



TAMIL NADU ELECTRICITY REGULATORY COMMISSION

Approval of True Up of TANTRANSCO
For FY 2021-22

Order dated 10 October 2024 on M.P. No. 20 of 2024



TAMIL NADU ELECTRICITY REGULATORY COMMISSION

(Constituted under Section 82(1) of Electricity Act, 2003)

(Central Act 36 of 2003)

PRESENT:

Thiru. K.Venkatesan– Member

Thiru. B.Mohan – Member (Legal)

Order dated 10 October 2024 on M.P. No. 20 of 2024

In the matter of: Approval of True Up of TANTRANSCO for FY 2021-22

In exercise of the powers conferred by Section 62 and Clause (a) of sub-section (1) of Section 86 of the Electricity Act 2003 (Central Act 36 of 2003) and all other powers hereunto enabling in that behalf and after considering suggestions and objections received from the public, as per sub-section (3) of Section 64 of the said Act, the TamilNadu Electricity Regulatory Commission hereby passes this Order for Approval of True-Up of TANTRANSCO for FY 2021-22.

**Sd/-
(B.Mohan)
Member (Legal)**

**Sd/-
(K.Venkatesan)
Member**

(By Order of the Commission)



(Dr. C.Veeramani)
Secretary

LIST OF ABBREVIATIONS

A&G	Administration and General
APR	Annual Performance Review
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CIP	Capital Investment Plan
CPS	Contributory Pension Scheme
CWIP	Capital Work in Progress
DA	Dearness Allowance
DLMS	Device Language Message Specification
DSM	Deviation Settlement Mechanism
EA	Electricity Act
FY	Financial Year
GFA	Gross Fixed Assets
G.O.	Government Order
GPF	General Provident Fund
GoTN	Government of Tamil Nadu
HT	High Tension
IoWC	Interest on Working Capital
kWh	kilo-Watt hour
LT	Low Tension
MU	Million Units
MW	Mega-Watt
MYT	Multi-Year Tariff
O&M	Operation & Maintenance
R&M	Repair & Maintenance
RoE	Return on Equity

SBI PLR	State Bank of India Prime Lending Rate
SLDC	State Load Despatch Centre
T&D	Transmission & Distribution
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Ltd.
TANTRANSCO	Tamil Nadu Transmission Corporation Ltd.
TNEB	Tamil Nadu Electricity Board
TNEGC	Tamil Nadu Electricity Grid Code
TNERC	Tamil Nadu Electricity Regulatory Commission
ToD	Time of Day
TP	Tariff Policy

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1 INTRODUCTION

1.1 PREAMBLE

- 1.1.1 Consequent to the enactment of the Electricity Regulatory Commissions Act, 1998 (Central Act 14 of 1998), the Government of Tamil Nadu (GoTN) constituted the Tamil Nadu Electricity Regulatory Commission (TNERC or Commission) vide G.O.Ms. No.58, Energy (A1) Department, dated March 17, 1999.
- 1.1.2 The Commission issued its first Tariff Order under Section 29 of the Electricity Regulatory Commissions Act, 1998, on March 15, 2003 based on the Petition filed by the erstwhile Tamil Nadu Electricity Board (TNEB) on September 25, 2002.
- 1.1.3 The Electricity Regulatory Commissions Act, 1998 was repealed and the Electricity Act, 2003 (Central Act 36 of 2003) (hereinafter referred as “the EA, 2003” or “the Act”) was enacted with effect from June 10, 2003.
- 1.1.4 The Commission notified the Tamil Nadu Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 (herein after called Tariff Regulations) on August 3, 2005, under Section 61 read with Section 181 of the Act.
- 1.1.5 The Commission issued its **first Order** (Order No. 2 of 2006) on Transmission Charges, Wheeling Charges, Cross Subsidy Surcharge (CSS) and Additional Surcharge on May 15, 2006, based on the Petition filed by the erstwhile TNEB on September 26, 2005, under Section 42 of the Act.
- 1.1.6 The Commission notified the TNERC (Terms and Conditions for Determination of Tariff for Intra-State Transmission/Distribution of Electricity under MYT Framework) Regulations, 2009 (herein after called MYT Regulations) on February 11, 2009.
- 1.1.7 Subsequently, TNEB filed an Application for determination of Aggregate Revenue Requirement (ARR) with Tariff for all functions on January 18, 2010, which was admitted by the Commission after initial scrutiny on February 9, 2010. The Commission issued its second Retail Tariff Order on July 31, 2010 (Order No. 3 of 2010).
- 1.1.8 The erstwhile TNEB was formed as a statutory body by GoTN on July 1, 1957, under the Electricity (Supply) Act, 1948. TNEB was primarily responsible for generation, transmission, distribution and supply of electricity in the State of Tamil Nadu.
- 1.1.9 GoTN, vide G.O (Ms.) No. 114 Energy Department, dated October 8, 2008 accorded in-principle approval for the re-organisation of TNEB by establishment of a holding Company, namely TNEB Ltd. and two subsidiary companies, namely Tamil Nadu Transmission Corporation Ltd. (TANTRANSCO or the Petitioner) and Tamil Nadu

Generation and Distribution Corporation Ltd. (hereinafter referred as TANGEDCO) with the stipulation that the aforementioned Companies shall be fully owned by the Government.

1.2 REGULATORY FRAMEWORK

1.2.1 TNERC notified its MYTRegulations, which specifies the factors that will guide the Commission in determination of True-up, the relevant extract of which is reproduced below:

“3(vii). True up of variations in revenue and cost

The variations on account of controllable factors like sales and power purchase shall be reviewed at the end of each year of the Control Period based on audited accounts of the licensee and prudence checks by the Commission.”

1.3 TARIFF FILING

1.3.1 TANTRANSCO was incorporated on June 15, 2009 and started functioning as such with effect from November 1, 2010. Post restructuring, TANTRANSCO was provided with the function of transmission of electricity in the State of Tamil Nadu. Being STU, TANTRANSCO has been vested with the functions of State Load Dispatch Centre till further orders of the GoTN from the date of transfer.

1.3.2 Subsequent to the filing of Tariff Petition by TANTRANSCO for determination of Intra-State Transmission Tariff for FY 2012-13, the Commission scrutinized and reviewed the same. After a thorough review, **the second Order** (Order No. 2 of 2012) of the Commission on Intra-State Transmission Tariff and other related charges was passed on March 30, 2012.

1.3.3 TANTRANSCO filed its Application before the Commission for determination of Intra-State Transmission Tariff for FY 2013-14. Based on the Petition and after considering views of the State Advisory Committee and the public, the Commission passed **the third Order** on June 20, 2013 and directed TANTRANSCO to file a separate Petition for SLDC’s ARR in accordance with the Tariff Regulations.

1.3.4 Subsequently, in the event of TANTRANSCO not filing the ARR and Tariff Petition for FY 2014-15, the Commission initiated Suo-motu proceedings for tariff determination in accordance with Section 64 of the Act. After a thorough review of the available information, **the fourth Order** of the Commission on determination of Intra-State Transmission Tariff and other related Charges was passed on December 11, 2014.

1.3.5 TANTRANSCO filed a Petition for True-up for the period from FY 2011-12 to FY 2015-16 and approval of Aggregate Revenue Requirement (ARR) for the Control

Period from FY 2016-17 to FY 2018-19 and determination of Intra-State Transmission Tariff for FY 2017-18. This was processed and approved as **the fifth Order** of the Commission on determination of Intra-State Transmission Tariff and other related Charges, passed on 11th August 2017.

- 1.3.6 TANTRANSCO filed a Petition for True-up for the period from FY 2016-17 to FY 2020-21 and Annual Performance Review for FY 2021-22, Approval of Aggregate Revenue Requirement for the period from FY 2022-23 to FY 2026-27, and Determination of Intra-State Transmission Tariff and other related Charges for the period from FY 2022-23 to FY 2026-27. This was processed and approved as **the sixth Order** of the Commission on determination of Intra-State Transmission Tariff and other related Charges, passed on 09th September 2022, in which the true-up was done till FY 2019-20 and provisional true-up was done for FY 2020-21.
- 1.3.7 TANTRANSCO filed a Petition for True-up for FY 2020-21. This was processed and approved as **the seventh Order** of the Commission on approval of True up for FY 2020-21, passed on 13th August 2024.
- 1.3.8 In this instant Order, the Commission has undertaken the final true-up for FY 2021-22 based on audited accounts, in accordance with the provisions of the Tariff Regulations and MYT Regulations, and their subsequent amendments.
- 1.3.9 Based on the Petition and after considering views of the public, the Commission hereby passes the **eighth Order** on the true-up of TANTRANSCO for FY 2021-22.

1.4 PETITION FILING

- 1.4.1 On May 16, 2024, TANTRANSCO filed the Petition for True-Up for FY 2021-22 and the same was admitted as MP No. 20 of 2024. In the Petition, TANTRANSCO has stated that the True-Up for FY 2021-22 has been submitted based on audited accounts for FY 2021-22 prepared based on the IndAS principles.
- 1.4.2 However, as per the Commission's Order in T.P.No:3 of 2017 dated August 11, 2017 for SLDC function, the opening balance sheet as on 1.4.2017 has been prepared for SLDC function separately.
- 1.4.3 A separate Profit & Loss account for FY 2017-18, FY 2018-19, FY 2019-20, FY 2020-21, and FY 2021-22 has been prepared for SLDC function separately. Hence, the bifurcated figures of annual accounts for FY 2021-22 (after adjusting SLDC figures) for TANTRANSCO is the basis for the True-up of FY 2021-22.
- 1.4.4 The Commission has reviewed the data available thoroughly regarding the Petition filed by TANTRANSCO. After undertaking due process, the Commission hereby passes this order on True-Up of ARR for FY 2021-22 for TANTRANSCO.

