSCO that a realistic balance between demand, procurement of power and addition of transmission and distribution capacities needs to be maintained to the extent technically possible is that it is a "submission to Commission," as if it were not the responsibility of TGTRANSCO and TGDISCOMs.

Petitioner's Replies

3.27.4 The mission of TGTRANSCO & TGDISCOMs is to maintain reliable and uninterrupted power supply to the consumers. As such procurement of power by TGDISCOMs is influenced by many dynamic parameters such as peak demand, must run REs, obligated RE power (RPPO) as per MoP, GoI and climatic conditions. Mainly TGDISCOMs enter into PPAs to meet Peak Demand (MW). This results in surplus energy (MU) in certain time blocks / days/ months, which is inevitable.

3.27.5 Also, TGDISCOMs explore many possibilities for Sale of Surplus power by various modes such as Power Exchanges, banking of power with other State Utilities with complimentary seasonal loads etc.

3.27.6 The transmission network is developed as per the load requirements and generation evacuation needs of TGDISCOMs.

3.27.7 The resource plan was filed in August 2023 and approved on 29.12.2023. The TGERC has considered the same Capital Investment Plan as approved in the Resource Plan Order for FY:2024-25 to FY:2028-29.

3.27.8 Thereafter, the transmission capital expansion plan has been revised to strengthen the existing network for providing quality & reliable power to the consumers to meet the high demand expected for the summer of 2025-26 and after based on the high demand experienced during hot summer in 2024-25. The same were done based on the requests received from TGDISCOMs and to augment the transmission capacity when existing lines are overloaded.

3.27.9 The investment approval is obtained from TGERC for schemes whose cost is more the Rs. 50 Crores duly submitting the details in depth as required by TGERC MYT Regulation 2 of 2023.

3.27.10 TGTransco is all the time trying to meet the load requirements and generation evacuation needs of TGDISCOMs by establishing necessary network as well as improve the reliability and quality of supply by going in for system improvements and replacement of obsolete equipment.

Commission's Analysis and Findings

3.27.11 The Commission has considered the contracted capacity of 22351.33 MW by disallowing contracted capacity of 1193.50 MW due to the following reasons:

i. Disallowed the contracted capacity of 947.5 MW of Atal Bihari Vajpayee Thermal Power Plant as the power is not being scheduled.

ii. Reduced the capacity of 25.89 MW of RE-solar due to typographical error in petitioner's filing.

iii. The capacities of Central Generating Stations have been revised due to re allocation of contracted capacities as per the Petitioner's claim.

iv. The contracted capacity of 20 MW of Nizam Deccan Sugars is not considered as the plant is under shutdown.

v. The solar NLC capacity of 200 MW has not been considered as the expected date of commissioning of the solar plant is in Feb'2026.

The details of contracted capacities are given in Anneuxre-4.

3.27.12 Accordingly, the approved Generation Capacity for FY 2025-26 as shown in table below:

Table 3.39: Generation Capacity claimed and approved for FY 2025-26

Particulars	**Claimed**	**Approved**
Generation Capacity (MW)	23544.83	22351.33

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

3.28 TRANSMISSION LOSSES PROJECTED FOR FY 2025-26

Stakeholder's submissions

3.28.1 While TRANSCO achieved reduction of transmission losses to 2.30% for 2023-24, it has projected transmission losses of 2.48% plus or minus 0.2% for the current financial year and projected the same at 2.46% plus or minus 0.2% for the FY 2025-26. TGTRANSCO should try to maintain the level of transmission losses for FY 2025-26 at the lowest percentage already achieved, if not reducing them further.

Petitioner's Replies

3.28.2 The transmission losses targets have been dovetailed to the targets for the 4th CP. The losses will depend on the type of generation, distance of generation from loads etc. Having more Hydel generation tends to decrease the losses. Buying CGS power which gets injected at 400 KV and hence reduces losses. Moving more towards Solar / RE power in view of the Green Energy Policy of MoP, GoI will encourage distributed generation hiking losses considerably. In view of the above, it is better to go with the currently approved Loss Targets. However, TGTRANSCO will always endeavor to bring down the transmission losses.

Commission's Analysis and Findings

3.28.3 The Commission has considered the transmission losses for FY 2025-26 at 2.46% as per the transmission loss trajectory for 5th control period (FY 2023-

24 to FY 2028-29) specified in the resource plan and MYT orders. The Commission has also recorded the submissions of TGTransco that for FY 2025-26 the transmission losses might be 2.46% and directs to take to all efforts to see that the transmission losses are further reduced.

