

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.

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 OAcharges 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 1/7th of 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, 1/7th 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>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
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.	
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.	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>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>

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	<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 OA charges for the Non-REC wind generators has been taken into account as per the existing TNERC Tariff Order.</p>

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<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>	