



**ASSAM ELECTRICITY REGULATORY COMMISSION
(AERC)**

TARIFF ORDER

June 27, 2024

**True-Up for FY 2022-23, APR for FY 2023-24, and
ARR and Tariff for FY 2024-25
for**

**Assam Electricity Grid Corporation Limited
(AEGCL)**

Petition No. 30/2023

**ASSAM ELECTRICITY REGULATORY COMMISSION
A.S.E.B. Campus, Dwarandhar,
G. S. Road, Sixth Mile, Guwahati - 781 022
Website: www.aerc.gov.in Email: aerc_ghy@hotmail.com**

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List of Abbreviations

A&G	Administrative and General
ABITA	Assam Branch of Indian Tea Association
ADB	Asian Development Bank
AEGCL	Assam Electricity Grid Corporation Limited
AERC	Assam Electricity Regulatory Commission
APDCL	Assam Power Distribution Company Limited
APGCL	Assam Power Generation Corporation Limited
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
AS	Accounting Standards
ASEB	Assam State Electricity Board
BST	Bulk Supply Tariff
CAG/C&AG	Comptroller and Auditor General
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPC	Central Pay Commission
CPI	Consumer Price Index
CSGS	Central Sector Generating Stations
CTU	Central Transmission Utility
CWIP	Capital Work-In-Progress
DA	Dearness Allowance
DISCOM	Distribution Company
EAP	Externally Aided Projects
EPFI	Employees' Pension Fund Investment
FAR	Fixed Asset Register
FCC	Financial Completion Certificate
FINER	Federation of Industry & Commerce of North Eastern Region
FIRR	Financial Internal Rate of Return
GFA	Gross Fixed Assets
GoA	Government of Assam
GPF	General Provident Fund
H1	First Half of the year
H2	Second Half of the year

HRA	House Rent Allowance
IWC/loWC	Interest on Working Capital
kW	kilo Watt
kWh	kilo Watt Hour
LTA	Leave Travel Allowance
MCA	Ministry of Corporate Affairs
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NERLDC	North Eastern Region Load Despatch Centre
NTPC	NTPC Ltd.
O&M	Operation and Maintenance
PCC	Physical Completion Certificate
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
R&M	Repairs and Maintenance
RLDC	Regional Load Despatch Centre
RoE	Return on Equity
ROI	Rate of Interest
ROP	Revision of Pay
SAC	State Advisory Committee
SBI	State Bank of India
SLDC	State Load Despatch Centre
SLM	Straight Line Method
STOA	Short Term Open Access
STU	State Transmission Utility
TSC	Transmission Service Charges
TVS	Technical Validation Session
WPI	Wholesale Price Index

ASSAM ELECTRICITY REGULATORY COMMISSION

Guwahati

Present

Shri K. S. Krishna, Chairperson

Shri S. N. Kalita, Member

Shri A. Bhattacharyya, Member

Petition No. 30/2023

Assam Electricity Grid Corporation Limited (AEGCL) - **Petitioner**

ORDER

(Passed on June 27, 2024)

- (1) AEGCL filed the Petition for approval of Truing up for FY 2022-23, Annual Performance Review (APR) for FY 2023-24, and revised Aggregate Revenue Requirement (ARR) and Tariff for FY 2024-25 as per MYT Regulations, 2021 on November 30, 2023. The same was registered as Petition No. 30/2023.
- (2) The Commission held an Admissibility Hearing on December 14, 2023, and admitted the Petition No.30/2023 with direction to furnish the additional data and clarifications, as sought vide letter dated December 13, 2023.
- (3) On admission of the Petition (Petition No. 30/2023), in accordance with Section 64 of the Electricity Act, 2003 (Act or EA 2003), the Commission directed AEGCL to publish a summary of the ARR and Tariff filing in local dailies to facilitate due public participation.
- (4) A copy of the Petition and other relevant documents were also made available to the consumers and other interested Parties at the office of the Managing Director of AEGCL, and offices of the Deputy General Manager of each circle of AEGCL. A copy of the Petition was also made available on the websites of the Commission and AEGCL.

- (5) Accordingly, a Public Notice was issued by the AEGCL inviting objections/suggestions from respondents to be submitted on or before January 12, 2024. The notice was published in seven (7) leading newspapers of the State on December 18 and 19, 2023.

Date	Name of Newspaper	Language
18.12.2023	The Assam Tribune	English
	Dainik Purvoday	Assamese
	Dainik JanamBhumi	Assamese
	Echo of India	Hindi
	Dainik Jugasankha	Bengali
19.12.2023	Arleng Daily	Karbi
	Bodosa	Bodo

- (6) In response to the Commission's letter dated December 13, 2023, AEGCL submitted its replies on December 26, 2023.
- (7) A Technical Validation Session (TVS) was held on January 8, 2024 at the conference room of the Commission.
- (8) The Petitions were also discussed in the 33rd Meeting of the State Advisory Committee (SAC) (constituted under Section 87 of the EA 2003) held on January 10, 2024 at Bidyut Niyamak Bhawan, Six Mile, Guwahati.
- (9) The Commission received suggestions/objections from four (4) stakeholders on the Petition filed by AEGCL. The stakeholders were notified about the place, date and time of Hearing, to enable them to take part in the Hearing. A notice was also published in Newspapers inviting participation from the general public as well as the Respondents. The Hearing was held at Bidyut Niyamak Bhawan, Six Mile, Guwahati on February 29, 2024 as scheduled. All stakeholders/respondents who participated in the Hearing were given the opportunity to express their views on the Petitions. The details are discussed in Chapters attached to this Order.
- (10) The Commission, now in exercise of its powers and functions vested under Sections 61, 62, 86 and 181 of the EA 2003 and all other powers enabling it in this behalf and taking into consideration the submissions made by the Petitioner, objections and suggestions received from stakeholders and all other relevant materials on record, has approved the Truing up for FY 2022-23, APR for FY 2023-24, and revised ARR and Tariff for FY 2024-25 as detailed in Chapters attached to this Order.

- (11) The Commission directs AEGCL to publish a Public Notice intimating the revised Transmission Tariff before the implementation of this Order, in English and Vernacular newspapers and on the website of AEGCL.
- (12) The approved Transmission Tariff shall be effective from April 1, 2024 and shall continue until replaced by any subsequent Order of the Commission. The under/over recovery in Transmission Tariff for the months of April, May, and June 2024 on account of levy of Transmission Tariff approved in the Tariff Order for FY 2023-24, shall be billed/adjusted equally in the bills of subsequent months in FY 2024-25 (July 2024 to March 2025) raised to APDCL.

Accordingly, the Petition No. 30/2023 stand disposed of.

Sd/-
(A Bhattacharyya)
Member, AERC

Sd/-
(S. N. Kalita)
Member, AERC

Sd/-
(K. S. Krishna)
Chairperson, AERC

1 INTRODUCTION

1.1 Constitution of the Commission

The Assam Electricity Regulatory Commission (hereinafter referred to as the AERC or the Commission) was established under the Electricity Regulatory Commissions Act, 1998 (14 of 1998) on February 28, 2001. The first proviso of Section 82(1) of the Electricity Act, 2003 (hereinafter referred as the Act or the EA 2003) has ensured continuity of the Commission under the EA 2003.

The Commission is mandated to exercise the powers and functions conferred under Section 181 of the EA 2003 (36 of 2003) and to exercise the functions conferred on it under Section 61, 62 and 86 of the Act from June 10, 2003.