3.29 TRANSMISSION TARIFFS

Petitioner's claim

3.29.1 Based on the net ARR projections and Contracted Capacities of generating stations, the petitioner has claimed the Transmission Tariffs for FY 2025-26 as follows:

Table 3.40: Transmission Tariff claimed for FY 2025-26

Particulars	**FY 2025-26**
Aggregate Revenue Requirement (Rs.in Crores)	2080.50
Transmission Contracted Capacity (MW)	23544.83
Transmission Tariff for Long Term/Medium Term Users (Rs./KW/Month)	**73.64**
Transmission Tariff for Long Term/Medium Term Users (Rs./KW/Hr)	**0.10**

Commission's Analysis and Findings

3.29.2 The Commission has determined the transmission tariff payable by the long-term, medium-term users and short-term users of the transmission system in accordance with clause 74.1 & 74.2 of Regulation No.2 of 2023. The relevant extract of the Regulation is reproduced below:

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

TR = ARR ÷12 /TCC

Where,

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

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

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

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

TR = ARR ÷ number of hours in the year TCC

Where,

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

ARR = Aggregate Revenue Requirement as determined under clause 69.1;

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

3.29.3 In accordance with Clauses 74.1 & 74.2 of Regulation No.2 of 2023, the Commission has determined the Transmission Tariff based on the approved Aggregate Revenue Requirement (ARR) and Contracted Capacities of Generators for FY 2025-26 as follows:

Table 3.41: Transmission Tariff claimed and approved for FY 2025-26

Particulars	**Claimed**	**Approved**
Aggregate Revenue Requirement (Rs.in Cr.)	2080.50	**1840.91**
Transmission Contracted Capacity (MW)	23544.83	22351.33
Transmission Tariff for Long Term/Medium Term Users (Rs./kW/Month)	**73.64**	**68.64**
Transmission Tariff for Short-Term Users (Rs./kW/hr)	**0.10**	**0.09**

3.30 TRANSMISSION LOSSES

Petitioner's claim

3.30.1 The Petitioner has claimed the transmission loss for FY 2025-26 as follows:

Table 3.42: Transmission Losses claimed for FY 2025-26

Particulars	**2025-26**
Transmission Loss Range	2.46 (+/- 0.2)

Commission's Analysis and Findings

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

"76. Transmission Losses

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

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

3.30.3 The Commission has approved the transmission loss trajectory for 5th control period in the MYT order dated 28.10.2024. The Commission has considered the same for FY 2025-26 as follows:

Table 3.43: Transmission Losses claimed and approved for FY 2025-26

Particulars	Claimed	Approved
Transmission Losses (%)	2.46 (+/- 0.2)	2.46

Notes on Transmission Tariff:

i) The transmission licensee shall raise monthly bill for Intra-State Transmission Charges on every Transmission System User (TSU) on the first working day of the month for the Transmission Charges of preceding month.

ii) The monthly bill for transmission Tariff shall be payable within thirty days of receipt of bill by the TSUs.

iii) All TSUs shall ensure timely payment of Transmission Tariff to the transmission licensees.

iv) The transmission tariff as determined for FY 2024 - 2025 as part of 5th control period FY 2024 – FY 2025 to FY 2028 – FY 2029 will cease to be effective after 31.03.2025. Even prior to passing of the orders the ECI as per the proceedings dated 06.02.2025 has issued model code of conduct on account of biennial elections to Telangana Legislative Council from Hyderabad local authorities constituency.

v) In view of the model code of conduct and to avoid vacuum this Commission has felt it necessary to extend the subsisting tariff for transmission activity to be levied and collected by the TGTRANSCO in the state of Telangana, from 01.04.2025 until the orders are passed after receiving permission of the ECI or cessation of model code of conduct whichever is earlier.

vi) Accordingly, the Commission in exercise of powers conferred under section 94 (2) of the Act, 2003 read with section 28 of the Telangana Electricity Reform Act, 1998, has passed an interim orders in I.A.No. 1 of 2025 dated 28.03.2025 extending the tariff for transmission activity as determined by order dated 28.10.2024 in O. P. No. 14 of 2024 to be applicable from 01.04.2025 till a fresh order is passed by the Commission.

vii) The Transmission Tariffs determined for FY 2025-26 are applicable from 01.05.2025 to 31.03.2026.

This Order is corrected and signed on this the 29th day of April, 2025.

Sd/-
Dr. Justice Devaraju Nagarjun
Chairman

//CERTIFIED COPY//

Annexure-1
Public Notice

Appeared in SAKSHI and EENADU (Telugu) on 04.02.2025

గౌరవనీయ తెలంగాణ ఎలక్ట్రిసిటీ రెగ్యులేటరీ కమిషన్ సమక్షంలో

విద్యుత్ నియంత్రణ్ భవన్, జిటిఎస్ కాలనీ, కళ్యాణ్‌నగర్, హైదరాబాద్–500 045.

ట్రాన్స్‌మిషన్ కార్పొరేషన్ ఆఫ్ తెలంగాణ లిమిటెడ్ (TGTRANSCO)

బహిరంగ ప్రకటన

O.P.No. 19 of 2025 మరియు O.P.No. 20 of 2025

ట్రాన్స్‌మిషన్ కార్పొరేషన్ ఆఫ్ తెలంగాణ లిమిటెడ్ (టిజిట్రాన్స్‌కో) a) ట్రాన్స్‌మిషన్ బిజినెస్ కొరకు FY 2025-26 కొరకు ARR, ప్రతిపాదిత సవరించిన ట్రాన్స్‌మిషన్ టారిఫ్ మరియు ఛార్జీలు మరియు FY 2023-24 కొరకు ట్రూ అప్ b) SLDC కార్యకలాపాల కొరకు FY 2025-26 కొరకు ప్రతిపాదిత సవరించిన ARR & SLDC ఛార్జీలు మరియు FY 2023-24 కొరకు ట్రూ అప్ కొరకు తెలంగాణ ఎలక్ట్రిసిటీ రెగ్యులేటరీ కమిషన్ (TGERC) సమక్షంలో దాఖలు చేసినదని ఇందుమూలముగా అందరికీ తెలియజేయడమైనది. ఈ ఫైలింగ్స్‌ను వరుసగా O.P.No. 19 of 2025 (ట్రాన్స్‌మిషన్ బిజినెస్) మరియు O.P.No. 20 of 2025 (SLDC కార్యకలాపాలు) లో కమిషన్ ద్వారా రికార్డులోకి తీసుకోబడినవి.

