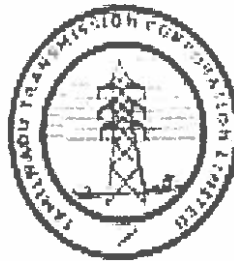


**BEFORE THE HON'BLE
TAMIL NADU ELECTRICITY REGULATORY COMMISSION**

**PETITION FOR THE APPROVAL OF
TRUE UP FOR THE FY 2023-24**



**TAMIL NADU TRANSMISSION CORPORATION LTD
CHENNAI**

BEFORE THE HONORABLE

JAMES H. HARRIS, JUDGE OF THE DISTRICT COURT OF THE DISTRICT OF COLUMBIA

IN REPLY TO A RESOLUTION OF THE DISTRICT COURT OF THE DISTRICT OF COLUMBIA

**BEFORE THE TAMIL NADU ELECTRICITY REGULATORY COMMISSION
CHENNAI**

Filing No

:

CaseNo

:

IN THE MATTER OF

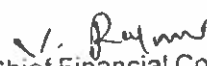
Filing of Petition for Final True Up of FY 2023-24 under TNERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and TNERC (Terms and Conditions for Determination of Tariff under Multi Year Tariff Framework) Regulations, 2009 amended from time to time along with other guidelines and directions issued by the Hon'ble TNERC and under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with the relevant Guidelines

Tamil Nadu Transmission Corporation Limited,
144, Anna Salai,
Chennai 600 002

.....Petitioner

The Petitioner named above respectfully Showeth as under

1. It is respectfully submitted that as per section 64(1) of the Electricity Act, 2003 and Tariff Regulation 5 of the TNERC (Terms and Conditions for Determination of Tariff) Regulation, 2005, the licensee (TANTRANSCO) shall file the Aggregate Revenue Requirement (ARR) before the Hon'ble TNERC on or before 30th November of each year.
2. It is respectfully submitted that the Final True up of FY 2023-24 is being filed before this Hon'ble Commission for approval.
3. It is humbly prayed that this Hon'ble Commission may be pleased to approve the Final True Up for the FY 2023-24 and pass any other order as the Hon'ble Commission may deem fit.


Chief Financial Controller
Tamil Nadu Transmission Corpn. Ltd.,
144, Anna Salai, Chennai-600 002.

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1. The purpose of this document is to provide information regarding the status of the project. The project is currently in the planning stage and is expected to be completed by the end of the year. The project is being managed by the Project Manager and is being funded by the Department of Defense.

2. The project is being managed by the Project Manager and is being funded by the Department of Defense. The project is currently in the planning stage and is expected to be completed by the end of the year. The project is being managed by the Project Manager and is being funded by the Department of Defense.

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1. INTRODUCTION

1.1 Preamble

This section presents the background and reasons for filing this Petition.

1.2 Background

- 1.2.1 Tamil Nadu Electricity Board (TNEB) came into existence on 1st July 1957 under the repealed Act of Electricity (Supply) Act 1948 and has been in the business of generation, transmission and distribution of electricity in the state of Tamil Nadu.
- 1.2.2 The Electricity Act (EA) 2003, Sections 131 to 134 mandate unbundling of the State Electricity Boards into functional entities and corporatisation of the same. Therefore, to meet the requirements under the Act, the Government of Tamil Nadu (GoTN) and the Tamil Nadu Electricity Board (TNEB) proposed to restructure the State power sector.
- 1.2.3 In accordance with the above mandate, the GoTN had given in principle approval for the re-organization of TNEB by the establishment of a holding company, named TNEB Ltd and two subsidiary companies, namely Tamil Nadu Transmission Corporation Limited (TANTRANSCO) and Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) vide G.O.Ms.No.114 Energy (B2) Department dated 8th October, 2008 with the stipulation that the aforementioned companies shall be fully owned by GoTN.
- 1.2.4 Based on the approval of Memorandum of Association and Articles of Association of TANTRANSCO by the Government of Tamil Nadu vide G.O.Ms.No.38 Energy (B2) Department dated 21st May, 2009, Tamil Nadu Transmission Corporation Ltd (TANTRANSCO) was incorporated on 15th June, 2009 with an authorized share capital of Rs. 5.00 Crore.
- 1.2.5 The proposal for Assets Transfer and Employee transfer called as Tamil Nadu Electricity Board (Reorganization and Reforms) Transfer Scheme 2010 has been notified by Government of Tamil Nadu vide G.O. (Ms).No.100


Chief Financial Controller

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Energy (B2) Department dated 19th October, 2010 with the effective date of implementation as 1st November, 2010. Based on the above notification TNEB has been unbundled and re-organized from 1st November 2010.

1.2.6 As per the Transfer Scheme the Provisional period for transfer of Assets is 1 year and for transfer of employees is 3 years. From 1st November, 2010 onwards all the employees of the erstwhile TNEB shall stand transferred to and absorbed in TANGEDCO on a provisional basis and assigned to the services of the relevant transferee viz., TANTRANSCO and TNEB Ltd., on deputation on "as-is-where-is" basis until notification for permanent absorption into respective entities.

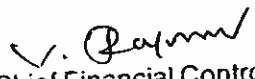
1.2.7 Post restructuring, TANTRANSCO, as per the notification, was provided with the function of transmission of electricity in the State of Tamil Nadu.