1.5 PROCEDURE ADOPTED

- 1.5.1 In the Commission's Daily Order dated May 23, 2024, the Commission directed TANTRANSCO to host the Petition for seeking comments from the Stakeholders with a time limit of 30 days. The Commission further directed TANTRANSCO to file the comments received from the Stakeholders along with the replies by way of an affidavit.
- 1.5.2 TANTRANSCO has published the copy of the Petition on its website on June 6, 2024, inviting comments from Stakeholders.
- 1.5.3 The Commission has provided sufficient time to Stakeholders for submission of written comments and suggestions on the Petition filed by TANTRANSCO.
- 1.5.4 In the Commission's Hearing dated September 19, 2024, arguments of all sides were heard and the Order was reserved.
- 1.5.5 In Commission's Daily Order dated September 19, 2024, the Commission observed that the final Order would be passed after taking into consideration all objections / submissions made by the stakeholders and the replies filed by TANTRANSCO thereto.
- 1.5.6 The summary of objections / suggestions / views along with TANTRANSCO's Replies and the Commission's ruling on each issue, are included in **Annexure-I**.

1.6 TRANSFER SCHEME

- 1.6.1 The Assets Transfer and Employee Transfer called as Tamil Nadu Electricity Board (Reorganization and Reforms) Transfer Scheme, 2010 was notified by GoTN vide G.O. (Ms) No.100 Energy (B2) Department dated October 19, 2010 with the effective date of implementation as November 1, 2010. Based on the above notification, TNEB was re-organized with effect from November 1, 2010.
- 1.6.2 As per the Transfer Scheme, the provisional period for transfer of assets and employees was 1 year and 3 years, respectively. From November 1, 2010 onwards, the services of all the employees of the erstwhile TNEB stood transferred to and absorbed in TANGEDCO on a provisional basis and assigned to the services of the relevant transferee, viz., TANTRANSCO, on deputation on "as-is-where-is" basis until further notice for permanent absorption into respective entities.
- 1.6.3 At the time of issue of Suo-Motu Tariff Order dated December 11, 2014, the Transfer Scheme was not finalised. Therefore, the Commission had stated the following regarding the provisional Transfer Scheme:

"This Transfer Scheme is provisional and addresses various issues like transfer of assets, revaluation of assets and partly addresses the issue of accumulated losses. This Transfer Scheme envisages deployment of staff of the erstwhile TNEB to TANGEDCO and TANTRANSCO. The Commission in its earlier Tariff Order

No. 3 of 2010 dated 31-07-2010 had suggested in line with the National Electricity Policy (para 5.4.3) and Tariff Policy that the accumulated losses should not be passed on to the successor entities and financial restructuring has to be resorted to clean up the Balance Sheet of the successor companies and allow them to start on a clean slate so that the successor entities could start performing better. The statutory advices that have been sent to the Government of Tamil Nadu in this regard are appended as Annexure V. The Commission has also issued a statutory advice with regard to the establishment of a separate Generating Company and establishment of four Distribution Companies so that the performance of these companies can be improved and efficiently monitored, which will enable proper investments and growth of the individual company. This document is appended as Annexure VI.

Subsequently, as per the request of TNEB Limited, the second provisional transfer scheme was notified by the State Government vide G.O. (Ms.) No.2, Energy (B2) department, dated 2nd January 2012 with amendment in the restructuring of Balance Sheet of TNEB for the successor entities i.e. TANGEDCO and TANTRANSCO, considering the audited balance sheet of TNEB for FY 2009-10 and it had extended the provisional time for final transfer of assets and liabilities to the successor entities of erstwhile TNEB up to 31st October 2012. The same has been appended as Annexure VII.

This Transfer Scheme is also provisional and is subject to revision. The transactions for 7 months i.e. from 1st April 2010 to 30th October, 2010 do not get reflected in the opening balance sheet of the TANGEDCO as specified in the Transfer Scheme. ”

- 1.6.4 GoTN vide the Gazette Notification G.O. (Ms) No. 49 dated August 13, 2015, issued the final Transfer Scheme. The relevant extracts of the final Transfer Scheme are reproduced below:

“In the Government order first read above, Government have notified the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. The erstwhile Tamil Nadu Electricity Board has been reorganized with effect from 01.11.2010, as per the provisions of the Electricity Act, 2003. In the above transfer scheme, the assets and liabilities were segregated based on the available unaudited balance sheet of erstwhile Tamil Nadu Electricity Board as on 31.03.2009 instead of balance sheet as on 31.10.2010 which was not ready at that time and stated that this shall be provisional for a period of one year from the respective date of transfer as per the clause 9(1) of the said scheme (i.e., upto 31.10.2011).

Now, the Chairman and Managing Director, Tamil Nadu Generation and Distribution Corporation Limited has stated that as the audited balance sheet as on 31.10.2010 is ready, it is essential to issue notification for the final amendment to the earlier transfer scheme notified in Government Order 2nd read above for giving effect to the transfer of assets and liabilities to successor entities of erstwhile Tamil Nadu Electricity Board as on 01.11.2010.

Amendment to the existing Tamil Nadu Electricity (Reorganisation and Reforms) Transfer Scheme, 2010 notified in G.O.Ms.No.100, dated 19.10.2010, subsequently amended in G. O. (Ms.) No. 2, Energy (B2) Department, dated 02.01.2012 by issuing Notification for giving effect to transfer of assets and liabilities to successor entities of erstwhile Tamil Nadu Electricity Board Limited as on 01.11.2010 be issued.

The Notification appended to this order will be published in the Tamil Nadu Government Gazette, Extraordinary, dated 13.08.2015.”

- 1.6.5 The transfer value of the Fixed Assets forming part of Schedules A, B and C of the respective Transferees have been done at book values, excluding the land, buildings, plant and machineries, lines, cables and network, which are revalued based on the guideline value resulting into Revaluation Reserve of Rs. 7164 Crore for TANTRANSCO.
- 1.6.6 Post restructuring, TANTRANSCO as per the Notification was provided with the function of transmission of electricity in the State of Tamil Nadu. TANTRANSCO has been vested with the State Load Despatch functions till further orders of the State Government from the date of transfer.
- 1.6.7 TANTRANSCO has submitted the impact of the Final Transfer Scheme as under:
- a. For the Purpose of Return on Equity, Equity Capital of Rs. 1506.15 Crore has been considered as per the final Transfer Scheme.
 - b. Long Term Loan has been considered as Rs. 12695 Crore in line with the notified Balance Sheet and interest has been calculated on actual basis as accrued from November 1, 2010 to March 31, 2011 and the differential treatment between provisional and final Transfer Scheme has been adjusted in FY 2015-16. Some of the generic loans such as bonds, loan from HUDCO, LIC, Tamil Nadu Powerfin and Medium-Term Loan were availed by erstwhile TNEB and have been considered as the long-term loan of TANTRANSCO.
 - c. The allocation of fixed assets and Loans are similar and have been transferred under the Final Transfer scheme resulting in additional burden of the debt obligation on TANTRANSCO.

- d. The transfer value of the fixed assets is determined based on revenue potentials of the asset and in line with the provisions of the Act.
- e. The Opening Balance Sheet of TANTRANSCO includes assets and liabilities of SLDC.
- f. The impact of the final Transfer Scheme has been carried out under prior period items in FY 2015-16.

1.7 INSASCONVERSION

- 1.7.1 It may be noted that when Transfer Scheme for TANGEDCO and TANTRANSCO were finalized in 2015, the Commission in its subsequent Orders had decided to ignore the revaluation of assets, as the process of revaluation pertains only to book entry and has no material significance in regulatory process. Using the logic, the Commission has previously considered only book values, after removing the impact of revaluation, while undertaking True-Up.
- 1.7.2 A similar question has arisen due to the impact of various revaluation and adjustments undertaken by TANTRANSCO in its accounts, for the conversion from IGAAP to Ind AS. While the Commission is fully mindful of the need for standardization, book level revaluation of assets, which were already being financed by consumers of the State cannot be used to load additional burden on the consumers, and has hence, not been considered for the purpose of ARR and Tariff determination.

1.8 APPLICABILITY OF ORDER

- 1.8.1 This Order will come into effect on and from the date of issue.

1.9 LAYOUT OF THE ORDER

- 1.9.1 This Order is organized into following Chapters:
 - a. **Chapter 1** provides introduction, process and the approach of the Order;
 - b. **Chapter 2** provides details / analysis of the True-Up of ARR of TANTRANSCO for FY 2021-22;
 - c. **Chapter 3** provides a list of directives issued by the Commission to TANTRANSCO.
- 1.9.2 The Order contains the Annexure also, summarising the comments received from the stakeholders, TANTRANSCO's replies, and Commission's views on the same, which forms part of the Order.

