

**Replies to Observations of TGDISCOMs on True up Filings of TGTRANSCO
for FY 2023-24:**

Sl. no.	Observation TGDISCOMs	Reply of TGTRANSCO
1	The Commission has requested the allowance of 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.	i). Hon'ble Commission is requested to consider the observation of TGDISCOMs as the same is actually paid by the Company and submitted the copy of ITR filed in supporting the claim for FY 2023-24. ii). Hon'ble Commission 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 Hon'ble TGERC.
2	It is requested that the Commission direct TGTRANSCO to either pay carrying costs to the DISCOMs for the delay in adjusting true-down claims or promptly repay the amount to the DISCOMs upon issuance of the orders on Transco's Annual Performance Review.	Hon'ble 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	TGTRANSCO has claimed a decrease in Non-Tariff Income (NTI) without providing clarification for the reduction in its filings. The Hon'ble commission may consider allowing the NTI after conducting a prudent review.	The interest on loans & advances to TGDISCOMs for an amount of Rs.170.91 Crs. 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).
4	There is a huge deviation in RoCE amount from the approved valued in MYT to an extent of Rs. -581.60 Crs. 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, it is prayed to allow the depreciation claimed after prudent check.	The decrease in RoCE is majorly due to asset capitalisation of Rs. 9,325.23 Crs. for the 4 th control period (i.e. from FY 2019-20 to FY 2023-24) as against approved capitalization of Rs. 16,988.07 Crs. on account of delay in completion of certain major projects. Accordingly, actual depreciation has also been decreased.

5	<p>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. The Hon'ble commission is prayed to allow the IDC as per the justification provided by TGTRANSCO for delay and after prudent check.</p>	<p>The Capital expenditure approved for FY:2023-24 is Rs.1397.91 Crores. The actual expenditure incurred is Rs.1461.04 Crores.</p> <p>The Capitalization approved for FY:2023-24 is 4864.66 Crores and actuals as per audited accounts is 1267.60 Crores.</p> <p>The Annual Tariff Petition for 4th Multi Year Tariff control period from FY:2019-20 to FY:2023-24 was filed in 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.</p> <p>Lock down restrictions due to Covid-19 in 2021 have resulted in delay in supply of materials due to restrictions in vehicle movement from other states to Telangana, which had cascading effects on the works during the 4th control period.</p> <p>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).</p> <p>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, Vattam SS & Uddandapur SS) were slow due to pending payments from I & CAD department.</p>
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Replies to Comments of TGDISCOMs on “ARR of Transmission Business”
Filed by TGTRANSCO for FY 2025-26

Sl. no.	Comment TGDISCOMs	Reply of TGTRANSCO
1.	It has been observed 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. The Hon’ble TGERC is requested to allow the RoE only after a prudent review.	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 1 st half actuals (up to 30 th September 2024) and 2 nd half estimates (Oct – Mar’25).

Replies to Other Observations of TGDISCOMs

Sl. no.	Comment TGDISCOMs	Reply of TGTRANSCO
1.	<p>Hon’ble CERC have 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.</p> <p>In view of the above TGERC 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.</p>	Submission to Hon’ble commission for consideration.