1.2 Tariff related Functions of the Commission

Under Section 86 of the Act, the Commission has the following tariff related functions:

- a) To determine the tariff for electricity, wholesale, bulk or retail, as the case may be;
- b) To regulate power purchase and procurement process of the distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
- c) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

Under Section 61 of the Act in the determination of tariffs, the Commission is to be guided by the following:

- a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;
- b) That the electricity generation, transmission, distribution and supply are conducted on commercial principles;
- c) That factors which would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the State commission considers appropriate for the purpose of this Act;

- d) The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on their customer category cost of supply;
- e) That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and also gradually reduces cross subsidies;
- f) The National Power Plans formulated by the Central Government including the National Electricity Policy and Tariff Policy.

1.3 Background

AEGCL is the successor corporate entity of erstwhile Assam State Electricity Board (ASEB) formed pursuant to the notification of the Government of Assam (GoA), notified under sub-sections (1), (2), (5), (6) and (7) of Section 131 and Section 133 of the EA 2003 (Central Act 36 of 2003), for the purpose of transfer and vesting of functions, properties, interests, rights, obligations and liabilities, along with the transfer of personnel of the ASEB to successor entities.

AEGCL owns and operates the transmission system previously owned by ASEB. AEGCL has started functioning as a separate entity from December 10, 2004.

1.4 Multi Year Tariff Regulations, 2021

The Commission, in exercise of the powers conferred under Section 61 read with Section 181(2) (zd) of the Act, notified the AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations, 2021 (herein after referred as "MYT Regulations, 2021") on September 18, 2021. These Regulations are applicable for determination of Tariff for Generation, Transmission, SLDC, Wheeling and Retail Supply for the Control Period of three financial years from April 1, 2022 onwards up to March 31, 2025. These Regulations are applicable to all existing and future Generating Companies, Transmission Licensees and Distribution Licensees within the State of Assam.

Regulation 4.2 of the MYT Regulations, 2021, specifies the MYT framework, as reproduced below:

"4.2 The Multi-Year Tariff framework shall be based on the following elements, for calculation of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Companies, Transmission Licensee, SLDC, Distribution Wheeling Business and

Retail Supply Business:

- (i) Before commencement of Control Period, a forecast of the Aggregate Revenue Requirement and expected revenue from existing tariff and charges shall be submitted by the applicant and approved by the Commission;*
- (ii) A detailed Capital Investment Plan for each year of the Control Period, shall be submitted by the applicant for the Commission's approval;*
- (iii) The applicant shall submit operating norms and trajectories of performance parameters for each year of the Control Period, for the Commission's approval;*
- (iv) The applicant shall submit the forecast of Aggregate Revenue Requirement and expected revenue from existing tariff for each year of the Control Period, and the Commission shall approve the tariff for Generating Companies, SLDC, Transmission Licensee, Distribution Wheeling Business and Retail Supply Business, for each year of the Control Period;*
- (v) In its tariff petition, a generating company shall submit information to support the determination of tariff for each generating station*
- (vi) Annual Performance review vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors beyond the control of the applicant (uncontrollable items) shall be undertaken by the Commission;*
- (vii) True up of the past years based on audited annual accounts of the licensees and the Generation companies.*
- (viii) The mechanism for pass-through of approved gains or losses on account of uncontrollable items as specified by the Commission in these Regulations;*
- (ix) The mechanism for sharing of approved gains or losses arising out of controllable items as specified by the Commission in these Regulations;*
- (x) Tariff determination for Generating Companies, SLDC, Transmission Licensee and Distribution Wheeling Business and Retail Supply Business, for each financial year within the Control period based on the approved forecast. The tariff shall be reviewed at the time of the true-up and annual performance review.*
- (xi) There will be no true-up of the controllable items except on account of Force Majeure events or on account of variations attributable to uncontrollable items. The variations in the controllable items, as defined in regulation 10, over and above the norms specified will be governed by incentive and penalty framework specified in these regulations.*
- (xii) The tariff determined by the Commission and the directions given in the MYT order shall be the quid pro quo and mutually inclusive. The tariff determined shall, within*

the time period specified in the order, be subject to the compliance of the directions by the generating company and the licensees to the satisfaction of the Commission. Non-compliance of directions given in the tariff order may also lead to invocation of the provisions of section 142 of the Act.

- (xiii) *The tariff determined by the Commission shall continue to operate till it is modified or revised by the Commission.”*

1.5 Procedural History

As per Regulation 4.2 of the MYT Regulations, 2021, AEGCL is required to file an application for approval of Truing up for FY 2022-23, Annual Performance Review (APR) for FY 2023-24, revised Aggregate Revenue Requirement (ARR) and Tariff for FY 2024-25, not less than 120 days before the close of the current financial year.

AEGCL filed Petition for approval of Truing up for FY 2022-23, APR for FY 2023-24, revised ARR and Tariff for FY 2024-25 as per MYT Regulations, 2021 on November 30, 2023. The same was registered as Petition No. 30/2023.

The Commission held an Admissibility Hearing on December 14, 2023, and admitted the Petition with direction to furnish the additional data and clarifications, as sought vide letter dated December 13, 2023.

On admission of the Petition in accordance with Section 64 of the EA 2003, the Commission directed AEGCL to publish a summary of the ARR and Tariff filings in local dailies to facilitate due public participation.

A copy of the Petition and other relevant documents were also made available to the consumers and other interested Parties at the office of the Managing Director of AEGCL, and offices of the Deputy General Manager of each circle of AEGCL. A copy of the Petition was also made available on the websites of the Commission and AEGCL.

Accordingly, a Public Notice was issued by AEGCL inviting objections/suggestions from respondents to be submitted on or before January 12, 2024. The notice was published in seven (7) leading newspapers of the State on December 18 and 19, 2023:

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	Dainik Jugasankha	Bengali
19.12.2023	Arleng Daily	Karbi
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In response to the Commission's letter dated December 13, 2023, AEGCL submitted their replies on December 26, 2023.

The Commission received suggestions/objections from four (4) stakeholders on the Petitions filed by AEGCL. The stakeholders were notified about the place, date and time of Hearing, to enable them to take part in the Hearing. A News Paper notice was also published inviting participation from the General Public as well as the Respondents. The Hearing was held at Bidyut Niyamak Bhawan, Six Mile, Guwahati on February 29, 2024 as scheduled. All stakeholders/respondents who participated in the Hearing were given the opportunity to express their views on the Petitions.

All the written representations submitted to the Commission and oral submissions made before the Commission in the Hearing and the responses of AEGCL have been carefully considered while issuing this Tariff Order. The major issues raised by different consumers and consumer groups along with the response of AEGCL, and views of the Commission are elaborated in Chapter 3 of this Order.

1.6 State Advisory Committee Meeting

A meeting of the State Advisory Committee (SAC) (constituted under Section 87 of the Act) was convened on January 10, 2024 at Bidyut Niyamak Bhawan, Six Mile, Guwahati, and members were briefed on the MYT Petition of AEGCL. The Minutes of the SAC Meeting are appended to this Order as **Annexure 1**.

2 Summary of AEGCL's Petition

2.1 Background

AEGCL submitted the Petition on November 30, 2023 seeking approval of True Up of FY 2022-23, APR for FY 2023-24 and revised ARR and Tariff for FY 2024-25. The Transmission Charges are to be recovered from the Assam Power Distribution Company Limited (APDCL), IPPs and other generators, traders and others who utilize the transmission system.