1.10 APPROACH OF THE ORDER

- 1.10.1 The Commission has taken into consideration the final Transfer Scheme notified by GoTN vide G.O. (Ms.) No.49, Energy (B1) Department, dated August 13, 2015 with amendment in the restructuring of Balance Sheet of TNEB for TANGEDCO and TANTRANSCO.
- 1.10.2 The Commission has referred to the Audited Accounts of TANTRANSCO for truing up the expenses for FY 2021-22 in accordance with the Tariff Regulations, 2005 and MYT Regulations, 2009. Based on the prudence check of the expenses and revenue reported in the Audited Accounts of TANTRANSCO, the Commission has arrived at the allowable ARR and revenue recovered by the utility.

2 APPROVAL OF FINAL TRUE-UP FOR FY 2021-22

2.1 Background

- 2.1.1 TANTRANSCO, in its Petition, has sought approval for True Up for FY 2021-22. In this Section, the Commission has analysed all the elements of expenses and revenue for FY 2021-22 as per Audited Accounts and has undertaken the truing up of expenses and revenue after due prudence check.
- 2.1.2 The Commission asked TANTRANSCO to reconcile the various expenses/income claimed in the Petition with the amount reported in the Audited Accounts. TANTRANSCO has submitted that the Audited Accounts in respect of TANTRANSCO is inclusive of annual accounts of both TANTRANSCO and SLDC. Hence, the bifurcated figures of annual accounts for FY 2021-22 (after adjusting the SLDC figures) for TANTRANSCO is the basis for the True-up of FY 2021-22.

2.2 Employee Expenses

TANTRANSCO's Submission

- 2.2.1 TANTRANSCO has stated that employee expenses comprise Basic Salary, Dearness Allowance, Bonuses, Medical expense reimbursement, Terminal Benefits, etc.
- 2.2.2 TANTRANSCO submitted that employee expenses fall under the category of uncontrollable costs in line with the provisions of sub-clause 5 of Regulation 14 of the Tariff Regulations. TANTRANSCO submitted that the variation in employee expenses from previously approved values is primarily on account of terminal benefits. Hence, the actual employee expenses incurred are in excess of the value approved by the Commission.
- 2.2.3 TANTRANSCO submitted that the employee expenses claimed in the Petition are based on the actuals as per the audited accounts as shown in the table below:

Table 2-1: Employee Expenses submitted by TANTRANSCO for FY 2021-22 (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Salary and DA		
Salaries (Basic)		804.42
DA		165.04
Total		969.45
Terminal benefits and pension contribution		
Terminal Benefits		313.51
Board's Contribution to CPS		30.49

Particulars	Approved earlier in APR	TANTRANSCO filing
Total		344.01
Other expenses		
Overtime		12.34
Other Allowances		58.52
Bonus		6.16
Reimbursement of Medical Expenses		0.12
Leave Travel Assistance		(0.36)
Earned Leave Encashment		(153.36)
Staff Welfare Expenses		1.71
Payment Under Workman's Compensation and Gratuity		0.04
Other Comprehensive Income		640.72
Total		565.90
Grand Total	1684.51	1879.36

Commission's View

- 2.2.4 The Commission does not agree with the contention of TANTRANSCO that employee costs are "costs on account of inflation", which is covered as an uncontrollable cost under sub-clause 5 of Regulation 14 of the Tariff Regulations. The Tariff Regulations provides specific guidance on how O&M expenses are to be dealt with, which are applicable to employee expenses also, as reproduced below:

TNERC (Terms and conditions for determination of tariff) Regulations, 2005

25. Operation and Maintenance Expenses

(1) The operation and maintenance expenses shall be derived on the basis of actual operation and maintenance expenses for the past five years previous to current year based on the audited Annual Accounts excluding abnormal operation and maintenance expenses, if any, after prudence check by the Commission. The Commission may, if considered necessary engage Consultant / Auditors in the process of prudence check for correctness. (2) The average of such normative operation and maintenance expenses after prudence check shall be escalated at the rate of 5.72% per annum to arrive at operation and maintenance expenses for current year i.e. base year and ensuing year. (3) The base operation and maintenance expenses so determined shall be escalated further at the rate of 5.72% per annum to arrive at permissible operation and maintenance expenses for the relevant years of tariff period."

- 2.2.5 The Commission has approved the Salary expenses including Dearness Allowance, Terminal Benefits and Pension Contribution on actual basis. The Other Employee Expenses have also been allowed at actuals, as the same are lower than the amount arrived at after escalating the previous year's amount.

2.2.6 Considering the above, the Commission finds it appropriate to approve the employee expenses for FY 2021-22, as shown in the Table below:

Table 2-2: Employee Expenses for FY 2021-22 as approved by the Commission (Rs. Crore)

Particulars	Approved in True-Up for FY 2020-21	TANTRANSCO filing	Approved after True-Up
Salary Expenses Including DA, Terminal Benefits and Pension Contribution	3280.93	1313.46	1313.46
Other Employee Expenses	115.71	(74.82)	(74.87)
Other Comprehensive Income		640.72	640.72
Total of Employee Expenses	3396.64	1879.36	1879.31
Less: Expenses Capitalised	115.31	109.66	109.66
Net Employee Expenses	3281.33	1769.70	1769.65

2.3 Administrative and General (A&G) Expenses

TANTRANSCO's Submission

- 2.3.1 TANTRANSCO submitted that A&G Expenses consists of Rent, Rates, Taxes, Telephone and Postage, Printing and Stationery, Electricity and Water Charges, Advertisements Expenses, etc.
- 2.3.2 TANTRANSCO has submitted that the A&G expenses claimed in its Petition are based on the actuals as per the audited accounts, as shown in the table below:

Table 2-3: A&G Expenses for FY 2021-22 as submitted by TANTRANSCO

Particulars	Approved earlier in APR	TANTRANSCO filing
Insurance expenses		0.57
Rent/Rates and taxes		0.58
License and other fees		1.48
Telephone and communication expenses		1.18
Legal and consulting charges expenses & Technical fees & professional charges		1.00
Travelling and conveyance expenses		17.14
Printing and stationary expenses		0.32
Security charges		13.10
Freight		0.43
Audit fees (expenses and Reimbursement)		0.30
Fuel for operating machines		0.00
Fees & Subscription		(0.01)
Books & Periodicals		0.15
Training Expenses		0.13
Advertisement Expenses		0.09

Particulars	Approved earlier in APR	TANTRANSCO filing
Subscriptions/Contributions to Books & Periodicals		0.00
Electricity Charges		1.86
Water Charges		0.00
Entertainment/Recreations for employees		0.00
Petty Office Maintenance Expenses.		3.28
Other Purchase related Expenses.		0.01
Honorarium (Food Allowance) for SO in Chennai		0.00
Reward for theft of energy/Special reward vigilance		0.00
Miscellaneous A&G expense		1.40
Grand total	39.47	43.02

Commission's View

- 2.3.3 The Commission, in this Order, has approved the normative A&G Expenses, after truing up, as per Regulation 25 of the Tariff Regulations.
- 2.3.4 For computation of normative A&G Expenses for FY 2021-22, the escalation factor of 5.72% has been considered over the values approved in True-up Order for FY 2020-21.
- 2.3.5 Considering the above, the Commission finds it appropriate to approve the A&G expenses for FY 2021-22 as below:

Table 2-4: A&G Expenses for FY 2021-22 as approved by the Commission (Rs. Crore)

Particulars	Approved in True-Up for FY 2020-21	TANTRANSCO filing	Approved after True-Up
A&G Expenses	37.33	43.02	39.46
less: A&G expenses Capitalised	11.49	10.56	10.56
Net A&G Expenses	25.84	32.46	28.90

2.4 Repair and Maintenance (R&M) Expenses

TANTRANSCO's Submission

- 2.4.1 TANTRANSCO submitted that R&M Expenses go towards the day-to-day upkeep of the transmission network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply and also in the reduction of losses in the system.
- 2.4.2 TANTRANSCO has submitted that major expense under R&M is under the sub-head of plant & machinery, which is so because significant part of the transmission infrastructure is old, and the R&M activities are carried out by TANTRANSCO to maintain the assets in a more efficient way.

2.4.3 TANTRANSCO has submitted that the R&M Expenses have been claimed as per the audited accounting statements of FY 2021-22, as shown in the table below:

Table 2-5: R&M Expenses for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Plant & Machinery		24.94
Building		0.78
Civil Works		1.39
Hydraulic work		0.00
Lines & Cable network		1.38
Vehicles		0.45
Furniture & Fixtures		0.05
Office equipment		0.37
Others		8.14
Total R&M Expenses	16.42	37.50

Commission's View

2.4.4 The Commission, in this Order, has approved the normative R&M Expenses, after truing up, as per Regulation 25 of the Tariff Regulations.

2.4.5 For computation of normative R&M Expenses for FY 2021-22, the escalation factor of 5.72% has been considered over the values approved in the True-up Order for FY 2020-21.

