

| 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:
- Improvement in Tail end voltage levels;
 - Avoidance of System Over Loading;
 - To provide load relief and to meet the load growth in particular area;
 - To evacuate power from various sources; and
 - 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: