

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**CASE No. 179 of 2024**

**In the matter of**  
**Case of Amravati Power Transmission Co. Ltd. for approval of Truing-up of Aggregate Revenue Requirement (ARR) for FY 2022-23 and FY 2023-24, Provisional Truing-up of ARR for FY 2024-25, and determination of ARR for the Control Period from FY 2025-26 to FY 2029-30**

**Coram**  
**Sanjay Kumar, Chairperson**  
**Anand M. Limaye, Member**  
**Surendra J. Biyani, Member**

**ORDER**

**Date: 28 March, 2025**

The Amravati Power Transmission Co. Ltd. (APTCL), Plot No. 103-A, 1<sup>st</sup> Floor, NH-8, Mahipalpur Extension, New Delhi - 110037, has filed this Multi-Year Tariff (MYT) Petition for approval of Truing-up of ARR for FY 2022-23 and FY 2023-24, Provisional Truing-up of ARR for FY 2024-25, and approval of ARR for the Control Period from FY 2025-26 to FY 2029-30. The original Petition was filed by APTCL on 29 October, 2024 and after incorporating various comments and issues raised by the Commission, APTCL submitted the revised Petition on 26 November, 2024.

The Petition has been submitted in accordance with the MERC (Multi Year Tariff) Regulations, 2019 (“**MYT Regulations, 2019**”) for Truing-up of ARR for FY 2022-23 and FY 2023-24, and Provisional Truing-up of ARR for FY 2024-25, and in accordance with the MERC (Multi Year Tariff) Regulations, 2024 (“**MYT Regulations, 2024**”) for approval of ARR for the Control Period from FY 2025-26 to FY 2029-30.

The Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act (EA), 2003 and all other powers enabling it in this behalf, and after taking into consideration the various submissions made by APTCL and issues discussed during the public consultation process, and all other relevant material placed on record by APTCL, has approved the Truing-up of ARR for FY 2022-23 and FY 2023-24, Provisional Truing-up of ARR for FY 2024-25, and ARR for the Control Period from FY 2025-26 to FY 2029-30, through this Order.

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### **ABBREVIATIONS**

A&G	Administrative and General
AC	Alternating Current
AMC	Annual Maintenance Contract
APR	Annual Performance Review
APTCL	Amravati Power Transmission Company Limited
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
AVP	Assistance Vice President
Commission/MERC	Maharashtra Electricity Regulatory Commission
CBA	Cost Benefit Analysis
CEA	Central Electricity Authority
ckt. km	circuit kilometre
CoD	Commercial Operation Date
CPI	Consumer Price Index
Capex	Capital Expenditure
CWIP	Capital Work In Progress
D/C	Double Circuit
DGM	Deputy General Manager
DSRA	Debt Service Reserve Account
DPR	Detailed Project Report
EA 2003	Electricity Act, 2003
EHV	Extra High Voltage
ERS	Emergency Restoration System
FDR	Fixed Deposit Receipt
FY	Financial Year
GFA	Gross Fixed Assets
G-Sec	Government Securities
HT Steel	High Tensile Steel
H1	First Half of the Year
H2	Second Half of the Year
ICD	Inter-Corporate Deposit
InSTS	Intra-State Transmission System
IoWC	Interest on working capital
IT	Income Tax
ITR	Income Tax Returns
kA	kilo Amps
kV	kilo Volt



kW	Kilo Watt
kWh	Kilo Watt hour
LILo	Loop In Loop Out
L&TIFCL	L&T Infrastructure Finance Co. Ltd
MCLR	Marginal Cost of Funds Based Lending Rate
MEGPTCL	Maharashtra Eastern Grid Power Transmission Limited
MLDB	Main Lighting Distribution Board
MPSL	Maclean Power System LLC
MSETCL	Maharashtra State Electricity Transmission Company Limited
MSLDC	Maharashtra State Load Despatch Centre
MYT	Multi Year Tariff
MTR	Mid-Term Review
NAV	Net Asset Value
O&M	Operation and Maintenance
PBT	Profit Before Tax
PFC	Power Finance Corporation
PGCIL	Power Grid Corporation of India
PLR	Prime Lending Rate
RBI	Reserve Bank of India
R&M	Repair and Maintenance
REC	Rural Electrification Corporation Limited
RoE	Return on Equity
RoW	Right of Way
S/C	Single Circuit
SBI	State Bank of India
SLDC	State Load Despatch Centre
STU	State Transmission Utility
TDS	Tax Deducted at Source
TPP	Thermal Power Plant
TSU	Transmission System User
T&P	Tools & Plants
TTSC	Total Transmission System Cost
TVS	Technical Validation Session
WACC	Weighted Average Capital Cost
WPI	Wholesale Price Index

## 1 INTRODUCTION

### 1.1 Background

1.1.1 Amravati Power Transmission Company Limited (**APTCL**) is an Intra-State Transmission Licensee in the State of Maharashtra. The Commission granted Transmission Licence No. 3 of 2010 vide its Order dated 30 December, 2010, wherein the 400 kV D/C Quad Moose line of APTCL emanating from Amravati Thermal Power Plant (TPP) was approved to be connected to Akola-I sub-station of Maharashtra State Electricity Transmission Co. Ltd (**MSETCL**). Further, the Licence was amended vide Order dated 4 August, 2014 in Case No. 67 of 2014, wherein the above line was extended and connected to Akola-II Sub-station of Maharashtra Eastern Grid Power Transmission Co. Ltd (**MEGPTCL**).

1.1.2 The components of APTCL's Transmission System are as set out in the Table below:

**Table 1:Transmission System of APTCL**

Description	Distance/ No. of Bays	COD
<b>Transmission Lines</b>		
400 kV D/C Quad Moose Amravati TPP to Akola-II Sub-station Transmission Line	104 km	20 March, 2015
LILO (Loop-In Loop Out) of 400 kV S/C Akola to Koradi Transmission Line at Amravati TPP	7 km	3 June, 2013
<b>Bays</b>		
400 kV Bays at MSETCL Akola-I Sub-station	2 Nos.	1 April, 2014 and 19 September, 2014

1.1.3 The Commission vide Order dated 22 February, 2016 in Case No. 17 of 2014 approved the provisional capital cost and determined the ARR for FY 2013-14 to FY 2015-16. In the Multi Year Tariff (**MYT**) Order for the 3<sup>rd</sup> MYT Control Period in Case No. 61 of 2016 dated 15 July, 2016, the Commission carried out Truing-up for FY 2013-14 and FY 2014-15 and Provisional Truing-up for FY 2015-16 in accordance with the MYT Regulations, 2011. The ARR for the 3<sup>rd</sup> MYT Control Period from FY 2016-17 to FY 2019-20 and the final Capital cost was approved in the MYT Order in accordance with the MYT Regulations, 2015.

1.1.4 In the Multi Year Tariff (MYT) Order dated 30 March 2020 in Case No. 295 of

2019, the Commission carried out Truing-up for FY 2017-18, FY 2018-19 and Provisional Truing-up for FY 2019-20, in accordance with the MYT Regulations, 2015 and approved the ARR for 4<sup>th</sup> MYT Control Period from FY 2020-21 to FY 2024-25, in accordance with the MYT Regulations, 2019.

1.1.5 In the Order dated 6 March 2021 in Case No. 139 of 2020, the Commission approved the transfer of 100% shareholding of Rattan India Solar Pvt. Ltd. in APTCL to M/s Nettle Construction Pvt. Ltd., which was intimated by APTCL to the Commission on 25 June, 2019. The transfer of shareholding was approved by the Commission subject to APTCL ensuring that such change in shareholding does not contravene any provisions of the applicable laws/Rules/Regulations and that there shall be no adverse Tariff impact on account of the proposed transaction.

1.1.6 In the present Order, the Commission has carried out Truing-up of ARR for FY 2022-23 and FY 2023-24, and Provisional Truing-up of ARR for FY 2024-25 in accordance with the MYT Regulations, 2019, and approval of ARR for the Control Period from FY 2025-26 to FY 2029-30, in accordance with the MYT Regulations, 2024.

## **1.2 MYT Regulations**

1.2.1 The Commission notified the MYT Regulations, 2019 on 1 August, 2019. These Regulations are applicable for the 4<sup>th</sup> MYT Control Period, i.e., from FY 2020-21 to FY 2024-25.

1.2.2 The Commission notified the MYT Regulations, 2024 on 19 August, 2019. These Regulations are applicable for the 5<sup>th</sup> MYT Control Period, i.e., from FY 2025-26 to FY 2029-30.

## **1.3 Petition and Prayers of APTCL**

1.3.1 As per the procedures outlined in Sections 61, 62 and 64 of Electricity Act, 2003 (EA), and the governing Regulations thereof; APTCL being a Transmission licensee, is required to submit its Petition for ARR and Tariff determination. Further, Regulation 5.1(a) of the MYT Regulations, 2024, specifies that the Multi-Year Tariff (MYT) Petition must be filed by 1 November, 2024 by Transmission Licensees comprising Truing-up for FY 2022-23 and FY 2023-24, and Provisional Truing-up of FY 2024-25, under MYT Regulations, 2019, and ARR for the Control Period from FY 2025-26 to FY 2029-30 under MYT Regulations, 2024.

1.3.2 Adhering to the above-mentioned timelines, APTCL submitted its Petition in Case No. 179 of 2024 on 29 October, 2024. The Commission communicated the first set of data gaps to APTCL on 8 November, 2024 and the reply against the same was submitted by APTCL on 15 November, 2024. The Technical Validation Session (TVS) was held on 19 November, 2024. The list of persons who attended the TVS is at **Appendix I**.

1.3.3 Subsequently, APTCL filed a revised Petition on 26 November, 2024 incorporating all the data gap replies.

1.3.4 APTCL's main prayers in the revised Petition are as follows:

“

- a. *Admit this Petition for the Approval of True Up of FY 2022-23 & FY 2023-24, Provisional True-Up of FY 2024-25 in accordance with the MYT Regulations 2019 and its amendments thereof and Aggregate Revenue Requirement for the 5<sup>th</sup> MYT Control Period from FY 2025-26 to FY 2029-30 in accordance with the MYT Regulations 2024;*
- b. *Approve the True-up of ARR of APTCL including past gaps and Performance based RoE for higher Transmission availability for FY 2022-23 & FY 2023-24 in accordance with the MYT Regulations 2019 and its amendments thereof;*
- c. *Approve the Provisional True Up for FY 2024-25 as presented in this Petition in accordance with the MYT Regulations 2019 and its amendments thereof;*
- d. *Approve the projected ARR for the 5<sup>th</sup> MYT Control Period FY 2025-26 to FY 2029-30 in accordance with the MYT Regulations 2024;*
- e. *To allow the recovery of the past gaps in the transmission charges as submitted in the Petition alongwith the carrying cost;*
- f. *To allow the adjustment related to Calculation error in FY 2021-22 as approved as per Review Order in Case No. 94 of 2023 alongwith carrying cost;*
- g. *To issue suitable guidelines to MSETCL to execute the O&M agreement based on the reasonable rates and allowed any variation as passed through in transmission tariff of APTCL over and above the normative O&M Cost;*
- h. *To allow the net saving of interest cost due to refinancing to be shared with the beneficiaries in the ratio of 2:1 as per Regulations 30.10 of MYT Regulations 2019.*
- i. *Condone any inadvertent omissions, errors, shortcomings, rounding off and permit APTCL to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and*

- j. Pass such other and further orders as deemed fit and proper in the facts and circumstances of the case.”*

#### **1.4 Admission of Petition and Public Consultation Process**

- 1.4.1 The Commission admitted the revised Petition on 4<sup>th</sup> December, 2024 and directed APTCL to publish a Public Notice in accordance with Section 64 (2) of the EA, in the prescribed abridged form and manner, and to reply expeditiously to any suggestions and comments received.
- 1.4.2 APTCL published a Public Notice inviting comments/ suggestions/ objections on its Petition. The Public Notice was published in English in Business Standard and The Economic Times, and in Marathi in Sakal, Mumbai and Sakal, Amravati on 10<sup>th</sup> December, 2024. The Petition and its Summary were made available for inspection/purchase at APTCL’s offices and website ([www.rattanindia.com](http://www.rattanindia.com)). The Public Notice and Executive Summary of the Petition were also made available on the website of the Commission ([www.merc.gov.in](http://www.merc.gov.in)) in downloadable format.
- 1.4.3 The Commission did not receive any suggestions or objections on the Petition. The Public Hearing was held on 7<sup>th</sup> January, 2025. The list of persons who attended the Public Hearing is at **Appendix II**. No oral suggestions or objections were raised during the Public Hearing.
- 1.4.4 The Commission has ensured that the due process contemplated under law to ensure transparency and public participation was followed at every stage and adequate opportunity was given to all concerned to express their views.

#### **1.5 Organisation of the Order**

- 1.5.1 This Order is organised in the following seven Sections:
- i. **Section 1** summarises the regulatory process undertaken by the Commission.
  - ii. **Section 2** deals with approval of Truing-up for FY 2022-23 and FY 2023-24.
  - iii. **Section 3** deals with approval of Provisional Truing-up for FY 2024-25.
  - iv. **Section 4** deals with determination of ARR for the Control Period from FY 2025-26 to FY 2029-30.
  - v. **Section 5** sets out the mechanism for recovery of Transmission Charges.
  - vi. **Section 6** deals with the applicability of the present Order.

## **2 TRUING-UP OF ARR FOR FY 2022-23 AND FY 2023-24**

### **2.1 Background**

- 2.1.1 APTCL has sought final Truing-up for FY 2022-23 and FY 2023-24 in accordance with the MYT Regulations, 2019, based on the actual expenditure and revenue as per the audited Annual Accounts. It has also presented the comparison of expenditure and revenue approved by the Commission vide the Mid-term Review (MTR) Order dated 31<sup>st</sup> March, 2023 in Case No. 234 of 2022 vis-à-vis the audited performance.
- 2.1.2 The Commission notes that there has been only minor asset addition by APTCL in FY 2022-23 and FY 2023-24 and it continues to operate 220.216 ckt. km of 400 kV transmission line (104 km D/C Quad line + 7 km S/C LILO line) and 2 numbers of 400 kV AIS bays for which Transmission Licence was granted. MSLDC has certified the transmission availability of APTCL and the same has been taken into consideration by the Commission for calculation of the incentive towards availability, in terms of Additional Return on Equity (RoE), as discussed in subsequent part of this Order. The aforesaid confirms that the assets are in use and are part of InSTS system.
- 2.1.3 The detailed analysis underlying the Commission's approval for Truing-up of FY 2022-23 and FY 2023-24 is set out below.

### **2.2 Normative Operation & Maintenance Expenses**

#### ***APTCL's Submission***

- 2.2.1 Regulation 61.6 of the MYT Regulations, 2019 specifies the normative Operation and Maintenance (O&M) expenses allowed for existing and new Transmission Licensees for the 4<sup>th</sup> MYT Control Period from FY 2020-21 to FY 2025-26.
- 2.2.2 As per the above provision, the O&M expenses norms from FY 2020-21 to FY 2024-25 as specified for new Transmission Licensees in the State, are applicable for APTCL. APTCL has calculated the normative O&M expenses for the Transmission System for FY 2022-23 and FY 2023-24 based on line length of 220.218 ckt. km.

- 2.2.3 The Commission in Case No. 234 of 2022 approved normative O&M Expenses of Rs. 5.09 Crore and Rs. 5.28 Crore for FY 2022-23 and FY 2023-24, respectively, based on the norms specified under the MYT Regulations, 2019.
- 2.2.4 APTCL has accordingly computed the revised normative O&M expenses for FY 2022-23 and FY 2023-24, based on the actual transmission network parameters, as given in the following Table:

**Table 2: Normative O&M Expenses for FY 2022-23 and FY 2023-24, as submitted by APTCL**

Particulars	Unit	APTCL Petition	
		FY 2022-23	FY 2023-24
Length of Line of 400 kV(A)	ckt. km	220.22	220.22
Norms as per Regulations (B)	Rs. Lakh/ ckt. km	0.91	0.94
<b>Cost (C = A * B)</b>	<b>Rs. Crore</b>	<b>2.00</b>	<b>2.07</b>
No of bays (D)	No.s	2.00	2.00
Norms as per Regulations (E)	Rs. Lakh/ bay	154.49	160.44
<b>Cost (F = D * E)</b>	<b>Rs. Crore</b>	<b>3.09</b>	<b>3.21</b>
<b>Total O&amp;M expenses (G = C + F)</b>	<b>Rs. Crore</b>	<b>5.09</b>	<b>5.28</b>

***Commission's Analysis and Ruling***

- 2.2.5 The Commission notes that there has been no asset addition by APTCL in FY 2022-23 and FY 2023-24 and it continues to operate 220.218 ckt km of 400 kV transmission line and 2 numbers of 400 kV AIS bays. It is further noted that MSLDC has also certified the transmission availability of APTCL for the said years and the same has been taken into consideration by the Commission, as discussed in subsequent part of this Order. The aforesaid confirms that the assets are in use and part of InSTS system.
- 2.2.6 Accordingly, the Commission approves the normative O&M expenses as computed in accordance with the norms specified in Regulation 61.6 (Norms for new and other existing transmission licensee) of the MYT Regulations, 2019 for FY 2022-23 and FY 2023-24, on the basis of actual number of bays and line length. The revised normative O&M Expenses approved by the Commission as per MYT Regulations 2019, are as shown in the Table below:

**Table 3: Revised Normative O&M expenses for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	Unit	Normative expenses	
		FY 2022-23	FY 2023-24
Length of Line of 400 kV(A)	ckt. km	220.22	220.22
Norms as per Regulations (B)	Rs. Lakh/ckt. km	0.91	0.94
<b>Cost (C = A * B)</b>	<b>Rs. Crore</b>	<b>2.00</b>	<b>2.07</b>
No of bays (D)	No.	2.00	2.00
Norms as per Regulations (E)	Rs. Lakh/ bay	154.49	160.44
<b>Cost (F = D * E)</b>	<b>Rs. Crore</b>	<b>3.09</b>	<b>3.21</b>
<b>Total O&amp;M expenses (G = C + F)</b>	<b>Rs. Crore</b>	<b>5.09</b>	<b>5.28</b>

2.2.7 The Commission approves revised normative O&M expenses of Rs. 5.09 Crore and Rs. 5.28 Crore after Truing-up of FY 2022-23 and FY 2023-24, respectively. The said normative expenses approved by the Commission are the same as approved in MTR Order dated 31<sup>st</sup> March, 2023, as there is no actual asset addition in FY 2022-23 and FY 2023-24.

### 2.3 Actual Operation & Maintenance Expenses

#### *APTCL's Submission*

2.3.1 APTCL has submitted that there is an existing O&M arrangement between MSETCL and APTCL for maintenance of bays at the 400 kV Akola sub-station by MSETCL. With reference to Terminal Bay expenses, the amount payable to MSETCL as per the O&M arrangement entered between MSETCL and APTCL is considered. However, there are certain common costs in relation to maintenance of Bay, which cannot be segregated between Lines and Bay, which have hence, been included in the respective head of O&M Expenses. The O&M expenses payable to MSETCL for FY 2022-23 and FY 2023-24 is Rs. 0.46 Crore and Rs. 0.51 Crore, respectively.

2.3.2 APTCL has submitted that the actual employee expenses have reduced in FY 2022-23 due to reduction in number of employees from 8 in FY 2021-22 to 7 in FY 2022-23 in Grade III Technical staff cadre. The decrease in number of employees in FY 2022-23 was in September 2022 and hence FY 2022-23 includes the half yearly salary of the said employee and also, an annual increment has been provided as regular practice to the employees in FY 2022-23.

2.3.3 Similarly, APTCL has submitted that the actual employee expenses have reduced in FY 2023-24 due to reduction in number of employees from 7 in FY 2022-23 to



4 in FY 2023-24 in Grade III Technical staff cadre. The decrease in number of employees in FY 2023-24 was in July 2023 and December 2023, and hence, FY 2023-24 includes the proportional salary of the said employees, and also, a normal annual increment has been provided as per regular practice to the employees in FY 2023-24.

- 2.3.4 As regards Administrative & General (A&G) expenses, APTCL has submitted that the A&G expenses have increased in FY 2022-23 as compared to FY 2021-22 as the Tariff Petition was filed as per MYT Regulations, 2019. Accordingly, the related expenses such as Tariff Petition fees, advertisement cost, etc., has been incurred. Also, in FY 2023-24, the Review Petition was filed by APTCL which has also resulted in increase in consultancy fees and Petition fees. Further, the said Review Order was also appealed before Hon'ble Appellate Tribunal for Electricity (APTEL), resulting in additional legal fees. Further, for tree cutting and trimming of trees, APTCL is required to pay extra compensation to landowner and labour, the cost of which is included in the Miscellaneous expenses. The increase in Legal and Professional expenses is due to increase in management consultancy fees paid to Nettle Construction Pvt. Ltd., Appearance fees for regulatory matter (MERC/APTEL), MERC Regulatory fees, etc.
- 2.3.5 APTCL has submitted that Legal, professional, technical and consultancy fees include the payment made to Nettle Construction Pvt. Ltd. for "Management Consulting and Management Service Charges". APTCL submitted that Nettle Construction Pvt. Ltd. is also the Holding Company of APTCL with 100% shareholding and Management Consultancy Fees being charges by the Holding company, i.e., Nettle Construction to APTCL, includes the expenses pertaining to common services of Central Procurement, Group Finance and HR, Centralized IT services, Administration, Security and other common departments.
- 2.3.6 APTCL has submitted that similar to integrated utilities, common cost is allocated to each segment of business and the similar approach was undertaken by RInfra whereby the Corporate expenses of RInfra represent the expenses pertaining to common services of Central Procurement, Group Finance and HR, Centralized IT services, Administration, Security and other common departments where the resources and personnel available were rendering the services to the entire RInfra Corporate and accordingly the expenses pertaining to these departments were allocated to all the individual business segments within RInfra, such as the Mumbai energy vertical, EPC business, Wind power plants, etc., on the basis of turnover of these individual business segments. Hence, the precedence of such cases is also

available.

- 2.3.7 As regards R&M expenses, APTCL submitted that there is a significant increase in maintenance costs on year-to-year basis due to an increase in parts and labour cost, but predominantly because of the increased frequency of repairs as a result of ageing inventories. Also, it includes the outsourcing cost of M/s KSW Enterprises with regards to line patrolling, which was appointed through competitive bidding process for Annual Maintenance Contract (AMC) of bays (2 No.s) at Akola Sub-station 400 kV LILO line and also the expenses related to existing O&M agreement with MSETCL.
- 2.3.8 APTCL submitted that the line length of 400 kV transmission lines under APTCL are 104 ckt. km D/C Quad Moose and 7 ckt. Km D/C Twin Moose LILO line. For smooth operation of this transmission network and to achieve above 98% annual availability as per the norms specified by the Commission; continuous monitoring / patrolling and regular preventive maintenance of transmission system is necessary. Hence, APTCL is required to maintain required resources, i.e., Spares, T&P's, manpower, machinery, patrolling vehicles and other resources for continuous monitoring of the lines and bays. APTCL is also required to provide and maintain resources to manage any emergency situation, which increases the O&M cost.
- 2.3.9 APTCL has submitted the detailed break-up of R&M and other Expenses, as shown in the Table below:

**Table 4: Break-up of R&M expenses for FY 2022-23 and FY 2023-24 (Rs. Crore)**

<b>Repair Expenses</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
KSW Enterprises - Line Maintenance	0.70	0.76
MSETCL – Bay expenses	0.46	0.51
<b>Total Contractual expenses</b>	<b>1.16</b>	<b>1.27</b>
Civil works	0.74	0.78
Site Maintenance	0.11	0.18
Vehicle Hiring Related Expenses	0.30	0.30
<b>Total Other Expenses</b>	<b>1.15</b>	<b>1.26</b>
<b>Total R&amp;M Expenses claimed</b>	<b>2.31</b>	<b>2.53</b>

- 2.3.10 The comparison of O&M expense as approved by the Commission, revised normative O&M expenses, and actual O&M Expense for FY 2022-23 and FY 2023-24 is given in the Table below:

**Table 5: Actual and Normative O&M expenses for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23			FY 2023-24		
	Approved	Normative	Actual	Approved	Normative	Actual
O&M Expenses for line	5.09	2.00	4.73	5.28	2.07	4.89
O&M Expenses for terminal bays		3.09	0.46		3.21	0.51
<b>Total O&amp;M Expenses</b>	<b>5.09</b>	<b>5.09</b>	<b>5.19</b>	<b>5.28</b>	<b>5.28</b>	<b>5.40</b>

2.3.11 Accordingly, APTCL has requested for approval of the actual O&M expenses of Rs. 5.19 Crore and Rs. 5.40 Crore for FY 2022-23 and FY 2023-24, respectively.

### *Commission's Analysis and Ruling*

2.3.12 APTCL has submitted the allocation statement certified by Statutory Auditor stating the Gross Fixed Assets, Revenue, Employee expenses, A&G expenses, R&M expenses for FY 2022-23 and FY 2023-24, respectively, for the Transmission business. The Commission has considered the allocation statement certified by Statutory Auditor for the purpose of Truing-up in this Petition.

2.3.13 The actual O&M expenses comprise Employee expenses, A&G expenses, and R&M expenses. The paragraphs below provide the analysis of these components:

### **Employee Expenses**

2.3.14 Employee expenses include expenses towards salaries, wages and allowances, productivity linked incentives/bonus, etc. The actual employee expenses in FY 2022-23 at Rs. 1.28 Crore are slightly lower than the actual employee expenses in FY 2021-22 at Rs. 1.29 Crore, on account of reduction by 1 employee in the middle of the year, which has been partly offset by the normal increase in salaries and wages during the year. The actual employee expenses in FY 2023-24 are even lower, at Rs. 1.08 Crore, on account of reduction by 3 employees during the year, which has only been partly offset by the normal increase in salaries and wages during the year.

2.3.15 The Commission has reconciled the said expenses for both the True-up years from the Audited Accounts. **The Commission has hence, considered the actual employee expenses of Rs. 1.28 Crore and Rs. 1.08 Crore for FY 2022-23 and FY 2023-24, respectively, as submitted by APTCL, in the true-up for FY 2022-**

## 23 and FY 2023-24.

### A&G Expenses

- 2.3.16 APTCL has submitted the reconciliation of O&M expenses claimed in the Petition with the O&M expenses reported in the Audited Accounts for FY 2022-23 and FY 2023-24 as shown in the Table below:

**Table 6: Reconciliation of O&M expenses with Audited Accounts for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23	FY 2023-24
Other Expenses as per Audited Accounts	13.11	8.67
Less: Corporate Social Responsibility not claimed	0.55	0.30
Less: Rebate claimed separately	0.64	0.04
Less: Amount written off	7.98	4.00
Less: Miscellaneous Expenses related to VAT write off	0.03	
Less: Miscellaneous Expenses related to difference of Provision and Actual Tax balance	-	0.01
<b>Net Other expenses</b>	<b>3.91</b>	<b>4.32</b>
A&G expenses as claimed in Form 2.4	1.60	1.79
R&M expenses as claimed in Form 2.5	2.31	2.53
<b>Total Expenses claimed in Petition</b>	<b>3.91</b>	<b>4.32</b>

- 2.3.17 The A&G expenses for APTCL includes expenses towards Rent, Rate & Taxes, Insurance, Professional, consultancy & Legal fees, Audit fees, Fees and subscription, conveyance and travel, security arrangement, advertisement, and other miscellaneous expenses.

- 2.3.18 On scrutiny of the above expenses, the major heads contributing to the A&G expenses in FY 2022-23 and FY 2023-24 are Professional, Consultancy, Technical Fees & Legal fees, Insurance, and Miscellaneous Expenses. The head wise analysis has been provided below:

#### a. Insurance Expense

- 2.3.19 In FY 2022-23 and FY 2023-24, APTCL has incurred Insurance Expenses of Rs. 0.18 Crore and Rs. 0.15 Crore, respectively which are in line with the expenses allowed by the Commission in the true-up of the previous years.

- 2.3.20 The Commission has verified the aforesaid expense from the Audited Accounts of

FY 2022-23 and FY 2023-24 and **approves the actual insurance expense of Rs. 0.18 Crore and Rs. 0.15 Crore for FY 2022-23 and FY 2023-24, respectively.**

**b. Professional, Consultancy and Legal fees**

2.3.21 APTCL furnished the breakup of Professional, Consultancy, Technical and Legal charges as shown in Table below:

**Table 7: Comparison of Legal and Professional Fees for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs.)**

Particulars	FY 2022-23	FY 2023-24	Nature of Expenses
Nettle Construction Private Limited	56,64,000	62,30,400	Management Consultancy and management services
MRKS and Associates	61,950	1,12,100	Tax audit and certification fees
Charan Gupta Consultants Pvt Ltd	5,900	5,900	Actuarial Valuer for Gratuity and Leave encashment
Nisha Vats & Co.	47,200	47,200	Cost Auditor
CRISIL Ratings Limited	4,74,360	4,74,360	Surveillance Fees on outstanding bank loan rating
Regulatory consultancy	-	18,99,800	MERC regulatory support services
Efficiency Providers Private Limited	-	3,54,000	Consultancy Charges for debt arrangement
S. Khandelwal & Co .	-	11,800	Professional fees for report
Trilegal	2,78,325	10,65,136	Appearance fees for regulatory matter (MERC/ APTEL)
National Securities Depository	-	17,110	Custody Fees
<b>Total</b>	<b>65,31,735</b>	<b>1,02,17,806</b>	

2.3.22 As can be seen from the above Table, the biggest head of expenditure under Professional, Consultancy, Technical and Legal charges are the amounts paid to Nettle Construction Private Limited, CRISIL Ratings, Regulatory Consultancy, and Trilegal.

2.3.23 As regards the Management Consultancy Fees paid to the Holding company, i.e., Nettle Construction, APTCL submitted that the transaction is identified under Audited Accounts as IND-AS 24 – “Related Party Disclosure” and outlined in the Audited Report. Also, in case the transaction is not undertaken within fair arm's-length price, then the auditor has a right to provide the qualified audited report, which is not the case, in case of APTCL. APTCL submitted that the above charges are purely related to management services provided by the Promoter for operations of APTCL, which has been undertaken from FY 2020-21 onwards at Rs. 4 Lakh per month (plus 18% GST), escalated at 10% after every 3 years, which amounts

to 3.23% escalation per annum, which is lower than the escalation rate approved by the Commission for O&M expenses.

2.3.24 In the MTR Order, the Commission has approved the above cost with the observation that no adverse remark has been provided in the Audited Accounts and the same has been disclosed in the Related Party Transactions. Hence, adopting the same principles, the expenses incurred on this account are allowed at actuals.

2.3.25 The surveillance fees paid to the Rating Agency are prudent expenses incurred by APTCL and are allowed at actuals. The legal expenses and Regulatory Consultancy fees have been incurred on account of various Petitions and Appeals filed by APTCL before the Commission and before the Hon'ble APTEL, and are prudent expenses incurred by APTCL and are allowed at actuals.

**c. Miscellaneous Expenses**

2.3.26 Miscellaneous expense of Rs. 0.18 Crore and Rs. 0.17 Crore have been claimed by APTCL for FY 2022-23 and FY 2023-24, respectively. In response to the Commission's query in this regard, APTCL submitted the break-up of Miscellaneous Expenses as shown in the Table below:

**Table 8: Break-up of Miscellaneous Expenses for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs.)**

Miscellaneous Expenses	FY 2022-23	FY 2023-24	Remarks
Business Promotion	-	2,789.00	
Field hostel expenses	-	550.00	
Tree Cutting Expenses	15,48,253.00	14,35,370.00	
Office Expenses	1,93,076.50	1,96,313.00	
Communication Expense	11,823.00	17,165.00	
Miscellaneous expenses	3,40,782.76	42,810.00	Not Claimed
<b>As per Audited Accounts</b>	<b>20,93,935.26</b>	<b>16,94,997.00</b>	

2.3.27 APTCL submitted that the marginal amount reflected as 'Miscellaneous Expenses' in the above Table are related to VAT balance written off in FY 2022-23 and Difference between Provision and actual Tax balance for FY 2023-24, which have not been claimed in the true-up Petition. Thus, the claimed Miscellaneous Expenses work out to Rs. 0.18 Crore and Rs. 0.17 Crore for FY 2022-23 and FY 2023-24, respectively. Based on APTCL's submissions, the Commission finds that the Miscellaneous Expenses claimed by APTCL are allowable.

2.3.28 Further, it is clear from the reconciliation of expenses submitted by APTCL that the expenses against Corporate Social Responsibility (CSR) have not been claimed by APTCL in the true-up for FY 2022-23 and FY 2023-24.

2.3.29 **Based on the above component-wise analysis, the Commission approves A&G expenses of Rs. 1.60 Crore and Rs. 1.79 Crore for FY 2022-23 and FY 2023-24, respectively, as claimed by APTCL.**

#### **R&M Expenses**

2.3.30 As regards the AMC Contract with KSW Enterprises, APTCL submitted that the AMC was awarded for Bay maintenance and line patrolling. APTCL submitted that the competitive bidding process was undertaken in FY 2019-20 for three years, the details of which were submitted in the MTR Petition and considered by the Commission in the MTR Order in Case No. 234 of 2022. Further, on 22<sup>nd</sup> March 2022, based on the credentials and past performance of KSW, the contract was extended for a period of 3 years, i.e., from 01.04.22 to 31.03.25, with a nominal escalation of 5%.

2.3.31 Further, in line with the observation of the Commission in Case No. 234 of 2022 that the Civil contract cannot be fixed in nature, APTCL, w.e.f. September 2023, has further revised the price basis from Fixed to Variable, whereby the amount is reimbursed for the work undertaken by the contractor. APTCL submitted the monthly expenses incurred towards R&M of Civil structures, amounting to Rs. 0.74 Crore and Rs. 0.78 Crore in FY 2022-23 and FY 2023-24, respectively.

2.3.32 APTCL submits that the following nature of work related to Civil work was carried out:

- a. Repair / preparation of foundation;
- b. Backfilling of the foundation trenches/pits;
- c. Guarding wall formation in farmers field or public areas;
- d. Rubble Soling;
- e. Repair of Bay Control Room, Main Control Room, and Chimney towers.

2.3.33 APTCL also submitted that the total length of transmission line is around 104 km whereby the civil work was undertaken at the time of commissioning, way back in 2009-10 and progressively the tower erection and stringing work got completed in 2014. Total 279 towers are there in 400 kV transmission line and every tower has its associated footing/foundation and chimney foundation. So, over a period of 9 to 10 years, the civil work needs repair / preparation of foundation, backfilling of soil,

maintenance of wall formed at time of erection and other miscellaneous works. Had these maintenance works not been undertaken, the foundation and other civil establishment would not have the same strength as at present. Hence, to have the system intact in all respects, so that there is no outage faced during the course of operation, the repair and maintenance work had to be carried out.

2.3.34 APTCL also submitted that the ‘Site Expenses’ incurred in FY 2022-23 and FY 2023-24, primarily covered tree cutting compensation, calibration and servicing of offline fault locator and insulation testor, diagnostic test of Bays, FRP ladders, Acid tubular Battery cell, etc.

2.3.35 Based on the above component-wise analysis, the Commission approves the actual R&M expense of Rs. 2.31 Crore and Rs. 2.53 Crore for FY 2022-23 and FY 2023-24, respectively, as claimed by APTCL.

2.3.36 Based on the above analysis, the Commission approves the actual O&M expenses as shown in the Table below:

**Table 53: Actual O&M expenses for FY 2020-21 and FY 2021-22 as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	APTCL Petition	Approved in this Order	APTCL Petition	Approved in this Order
Employee Expenses	1.28	1.28	1.08	1.08
A&G Expenses	1.60	1.60	1.79	1.79
R&M Expenses	1.85	1.85	2.02	2.02
O&M expenses for terminal bays as per MSETCL Agreement	0.46	0.46	0.51	0.51
<b>Total O&amp;M Expenses</b>	<b>5.19</b>	<b>5.19</b>	<b>5.40</b>	<b>5.40</b>

2.3.37 The Commission approves the actual O&M Expenses of Rs. 5.19 Crore and Rs. 5.40 Crore after Truing-up of FY 2022-23 and FY 2023-24, respectively.

## 2.4 Capital Expenditure and Capitalisation

### *APTCL’s Submission*

2.4.1 APTCL submitted that in the MTR Order, the Commission had approved NIL capitalisation for FY 2022-23 and FY 2023-24, based on APTCL’s submission in this regard.



- 2.4.2 In the truing up, APTCL has claimed NIL additional capitalization for FY 2022-23 and Capitalisation of Rs. 0.02 Crore for FY 2023-24 against capitalisation of Office equipment, which includes ACs and Pedestal fans.

### ***Commission's Analysis and Ruling***

- 2.4.3 In reply to the Commission's query in this regard, APTCL has submitted that the actual Capital expenditure is a marginal capital expenditure incurred towards office equipment, which includes ACs and Pedestal fans, and are routine in nature, which cannot be pre-planned. Hence, the same has been carried out under regular practice of the business and requested the Commission to approve the same.
- 2.4.4 The Commission has verified the Capitalisation of Rs. 0.02 Crore claimed by APTCL from the Audited Accounts of FY 2023-24, against Office Equipment. The Commission accepts APTCL's submission that such minor capitalisation against office equipment cannot be pre-planned and approves the actual Capitalisation of Rs. 0.02 against Non-DPR capex for FY 2023-24.
- 2.4.5 **The Commission approves Nil capitalization for FY 2022-23 and Capitalisation of Rs. 0.02 Crore for FY 2023-24.**

## **2.5 Depreciation**

### ***APTCL's Submission***

- 2.5.1 Regulation 28 of MYT Regulations, 2019 provides for computation of depreciation to be estimated by the APTCL based on capital cost of assets approved by the Commission and rates of depreciation applicable as per Annexure I specified in the Regulation 28.1 (b) of MYT Regulations, 2019. Also, the proviso of the clause specifies that if the asset is depreciated to the extent of 70%, then remaining depreciable value as on 31<sup>st</sup> March of the year to be spread over the balance Useful Life of the asset.
- 2.5.2 Regulation 28.4 of MYT Regulations, 2019 also provides for depreciation to be calculated based on average of opening and closing value of assets for assets having achieved commercial operation for only part of the financial year.
- 2.5.3 Since, no capitalisation has been done by APTCL during FY 2022-23 and marginal additional capitalisation of Rs. 0.02 Crore has been achieved in FY 2023-24,

depreciation has been calculated as per the applicable depreciation rate specified in Regulations 28.1(b) of the MYT Regulations, 2019 for FY 2022-23 and FY 2023-24 by considering based on the closing balance of GFA for FY 2021-22 and FY 2022-23 as the opening balance of GFA for FY 2022-23 and FY 2023-24, respectively.

- 2.5.4 APTCL has submitted the calculation of depreciation for FY 2022-23 and FY 2023-24 as given in the Table below:

**Table 9: Depreciation for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	Approved	Actual	Approved	Actual
Opening GFA	270.18	270.18	270.18	270.18
Addition of GFA	-	-	-	0.023
Retirement of GFA	-	-	-	-
<b>Closing GFA</b>	<b>270.18</b>	<b>270.18</b>	<b>270.18</b>	<b>270.20</b>
Depreciation	14.26	14.27	14.26	14.27
Average Dep. Rate	5.28%	5.28%	5.28%	5.28%

#### ***Commission's Analysis and Ruling***

- 2.5.5 The Commission has examined APTCL's submissions and approves the depreciation in line with the Regulation 28 of MYT Regulations, 2019. The Commission has considered the closing GFA of FY 2021-22 as approved in the Truing up of FY 2021-22 in the MTR Order, as the opening GFA for FY 2022-23. The addition to GFA in FY 2022-23 has been considered as Nil and hence, the closing GFA of FY 2022-23 remains the same as the opening GFA of FY 2022-23. The addition to GFA in FY 2023-24 has been considered as Rs. 0.02 Crore, as approved earlier, and the closing GFA for FY 2023-24 has been considered accordingly.
- 2.5.6 The rate of depreciation has been considered as per Annexure I specified in the Regulation 28.1 (b) of MYT Regulations, 2019. The Commission has worked out depreciation for the respective year based on the average of opening and closing GFA.
- 2.5.7 Accordingly, the Commission has approved the depreciation for FY 2022-23 and FY 2023-24, as shown in the Table below:

**Table 10: Depreciation for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	APTCL Petition	Approved in this Order	MTR Order	APTCL Petition	Approved in this Order
Opening GFA	270.18	270.18	270.18	270.18	270.18	270.18
Addition of GFA	-	-	-	-	0.02	0.02
Retirement of GFA	-	-	-	-	-	-
Closing GFA	270.18	270.18	270.18	270.18	270.20	270.20
<b>Depreciation</b>	<b>14.26</b>	<b>14.27</b>	<b>14.27</b>	<b>14.26</b>	<b>14.27</b>	<b>14.27</b>
<b>Average Rate of Depreciation</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>

2.5.8 The Commission approves depreciation of Rs. 14.27 Crore each after Truing-up of FY 2022-23 and FY 2023-24.

## 2.6 Interest on Long-Term Loans

### *APTCL's Submission*

2.6.1 Regulation 27.1 MYT Regulations, 2019 specifies the following norms for debt equity ratio for capital expenditure, as reproduced below:

*“27. Debt-equity ratio—*

*27.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2020, debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 24, after prudence check for determination of Tariff:*

*Provided that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Generating Company or Licensee or MSLDC for determination of Tariff:”*

2.6.2 APTCL has not considered any debt-equity addition in FY 2022-23 due to NIL capitalisation claimed for FY 2022-23. For FY 2023-24, APTCL has considered the funding of the capitalisation of Rs. 0.02 Crore in the debt:equity ratio of 70:30. The repayment of normative loan for FY 2022-23 and FY 2023-24 is considered equal to the depreciation for that year, as specified in Regulation 30.3 of MYT Regulations, 2019. The relevant clause is reproduced below:

*“The loan repayment during each year of the Control Period from FY 2020-21 to FY 2024-25 shall be deemed to be equal to the depreciation allowed for that year.”*

2.6.3 Further, Regulation 30.5 of MYT Regulations, 2019, specifies as follows:

*“30.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year:”*

2.6.4 APTCL has considered the actual repayment at the end of respective quarters as per the terms of the combined loan agreement. APTCL submitted that the opening loan balance of FY 2022-23 is considered equal to the closing balance of FY 2021-22, as approved in the MTR Order.