2.4.6 Considering the above, the Commission finds it appropriate to approve the R&M expenses for FY 2021-22, as below:

Table 2-6: R&M expenses for FY 2021-22 as approved by the Commission (Rs. Crore)

Particulars	Approved in True-Up for FY 2020-21	TANTRANSCO filing	Approved after True-Up
R&M Expenses	15.54	37.50	16.43
less: R&M expenses Capitalised	7.17	-	-
Net R&M Expenses	8.37	37.50	16.43

2.5 Net O&M Expenses

TANTRANSCO's Submission

2.5.1 TANTRANSCO's submission of total O&M expenses, and the net amount after capitalization is summarised below:

Table 2-7: O&M Expenses for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Employee Expenses	1684.51	1879.36
A&G Expenses	39.47	43.02
R&M Expenses	16.42	37.50
Total O&M Expenses	1740.40	1959.88
(Less) O&M Expense Capitalization	140.37	120.22
Net O&M Expenses	1600.02	1839.66

Commission's View

2.5.2 The Commission's analysis and approval on Employee expenses, A&G expenses, and R&M expenses has been detailed above. Accordingly, the Commission has approved the following O&M expenses:

Table 2-8: O&M Expenses for FY 2021-22 as approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Employee Expenses	1684.51	1879.36	1879.31
A&G Expenses	39.47	43.02	39.46
R&M Expenses	16.42	37.50	16.43
Total O&M Expenses	1740.40	1959.88	1935.20
(Less) O&M Expense Capitalization	140.37	120.22	120.22
Net O&M Expenses	1600.02	1839.66	1814.98

2.6 Capital Expenditure and Capitalization**TANTRANSCO's Submission**

2.6.1 TANTRANSCO has claimed the following capitalization and capital expenditure, claiming expenses towards construction of transmission lines and sub-stations, to achieve the following:

- a. Improvement in Tail end voltage levels;
- b. Avoidance of System Over Loading;
- c. To provide load relief and to meet the load growth in particular area;
- d. To evacuate power from various sources; and
- e. Reduction in line loss.

Table 2-9: Capital Expenditure and Capitalization for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Capital Expenditure	2642.36	3151.79
Capitalization	3000.00	1102.35

2.6.2 TANTRANSCO has also provided information on the CAPEX undertaken by it on new substations and lines during FY 2021-22 as shown below:

Table 2-10: New Sub-Stations and lines commissioned by TANTRANSCO in FY 2021-22

Sl. No.	FY 2021-22				
	Substations			Lines	
	Rating of S/s	Nos.	MVA	Voltage Level	ckt. km
1	400 kV	-	-	400 kV Line	379.020
2	230 kV	4	720	230 kV OH Line	146.972
3	110 kV	17	289	110 kV OH Line	213.483
4	66 kV	-	-	110 kV cable	2.736
	Total	21	1009		742.211

2.6.3 In addition to above works, enhancement of power transformer was also undertaken. The details are as follows:

Table 2-11: Enhancement/ Additional Power Transformers commissioned by TANTRANSCO for FY 2021-22

Sl. No.	FY 2021-22		
	Rating of SS	No.	MVA
1	400 kV	1	200
2	230 kV	6	600
3	110 kV	102	1227
	Total	109	2027

Commission's View

2.6.4 As the capitalization is as per the audited accounts, the Commission has relied on the same, and approves the same. The Commission notes the requirement of TANTRANSCO to undertake this CAPEX. The Commission has considered the net addition to gross fixed assets during the year equivalent to the capitalization during the year.

2.6.5 It has been observed that TANTRANSCO has claimed GFA addition of Rs. 1091.66 Crore only, with the difference on account of SLDC being considered separately. Considering this, the Commission has approved the net capitalization as per the Audited Accounts, as shown in the table below:

Table 2-12: Capital Expenditure and capitalization for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Capital expenditure	2642.36	3151.79	3108.09
Capitalization	3000.00	1102.35	1091.65

2.7 Gross Fixed Assets (GFA) and Depreciation

TANTRANSCO's Submission

- 2.7.1 TANTRANSCO has submitted that the opening and closing balance of GFA have been considered as provided in the accounting statements of TANTRANSCO. TANTRANSCO has further submitted that the depreciation has been claimed in line with the provisions of the Tariff Regulations.
- 2.7.2 TANTRANSCO has clarified that the claimed depreciation is excluding the impact of revaluation in line with the approach adopted by the Commission in its previous Tariff Order. Accordingly, the Depreciation claimed by TANTRANSCO for FY 2021-22 is as shown in the Table below:

Table 2-13: Depreciation for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Opening Gross Block	27123.60	35298.21
Net Addition of GFA	2844.18	1091.66
Closing Gross Block	29967.78	36389.87
Depreciation during the year	1432.13	1409.00

Commission's View

- 2.7.3 It is observed that TANTRANSCO has computed depreciation based on the revalued GFA, though in the Petition, it is stated that depreciation has been claimed excluding the impact of revaluation.
- 2.7.4 The Commission has approved the depreciation in accordance with the approach adopted in the past Orders. For computation of depreciation, the Commission has considered the average rate of depreciation applied on the Opening GFA. The closing GFA for FY 2020-21, as approved in the true-up for FY 2020-21 has been considered as the opening GFA for FY 2021-22. Capitalisation approved for FY 2021-22 in this Order, is added to opening GFA to arrive at closing GFA of FY 2021-22. The rate of Depreciation approved by the Commission for FY 2021-22 works out to 3.99%.
- 2.7.5 The depreciation approved by the Commission for FY 2021-22 after true-up is shown in the table below:

Table 2-14: Depreciation for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Opening Gross Block	27123.60	35298.21	27087.37
Net Addition of GFA	2844.18	1091.66	1091.65
Closing Gross Block	29967.78	36389.87	28179.02
Depreciation during the year	1432.13	1409.00	1082.07

2.8 Interest and Finance Charges

TANTRANSCO's Submission

- 2.8.1 Interest and Finance Charges have been claimed based on the Interest on Loan and Other Finance Charges as per the Audited Accounts for FY 2021-22.
- 2.8.2 TANTRANSCO has submitted that as per norms specified in the Tariff Regulations, TANTRANSCO has arrived at the interest expenses corresponding to long-term loans and interest on working capital separately. TANTRANSCO has submitted that though interest on GPF is included in its audited accounts, the same has not been claimed in the true up petition.
- 2.8.3 TANTRANSCO has submitted that the interest liability calculated and accrued during FY 2021-22 is on actual basis, which is calculated based on the loans of erstwhile TNEB. Since, the same is in the books of TANTRANSCO, it is an obligation of TANTRANSCO to service the debt.
- 2.8.4 TANTRANSCO has submitted that the Other Finance Charges mainly comprise interest on consumers' security deposit and other charges such as cost of raising finance, bank remittance charges, bank commission, bank guarantee commission, stamp duty charges, Letter of Credit opening charges, etc.
- 2.8.5 The interest calculation for FY 2021-22 as submitted by TANTRANSCO is shown in the Table below:

Table 2-15: Interest and finance charges for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Opening Loan balance for the year	13730.48	24941.00
Loan addition during the year	2399.18	3482.33
Repayment during the year	1432.13	1564.09
Closing Loan balance for the year	14697.53	26859.24
Interest on Loan	1217.63	2294.09
Less: Interest and Finance Charges Capitalization	358.71	1012.95

Particulars	Approved earlier in APR	TANTRANSCO filing
Other Finance charges	41.17	33.17
Net Interest & Finance Charges	900.09	1314.31

Commission's View

- 2.8.6 The Commission has considered the opening loan balance for the year as the closing loan balance approved in the True-up Order for FY 2020-21, whereas TANTRANSCO has computed interest based on different loan balance. Loan addition during the year is considered as the Capitalisation approved for the year, considering 100% debt funding. Also, TANTRANSCO has considered the loan equal to the amount of capital expenditure, rather than the amount of capitalization. Repayment of loan during the year is considered on actual basis as submitted by TANTRANSCO, in accordance with the Tariff Regulations. Average rate of interest is computed as 8.86% derived from actual loan details submitted by TANTRANSCO.
- 2.8.7 Other Finance Charges have been allowed at actuals based on Audited Accounts excluding penal interest.
- 2.8.8 After considering the above, the Commission has approved the interest and finance charges as shown in the table below:

Table 2-16: Interest and finance charges for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Opening Loan balance for the year	13730.48	24941.00	13779.69
Loan addition during the year	2399.18	3482.33	1091.65
Repayment during the year	1432.13	1564.09	1564.09
Closing Loan balance for the year	14697.53	26859.24	13307.24
Average Loan balance	14214.00	*25900.12	13543.47
Average rate of Interest	8.57%	*8.86%	8.86%
Interest on Loan	1217.63	2294.09	1199.61
Less: Interest Capitalization	358.71	1012.95	1012.95
Other Finance charges	41.17	33.17	33.17
Net Interest & Finance Charges	900.09	1314.31	219.83

* Commission has computed these values based on Petitioner's submission

2.9 Interest on Working Capital (IoWC)

TANTRANSCO's Submission

- 2.9.1 TANTRANSCO submitted that the Interest on Working Capital has been computed based on the normative parameters specified in the Tariff Regulations, 2005.
- 2.9.2 TANTRANSCO submitted that it has employed internal sources to meet the requirement of working capital and the internal sources also carry cost.

TANTRANSCO further submitted that such funds employed elsewhere would have carried interest income. Also, the spares required for day-to-day operations of Sub-Stations and lines are also met through working capital.