ఈ ఫైలింగ్స్ కాపీలు చీఫ్ ఇంజనీర్ (Commercial & RAC), రూం నం. 149, 'ఎ' బ్లాక్, టిజి ట్రాన్స్‌కో, విద్యుత్ సౌధ, హైదరాబాద్ – 500 082 మరియు చీఫ్ ఇంజనీర్ / (మెట్రో జోన్, రూరల్ జోన్, కరీంనగర్ మరియు వరంగల్ జోన్) మరియు సూపరింటెండింగ్ ఇంజనీర్ / OMC / టిజి ట్రాన్స్‌కో (ఖమ్మం, నిజామాబాద్, ఆదిలాబాద్, కరీంనగర్, నల్గొండ, మహబూబ్‌నగర్, వరంగల్, మెట్రో ఈస్ట్, మెట్రో వెస్ట్, మెట్రో సెంట్రల్, హైదరాబాద్‌లో ఉన్న సంగారెడ్డి) కార్యాలయాలలో 04.02.2025 నుండి లభించును. ఆసక్తి గల వ్యక్తులు ఉచితంగా సదరు ఫైలింగ్స్‌ను సదరు కార్యాలయాల్లో ఎక్కడైనా కార్యాలయ పనివేళల్లో తనిఖీ చేసి / చదువుకోవలెను మరియు వాటిని గమనించవలెను. ఈ ప్రతిపాదనలు www.tgtransco.in లో కూడా లభిస్తాయి మరియు వాటిని www.tgerc.telangana.gov.in లో కూడా పొందవచ్చును. ఈ ఫైలింగ్స్ యొక్క కాపీలను పైన తెలిపిన కార్యాలయాల నుంచి నగదుగా ఫోటోకాపీయింగ్ ఛార్జీలు చెల్లించి పొందవచ్చును.

1. ఆధార మెటీరియల్‌తోపాటు సదరు ఫైలింగ్స్‌పై ఏవైనా అభ్యంతరాలు/ సూచనలను చీఫ్ ఇంజనీర్ (Commercial & RAC), రూం నం. 149, 'ఎ' బ్లాక్, టిజి ట్రాన్స్‌కో, విద్యుత్ సౌధ, హైదరాబాద్–500 082 వారికి స్వయంగా లేదా రిజిస్టర్డ్ పోస్టు ద్వారా 25.02.2025న లేదా అలోగా సా.5.00 గం. వరకు చేరే విధంగా పంపవలెను. దాని కాపీని పైన తెలిపిన చిరునామాలోని కమిషన్ సెక్రటరీ, TGERC వారికి కూడా తప్పక దాఖలు చేయాలి. అభ్యంతరాలు/ సూచనలను తగువిధంగా సంతకం చేసి మరియు అభ్యంతరాలు/ సూచనలను పంపే వ్యక్తుల పూర్తి పేరు, తపాలా చిరునామాతో ఉండాలి. అభ్యంతరాలు/ సూచనలు ఏదేని సంస్థ లేదా వినియోగదారుల కేటగిరీ తరపున దాఖలు చేస్తే, దానిని స్పష్టంగా పేర్కొనవలెను. అభ్యంతరాలు/ సూచనలతోపాటు దిగువ తెలిపిన స్టేట్‌మెంట్‌ను కూడా జతచేయాలి.

అభ్యంతరం తెలిపే వ్యక్తి పేరు మరియు పూర్తి చిరునామా	అభ్యంతరం(లు)/ సూచన(లు) సంక్షిప్త వివరాలు	టిజి ట్రాన్స్‌కో ద్వారా ఫైలింగ్స్‌పై అభ్యంతరాలు a) ట్రాన్స్‌మిషన్ బిజినెస్ కొరకు FY 2025-26 కొరకు ARR, ప్రతిపాదిత సవరించిన ట్రాన్స్‌మిషన్ టారిఫ్ మరియు ఛార్జీలు మరియు FY 2023-24 కొరకు ట్రూ అప్ b) SLDC కార్యకలాపాల కొరకు FY 2025-26 కొరకు ప్రతిపాదిత సవరించిన ARR & SLDC ఛార్జీలు మరియు FY 2023-24 కొరకు ట్రూ అప్ కొరకు	టిజి ట్రాన్స్‌కో ఆఫీసు వద్ద అభ్యంతరం కాపీ మరియు ఐక్నాలెడ్జ్‌మెంట్ ద్వారా రుజువు జత చేయబడింది (అవును/కాదు)	అభ్యంతరం తెలిపే వ్యక్తి స్వయంగా విన్నవించు కోదలిచారు (అవును/కాదు)

4. తెలంగాణ ఎలక్ట్రిసిటీ రెగ్యులేటరీ కమిషన్ 11.03.2025న ఉ. 10.30 గం. నుండి TGERC, విద్యుత్ నియంత్రణ్ భవన్, జిటిఎస్ కాలనీ, కళ్యాణ్‌నగర్, హైదరాబాద్ యొక్క కోర్టు హాలులో ప్రజాభిప్రాయ సేకరణ నిర్వహించాలని ఉద్దేశిస్తున్నది.