1.2.8 TANTRANSCO has been notified as a State Transmission Utility under section 39 of the Electricity Act 2003 and TANTRANSCO is acting as a State Transmission Utility and a Transmission Licensee also and has to comply with the duties specified in section 39 and 40 of the Electricity Act 2003.

1.2.9 TANTRANSCO as the State Transmission Utility is entrusted with the duty of transmitting the power generated in the state from the generating stations to the destination or the load centres and responsible for transmission activities within the State.

1.3 Final Transfer Scheme

1.3.1 The Government of Tamil Nadu has notified the final Transfer Scheme vide G.O.Ms.No.49 Energy (B1) Dept dated 13th August 2015 in which the Assets & Liabilities (as on 31st October, 2010) was assigned to TANTRANSCO on final basis.


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2. OVERALL APPROACH FOR PRESENT FILING

2.1 Present Approach

- 2.1.1 As per the TNERC (Terms and Conditions for Determination of Tariff) Regulations, 2005, the licensee has to file the Aggregate Revenue Requirement (ARR) on or before 30th November of each year in the format prescribed, containing the details of the expected aggregate revenue that the licensee is permitted to recover at the prevailing tariff and the estimated expenditure.
- 2.1.2 Further, as per TNERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and its subsequent amendments, the application for determination of Tariff for Transmission Licensee shall be accompanied by information in the formats provided by the Hon'ble Commission for the previous years, current year and ensuing years.
- 2.1.3 As per the Amendment to Tamil Nadu Electricity Regulatory Commission Terms and conditions for determination of tariff for intra state transmission / Distribution of Electricity under MYT framework Regulations 2009 dated 05th November 2022, the control period is defined as:
- "(i) Control Period: The control period under the MYT framework shall be for a duration of 5 years. The year preceding the first year of the control period shall be the base year;"*
- 2.1.4 TANTRANSCO filed the ARR Petition including Truing Up of Tariff for FY 2016-17 to FY 2019-20, Provisional True up of FY 2020-21, Annual Performance Review (APR) for FY 2021-22 and ARR for FY 2022-23 to FY 2026-27 during 2022. The Hon'ble Commission vide its Order dated 9th September 2022, has approved the truing up from FY 2016-17 to FY 2019-20, Provisional True up for FY 2020-21, Annual Performance Review of FY 2021-22 and Aggregate Revenue Requirement & determination of Tariff for FY 2022-23 to FY 2026-27. The Hon'ble Commission vide its Order dated 13th August 2024 and Order dated 10th October 2024 approved the true up of ARR for FY 2020-21 and 2021-22 respectively. The ARR of FY 2022-23 was trued up in the order dated 1-6-2026.



True-up for FY 2023-24

2.1.5 In accordance with section 62 of the Electricity Act 2003 and Regulation 5 of the TNERC Tariff Regulations, 2005, TANTRANSCO is filing the present petition for True-up of ARR for the FY 2023-24.

2.1.6 The approved figures considered for FY 2023-24 are in line with TNERC's Order in T.P. No.2 of 2022, dated 9th September, 2022.

2.2 Data/Information for ARR

2.2.1 This petition contains the truing-up of the ARR for FY 2023-24, the figures of which are based on the audited accounts for the FY 2023-24. However, as per the order of TNERC in T.P.No.3 of 2017 dated 11.08.2017 issued for SLDC function, the opening balance sheet as on 1.4.2017 has been prepared for SLDC function separately. A separate Profit & Loss account and Balance Sheet are prepared for SLDC function separately from FY 2017-18 to FY 2023-24. Hence the bifurcated figures of annual accounts for the FY 2023-24 (after adjusting SLDC figures) for TANTRANSCO is the basis for the True-up of the FY 2023-24. The ARR for the FY 2023-24 has been considered as per audited annual statement of accounts for the FY 2023-24.

2.3 Regulatory Framework

2.3.1 TANTRANSCO has considered the norms specified in the TNERC Tariff Regulations 2005, TNERC MYT Regulations 2009 and the subsequent amendments.


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3. TRUE - UP FOR THE FY 2023-24

3.1 Preamble

- 3.1.1 TANTRANSCO in the previous petition had submitted the projected figures of ARR for the FY 2023-24.
- 3.1.2 TANTRANSCO in this chapter submits the actual performance based on the audited annual accounts for True up for FY 2023-24. This chapter summarizes each of the components of fixed charges for FY 2023-24 and requests the Hon'ble Commission to approve the True-up.
- 3.1.3 The approved figures considered for FY 2023-24 are in line with TNERC's Order in T.P. No.2 dated 9thSeptember 2022.
- 3.1.4 A comparison of the figures approved by the Hon'ble Commission Commission vide Tariff Order No.8 of 2022 in T.P. No. 2 of 2022 dated 9th September 2022 and the actual expenditure based on the audited annual accounts are shown in the table under relevant sections discussed therein.

3.2 Fixed Expenses

The fixed expenses are incurred under the following heads:

- i). Operation and Maintenance Expenses
- ii). Depreciation
- iii). Interest on Long Term Loan
- iv). Interest on Working Capital
- v). Return on Equity
- vi). Other Debits
- vii). Incentives

3.3 Operation & Maintenance Expenses

- 3.3.1 The Operation & Maintenance Expenses consists of three elements viz Employee Expenses, Administration and General Expenses and Repair & Maintenance Expenses.
- 3.3.2 The Employee expenses include Salaries, Dearness Allowance, Bonus,



Terminal Benefits, etc. in the form of pension & gratuity, leave encashment and staff welfare expenses:

3.3.3 Administration and General expenses mainly comprise of Rents, Telephone and other communication expenses, professional charges, conveyance and travel allowances and other debits

3.3.4 Repairs and Maintenance Expenses are incurred in 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 in the reduction of losses in the system.