- 2.9.3 The Tariff Regulations specify that rate of interest on working capital shall be considered on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the relevant year.
- 2.9.4 TANTRANSCO has claimed IoWC for FY 2021-22 as shown in the table below:

Table 2-16: IoWC as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
O&M expenses	145.03	153.30
Maintenance Spares	287.51	385.08
Receivables	531.68	537.64
Total Working Capital	964.22	1076.03
Rate of Interest on Working Capital	12.15%	12.15%
Interest on Working Capital	117.15	130.747

Commission's View

- 2.9.5 Regulations 26 (2) (d) & 27 of the Tariff Regulations specify as under:

“26. Working Capital

(2) (d) For Transmission System

(i) Operation and Maintenance expenses for one month

(ii) Maintenance spares @ 1% of the historical cost of the transmission asset escalated at 6% per annum from the date of commencement of operation;

(iii) Receivables equivalent to two months transmission charges calculated on target availability level.

27. Interest on Working Capital

The short term rate of interest on working capital shall be on normative basis and shall be equivalent to the primary lending rate of State Bank of India as on 1st April of the relevant year.”

- 2.9.6 The Commission has computed the normative IoWC in accordance with the Tariff Regulations. The Commission has considered one-twelfth (1/12th) of the amount of O&M Expenses approved for FY 2021-22, while the receivables have been considered equivalent to two month's actual revenue received as per the Audited Accounts for FY 2021-22. Maintenance Spares have been considered at 1% of the opening GFA for FY 2021-22 with escalation of 6%. The Commission has considered rate of interest as 12.15%, which is equivalent to State Bank of India Prime Lending Rate as on 1st April 2021.

2.9.7 After considering the above, the Commission has approved the interest on working capital as shown in the table below:

Table 2-17: IoWC for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
O&M expenses	145.03	153.30	151.25
Maintenance Spares	287.51	385.08	287.13
Receivables	531.68	537.64	565.62
Total Working Capital	964.22	1076.03	1004.00
Rate of Interest on Working Capital	12.15%	12.15%	12.15%
Interest on Working Capital	117.15	130.75	121.99

2.10 Return on Equity (RoE)

TANTRANSCO's Submission

- 2.10.1 TANTRANSCO submitted that RoE for FY 2021-22 has been calculated on the basis of average equity for the year, which is in line with the Tariff Regulations. The Rate of Return on Equity has been considered at 14%.
- 2.10.2 TANTRANSCO submitted that the opening equity as on 31st March, 2011 is considered to be zero in line with the Tariff Order issued by the Commission on Suo-Moto Order dated 11th December 2014. TANTRANSCO has filed an appeal, which is pending before the Hon'ble Supreme Court of India. Hence, TANTRANSCO reserves its right to claim the RoE based on the outcome of the Appeal pending with Supreme Court of India.
- 2.10.3 TANTRANSCO submitted that the Commission in its Tariff Order disallowed opening Return on Equity on the grounds that loan borrowing is more than the capital expenditure incurred. However, TANTRANSCO stated that a Utility is entitled for Return on Equity as the RoE earned is invested every year to carry out future capacity additions.
- 2.10.4 TANTRANSCO submitted that Return on Equity is a surplus generated, which entitles the Utility to safeguard itself against any uneven contingencies or a force majeure event in future.
- 2.10.5 TANTRANSCO has claimed RoE for FY 2021-22 as shown in the table below:

Table 2-18: RoE for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Opening Equity	3190.85	3173.73
Addition during the year	445.00	-
Closing Equity	3635.85	3173.73
Average Equity	3413.35	3173.73

Particulars	Approved earlier in APR	TANTRANSCO filing
Return on Equity @ 14%	477.87	444.32

Commission's View

- 2.10.6 The Commission has considered the opening equity equivalent to the closing equity approved in the final True-up Order for FY 2020-21. Addition during the year is considered as Nil.
- 2.10.7 The Commission has allowed 14% RoE on average equity contribution as determined for the year, in accordance with the Tariff Regulations. The RoE approved by the Commission after Truing up for FY 2021-22 is summarized in the following Table.

Table 2-19: RoE for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Opening Equity	3190.85	3173.73	3190.85
Addition during the year	445.00	-	-
Closing Equity	3635.85	3173.73	3190.85
Average Equity	3413.35	3173.73	3190.85
Return on Equity @ 14%	477.87	444.32	446.72

2.11 Other Income

TANTRANSCO's Submission

- 2.11.1 TANTRANSCO submitted that the Other Income includes interest on staff loans, income from investment, interest from banks, income from short-term open access consumers in the form of operation and maintenance charges collected from Wind Energy Generators, Captive Power Producers, etc.
- 2.11.2 TANTRANSCO claimed Other Income for FY 2021-22 as shown in the table below:

Table 2-20: Other Income for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Other Income	271.41	190.80

Commission's view

- 2.11.3 The Commission has approved the Other Income for FY 2021-22 as per the Audited Accounts, as shown in the Table below:

Table 2-21: Other Income for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Interest on staff loans and advances	1.75	1.01	1.01
Income from Investments	0.00	0.00	0.00
Interest from Banks (Other than Fixed Deposit)	0.00	0.13	0.13
Income from sale of scrap	-	0.03	0.03
Income from Trading	1.82		
Net gain on foreign currency translations	-	45.76	45.76
Gain on sale of property, plant and equipment	-	1.43	1.43
Income from Liquidated damages recovery	-	99.89	99.89
Miscellaneous Income	-	11.38	11.38
Miscellaneous Receipts	267.84		
Other non-operating income	-	31.17	31.17
Other Income	271.41	190.80	190.80

2.12 Prior Period Expenses

TANTRANSCO's Submission

2.12.1 TANTRANSCO submitted that Prior Period Expenses incurred for FY 2021-22 are as per the Audited accounts as shown in the table below:

Table 2-22: Other debits, Extra-ordinary items and Prior Period Expenses for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Prior Period Expenses (Net)	-	7.48

Commission's View

2.12.2 The Commission has analysed the Prior Period Expenses for FY 2021-22 as per the Audited Accounts.

2.12.3 Only prior period entries linked to income/expenses that were allowed on actual basis have been considered. Other prior period entries have not been considered, since, they have already been allowed on normative basis, without any linkage to the actual expenses booked earlier.

Table 2-23: Prior Period Income & Expenses for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Income relating to previous year			
Fuel related gains			
Receipts from consumers		-	-
Interest Income		-	-
Excess provision for I.T.		-	-
Excess provision for Depreciation		-	-
Excess provision for Int.& Fin. Charges		-	-
Other excess provision		-	-
Other income		3.51	3.51
Total Income		3.51	3.51
Prior Period Expenses/losses			
Short provision for power purchase		-	-
Fuel related losses and expenses		-	-
Operating expenses		-	-
Material related expenses		-	-
Employees cost		-	-
Depreciation under provided		-	-
Interest & Finance charges		-	-
Other charges		7.15	7.15
Administrative Expenses (Previous years)		-	-
Repairs and Maintenance Expenses		3.84	-
Total Expenses		10.99	7.15
Total Net Prior Period (Credit) / Charges	-	7.48	3.64

2.13 Incentive

TANTRANSCO's Submission

2.13.1 TANTRANSCO submitted that as per the Tariff Regulations, a Transmission Licensee is entitled for an incentive at 1% of equity for each percentage point of increase in annual availability beyond the target availability of 98%. The incentive computation submitted by TANTRANSCO based on actual availability is shown in the following Table:

Table 2-24: Incentive for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Equity	3413.35	3173.73

Particulars	Approved earlier in APR	TANTRANSCO filing
Annual Availability Achieved	97.77%	97.77%
Target Availability	98.00%	98.00%
Total	-	-

Commission's View

- 2.13.2 The Commission asked TANTRANSCO to submit the SLDC certificate for Annual Transmission System Availability of 97.77% reported for FY 2021-22 and TANTRANSCO has submitted the same.
- 2.13.3 The Commission has computed the incentive in accordance with the Tariff Regulations, which entitles the Transmission Licensee for an incentive at 1% of equity for each percentage point of increase in annual availability beyond the target availability of 98%. However, TANTRANSCO has achieved Annual Availability of 97.77%, which is less than 98%. Hence, the incentive approved by the Commission is Nil.