2.2 True-up for FY 2022-23

AEGCL submitted the True-up for FY 2022-23 based on the audited accounts. The summary of Aggregate Revenue Requirement (ARR) and Revenue Gap/(Surplus) claimed by AEGCL for FY 2022-23 is shown in the following Table:

Table 1: True-up for FY 2022-23 as submitted by AEGCL (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 21.03.2022	AEGCL Submission
1	O&M Expenses	223.11	219.05
a	Employee Cost	184.39	185.39
b	R&M Expenses	28.89	22.99
c	A&G Expenses	9.83	10.67
2	Depreciation	35.96	138.92
3	Interest & Finance Charges	24.32	15.06
4	Interest on Working Capital	12.30	16.58
5	BST for Pension Trust Fund	214.38	219.71
6	Return on Equity	13.68	75.70
7	Contribution to Contingency Reserve	2.71	2.73
8	Less: Non-Tariff Income/ Other Income	54.01	78.50
9	Aggregate Revenue Requirement	472.45	609.24
10	Add: Incentive on higher transmission availability	-	3.38
11	Add: Sharing of (Gains)/Loss	-	(3.78)
12	ARR after Sharing (Gains)/Losses and Incentive	472.45	608.84
13	Less: Revenue from STOA/MTOA Charges	12.00	4.25
14	Net Aggregate Revenue Requirement	460.45	604.59

Sl. No.	Particulars	Approved in T.O. dt. 21.03.2022	AEGCL Submission
15	Revenue Gap /(Surplus) for FY 2022-23	-	144.14

2.3 Annual Performance Review of FY 2023-24

AEGCL submitted the APR of FY 2023-24 based on the actual expenses incurred in the first half of FY 2023-24, as shown in the Table below:

Table 2: Annual Performance Review for FY 2023-24 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt 29.03.2023	FY 2023-24 H1	FY 2023-24 H2	AEGCL Estimation
1	O&M Expenses	239.07	119.98	119.98	239.97
a	Employee Cost	196.94	98.68	98.68	197.36
b	R&M Expenses	30.60	15.55	15.55	31.10
c	A&G Expenses	11.53	5.76	5.76	11.51
2	Depreciation	117.69	47.79	47.79	95.58
3	Interest & Finance Charges	9.97	2.00	2.00	3.99
4	Interest on Working Capital	17.73	9.64	9.64	19.29
5	BST for Pension Trust Fund	230.34	125.77	125.77	251.55
6	Return on Equity	111.65	60.66	60.66	121.32
7	Contribution towards Contingency Reserve	2.89	1.51	1.51	3.02
8	Less: Non-Tariff Income	58.45	47.10	20.13	67.23
9	Aggregate Revenue Requirement (ARR)	670.89	320.26	347.23	667.52
10	Less: Revenue from STOA/MTOA Charges	12.00	1.03	3.55	4.58
11	Net ARR	658.89	319.23	343.68	662.94
12	Revenue Gap for FY 2023-24				4.04

2.4 Revised ARR and Tariff Determination for FY 2024-25

AEGCL has projected the revised ARR for FY 2024-25 as detailed in the Table below:

Table 3: ARR for FY 2024-25 as submitted by AEGCL (Rs. Crore)

Sl. No.	Particulars	As per T.O. dated 21.03.2022	FY 2024-25
1	O&M Expenses	249.87	261.83
a	Employee Cost	209.48	210.10
b	R&M Expenses	29.73	39.31
c	A&G Expenses	10.66	12.42
2	Depreciation	39.47	126.64
3	Interest & Finance Charges	21.79	0.34
4	Interest on Working Capital	14.83	20.96
5	BST for Pension Trust Fund	250.79	252.81
6	Return on Equity	14.27	124.28
7	Contribution to Contingency Reserve	3.16	4.03
8	Less: Non-Tariff Income/ Other Income	54.01	67.20
9	Aggregate Revenue Requirement	540.17	723.69
10	Less: Revenue from STO/MTOA Charges	12.00	4.58
11	Net Aggregate Revenue Requirement	528.17	719.11
12	Revenue Gap /(Surplus) for FY 2024-25	-	190.94

2.5 Transmission Tariff

AEGCL has claimed the Revenue Gap on account of True-up for FY 2022-23 along with the Carrying Cost as Rs. 176.90 Crore. AEGCL has computed the Transmission Charges by considering Maximum Contracted Capacity as 2654.60 MW based on 10% escalation over Peak Load of 2413.27 MW during FY 2023-24.

In view of the above, AEGCL has requested the Commission to approve the Transmission Charges of Rs. 0.71/kWh and Transmission Access Charge of Rs. 9247.42 per MW/day for FY 2024-25, as shown in the Table below:

Table 4: Tariff Computation for FY 2024-25

Particulars	FY 2024-25
Standalone Annual Revenue Requirement (Rs. Crore)	719.11
Previous Revenue Gap with carrying cost (Rs. Crore)	176.90
Net Annual Revenue Requirement (Rs. Crore)	896.01
Transmission Charge (Rs./kWh)	0.71
Transmission Access Charge (Rs./MW/Day)	9,247.42

2.6 Prayers of AEGCL

AEGCL, in its Petition, has prayed as under:

1. *“The present petition provides, AEGCL’s approach for formulating the proposed tariff for ensuing year, the broad basis for projections used, summary of the proposals being made to the Hon’ble Commission.*
2. *In order to align the thoughts and principles behind the Tariff Proposal and the ARR, AEGCL respectfully seeks an opportunity to present their case prior to the finalization of the Tariff Order. AEGCL believes that such an approach would go a long way towards providing a fair opportunity to all the stakeholders including AEGCL and may eliminate the need for a review or clarification.*
3. *AEGCL may also be permitted to propose suitable changes to the ARR and the mechanism of meeting the revenue on further analysis, prior to the final approval by the Hon’ble Commission.*
4. *In view of the above, the Petitioner respectfully prays that Hon’ble Commission may:*
 - *Accept the Annual Revenue Requirements and Tariff proposal for Transmission Business respectively in accordance with:*
 - *The guidelines outlined in previous AERC Orders passed in various matters relating to AEGCL; and*
 - *To admit the True-up for FY 2022-23, APR for FY 2023-24 and ARR for FY 2024-25 as per the provisions of the AERC (MYT) Regulations 2021 and consider present Petition for further proceedings before Hon’ble Commission;*
 - *To approve the total recovery of Aggregate Revenue Requirement and revenue gap for FY 2024-25 along with other claims as proposed by AEGCL;...”*

3 Brief Summary of Objections Raised, Response of the AEGCL and Commission's Comments

3.1.1 The Commission has received suggestions/objections from the following four (4) stakeholders on the Petition filed by AEGCL:

Sl. No.	Name of objector
1	Federation of Industries and Commerce of North Eastern Region (FINER)
2.	Assam Branch of Indian Tea Association (ABITA)
3.	Consumer Advocacy Cell (CAC)
4.	Star Cement

3.1.2 AEGCL submitted its responses to the objections/suggestions received from the above objectors.

3.1.3 The Commission considered the objections/suggestions received and notified the objectors to take part in the Hearing process by presenting their views in person before the Commission, if they so desired.

3.1.4 The Commission held the Hearing at the Court room of AERC, Guwahati on February 29, 2024.

3.1.5 The objectors attended the Hearing and submitted their views/suggestions. All the written representations submitted to the Commission and the oral submissions made before the Commission in the Hearing and the responses of AEGCL have been carefully considered while issuing this Tariff Order.

3.1.6 The objections/suggestions made by the objectors and responses of the Petitioner are briefly dealt with in this Chapter. The major issues raised by the objectors are discussed below along with the response of AEGCL and views of the Commission.

3.1.7 While all the objections /suggestions have been given due consideration by the Commission, only major responses/objections received on the Petitions and also those raised during the course of Hearing have been grouped and addressed issue-wise, in order to avoid repetition.

Issue 1: Bulk Supply Tariff (BST)

Objections

FINER submitted that the Petitioner has claimed Rs. 219.71 Crore towards BST for Pension Trust fund in the True up of FY 2022-23. The Petitioner has claimed such expenses based on the rate of Rs. 0.20/kWh approved by the Commission in the MYT Order for the period from FY 2022-23 to FY 2024-25.

FINER pointed out that such expense forms nearly 36% of the ARR claimed by the Petitioner, which is significant considering that the overall employee expenses (including BST) forms around 67% of the overall ARR claim of AEGCL. This tends to increase the Transmission Tariff despite the Company receiving significant amounts as grants for Capex funding.

CAC submitted that the amount collected is earmarked for payment to the retired employees. AEGCL should clarify whether the amount collected is enough to meet the requirement of Pension account, and if not, how exactly AEGCL has been managing the account. There should be a transparent policy and strategy in this regard.

Response of AEGCL

AEGCL submitted that the BST has been claimed as per the Order of the Government of Assam (GoA) vide Notification No. PEL.190/2004/69 dated 04.02.2005 and in accordance with the methodology adopted by the Commission in the previous Tariff Orders. In this context, it may be noted that AEGCL has been contributing 33.50% of Pay plus DA towards Pension Trust to fund the terminal benefits liability of the permanent employees who joined service prior to 01.01.2004.

As regards the comment of CAC, AEGCL submitted that the cumulative amount received from the sources of interest income, Electricity Duty and Bulk Supply Tariff is not sufficient to meet the yearly cash outflow requirement of the Pension Fund. In the present scenario, the GoA is providing yearly Budgetary Support as per its commitment to meet the shortfall of ASEB Employees Pension Fund Investment Trust.

AEGCL requested the Commission to approve the BST of Rs. 219.71 Crore for FY 2022-23.

Commission's views

The Commission has noted the submissions. The BST for Pension Trust Fund for FY 2022-23 has been allowed as elaborated in the relevant Chapter.

Issue 2: Comments on Accounts

Objections

FINER submitted that the Petitioner has neither provided the Auditor's Report nor the CAG Report along with Audited Accounts in the instant Petition. Therefore, the Petitioner should be directed to provide the Auditor's Report and the CAG Report and allow the Respondent to provide its comments on the same.

Further, from the Notes to Accounts, it is observed that there was a discrepancy of Rs. 8.54 Crore in the stock during FY 2022-23.

Response of AEGCL

AEGCL submitted that the Tariff Petition has been prepared based on MYT Regulations, 2021 and computation of ARR/Tariff does not depend on Auditors Report. However, Audited Accounts for FY 2022-23 have been submitted along with the Tariff Petition as per the MYT Regulations, 2021. The difference of Rs. 8.54 Crore between book value and physical verification of stock has been reconciled and shall be dealt with in the Annual Accounts of FY 2023-24.

Commission's View

Noted.

Issue 3: O&M Expenses

Objections

FINER submitted that the Commission, while truing up the O&M expenses for FY 2021-22 has allowed higher expenses to the Petitioner as compared to its actual expenses. Further, for FY 2022-23, the Petitioner is again claiming O&M Expenses higher than that actually incurred. The actual O&M expenses for FY 2022-23, as mentioned in the Petition is Rs. 207.72 Crore, but the claim made by the Petitioner is higher than the actual expenses incurred. In line with the provisions of the Act as well as Tariff Policy 2016, the Commission is requested to consider the O&M expenses at lower of actuals and normative. The current pleading gains more significance considering the rising power purchase costs of the Distribution Licensee.

The Petitioner has claimed expenses towards "Provision for Colony Maintenance of AEGCL" to the tune of Rs. 2.10 Crore. The Respondent submitted that such expenses should be not allowed in addition to the allowable O&M Expenses. Hence, the Petitioner's claim towards "Provision for Colony Maintenance of AEGCL" should be disallowed.

Response of AEGCL

AEGCL submitted that the O&M Expenses are computed based on the MYT Regulations, 2021. Further, the “Provision for Colony Maintenance of AEGCL” is approved by the Commission vide Tariff Order dated 21.03.2022.

Commission’s View

The Commission has allowed O&M expenses for FY 2022-23 in accordance with the MYT Regulations, 2021. The same is detailed in the relevant Chapter.

Issue 4: Capital Expenditure & Capitalization

Objections

FINER submitted that as against the approved Capitalisation of Rs. 200 Crore, the Petitioner has claimed capitalisation Rs. 289.87 Crore. There is wide deviation between approved and actual Capitalisation.

Further, Note 3(a) of the Audited Accounts reveals that the addition to Fixed Assets is Rs. 117.79 Crore only as against Rs. 289.87 Crore claimed by the Petitioner.

Response of AEGCL

AEGCL submitted that the detailed break-up of Capitalisation and Fixed Asset addition of Rs. 117.79 crore as per Audited Accounts, and reconciliation with the GFA addition of Rs. 289.87 Crore, has been submitted to the Commission along with the replies to the TVS data gaps. The GFA addition amounting to Rs. 172.25 Crore is related to prior periods, which were pushed back in the previous FYs, i.e., FY 2021-22 and FY 2022-23, as per requirement of Ind AS.

Commission’s View

The Commission has noted the submissions made and considered the same, while truing up the Capitalisation for FY 2022-23, as elaborated in the relevant Chapter.

Issue 5: Depreciation

Objections

FINER submitted that the Petitioner has claimed depreciation amounting to Rs. 138.92 Crore for FY 2022-23. The Petitioner should clarify whether any transmission asset addition is done against “Deposit Works”, i.e., on payment by the beneficiary, may be generator or an Open Access customer.

The Respondent submitted that the Depreciation should be allowed on asset addition

(excluding grants) in addition to the depreciation approved by the Commission for FY 2021-22.

Response of AEGCL

AEGCL submitted that it has converted Government Loan of Rs. 638.41 Crore and Govt. Grant of Rs. 1955.05 Crore as on 31.03.2021 into Equity in FY 2022-23, as approved by the GoA, and notified vide letter No. PEL.58/2021/pt./105 dated 03.02.2022. Hence, based on the above conversion of Grants into Equity, depreciation has been computed for FY 2022-23.

Commission's View

The Commission has noted the submissions made and considered the same, while approving the Depreciation for FY 2022-23, as elaborated in the relevant Chapter.

Issue 6: Return on Equity

Objections

FINER submitted the Petitioner has proposed equity addition of Rs. 776.87 Crore towards conversion of loan/grant to equity.

FINER submitted that the Petitioner has not substantiated as to which scheme warrants the conversion of loan/grants to equity and whether or not it has been approved by the Commission. Secondly, in absence of prior approval for the said conversion, the claim of the impact due to conversion is inappropriate. While the Petitioner has sought approval of asset development through Capex/ Business Plans, the same were accorded approval based on the Cost benefit analysis submitted therein. Post asset development, if the Petitioner seeks conversion of grants to equity, it is unfair to the consumers of the State, as the dynamics of Cost Benefit Analysis changes. Since, the equity conversion is not in line with the pre-approved Capex plan, the claim of the Petitioner does not merit consideration.

In view thereof, the Commission may disallow the claims of the Petitioner regarding equity addition for FY 2022-23, and consider the opening equity as assessed by the Respondent in its submission.

CAC submitted that in the true up for FY 2022-23, AEGCL has claimed equity of Rs. 75.70 Crore against the Commission approved figure of Rs.13.68 Crore. Obviously, some new equity has been infused in FY 2022-23. AEGCL should clarify whether only capital grant has been included in it or any subsidy amount by the Government too is a part of such equity. Moreover, a table containing the initial equity of the Company and subsequent addition year-wise needs

to be furnished along with its comment on the aforesaid point.

Response of AEGCL

AEGCL submitted that Rs. 2589.55 Crore has been converted to equity (i.e., Grant of Rs. 1951.14 crore and Loans of Rs. 638.41 crore), with Government Grant of Rs. 3.91 crores being converted for SLDC. Hence, addition of equity during the year is considered at 30% of Rs. 2589.55 crore, which works out to Rs. 776.86 crore.