3.4 Employee Expenses

3.4.1 As stated in the paragraph above, Employee Expenses consist of Basic Salary, Dearness Allowance, Bonuses, Medical expense reimbursement and Terminal Benefits etc.

3.4.2 The Hon'ble Commission issued amendment dated 18th March, 2011 to the sub- clause 5 of Regulation 14 of TNERC Tariff Regulations, 2005 which is reiterated below:

"14. (5). All the uncontrollable costs shall be allowed as pass through in tariff and the uncontrollable costs will include the following:

(a). Cost of fuel (b). Costs on account of inflation (c): (d)....."

3.4.3 In line with the provisions of the TNERC Tariff Regulations, 2005, the Petitioner submits that the Employee cost falls under the category of uncontrollable costs.

3.4.4 In line with the TNERC Tariff Regulations 2005, the Employee expenses considered for True-up of FY 2023-24 are as per the audited accounts of TANTRANSCO for FY 2023-24.

3.4.5 The Employee Expenses for TANTRANSCO approved by the Hon'ble Commission for the FY 2023-24 and the actual expenses are outlined in the table below.


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Table 1: Employee Expenses for the FY 2023-24

Sl. No.	Particulars	FY 2023-24 (Rs. In Crores)	
		Approved in Order in T.P. No. 2 of 2022, dt 09.09.2022	Actual Expenditure as per final True-up
1	Salaries (Basic)	1,306.40	971.41
2	DA		330.26
3	Other Allowances	136.73	61.16
4	Overtime		19.66
5	Bonus		13.27
6	Leave Travel Assistance		0.00
7	Earned Leave Encashment		273.16
8	Medical Expense Re-Imbursement		0.39
9	Payment Under Workman's Compensation And Gratuity		0.00
10	Staff Welfare Expenses		2.69
11	Other Comprehensive Income		673.46
12	Board's Contribution to CPS	562.38	19.94
13	Terminal Benefits		558.92
	Total of Employee Expenses	2,005.51	2,924.30



- 3.4.7 The increase in employee expenses is mainly on account of wage revisions, inflations, etc. which are beyond the control of TANTRANSCO. The Hon'ble Commission is requested to approve the Employee Expenses of Rs.2, 924.30Cr for the FY 2023-24.

3.5 Administration & General (A&G) Expenses

- 3.5.1 The Administration and General Expenses consist of expenses pertaining to Rent, Rates, Taxes, Telephone and Postage, Printing and Stationery, Electricity and Water Charges, Advertisements Expenses etc.
- 3.5.2 In this Petition, A&G expense claimed is based on the actual expenses incurred during FY 2023-24 and reported in the audited accounts.
- 3.5.3 TANTRANSCO requests the Hon'ble Commission to approve the A&G Expenses as Rs.59.46 Crores for FY 2023-24. The table below shows the A&G Expense approved by the Hon'ble Commission in the previous Tariff Order and the Actual A&G Expense incurred for FY 2023-24.

Table 2: A&G Expenses for the FY 2023-24(Rs in Crore)

Sl N o	Particulars	FY 2023-24(Rs. In Crores)	
		Approved by the Hon'ble Commission in T.O. dt 09.09.2022	Actual Expenditure
1	Insurance expenses		0.32
2	Rent/Rates and taxes		0.88
3	License and other fees		0.51
4	Telephone and communication expenses		1.05
5	Legal and consulting charges expenses		7.22
6	Travelling and conveyance expenses		14.62



True-up for FY 2023-24

Sl No	Particulars	FY 2023-24 (Rs. In Crores)	
		Approved by the Hon'ble Commission in T.O. dt 09.09.2022	Actual Expenditure
7	Printing and stationary expenses	78.38	0.38
8	Security charges		22.36
9	Freight		0.51
10	Audit fees (expenses and Reimbursement)		0.66
11	Fuel for operating machines		0.01
12	Fees & Subscription		-0.02
13	Books & Periodicals		0.00
14	Training Expenses		0.11
15	Advertisement Expenses		0.00
16	Subscriptions/Contributions to Books & Periodicals		0.00
17	Electricity Charges		4.65
18	Water Charges		0.00
19	Entertainment/Recreations for employees		0.00
20	Petty Office Maintenance Expenses.		4.09
21	Other Purchase related Expenses.		0.00
22	Honorarium (Food Allow.) for SO in Chennai		0.00



True-up for FY 2023-24

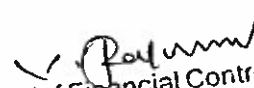
Sl N o	Particulars	FY 2023-24 (Rs. In Crores)	
		Approved by the Hon'ble Commission in T.O. dt 09.09.2022	Actual Expenditure
23	Reward for theft of energy/Spl reward vigilance		0.00
24	Miscellaneous A&G expense		2.10
	Total of A&G Expenses	78.38	59.46

3.6 Repair & Maintenance Expenses:

3.6.1 Repair & Maintenance Expenses are generally incurred for maintaining the transmission assets to ensure uninterrupted operations. It is to be submitted that the assets of TANTRANSCO are old and need periodical maintenance. TANTRANSCO is carrying out the repair and maintenance activities accordingly due to which the major expense under R&M is under the sub-head of plant & machinery.