2.6.5 Further, revised interest rate has been sanctioned from L&T Financial Services. The interest rate in FY 2023-24 has been increased marginally due to reset of the interest rate, which are linked to L&T Infra Prime Lending Rate (PLR) on yearly basis in line with the provisions of the Refinance Agreement. Accordingly, in line with Regulation 30.5 of MYT Regulations, 2019, the weighted average interest rate on loan of 10.56% for FY 2022-23 and 11.98% for FY 2023-24 has been considered for the calculation of interest on normative loan. The weighted average interest rate of 11.98% for FY 2023-24 also considers the impact of the refinancing of the term loan sanctioned from L&T Infrastructure Finance Co. Ltd (L&TIFCL) to Kotak Infrastructure Debt Fund Limited – III (KIDF). The KIDF has refinanced the loan at the prevailing interest rate of 10.40% for a tenure of 10.25 years as against the higher existing interest rate of 13.00% for repayment effective from FY 2023-24 onwards. As per agreed condition with KIDF, w.e.f. 24 January, 2024, the applicable rate of interest of 10.40%.

2.6.6 The computation of the actual weighted average rate of interest on loan for FY 2022-23 and FY 2023-24 as submitted by APTCL is shown in the Table below:

**Table 11: Weighted Average Interest Rate for FY 2022-23 and FY 2023-24, as submitted by APTCL**

Particulars	FY 2022-23	
	Interest Rate (%)	Loan Amount (Rs. Crore)
Average Loan of L&T Financial Services - I	10.56%	119.60
Average Loan of L&T Financial Services - II	10.50%	10.34
<b>Weighted Average Rate of Interest of APTCL Loan</b>	<b>10.56%</b>	<b>129.95</b>

Particulars	FY 2023-24	
	Interest Rate (%)	Loan Amount (Rs. Crore)
Average Loan of L&T Financial Services - I	12.32%	113.31
Average Loan of L&T Financial Services - II	12.08%	9.80
<b>Weighted Average Interest Rate of L&amp;T Services</b>	<b>12.30%</b>	<b>123.11</b>
Average Loan of Kotak Infra. Debt Fund - III	10.40%	110.89
<b>Weighted Average Rate of Interest of APTCL Loan</b>	<b>11.98%</b>	<b>234.00</b>

2.6.7 Further, APTCL has filed a Petition under Section 17(3) of the Electricity Act, 2003 for bringing on record the changes in the group of lenders of APTCL and approval for change of encumbrance created on its assets in favour of L&TIFCL with KIDF vide Case No. 58/PA/2024 and the matter is pending.

2.6.8 This effort of refinancing from KIDF has resulted in saving on interest cost and therefore, the cost associated with such refinancing has been claimed under finance charges and net savings has been shared between the Beneficiaries and APTCL in the ratio of 2:1, in line with Regulation 30.10 of the MYT Regulations, 2019, as reproduced below:

*“30.10 The Generating Company or the Licensee or the MSLDC, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event, the costs associated with such re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and them in the ratio of 2:1, subject to prudence check by the Commission:”*

2.6.9 APTCL submitted that overall revision in the interest rate has resulted into saving of interest. The calculation of the cost benefit analysis of the refinancing transaction and resultant savings in interest cost based on the same has been submitted by APTCL as shown in the Table below:

**Table 12: Cost Benefit Analysis of Loan Refinancing, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Balance of Net Normative Loan	86.44	72.18	57.91	43.64	29.38	15.12	0.85
Repayment of Normative loan during the year	14.27	14.27	14.27	14.27	14.26	14.26	0.85
Closing Balance of Net Normative Loan	72.18	57.91	43.64	29.38	15.12	0.85	-
Average Balance of Net Normative Loan	79.31	65.04	50.78	36.51	22.25	7.98	0.43

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Approved Weighted average Rate of Interest on actual Loans (%)	12.30%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Interest Expenses as per approved rate	9.75	8.46	6.60	4.75	2.89	1.04	0.06
Actual Weighted average Rate of Interest on actual Loans (%) - due to restating of loan	11.98%	10.40%	10.40%	10.40%	10.40%	10.40%	10.40%
Interest Expenses as per Refinanced Rate	9.50	6.76	5.28	3.80	2.31	0.83	0.04
Saving in interest	0.25	1.69	1.32	0.95	0.58	0.21	0.01
<b>NPV-Saving @ 10.40% discount factor</b>	<b>3.71</b>						
<b>Cost due to revision in rate</b>	<b>0.04</b>						
<b>Net Saving</b>	<b>3.67</b>						
<b>Share of APTCL in Savings</b>	<b>1.22</b>						

2.6.10 The resultant decrease of interest rate from 13.00% to 10.40% has resulted into saving of Rs. 3.71 Crore in the interest expenses and against the same, the processing fees of Rs. 3.54 lakh has been paid. The net saving of Rs. 3.67 Crore has been shared with the beneficiaries in the ratio of 2:1 as per Regulation 30.10 of the MYT Regulations 2019.

2.6.11 APTCL has also claimed Bank Charges of Rs. 0.06 Crore and Rs. 0.002 Crore for FY 2022-23 and FY 2023-24, respectively.

2.6.12 Thus, APTCL has claimed interest on loan and Finance charges for FY 2022-23 and FY 2023-24 as given in the Table below:

**Table 13: Interest on Long Term Loans for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	Approved	Actual	Approved	Actual
Opening balance of Debt	100.71	100.71	86.44	86.44
Addition	-	-	-	-
Repayment	14.27	14.27	14.27	14.27
Retirement	-	-	-	-
Closing Debt	86.44	86.44	72.17	72.18
Interest Rate (%)	10.00%	10.56%	10.00%	11.98%
Interest on the Loan	9.36	9.88	7.93	9.50
Finance Charges	-	0.059	-	0.002
<b>Total Interest and Finance charges</b>	<b>9.36</b>	<b>9.94</b>	<b>7.93</b>	<b>9.50</b>

### *Commission's Analysis and Ruling*

2.6.13 The Commission has considered the closing loan balance of FY 2021-22 as approved after truing-up for FY 2021-22 in the MTR Order dated 31<sup>st</sup> March 2023, as the opening loan balance for FY 2022-23. As discussed in the earlier Section, the addition to GFA in FY 2022-23 and FY 2023-24 has been considered as Nil and Rs. 0.02 Crore, respectively, and the addition to loan has been considered based on the normative debt:equity ratio for the GFA addition during the respective years. The repayment of normative loan for FY 2022-23 and FY 2023-24 has been considered equal to the depreciation for that year, as specified in Regulation 30.3 of the MYT Regulations, 2019.

2.6.14 The Commission has verified the computation of weighted average interest rate on loan of 10.56% for FY 2022-23 and 11.98% for FY 2023-24 as claimed by APTCL. The weighted average interest rate of 11.98% for FY 2023-24 also considers the impact of the refinancing of the term loan sanctioned from L&TIFCL to KIDF, which has refinanced the loan at the prevailing interest rate of 10.40% for a tenure of 10.25 years as against the higher existing interest rate of 13.00% for repayment effective from FY 2023-24 onwards. As per agreed condition with KIDF, the applicable rate of interest is 10.40%, w.e.f. 24 January, 2024.

2.6.15 The computation of weighted average interest rate approved by the Commission for FY 2022-23 and FY 2023-24 is shown in the Table below:

**Table 14: Weighted Average Interest Rate for FY 2022-23 and FY 2023-24, as approved by the Commission**

Particulars	FY 2022-23	
	Interest Rate (%)	Loan Amount (Rs. Crore)
Average Loan of L&T Financial Services - I	10.56%	119.60
Average Loan of L&T Financial Services - II	10.50%	10.34
<b>Weighted Average Rate of Interest of APTCL Loan</b>	<b>10.56%</b>	<b>129.95</b>
Particulars	FY 2023-24	
	Interest Rate (%)	Loan Amount (Rs. Crore)
Average Loan of L&T Financial Services - I	12.32%	113.31
Average Loan of L&T Financial Services - II	12.08%	9.80
<b>Weighted Average Interest Rate of L&amp;T Services</b>	<b>12.30%</b>	<b>123.11</b>
Average Loan of Kotak Infra. Debt Fund - III	10.40%	110.89
<b>Weighted Average Rate of Interest of APTCL Loan</b>	<b>11.98%</b>	<b>234.00</b>

2.6.16 Regulation 30.10 of the MYT Regulations, 2019 provides that Licensees shall make

all efforts to refinance the existing loans so long as such refinancing results in net savings for the beneficiaries by way of lowered interest. In such a case the refinancing costs are to be borne by the beneficiaries and also net savings are to be shared with the beneficiaries.

- 2.6.17 APTCL has refinanced the term loan sanctioned by L&TIFCL, with the effective interest rate of 13.00% from KIDF, which has refinanced the loan at the prevailing interest rate of 10.40% for a tenure of 10.25 years. APTCL had filed a Petition in Case No. 58 of 2024 under Section 17(3) of the Electricity Act, 2003 for bringing on record the changes in the group of lenders of APTCL and seeking approval for change of encumbrance created on its assets in favour of L&TIFCL with KIDF. The Commission, vide Order dated 24<sup>th</sup> December 2024 in Case No. 58 of 2024, approved the prayer of APTCL, and ruled as under:

*“23. Accordingly, in terms of Section 17(3) of the EA, the Commission accords in principle approval allowing APTCL for change of encumbrance created on the moveable and immoveable assets in favour of L&TIFCL with KIDF for purpose of licensed business...”*

### **ORDER**

***1. The Petition in Case No. 58 of 2024 is allowed subject to the condition that the Transmission Licence granted by the Commission to APTCL and the underlying assets cannot be assigned in favour of the nominee of the Security Trustee unless prior approval of the Commission is obtained at the time of creating rights in favour of such nominee.***

***2. The Commission will examine the actual benefit accrued to the beneficiaries/consumers on account of refinancing undertaken by Amravati Power Transmission Company Limited during the Multi-Year Tariff proceedings in terms of the relevant provisions of the MERC (Multi Year Tariff) Regulations, 2019....”***

- 2.6.18 The Commission has verified that the reduction in the interest rate due to refinancing has resulted into saving of interest. The calculation of the cost benefit analysis of the refinancing transaction and resultant savings in interest cost based on the same, as approved by the Commission, are shown in the Table below:



**Table 15: Cost Benefit Analysis of Loan Refinancing, as approved by the Commission (Rs. Crore)**

Particulars	FY 2023- 24	FY 2024- 25	FY 2025- 26	FY 2026- 27	FY 2027- 28	FY 2028- 29	FY 2029- 30
Opening Balance of Net Normative Loan	86.44	72.19	57.93	43.66	29.39	15.13	0.87
Addition of Normative Loan due to capitalisation during the year	0.02						
Repayment of Normative loan during the year	14.27	14.27	14.27	14.27	14.26	14.26	0.87
Closing Balance of Net Normative Loan	72.19	57.93	43.66	29.39	15.13	0.87	-
Average Balance of Net Normative Loan	79.32	65.06	50.79	36.53	22.26	8.00	0.43
Approved Weighted average Rate of Interest on actual Loans (%)	12.30%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Interest Expenses as per approved rate	9.75	8.46	6.60	4.75	2.89	1.04	0.06
Actual Weighted average Rate of Interest on actual Loans (%) - due to restating of loan	11.98%	10.40%	10.40%	10.40%	10.40%	10.40%	10.40%
Interest Expenses as per Refinanced Rate	9.50	6.77	5.28	3.80	2.32	0.83	0.05
Saving in interest	0.25	1.69	1.32	0.95	0.58	0.21	0.01
<b>NPV-Saving @ 10.40% discount factor</b>	<b>3.71</b>						
<b>Cost due to revision in rate</b>	<b>0.04</b>						
<b>Net Saving</b>	<b>3.68</b>						
<b>Share of APTCL in Savings</b>	<b>1.23</b>						

2.6.19 As observed by the analysis, the refinancing shows positive NPV over the term of normative loan period i.e., up to FY 2029-30. The re-financing undertaken by APTCL is prima-facie meeting the requirements specified in Regulation 29.10 of the MYT Regulations, 2015 wherein it is mentioned that the Commission encourages Licensees to make efforts for re-financing the loan as long as it results in net savings on interest cost. Further, in such a case, the cost associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries in the ratio of 2:1. Accordingly, it is evident from both, the submissions of APTCL and the cost benefit analysis undertaken by the Commission that the transaction results into positive net savings (i.e., estimated savings in Interest Cost – Re-financing Cost) to the beneficiaries. The NPV of estimated savings is positive for the above refinancing.

2.6.20 The resultant decrease of interest rate from 13.00% to 10.40% has resulted into saving of Rs. 3.71 Crore in the interest expenses and against the same, the processing fees of Rs. 3.54 lakh has been paid. **The net saving of Rs. 3.68 Crore has been shared with the beneficiaries in the ratio of 2:1 as per Regulation 30.10 of the MYT Regulations 2019, i.e., Rs. 1.23 Crore has been allowed as a separate row entry in the ARR.**

2.6.21 The Commission has approved the actual Bank Charges of Rs. 0.06 Crore and Rs. 0.002 Crore for FY 2022-23 and FY 2023-24, respectively.

2.6.22 The interest on loan and Finance charges approved by the Commission after truing up for FY 2022-23 and FY 2023-24 is shown in the Table below:

**Table 16: Interest on Long Term Loans for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	APTCL Petition	Approved in this Order	MTR Order	APTCL Petition	Approved in this Order
Opening Loan Balance	100.71	100.71	100.71	86.44	86.44	86.44
Loan Addition during the year	-	-	-	-	0.02	0.02
Repayment of Loan	14.27	14.27	14.27	14.27	14.27	14.27
Closing Loan Balance	86.44	86.44	86.44	72.17	72.19	72.19
Interest rate approved	10.00%	10.56%	10.56%	10.00%	11.98%	11.98%
Interest on Long term Loans	9.36	9.88	9.88	7.93	9.50	9.50
Finance Charges	-	0.06	0.06	-	0.002	0.002
<b>Total Interest and Finance Charges</b>	<b>9.36</b>	<b>9.94</b>	<b>9.94</b>	<b>7.93</b>	<b>9.50</b>	<b>9.50</b>

2.6.23 The Commission approves Interest on Long Term Loans at Rs. 9.94 Crore and Rs. 9.50 Crore after Truing-up of FY 2022-23 and FY 2023-24, respectively.

## 2.7 Interest on Working Capital

### *APTCL's Submission*

2.7.1 APTCL has computed the normative working capital requirement in accordance with Regulation 32.2 of the MYT Regulations 2019. The Receivables have been considered equal to 1.5 months of Revenue approved in the MYT Order for FY 2022-23 and the MTR Order for FY 2023-24.

2.7.2 APTCL has computed the Interest on Working Capital in accordance with Regulation 32.2 (b) of the MYT Regulations, 2019, i.e., the weighted average SBI 1-year MCLR for the year plus 1.5%, i.e., 9.30% and 10.07% for FY 2022-23 and FY 2023-24, respectively.

2.7.3 The normative working capital computed by APTCL for FY 2022-23 and FY 2023-24 is given in the following Table:

**Table 17: Interest on Working Capital for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	Approved	Actual	Approved	Actual
O&M expenses for one month	0.42	0.42	0.44	0.44
Maintenance Spares @1% of Op. GFA	2.70	2.70	2.70	2.70
Receivables equal to 1.5 months of revenue	6.01	6.01	6.23	5.94
<b>Total Working Capital</b>	<b>9.13</b>	<b>9.14</b>	<b>9.37</b>	<b>9.08</b>
Rate of Interest on Working Capital	9.45%	9.30%	9.45%	10.07%
<b>Interest on Working Capital</b>	<b>0.86</b>	<b>0.85</b>	<b>0.89</b>	<b>0.91</b>

2.7.4 APTCL requested the Commission to approve the Interest on Working Capital as submitted above for FY 2022-23 and FY 2023-24.

#### ***Commission's Analysis and Ruling***

2.7.5 The Commission has examined the submissions of APTCL regarding computation of IoWC. The MYT Regulations, 2019 specifies that at the time of Truing-up, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up before sharing of gains and losses. Accordingly, in order to compute the revised normative working capital requirements, the Commission has considered the following for True-up of FY 2022-23 and FY 2023-24:

- 1 month equivalent of revised normative O&M expenses approved in this Order;
- Maintenance spares considered at 1% of opening GFA for FY 2022-23 and FY 2023-24, respectively; and
- Actual revenue for FY 2022-23 and FY 2023-24.

2.7.6 The interest rate for computation of IoWC has been considered in accordance with Regulation 32.2 (b) of the MYT Regulations, 2019, i.e., by considering weighted average SBI 1-year MCLR plus 150 basis points, i.e., 9.30% and 10.07% for FY 2022-23 and FY 2023-24, respectively. Accordingly, the normative IoWC

approved by the Commission is shown in the following Table:

**Table 18: Interest on Working Capital for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	APTCL Petition	Approved in this Order	MTR Order	APTCL Petition	Approved in this Order
O&M expenses for one month	0.42	0.42	0.42	0.44	0.44	0.44
Maintenance Spares @1% of Op. GFA	2.70	2.70	2.70	2.70	2.70	2.70
Receivables equal to 1.5 months of revenue	6.01	6.01	6.00	6.23	5.94	5.94
<b>Total Working Capital</b>	<b>9.13</b>	<b>9.13</b>	<b>9.13</b>	<b>9.37</b>	<b>9.08</b>	<b>9.08</b>
<b>Computation of working capital interest</b>						
Rate of Interest (% p.a.)	9.45%	9.30%	9.30%	9.45%	10.07%	10.07%
<b>Interest on Working Capital</b>	<b>0.86</b>	<b>0.85</b>	<b>0.85</b>	<b>0.89</b>	<b>0.91</b>	<b>0.91</b>

2.7.7 The Commission approves the normative Interest on Working Capital of Rs. 0.85 Crore and Rs. 0.91 Crore after Truing-up of FY 2022-23 and FY 2023-24, respectively.

## 2.8 Efficiency gains /(losses) on account of O&M Expenses and Interest on Working Capital

### *APTCL's Submission*

#### O&M Expenses

2.8.1 The actual O&M expenses of APTCL are slightly higher than the normative O&M expenses. In accordance with Regulation 11 of the MYT Regulations, 2019, the O&M expenses of Licensee are controllable in nature. Accordingly, the difference between the actual O&M expenses as claimed by APTCL and the normative entitlement has been shared with the beneficiaries in line with the MYT Regulations, 2019.

#### Interest on Working Capital (IoWC)

2.8.2 APTCL submitted that there is no actual working capital loan availed for FY 2022-23 and FY 2023-24 and the same is met through internal accruals of the organization.

2.8.3 As per Regulation 32.6 of MYT Regulations, 2019, variation between normative IoWC computed at the time of True-up and actual IoWC is considered as an efficiency gain or efficiency loss and shared between APTCL and the respective Beneficiaries.