ప్రదేశం : హైదరాబాద్
తేది : 04.02.2025

సం/– ఛైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్,
టిజి ట్రాన్స్‌కో

షెడ్యూలు-I

1. ట్రాన్స్‌మిషన్ బిజినెస్ కొరకు FY 2023-24 కొరకు వార్షిక పనితీరు సమీక్ష (రూ.కోట్లలో)

వివరాలు	FY 2023-24		
	టారిఫ్ ఆర్డర్	అసలు	వ్యత్యాసం
ఖర్చు	2696.53	2481.10	-215.43
O&M వ్యయాలు	1197.51	1325.34	127.83
O&M నిర్వహణ వ్యయాలు	0.00	0.00	0.00
తరుగుదల	1378.79	1073.34	-305.45
పన్నులు	120.23	82.42	-37.81
ప్రత్యేక వినియోగం	0.00	0.00	0.00
ఇతర ఖర్చులు	0.00	0.00	0.00
మూలధనంగా పెట్టిన ఖర్చు	176.98	189.28	12.30
మూలధనంగా పెట్టిన O&M ఖర్చులు	176.98	189.28	12.30
నికర ఖర్చులు	2519.55	2291.82	-227.73
RoCE	1766.59	1184.99	-581.60
మొత్తం ARR	4286.14	3476.80	-809.34
నాన్-టారిఫ్ ఆదాయం	477.71	440.69	-37.02
టారిఫ్ నుండి ఆదాయం	3808.43	4117.68	309.25
మొత్తం ఆదాయం	4286.14	4558.37	272.23
మిగులు/(లోటు)	0.00	1081.56	1081.56

2. ట్రాన్స్‌మిషన్ బిజినెస్ కొరకు 4వ నియంత్రణ కాలం (FY 2019-20 to FY 2023-24) కొరకు ట్రూ అప్ ప్రభావం (రూ.కోట్లలో)

క్ర.సం.	ఆర్థిక సంవత్సరం	వివరాలు	వ్యయం
1	2019-20	APR ఆర్డర్ తేది 02.09.2021 ప్రకారం లోటు	(64.88)
2	2020-21	APR ఆర్డర్ తేది 07.04.2022 ప్రకారం మిగులు	173.94
3	2021-22	APR ఆర్డర్ తేది 26.05.2023 ప్రకారం లోటు	(160.80)
4	2022-23	APR ఆర్డర్ తేది 07.06.2024 ప్రకారం మిగులు (నోట్.1)	579.05
5	2023-24	మిగులు (ఆడిట్ చేయబడిన ఖాతాల ప్రకారం)	1081.56
		మొత్తం	1608.87

3. ట్రాన్స్‌మిషన్ బిజినెస్ కొరకు FY 2025-26 కొరకు సవరించిన సమగ్ర ఆదాయ అవశ్యకత (రూ.కోట్లలో)

క్ర.సం.	వివరాలు	FY 2025-26		
		MYT/ టారిఫ్ ఆర్డర్	ఆశించినది	వ్యత్యాసం
1	ఆపరేషన్ & నిర్వహణ ఖర్చులు	1,377.19	1,303.41	-73.78
2	తరుగుదల	863.33	920.9	57.57
3	రుణంపై వడ్డీ ఫైనాన్స్ చార్జీలు	986.85	1,137.49.	150.64
4	నిర్వహణ మూలధనంపై వడ్డీ	81.67	83.34	1.67
5	ఈక్విటీపై రాబడి	628.71	687.51	58.80
6.1	తగ్గింపు: నాన్-టారిఫ్ ఆదాయం	515.70	443.27	-72.43
6.2	ఓపెన్ యాక్సెస్ చార్జీల నుండి ఆదాయం		-	
6.3	ఇతర వ్యాపారం నుండి ఆదాయం		-	
7.1	తగ్గింపు: 4వ నియంత్రణ కాలం కొరకు వచ్చిన మిగులు ప్రభావం		1,608.87	1,608.87
	సమగ్ర ఆదాయ అవశ్యకత	3,422.05	2,080.50	-1,341.55

4. ట్రాన్స్‌మిషన్ బిజినెస్ కొరకు FY 2025-26 కొరకు ప్రతిపాదిత ట్రాన్స్‌మిషన్ టారిఫ్‌లు మరియు ట్రాన్స్‌మిషన్ నష్టాలు

వివరాలు	FY 2025-26 (n+1)
ట్రాన్స్‌మిషన్ బిజినెస్ కొరకు ARR (రూ.కోట్లలో)	2,080.50
ట్రాన్స్‌మిషన్ కాంట్రాక్టెడ్ కెపాసిటీ (MW)	23,544.83
ట్రాన్స్‌మిషన్ చార్జీలు (Rs/kW/month)	73.64
ఆశించిన ట్రాన్స్‌మిషన్ నష్టాలు (%లో)	2.46 (+/- 0.2)