2.14 Revenue

TANTRANSCO's Submission

- 2.14.1 TANTRANSCO has considered the revenue from transmission charges for FY 2021-22 as per the Audited Accounts, as shown in the Table below:

Table 2-25: Revenue received for FY 2021-22 as submitted by TANTRANSCO (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing
Total Revenue	3190.07	3225.85

Commission's view

- 2.14.2 The actual Revenue from Transmission Charges for FY 2021-22 has been approved by the Commission based on the Audited Accounts as shown in the Table below:

Table 2-26: Revenue for FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved after True-Up
Total Revenue	3190.07	3225.85	3393.74

2.15 Aggregate Revenue Requirement

- 2.15.1 Based on the above component-wise submission made by TANTRANSCO and approval by the Commission, the ARR and Revenue Gap for FY 2021-22 is summarized in the following Table:

Table 2-27: Approved ARR for TANTRANSCO for FY 2021-22 (Rs. Crore)

Particulars	Approved earlier in APR	TANTRANSCO filing	Approved by the Commission
Employee Cost	1,684.51	1,879.36	1,879.31
A&G Expenses	39.47	43.02	39.46
R&M Expenses	16.42	37.50	16.43
<i>Less: O&M Capitalization</i>	<i>(140.37)</i>	<i>(120.22)</i>	<i>(120.22)</i>
Depreciation	1,432.13	1,409.00	1,082.07
Interest & Finance Charges	900.09	2,327.26	1,232.78
<i>Less: Interest Expenses Capitalized</i>		<i>(1,012.95)</i>	<i>(1,012.95)</i>
Interest on Working Capital	117.15	130.74	121.99
Prior Period (Income)/ Expenses	-	7.48	3.64
Incentive	-	-	-
Total Expenditure	4,049.39	4,701.19	3,242.51
Return on Equity	477.87	444.32	446.72
<i>Less: Other Income</i>	<i>(271.41)</i>	<i>(190.80)</i>	<i>(190.80)</i>
Net Aggregate Revenue Requirement	4,255.85	4,954.71	3,498.43
Revenue from Transmission Charges	3,190.07	3,225.85	3,393.74
Gap/(Surplus)	1,065.78	1,728.86	104.69

2.16 Treatment of Revenue Gap

2.16.1 The carrying cost of past year's deficit/(surplus) is as given below:

Table 2-29: Cumulative Revenue Deficit/(Surplus) approved by the Commission till FY 2021-22 (Rs. Crore)

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Opening balance	630.71	1561.11	2459.54	3774.02	4710.94
Addition of Revenue Gap during the year	824.34	703.87	1012.85	569.62	104.69
Closing balance	1455.05	2264.98	3472.39	4343.64	4815.63
Average balance	1042.88	1913.05	2,965.96	4058.83	4763.28
Weighted average rate of interest (%)	10.17%	10.17%	10.17%	9.05%	8.86%
Carrying/(Holding) Cost	106.06	194.56	301.64	367.29	421.91
Closing balance with Carrying/(Holding) cost	1561.11	2459.54	3774.02	4710.94	5237.53

2.16.2 The Commission has approved cumulative Revenue Deficit of Rs. 4710.94 Crore after true-up of FY 2020-21, in the Order dated August 13, 2024. In this Order, the

Commission has carried out the true-up of FY 2021-22 and the Deficit of Rs. 104.69Crore has been added to arrive at the total cumulative Revenue Deficit of Rs. 5237.53Crore including carrying cost of Rs. 421.91Crore. The Commission would recalculate this deficit at the time of submission of final true-up Petition for FY 2022-23.

3 Directives

- 3.1.1 TANTRANSCO shall file the subsequent True-ups on a timely basis every year, as per TNERC (Terms and Conditions for Determination of Tariff) Regulations, 2005, with its subsequent amendments thereof and the TNERC (Terms and Conditions for Determination of Tariff for Intra state Transmission / Distribution of Electricity under MYT Framework) Regulations, 2009, with its subsequent amendments thereof, along with the Fees as specified in the TNERC Fees and Fines Regulations, 2022.
- 3.1.2 TANTRANSCO shall submit quarterly progress report on the completion of projects under pipeline along with the details of expenses and revenue recovered every quarter within 15 days from the completion of each quarter.
- 3.1.3 TANTRANSCO shall submit the Capital Investment Plan/Revised Capital Investment Plan on a yearly basis in line with the TNERC (Terms and Conditions for Determination of Tariff) Regulations, 2005, with its subsequent amendments thereof, within the first quarter of each year.
- 3.1.4 TANTRANSCO shall file quarterly status of projects along with the project completion certificate for those projects completed/ commissioned in that quarter including the details, viz., need for the project, capital cost envisaged at the time of DPR preparation, details of Board Approval for the project, detailed cost break-up of the project along with the details of cost over-run due to time overrun, if any.
- 3.1.5 TANTRANSCO shall submit the process adopted for accounting of the assets developed under DCW works along with its consideration for the purpose of Tariff.
- 3.1.6 TANTRANSCO shall submit the proposal of projects envisioned to be developed under Tariff Based Competitive Bidding (TBCB) route with project values of more than Rs. 200 Crore in compliance to the Order dated February 13, 2024 in Suo-motu Order No. 2 of 2024 for the approval of the Commission.
- 3.1.7 TANTRANSCO shall submit Quarterly Progress Report on implementation of ERP in its day-to-day operations and provide a realistic timeline for its complete implementation. TANTRANSCO shall further submit the quarterly progress report from ERP once it is implemented.
- 3.1.8 TANTRANSCO shall submit a detailed report on steps taken to maintain the Tower Footing Resistance value to the required level in its lines for various voltage levels.
- 3.1.9 TANTRANSCO shall submit a compliance report on the payment of compensation with regards to RoW of Transmission Lines as per MoP Letter No. 3/4/2016-Trans-Part (4) dated 14.6.2024.

- 3.1.10 Status report on development of required infrastructure for implementation of SAMAST Scheme shall be submitted to the Commission within 4 weeks from the issuance of this Order.
- 3.1.11 Loading Status of newly commissioned Transmission Lines and Substations by TANTRANSCO in the Control Period from FY 2017-18 to FY 2021-22 shall be submitted within 8 weeks from the issuance of this Order.
- 3.1.12 TANTRANSCO shall submit the Fixed Asset Register along with details of asset-wise depreciation along with the next True-up Petition.
- 3.1.13 TANTRANSCO shall submit the details of status of Terminal Benefit Funds along with the details of provision for liabilities included in the Accounts along with the next True-up Petition.
- 3.1.14 As per Section 17(3) of the Electricity Act, 2003, prior approval has to be sought from the Commission before assigning its licence or transferring its utility, or any part thereof, by sale, lease, exchange or otherwise to any other person. The Licensee should strictly adhere to these conditions and submit periodical reports to the Commission on the same.
- 3.1.15 TANTRANSCO shall seek to implement innovative solutions based on Energy Storage Systems (ESS), Virtual Transmission and other cutting-edge technologies at the transmission level to address issues such as network congestion, voltage and frequency control, N-1 redundancy, etc.
- 3.1.16 TANTRANSCO shall submit the readiness to ensure smooth transition for implementation of GNA Regulations along with the next True-up/Tariff Petition.
- 3.1.17 TANTRANSCO shall submit periodic reports on peak and average loading of various 400 kV, 230 kV, 110 kV, and 66 kV substations on quarterly basis. TANTRANSCO to apprise the Commission on quarterly basis about the transmission elements that are operating in overloaded condition for more than two times in a calendar month.
- 3.1.18 TANTRANSCO shall plan an efficient, reliable and economical intra-State transmission system through a transparent process of extensive, informed and inclusive consultation with Distribution Licensees and other stakeholders and develop the same as per the provisions of the Act and Policies formulated thereunder. Therefore, as per the provisions of TNEGC, TANTRANSCO shall submit to the Commission an updated long-term Transmission System Plan for time span of 5 years on rolling basis every year by 28th February identifying specific transmission projects, which are required to be taken up along with their implementation time lines.
- 3.1.19 TANTRANSCO shall ensure implementation of reliable communication and data acquisition system of 110 kV and above voltage level sub-stations and submit the quarterly compliance to the Commission.

- 3.1.20 TANTRANSCO shall ensure calibration, periodical testing and maintenance of the DLMS interface metering system including replacement of existing conventional/TOD metering installed at 33kV and above feeders (T<>D interface) for smooth implementation of Deviation Settlement Mechanism (DSM) framework in the State.
- 3.1.21 Central Electricity Authority has issued the CEA (Manual on Transmission Planning Criteria), 2023 covering the planning philosophy, information required from various entities, permissible limits, reliability criteria, broad scope of system studies, modelling and analysis, etc. and given guidelines for transmission planning. Therefore, TANTRANSCO shall equip itself to ensure smooth transition/ implementation of the same in order to give effect when it comes into force.
- 3.1.22 TANTRANSCO shall identify the number of auto/power transformers, which have completed their useful life along with an action plan to replace such transformers that have completed their useful life. TANTRANSCO shall submit a status report within 3 months from the issuance of this Order.
- 3.1.23 TANTRANSCO shall implement best-in-class practices in preventive maintenance to avoid outages/ break-down in transmission system and work towards improving the benchmark set for intra-State transmission losses in the CEA (Manual on Transmission Planning Criteria), 2023.
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4 ANNEXURE

Stakeholders' Comments, TANTRANSCO's Reply and Commission's View

1. M/s. Tamil Nadu Electricity Consumers' Association (TECA)

Comments	Reply of TANTRANSCO
<p>The ARR True-Up, involving significant public money, has been hidden from public. It is unclear why TANTRANSCO has concealed this crucial Petition / Data / Process from public scrutiny, violating the Electricity Act 2003 and the Tariff Regulations notified by the Commission.</p> <p>The Commission's Multi-Year Tariff Order, issued in T.P. No.2 of 2022, is a provisional order based on projected future ARR. The True-Up of previous year ARR is crucial for correcting and determining Transmission Charges, Scheduling, and System Operation Charges for TANTRANSCO for the following year, as every State Commission in the country does.</p> <p>Section 64 of the Electricity Act 2003, mandates that every applicant shall publish the abridged version of the Petition in the English/Vernacular Newspapers and the Commission shall issue a Tariff Order after considering all the suggestions of the Public as received.</p> <p>Regulation 7 of the Tariff Regulations, mandates that every applicant shall</p>	<p>TANTRANSCO webhosted M.P. No. 20 of 2024, seeking stakeholder comments and suggestions, as directed by the Commission. The Petition was filed under the existing Regulations and provisions of the Electricity Act, 2003, and screenshots are enclosed, indicating TANTRANSCO has not concealed the Petition.</p> <p>During FY 2022-23, while filing the Tariff Petition, TANTRANSCO has proposed transmission charges of Rs.5388.55 per MW per day; the existing concession rate of 50% of OCharges for the Non-REC wind generators has been taken into account as per the existing TNERC Tariff Order.</p>