3.6.2 In line with the TNERC Tariff Regulations, 2005, the actual R&M expenses for true up of FY 2023-24 have been submitted as per the audited accounting statements of TANTRANSCO.

3.6.3 A comparison of the R&M expenses approved by the Hon'ble Commission with the actual R&M expenses for the FY 2023-24 is given below.


Chief Financial Controller
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True-up for FY 2023-24

Table 3: R&M Expenses for the FY 2023-24(Rs in Crore)

Sl No	Particulars	FY 2023-24(Rs. In Crores)	
		Approved in Order in T.P. No. 2 of 2022, dt 09.09.2022	Actual Expenditure as per final True-up
1	Plant & Machinery	30.48	117.67
2	Building		0.69
3	Other Civil Works		0.00
4	Hydraulic work		0.00
5	Lines & Cable network		7.05
6	Vehicles		0.23
7	Furniture & Fixtures		0.06
8	Office equipment		0.00
9	Others		39.84
	Total R&M Expenses	30.48	165.54

3.6.4 TANTRANSCO requests the Hon'ble Commission to approve the R&M expenses of Rs. 165.54 Crores for FY 2023-24 as above. TANTRANSCO has incurred the required expenses only and has taken all efforts to minimize the expenditure.

3.6.5 The actual O&M Expenses for the FY2023-24 vis-à-vis normative O&M expenses as approved in the previous Tariff Order is outlined in the table below:


Chief Financial Controller
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Table 4: O&M Expenses for the FY 2023-24 (Rs in Crore)

Sl No	Particulars	FY 2023-24 (Rs. In Crores)	
		Approved in Order in T.P. No. 2 of 2022, dt 09.09.2022	Actual Expenditure as per final True-up
1	Employee Expenses	2,005.51	2924.30
2	A&G Expenses	78.38	59.46
3	R&M Expenses	30.48	165.54
4	Total O&M Expenses	2,114.36	3,149.31

3.6.1 As seen from the above table, the actual O&M expense for FY2023-24 is Rs.3,149.31 Crores.

3.6.2 The above actual operation and maintenance expenses claimed for FY 2023-24 is legitimate and are necessary. TANTRANSCO had to incur the above minimum expenditure to run the organisation and to perform its activities. It is therefore requested to the Hon'ble Commission to approve the O&M expenses for FY 2023-24, as shown in Table above. The actual A&G expenses incurred is lesser than the approved expenses though there is increase in the R&M expenditure which is also the actual expenditure incurred. Hence, the Hon'ble Commission is requested to allow the R&M expenses mentioned in the table above.

3.6.3 TANTRANSCO submits that the staff transfer scheme is not yet finalized and the employees are working on deputation in "As- is- where- is" basis. TANTRANSCO requests the Hon'ble Commission to consider such additional cost post final staff transfer as and when arises.


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3.7 CAPITALISATION OF O&M EXPENSES:

3.7.1 TANTRANSCO is claiming capitalization of O&M expenses for the FY 2023-24 as below:

Table 5: Capitalisation of O&M Expenses (Rs in Crs)

Sl No	Particulars	FY 2023-24(Rs in Crs)	
		Approved in Order in T.P. No. 2 of 2022 dt 09.09.2022	Actual
1	O&M Expenses Capitalised	156.89	129.32

3.8 Net Operation and Maintenance Expenses for the FY 2023-24:

3.8.1 The Net O&M Expenses after considering the capitalisation during the FY 2023-24 is tabulated as below:

Table 6: Net Operation & Maintenance Expenses (Rs in Crs)

Sl No	Particulars	FY 2023-24(Rs in Crs)	
		Approved in Order in T.P. No. 2 of 2022 dt 09.09.2022	Actual Expenditure
1	O&M Expenses	2114.36	3,149.31
2	Less: Capitalisation	156.89	129.32
3	Net O&M Expenses	1957.47	3019.19

3.8.2 TANTRANSCO requests the Hon'ble Commission to approve the actual O&M expenses of Rs.3019.19Crs for the FY 2023-24 as above.



3.9 CAPEX and Capitalisation

3.9.1 TANTRANSCO submits that capital expenditure has been incurred during the year on need-based works necessary for efficient working of the transmission system.

3.9.2 The capitalization for FY 2023-24 is on account of the following reasons:

- i). Improvement in Tail end voltage levels
- ii). Avoidance of System Over Loading
- iii). To provide load relief and to meet out the load growth in particular area
- iv). To evacuate power from various sources and
- v). Reduction in line loss

3.9.3 It is submitted that TANTRANSCO has spent significant amount of capital expenditure on construction of transmission lines and sub-stations during the FY2023-24. The capital expenditure and capitalization are shown in the Table below:

Table 7: CAPEX and capitalisation (Rs. In Crores)

Sl No	Particulars	FY 2023-24(Rs. In Crores)	
		Approved in Order in T.P. No. 2 of 2022 dt 09.09.2022	Actual
1	Capital Expenditure	2645.58	3,939.47
2	Capitalisation	4966.01	7,581.93

The following lines and substations were commissioned during the FY 2023-24.