5. SLDC బిజినెస్ కొరకు FY 2023-24 కొరకు వార్షిక పనితీరు సమీక్ష (రూ.కోట్లలో)

వివరాలు	FY 2023-24		
	టారిఫ్ ఆర్డర్	అసలు	వ్యత్యాసం
మొత్తం ఖర్చు	48.36	56.03	7.67
SLDC చార్జీల నుండి ఆదాయం	48.35	48.95	0.60
మిగులు/(లోటు)	-0.01	-7.08	-7.07

6. SLDC బిజినెస్ కొరకు 4వ నియంత్రణ కాలం (FY 2019-20 to FY 2023-24) కొరకు ట్రూ అప్ ప్రభావం (రూ.కోట్లలో)

క్ర.సం.	ఆర్థిక సంవత్సరం	వివరాలు	వ్యయం
1	2019-20	APR ఆర్డర్ ప్రకారం మిగులు	0.04
2	2020-21	APR ఆర్డర్ ప్రకారం మిగులు	4.76
3	2021-22	APR ఆర్డర్ ప్రకారం మిగులు	2.99
4	2022-23	APR ఆర్డర్ ప్రకారం లోటు	-9.42
5	2023-24	ఆడిట్ చేయబడిన ఖాతాల ప్రకారం లోటు	-7.07
		నికర లోటు/క్లెయిమ్	-8.70

7. SLDC బిజినెస్ కొరకు FY 2025-26 కొరకు సవరించిన సమగ్ర ఆదాయ అవశ్యకత (రూ.కోట్లలో)

క్ర.సం.	వివరాలు	యూనిట్స్	రిఫరెన్స్	FY 2025-26		
				MYT/ టారిఫ్ ఆర్డర్	ఆశించినది	వ్యత్యాసం
1	ఆపరేషన్ & నిర్వహణ ఖర్చులు	రూ.కోట్లు	ఫారం 2	55.36	60.84.	5.48
2	తరుగుదల	రూ.కోట్లు	ఫారం 4	6.83	3.52	-3.31
3	రుణంపై వడ్డీ ఫైనాన్స్ చార్జీలు	రూ.కోట్లు	ఫారం 5	2.95	1.09	-1.86
4	నిర్వహణ మూలధనంపై వడ్డీ	రూ.కోట్లు	ఫారం 6	1.32	1.41	0.09
5	ఈక్విటీపై రాబడి	రూ.కోట్లు	ఫారం 7	2.01	1.48	-0.53
తగ్గింపు:						
6	నాన్-టారిఫ్ ఆదాయం	రూ.కోట్లు	ఫారం 8	0.50	0.50	0.00
6.1	ఓపెన్ యాక్సెస్ చార్జీల నుండి ఆదాయం	రూ.కోట్లు	ఫారం 9			
కలుపుట:						
7	ముందటి కాలానికి ట్రూ అప్ ప్రభావం	రూ.కోట్లు	ఫారం 11		8.70	8.70
8	సమగ్ర ఆదాయ అవశ్యకత	రూ.కోట్లు		67.98	76.56	8.58
9	ఉత్పత్తి సామర్థ్యం	MW	ఫారం 12	23387.94	24584.78	
10	SLDC చార్జీలు	Rs./MW/Month		2422.16	2594.96	

8. SLDC బిజినెస్ కొరకు FY 2025-26 కొరకు ప్రతిపాదిత SLDC చార్జీలు

వివరాలు	FY 2025-26 కొరకు ఆశించినది
SLDC వ్యాపారం యొక్క ARR (రూ.కోట్లలో)	76.56
జనరేషన్ కాంట్రాక్టెడ్ కెపాసిటీ (MW)	24584.78
SLDC చార్జీలు (Rs/MW/month)	2594.98

DIPR RO No.9898-PP/CL/Advt/1/2024-25, Dt: 03.02.2025

Appeared in THE HINDU and THE TIMES OF INDIA (English) on 04.02.2025

BEFORE THE HON'BLE TELANGANA ELECTRICITY REGULATORY COMMISSION

Vidyut Niyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad-500045.

TRANSMISSION CORPORATION OF TELANGANA LIMITED (TGTRANSCO)

PUBLIC NOTICE

O.P.No.19 of 2025 and O.P. No.20 of 2025

1. Notice is here by given to all that the Transmission Corporation of Telangana Limited (TGTRANSCO) has filed before the Telangana Electricity Regulatory Commission (TGERC) for a) ARR, proposed revised transmission tariff and charges for FY 2025-26, and True Up for FY 2023-24 for transmission business. b) Proposed revised ARR & SLDC Charges for FY 2025-26 and True up for FY 2023-24 for SLDC activity. These fillings have been taken on record by the Commission in O.P.No.19 of 2025 (Transmission Business) and O.P.No.20 of 2025 (SLDC activity), respectively.