2.8.4 APTCL submitted the net entitlement after sharing of gains as shown in the following Table:

**Table 19: Sharing of efficiency gains/(losses) due to variation in O&M Expenses and Interest on Working Capital for FY 2022-23 and FY 2023-24, as submitted by APTC (Rs. Crore)**

Particulars	Normative	Actual	Entitlement as per Regulations / Order	Variation	Efficiency Gain/(Loss) retained by APTCL	Net entitlement
<b>FY 2022-23</b>						
O&M Expenses	5.09	5.19	5.09	(0.10)	(0.07)	5.13
Interest on Working Capital	0.85	-	0.85	0.85	0.28	0.28
<b>Total</b>	<b>5.94</b>	<b>5.19</b>	<b>5.94</b>	<b>0.75</b>	<b>0.22</b>	<b>5.41</b>
<b>FY 2023-24</b>						
O&M Expenses	5.28	5.40	5.28	(0.12)	(0.08)	5.32
Interest on Working Capital	0.91	-	0.91	0.91	0.30	0.30
<b>Total</b>	<b>6.19</b>	<b>5.40</b>	<b>6.19</b>	<b>0.80</b>	<b>0.23</b>	<b>5.62</b>

### ***Commission's Analysis and Ruling***

2.8.5 The Commission in this Order has approved the normative as well as actual O&M expenses for APTCL for FY 2022-23 and FY 2023-24, as already explained in the earlier paragraphs. The actual O&M expenses incurred by APTCL are slightly higher than the revised normative O&M expenses approved after truing up for FY 2022-23 and FY 2023-24. Accordingly, the Commission has computed the efficiency loss, i.e., the difference between the actual O&M expenses and the normative O&M expenses as approved in this Order.

2.8.6 Further, the Commission has examined the submission made by APTCL for IoWC. The Commission notes that APTCL has not availed any actual loans for working capital for FY 2022-23 and FY 2023-24.

2.8.7 As per the sharing mechanism specified in Regulations 11.2 and 32.6 of MYT Regulations, 2019, the Commission has worked out the net entitlement of O&M expenses and Interest on Working Capital for FY 2022-23 and FY 2023-24. The

summary of sharing of efficiency gains/(losses) as approved by the Commission is shown in the Table below:

**Table 20: Sharing of efficiency gains/(losses) due to variation in O&M Expenses and Interest on Working Capital for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	Normative	Actual	Entitlement as per Regulations / Order	Variation	Efficiency Gain/(Loss) retained by APTCL	Net entitlement after sharing of gains /losses
<b>FY 2022-23</b>						
O&M Expenses	5.09	5.20	5.09	(0.11)	(0.07)	5.13
Interest on Working Capital	0.85	-	0.85	0.85	0.28	0.28
<b>Total</b>	<b>5.94</b>	<b>5.20</b>	<b>5.94</b>	<b>0.74</b>	<b>0.21</b>	<b>5.41</b>
<b>FY 2023-24</b>						
O&M Expenses	5.28	5.40	5.28	(0.10)	(0.07)	5.33
Interest on Working Capital	0.91	-	0.91	0.91	0.30	0.30
<b>Total</b>	<b>6.19</b>	<b>5.40</b>	<b>6.19</b>	<b>0.81</b>	<b>0.24</b>	<b>5.64</b>

2.8.8 After considering the sharing of efficiency gains/(losses), the Commission approves Rs. 5.13 Crore and Rs. 5.33 Crore as the net entitlement of O&M Expenses after Truing-up of FY 2022-23 and FY 2023-24, respectively. Further, the Commission approves Rs. 0.28 Crore and Rs. 0.30 Crore as the net entitlement of Interest on Working Capital after Truing-up of FY 2022-23 and FY 2023-24, respectively. The net efficiency gain to be passed on to the beneficiaries has been approved as Rs. 0.53 Crore and Rs. 0.56 Crore for FY 2022-23 and FY 2023-24, respectively.

## 2.9 Contribution to Contingency Reserve

### *APTCL's Submission*

- 2.9.1 APTCL submitted that it has made a provision for Contingency Reserve in the Audited Accounts and has invested the Contribution to Contingency Reserves in accordance with Regulation 35 of the MYT Regulations, 2019, equal to 0.25% of the Opening GFA.
- 2.9.2 APTCL submitted that the Commission, in its Order dated 30 March, 2020 in Case No. 295 of 2019 has directed to transfer the existing Mutual Fund investment

towards Contribution to Contingency Reserve to Fixed Deposit or Government Securities (G-Sec) within the 6 months of the issue of Order. Accordingly, APTCL has invested the fund in Fixed Deposit on 1 July, 2023 and 30 August, 2024 for FY 2022-23 and FY 2023-24, respectively.

- 2.9.3 APTCL requested Commission to approve the Contribution to Contingency Reserves for FY 2022-23 and FY 2023-24, as shown in the Table below:

**Table 21: Contribution to Contingency Reserves for FY 2022-23 & FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	APTCL Petition	MTR Order	APTCL Petition
GFA	270.18	270.18	270.18	270.18
Contribution to Contingency Reserves	0.68	0.68	0.68	0.68

***Commission's Analysis and Ruling***

- 2.9.4 The Contribution to Contingency Reserve has been approved in accordance with Regulation 35 of the MYT Regulations, 2019.
- 2.9.5 As per the above Regulations, the Contribution to Contingency Reserve has been worked out as Rs. 0.68 Crore each for FY 2022-23 and FY 2023-24. APTCL has invested the same in Fixed Deposits (FDs). The documentary evidence for the investment towards Contingency Reserve submitted by APTCL has been verified by the Commission.
- 2.9.6 Accordingly, the Contribution to Contingency Reserves approved by the Commission after truing up for FY 2022-23 and FY 2023-24 is as given in the following Table:

**Table 22: Contribution towards Contingency Reserves for FY 2022-23 & FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	APTCL Petition	Approved in this Order	MTR Order	APTCL Petition	Approved in this Order
GFA	270.18	270.18	270.18	270.18	270.18	270.18
Contribution to Contingency Reserves	0.68	0.68	0.68	0.68	0.68	0.68



**2.9.7 The Commission approves the Contribution to Contingency Reserve as Rs. 0.68 Crore each, after truing up for FY 2022-23 and FY 2023-24.**

**2.10 Return on Equity**

***APTCL's Submission***

- 2.10.1 APTCL submitted that as per Regulation 29.1 of the MYT Regulations, 2019, Return on Equity for transmission licensee is allowed @ 15.5% for the assets put to use. However, the Return on Equity is allowed in 2 parts, i.e., Base Return on Equity @14% as per Regulation 29.2 of the MYT Regulations, 2019, and Additional Return on Equity @1.5%, linked to actual performance, i.e., transmission availability, whereby Additional Return on Equity will be allowed at the time of true- up.
- 2.10.2 Further, Regulation 34.2 of the MYT Regulations, 2019 allows the grossing up of RoE with the effective tax rate of the respective financial year or on the basis of actual tax paid as per latest available audited accounts.
- 2.10.3 As per Regulation 60.1 (b) of MYT Regulations, 2019, a transmission licensee is entitled for additional Return on Equity, only if the transmission availability of AC system is 99% or more. The actual transmission system availability is 100.00% and 99.84% for FY 2022-23 and FY 2023-24, respectively.
- 2.10.4 As the transmission system availability for FY 2022-23 and FY 2023-24 is higher than 99%, APTCL is entitled for additional RoE, which is calculated as per table below:

**Table 23: Additional RoE Entitlement for FY 2022-23 and FY 2023-24 as submitted by APTCL**

Particulars	FY 2022-23	FY 2023-24
Target Availability (%)	99.00%	99.00%
Actual Availability Achieved (%)	100.00%	99.84%
Additional rate of return on equity (%)	1.50%	1.50%
Base Rate of Return on Equity (%)	14%	14%
Entitled Rate of Return on Equity (%)	15.50%	15.50%

- 2.10.5 Accordingly, APTCL has claimed RoE of 15.50% and 15.50% for FY 2022-23 and FY 2023-24, respectively. Further, as per Regulation 34.1 of MYT Regulations, 2019, Income tax is allowed on Return on Equity, including Additional Return on Equity and as per Regulation 34.2 of MYT Regulations 2019, such arrived rate of return on equity needs to be grossed up with the effective tax rate. Based on the



above referred regulations, APTCL has computed the pre-tax rate of RoE for FY 2022-23 and FY 2023-24 as shown in the following table:

**Table 24: Calculation of Pre-tax Rate of Return on Equity for FY 2022-23 and FY 2023-24**

Particulars	Formula	Actual	Actual
Total Gross Income	(a)	11.59	16.60
Actual Income Tax paid	(b)	2.03	2.90
<b>Income Tax Rate of the Company (%)</b>	<b>c = (b/a)</b>	<b>17.47%</b>	<b>17.47%</b>
Base + Additional RoE Entitled	(d)	15.50%	15.50%
Grossed up RoE	e = d/(1-c)	18.78%	18.78%

2.10.6 Based on the above provisions, APTCL has calculated the Return on Equity for FY 2022-23 and FY 2023-24 as given in the Table below:

**Table 25: Return on Equity for FY 2022-23 & FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	Approved	Actual	Approved	Actual
Opening Equity	67.70	67.70	67.70	67.70
Equity Addition during the year	-	-	-	0.01
Equity Reduction due to asset Retirement	-	-	-	-
Closing balance of Equity	67.70	67.70	67.70	67.71
Pre-tax Rate of RoE	16.96%	18.78%	16.96%	18.78%
<b>Grossed up ROE on the average balance</b>	<b>11.48</b>	<b>12.72</b>	<b>11.48</b>	<b>12.72</b>

### *Commission's Analysis and Ruling*

2.10.7 For the computation of RoE, the Commission has considered the closing equity for FY 2021-22 approved by the Commission in the MTR Order dated 31 March, 2023, as the opening equity for FY 2022-23.

2.10.8 The Commission has approved the capitalisation of Nil and Rs. 0.02 Crore for FY 2022-23 and FY 2023-24, respectively. The normative equity addition during the year has been considered as 30% of the capitalisation approved, in accordance with the normative Debt:Equity ratio of 70:30.

2.10.9 The Commission has scrutinised the actual Income Tax payment challan and ITR acknowledgement for FY 2022-23 and FY 2023-24. Accordingly, the RoE rate has been grossed up by the Minimum Alternate Tax (MAT) rate of 17.472% for FY 2022-23 and FY 2023-24. The Base Rate of RoE thus, works out to 16.96% for FY 2022-23 and FY 2023-24.

2.10.10 The computation of Base RoE approved by the Commission for FY 2022-23 and FY 2023-24 is shown in the following Table:

**Table 26: Base Return on Equity for FY 2022-23 and FY 2023-24 approved by Commission (Rs. Crore)**

Particulars	FY 2022-23			FY 2023-24		
	MYT Order	APTCL Petition	Approved in this Order	MTR Order	APTCL Petition	Approved in this Order
Opening Equity	67.70	67.70	67.70	67.70	67.70	67.70
Equity Addition due to GFA addition	-	-	-	-	0.01	0.01
Closing balance of Equity	67.70	67.70	67.70	67.70	67.71	67.71
Pre-Tax RoE	16.96%	16.96%	16.96%	16.96%	16.96%	16.96%
<b>RoE on the average balance</b>	<b>11.48</b>	<b>11.48</b>	<b>11.48</b>	<b>11.48</b>	<b>11.48</b>	<b>11.49</b>

2.10.11 The Commission has scrutinised the System Availability certification provided by MSLDC. APTCL is entitled to additional RoE for Transmission Availability in excess of 99%, up to a ceiling of 1.50% additional RoE for Transmission Availability above 99.75%. Accordingly, the Commission has computed the additional RoE for FY 2022-23 and FY 2023-24 as shown in the Table below:

**Table 27: Additional RoE for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	APTCL Petition	Approved in this Order	APTCL Petition	Approved in this Order
Target Availability	99.00%	99.00%	99.00%	99.00%
Actual Availability Achieved	100.00%	100.00%	99.84%	99.84%
Additional rate of return on equity	1.50%	1.50%	1.50%	1.50%
Pre-tax rate of RoE	1.82%	1.82%	1.82%	1.82%
<b>RoE on the average balance</b>	<b>1.23</b>	<b>1.23</b>	<b>1.23</b>	<b>1.23</b>

*Note: APTCL has claimed combined Base + Additional RoE in its Petition; the Base RoE and Additional RoE claimed by APTCL have been shown separately for better understanding, and for proper comparison with computations done by Commission*

2.10.12 The sum of Base RoE and Additional RoE approved by the Commission for FY 2022-23 and FY 2023-24 is shown in the Table below:

**Table 28: Total RoE for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	APTCL Petition	Approved in this Order	APTCL Petition	Approved in this Order
Base RoE	11.48	11.48	11.48	11.49
Additional RoE	1.23	1.23	1.23	1.23
<b>Total RoE</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>

**2.10.13 The Commission approves Return on Equity of Rs. 12.72 Crore each after Truing-up for FY 2022-23 and FY 2023-24, respectively.**

## **2.11 Non-Tariff Income**

### ***APTCL's Submission***

2.11.1 APTCL submitted that as per Regulation 35.1 of the MYT Regulations, 2019, out of the revenue recovered, the amount accumulated against the contribution to contingency reserve is required to be invested in securities authorized under Indian Trusts Act, 1882 within six months of the close of the financial year, and the income from such investment shall be treated as Non-Tariff Income.

2.11.2 Also, as per Regulation 62.1 of the MYT Regulations, 2019, the Non-Tariff Income shall be deducted from Aggregate Revenue Requirement in determining the Annual Transmission Charges of the Transmission Licensee. However, first Proviso of 62.2 of MYT Regulations, 2019 clearly specifies that interest earned from investments made out of Return on Equity shall not be included in Non-Tariff Income.

2.11.3 Accordingly, the Non-Tariff Income claimed in the Petition is related to income from contingency reserves investment. APTCL has invested in Fixed Deposit against the Contingency Reserve, as per the direction of the Commission. Accordingly, the Non-Tariff Income comprises income from interest on FD created against the contingency reserves.

2.11.4 The balance amount of income as provided in Schedule 22 of the Financial Statements includes Delayed Payment Surcharge, Gain on Sale of Current Investment (ear-marked from income from own funds which have been funded from internal accruals), Other interest income, which includes interest from investment in Optionally Convertible Debenture and Compulsory Convertible Debentures (OCD and CCD), etc., are not considered as per the MYT Regulations, 2019. Only the part of income from investment parked against the Contingency

reserves is considered as the Non-Tariff Income.

2.11.5 Accordingly, the Non-Tariff Income claimed for FY 2022-23 and FY 2023-24 is shown in the following Table:

**Table 29: Non-Tariff Income for FY 2022-23 & FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	MTR Order	APTCL Petition	MYT Order	APTCL Petition
Non-Tariff Income	0.25	0.22	0.31	0.40

***Commission's Analysis and Ruling***

2.11.6 The Commission has examined the submissions made by APTCL. The Commission has considered the interest amount against the investment in Fixed Deposits against Contingency Reserve as Non-Tariff Income for FY 2022-23 and FY 2022-23, respectively.

2.11.7 The details of the investment in Fixed Deposits against Contingency Reserves and computation of Non-Tariff Income are shown in the Table below:

**Table 30: Investment in Fixed Deposits against Contingency Reserve and computation of Non-Tariff Income (Rs. Crore)**

No. of Days	From	To	FY - Investment	FY - Income	Interest Rate	Investment Amount	Redemption Amount	Profit	Non-Tariff Income
334	02-05-2021	31-03-2022	2017-20	2021-22		35300114	36658058	1357944	12,22,516
37	01-04-2022	07-05-2022	2017-20	2022-23					1,35,428
329	07-05-2022	31-03-2023	2017-20	2022-23	4.50%	35300114	36938383	1638269	14,52,805
42	01-04-2023	12-05-2023	2017-20	2023-24	4.50%				1,85,464
325	12-05-2023	31-03-2024	2017-20	2023-24	7.25%	35300114	37967467	2667353	23,30,349
47	01-04-2024	17-05-2024	2017-20	2024-25	7.25%				3,37,004
259	16-07-2021	31-03-2022	2020-21	2021-22		6800000	7118410	318410	2,24,709
108	01-04-2022	17-07-2022	2020-21	2022-23					93,701
258	17-07-2022	31-03-2023	2020-21	2022-23	5.45%	6800000	7179315	379315	2,66,657
109	01-04-2023	18-07-2023	2020-21	2023-24	5.45%				1,12,658
258	18-07-2023	31-03-2024	2020-21	2023-24	6.75%	6800000	7272094	472094	3,30,979
110	01-04-2024	19-07-2024	2020-21	2024-25	6.75%				1,41,115
221	23-08-2022	31-03-2023	2021-22	2022-23	5.75%	6800000	7213122	413122	2,41,534
157	01-04-2023	04-09-2023	2021-22	2023-24	5.75%				1,71,588
210	04-09-2023	31-03-2024	2021-22	2023-24	6.80%	6800000	7688291	888291	4,92,193
169	01-04-2024	16-09-2024	2021-22	2024-25	6.80%				3,96,098

No. of Days	From	To	FY - Investment	FY - Income	Interest Rate	Investment Amount	Redemption Amount	Profit	Non-Tariff Income
275	01-07-2023	31-03-2024	2022-23	2023-24	6.75%	6800000	7270750	470750	3,52,742
92	01-04-2024	01-07-2024	2022-23	2024-25	6.75%				1,18,008
214	30-08-2024	31-03-2025	2023-24	2024-25	7.10%	6800000	7295335	495335	2,89,622
152	01-04-2025	30-08-2025	2023-24	2025-26	7.10%				2,05,713

2.11.8 Accordingly, the Commission has considered the Non-Tariff income from investment in Fixed Deposits against Contingency Reserve for FY 2022-23 and FY 2023-24 as shown in the Table below:

**Table 31: Non-Tariff Income for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23			FY 2023-24		
	MTR Order	APTCL Petition	Approved in this Order	MTR Order	APTCL Petition	Approved in this Order
Non-Tariff Income	0.25	0.22	0.22	0.31	0.40	0.40

2.11.9 **The Commission approves Rs. 0.22 Crore and Rs. 0.40 Crore, as Non-Tariff Income, after Truing-up of FY 2022-23 and FY 2023-24, respectively.**

## 2.12 Rebate on Revenue

### *APTCL's Submission*

2.12.1 APTCL submitted that rebate has been provided to the beneficiaries as per Regulation 36.1 of the MYT Regulations, 2019, whereby 1% rebate is allowed on billed amount, if paid within 7 days of presentation of bills and the same is claimed as expenses.

2.12.2 APTCL submitted that in the MTR Order, it had claimed the Rebate amount as expenses as per Regulation 36.1 of the MYT Regulations, 2019, however the said Rebate amount was not highlighted in the accounting statement due to disputes on the reconciliation of the Rebate amount and the Late Payment Surcharge (LPS) between APTCL and STU. Therefore, till the resolution of the dispute, such rebate has not been incorporated in the financial accounts.

2.12.3 APTCL submitted that the Commission in its Order dated 30 March 2023 in Case No. 234 of 2022 has not allowed the same due to absence of concrete evidence and directed to reconcile the same with STU. The relevant extract from the Order is reproduced below:

*“4.10.5 The Commission observes that APTCL has neither submitted any formal correspondence from the STU and also has nor accounted for in the respective Audited Accounts. In absence of a concrete proposition by APTCL as elaborated above, the Commission is not allowing the amount claimed towards rebate provided to the beneficiaries. The same shall be considered during final Truing-up of FY 2022-23. APTCL is directed to reconcile the amount by the Truing-up of the 4<sup>th</sup> MYT Control Period and account for in the Audited Accounts “*

- 2.12.4 Accordingly, APTCL has reconciled the amount of rebate with STU and claimed the amount of Rs. 0.64 Crore and Rs. 0.04 Crore for FY 2022-23 and FY 2023-24, respectively. The details of Rebate claimed for FY 2022-23 and FY 2023-24 as shown in the Table below:

**Table 32: Rebate claimed by APTCL for FY 2022-23 and FY 2023-24 (Rs. Crore)**

Particulars	FY 2022-23	FY 2023-24
Rebate Claimed	0.64	0.04

### ***Commission’s Analysis and Ruling***

- 2.12.5 The Commission has verified the submission of APTCL and accordingly, approved the rebate of Rs. 0.64 Crore and Rs. 0.04 Crore for FY 2022-23 and FY 2023-24, respectively. Further, it is to be noted that the Commission has allowed Rs. 0.59 Crore (past rebates up to FY 2021-22) as additional expense in the truing up for FY 2022-23, whereas the balance rebate of Rs. 0.06 Crore for FY 2022-23 and Rs. 0.04 Crore have been adjusted against the Revenue for FY 2022-23 and FY 2023-24, respectively, as per the correct philosophy, rather than showing it as an expense.