In accordance with Regulation 34 of MYT Regulations, 2021, Return on Equity has been calculated at 13.50% and additional 2% for achieving 100% approved capitalization for previous year.

AEGCL requested the Commission to approve the Return on Equity amounting to Rs. 75.70 Crore for FY 2022-23 as proposed by AEGCL.

As regards the comment of CAC, AEGCL submitted that the addition of equity has been considered as per the conversion of Government Grants and Loans into equity during FY 2022-23 as approved by the GoA, and normative debt-equity ratio specified in the MYT Regulations, 2021. Year-wise addition of equity and corresponding computation of Return of Equity have been submitted along with the Petition.

Commission's View

The Commission has noted the submissions made and considered the same, while approving the Return on Equity for FY 2022-23, as elaborated in the relevant Chapter.

Issue 7: Non-Tariff Income

Objections

FINER submitted that the Petitioner has claimed Non-Tariff Income (NTI) amounting to Rs. 78.50 Crore in the true-up of FY 2022-23 based on the income from investments and miscellaneous receipts.

The Respondent submitted that NTI should be considered as Rs. 205.98 Crore, in line with the Audited Accounts for FY 2022-23.

Response of AEGCL

AEGCL submitted that the head-wise reconciliation of Non-Tariff Income considered in the Petition with the head-wise Other Income reported in Note 28 of the Audited Accounts has

been submitted to the Commission along with the replies to data gaps after TVS.

Commission's views

The Commission has noted the submissions made and considered the same, while approving the Non-Tariff Income for FY 2022-23, as elaborated in the relevant Chapter.

Issue 8: Contingency Reserve

Objections

FINER submitted that the Petitioner has claimed Contribution towards Contingency Reserve of Rs. 2.73 Crore in the true-up of FY 2022-23.

As per the MYT Regulations, 2021, the contingency reserve fund is to be used to meet expenses arising due to accidents, natural calamities or circumstances beyond the control of the Licensee. However, during FY 2022-23, the contingency reserve fund was utilized for purposes such as repairing damaged and rusted tower legs, emergency replacement of damaged conductor, temporary protection of towers, replacement of insulators due to faults, re-tensioning of conductors, and the construction of new towers to replace those affected by river erosion, all stemming from the impact of recent floods in the State.

No documentary evidence has been provided by the Petitioner to substantiate these claims. Accordingly, the Respondent requested the Commission to direct the Petitioner to provide documentary evidence for the same for prudence check.

In view of the above, in absence of any documentary evidence, the Respondent requested the Commission to disallow the claim against Contribution to Contingency Reserve.

Response of AEGCL

AEGCL submitted that it had incurred expenses of Rs. 54.70 lakh against the Contingency Reserves of Rs. 273 lakh created in FY 2022-23, hence, there is a balance of Rs. 218.30 lakh at the end of FY 2022-23.

Commission's views

The Commission has deliberated on this issue in detail in the respective Chapters of this Order. While the Contribution to Contingency Reserve has been allowed as claimed by AEGCL for FY 2022-23, the Commission has not considered any Contribution to Contingency Reserve for FY 2023-24 and FY 2024-25.

Issue 9: Transmission Losses

Objections

CAC submitted that for FY 2022-23, Transmission Loss was approved at 3.27% against which AEGCL achieved 3.31%. AEGCL should clarify its road map for reduction of Transmission Losses. It should be objective and specific rather than subjective submission.

Response of AEGCL

AEGCL submitted that it expects to achieve the targeted reduction in Transmission Loss primarily by way of improving the voltage profile of its grid nodes. Improvement in voltage profile at 132 kV level and downstream is expected to improve on account of the proposed commissioning of the following grid elements in the coming months:

- i. 132 kV Hajo GSS;
- ii. 132 kV GMC GSS;
- iii. 132 kV Nathkuchi GSS;
- iv. 220 kV Rangia - Amingaon D/C lines;
- v. Second circuit commissioning of 132 kV Nazira - Gormur line.

Further, with the commissioning of these grid elements, the 33 kV line length of the Distribution Licensee will come down (in the concerned areas), which will obviously improve voltage level at 33 kV and downstream sub-stations. This will result in lesser VAR drawal from grid nodes thereby improving the grid buses with the consequent reduction in transmission system. However, Distribution Licensee is also expected to provide sufficient capacitive compensation at their bulk load points so that the VAR dependence is not always on the Transmission Licensee.

Commission's views

The Commission has noted the submissions.

Issue 10: Provision for ensuring Emergency Restoration System

Objections

CAC submitted that the plan to procure Emergency Restoration System has been ultimately abandoned in FY 2022-23. At the same time, AEGCL has claimed an amount of Rs.22.99 Crore under R&M expenses, but in Table-2 of the Petition, claim for Rs.19.09 Crore under R&M expenses has been made, which needs explanation.

Response of AEGCL

AEGCL submitted that the normative R&M Expenses has been computed at Rs. 22.99 Crores (Table 8) against actual R&M Expenses of Rs. 19.01 Crore (Table 11) as per Audited Accounts of FY 2022-23. Further, no claim has been made for ERS procurement under Para 3.6.10 of the Tariff Petition.

Commission's views

The Commission has noted the submissions.

Issue 11: Short term Open Access charges

Objections

Star Cement submitted that at present, the embedded Open Access consumers are bearing a hefty amount of Open Access charges in the State of Assam. The comparison of Transmission Charges for FY 2023-24 of various other States Pan-India shows that AEGCL's Transmission Charges of Rs. 0.57/kWh are much higher than the Transmission Charges ranging from Rs. 0.08/kWh (Tripura and Arunachal Pradesh) to Rs. 0.37/kWh (Gujarat) to Rs. 0.48/kWh (Madhya Pradesh).

Response of AEGCL

AEGCL submitted that the approved Transmission Charges include special charges on Bulk Supply Tariff (BST) for payment of pension to the retired employees of erstwhile Assam State Electricity Board (ASEB). The standalone Transmission Charge is not the highest, and has ranged from Rs. 0.22/kWh to Rs. 0.25/kWh from FY 2019-20 to FY 2022-23, and increased to Rs. 0.37/kWh in FY 2023-24.

AEGCL has claimed Transmission Charges of Rs. 0.71/kWh for FY 2024-25, which includes BST of Rs. 0.20/kWh. AEGCL requested the Commission to approve the same for smooth functioning of the transmission network within the State of Assam.

Commission's views

The Commission has noted the submissions. The Commission is of the view that though inter-State comparison is relevant to assess the cost effectiveness of the transmission system, the Transmission Charges per kWh depend on the approved ARR of the Transmission Licensee. The Commission approves the ARR of the Transmission Licensee and the Transmission Tariff in accordance with the MYT Regulations, 2021.

4 Truing up for FY 2022-23

4.1 Methodology for Truing Up

The Commission had approved the ARR and Transmission Tariff for FY 2022-23 in the Order dated March 21, 2022.

AEGCL submitted the Truing-up Petition for FY 2022-23 based on audited annual accounts and provisions of MYT Regulations, 2021, wherever applicable. AEGCL has sought true-up for FY 2022-23, with the Revenue Gap/(Surplus) to be recovered/adjusted during FY 2024-25.

The Commission approves the cost parameters through approval of the ARR at the beginning of the year, keeping in view the data available at that point of time. The cost approvals for each of the items are based on projection of expenses and revenue before beginning of the year and the provisions of MYT Regulations, 2021. The projections might vary over the course of the year.

The actual cost/values for certain elements/parameters may vary as against the approved cost during the year due to various controllable and uncontrollable factors. The Licensee may end up with higher or lower expenditure, as the case may be, at the end of the year as against the approved cost.

The Commission analyses the actual expenditure for the previous year/years based on the audited Annual Accounts of the Licensee and allows/disallows the recovery of the actual expenditure through the ensuing year's tariff, subject to prudence check.

In the present Chapter, the Commission has carried out the Truing up for FY 2022-23 based on the submissions of AEGCL, audited annual accounts for FY 2022-23 and provisions of MYT Regulations, 2021.

In this Chapter, the Commission has analysed all the elements of actual expenditure and revenue of AEGCL for FY 2022-23, and undertaken the truing-up of expenses and revenue in accordance with the MYT Regulations, 2021. The Commission has approved the sharing of gains and losses on account of controllable factors between AEGCL and its beneficiaries, in accordance with Regulation 12 of the MYT Regulations, 2021.

4.2 Transmission Loss

AEGCL submitted the Transmission Loss of 3.31% for FY 2022-23 for the purpose of Truing up.

Commission's Analysis

The Commission has verified the Transmission Loss through documentary evidences submitted by AEGCL. It is noted that the actual Transmission Loss for FY 2022-23 is higher than the Transmission Losses approved by the Commission.

For the true-up, the Commission has considered the actual Transmission Loss of 3.31% for FY 2022-23, for the purpose of Energy Balance for APDCL. AEGCL is directed to maintain the transmission loss within the approved levels, in light of the significant capital expenditure proposed by AEGCL towards system strengthening. Transmission Loss, being a controllable performance parameter as per the MYT Regulations, 2021, the adjustment to the ARR on account of higher than approved Transmission Losses has been computed subsequently in this Chapter, in accordance with the MYT Regulations, 2021.

4.3 O&M Expenses

AEGCL submitted the O&M expenses for FY 2022-23 comprising following heads:

- a) Employee expenses;
- b) Repairs and Maintenance (R&M) expenses;
- c) Administrative and General (A&G) expenses

The claim of AEGCL under various heads of O&M expenses are discussed below:

Employee Expenses

AEGCL submitted that Employee Expenses comprise salaries, dearness allowance, bonus, terminal benefits in the form of pension and gratuity funding, leave encashment, and staff welfare expenses. AEGCL has claimed Rs. 185.39 Crore towards normative employee expenses for FY 2022-23 as against Rs. 184.39 Crore approved in the Tariff Order dated March 21, 2022. The actual employee expenses have been claimed as Rs. 174.93 Crore, based on the Audited Accounts for FY 2022-23.

Repairs and Maintenance (R&M) Expenses

Repairs and Maintenance Expenses are incurred for the day-to-day upkeep of the transmission network of the Company and form an integral part of the Company's efforts towards reliable and quality power transmission as also in reduction of losses in the system.

AEGCL submitted that it is carrying out R&M activities in order to maintain the assets in a more efficient way. AEGCL has claimed normative R&M expenses of Rs. 22.99 Crore for FY

2022-23 as against Rs. 28.89 Crore approved in the Tariff Order dated March 21, 2022. The actual R&M expenses have been claimed as Rs. 19.01 Crore, based on the Audited Accounts for FY 2022-23.

Administrative and General (A&G) expenses

A&G expenses comprise rents, telephone and other communication expenses, professional charges, conveyance and traveling allowances, and other debits. AEGCL has claimed normative A&G expenses of Rs. 10.67 Crore for FY 2022-23 as against Rs. 9.83 Crore approved in the Tariff Order dated March 21, 2022. The actual A&G expenses have been claimed as Rs. 13.78 Crore, based on the Audited Accounts for FY 2022-23.

Provision for Colony Maintenance

AEGCL submitted that it had earlier requested the Commission to allow a separate amount for improvement of its existing colonies associated with major Grid Sub-station. Most of the residential buildings, interior roads, drains, security walls, etc. needed major maintenance/reconstruction. The Commission, vide Tariff Order dated March 21, 2022 approved Rs. 17.79 Crore to be utilised specifically for colony maintenance to be spent through a duration of three financial years, i.e., FY 2022-23, FY 2023-24, and FY 2024-25. Accordingly, the yearly allowable amount of Rs. 5.93 Crore was meant to be utilised in FY 2022-23.

AEGCL submitted that the preparation of detailed plan and estimates and scrutiny of the same entails a considerable period of time. Further, no major civil works could be undertaken during the rainy season and majority of the work could be started after October/November. However, even after completion of the works, a sizeable amount of expenditure could not be booked before 31st March'23, although booking of entire amount through administrative approval was almost completed under colony maintenance.

The amount against the work carried out in FY 2022-23 had to be booked against FY 2023-24. AEGCL wants to complete the majority of the colony maintenance work by the end of the FY 2024-25. AEGCL submitted that it is extremely important that AEGCL be allowed the entire amount of Rs. 17.79 Crore for FY 2024-25. AEGCL commits to fully utilize the balance amount within this stipulated period of MYT Control Period.

Provision for Emergency Restoration System (ERS)

AEGCL requested the Commission to allow Rs. 4.60 Crore for four (4) numbers of ERS towers in the tariff petition for FY 2021-22. The Commission granted Rs. 2.30 Crore vide Tariff Order dated March 21, 2022 for procurement of two (2) numbers of ERS towers. Accordingly,

AEGCL prepared an estimate for two (2) numbers of ERS towers based on the quotation received from M/s Lindsey dated February 10, 2020 with price escalation @ 5% for 2 years (FY 2019-20 to FY 2021-22) amounting to Rs. 3.44 Crore. Based on this estimate, tender was floated on February 3, 2023 and finally price bid of the tender was opened on 28th April 2023. However, quoted price of the L1 bidder was found to be Rs. 6.04 Crore, including GST, which is 75.58% higher than the estimated value. The tender was cancelled as the rate quoted by the L1 bidder exceeded the maximum allowable limit as per AEGCL norms. Due to fund constraints, AEGCL could not conduct further tendering process.

In view of the above, AEGCL requested the Commission to approve the normative R&M expenses of Rs. 22.99 Crore for FY 2022-23.

The normative O&M expenses claimed by AEGCL in the Truing up for FY 2022-23 are shown in the Table below:

Table 5: Normative O&M Expenses for FY 2022-23 as submitted by AEGCL (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 21.03.2022	AEGCL Submission
	O&M Expenses	223.11	219.05
1	Employee Cost	184.39	185.39
2	R&M Expenses	28.89	22.99
3	A&G Expenses	9.83	10.67

AEGCL submitted the sharing of gains and losses, and computed the share of gain to be shared with APDCL as Rs. 3.78 Crore.

Commission's Analysis

For the purpose of truing up for FY 2022-23, the Commission has computed the O&M Expenses on normative basis as per the MYT Regulations, 2021. The variation between normative O&M expenses and actual O&M Expenses has been considered under sharing of gains and loss on account of controllable items as per the MYT Regulations, 2021.

Employee Expenses

For computation of normative employee expenses for FY 2022-23, the Commission has adopted the following approach:

- a) The base employee expenses for FY 2021-22 have been considered as Rs. 173.34 Crore, based on the average employee expenses for the previous 5 years, duly escalated, as per the MYT Regulations, 2021;
- b) The base employee expenses for FY 2021-22 have been escalated by the Consumer Price Index (CPI) inflation computed as average increase of CPI for the period from FY 2019-20 to FY 2021-22, which works out to 5.89%, to determine the employee expenses for FY 2022-23;
- c) The growth factor of 1% has not been allowed as number of employees has reduced due to retirement, and no recruitment has been done.