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Table 8: Voltage wise SS and Lines Commissioned

Sl.No.	Substations			Lines	
	Rating of SS	Nos.	MVA	Voltage Level	Ckt Kms.
1	765 KV	2	6000	765 KV Line	732.773
2	400 KV	1	630	400 KV Line	322.526
3	230 KV	1	100	230 KV OH Line	418.576
4	110 KV	13	301	230 KV cable	5.051
5	66 KV	0	0	110 KV OH line	251.532
6				110 KV cable	17.353
	Total	17	7031		1747.811

3.9.5 TANTRANSCO submits that in addition to above works, enhancement of power transformers was also undertaken. The details are as follows:

Table 9: Enhancement/ Additional Power Transformers

Rating of SS	No.	MVA
400 KV	0	0
230 KV	15	1240
110 KV	105	1247
Total	120	2487

3.9.6 TANTRANSCO requests the Hon'ble Commission to approve the actual CAPEX and Capitalization as shown in table 7 for FY 2023-24.

3.10 GFA and Depreciation

3.10.1 Based on the closing GFA as on 31st March 2023, TANTRANSCO has arrived at the GFA of as Rs. 44365.21 Crores as on 31st March 2024. The asset additions during the year have been considered as per the audited Annual Accounts for the FY 2023-24.

3.10.2 The actual gross depreciation for TANTRANSCO as per audited Accounts is



Rs. 1455.01 Crore for FY 2023-24.

3.10.3 A comparison of approved Depreciation by Hon'ble Commission to the actual Depreciation for FY 2023-24 is shown in the following table.

Table 10: GFA & Depreciation for the FY 2023-24(Rs. In Crores)

Sl No	Particulars	FY 2023-24(Rs. In Crores)	
		Approved in Order in T.P. No. 2 of 2022 dt 09.09.2022	True - Up
1	Opening Gross Block	31743.02	36,784.38
2	Net Addition of GFA	4,735.08	7,580.85
3	Closing Gross Block	36,478.10	44,365.23
	Net Depreciation during the year	1676.03	1453.98

3.10.1 The Hon'ble Commission is requested to allow the Depreciation of Rs.1453.98Crores for the FY 2023-24 as shown in the table above.

3.11 Interest & Finance Charges.

3.11.1 Interest & Finance charges are as per the audited accounting statements of FY 2023-24. As per TNERC Tariff Regulations 2005, TANTRANSCO has arrived at the interest expenses corresponding to long term loans and interest on working capital separately.

3.11.2 It is submitted that the transmission charges generated from the transmission business operation are used to meet the operational / revenue expenses. Apart from borrowing funds to meet capital expenditure, TANTRANSCO is borrowing funds for repayment of loans allocated to it through the final transfer scheme whereby it is still finding it difficult to service the debt as provided in the transfer scheme.

3.11.3 TANTRANSCO in its audited accounts has included interest on GPF, guarantee and commitment charges under other finance charges. However, TANTRANSCO is not claiming any interest on GPF in the true up



True-up for FY 2023-24

petition.

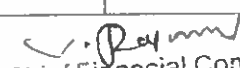
3.11.4 TANTRANSCO would like to submit that the interest liability calculated and accrued during the period of FY 2023-24 is on actual basis which includes loans of erstwhile TNEB also. Since the erstwhile loans are also in the books of TANTRANSCO, it is an obligation of TANTRANSCO to service the debt.

3.11.5 Other finance charges mainly comprise of charges such as cost of raising finance, bank remittance charges, bank commission, bank guarantee commission, stamp duty charges, Letter of Credit opening charges etc.

3.11.6 A comparison of Interest and Finance charges approved by the Hon'ble Commission to the actual Interest and Finance charges for FY 2023-24 is shown in the table below:

Table 11: Interest & Finance Charges (Rs in Crore)

Sl No	Particulars	FY 2023-24 (Rs. In Crores)	
		Approved in Order in T.P. No. 2 of 2022, dt 09.09.2022	True-up figure
1	Opening loan	14,447.43	27,996.41
2	Loan Addition during the year	4202.95	2,410.07
3	Repayment during the year	(1,676.03)	(1,636.70)
4	Closing Loan	16,974.35	28,769.77
5	Interest on Loan	1,367.19	2,272.02
6	Less: Interest Expenses capitalised	(358.71)	(698.34)
7	Other finance charges	41.90	25.38
	Total	1,050.38	1,599.05


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3.11.7 TANTRANSCO requests the Hon'ble Commission to approve the Interest on Loan and Interest & Finance charges of Rs. 1599.05 Crores for FY 2023-24.

3.12 Working Capital and Interest on Working Capital

3.12.1 TANTRANSCO has claimed interest on working capital on normative basis based on the norms specified in the TNERC Tariff Regulations, 2005.

3.12.2 It is submitted that TANTRANSCO has employed internal sources also to meet the revenue expenditure for working capital and the internal sources also carry cost. It is 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.

3.12.3 The APTEL Order dated 28th May 2009 in appeal No. 111 of 2008 states as follows:

"It is true that internal funds also deserve interest in as much as the internal fund when employed as working capital loses the interest it could have earned by investment elsewhere. Further the licensee can never have any funds which have no cost. The internal accruals are not like some reserve which does not carry any cost. Internal accruals could have been inter corporate deposits, as suggested on behalf of the appellant. In that case the same would also carry the cost of interest.

.....Emphasis added".