2. Copies of the filings referred are available in the Office of the Chief Engineer (Commercial & RAC) Room No. 149, 'A' Block, TGTRANSCO, Vidyut Soudha, Hyderabad- 500082 and the Chief Engineer/ (Metro Zone, Rural Zone, Karimnagar and Warangal Zone) and Superintending Engineer/OMC/TGTRANSCO (Khammam, Nizamabad, Adilabad, Karimnagar, Nalgonda, Mahabubnagar, Warangal, Metro East, Metro West, Metro Central, Sangareddy located at Hyderabad) from **04.02.2025**. Interested persons may inspect/peruse the said filings and take note thereof during office hours at any of the said offices free of cost. These proposals are also available on **www.tgtransco.in** and the same may be also accessed at **www.tgerc.telangana.gov.in.** A copy of these filings can be obtained from the above office on payment of photocopying charges by cash.

3. Objections/suggestions if any, on the said filings together with supporting material may be sent to the **Chief Engineer (Commercial & RAC) Room No. 149, 'A' Block, TGTRANSCO, Vidyut Soudha, Hyderabad-500082** in person or through Registered Post so as to reach on or before **25.02.2025 by 5pm.** A copy of the same must also be filed with the Commission Secretary, TGERC, at the address mentioned above. The objections/suggestions should be duly signed and should carry full name and postal address of the person(s) sending the objections/suggestions. If the objections/suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. The objection/suggestion should accompany the following statement as an overleaf-

Name & full address of the Objector	Brief details of Objection(s)/ Suggestion(s)	Objections against Filingsby TGTRANSCO	Whether copy of objection & proof of delivery at TGTRANSCO's office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)
		a) ARR, proposed Revised Transmission Tariff and Charges for FY 2025-26, and Trueup for FY 2023-24 for Transmission business.		
		b) Proposed revised ARR &SLDC Charges for FY 2025-26 and True up for FY 2023-24 for SLDC activity		

4. Telangana Electricity Regulatory Commission intends to conduct a Public Hearing on **11.03.2025 from 10:30 hrs** onwards in the Court Hall of TGERC, Vidyut Niyantran Bhavan, G.T.S Colony, Kalyan Nagar, Hyderabad.

Place: Hyderabad
Date: 04-02-2025

Sd/- Chairman and Managing Director
TGTRANSCO

SCHEDULE–I

1. Annual Performance Review for FY 2023-24 for Transmission Business

(Rs. in Crores)

Particulars	FY 2023-24 Tariff Order	Actuals	Deviation
Expenditure			
O&M Costs	2696.53	2481.10	-215.43
O&M Carrying Costs	1197.51	1325.34	127.83
Depreciation	0.00	0.00	0.00
Taxes	1378.79	1073.34	-305.45
Special Appropriation	120.23	82.42	-37.81
Other Expenses	0.00	0.00	0.00
Expenses Capitalized	0.00	0.00	0.00
O&M Expenses Capitalized	176.98	189.28	12.30
Net Expenditure	176.98	189.28	12.30
RoCE	2519.55	2291.82	-227.73
	1766.59	1184.99	-581.60
Gross ARR	4286.14	3476.80	-809.34
Non-Tariff Income	477.71	440.69	-37.02
Revenue from Tariff	3808.43	4117.68	309.25
Total Revenue	4286.14	4558.37	272.23
Surplus/(Deficit)	0.00	1081.56	1081.56

2. Impact of True up for 4th control period (FY 2019-20 to FY 2023-24) for Transmission Business

(Rs. in Crores)

Sl.No.	Financial Year	Particulars	Amount
1	2019-20	Deficit as per APR order 02.09.2021	(64.88)
2	2020-21	Surplus as per APR order dated 07.04.2022	173.94
3	2021-22	Deficit as per APR order dated 26.05.2023	(160.80)
4	2022-23	Surplus as per APR order dated 07.06.2024	579.05
5	2023-24	Surplus (as per Audited Accounts)	1081.56
		Total	**1608.87**

3. Revised Aggregate Revenue Requirement for FY 2025-26 for Transmission Business

(Rs. in Crores)

Sl. No	Particulars	FY 2025-26 MYT/Tariff Order	Projected	Variation
1.	Operation & Maintenance Expenses	1377.19	1303.41	-73.78
2.	Depreciation	863.33	920.9	57.57
3.	Interest and finance charges on loan	986.85	1137.49	150.64
4.	Interest on working capital	81.67	83.34	1.67
5.	Return on Equity	628.71	687.51	58.80
6.1	Less:Non-Tariff Income	515.70	443.27	-72.43
6.2	Income from Open Access Charges			
6.3	Income from Other Business			
7.1	Less:Impact of surplus pass-through for 4th Control Period		1608.87	1608.87
	Aggregate Revenue Requirement	**3422.05**	**2080.50**	**1341.55**

4. Proposed Transmission Tariffs and Transmission Losses for FY 2025-26 for Transmission Business

Particulars	FY 2025-26(n+1)
ARR of Transmission Business (Rs. in Crores)	2080.50
Transmission Contracted Capacity (MW)	23544.83
Transmission Charges (Rs/kW/month)	73.64
Projected Transmission Losses (in%)	2.46 (+/-0.2)

5. Annual Performance Review for FY 2023-24 for SLDC Business

(Rs. in Crores)