## **2.13 Revenue Gap of past years**

### ***APTCL’s Submission***

- 2.13.1 APTCL submitted that vide its Order dated 30 March 2020 in Case No. 295 of 2019, the Commission approved the recovery of past Revenue Gaps for FY 2017-18 to FY 2019-20 including carrying cost by spreading the Revenue Gap to be allowed to be recovered over the 5 years of the 4<sup>th</sup> Control Period in such a manner that the intra-State Transmission Charges are around the same level for the entire Control period, in terms of Rs./kWh. However, in the MTR Order in Case No. 234 of 2022, the Commission has reworked the Gap and the holding cost resulting into revision in the past Gap treatment in FY 2022-23 and FY 2023-24. The amount

claimed, as approved in Case No. 234 of 2022 is given in the Table below and claimed in ARR of the respective years:

**Table 33: Revised Revenue Gap as per Case No. 295 of 2019, as submitted by APTCL**

Particulars	FY 2022-23	FY 2023-24
Past Gap for FY 2017-18 to FY 2019-20 including Carrying Cost – as revised in Order in Case No. 234 of 2022	3.96	3.66

2.13.2 Further, APTCL submitted that in the MTR Order, the Commission has undertaken the Truing-up of FY 2019-20 to FY 2021-22 and provisional Truing-up of FY 2022-23 and has accordingly determined the Revenue Gap/(Surplus). The Past Gap for FY 2019-20 to FY 2022-23 including carrying cost approved in the Order in Case No.234 of 2022 has been claimed to be recovered in FY 2023-24, as shown in the following Table:

**Table 34: Revised Revenue Gap as per Case No. 234 of 2022, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2023-24
Past Gap for FY 2019-20 to FY 2022-23 including carrying cost as approved in Order in Case No. 234 of 2022	3.68

### ***Commission's Analysis and Ruling***

2.13.3 The past Revenue Gap approved in the ARR of FY 2022-23 and FY 2023-24 have been considered at the same levels as approved in the MTR Order, as shown in the Table below: -

**Table 35: Past Revenue Gap approved for recovery in FY 2022-23 and FY 2023-24 (Rs. Crore)**

Particulars	Formula	FY 2022-23	FY 2023-24
Past Gap for FY 2017-18 to FY 2019-20 including Carrying Cost	A	3.96	3.66
Past Gap for FY 2019-20 to FY 2022-23 including Carrying Cost	B	-	3.68
<b>Total pass through of gaps including carrying cost till FY 2022-23</b>	<b>C= A + B</b>	<b>3.96</b>	<b>7.34</b>

2.13.4 **The Commission approves the Past Revenue Gap along with carrying/ cost of Rs. 3.96 Crore and Rs. 7.34 Crore in FY 2022-23 and FY 2023-24, respectively.**

## 2.14 Summary of Truing-up for FY 2022-23 and FY 2023-24

### *APTCL's Submission*

2.14.1 Based on the above parameters, the ARR for FY 2022-23 and FY 2023-24 is as summarized in the following Table:

**Table 36: ARR for FY 2022-23, as submitted by APTCL (Rs. Crore)**

Sl. No.	Particulars	MTR Order	APTCL Petition	Net entitlement after sharing of gains/(loss)
1	O&M expenses	5.09	5.19	5.13
2	Depreciation	14.27	14.27	14.27
3	Interest on Long-term Loan	9.36	9.94	9.94
4	Interest on Working Capital	0.86	0.85	0.28
5	Contribution to Contingency Reserves	0.68	0.68	0.68
7	<b>Total Revenue Expenditure</b>	<b>30.26</b>	<b>30.92</b>	<b>30.29</b>
8	Return on Equity Capital	11.48	12.72	12.72
9	<b>Aggregate Revenue Requirement</b>	<b>41.75</b>	<b>43.64</b>	<b>43.01</b>
10	Less: Non-Tariff Income	0.25	0.22	0.22
11	<b>Aggregate Revenue Requirement</b>	<b>41.50</b>	<b>43.42</b>	<b>42.79</b>
12	Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	3.96	3.96	3.96
13	Rebate on Revenue	0.00	0.64	0.64
14	<b>Total ARR including past gaps/(surplus)</b>	<b>45.46</b>	<b>48.02</b>	<b>47.39</b>

**Table 37: ARR for FY 2023-24, as submitted by APTCL (Rs. Crore)**

Sl. No.	Particulars	MTR Order	APTCL Petition	Net entitlement after sharing of gains/(loss)
1	O&M expense	5.28	5.40	5.32
2	Depreciation	14.27	14.27	14.27
3	Interest on Long-term Loan	7.93	9.50	9.50
4	Interest on Working Capital	0.89	0.91	0.30
5	Contribution to Contingency Reserves	0.68	0.68	0.68
7	<b>Total Revenue Expenditure</b>	<b>29.04</b>	<b>30.76</b>	<b>30.07</b>
8	Return on Equity Capital	11.48	12.72	12.72
9	<b>Aggregate Revenue Requirement</b>	<b>40.52</b>	<b>43.47</b>	<b>42.78</b>
10	Less: Non-Tariff Income	0.31	0.40	0.40
11	<b>Aggregate Revenue Requirement</b>	<b>40.21</b>	<b>43.07</b>	<b>42.39</b>
12	Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	3.66	3.66	3.66



Sl. No.	Particulars	MTR Order	APTCL Petition	Net entitlement after sharing of gains/(loss)
13	Past Gap for FY 2019-20 to FY 2022-23 including Carrying cost	3.68	3.68	3.68
14	Add: Net Entitlement for refinancing of loans	-	1.22	1.22
15	Rebate on Revenue	0.00	0.04	0.04
16	<b>Total ARR including past gaps/(surplus)</b>	<b>47.54</b>	<b>51.68</b>	<b>50.99</b>

### *Commission's Analysis and Ruling*

2.14.2 Based on the analysis of various parameters set out in this Order, the ARR approved by the Commission after truing up for FY 2022-23 and FY 2023-24, is summarised in the following Tables.

**Table 38: ARR Approved after truing up for FY 2022-23 (Rs. Crore)**

Sl. No.	Particulars	MTR Order	APTCL Petition	Approved after truing up
1	O&M expenses	5.09	5.19	5.09
2	Depreciation	14.27	14.27	14.27
3	Interest on Long-term Loan	9.36	9.94	9.94
4	Interest on Working Capital	0.86	0.85	0.85
5	Contribution to Contingency Reserves	0.68	0.68	0.68
6	<b>Total Revenue Expenditure</b>	<b>30.26</b>	<b>30.92</b>	<b>30.82</b>
7	Return on Equity Capital	11.48	12.72	12.72
8	<b>Aggregate Revenue Requirement</b>	<b>41.74</b>	<b>43.64</b>	<b>43.54</b>
9	Less: Non-Tariff Income	0.25	0.22	0.22
10	Sharing of (Gains)/Losses	-	(0.63)	(0.53)
11	Rebate on Revenue	-	0.64	0.59
12	<b>Aggregate Revenue Requirement</b>	<b>41.49</b>	<b>43.43</b>	<b>43.38</b>
13	Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	3.96	3.96	3.96
14	<b>Total ARR including past gaps/(surplus)</b>	<b>45.45</b>	<b>47.39</b>	<b>47.34</b>

**Table 81: ARR Approved after truing up for FY 2023-24 (Rs. Crore)**

Sl. No.	Particulars	MTR Order	APTCL Petition	Approved after truing up
1	O&M expenses	5.28	5.40	5.28
2	Depreciation	14.27	14.27	14.27

Sl. No.	Particulars	MTR Order	APTCL Petition	Approved after truing up
3	Interest on Long-term Loan	7.93	9.50	9.50
4	Interest on Working Capital	0.89	0.91	0.91
5	Contribution to Contingency Reserves	0.68	0.68	0.68
6	<b>Total Revenue Expenditure</b>	<b>29.04</b>	<b>30.76</b>	<b>30.64</b>
7	Return on Equity Capital	11.48	12.72	12.72
8	<b>Aggregate Revenue Requirement</b>	<b>40.52</b>	<b>43.47</b>	<b>43.35</b>
9	Less: Non-Tariff Income	0.31	0.40	0.40
10	Sharing of (Gains)/Losses		(0.69)	(0.56)
11	Net Entitlement for refinancing of loans	-	1.22	1.23
12	Rebate on Revenue		0.04	-
13	<b>Aggregate Revenue Requirement</b>	<b>40.21</b>	<b>43.65</b>	<b>43.62</b>
14	Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	3.66	3.66	3.66
15	Past Gap for FY 2019-20 to FY 2022-23 including Carrying cost	3.68	3.68	3.68
16	<b>Total ARR including past gaps/(surplus)</b>	<b>47.54</b>	<b>50.99</b>	<b>50.96</b>

2.14.3 The Commission approves the Aggregate Revenue Requirement of Rs. 47.34 Crore and Rs. 50.96 Crore after Truing-up of FY 2022-23 and FY 2023-24, respectively.

## 2.15 Revenue Gap / Surplus of FY 2022-23 and FY 2023-24

### *APTCL's Submission*

2.15.1 APTCL submitted that the ARR allowed to be recovered through Transmission Tariff was Rs. 48.08 Crore and Rs. 47.54 Crore for FY 2022-23 and FY 2023-24, respectively.

2.15.2 Accordingly, based on the Truing-up of FY 2022-23 and FY 2023-24 and the revenue approved for recovery, APTCL submitted the Revenue Gap/(Surplus) as given in the Table below and requested the Commission to allow the same along with the carrying cost:

**Table 39: Revenue Gap/(Surplus) for FY 2022-23 and FY 2023-24, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2022-23	FY 2023-24
Total ARR	47.39	50.99
ARR recovered through Transmission Tariff	48.08	47.54

Particulars	FY 2022-23	FY 2023-24
Revenue Gap/(Surplus)	(0.69)	3.45

- 2.15.3 APTCL has claimed the above Revenue Gap/(Surplus) along with associated carrying cost/holding cost and requested the Commission to adjust the recovery of the same while determining the Transmission Charges for FY 2025-26.

### ***Commission's Analysis and Ruling***

- 2.15.4 The Commission has noted the submission of APTCL. Based on the ARR approved by the Commission after Truing-up of FY 2022-23 and FY 2023-24 and the revenue approved to be recovered by APTCL, the Commission has computed the Revenue Gap/(Surplus) for FY 2022-23 and FY 2023-24, as shown in the Table below:

**Table 40: Revenue Gap/(Surplus) for FY 2022-23 and FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23		FY 2023-24	
	APTCL Petition	Approved in this Order	APTCL Petition	Approved in this Order
Total ARR	47.39	47.34	50.99	50.96
Revenue	48.08	48.03	47.54	47.49
Gap	(0.69)	(0.69)	3.45	3.47

- 2.15.5 **The Commission approves the standalone Revenue Gaps/(Surplus) of Rs. (0.69) Crore and Rs. 3.47 Crore for FY 2022-23 and FY 2023-24, respectively, as shown in the Table above.**
- 2.15.6 The recovery of the above Revenue Gap/(Surplus) along with the associated carrying/(holding) cost, for FY 2022-23 and FY 2023-24 has been dealt with in the later part of this Order.

### 3 PROVISIONAL TRUING-UP OF ARR FOR FY 2024-25

#### 3.1 Background

3.1.1 APTCL has sought provisional Truing-up of FY 2024-25 based on actuals of first half (H1) of FY 2024-25 and estimates of second half (H2) of FY 2024-25, in accordance with the MYT Regulations, 2019. APTCL has outlined the reasons for variation in the provisional values of FY 2024-25 vis-à-vis the figures approved in the MTR Order dated 31 March, 2023 in Case No. 234 of 2022.

3.1.2 The analysis underlying the Commission's approval for provisional Truing-up for FY 2024-25 is set out below.

#### 3.2 Operation & Maintenance Expenses

##### *APTCL's Submission*

3.2.1 The Commission in its MTR Order dated 31 March, 2023 in Case No. 234 of 2022, approved the normative O&M expenses of Rs. 5.49 Crore for FY 2024-25 based on the norms specified under the MYT Regulations, 2019.

3.2.2 APTCL submitted the revised normative O&M expenses in accordance with the MYT Regulations, 2019. The normative O&M expenses approved by the Commission in the MTR Order and as computed by APTCL are shown in the Table below:

**Table 41: Normative O&M Expenses for FY 2024-25, as submitted by APTCL**

Particulars	Unit	MTR Order	APTCL Petition
Length of Line (A)	ckt km	220.22	220.22
Norms as per Regulations (B)	Rs. Lakh/ckt km	0.98	0.98
<b>Cost (C = A * B)</b>	<b>Rs. Crore</b>	<b>2.16</b>	<b>2.16</b>
No of bays (D)	No.	2.00	2.00
Norms as per Regulations (E)	Rs. Lakh/bay	166.62	166.62
<b>Cost (F = D * E)</b>	<b>Rs. Crore</b>	<b>3.33</b>	<b>3.33</b>
<b>Total O&amp;M expenses (G = C + F)</b>	<b>Rs. Crore</b>	<b>5.49</b>	<b>5.49</b>

3.2.3 APTCL submitted that the estimated O&M expenses for FY 2024-25 are in line

with the norms specified in the MYT Regulations, 2019.

3.2.4 APTCL submitted that the existing O&M arrangement for maintenance of Bay between MSETCL and APTCL has expired on 31.03.2024. For the period from FY 2024-25 onwards, the negotiation on price is under discussion with MSETCL.

3.2.5 APTCL submitted that the Commission in Para 3.3.39 of the MTR Order of APTCL dated 31<sup>st</sup> March 2023 in Case No. 234 of 2022 has directed as under:

*“The Commission observes that an escalation of 10% has been agreed for MSETCL O&M Contract without a rationale for arriving at the escalation percentage. The Commission opines that a random escalation cannot be applied for any contract and the reasonability of the escalation needs to be established to pass the test of Prudence. Accordingly, the Commission directs APTCL to renegotiate the contract with MSETCL for future periods starting 1 April 2023 onwards by establishing a methodology for computation on the basis of Inflation Index.”*

3.2.6 Accordingly, APTCL submitted that it has already taken up the matter with MSETCL in this regard. In the letter dated 28.02.24 to CE (EHV Project cum O&M Zone) Amravati, APTCL has requested MSETCL to reduce the O&M rates and the corresponding escalation rates. APTCL has also requested MSETCL to consider the escalation rates in line with the applicable MYT Regulations. However, MSETCL requested APTCL to execute the O&M Agreement for the period from FY 2023-24 to FY 2028-29 in line with the prevailing practice.

3.2.7 APTCL has reiterated the request to MSETCL to execute the O&M Agreement citing the directive given by the Commission. The matter is currently pending with CE (O&M), MSETCL.

3.2.8 Therefore, APTCL requested the Commission to issue suitable guidelines to MSETCL to execute the O&M Agreement based on the reasonable rates and allow the same to be passed through in transmission tariff of APTCL.

3.2.9 The amount payable in FY 2024-25 to MSETCL for Terminal Bays has been considered based on 10% escalation on the previous year's charges as per the existing O&M arrangement entered between MSETCL and APTCL. However, there are certain common costs in relation to maintenance of Bay, which cannot be segregated between Lines and Bay and hence, the same have been included in the respective head of O&M Expenses.

3.2.10 The estimated O&M expenses for FY 2024-25 are as shown below:

**Table 42: Actual O&M Expenses for FY 2024-25, as submitted by APTCL**  
(Rs. Crore)

Particulars	As per Norms	H1 Actual	H2 (Projected)	APTCL Petition
Employee expenses	2.16	0.60	0.69	1.20
A&G expenses		0.82	1.18	1.68
R&M expenses		0.85	0.90	2.05
<b>O&amp;M expenses for Lines</b>		<b>2.26</b>	<b>2.77</b>	<b>4.93</b>
O&M expenses for terminal bays as per the Contract with MSETCL	3.33	0.28	0.28	0.56
<b>Total O&amp;M expenses</b>	<b>5.49</b>	<b>2.54</b>	<b>3.05</b>	<b>5.49</b>

***Commission's Analysis and Ruling***

3.2.11 As the O&M norms are not separately specified for APTCL in the MYT Regulations 2019, the Commission approves the normative O&M expenses in accordance with the norms specified in Regulation 61.6 (Norms for new and other existing transmission licensee) of the MYT Regulations, 2019 for FY 2024-25, on the basis of actual number of bays and line length, as shown in the Table below:

**Table 43: Revised Normative O&M Expenses for FY 2024-25, as approved by the Commission (Rs. Crore)**

Particulars	Unit	MTR Order	APTCL Petition	Approved in this Order
Length of Line (A)	ckt km	220.22	220.22	220.22
Norms as per Regulations (B)	Rs. Lakh/ckt km	0.98	0.98	0.98
<b>Cost (C = A * B)</b>	<b>Rs. Crore</b>	<b>2.16</b>	<b>2.16</b>	<b>2.16</b>
No of bays (D)	No.	2.00	2.00	2.00
Norms as per Regulations (E)	Rs. Lakh/ bay	166.62	166.62	166.62
<b>Cost (F = D * E)</b>	<b>Rs. Crore</b>	<b>3.33</b>	<b>3.33</b>	<b>3.33</b>
<b>Total O&amp;M expenses (G = C + F)</b>	<b>Rs. Crore</b>	<b>5.49</b>	<b>5.49</b>	<b>5.49</b>

3.2.12 For provisional Truing-up of FY 2024-25, APTCL has claimed estimated O&M expenses based on actual expenses in H1 and estimated expenses for H2, to the extent of Rs. 5.49 Crore, which is same as the normative expense approved by the Commission in the Table above.

3.2.13 Presently, the Commission is only considering the normative expenses and accordingly, approves the normative O&M expenses of Rs. 5.49 Crore. Any variation in the actual O&M expenses shall be dealt with at the time of the final

Truing-up of FY 2024-25, subject to prudence check.

- 3.2.14 **The O&M arrangement between MSETCL and APTCL for maintenance of Bay has expired on 31<sup>st</sup> March 2024, hence, there is no Agreement in place for FY 2024-25. However, as both APTCL and MSETCL are Transmission Licensees regulated by the Commission and O&M norms are specified by the Commission separately for both the Licensees, the charges payable to MSETCL by APTCL have to be appropriately linked to the O&M norms applicable for MSETCL. As all costs of O&M of such Bays are not incurred by MSETCL, hence, the O&M norm applicable for MSETCL cannot be applied in toto. The Commission has given certain directions in the MTR Order, regarding entering into Agreement by considering escalation rates considered in the MYT Regulations.**
- 3.2.15 **Recently, on 6<sup>th</sup> January 2025, MSETCL has issued Guidelines for recovery of O&M charges by MSETCL from InSTS Licensees and Transmission Service Providers (TSP) under Tariff Based Competitive Bidding (TBCB), and the effective O&M charges are stipulated for the Control Period from FY 2025-26 to FY 2029-30. Hence, for FY 2024-25, which is the last year of the present Control Period, the earlier arrangement shall be extended, and APTCL shall claim the same at the time of truing up for FY 2024-25.**
- 3.2.16 **The Commission approves normative O&M Expenses of Rs. 5.49 Crore after Provisional Truing-up of FY 2024-25.**

### **3.3 Capital Expenditure and Capitalisation**

#### ***APTCL's Submission***

- 3.3.1 APTCL has not proposed any capitalization for FY 2024-25.

#### ***Commission's Analysis and Ruling***

- 3.3.2 **The Commission notes the same and approves Nil capitalisation for FY 2024-25, as proposed by APTCL.**

### **3.4 Depreciation**

#### ***APTCL's Submission***

- 3.4.1 APTCL submitted that it has computed depreciation in accordance with Regulation 28 of the MYT Regulations, 2019, as per approved capital cost and rates of

depreciation specified as per Annexure I of the MYT Regulations, 2019. Also, the proviso to the said Regulation specifies that if the asset is depreciated to the extent of 70%, then remaining depreciable value as on 31<sup>st</sup> March of the year is to be spread over the balance Useful Life of the asset.