3.12.4 Further, the Tariff Regulations stipulates 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.

3.12.5 TANTRANSCO is entitled for the IoWC as shown in the table below:



Table 12: Interest on Working Capital (Rs. in Crore)

Sl No	Particulars	FY 2023-24 (Rs. In Crores)	
		Approved in Order in T.P. No. 2 of 2022, dt 09.09.2022	Actual Expenditure as per final True-up
1	O&M Expenses for one month	176.20	251.67
2	Maintenance Spares	336.48	470.06
3	Receivables	996.51	970.83
4	Total Working Capital	1509.18	1692.56
5	Rate of Interest	12.75%	14.85%
	Interest on Working Capital	192.42	251.34

3.12.6 Hon'ble Commission is requested to approve the IoWC of Rs.251.34 Crs for the FY 2023-24.

3.13 Return on Equity

3.13.1 Return on Equity for TANTRANSCO for the year FY 2023-24 has been calculated based on the average equity of the year. This has been done in line with the TNERC Tariff Regulations 2005. The Normative Return on Equity is 14%.

3.13.2 TANTRANSCO would like to submit that the opening equity as on 31st March, 2011 is considered to be zero in line with the Tariff Order issued by the Hon'ble Commission on Suo-Moto Order dated 11th December 2014. TANTRANSCO has filed an appeal and is pending with the Hon'ble Supreme Court of India. Hence, TANTRANSCO reserves it's right to claim the RoE based on the outcome of the approval which is pending with Supreme Court of India.

3.13.3 The Hon'ble 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 would like to submit that



a utility is entitled for Return on Equity as the RoE earned is invested every year to carry out future capacity additions. The relevant extracts of TNERC (Terms & Conditions of Tariff) Regulation 2005 are reproduced herein:

21. Debt-Equity Ratio

"For the purpose of determination of tariff, debt-equity ratio as on the date of commercial operation of Generating Station and transmission projects, sub-station, distribution lines or capacity expanded after the notification of these Regulations shall be 70:30. Where equity employed is more than 30% the amount of equity shall be limited to 30% and the balance amount shall be considered as loans, advanced at the weighted average rate of interest and for weighted average tenor of the long term debt component of the investment"

"Provided that in case of a Generating Company or other licensees, where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of return on equity in tariff computation."
(Emphasis Added)

3.13.4 TANTRANSCO would like to submit that Return on Equity is a surplus generated which entitles a utility to safeguard itself against any uneven contingencies or a force majeure event in future. Also, clause 5.3(a) of the National Tariff Policy states that:

3.13.5 "Balance needs to be maintained between the interests of consumers and the need for investments while laying down rate of return. Return should attract investments at par with, if not in preference to, other sectors so that the electricity sector is able to create adequate capacity. The rate of return should be such that it allows generation of reasonable surplus for growth of the sector. (Emphasis Added)"

3.13.6 Also, APTEL Order in Appeal No. 84 of 2006 dated 29th August 2006, in the case of KPTCL v/s. KERC, states as follows:

3.13.7 "The Appellate Tribunal observed that merely because there is no notification or allocation indicating the capital or investment or such other sum cannot be reason enough to deny return of equity. "

3.13.8 Based on the above submission, TANTRANSCO is entitled to RoE on the opening equity as per the transfer scheme.

3.13.9 A comparison of actual equity infused during FY 2023-24 and the



approved equity is shown in the table below:

Table 13: Return on Equity (Rs in Crore)

Sl No	Particulars	FY 2023-24 (Rs in Crore)	
		Approved in Order in T.P. No. 2 of 2022 dt 09.09.2022	Actual Expenditure
1	Opening Equity	4,078.90	3,173.73
2	Additions during the Year	532.13	10 0.00
3	Closing Equity	4,611.02	3,273.73
4	Average Equity	4,344.96	3,273.73
	Return on Equity at 14%	608.29	~~444.32~~ 451.32

3.13.1 Based on the foregoing paragraphs, TANTRANSCO requests the Hon'ble Commission to approve the Return on Equity of Rs.444.32 Crores for FY2023-24.

3.14 Other Income

3.14.1 The TANTRANSCO submits that the other income includes interest on staff loans, income from investment, interest from banks, income from short term open access consumers, operation and maintenance charges collected from Generators.

3.14.2 A comparison of Other Income as approved by the Hon'ble Commission to the actual Other Income for FY 2023-24 is shown in table below:

Table 14: Other Income (Rs. in Crore)

Sl No	Particulars	FY 2023-24 (Rs. in Crore)	
		Approved in Order in T.P. No. 2 of 2022 dt 09.09.2022	Actual
1	Other Income	290.85	409.17

3.14.3 The Other Income includes Rs.327.22Cr towards net gain on foreign Currency transactions. TANTRANSCO requests the Hon'ble Commission to approve the Other Income of Rs.409.17 Crores for the FY2023-24.



3.15 Other Debits, Capitalised Expenses, Extra-Ordinary Items & Prior Period Expenses

3.15.1 TANTRANSCO submits that Other Debits, Extra-Ordinary Items & Prior Period items incurred by TANTRANSCO for the FY 2023-24 are claimed as per Audited Statement. The actual expenses are tabulated as below:

Table 15: Other Debits, Prior Period Income & Extraordinary items (Rs in Crore)

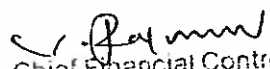
Sl no	Particulars	FY 2023-24(Rs in Crore)	
		Approved in Order in T.P. No. 2 of 2022 dt 09.09.2022	Actual
1	Other Debit	-	18.71
2	Prior Period Expenses (Nett)	-	-
3	Extra-Ordinary Item	-	-

3.15.1 TANTRANSCO requests the Hon'ble Commission to approve prior period expenses, other debits and extra ordinary items as presented in the table above for the FY 2023-24.