The normative employee expenses approved in the true-up for FY 2022-23 are shown in the following Table:

Table 6: Approved Employee Expenses for FY 2022-23 (Rs. Crore)

Particulars	AEGCL Submission	Approved after Truing up
Actual Employee Expenses for the previous year	173.34	173.34
Growth factor	5.89%	5.89%
CPI Inflation	1.00%	0.00%
Normative Employee Expenses	185.39	183.56

R&M Expenses

For computation of R&M Expenses for FY 2022-23, the Commission has considered the following approach:

- a) Wholesale Price Index (WPI) inflation has been computed as average increase of WPI index for period from FY 2019-20 to FY 2021-22, which works out to 5.32%;
- b) K-factor governs the relationship between R&M expenses and Gross Fixed Assets; the K-factor for FY 2022-23 has been approved as 0.75%, in the MYT Order dated 21 March, 2022 and the same K-factor has been considered for computation of normative R&M Expenses for FY 2022-23.;
- c) The amount against 'Provision for Colony Maintenance of AEGCL has been considered as Nil, as claimed by AEGCL.

The normative R&M expenses approved for FY 2022-23 are shown in the following Table:

Table 7: Approved R&M Expenses for FY 2022-23 (Rs. Crore)

Particulars	AEGCL Submission	Approved after Truing up
Opening GFA for previous year	2,557.99	2557.77
Closing GFA for previous year	2,732.21	2731.97
Average GFA for previous year	2,645.10	2,644.87
K Factor	0.75%	0.75%
WPI Inflation	5.32%	5.32%
Normative R&M Expenses for the year	20.89	20.89
Provision for Colony Maintenance of AEGCL	2.10	-
Net Normative R&M Expense	22.99	20.89

A&G Expenses

For computation of A&G expenses for FY 2022-23, the Commission has adopted the following approach:

- a) The base A&G expenses for FY 2021-22 have been considered as Rs. 10.13 Crore, based on the average A&G expenses for the previous 5 years, duly escalated, as per the MYT Regulations, 2021;
- b) The base A&G expenses for FY 2021-22 have been escalated by the Wholesale Price Index (WPI) inflation computed as average increase of WPI for the period from FY 2019-20 to FY 2021-22, which works out to 5.32%, to determine the A&G expenses for FY 2022-23;

The normative A&G expenses for FY 2022-23 are shown in the following Table:

Table 8: Approved A&G Expenses for FY 2022-23 (Rs. Crore)

Particulars	AEGCL Submission	Approved after Truing up
A&G Expenses for Previous Year	10.13	10.13
WPI Inflation	5.32%	5.32%
Normative A&G Expenses for the year	10.67	10.67

The normative O&M expenses approved by the Commission for FY 2022-23 are shown in the following Table:

Table 9: Normative O&M Expenses approved by the Commission for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 21.03.2022	AEGCL	Approved after Truing up
1	Employee Expenses	184.39	185.39	183.56
2	Repairs and Maintenance Expenses	28.89	22.99	20.89
3	Administrative & General Expenses	9.83	10.67	10.67
Total		223.11	219.05	215.13

The Commission has examined the actual O&M expenses incurred by AEGCL in FY 2022-23. After prudence check, the Commission approves the actual employee expenses of Rs. 174.93 Crore for FY 2022-23 as per the Audited Accounts. The Commission also approves the actual R&M expenses of Rs. 174.93 Crore for FY 2022-23 as per the Audited Accounts.

As regards the A&G expenses, the Commission asked AEGCL to submit the details of 'Miscellaneous Expenses' of Rs. 11.80 Crore booked in the Audited Accounts. From the reply submitted by AEGCL, it is observed that the Miscellaneous Expenses includes an expense of Rs. 4.25 lakh against '*Late filing fees along with interest paid on account of TDS return against employees and contractors for a few old pending matters from FY 2009-10 to FY 2015-16*'. The Commission is of the view that such expenses have to be borne by AEGCL and cannot be passed on to the consumers. Hence, the Commission has disallowed A&G expenses of Rs. 4.25 lakh in the true-up for FY 2022-23.

Further, MYT Regulations, 2021 specifies O&M Expenses (excluding terminal liabilities with regard to employees on account of changes in pay scales or dearness allowance due to inflation) as controllable factors. Hence, for undertaking sharing of gains or losses, the Commission has excluded the terminal liabilities from normative as well as actual Employee expenses. Accordingly, terminal liabilities are allowed on actual basis.

The sharing of (gains)/losses on account of O&M Expenses is shown in the following Table:

Table 10: Sharing of (gains)/losses for O&M Expenses for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	Actual	Normative	Gains/ (losses)	Gains/(Losses) to be shared with APDCL
		a	b	c=(b-a)	d=c x 2/3
1	Employee Cost	174.93	183.56	8.63	
2	Less: Terminal Benefits	28.62	28.62	-	
3	Employee Cost excl. Terminal Benefits	146.31	154.94	8.63	2.88
4	R&M expenses	19.01	20.89	1.88	0.63
5	A&G Expenses	13.73	10.67	(3.06)	(1.02)
6	Total	179.05	186.51	7.46	2.49

Note: No sharing of gains or losses has been considered for Terminal liabilities.

Since, normative O&M expenses are higher than actual expenses; the gain of Rs. 2.49 Crore has been shared and passed on through the ARR.

4.4 Capitalisation

AEGCL submitted that the Capital Expenditure and Capitalisation for FY 2022-23 have been considered based on the Audited Accounts. Funding has been considered based on the impact of conversion of Government Grants and Loans to Equity. The funding of Capitalisation excluding SLDC is shown in the following Table:

Table 11: Actual Capitalisation as submitted by AEGCL for FY 2022-23 (Rs. Crore)

Sl. No.	Scheme Name	Actual Capitalisation
1	AIIB	97.65
2	ADB	53.24
3	NERPSIP	0.00
4	Annual Plan/SOPD	8.51
5	PSDF	21.46
6	TDF	34.14
7	Deposit work	38.72
8	NEC	0.02
9	AIFA	0.00

Sl. No.	Scheme Name	Actual Capitalisation
10	AIIMS	22.52
11	Internal Accrual Equity	13.61
	TOTAL	289.87

The funding of capitalisation as submitted by AEGCL is shown in the following Table:

Table 12: Funding of Capitalisation for FY 2022-23 as submitted by AEGCL (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 21.03.2022	AEGCL Submission
1	Grant		168.12
2	Equity		113.23
3	Debt		8.51
4	Total Capitalisation	200.00	289.87

Commission's Analysis

The Commission has approved the scheme-wise capital expenditure and capitalisation in the MYT Order dated March 21, 2022. The Commission observed that the actual capital expenditure and capitalisation claimed by AEGCL in FY 2022-23 is higher than the values approved in the MYT Order dated March 21, 2022, and also higher than the GFA addition shown in the Audited Accounts. The Commission sought justification from AEGCL for claiming capitalisation higher than that reported in the Audited Accounts.

In reply, AEGCL submitted as under:

- a) Addition of GFA during FY 2022-23 amounts to Rs. 290.04 Crore including GFA of SLDC amounting to Rs. 0.17 Crore. The said GFA (Rs. 290.04 Crore) includes GFA amounting to Rs. 172.25 Crore related to Prior Periods, which were pushed back in the previous FYs, i.e., FY 2020-21 (Rs. 106.44 Crore) and FY 2021-22 (Rs. 65.80 Crore), in the preparation of Ind AS (Indian Accounting Standards) Financial Statement of AEGCL for FY 2022-23, as per requirement of Ind AS.
- b) Hence, addition of GFA in the Audited Accounts for FY 2022-23 is reflected as Rs.117.79 Crore (Rs. 290.04 Crore minus Rs. 172.25 Crore).
- c) AEGCL has neither shown these assets (Rs. 172.25 Crore) nor claimed depreciation on these assets in the earlier Tariff Petitions because these assets are added only in

the FY 2022-23. Hence, AEGCL has shown full addition of GFA amounting to Rs. 289.87 Crore during FY 2022-23 in the True up Tariff Petition.

