**\TRANSMISSION CORPORATION OF TELANGANA LIMITED**

**Comments on “TGTRANSCO filings for Annual Performance Review (APR) for Transmission Business for**

**FY 2023-24”**

**Replies of TGTRANSCO to the Objections & Suggestions of TGDISCOMs**

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| **Sl. No.** | **Objections/Suggestions** | **Reply of TGTRANSCO** |
| 1 | Taxes for FY 2023-24 may be allowed as per the Income Tax Return under section 115JB of Income Tax Act 1961 under Minimum Alternative Tax (MAT) provisions and as per actuals.  | Submission to the Commission |
| 2 | There is a huge deviation in RoCE amount from the approved values in MYT to a extent of Rs. -443.98 Crs on the one hand. On the other hand, it was observed that the decrease in the depreciation amount claimed is not comparable as such and the taxes claimed are on the higher side. Hence, it is prayed to allow the depreciation an taxes claimed after prudent check. | Submission to the Commission |
| 3 | TGTRANSCO has claimed a decrease in non-tariff income. Clarification for such a steep decrease is not provided in the filings. The Hon’ble Commission may allow the NTI after prudent check. | Submission to the Commission |

**Comments on “True-up of ARR for 4th CP (FY 2019-20 to FY 2023-24)”**

**Replies of TGTRANSCO to the Objections & Suggestions of TGDISCOMs**

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| **Sl. No.** | **Objections/Suggestions** | **Reply of TGTRANSCO** |
| 1 | TGTRANSCO has claimed Rs. 144.26 crores against O&M expenses for the FY 2022-23 stating the PRC – 2022 as justification in Table a ARR deviation in the filings. In this regard it is to submit that Hon’ble commission has factored in the impact of PRC 2022 while issuing the order dated 07.06.2024 in OP.No.2 of 2024 for APR 2022-23. TGTRANSCO is again claiming Rs. 144.26 crores over and above the amount approved in the APR- 2022-23 order stating the same reason. Hence, it is prayed to disallow the said amount. | As per regulation 5 of 2005 True-up is factored for all the years, the Hon’ble TGERC has already issued APR Orders for FY 2022-23 on 07/06/2024, with duly allowing for an amount of Rs. 144.26 Crores under O&M Expenses of TGTRANSCO for FY 2022-23 towards PRC-2022.Further, Table –VI “ARR Deviation” for the 4th MYT control period is prepared only for the purpose of comparison/reconciliation and to arrive at the surplus/deficit for the entire 4th control period. Therefore, there is no duplicity or dual-claiming of O&M expenses by the company as observed by TGDISCOMs.  |
| 2 | The commission has already finalized depreciation and RoCE for control period 2019-24 (except for FY 2023-24) vide year wise APR orders. TGRANSCO is now again claiming as per actuals (over the above amount already approved in year wise APRs) under True-up of control period 2019-24. Hence, it is prayed to disallow the said amount. | The company has prepared “Table II - Variance in Depreciation” and Table IV – “Variance in RoCE” only for the purpose of comparison/reconciliation and to arrive at the surplus/deficit for the entire 4th control period. Therefore, the company is not claiming the Depreciation and RoCE over and above amount already approved in year wise APRs as observed by TGDISCOMs. |
| 3 | It is observed that the works proposed to be taken up by TGTRANSCO in the filing of MYT of 4th control period year wise 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 of works. The Hon’ble commission is prayed to allow the IDC as per the justification provided by TGTANSCO for delay and after prudent check. | Submission to the Commission |

**Other Observations of TGDISCOMs**

**Replies of TGTRANSCO to the Objections & Suggestions of TGDISCOMs**

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| **Sl. No.** | **Objections/Suggestions** | **Reply of TGTRANSCO** |
| 1 | Adjustment of transmission charges in the ARR of TGTRANSCO for interstate lines as approved by CERC:

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| Petition No. | Order Dated |
| 2/TT/2019 | 13.01.2020 |
| 325/TT/2022 | 01.01.2024 |
| 330/TT/2022 | 01.08.2024 |
| 125/TT/2022 | 02.08.2024 |

It is to submit that the Hon’ble CERC vide above tabulated orders have determined the tariff of certain lines pertaining to TGTRANSCO considering them as interstate transmission line for the control period 2014-2019 and the same are to be included in PoC charges. The copy of the orders issued by the CERC are enclosed for reference. Hon’ble CERC has directed to adjust the transmission charges allowed in the said orders against the ARR approved by the state commission. Clarification may be provided by TGTRANSCO whether the amount towards the transmission charges for the interstate lines is factored in while arriving the transmission charges for the 5th Control period. Also, TGTRANSCO may be directed to provide the status on inclusion of said charges of interstate line in the PoC Charges.  | The company has already accounted Rs. 53.44 Crores towards inter-state transmission tariff pertaining to FY 2016-17 in **FY 2019-20** as approved by CERC vide **petition no. 2/TT/2019 dated 13.01.2020.** Therefore, the revenue to this extent has been true-down in the proposed tariff for 5th control period.Further, Inter-state transmission tariff pertaining to FY 2014-15 to 2018-19 (incl. FY 2016-17 above for Rs.53.44 crores) for Rs. 319.02 Crores approved by CERC vide **petition no. 325/TT/2022 dated 01.01.2024.** The net POC charges as per the above order for Rs.265.58 crores (Rs.319.02 crores Less Rs.53.44 crores)has already been accounted in FY 2023-24.The company has not accounted the inter-state transmission tariff of Rs.12.30 crores certified by the SRPC as non-ISTS lines carrying more than 50% inter-State power from FY 2016-17 to FY 2020-21 as approved by the CERC vide **petition no. 330/TT/2022 dated, 01.08.2024.** The same has been proposed for adjustment in FY 2024-25 due to closure of Financial Statements for FY 2023-24.The company has not accounted the inter-state transmission tariff of Rs. 416.07 crores **(after effecting revised tariff from FY 2014-15 to FY 2018-19 against petition no. 325/TT/2022)** as approved by the CERC vide **petition no. 127/TT/2022 dated, 02.08.2024** for inter-state transmission lines from FY 2019-20 to FY 2023-24. The same has been proposed for adjustment in FY 2024-25 due to closure of Financial Statements of FY 2023-24. |

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| **Sl. No.** | **Objections/Suggestions** | **Reply of TGTRANSCO** |
| 2 | Hon’ble CERC have considered only O&M expenses and Interest on working capital to arrive at the transmission charges for the line whose life is more than 25 years considering the useful life of transmission lines as 25 years.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. | As per tariff regulation 2 of 2023 of TGERC, the useful life of transmission lines is 35 years and depreciation shall be charged accordingly. Further, it is to be noted that, the CERC tariff regulation is not applicable for intra-state transmission lines.Therefore, adoption of CERC methodology for intra-state transmission line (i.e. useful life of more than 25 years) as emphasized by TGDISCOMs is not in line with TGERC tariff regulation 2 of 2023. |