3.16 Incentive

3.16.1 As per TNERC Tariff Regulations 2005, 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 i.e. 98%.

3.16.2 Accordingly, computation of incentive based on the actual availability is as under:


Chief Financial Controller
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True-up for FY 2023-24

Table 16: Incentive (Rs in Crore)

Sl No	Particulars	FY 2023-24 (Rs. In Crores)
		Actual as per final true-up
1	Equity	3,133.73
2	Annual Availability Achieved	98.34%
3	Target Availability	98%
	Incentive	10.99

3.17 Revenue from Transmission Charges

3.17.1 TANTRANSCO has considered the revenue from transmission charges for FY 2023-24 as per audited annual statement of accounts.

Table 17: Revenue from Transmission Charges (Rs. in Crore)

Sl No	Particulars	FY 2023-24(Rs. in Crore)
		Actual Revenue
1	Revenue	5,824.97

3.18 Aggregate Revenue Requirement

3.18.1 Based on the foregoing components, the Aggregate Revenue Requirement of TANTRANSCO for the FY 2023-24 is shown in the table below:


Chief Financial Controller
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**Table 18: Aggregate Revenue Requirement (Rs. in Crore)**

SL. No.	Details	FY 2023-24	
		Approved in Order in T.P. No. 2 of 2022, dt 09.09.2022	Actual Expenditure
1.1	Employee Cost (G)	2,005.51	2,924.30
1.2	Repair & Maintenance (G)	30.48	165.54
1.3	Administration & General Charges (G)	78.38	59.46
1.4	Less: Total O&M Expenses Capitalized	(156.89)	(129.32)
2	Net Depreciation	1,676.03	1453.98
3	Net Interest and Finance Charges	1,050.38	1599.05
4	Interest on Working Capital	192.42	251.34
5	Net Other Debits	-	18.71
6	Extra - Ordinary Items	-	-
7	Prior Period (Income)/Expense	-	-
8	Incentive	-	109.9
	Total Fixed Costs	4,876.30	6353.85
9	Return on Equity	608.29	451.32 ~~444.32~~
10	Less: Other Income	(290.85)	(409.17)
	Net Aggregate Revenue Requirement	5,193.75	6396.22 ~~6,389.02~~
11	Revenue from Transmission Charges / Annual Transmission Charges		5,824.97
	GAP		571.25 ~~564.05~~

3.18.2 TANTRANSCO requests the Hon'ble Commission to consider the justification given by TANTRANSCO and approve the ARR of Rs. ~~6389.02~~ Crores for FY 2023-24. **6396.22**


 Chief Financial Controller
 Tamil Nadu Transmission Corpn. Ltd.,
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4. Directives

The Hon'ble Commission in its Order in T.P. No.2 of 2022, dated 9th September, 2022 has laid down certain directives to be complied by TANTRANSCO. The directives of the Hon'ble Commission and the status of the said directives are submitted below:

1. **Directive:** TANTRANSCO to submit on a quarterly basis, the details of the monthly revenue earned from the Transmission charges along with the number of transactions, revenue computation, allotted capacity, etc.

TANTRANSCO's Response: The Revenue from the transmission charges and the Actual Allotted Transmission Capacity are being submitted to the Hon'ble Commission.

2. **Directive:** TANTRANSCO shall maintain the record for the fund-wise and scheme-wise actual capital expenditure incurred and actual capitalisation done separately for the schemes commencing after April 2022 which shall be submitted to the Commission at the time of next Tariff Petition. The actual capitalization shall be accounted and adjusted at the time of true-up when realistic values will be available. The Commission will approve the actual capital expenditure and actual capitalisation based on such information, subject to prudent check.

TANTRANSCO's Response: All the circles of TANTRANSCO have been instructed to maintain the scheme wise register. The directive of the Hon'ble Commission will be complied at the time of filing the next tariff petition.

3. **Directive:** The Petitioner shall furnish the half yearly status of schemes approved in this CIP as on 1st of January and 1st of July of every year. Many of the schemes submitted in the plan are spilled over from the previous



control period. TANTRANSCO is directed to form a committee to review the progress of proposed schemes every quarter and ensure execution of projects within the scheduled timelines. Wherever clearances are required from Government authorities, the Licensee has to take coordinated efforts to obtain clearances and accelerate the erection works.

TANTRANSCO's Response: The half yearly status of schemes under implementation is being submitted to the Hon'ble Commission

4. **Directive:** The Petitioner shall submit the reduction in transmission loss on account of commissioning of schemes for the previous control periods and for the schemes approved in this CIP furnishing the methodology adopted to quantify the losses.

TANTRANSCO's Response: The voltage wise transmission loss along with the methodology for energy balance at each voltage level is being submitted to the Hon'ble Commission.

5. **Directive:** Schemes where expenditure is less than or upto Rs. 2 crores may be executed by the Transmission Licensee, TANTRANSCO without prior approval of the Commission. However, the details of the schemes with actual expenditure shall be submitted to the Commission at the time of filing the tariff Petition. All the details of schemes, assets and expenditure shall be entered in the asset register.