- 3.4.2 Regulation 28.4 of MYT Regulations, 2019 also provides for depreciation to be calculated based on average of opening and closing value of assets for assets having achieved commercial operation for only part of the financial year.
- 3.4.3 Since, no capitalisation has been projected by APTCL for FY 2024-25, depreciation has been calculated for FY 2024-25 based on the closing balance of GFA for FY 2023-24, as shown in the Table below:

**Table 44: Depreciation for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	Approved	Estimated
Opening GFA	270.18	270.20
Addition of GFA	0.00	0.00
Retirement of GFA	0.00	0.00
Closing GFA	270.18	270.20
<b>Depreciation</b>	<b>14.27</b>	<b>14.27</b>
<b>Average Depreciation rate</b>	<b>5.28%</b>	<b>5.28%</b>

***Commission's Analysis and Ruling***

- 3.4.4 The Commission has computed depreciation for FY 2024-25 in accordance with Regulation 28 of MYT Regulations, 2019. The Commission has considered the closing GFA of FY 2023-24 as approved in this Order as the opening GFA for FY 2024-25. The addition in GFA has been considered as Nil, as approved in earlier Section of this Order and hence, the closing GFA of FY 2024-25 remains same as the opening GFA of FY 2024-25.
- 3.4.5 The depreciation for FY 2024-25 as approved by the Commission is summarized in the following Table:

**Table 45: Depreciation for FY 2024-25, as approved by the Commission (Rs. Crore)**

Particulars	MTR Order	APTCL Petition	Approved in this Order
Opening GFA	270.18	270.20	270.20
Addition of GFA	0.00	0.00	0.00
Retirement of GFA	0.00	0.00	0.00
Closing GFA	270.18	270.20	270.20



Particulars	MTR Order	APTCL Petition	Approved in this Order
Depreciation	14.26	14.27	14.27
Average Depreciation Rate	5.28%	5.28%	5.28%

3.4.6 **The Commission approves Depreciation at Rs. 14.27 Crore after Provisional Truing-up of FY 2024-25.**

**3.5 Interest on Long Term Loans**

***APTCL's Submission***

- 3.5.1 APTCL submitted that it had computed interest on loan in accordance with Regulation 30 of the MYT Regulations, 2019. Debt addition has not been considered for FY 2024-25 on account of Nil capitalization proposed for FY 2024-25. The repayment has been considered equal to the depreciation for the year as specified in Regulation 30.3 MYT Regulations, 2019.
- 3.5.2 The rate of interest has been considered equal to the weighted average rate of interest on the actual loan portfolio at the beginning of the year, as per Regulation 30.5 of the MYT Regulations, 2019. APTCL submitted that the interest rate for FY 2024-25 has been considered as 10.40%, based on the interest rate effective from 24 January, 2024, on account of the refinancing of the loan from KIDB.
- 3.5.3 APTCL submitted that it shall claim actual Finance Charges at the time of Truing-up. Accordingly, the interest on loan projected for FY 2024-25 is outlined as below:

**Table 46: Interest on Long Term Loans for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	MTR Order	APTCL Petition
Opening Balance of Debt	72.18	72.19
Debt Addition during the year	0.00	0.00
Debt Repayment during the year	14.27	14.27
Less: Reduction in loan due to retirement of assets	0.00	0.00
Closing Balance	57.92	57.93
Interest rate	10.00%	10.40%
<b>Interest on Long term Loans</b>	<b>6.51</b>	<b>6.77</b>

- 3.5.4 APTCL requested the Commission to approve the Interest on loan as submitted above for FY 2024-25.

***Commission's Analysis and Ruling***

- 3.5.5 The Commission has computed the interest on long-term loan for FY 2024-25 in

accordance with the Regulation 30 of MYT Regulations, 2019. The closing loan balance for FY 2023-24 as approved in this Order has been considered as the opening loan balance for FY 2024-25. The repayment is considered equal to the depreciation as approved for FY 2024-25 in this Order. Further, Nil addition to normative loan has been considered, as there is no GFA addition approved for FY 2024-25.

3.5.6 The rate of interest has been considered as 10.40% based on the interest rate effective from 24 January, 2024, on account of the refinancing of the loan from KIDB.

3.5.7 The interest on loan approved after provisional truing up for FY 2024-25 is shown in the Table below:

**Table 47: Interest on Long Term Loans for FY 2024-25, as approved by the Commission (Rs. Crore)**

Particulars	MTR Order	APTCL Petition	Approved in this Order
Opening Balance of Debt	72.18	72.19	72.19
Debt Addition during the year	0.00	0.00	0.00
Debt Repayment during the year	14.27	14.27	14.27
Less: Reduction in loan due to retirement of assets	0.00	0.00	0.00
Closing Balance	57.92	57.93	57.93
Interest rate approved	10.00%	10.40%	10.40%
<b>Interest on Long term Loans</b>	<b>6.51</b>	<b>6.77</b>	<b>6.77</b>

3.5.8 **The Commission approves Interest on Long Term Loans of Rs. 6.77 Crore after provisional Truing-up of FY 2024-25.**

### 3.6 Interest on Working Capital

#### *APTCL's Submission*

3.6.1 APTCL submitted that normative interest on working capital had been calculated in accordance with Regulation 32 of the MYT Regulations, 2019, by considering normative O&M expenses, and receivables equal to expected revenue as approved in the MTR Order.

3.6.2 The Base Rate for computation of interest on working capital has been considered equal to the 1-year SBI MCLR prevalent on 1<sup>st</sup> November 2024, i.e., 8.95%, plus 150 basis points. The normative interest on working capital projected by APTCL for FY 2024-25 is shown in the Table below:

**Table 48: Interest on Working Capital for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	Approved	Estimated
O&M expenses for one month	0.46	0.46
Maintenance Spares @1% of Op. GFA	2.70	2.70
Receivables equal to 1.5 months of revenue at prevalent tariff	5.46	5.57
<b>Total Working Capital</b>	<b>8.62</b>	<b>8.73</b>
Rate of Interest on Working Capital	9.45%	10.45%
<b>Interest on Working Capital</b>	<b>0.79</b>	<b>0.91</b>

3.6.3 APTCL requested for approval of the IoWC as submitted above for FY 2024-25.

***Commission's Analysis and Ruling***

3.6.4 The Commission has computed IoWC in line with Regulation 32.2 of the MYT Regulations, 2019. The Commission has considered one month of normative O&M expenses as approved in this Order for computing the working capital requirements. The maintenance spares have been considered as 1% of the approved opening GFA for FY 2024-25. Receivables have been considered equal to 1.5 months' revenue from Transmission Charges based on the ARR for FY 2024-25 as approved in the MTR Order for APTCL dated 31 March, 2023 in Case No. 234 of 2022 for computing the working capital requirement. The interest rate for computing IoWC has been considered as 10.45%, i.e., 1-year SBI MCLR of 8.95% plus 150 basis points.

3.6.5 Accordingly, the normative IoWC approved by the Commission after provisional truing up for FY 2024-25, is shown in the Table below:

**Table 49: Interest on Working Capital for FY 2024-25, as approved by the Commission (Rs. Crore)**

Particulars	MTR Order	APTCL Petition	Approved in this Order
<b>Computation of working capital:</b>			
One-twelfth of the amount of Operations and Maintenance Expenses	0.46	0.46	0.46
Maintenance Spare @1% of Opening GFA	2.70	2.70	2.70
One and a half months of the expected revenue from Transmission charges at the prevailing Tariffs	5.46	5.57	5.57
<b>Total Working Capital</b>	<b>8.62</b>	<b>8.73</b>	<b>8.73</b>
<b>Computation of working capital interest</b>			

Rate of Interest (% p.a.)	9.45%	10.45%	10.45%
<b>Interest on Working Capital</b>	<b>0.79</b>	<b>0.91</b>	<b>0.91</b>

**3.6.6 The Commission approves the normative IoWC of Rs. 0.91 Crore after Provisional Truing-up of FY 2024-25.**

### **3.7 Contribution to Contingency Reserves**

#### ***APTCL's Submission***

3.7.1 APTCL submitted that it has computed Contribution to Contingency Reserve based on Regulation 35 of the MYT Regulations, 2019, equivalent to 0.25% of the Opening GFA. APTCL requested the Commission to approve the Contribution to Contingency Reserves for FY 2024-25, as shown in the Table below:

**Table 50: Contingency Reserves to be invested in FY 2024-25, as submitted by APTCL (Rs. Crore)**

<b>Particulars</b>	<b>MTR Order</b>	<b>APTCL Petition</b>
GFA	270.18	270.20
Contribution to Contingency Reserves	0.68	0.68

#### ***Commission's Analysis and Ruling***

3.7.2 The Contribution to Contingency Reserve has been computed in accordance with Regulation 35 of the MYT Regulations, 2019, as shown in the Table below:

**Table 51: Contribution towards Contingency Reserves for FY 2024-25, as approved by the Commission (Rs. Crore)**

<b>Particulars</b>	<b>FY 2024-25</b>		
	<b>MTR Order</b>	<b>APTCL Petition</b>	<b>Approved in this Order</b>
GFA	270.18	270.20	270.20
Contribution to Contingency Reserves	0.68	0.68	0.68

**3.7.3 The Commission approves contribution towards Contingency Reserves of Rs. 0.68 Crore after provisional Truing-up of FY 2024-25.**

### **3.8 Return on Equity**

#### ***APTCL's Submission***

3.8.1 As per Regulation 29.1 of the MYT Regulations, 2019, Return on Equity for

Transmission Licensee is allowed @15.5% for the assets put to use. However, the Return on Equity is allowed in 2 parts, i.e., Base Return on Equity @14% as per Regulation 29.2 of the MYT Regulations, 2019 and Additional Return on Equity @1.5% to be allowed at the time of truing up based on actual performance.

- 3.8.2 As per Regulation 29.3 of MYT Regulations, 2019, full RoE is computed for the equity capital at the beginning of the year and 50% on the equity capital for the equity addition during the year. Since, there is no capitalization in FY 2024-25, therefore, no equity addition has been considered for FY 2024-25.
- 3.8.3 Further, as per Regulation 34 of the MYT Regulations, 2019, pre-tax Return on Equity is allowed by grossing up the RoE with the effective Tax rate of the respective financial year or on the basis of actual tax paid as per latest available audited accounts.
- 3.8.4 Accordingly, the actual effective Tax rate for FY 2023-24, i.e., 17.47%, has been considered for grossing up of Base RoE. The pre-tax rate of RoE claimed by APTCL for FY 2024-25 is given in the Table below:

**Table 52: Effective Rate of Pre-tax Return on Equity**

S. No.	Particulars	FY 2024-25
1	Effective Tax Rate of the Company (%)	17.47%
2	Base Rate of Return on Equity (%)	14.00%
3	Rate of Pre-Tax Return on Equity (%)	16.96%

- 3.8.5 APTCL has computed the pre-tax RoE for FY 2024-25 as shown in the Table below:

**Table 53: Return on Equity for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	MTR Order	Estimated
Opening Equity	67.70	67.71
Equity Addition due to GFA Addition	0.00	0.00
Equity Reduction due to Asset Retirement	0.00	0.00
Closing balance of Equity	67.70	67.71
Pretax Return on Equity after considering effective Tax rate	16.96%	16.96%
<b>Pre-Tax ROE on the average balance</b>	<b>11.48</b>	<b>11.49</b>

### ***Commission's Analysis and Ruling***

- 3.8.6 The Commission has computed the RoE as per Regulation 29 of the MYT Regulations, 2019. The closing equity for FY 2023-24 as approved in this Order

has been considered as the opening equity for FY 2024-25. There is no capitalisation for FY 2024-25 and hence, no equity addition is considered for FY 2024-25.

3.8.7 In accordance with the MYT Regulations, 2019, only Base RoE @14%, duly grossed by the effective Tax Rate for FY 2023-24, i.e., MAT rate of 17.472%, has been considered, for determining the pre-tax rate of RoE of 16.96% for FY 2024-25.

3.8.8 The RoE approved by the Commission after provisional truing up for FY 2024-25 is shown in the Table below:

**Table 54: Return on Equity for FY 2024-25, as approved by the Commission  
(Rs. Crore)**

Particulars	MTR Order	APTCL Petition	Approved in Order
Regulatory equity at the beginning of the year	67.70	67.71	67.71
Equity portion of the capitalisation during the year	-	-	-
Equity portion of assets retired during the year	-	-	-
Regulatory equity at the end of the year	67.70	67.71	67.71
Grossed up ROE rate	16.96%	16.96%	16.96%
<b>Return Computations</b>			
Return on regulatory equity at the beginning of the year	11.48	11.49	11.49
Return on equity portion of the capitalisation during the year	0.00	0.00	0.00
<b>Total Return on Regulatory Equity</b>	<b>11.48</b>	<b>11.49</b>	<b>11.49</b>

3.8.9 The Commission approves Return on Equity of Rs. 11.49 Crore after provisional Truing-up of FY 2024-25.

### 3.9 Non-Tariff Income

#### *APTCL's Submission*

3.9.1 APTCL submitted that as per Regulation 62.1 of the MYT Regulations 2019, the Non-Tariff Income (NTI) shall be deducted from ARR in determining the Annual Transmission Charges of the Transmission Licensee. Accordingly, the NTI claimed in the Petition is related to income from Fixed Deposits against Contingency Reserve. APTCL has projected NTI for FY 2024-25, as shown in the Table below:

**Table 55: Non-Tariff Income for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	MTR Order	APTCL Petition
Non-Tariff Income	0.35	0.40

***Commission's Analysis and Ruling***

3.9.2 APTCL has invested Rs. 6.08 Crore up to FY 2023-24 in Fixed Deposits, which includes Rs. 4.72 Crore up to FY 2021-22 and Rs. 0.68 Cr invested during FY 2022-23 and FY 2023-24 each.

3.9.3 The Commission has estimated the interest income for FY 2024-25 based on the amounts invested and the applicable interest rates. The actual Non- Tariff Income would be considered at the time of Truing-up of FY 2024-25. Accordingly, the Commission provisionally approves the Non-Tariff Income for FY 2024-25, as shown in the Table below.

**Table 56: Non-Tariff Income for FY 2024-25, as approved by the Commission (Rs. Crore)**

Particulars	MTR Order	APTCL Petition	Approved in this Order
Non-Tariff Income	0.35	0.40	0.40

3.9.4 **The Commission approves Non-Tariff Income of Rs. 0.40 Crore after provisional Truing-up of FY 2024-25.**

**3.10 Revenue Gap of past years**

***APTCL's Submission***

3.10.1 APTCL submitted that the Commission has allowed the recovery of the past Revenue Gaps for FY 2017-18 to FY 2019-20 including Carrying cost as approved in its Order dated 30 March 2020 in Case No. 295 of 2019 by spreading the Gap to be allowed to be recovered over the 5 years of the 4<sup>th</sup> Control Period in such a manner that the intra-State Transmission Charges are around the same level for the entire Control Period, in terms of Rs./kWh.

3.10.2 However, in the MTR Order in Case No. 234 of 2022, the Commission has reworked the gap and carrying cost resulting into revision in the past gap treatment in FY 2022-23 and FY 2023-24.

3.10.3 The amount claimed by APTCL, as approved in Case No. 234 of 2022 and claimed

in the ARR of the respective year is shown in the Table below:

**Table 57: Revised Revenue Gap as per Case No. 295 of 2019 for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2024-25
Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	3.35

3.10.4 Further, the Commission in its MTR Order in Case No. 234 of 2022 has carried out the Truing-up of FY 2019-20 to FY 2021-22 and provisional Truing-up of FY 2022-23 and has accordingly determined the Revenue Gap/(Surplus) along with the carrying cost. Accordingly, APTCL has claimed the Past Revenue Gap for FY 2019-20 to FY 2022-23 including carrying cost to be recovered in FY 2024-25 as shown in the Table below:

**Table 58: Revised Revenue Gap as per Case No. 234 of 2022 for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2024-25
Past Gap for FY 2019-20 to FY 2022-23 including Carrying cost – as approved in Case No. 234 of 2022	2.31

### ***Commission's Analysis and Ruling***

3.10.5 The past Revenue Gap approved in the ARR of FY 2024-25 has been considered at the same levels as approved in the MTR Order, as shown in the Table below: -

**Table 59: Revised Past Revenue Gap along with carrying/ (holding cost) to be recovered in FY 2024-25, as approved Commission (Rs. Crore)**

Particulars	Formula	Amount
Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	A	3.35
Past Gap for FY 2019-20 to FY 2022-23 including Carrying cost	B	2.31
<b>Total pass through of gaps including carrying cost till FY 2022-23 to be considered now</b>	<b>C= A + B</b>	<b>5.66</b>

3.10.6 The Commission approves the Past Revenue Gap along with carrying cost of Rs. 5.66 Crore in FY 2024-25.

### **3.11 Summary of Provisional Truing-up of ARR for FY 2024-25**

#### ***APTCL's Submission***

3.11.1 APTCL submitted the ARR for FY 2024-25 based on the parameters explained in



the earlier paragraphs, as shown in the Table below:

**Table 60: ARR for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	MTR Order	Estimated
O&M Expenses	5.49	5.49
Depreciation	14.27	14.27
Interest on Long-term Loan	6.51	6.77
Interest on Working Capital	0.79	0.91
Contribution to Contingency Reserves	0.68	0.68
<b>Total Revenue Expenditure</b>	<b>27.74</b>	<b>28.11</b>
Return on Equity Capital	11.48	11.49
<b>Gross Aggregate Revenue Requirement</b>	<b>39.23</b>	<b>39.60</b>
Less: Non-Tariff Income	0.35	0.40
<b>Net Aggregate Revenue Requirement</b>	<b>38.88</b>	<b>39.20</b>
Add: Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	3.35	3.35
Add: Past Gap for FY 2019-20 to FY 2022-23 including Carrying cost	2.31	2.31
<b>Total Aggregate Revenue Requirement</b>	<b>44.54</b>	<b>44.86</b>

### *Commission's Analysis and Ruling*

3.11.2 Based on the analysis of various parameters set out in this Order, the ARR approved by the Commission after provisional Truing-up for FY 2024-25 is summarised in the Table below:

**Table 61: ARR for FY 2024-25, as approved by the Commission (Rs. Crore)**

Particulars	MTR Order	Estimated	Approved in this Order
O&M Expenses	5.49	5.49	5.49
Depreciation	14.27	14.27	14.27
Interest on Long-term Loan	6.51	6.77	6.77
Interest on Working Capital	0.79	0.91	0.91
Contribution to Contingency Reserves	0.68	0.68	0.68
<b>Total Revenue Expenditure</b>	<b>27.74</b>	<b>28.11</b>	<b>28.11</b>
Return on Equity Capital	11.48	11.49	11.49
<b>Gross Aggregate Revenue Requirement</b>	<b>39.23</b>	<b>39.60</b>	<b>39.60</b>
Less: Non-Tariff Income	0.35	0.40	0.40
<b>Net Aggregate Revenue Requirement</b>	<b>38.88</b>	<b>39.20</b>	<b>39.20</b>
Add: Past Gap for FY 2017-18 to FY 2019-20 including Carrying cost	3.35	3.35	3.35
Add: Past Gap for FY 2019-20 to FY 2022-23 including Carrying cost	2.31	2.31	2.31

Particulars	MTR Order	Estimated	Approved in this Order
Total Aggregate Revenue Requirement	44.54	44.86	44.86

3.11.3 The Commission approves the Aggregate Revenue Requirement of Rs. 44.86 Crore after provisional Truing-up of FY 2024-25.

### 3.12 Revenue Gap / Surplus of FY 2024-25

#### *APTCL's Submission*

3.12.1 APTCL submitted that the revenue projected for FY 2024-25 is Rs. 44.55 Crore, based on the recovery of Transmission Charges approved vide MTR Order in Case No. 234 of 2022, dated 31 March.

3.12.2 Accordingly, based on the revised ARR proposed by APTCL after provisional Truing-up of FY 2024-25 and the approved revenue to be recovered, APTCL submitted the resultant Revenue Gap/(Surplus) as given in the Table below and requested the Commission to allow the same along with the carrying cost, while determining the transmission charges for FY 2025-26:

**Table 62: Revenue Gap / (Surplus) for FY 2024-25, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2024-25
Total ARR	44.86
ARR recovered through Transmission tariff	44.55
Revenue Gap/(Surplus)	0.31

#### *Commission's Analysis and Ruling*

3.12.3 The Commission has noted the submission of APTCL. Based on the revised ARR approved by the Commission after provisional Truing-up of FY 2024-25 and the revenue approved to be recovered by APTCL, the Commission has computed the provisional Revenue Gap/(Surplus) for FY 2024-25, as shown in the Table below:

**Table 63: Revenue Gap/(Surplus) for FY 2024-25, as approved by the Commission (Rs. Crore)**

Particulars	APTCL Petition	Approved in this Order
Total ARR	44.86	44.86
ARR recovered through Transmission tariff	44.55	44.55
Gap/(Surplus)	0.31	0.31

3.12.4 **The Commission approves the provisional Revenue Gap/(Surplus) of Rs. 0.31 Crore for FY 2024-25.**

3.12.5 The recovery of the above Revenue Gap/(surplus) for FY 2024-25 has been dealt in the later part of this Order. As this is only provisional truing up, the Commission has not considered any carrying cost on the above Revenue Gap for FY 2024-25.

## 4 MULTI YEAR TARIFF (MYT) ARR FOR 5<sup>th</sup> CONTROL PERIOD FROM FY 2025-26 TO FY 2029-30

### 4.1 Background

4.1.1 APTCL has submitted its projections of ARR under various heads, viz., O&M expenses, depreciation, Interest on Long Term Loans, IoWC, RoE, etc., for the MYT Control Period, i.e., FY 2025-26 to FY 2029-30 in accordance with the MYT Regulations, 2024. The Commission has examined the submissions of APTCL in accordance with the Regulations, and the approval of these elements is set out below.