Particulars	FY 2023-24 Tariff Order	Actuals	Deviation
Total Expenditure	48.36	56.03	7.67
Revenue from SLDC Charges:	48.35	48.95	0.60
Surplus/(Deficit)	**-0.01**	**-7.08**	**-7.07**

6. Impact of True up for 4th control period (FY 2019-20 to FY 2023-24) for SLDC Business

(Rs. in Crores)

Sl.No.	Financial Year	Particulars	Amount
1	2019-20	Surplus ass per APR order	0.04
2	2020-21	Surplus as per APR order	4.76
3	2021-22	Surplus as per APR order	2.99
4	2022-23	Deficit as per APR order	-9.42
5	2023-24	Deficit as per Audited Accounts	-7.07
		Net Deficit/Claim	**-8.70**

7. Revised Aggregate Revenue Requirement for FY 2025-26 for SLDC Business

(Rs. in Crores)

Sl.No.	Particulars	Units	Reference	FY 2025-26 5th MYT Order	Projected	Variation
1	Operation & Maintenance Expenses	Rs.Crore	Form 2	55.36	60.84	5.48
2	Depreciation	Rs. Crore	Form 4	6.83	3.52	-3.31
3	Interest and finance charges on loan	Rs. Crore	Form 5	2.95	1.09	-1.86
4	Interest on Working Capital	Rs. Crore	Form 6	1.32	1.41	0.09
5	Return on Equity	Rs. Crore	Form 7	2.01	1.48	-0.53
Less:						
6	Non-Tariff Income	Rs. Crore	Form 8	0.50	0.50	0.00
6.1	Income from Open Access Charges	Rs. Crore	Form 9			
Add:						
7	Impact of true-up for prior period	Rs.Crore	Form 11			
8	**Aggregate Revenue Requirement**	**Rs. Crore**			8.70	8.70
9	**Generation Capacity**	**MW**	Form 12	67.98	76.55	8.58
10	**SLDC Charges**	**Rs./MW/Month**		23387.94	24584.78	
				2422.16	2594.98	

8. Proposed SLDC Charges for FY 2025-26 for SLDC Business

Particulars	Projected for FY 2025-26
ARR of SLDC Business (Rs. in Crores)	76.56
Generation Contracted Capacity (MW)	24584.78
SLDC Charges (Rs/MW/month)	2594.98

R.O.No.: 971-PP/CL-AGENCY/ADVT/1/2024-25, Date:03.02.2025

Appeared in THE SIASAT (Urdu) on 04.02.2025

اعلان عام

O.P.NO.19 OF 2025 and O.P.NO.20 OF 2025

Annexure-2

List of Stakeholders who submitted written Objections/ Suggestions

Sl. No.	Name and Address of the stakeholder	Date of submission of objection
1	Sri M.Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies H.No.1-100/MP/101, Monarch Prestige, Journalists, Colony, Serilingampally Mandal, Hyderabad 500 032	10.02.2025
2	TGSPDCL, Corporate office, 6-1-50, 1st floor, Mint Compound, Hyderabad 500 063	25.02.2025
3	TGNPDCL, H.No: 2-5-31/2, Corporate Office,Vidyut Bhavan, Nakkalagutta, Hanamkonda, Warangal,Telangana 506001	25.02.2025

Annexure-3

List Of Stakeholders Who Attended The Public Hearing Held On 11.03.2025

Sl. No.	Name and Address of the stakeholder
1	Sri M.Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies H.No.1-100/MP/101, Monarch Prestige, Journalists, Colony, Serilingampally Mandal, Hyderabad 500 032
2.	TGSPDCL, Corporate office, 6-1-50, 1st floor, Mint Compound, Hyderabad 500 063
3.	TGNPDCL, H.No: 2-5-31/2, Corporate Office,Vidyut Bhavan, Nakkalagutta, Hanamkonda, Warangal,Telangana 506001

Annexure-4
Transmission Contracted Capacity for FY 2025-26

Sl.No.	Generating Station/Unit/Source	Installed Capacity (MW)	Net Capacity TS Share (MW)	As per MYT order dated:28.10.2024	Claim of TGTRANSCO for FY 2025-26	Capacities approved for FY 2025-26
(A)	**GENCO THERMAL:**					
1	KTPS-V	500	453.50	453.50	453.50	453.50
2	KTPS-VI	500	473.75	473.75	473.75	473.75
3	KTPS-VII	800	758.00	758.00	758.00	758.00
4	KTPP-I	500	473.75	473.75	473.75	473.75
5	KTPP-II	600	568.50	568.50	568.50	568.50
6	RTS-B	62.5	56.25	0.00	0.00	0.00
7	BTPS	1080	988.20	988.20	988.20	988.20
8	YTPS	4000	3790.00	3790.00	3790.00	3790.00
	Total Thermal (A):	**8042.50**	**7561.95**	**7505.70**	**7505.70**	**7505.70**
(B)	**GENCO HYDEL:**					
1	SrisailamLeft Bank HES	900	889.20	889.20	889.20	889.20
2	NSPH	815.6	807.44	807.44	807.44	807.44
3	NSLCPH	60	59.40	59.40	59.40	59.40
4	Lower Jurala HES	240	237.60	237.60	237.60	237.60
5	Pulichintala	120	118.80	118.80	118.80	118.80
6	Priyadarshini Jurala HES	234	115.83	115.83	115.83	115.83