TANTRANSCO's Response: This direction of the Hon'ble TNERC will be complied, and necessary approval of the Hon'ble TNERC will be obtained at the time of filing tariff petition.


Chief Financial Controller
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6. **Directive:** TANTRANSCO shall acquire Commission's approval when the total expenditure exceeds 5% of the capital expenditure approved in the order.

TANTRANSCO's Response: This directive of the Hon'ble TNERC will be complied.

7. **Directive:** TANTRANSCO is directed to fix priority of works depending on return on investment, impact/benefits to customers and implement the schemes.

TANTRANSCO's Response: The schemes are prioritised and implemented ensuring essentiality of the Capital/Improvement works and to (1) Enhance the Available Transfer Capability (2) Improve the voltage profile and (3) Overcome the overloading issues.

8. **Directive:** TANTRANSCO to submit the year-wise actual capital expenditure incurred along with detailed justification for delay, if any, at the time of approval of actual capital expenditure and capitalisation, for transmission schemes commencing during the control period from April 1, 2016.

TANTRANSCO's Response: Actual capital expenditure and Capitalization are being submitted to the Hon'ble Commission.

9. **Directive:** Maintain the record for the fund-wise and scheme-wise actual capital expenditure incurred and actual scheme-wise capitalisation done separately for the schemes commencing after April 2016 which shall be submitted to the Commission at the time of next Tariff Petition.

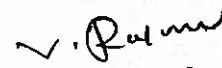
TANTRANSCO's Response: All the circles of TANTRANSCO have been instructed to maintain the scheme wise register. The details will be



submitted to the Hon'ble Commission at the time filing the next Tariff Petition.

10. **Directive:** TANTRANSCO to submit the actual source-wise funding for each transmission scheme approved in this order along with the next Tariff Petition.

TANTRANSCO's Response: The actual source wise funding for the Transmission schemes for the FY 2023-24 in respect of TANTRANSCO is enclosed as Annexure.


Chief Financial Controller
Tamil Nadu Transmission Corpn. Ltd.,
144, Anna Salai, Chennai-600 002.



5. PRAYERS

5.1 TANTRANSCO respectfully prays to the Hon'ble Commission:

- 5.1.1. To admit the Petition seeking approval for the true-up for FY 2023-24 as per the provisions of the Tariff Regulations, 2005 and MYT Regulations 2009.
- 5.1.2. To approve the Final True-up for FY 2023-24
- 5.1.3. To approve the actual revenue Gap arising on account of trueing-up for the FY 2023-24.
- 5.1.4. To grant specific prayers, wherever made in this petition for reconsideration/relaxation of ARR elements/ norms etc.
- 5.1.5. To approve the total recovery of True-up for FY 2023-24 and other related charges along with other claims as proposed by TANTRANSCO.
- 5.1.6. To allow variations in O&M expenses for the final True-up as submitted in the Petition.
- 5.1.7. To grant any other relief as the Hon'ble Commission may consider appropriate.
- 5.1.8. To condone any error/omission and to give opportunity to rectify the same.
- 5.1.9. Pass any other Order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- 5.1.10. Necessary filing fee of Rs.25,000/- (Rupees Twenty-five thousand only) for the True-up petition for FY 2023-24 has been remitted through Canara Bank by NEFT with UTR No..... on 2026
- 5.1.11. To condone the delay of 555 days in filing this true-up petition.

PETITIONER


Chief Financial Controller
Tamil Nadu Transmission Corpn. Ltd.,
144, Anna Salai, Chennai-600 002.



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Form-2

BEFORE THE
HON'BLE TAMIL NADU ELECTRICITY REGULATORY COMMISSION AT CHENNAI

Filing No:

:

Case No:

: M.P. No of 2026

IN THE MATTER OF

: Filing of Petition for Final True-up for the
FY 2023-24

Tamil Nadu Transmission Corporation Ltd.,
(Represented by its Chief Financial Controller)
TANTRANSCO New Building,
144, Anna Salai,
Chennai -2.

.....

Petitioner

Affidavit verifying the petition

I, V. Rajeswari, aged about 54 years, W/o. R. Kumaran , serving as the Chief Financial Controller, Tamil Nadu Transmission Corporation Limited (TANTRANSCO) having office at TANTRANSCO New Building, 4th floor, Southern wing, 144, Anna Salai, Chennai- 600 002, do hereby solemnly affirm and sincerely state as follows:

1. I am the Chief Financial Controller, TANTRANSCO, the petitioner herein; as such I am well acquainted with the facts of the case and authorized to file the present petition.
2. I solemnly affirm at Chennai on this day of 2026 that the contents of the above petition are true to my knowledge and I believe that no part of it is false and no material fact has been concealed there from.

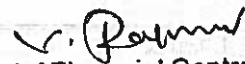
Petitioner


Chief Financial Controller
Tamil Nadu Transmission Corpn. Ltd.,
144, Anna Salai, Chennai-600 002.

Verification

I, the above signed petitioner do hereby solemnly affirm Chennai on this day of 2026 that the contents of the above petition are true and correct to the best of my knowledge and no material fact has been concealed there from.

Petitioner



Chief Financial Controller
Tamil Nadu Transmission Corpn. Ltd.,
144, Anna Salai, Chennai-600 002.

Signed before me at Chennai on
the day of 2026.



(A.P. Venkatachalapathy)
Advocate for Petitioner
Standing counsel for TANTRANSCO