### 4.2 Operation & Maintenance Expenses

#### *APTCL's Submission*

4.2.1 The norms for O&M expenditure for APTCL are specified under Regulation 80 of MYT Regulations, 2024, as reproduced below:

#### ***“80 Operation and Maintenance expenses:***

*80.1. The norms for O&M expenses for existing and new Transmission Licensees have been specified on the basis of circuit kilometre of transmission lines, number of Bays and MVA Capacity of Transformers in the substation of the Transmission Licensee, as given below:*

.....

*80.8 Norms for O&M Expenses for Amravati Power Transmission Company Ltd. (APTCL) shall be:*

<b><i>Voltage Level</i></b>	<b><i>FY 2025-26</i></b>	<b><i>FY 2026-27</i></b>	<b><i>FY 2027-28</i></b>	<b><i>FY 2028-29</i></b>	<b><i>FY 2029-30</i></b>
<b><i>INR Lakh/Ckt. Km</i></b>					
<b><i>400 kV</i></b>	<b><i>0.83</i></b>	<b><i>0.86</i></b>	<b><i>0.90</i></b>	<b><i>0.94</i></b>	<b><i>0.98</i></b>
<b><i>INR Lakh/Bay</i></b>					
<b><i>400 kV</i></b>	<b><i>179.94</i></b>	<b><i>188.02</i></b>	<b><i>196.46</i></b>	<b><i>205.29</i></b>	<b><i>214.50</i></b>

*\* No Transformer capacity; recovery only through lines and bays...*

4.2.2 APTCL claimed the normative O&M expenses for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 line with the O&M norms specified under MYT Regulations, 2024, as shown in the Table below:

**Table 64: Normative O & M Expenses for the Control period, as submitted by APTCL**

Particulars	Unit	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Length of Line (A)	ckt km	220.22	220.22	220.22	220.22	220.22
Norms as per Regulations (B)	Rs. lakh/ ckt km	0.83	0.86	0.90	0.94	0.98
<b>Cost (C = A * B)</b>	<b>Rs. Crore</b>	<b>1.83</b>	<b>1.89</b>	<b>1.98</b>	<b>2.07</b>	<b>2.16</b>
No of bays (D)	No.	2.00	2.00	2.00	2.00	2.00
Norms as per Regulations (E)	Rs. lakh/ bay	179.94	188.02	196.46	205.29	214.50
<b>Cost (F = D * E)</b>	<b>Rs. Crore</b>	<b>3.60</b>	<b>3.76</b>	<b>3.93</b>	<b>4.11</b>	<b>4.29</b>
<b>Total normative O&amp;M expenses (G = C + F)</b>	<b>Rs. Crore</b>	<b>5.43</b>	<b>5.65</b>	<b>5.91</b>	<b>6.18</b>	<b>6.45</b>

***Commission's Analysis and Ruling***

4.2.3 The MYT Regulations, 2024 are applicable for determination of ARR and Tariff for Transmission licensee for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30. The Commission has specified the normative O&M expenses for APTCL for the Control Period from FY 2025-26 to FY 2029-30 in Regulation 80.8 of the MYT Regulations, 2024.

4.2.4 There is no increase projected in the number of Bays or length of Transmission Line over the Control Period from FY 2025-26 to FY 2029-30. The Commission has accordingly approved the normative O&M expenses for the Control Period from FY 2025-26 to FY 2029-30 for APTCL, as shown in the Table below:

**Table 65: Normative O&M Expenses for the Control Period, as approved by the Commission (Rs. Crore)**

Particulars	Unit	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Length of 400 kV Line (A)	ckt km	220.22	220.22	220.22	220.22	220.22
O&M Norms as per Regulations (B)	Rs. Lakh/ ckt km	0.83	0.86	0.90	0.94	0.98
<b>Cost (C = A * B)</b>	<b>Rs. Crore</b>	<b>1.83</b>	<b>1.89</b>	<b>1.98</b>	<b>2.07</b>	<b>2.16</b>
No of bays (D)	No.	2	2	2	2	2
O&M Norms as per Regulations (E)	Rs. Lakh/ bay	179.94	188.02	196.46	205.29	214.50
<b>Cost (F = D * E)</b>	<b>Rs. Crore</b>	<b>3.60</b>	<b>3.76</b>	<b>3.93</b>	<b>4.11</b>	<b>4.29</b>
<b>Total O&amp;M expenses (G = C + F)</b>	<b>Rs. Crore</b>	<b>5.43</b>	<b>5.65</b>	<b>5.91</b>	<b>6.18</b>	<b>6.45</b>

- 4.2.5 **The Commission approves the normative O&M expenses as mentioned in the above Table for the Control Period from FY 2025-26 to FY 2029-30.**

### **4.3 Capital Expenditure and Capitalisation**

#### ***APTCL's Submission***

- 4.3.1 APTCL submitted that the estimated capitalization for the Control Period from FY 2025-26 to FY 2029-30 is expected to be marginal routine capital expenditure and hence, it has considered capitalisation as NIL. In case of any requirement in future to incur such capital expenditure, APTCL may claim the same at the time of final True-up of the respective year of the 5<sup>th</sup> Control Period.

#### ***Commission's Analysis and Ruling***

- 4.3.2 **The Commission has noted APTCL's submission and accordingly, approves Nil capitalisation for the Control Period from FY 2025-26 to FY 2029-30. However, in case APTCL intends to undertake any capital expenditure during the Control Period, APTCL should ensure that the procedure specified in the MERC Capex Approval Regulations, 2022 for prior approval of DPR Schemes or registration of Non-DPR Schemes, as the case may be, are complied with.**

### **4.4 Depreciation**

#### ***APTCL's Submission***

- 4.4.1 APTCL submitted that Depreciation has been computed in accordance with Regulation 28 of the MYT Regulations, 2024 based on capital cost of assets approved by the Commission and rates of depreciation applicable as per Annexure I of the MYT Regulations, 2024. Regulation 28.4 of the MYT Regulations, 2024 provides for depreciation to be calculated based on average of opening and closing value of assets. However, Nil addition to GFA has been projected for the Control Period from FY 2025-26 to FY 2029-30.
- 4.4.2 The proviso to Regulation 28.1.(b) specifies that if the asset is depreciated to the extent of 70%, then the remaining depreciable value as on 31<sup>st</sup> March of the year has to be spread over the balance Useful Life of the asset. As the accumulated Depreciation for certain assets is reaching 70% of GFA

during the Control Period, the Depreciation has been computed by spreading the remaining depreciable value over the balance Useful Life of the asset.

- 4.4.3 Based on the above, the depreciation projected by APTCL for the Control Period from FY 2025-26 to FY 2029-30 is given in the Table below:

**Table 66: Depreciation Expenses for 5<sup>th</sup> Control Period, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	270.20	270.20	270.20	270.20	270.20
Addition of GFA	-	-	-	-	-
Closing GFA	270.20	270.20	270.20	270.20	270.20
<b>Depreciation</b>	<b>14.27</b>	<b>14.27</b>	<b>14.26</b>	<b>14.26</b>	<b>3.69</b>
<b>Average Depreciation rate</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>	<b>1.36%</b>

***Commission's Analysis and Ruling***

- 4.4.4 The Commission has computed the Depreciation as per Regulation 28 of the MYT Regulations, 2024. The closing balance of GFA for FY 2024-25 as approved in this Order has been considered as the opening balance of GFA for FY 2025-26. Further, Nil addition to GFA has been considered over the Control Period. Therefore, the GFA remains the same for all the years of the 5<sup>th</sup> Control Period. Further, for the assets whose accumulated depreciation has exceeded 70% of the GFA, the depreciation has been calculated by spreading the remaining depreciable value over the balance Useful Life of the asset in accordance with the proviso to Regulation 28.1.(b) of MYT Regulations, 2024.

- 4.4.5 The depreciation for the Control Period from FY 2025-26 to FY 2029-30 as approved by the Commission is shown in the Table below:

**Table 67: Depreciation for the 5<sup>th</sup> Control Period, as approved by the Commission (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	270.20	270.20	270.20	270.20	270.20
Addition of GFA	-	-	-	-	-
Closing GFA	270.20	270.20	270.20	270.20	270.20
<b>Depreciation</b>	<b>14.27</b>	<b>14.27</b>	<b>14.26</b>	<b>14.26</b>	<b>3.69</b>
<b>Average Depreciation rate</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>	<b>5.28%</b>	<b>1.36%</b>

4.4.6 **The Commission approves the Depreciation as shown in the Table above for each year of the Control Period from FY 2025-26 to FY 2029-30.**

#### 4.5 Interest on Long-Term Loans

##### *APTCL's Submission*

4.5.1 APTCL submitted that the loan repayment has been considered equal to the depreciation for the year as specified under Regulation 30.3 of the MYT Regulations, 2024. Further, in line with Regulation 30.5 of the MYT Regulations, 2024, the weighted average interest rate on loan as on 1 April, 2024, i.e., 10.40% has been considered for the calculation of interest on normative loan.

4.5.2 APTCL submitted that the Finance Charges are required to be allowed by the Commission at the time of True-up and hence, have not been claimed in the Petition.

4.5.3 Based on the above, APTCL submitted the calculation of interest on loan for the Control Period from FY 2025-26 to FY 2029-30, as shown in the Table below:

**Table 68: Interest on Long Term Loans for 5<sup>th</sup> Control Period, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening balance of Debt	57.93	43.66	29.39	15.13	0.87
Addition	0.00	0.00	0.00	0.00	0.00
Repayment	14.27	14.27	14.26	14.26	0.87
<b>Closing Debt</b>	<b>43.66</b>	<b>29.39</b>	<b>15.13</b>	<b>0.87</b>	<b>0.00</b>
Interest Rate (%)	10.40%	10.40%	10.40%	10.40%	10.40%
<b>Interest on the Loan</b>	<b>5.28</b>	<b>3.80</b>	<b>2.32</b>	<b>0.83</b>	<b>0.05</b>

4.5.4 APTCL requested the Commission to approve the Interest on loan as submitted above.

##### *Commission's Analysis and Ruling*

4.5.5 The Commission has computed interest on Long Term Loans in accordance with Regulation 30 of MYT Regulations, 2024. The closing loan balance for FY 2024-25 as approved in this Order has been considered as the opening loan balance for FY 2025-26. The repayment of loan is considered



equal to the depreciation approved in this Order for respective years in line with Regulation 30.3 of MYT Regulations, 2024, subject to the limit of outstanding loan balance. As APTCL has not proposed any addition in capitalisation, there is no addition to normative loan over the Control Period.

4.5.6 Regulation 30.5 of MYT Regulations, 2019 specifies that the rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year. Accordingly, the Commission has considered the interest rate as 10.40%, i.e., the average interest rate on loan as on 1 April, 2024.

4.5.7 Based on the above analysis, the interest on long-term loan approved by the Commission for the Control Period from FY 2025-26 to FY 2029-30 is shown in the Table below:

**Table 69: Interest on Long-Term Loans for 5<sup>th</sup> Control Period, as approved by the Commission (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Loan Balance	57.93	43.66	29.39	15.13	0.87
Loan Addition during the year	-	-	-	-	-
Loan Repayment during the year	14.27	14.27	14.26	14.26	0.87
Less: Reduction in loan due to retirement of assets	-	-	-	-	-
Closing Loan Balance	43.66	29.39	15.13	0.87	-
Interest rate (%)	10.40%	10.40%	10.40%	10.40%	10.40%
<b>Interest on Long-term Loans</b>	<b>5.28</b>	<b>3.80</b>	<b>2.32</b>	<b>0.83</b>	<b>0.05</b>

4.5.8 **The Commission approves the Interest on Long-Term Loan as mentioned in the above Table for the Control Period from FY 2025-26 to FY 2029-30.**

## **4.6 Interest on Working Capital**

### ***APTCL's Submission***

4.6.1 APTCL submitted that it has computed the Working Capital requirement in accordance with Regulation 32.2 of the MYT Regulations, 2024, while the rate of interest on working capital has been considered in accordance with Regulation 32.2 (b) of the MYT Regulations, 2024.

4.6.2 Based on the above, the rate of interest on working capital has been considered equal to the one-year SBI MCLR as on 15<sup>th</sup> October, 2024, i.e., 8.95% plus 150 basis points.

4.6.3 The normative interest on working capital claimed by APTCL for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 is shown in the Table below:

**Table 70: Interest on Working Capital for 5<sup>th</sup> Control Period, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M expenses for one month	0.45	0.47	0.49	0.51	0.54
Maintenance Spares @1% of Op. GFA	2.70	2.70	2.70	2.70	2.70
Receivables equal to expected revenue for 1.5 months	5.37	4.68	4.52	4.36	2.95
<b>Total Working Capital Requirement</b>	<b>8.53</b>	<b>7.86</b>	<b>7.72</b>	<b>7.58</b>	<b>6.19</b>
Interest Rate (%) – SBI MCLR Plus 150 bps	10.45%	10.45%	10.45%	10.45%	10.45%
<b>Interest on Working Capital</b>	<b>0.89</b>	<b>0.82</b>	<b>0.81</b>	<b>0.79</b>	<b>0.65</b>

### *Commission's Analysis and Ruling*

4.6.4 The Commission has estimated the normative working capital requirement for each year of the Control Period from FY 2025-26 to FY 2029-30, considering the following:

- Normative O&M expenses for one month;
- Maintenance spares @1 % of the opening GFA for the year; and
- Receivables equal to 1.5 months equivalent of the expected revenue from Transmission Charges at the Tariff approved in this Order for the respective year;

minus

- Amount held as security deposits in cash, if any, from Transmission System Users:

4.6.5 The rate of interest for computing the IoWC for the Control Period has been considered as 10.45%, which is the 1-year SBI MCLR as on 1<sup>st</sup> November, 2024, i.e., 8.95% plus 150 basis points at the time of filing of this Petition

as per Regulation 32.2 (b) of the MYT Regulations, 2024.

- 4.6.6 The normative IoWC approved by the Commission for the Control Period from FY 2025-26 to FY 2029-30 is shown in the following Table:

**Table 71: Interest on Working Capital for 5<sup>th</sup> Control Period, as approved by the Commission (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M expenses for one month	0.45	0.47	0.49	0.51	0.54
Maintenance Spares @1% of Op. GFA	2.70	2.70	2.70	2.70	2.70
Receivables equal to expected revenue for 1.5 months	5.76	4.68	4.52	4.36	2.95
<b>Total Working Capital</b>	<b>8.92</b>	<b>7.85</b>	<b>7.71</b>	<b>7.57</b>	<b>6.19</b>
Rate of Interest (% p.a.)	10.45%	10.45%	10.45%	10.45%	10.45%
<b>Interest on Working Capital</b>	<b>0.93</b>	<b>0.82</b>	<b>0.81</b>	<b>0.79</b>	<b>0.65</b>

- 4.6.7 The Commission approves the normative Interest on Working Capital as mentioned in the above Table for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30.

#### 4.7 Contribution to Contingency Reserves

##### *APTCL's Submission*

- 4.7.1 APTCL submitted that it has considered Contribution to Contingency Reserve based on Regulation 35 of the MYT Regulations, 2024, which specifies that a sum not less than 0.25 per cent of the original cost of fixed assets shall be allowed annually towards such contribution in the calculation of ARR.
- 4.7.2 Based on above provisions, APTCL has claimed the Contribution to Contingency Reserves at 0.25% of the Opening GFA of the respective year of the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30, as shown in the Table below:

**Table 72: Contribution towards Contingency Reserves 5<sup>th</sup> Control Period, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
GFA (Rs Crore)	270.20	270.20	270.20	270.20	270.20
Contingency Reserve	0.68	0.68	0.68	0.68	0.68

### ***Commission's Analysis and Ruling***

4.7.3 The Commission has computed the Contribution towards Contingency Reserves at 0.25% of the approved opening GFA for respective years of the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30, in accordance with the MYT Regulations, 2024, as shown in the Table below:

**Table 73: Contribution towards Contingency 5<sup>th</sup> Control Period, as approved by the Commission (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening GFA	270.20	270.20	270.20	270.20	270.20
Contribution to Contingency Reserves	0.68	0.68	0.68	0.68	0.68

4.7.4 **The Commission approves the Contribution to Contingency Reserves of Rs. 0.68 Crore for each year from FY 2025-26 to FY 2029-30.**

## **4.8 Return on Equity**

### ***APTCL's Submission***

4.8.1 APTCL submitted that as per Regulation 29.1 of the MYT Regulations 2024, RoE for Transmission licensee shall be allowed @15.5% for the assets put to use. However, the RoE will be allowed in 2 parts, i.e., Base RoE @14% as per Regulation 29.2 of the MYT Regulations 2024 and Additional RoE @1.5% linked to actual performance whereby Additional RoE will be allowed entirely or reduced at time of Truing-up based on supporting documentary evidence submitted by the Transmission Licensee relating to the Transmission Availability.

4.8.2 Since, no Capitalisation has been proposed by APTCL, hence, no additional equity infusion has been considered for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30. Also, pre-tax RoE is to be allowed by grossing up the RoE rate by the effective tax rate on the basis of actual tax paid for the previous year.

4.8.3 Accordingly, since the calculated RoE is for the 5<sup>th</sup> MYT Control Period from FY 2025-26 to FY 2029-30 is an estimate for future years, the actual effective tax rate of FY 2023-24 has been considered for grossing up of RoE. The effective rate of pre-tax RoE is shown in the Table below:

**Table 74: Pre-tax rate of Return on Equity, as submitted by APTCL (Rs. Crore)**

Particulars	Rate (%)
Effective Tax Rate of the Company (%)	17.47%
Return on Equity (%) allowed for 5 <sup>th</sup> MYT Control Period	15.50%
<b>Rate of Pre-Tax Return on Equity (%)</b>	<b>18.78%</b>

4.8.4 Based on the above calculation, APTCL has claimed the pre-tax RoE for the 5<sup>th</sup> Control Period as shown in the Table below:

**Table 75: Return on Equity for 5<sup>th</sup> Control Period, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Opening Equity	67.71	67.71	67.71	67.71	67.71
Addition to equity	-	-	-	-	-
Closing balance of Equity	67.71	67.71	67.71	67.71	67.71
Pre-tax Rate of Return on Equity	18.78%	18.78%	18.78%	18.78%	18.78%
<b>Pre-Tax ROE on the average balance</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>

### *Commission's Analysis and Ruling*

4.8.5 The Commission has computed the RoE in line with Regulation 29 of the MYT Regulations, 2024. The closing equity for FY 2024-25 as approved in this Order has been considered as the opening equity for FY 2025-26. APTCL has not proposed any Capitalisation for the 5<sup>th</sup> Control Period and hence, no equity addition has been considered over the Control Period. Therefore, the equity balance remains the same for each year of the Control Period from FY 2025-26 to FY 2029-30.

4.8.6 The Commission has considered the RoE @ 15.50% for computation of RoE for the MYT 5<sup>th</sup> Control Period in accordance with Regulation 29 of MYT Regulations, 2024. Also, Regulation 34 of the MYT Regulations, 2024, allows the grossing up of RoE with the effective tax rate on the basis of actual tax paid as per latest available Audited Accounts.

4.8.7 The Commission has considered the MAT rate including surcharge and cess, i.e., 17.472% applicable for FY 2023-24, for the purpose of grossing up RoE for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30. The RoE of 15.50% grossed up at MAT Rate results in Pre-Tax rate of RoE of 18.78%.

4.8.8 The RoE for 5<sup>th</sup> Control Period approved by the Commission is shown in the Table below:

**Table 76: Return on Equity for 5<sup>th</sup> Control Period, as approved by the Commission (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Regulatory equity at the beginning of the year	67.71	67.71	67.71	67.71	67.71
Equity addition during the year	-	-	-	-	-
Equity reduction during the year	-	-	-	-	-
Regulatory equity at the end of the year	67.71	67.71	67.71	67.71	67.71
Pre-tax rate of RoE	18.78%	18.78%	18.78%	18.78%	18.78%
Return on regulatory equity at the beginning of the year	12.72	12.72	12.72	12.72	12.72
Return on equity portion of the capitalisation during the year	-	-	-	-	-
<b>Total Return on Regulatory Equity</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>	<b>12.72</b>

4.8.9 **The Commission approves the Return on Equity of Rs. 12.72 Crore for each year of the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30, respectively.**

## 4.9 Non-Tariff Income

### *APTCL's Submission*

4.9.1 APTCL submitted that as per Regulation 35.1 of the MYT Regulations, 2024, the amount accumulated against the contribution to contingency reserve is required to be invested in securities authorized under Indian Trusts Act, such as Treasury Bills, Sovereign Bonds, Zero Coupon Bonds or similar kind of financial instruments, within a period of six months of the close of the year and the income from such investment shall be treated as Non-Tariff Income. In compliance to the directions given by the Commission vide its Order in Case No. 295 of 2019, APTCL has made investment against the Contingency Reserves under Fixed Deposit Scheme with fixed interest income for the respective year of the investment made.