Comments	Reply of TANTRANSCO
<p>publish the abridged version of the Petition in the English/Tamil Newspapers and the Commission shall issue a Tariff Order after considering all the suggestions of the Public.</p> <p>The Impugned Petition, M.P. No. 20 of 2024, is not published in any newspapers, as mandated by Section 64 of the Electricity Act 2003 and Section 7 of the TNERC (Terms and Conditions for the Determination of Tariff) Regulations, 2005. This is a grave violation of the law, as stakeholders have been prevented from scrutinizing TANTRANSCO's data. The TANTRANSCO has not done this task, with the intention to hide their financial and other inefficiencies, which could reveal their financial inefficiencies.</p>	
<p>The TANTRANSCO Petition and Audit Report reveal significant errors in its income and employee costs, affecting the current Transmission Charges by almost 100%. Only around 50% of the income is shown in the true-up. TANTRANSCO is attempting to delay the true-up filing for 2022-23, while the Commission is postponing the revision of Transmission Charges based on the trued-up figures.</p> <p>The Auditors have reported (Page 41) critical adverse remarks against TANTRANSCO, including ineffective oversight, internal financial control, and lack of internal audit system. They also</p>	<p>The True-Up for FY 2021-22 is based on actual expenditure accounted and audited at three levels (internal, Statutory, and AG) and submitted with justifications. TANTRANSCO prepared the Annual accounts in the Ind-AS method for the first time from FY 2020-21, which is a lengthy and time-consuming process. The delay in the closure of FY 2020-21 resulted in delay in the commencement of the compilation process of FY 2021-22 Annual Accounts due to factors such as ERP Transition and profit centers mapping for Operating circles.</p> <p>TANTRANSCO is adopting "Ind-AS" (Indian Accounting Standards) for FY 2022-23, which requires disclosure compliances as per the Companies Act. The Annual Accounts must be audited by AG Audit and C&AG. TANTRANSCO has considered all expenses for the true-up</p>

Comments	Reply of TANTRANSCO
<p>highlighted unreliable and wrong data provided for "Prudent Check" by the Commission, highlighting the importance of proper internal audits. Also, TANTRANSCO has not filed the true uppetition for FY 2022-23 in time to institute a system of independentscrutiny of financial and technical data submitted by the licensees asrequired by the Tariff Policy, 2016.</p> <p>The Auditors have passed specific reports that must be considered by the Commission when finalizing the true-up for FY 2021-22. One issue is the pending amount of Rs 221.65 Crore (Clause 4) from TANGEDCO after reconciliation, which has not been accounted for in the Report.</p>	<p>period as per the audited annual statement of accounts. The accounting framework prescribed by the Companies Act is adopted from FY 2017-18 onwards. TANTRANSCO has prepared its Annual Statement of Accounts for FY 2020-21 under Ind-AS, and the Statutory Auditors have issued qualified reports for FY 2020-21. TANTRANSCO is accounting transactions according to the prescribed accounting principles/standards.</p> <p>It has been stated in the Statutory Auditors observation that the difference of Rs. 221.65 Crore payable pending confirmation from the said party. It has been stated in the comment as Rs 221.65 Crore has not been accounted. However, TANTRANSCO has brought all the transactionentries in its books of accounts.</p>
<p>The Audit Report reveals a significant error in the TANTRANSCO's income from operations. The Company claims Transmission Charges from TANGEDCO, as per the Commission's order 2017, instead of the Commission's order 2022. The OA consumers are paying according to the Commission's 2022 order. The Commission revised the Transmission Charges for the ARR of Rs. 2470 Crore in 2017 to Rs. 4866 Crore in 2022, resulting in a 100% increase in ARR. The per day per MW LTOA charges increased from Rs. 3037 in 2017 to Rs. 5129 in 2022, a 70% increase. This</p>	<p>The tariff charged from OA Consumers is fixed in 2017 and collected from consumers for the past five years.</p>

Comments	Reply of TANTRANSCO
<p>error is significant, as the income should have been around Rs.5836 Crore instead of Rs.3433 Crores The revenue in the petition is shown as Rs.3225 Crore instead of Rs.3433 Crores, with an error of 70% to 100%. In terms of money, it is (Rs.5836-Rs.3225)Rs.2611 Crore. This Petition requires a thorough inquiry by the Commission, as it significantly impacts the Transmission Charges and will result in significant losses for OA consumers.</p>	
<p>The TANTRANSCO report reveals a significant flaw in its Employee Cost, with figures varying from Rs. 7339 Crore as Employee Benefit Provision to Rs. 1210 Crore as Employee Cost. The report also recognizes 1/7thof total Employee Cost incurred by TANGEDCO as its Employee Cost, resulting in a total Employee Cost of Rs. 8470 Crore. The auditors cannot validate the correctness of these figures, as it is easy to segregate employees working in the Transmission Wing of TNEB Ltd. and calculate their Employee Cost. The Commission must verify these figures by appointing an independent auditor, as required by the Tariff Policy.</p> <p>The Employee Cost Expense, which was Rs. 3507 Crore in the P&L Statement ending March 31, 2021, has decreased to Rs. 1210 Crore in 2022, a significant</p>	<p>Rs. 7339 Crore exhibits the cumulative Actuarial liability. Rs. 1210 Crore exhibits the employee cost and actuarial value for FY 2021-22. Although TANTRANSCO has no employees on its own, TANTRANSCO bears the actual employee cost incurred for the employees deputed to TANTRANSCO. TANTRANSCO books the actual employee expenditure in its payroll, 1/7thof pension payout and actuarial liability as its employee cost.</p> <p>The Gross employee cost of Rs. 1879 Crore filed in the Petition is as per the audited annual statement of accounts of TANTRANSCO for FY 2021-22 exclusive of SLDC gross employee cost.</p> <p>TANTRANSCO is following TNERC'S directions. Further, the Commission has revised the Transmission Charges in TO 2022 with effect from 10.09.2022. Till then, TANTRANSCO has claimed the Transmission Charges as per the Commission's Tariff Order 2017. Transmission Charges has been arrived based on the Annual Revenue Requirement, which includes various expenses incurred but not only on Employee Benefit Expense.</p>

Comments	Reply of TANTRANSCO
<p>reduction of Rs. 2297 Crore. The Company appreciates this reduction but requests the Commission to revise the Transmission Charges Tariff to provide justice to OA consumers.</p>	
<p>TANTRANSCO claimed a RoE of Rs.444 Crore in its petition, but the Audit Report shows no equity infusion for FY 2021-22. However, its borrowing for FY 2022 increased to Rs.25,292 Crore from Rs.23,206 Crore, resulting in an additional borrowing of Rs.2086 Crore. This indicates that TANTRANSCO's capital expenditure is entirely funded from loans, and as per the principles followed by the Commission, the entire RoE claimed may be disallowed.</p>	<p>The Commission's Tariff Order No.2 of 2012, dated 30.3.2012, disallowed the opening Return on Equity due to loan borrowing exceeding capital expenditure. However, the matter is still pending with the Hon'ble Supreme Court and is considered subjudice. TANTRANSCO reserves the right to claim the Return on Equity based on the Supreme Court's order in the future. The Company claims that the ROE earned can be reinvested annually for capacity additions and sustainable operations. The stakeholder's contention that the entire Return on Equity may be disallowed is not in line with Tariff Regulations.</p>
<p>Views of the Commission:</p> <p>The comments of the stakeholder and the reply made by the Licensee have been scrutinized and dealt with appropriately in the relevant chapter.</p> <p>As regards the transmission charges, the remarks not being related to this Petition in particular have not been considered by the Commission in this Order.</p> <p>The Return on Equity has been allowed in accordance with the Tariff Regulations, 2005 and the addition to equity base in FY 2021-22 has been considered as Nil, with the entire GFA addition being considered as funded by debt.</p>	