7	Pochampad PH (I-IV)	36	35.64	35.64	35.64	35.64
8	Singur	15	14.85	14.85	14.85	14.85
9	Nizam Sagar PH	10	9.90	9.90	9.90	9.90
10	Mini Hydel (Peddapalli)	9.16	9.07	9.07	9.07	9.07
11	Palair	2	1.98	1.98	1.98	1.98
	TGGenco Hydel (B):	**2441.76**	**2299.71**	**2299.71**	**2299.71**	**2299.71**
(C)	**INTER-STATE HYDEL**					
1	Machkund PH (120 MW)	84	44.82	44.82	44.82	44.82
2	Tungabhadra PH &Hampi (72 MW)	57.6	30.73	30.73	30.73	30.73
	Total Inter-State Hydel	**141.6**	**75.55**	**75.55**	**75.55**	**75.55**
(D)	**CENTRAL GENERATING STATIONS:**					
1	NTPC (SR)-I & II	2100	327.43	327.43	322.42	322.42
2	NTPC (SR) Stage-III	500	82.79	82.79	81.69	81.69
3	NTPC Talcher StageII	2000	203.54	203.54	202.23	202.23
4	NLC Stage-I	580	4.89	4.89	3.31	3.31
5	NLC Stage-II	790	6.43	6.43	4.35	4.35
6	NPC-MAPS	440	19.78	19.78	19.31	19.31
7	NPC-Kaiga Unit-I&II	440	60.77	60.77	59.05	59.05
8	NPC-Kaiga Unit-III & IV	440	64.63	64.63	62.91	62.91

9	NTPC Simhadri Stage-I	1000	507.91	507.91	510.61	510.61
10	NTPC Simhadri Stage-II	1000	241.89	241.89	241.71	241.71
11	NTECL Vallur Thermal Power Plant	1500	99.81	99.81	97.26	97.26
12	NLC Tamilnadu (Tuticorn) Unit-I & Unit II	1000	139.35	139.35	136.82	136.82
13	Kudigi Unit- I, II & III	2400	262.71	262.71	256.72	256.72
14	New Neyvelli Thermal Power plant	934	58.07	58.07	58.19	58.19
15	NLC Exp-I	420	5.18	5.18	3.48	3.48
16	NLC Exp-II	500	6.06	6.06	3.99	3.99
17	Telangana STPP	1600	1302.99	1302.99	1287.80	1287.80
18	KKNPP (Kudankulam Nuclear Power Plant) Unit-I	1000	4.14	4.14	2.80	2.80
19	KKNPP (Kudankulam Nuclear Power Plant) Unit-II	1000	46.10	46.10	46.10	46.10
20	NVVNL Bundled Power (Coal 85 MW)	45.81	42.92	42.92	42.83	42.83
21	NTPC NSM Bundled Phase -II (Coal 200 MW)	25650	186.83	186.83	186.83	186.83
	Total CGS	**45339.81**	**3674.22**	**3674.22**	**3630.41**	**3630.41**
(E)	***Gas Projects***					
1	GVK			0.00	0.00	0.00
2	Gouthami			0.00	0.00	0.00
3	GMR Vemagiri	370	193.03	193.03	193.41	193.41
4	Kona seema	444.08	231.83	0.00	0.00	0.00
	Total Gas projects	**814.08**	**424.86**	**193.03**	**193.41**	**193.41**
(F)	**Other Projects**					
1	Singareni Thermal Power Plant	1200	1131.00	1131.00	1131.00	1131.00

2	Thermal Power Tech (Unit - I) (Sembcorp I)	1320.00	269.45	269.45	269.45	269.45
3	Thermal Power Tech (Unit - II) (Sembcorp II)			0.00	0.00	0.00
4	Atal Bihari Vajpayee thermal Power Plant, Chattisgarh (formerly Marwa Power Plant)			0.00	947.50	0.00
	Total : Other Projects	**2520.00**	**1400.45**	**1400.45**	**2347.95**	**1400.45**
(G)	**NCE (Non-conventional energy or renewable energy)**					
1	**RE-Solar**	6890.74	6890.74	6890.75	7116.75	6890.75
2	RE-Biomass	0.00	0.00	0.00	0.00	0.00
3	RE-Bagasse	55.70	55.70	55.70	75.70	55.70
4	RE-Industrial Waste	7.50	7.50	7.50	7.50	7.50
5	RE-Mini Hydel	0.00	0.00	0.00	0.00	0.00
6	RE-Municipal Solid Waste	19.80	19.80	19.80	34.30	34.30
7	RE-Wind	128.10	128.10	128.10	128.10	128.10
	Total Non-Solar	211.10	211.10	211.10	245.60	225.60
	Total Transmission NCEs	**7101.84**	**7101.84**	**7101.85**	**7362.35**	**7116.35**
	Discom Contracts Total	**66401.59**	**22538.58**	**22250.51**	**23415.08**	**22221.58**
	LT Open Access Contracts Total	129.75	129.75	129.75	129.75	129.75
TRANSMISSION : Total Generation Contracted Capacity (in MW)		**66531.34**	**22668.33**	**22380.26**	**23544.83**	**22351.33**