4.9.2 Accordingly, APTCL has envisaged to invest the amount against the Contribution to Contingency Reserves for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 under the same Fixed Deposit Scheme and the

interest rate of 7.10% equivalent to the last FD created on 30 August, 2024 has been considered for estimating the interest income. The detailed computation of the estimated interest on Fixed Deposit invested against the Contingency Reserves for the 5<sup>th</sup> Control Period is shown in the Table below:

**Table 77: Expected Income on Contingency Investment for FY 2025-26 to FY 2029-30, as submitted by APTCL (Rs. Crore)**

FY	Purchase Date	Cont. Reserve as per Final ARR	Int Rate	FD amount	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
FY 2017-18	10-Oct-18	2.00	7.25%	3.36	0.24	0.24	0.24	0.24	0.24
FY 2018-19	30-Sep-19	0.68							
FY 2019-20	21-Sep-20	0.68							
FY 2020-21	16-Jul-21	0.68	6.75%	0.68	0.05	0.05	0.05	0.05	0.05
FY 2021-22	23-Aug-22	0.68	5.75%	0.68	0.04	0.04	0.04	0.04	0.04
FY 2022-23	1-Jul-23	0.68	6.75%	0.68	0.05	0.05	0.05	0.05	0.05
FY 2023-24	30-Aug-24	0.68	7.10%	0.68	0.05	0.05	0.05	0.05	0.05
FY 2024-25		0.68	7.10%	0.68	0.02	0.05	0.05	0.05	0.05
FY 2025-26		0.68	7.10%	0.68		0.02	0.05	0.05	0.05
FY 2026-27		0.68	7.10%	0.68			0.02	0.05	0.05
FY 2027-28		0.68	7.10%	0.68				0.02	0.05
FY 2028-29		0.68	7.10%	0.68					0.02
FY 2029-30		0.68	7.10%						
<b>Interest on Cont. Reserve Investment</b>				<b>9.45</b>	<b>0.45</b>	<b>0.49</b>	<b>0.54</b>	<b>0.59</b>	<b>0.64</b>

4.9.3 The Non-Tariff Income submitted by APTCL for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 is shown in the Table below:

**Table 78: Non-Tariff Income for 5<sup>th</sup> Control Period, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-29	FY 2028-29	FY 2029-30
Non- Tariff Income	0.45	0.49	0.54	0.59	0.64

### ***Commission's Analysis and Ruling***

4.9.4 The Commission has computed Non-Tariff Income against the investment in Contingency Reserves investments for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 by considering the interest rate of 7.10%, which is the latest FD rate as furnished by APTCL.

4.9.5 The Commission approves the Non-Tariff Income for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30, as shown in the Table below:

**Table 79: Non-Tariff Income 5<sup>th</sup> Control Period, as approved by the Commission (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non-Tariff Income	0.45	0.49	0.54	0.59	0.64

4.9.6 The Commission approves the Non-Tariff Income as mentioned in the above Table for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30.

#### 4.10 Revenue Gap and Carrying Cost

##### *APTCL's Submission*

4.10.1 APTCL has claimed the Revenue Gap/(Surplus) after truing-up of FY 2022-23 and FY 2023-24, and provisional truing-up for FY 2024-25 in FY 2025-26, as shown in the Table below:

**Table 80: Past gaps / (surplus) claimed in FY 2025-26, as submitted by APTCL (Rs. Crore)**

Sr. No.	Particulars	Amount
1.	Revenue Gap/(Surplus) after True-up for FY 2022-23	(0.69)
2.	Revenue Gap/(Surplus) after True-up for FY 2023-24	3.46
3.	Revenue Gap/(Surplus) after Provisional True-up for FY 2024-25	0.31
5.	<b>Total Revenue Gap / (Surplus) claimed in FY 2025-26</b>	<b>3.07</b>

4.10.2 APTCL further submitted that the Commission, vide its Review Order dated 27 December, 2023 in Case No. 94 of 2023 has allowed the recovery towards the shortfall in the ARR of Rs. 0.32 for FY 2021-22 as a calculation error while issuing the MTR Order along with the associated costs at the time of filing MYT Petition. The relevant extract of the Review Order is reproduced below:

*“9.4. After perusal of Table 81 of the impugned Order for ARR as approved by the Commission for FY 2021-22, the Commission notes that there is a computation error in the “Total Revenue Expenditure” for FY 2021-22 under “Net Entitlement after sharing of Gains / (Loss) column”. The Commission in the MTR order has approved Rs. 36.43 Crore where the total for the revenue for various head mentioned in the table shall be Rs. 36.75 Crore, which has resulted in a shortfall of Rs. 0.32 Crore in the total revenue expenditure.*

....



*9.6. The review sought by APTCL is in line with the Regulation 28 (a) of the MERC (Transaction of Business and Fees and Charges) Regulations, 2022. Accordingly, the Commission accepts the review and the impact of the same for recovery of ARR along with the associated costs will be considered in the ensuing MYT Petition of STU on Transmission Tariff of Intra-State Transmission System. The Petitioner /APTCL to make submission accordingly in the next MYT Petition with copy to STU.” (Emphasis added)*

- 4.10.3 Accordingly, APTCL has claimed the ARR shortfall of Rs. 0.32 Crore in the ARR of FY 2025-26 and has requested the Commission to allow the recovery of the same while approving the ARR for FY 2025-26. The summary of the impact of the Review Order is shown in the Table below:

**Table 81: Past gaps / (surplus) related to computation error in FY 2021-22 approved as per Review Order claimed in FY 2025-26 (Rs. Crore)**

Particulars	Amount
Calculation error in FY 2021-22 – approved as per Review Order in Case No. 94 of 2023	0.32

- 4.10.4 APTCL submitted that the Carrying/(Holding) cost has been calculated considering simple interest on the Revenue Gap/(Surplus) using the weighted average Base Rate prevailing during the respective years as per Regulation 33 of the MYT Regulations, 2024.

- 4.10.5 The detailed computation of Carrying/(Holding) cost on the Past Revenue Gap/(Surplus) as submitted by APTCL is shown in the Tables below:

**Table 82: Carrying / (Holding) cost on the Past gaps/(surplus) claimed in FY 2025-26 (Rs. Crore)**

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	-	(0.69)	2.76	2.76
Addition during the year	47.39	50.99		
Recovery during the year	48.08	47.54		2.76
<b>Closing Balance</b>	<b>(0.69)</b>	<b>2.76</b>	<b>2.76</b>	<b>-</b>
Weighted Average rate of Interest	9.30%	10.07%	10.45%	10.45%
<b>Carrying / (Holding) Cost</b>	<b>(0.03)</b>	<b>0.10</b>	<b>0.29</b>	<b>0.14</b>
<b>Effective carrying/ (holding) cost for period FY 2022-23 to FY 2024-25</b>	<b>0.51</b>			

**Table 83: Carrying/(Holding) cost on the Calculation Error as per the Review Order in Case No. 94 of 2023 claimed in FY 2025-26, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	-	0.32	0.32	0.32	0.32
Calculation error in FY 2021-22 – approved in Case No. 94 of 2023	0.32				
Recovery during the year		-			0.32
<b>Closing Balance</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>	<b>-</b>
Wtg. Average rate of Interest	8.50%	9.30%	10.07%	10.45%	10.45%
<b>Carrying / (Holding) Cost</b>	<b>0.01</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>
<b>Effective carrying/ (holding) cost for period FY 2019-20 to FY 2021-22</b>	<b>0.13</b>				

***Commission's Analysis and Ruling***

4.10.6 In this Order, the Commission has undertaken the Truing-up of FY 2022-23 and FY 2023-24, Provisional Truing-up of FY 2024-25 and has accordingly determined the Revenue Gap/(Surplus). In accordance with the MYT Regulations, 2019, the Commission has calculated the carrying cost/ (holding) cost on such revenue Gap/(Surplus). The details of Revenue Gap/(Surplus) allowed to be recovered in FY 2025-26 are shown in the Table below:

**Table 84: Past Revenue Gap/(Surplus) approved for recovery in FY 2025-26 (Rs. Crore)**

Sr. No.	Particulars	Amount
1.	Revenue Gap/(Surplus) after True-up for FY 2022-23	(0.69)
2.	Revenue Gap/(Surplus) after True-up for FY 2023-24	3.47
3.	Revenue Gap/(Surplus) after Provisional True-up for FY 2024-25	0.31
5.	<b>Total Revenue Gap / (Surplus) claimed in FY 2025-26</b>	<b>3.09</b>

4.10.7 In the MTR Order dated 31 March 2023, the Commission had undertaken the provisional True-up for FY 2022-23 and had passed through the Revenue Surplus of Rs. 2.64 Crore. The recovery of this provisional Revenue Surplus was allowed in FY 2023-24. In the present Order, the Commission has approved Revenue Surplus of Rs. 0.69 Crore. Accordingly, the calculation of Carrying/(Holding) cost on the incremental Revenue Gap/(Surplus) of FY 2022-23 is shown in the Table below:

**Table 85: Carrying/(Holding) cost on Revenue Gap/(Surplus) for FY 2022-23, as approved by the Commission (Rs. Crore)**

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	-	(0.69)	1.95	1.95
Incremental Gap/(Surplus) during the year	(0.69)	2.64		
Recovery during the year		-		(1.95)
<b>Closing Balance</b>	<b>(0.69)</b>	<b>1.95</b>	<b>1.95</b>	<b>-</b>
Weighted Average rate of Interest	9.30%	10.07%	10.45%	10.45%
<b>Carrying / (Holding) Cost</b>	<b>(0.03)</b>	<b>0.06</b>	<b>0.20</b>	<b>0.10</b>
<b>Effective carrying/ (holding) cost for period FY 2022-23 to FY 2025-26</b>	<b>0.34</b>			

4.10.8 The computation of Carrying/(Holding) Cost on the Revenue Gap/(Surplus) after truing-up for FY 2023-24 is shown in the Table below:

**Table 86: Carrying/(Holding) cost on Revenue Gap/(Surplus) for FY 2023-24, as approved by the Commission (Rs. Crore)**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	-	3.47	3.47
Incremental Gap/(Surplus) during the year	3.47		
Recovery during the year	-		(3.47)
<b>Closing Balance</b>	<b>3.47</b>	<b>3.47</b>	<b>-</b>
Weighted Average rate of Interest	10.07%	10.45%	10.45%
<b>Carrying / (Holding) Cost</b>	<b>0.17</b>	<b>0.36</b>	<b>0.18</b>
<b>Effective carrying/ (holding) cost for period FY 2023-24 to FY 2025-26</b>	<b>0.72</b>		

4.10.9 Further, the Commission vide its Review Order dated 27 December, 2023 in Case No. 94 of 2023 had allowed the recovery towards the shortfall in the ARR of Rs. 0.32 Crore for FY 2021-22 as a calculation error while issuing the MTR Order. Accordingly, the Commission has now allowed the same to be recovered in FY 2025-26 along with its carrying cost. The computation of carrying cost on such past Revenue Gap related to computation error in FY 2021-22 is shown in the Table below:

**Table 87: Carrying/(Holding) cost on the Calculation Error as per the Review Order in Case No. 94 of 2023 claimed in FY 2025-26, as approved by the Commission (Rs. Crore)**

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening Balance	-	0.32	0.32	0.32	0.32
Calculation error in FY 2021-22 – approved in Case No. 94 of 2023	0.32				

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Recovery during the year		-			0.32
<b>Closing Balance</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>	<b>-</b>
Wtd. Average rate of Interest	8.50%	9.30%	10.07%	10.45%	10.45%
<b>Carrying / (Holding) Cost</b>	<b>0.01</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>
<b>Effective carrying/ (holding) cost for period FY 2019-20 to FY 2021-22</b>	<b>0.13</b>				

4.10.10 The Commission approves a Carrying Cost of Rs. 0.34 Crore, Rs. 0.72 Crore, and Rs. 0.13 Crore for the Revenue Gap pursuant to the Truing-up of ARR for FY 2022-23 and FY 2023-24, for recovery in FY 2025-26.

#### 4.11 Summary of ARR for 5<sup>th</sup> Control Period

##### *APTCL's Submission*

4.11.1 APTCL has summarized its ARR for the 5<sup>th</sup> Control Period as shown in the Table below:

**Table 88: ARR for 5<sup>th</sup> Control Period, as submitted by APTCL (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M expenses	5.43	5.65	5.91	6.18	6.45
Depreciation	14.27	14.27	14.26	14.26	3.69
Interest on Long-term Loan	5.28	3.80	2.32	0.83	0.05
Interest on Working Capital	0.89	0.82	0.81	0.79	0.65
Contribution to Contingency Reserves	0.68	0.68	0.68	0.68	0.68
<b>Total Revenue Expenditure</b>	<b>26.54</b>	<b>25.22</b>	<b>23.97</b>	<b>22.74</b>	<b>11.50</b>
Return on Equity Capital	12.72	12.72	12.72	12.72	12.72
<b>Gross Aggregate Revenue Requirement</b>	<b>39.26</b>	<b>37.93</b>	<b>36.69</b>	<b>35.45</b>	<b>24.22</b>
Less: Non-Tariff Income	0.45	0.49	0.54	0.59	0.64
<b>Net Aggregate Revenue Requirement</b>	<b>38.81</b>	<b>37.44</b>	<b>36.14</b>	<b>34.86</b>	<b>23.58</b>
<b>Past Gaps</b>					
Add: Calculation error in FY 2021-22 approved as per Review Order in Case No. 94 of 2023 inclusive of carrying cost	0.45	0.00	0.00	0.00	0.00
Add: Gap/ (Surplus) for FY 2022-23	(0.69)	0.00	0.00	0.00	0.00
Add: Gap/ (Surplus) for FY 2023-24	3.45	0.00	0.00	0.00	0.00
Add: Gap/ (Surplus) for FY 2024-25	0.31	0.00	0.00	0.00	0.00
Add: Carrying cost/ Holding Cost for FY 2022-23 to FY 2023-24	0.51	0.00	0.00	0.00	0.00
<b>Total ARR including gap/(surplus)</b>	<b>42.83</b>	<b>37.44</b>	<b>36.14</b>	<b>34.86</b>	<b>23.58</b>

### ***Commission's Analysis and Ruling***

4.11.2 Based on the analysis of various parameters set out above, the Commission has approved the ARR for the 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30, as shown in the Table below:

**Table 89: ARR for 5<sup>th</sup> Control Period, as approved by Commission (Rs. Crore)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
O&M expenses	5.43	5.65	5.91	6.18	6.45
Depreciation	14.27	14.27	14.26	14.26	3.69
Interest on Long-term Loan	5.28	3.80	2.32	0.83	0.05
Interest on Working Capital	0.93	0.82	0.81	0.79	0.65
Contribution to Contingency Reserves	0.68	0.68	0.68	0.68	0.68
<b>Total Revenue Expenditure</b>	<b>26.58</b>	<b>25.22</b>	<b>23.97</b>	<b>22.74</b>	<b>11.50</b>
Return on Equity Capital	12.72	12.72	12.72	12.72	12.72
<b>Gross Aggregate Revenue Requirement</b>	<b>39.30</b>	<b>37.93</b>	<b>36.69</b>	<b>35.45</b>	<b>24.22</b>
Less: Non-Tariff Income	0.45	0.49	0.54	0.59	0.64
<b>Net Aggregate Revenue Requirement</b>	<b>38.85</b>	<b>37.44</b>	<b>36.14</b>	<b>34.86</b>	<b>23.58</b>
Add: Calculation error in FY 2021-22 approved as per Review Order in Case No. 94 of 2023 inclusive of carrying cost	0.45	-	-	-	-
Add: Incremental Gap/ (Surplus) for FY 2022-23	1.96	-	-	-	-
Add: Gap/ (Surplus) for FY 2023-24	3.47	-	-	-	-
Add: Gap/ (Surplus) for FY 2024-25	0.31	-	-	-	-
Add: Carrying cost/ Holding Cost for FY 2022-23 to FY 2023-24	1.06	-	-	-	-
<b>Total ARR including gap/(surplus)</b>	<b>46.10</b>	<b>37.44</b>	<b>36.14</b>	<b>34.86</b>	<b>23.58</b>

4.11.3 The Commission approves the ARR including past gaps for APTCL as shown in the Table above for each year of the Control Period from FY 2025-26 to FY 2029-30, respectively.

## **5 COMPLIANCE OF EARLIER DIRECTIVES**

### **5.1 Maintain Continuity of Contingency Reserves Investments**

#### **Directive**

- 5.1.1 The Commission approves Rs. 0.68 Crore towards Contingency Reserves on Truing-up of FY 2019-20. The Commission also observes that there was a discontinuity of three (3) days from 20 March, 2020 to 23 March, 2020 in the investment of contingency reserves. Although, the above-mentioned period hardly makes any effect, the Commission directs APTCL to maintain the continuity in the investment of contingency reserves in forthcoming financial years and no such discontinuity shall be undertaken.

#### **APTCL Response**

- 5.1.2 APTCL submitted that post transfer of the Contingency Reserves fund from Mutual Funds to Fixed Deposits Scheme, it has been consistent in investing its contingency reserves in accordance with the timelines as specified in the applicable MYT Regulations for the respective financial years.

#### ***Commission's Analysis and Ruling***

- 5.1.3 The Commission has noted the submissions of APTCL.

### **5.2 Renegotiate on the escalation rates of MSETCL's O&M Contract**

#### **Directive**

- 5.2.1 The Commission observed that an escalation of 10% has been agreed for MSETCL O&M Contract without a rationale for arriving at the escalation percentage. The Commission opines that a random escalation cannot be applied for any contract and the reasonability of the escalation needs to be established to pass the test of Prudence. Accordingly, the Commission has directed APTCL to renegotiate the contract with MSETCL for future periods starting 1 April 2023 onwards by establishing a methodology for computation on the basis of Inflation Index.

#### **APTCL Response**

- 5.2.2 APTCL submitted that before the issuance of the MTR Order dated 31 March 2023, where APTCL has already escalated the matter with the

MSETCL, it has written a letter to MSETCL concerning the higher escalation rate with respect to O&M Agreement vide letter APTCL/400 kv TL & Bays/2023-24/27, dated 28 February, 2024. In the recent e-mail communication from MSETCL dated 5 July 2024, it has internally escalated the concern and suggested to issue suitable guidelines regarding execution of O&M agreement for APTCLs 400 kV bays at 400 kV Akola SS. In addition, MSETCL has further communicated to APTCL in the same correspondence to take up the said issue with CE Trans (O&M) for further necessary guidelines. In this context, APTCL submitted that it is making best effort to negotiate on the escalation rate with the MSETCL, however, the final decision is pending from MSETCL's end.

### ***Commission's Analysis and Ruling***

- 5.2.3 **As regards the O&M arrangement between MSETCL and APTCL for maintenance of Bay, recently, on 6<sup>th</sup> January 2025, MSETCL has issued Guidelines for recovery of O&M charges by MSETCL from InSTS Licensees and Transmission Service Providers (TSP) under Tariff Based Competitive Bidding (TBCB), and the effective O&M charges are stipulated for the Control Period from FY 2025-26 to FY 2029-30.**

## **6 RECOVERY OF ARR AND TRANSMISSION CHARGES**

- 6.1.1 As the Transmission System of APTCL forms a part of the InSTS, the approved ARR from FY 2025-26 to FY 2029-30 shall be allowed to be recovered through the Commission's InSTS Transmission Tariff Order in terms of the Intra-State Transmission Pricing Framework and as specified in the MYT Regulations, 2024.




## 7 APPLICABILITY OF THE ORDER

- 7.1.1 This Order on approval of the Truing-up of FY 2022-23 and FY 2023-24, Provisional Truing-up of FY 2024-25 and Determination of ARR for 5<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 shall come into force from 1 April, 2025.
- 7.1.2 The Petition of M/s Amravati Power Transmission Co. Ltd. in Case No. 179 of 2024 stands disposed of accordingly.

**Sd/-**  
**(Surendra J. Biyani )**  
**Member**

**Sd/-**  
**(Anand M. Limaye)**  
**Member**

**Sd/-**  
**(Sanjay Kumar)**  
**Chairperson**

  
**(Dr. Rajendra G. Ambekar)**  
**Secretary**



### **Appendix – I**

#### **List of persons who attended the TVS held on 19 November, 2024**

<b>Sr. No.</b>	<b>Name</b>	<b>Organisation</b>
1.	Shri. Ankit Jain	APTCL
2.	Shri. Jitendra Bhanushali	M/s. Energy Optima

### **Appendix – II**

#### **List of persons at the Public Hearing on 07 January 2025**

<b>Sr. No.</b>	<b>Name</b>	<b>Organisation</b>
1	Shri. Ankit Jain	APTCL
2	Shri. Amit Jain	APTCL
3	Shri. Jitendra Bhanushali	M/s. Energy Optima