2. M/s. Indian Wind Power Association(IWPA)

Comments	Reply of TANTRANSCO
<p>TANTRANSCO and other licensees in the State to file True-up and Tariff Petitions in time and publish its abridged version in the newspaper (in addition to webhosting it in their websites) as required by the Act and Regulations.</p>	<p>The filing of true up Petition for FY 2021-22 was delayed mainly due to the outbreak of COVID-19 pandemic and TANTRANSCO's financials are grossly affected.</p>
<p>The Auditors have passed specific reports that must be considered by the Commission while finalizing the true-up for FY 2021-22. One issue is the pending amount of Rs 221.65 Crore (Clause 4) from TANGEDCO after reconciliation, which has not been accounted for in the Report.</p> <p>The Auditors have reported (Page 41) critical adverse remarks against TANTRANSCO, including ineffective oversight, internal financial control, and lack of internal audit system. They also highlighted unreliable and wrong data provided for "Prudent Check" by the Commission, highlighting the importance of proper internal audits. Also, TANTRANSCO has not filed the true up petition for FY 2022-23 in time to institute a system of independent scrutiny of financial and technical data submitted by the licensees as required by the Tariff Policy 2016.</p>	<p>The True-Up for FY 2021-22 is based on actual expenditure accounted and audited at three levels (internal, Statutory, and AG) and submitted with justifications. TANTRANSCO prepared the Annual accounts in the Ind-AS method for the first time from FY 2020-21, which is a lengthy and time-consuming process. The delay in the closure of FY 2020-21 resulted in delay in the commencement of the compilation process of FY 2021-22 Annual Accounts due to factors such as ERP Transition and profit centers mapping for Operating circles.</p> <p>TANTRANSCO is adopting "Ind-AS" (Indian Accounting Standards) for FY 2022-23, which requires disclosure compliances as per the Companies Act. The Annual Accounts must be audited by AG Audit and C&AG. TANTRANSCO has considered all expenses for the true-up period as per the audited annual statement of accounts. The accounting framework prescribed by the Companies Act is adopted from FY 2017-18 onwards. TANTRANSCO has prepared its Annual Statement of Accounts for FY 2020-21 under Ind AS, and the Statutory Auditors have issued qualified reports for FY 2020-21. TANTRANSCO is accounting transactions according to the prescribed accounting principles/standards.</p> <p>It has been stated in the Statutory Auditors observation that the difference of Rs. 221.65 Crore payable pending confirmation from the said party. It has been stated in</p>

Comments	Reply of TANTRANSCO
	<p>the comment as Rs 221.65 Crore has not been accounted. However, TANTRANSCO has brought all the transaction entries in its books of accounts.</p>
<p>The TANTRANSCO report reveals a significant flaw in its Employee Cost, with figures varying from Rs. 7339 Crore as Employee Benefit Provision to Rs. 1210 Crore as Employee Cost. The report also recognizes 1/7th of total Employee Cost incurred by TANGEDCO as its Employee Cost, resulting in a total Employee Cost of Rs. 8470 Crore. The auditors have concluded that they cannot validate the correctness of these figures. It is easy to segregate employees working in the Transmission Wing of TNEB Ltd and calculate their Employee Cost. The Commission must verify these figures by appointing an independent auditor, as required by the Tariff Policy.</p> <p>The Employee Cost Expense, which was Rs. 3507 Crore in the P&L Statement ending March 31, 2021, has decreased to Rs. 1210 Crore in 2022, a significant reduction of Rs. 2297 Crore. The Company appreciates this reduction but requests the Commission to revise the Transmission Charges Tariff to provide justice to OA consumers.</p>	<p>Rs. 7339 Crore exhibits the cumulative Actuarial liability. Rs. 1210 Crore exhibits the employee cost and actuarial value for FY 2021-22. Although TANTRANSCO has no employees on its own, TANTRANSCO bears the actual employee cost incurred for the employees deputed to TANTRANSCO. TANTRANSCO books the actual employee expenditure in its payroll, 1/7th of pension payout and actuarial liability as its employee cost.</p> <p>The Gross employee cost of Rs. 1879 Crore filed in the Petition is as per the audited annual statement of accounts of TANTRANSCO for FY 2021-22 exclusive of SLDC gross employee cost.</p> <p>Transmission Charges have been arrived based on the Annual Revenue Requirement, which includes various expenses incurred but not only on Employee Benefit Expense.</p>
<p>RoE shall be allowed only when the TANTRANSCO has filed the Tariff Petition and True up Petition on time. The accumulated losses have exceeded the</p>	<p>TANTRANSCO submitted that the Commission's Tariff Order No.2 of 2012, dated 30.03.2012, disallowed the opening Return on Equity due to loan borrowing exceeding capital expenditure. However, the matter is still pending</p>

Comments	Reply of TANTRANSCO
<p>equity and the net worth is negative, hence, the RoE should not be allowed. If TANTRANSCO had filed the Petition on time, this would not have arisen.</p>	<p>with the Hon'ble Supreme Court and is considered subjudice. TANTRANSCO reserves the right to claim the Return on Equity based on the Supreme Court's order in the future. The Company claims that the RoE earned can be reinvested annually for capacity additions and sustainable operations. The stakeholder's contention that the entire Return on Equity may be disallowed is not in line with Tariff Regulations.</p>
<p>Views of the Commission:</p> <p>The comments of the stakeholder and the reply made by the Licensee have been scrutinized and dealt with appropriately in the relevant chapter.</p> <p>As regards the transmission charges, the remarks not being related to this Petition in particular have not been considered by the Commission in this Order.</p> <p>The Return on Equity has been allowed in accordance with the Tariff Regulations, 2005 and the addition to equity base in FY 2021-22 has been considered as Nil, with the entire GFA addition being considered as funded by debt.</p>	

3. M/s. Tamil Nadu Spinning Mills Association (TASMA)

Comments	Reply of TANTRANSCO
<p>The ARR True-Up, involving significant public money, has been hidden from the public. It is unclear why TANTRANSCO has concealed this crucial Petition / Data / Process from public scrutiny, violating the Electricity Act 2003 and the Tariff Regulations notified by the Commission.</p> <p>The Petition, M.P. No. 20 of 2024, was not webhosted on TANTRANSCO's website, and the reason for not webhosting is unclear. The Petition has already expired, and the public will never be notified of its adjudication. Despite webhosting, no prominent announcement is made on the TNERC website.</p> <p>The Commission's Multi-Year Tariff Order, issued in T.P. No.2 of 2022, is a provisional order based on projected future ARR. The True-Up of previous year ARR is crucial for correcting and determining Transmission Charges, Scheduling, and System Operation Charges for TANTRANSCO for the following year, as every State Commission in the country does.</p> <p>Section 64 of the Electricity Act 2003, mandates that every applicant shall publish the abridged version of the Petition in the English/Vernacular Newspapers and the Commission shall issue a Tariff Order after considering all</p>	<p>TANTRANSCO webhosted M.P. No. 20 of 2024, seeking stakeholder comments and suggestions, as directed by the Commission. The Petition was filed under the existing Regulations and provisions of the Electricity Act, 2003, and screenshots are enclosed, indicating TANTRANSCO has not concealed the Petition.</p> <p>During 2022-23, while filing the Tariff Petition, TANTRANSCO has proposed transmission charges of Rs.5388.55 per MW per day; the existing concessional rate of 50% of OCharges for the Non-REC wind generators has been taken into account as per the existing TNERC Tariff Order.</p>

Comments	Reply of TANTRANSCO
<p>the suggestions of the Public as received.</p> <p>Regulation 7 of the Tariff Regulations, mandates that every applicant shall publish the abridged version of the Petition in the English/Tamil Newspapers and the Commission shall issue a Tariff Order after considering all the suggestions of the Public.</p> <p>The Impugned Petition, M.P. No. 20 of 2024, is not published in any newspapers, as mandated by Section 64 of the Electricity Act 2003 and Section 7 of the TNERC (Terms and Conditions for the Determination of Tariff) Regulations, 2005. This is a grave violation of the law, as stakeholders have been prevented from scrutinizing TANTRANSCO's data. TANTRANSCO has not done this task, with the intention to hide their financial and other inefficiencies, which could reveal their financial inefficiencies.</p>	
<p>The TANTRANSCO Petition and Audit Report reveal significant errors in its income and employee costs, affecting the current Transmission Charges by almost 100%. Only around 50% of the income is shown in the true-up. TANTRANSCO is attempting to delay the true-up filing for 2022-23, while the Commission is postponing the revision of Transmission Charges based on the trued-up figures.</p>	<p>The True-Up for FY 2021-22 is based on actual expenditure accounted and audited at three levels (internal, Statutory, and AG) and submitted with justifications. TANTRANSCO prepared the Annual accounts in the Ind-AS method for the first time from FY 2020-21, which is a lengthy and time-consuming process. The delay in the closure of FY 2020-21 resulted in delay in the commencement of the compilation process of FY 2021-22 Annual Accounts due to factors such as ERP Transition and profit centers mapping for Operating circles.</p> <p>TANTRANSCO is adopting "Ind-AS" (Indian Accounting Standards) for FY 2022-23, which requires disclosure</p>

Comments	Reply of TANTRANSCO
	<p>compliances as per the Companies Act. The Annual Accounts must be audited by AG Audit and C&AG. TANTRANSCO has considered all expenses for the true-up period as per the audited annual statement of accounts. The accounting framework prescribed by the Companies Act is adopted from FY 2017-18 onwards. TANTRANSCO has prepared its Annual Statement of Accounts for FY 2020-21 under Ind AS, and the Statutory Auditors have issued qualified reports for FY 2020-21. TANTRANSCO is accounting transactions according to the prescribed accounting principles/standards.</p>
<p>Views of the Commission:</p> <p>The comments of the stakeholder and the reply made by the Licensee have been scrutinized and dealt with appropriately in the relevant chapter.</p> <p>As regards the issue of webhosting the Tariff Petition for comments from the Stakeholders, similar approach is followed in other States where true-up Order is issued separately and is within the ambit of the Electricity Act and the Tariff Regulations. The Stakeholders were provided ample time for submission of the comments on the Petition submitted.</p>	