The Commission accepts the justification submitted by AEGCL, and approves the capitalisation of Rs. 289.87 Crore for FY 2022-23, after reducing GFA addition of Rs. 0.17 Crore pertaining to SLDC.

As regards the funding of capitalisation, the Commission observed that AEGCL has considered equity contribution far in excess of 30% of the GFA addition, by considering equity addition during the year equal to 30% of the grant and loan converted to equity. In response to the Commission's query in this regard, AEGCL submitted that the during the year has been fully utilised for creation of GFA, and hence, 30% of the amount of grant and equity converted to equity, has been considered as equity addition during the year.

As regards funding of capitalisation, Regulation 32 of the MYT Regulations, 2021 specifies that the normative Debt:Equity ratio shall be considered as 70:30, after reducing the grant contribution. In case actual equity contribution is greater than 30% of GFA less Grant contribution, the equity in excess of 30% shall be considered as normative debt. In other words, the Grant contribution should first be reduced from the GFA addition, and the balance GFA shall be considered as funded by 70:30 debt:equity ratio.

In view of the above, the Capitalisation and its funding approved by the Commission in the true-up for FY 2022-23 is shown in the following Table:

Table 13: Capitalisation for FY 2022-23 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 21.03.2022	AEGCL	Approved after Truing up
1	Capitalisation	200.00	289.87	289.87
	Funding			
2	Grant		168.12	267.75
3	Equity		113.23	6.64
4	Loan		8.51	15.48
5	Total	200.00	289.87	289.87

Hence, the allowable debt and equity addition for FY 2022-23 are Rs. 15.48 Crore and Rs. 6.64 Crore, respectively. The addition to equity on account of conversion of grant to equity has been elaborated in the Section on Return on Equity. As the conversion of grant to equity is itself limited to 30% of the GFA addition, the Commission has not considered any conversion

of loan to equity, as the debt:equity ratio is governed by the provisions of the MYT Regulations, and equity cannot exceed 30% of the GFA.

4.5 Depreciation

The Commission had approved the Depreciation of Rs. 35.96 Crore for FY 2022-23 in the Order dated March 21, 2022. As against this, AEGCL has claimed depreciation of Rs. 138.92 Crore in the Truing up for FY 2022-23.

AEGCL submitted that it has converted Government Loan of Rs. 638.41 Crore and Government Grant of Rs. 1955.05 Crore as on 31.03.2021 into Equity in FY 2022-23, as approved by the GoA, notified vide letter No. PEL.58/2021/pt./105 dated 03.02.2022. For FY 2022-23, the Government Grants converted to equity is considered as Rs. 1951.14 Crore and Loan of Rs. 638.41 crore has been converted to equity by GoA for AEGCL, as the Government Grant of Rs. 3.91 Crore, which has been converted to equity, is separately considered for SLDC.

Commission's Analysis

The Commission has considered the opening GFA for FY 2022-23 equal to the closing GFA approved in True up of FY 2021-22, after excluding the assets of SLDC. The Commission has computed depreciation as per scheduled rates specified in the Tariff Regulations, 2021.

As per Regulation 32 of the MYT Regulations, 2021, the total depreciation during the life of the asset shall not exceed 90% of the original cost of Asset. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has disallowed the depreciation in excess of 90% of the original cost of asset under different asset heads.

In line with the approach adopted in the previous Orders and as specified in the MYT Regulations, 2021, the Commission has not considered the depreciation on assets funded through grants, consumer contribution or capital subsidy, for FY 2022-23. As stated earlier, the addition to equity on account of conversion of grant to equity has been elaborated in the Section on Return on Equity. As the conversion of grant to equity is itself limited to 30% of the GFA addition, the Commission has not considered any conversion of loan to equity, as the debt:equity ratio is governed by the provisions of the MYT Regulations, and equity cannot

exceed 30% of the GFA.

The depreciation approved in the truing up for FY 2022-23 is given in the Table below:

Table 14: Depreciation approved for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation as per MYT Regulations, 2021
1	Land owned under full ownership	44.98	2.68	-	-
	Land under lease			3.34%	-
2	Building	61.67	3.53	3.34%	1.54
3	Hydraulic	2.64	-	5.28%	-
4	Other Civil Works	131.26	28.73	3.34%	4.86
5	Plant & Machinery	1,314.68	111.95	5.28%	68.39
6	Lines & Cable Net work	1,159.03	141.43	5.28%	43.82
7	Vehicles	4.95	-	9.50%	0.07
8	Furniture & Fixtures	7.77	0.57	6.33%	0.40
9	Office Equipment	3.42	0.97	6.33%	0.19
10	Computer and Accessories	1.81	-	15.00%	0.27
11	Grand Total	2,732.21	289.87		119.55
12	Less: Depreciation for Grants/ Consumer Contribution				64.46
13	Net Total				55.09
14	Less: Depreciation towards CC				2.20
15	Net Depreciation after CC & Grants				52.89

The Commission accordingly approves Depreciation of Rs. 52.89 Crore for FY 2022-23 after truing up.

4.6 Interest and Finance Charges

The Commission had approved Interest and Finance Charges of Rs. 24.32 crore for FY 2022-23 in the Order dated March 21, 2022. As against this, AEGCL has claimed Interest and

finance charges of Rs. 15.06 Crore for FY 2022-23.

Commission's Analysis

The Commission has approved Interest on loan capital for FY 2022-23 on normative basis as per MYT Regulations, 2021. The normative loan outstanding as on April 1, 2022 has been considered equal to the closing normative loan approved in the Truing up for FY 2021-22.

The Commission has considered the opening net normative loan as on April 1, 2022 as Rs. 216.38 Crore. The addition of loan has been considered equal to debt portion of capitalised works as approved by the Commission in this Order. The loan repayment has been considered equivalent to depreciation approved in this Order.

The actual weighted average rate of interest on actual loans have to be applied on the normative loan, to arrive at the interest expenses on the normative loan. The actual interest expense as per Audited Accounts is only Rs. 2.04 Crore. AEGCL has computed the weighted average interest rate as 9.88% in its replies to the queries, by considering the applicable interest rate of each loan on the average loan balance during the year. However, if the effective interest rate were 9.88%, then the actual interest expenses during the year would have been Rs. 34.86 Crore instead of only Rs. 2.0 Crore. Hence, the Commission has computed the weighted average interest rate as 0.58% for computation of interest on loan capital, considering the usual approach of dividing actual interest expenses with average of opening and closing loan as submitted by AEGCL. The Finance Charges have been allowed at actuals, as per Audited Accounts. The Interest on loan capital as approved by the Commission for FY 2022-23 is shown in the following Table:

Table 15: Approved Interest on loan Capital for FY 2022-23 (Rs. Crore)

Particulars	Approved in Order dt. 21.03.22	AEGCL	Approved after Truing up
Net Normative Opening Loan	255.97	216.38	216.38
Addition of normative loan during the year	6.49	8.51	15.48
Normative Repayment during the year	35.96	138.92	52.89
Net Normative Closing Loan	226.51	85.98	178.98
Interest Rate	10.08%	9.96%	0.58%
Interest Expenses on Loan	24.32	15.05	1.15
Finance Charges	0.01	0.01	0.01
Total Interest and Finance Charges	24.33	15.06	1.15

The Commission approves Interest on loan Capital as Rs 1.15 Crore in the truing up for FY 2022-23.

4.7 Return on Equity

AEGCL has claimed the Return on Equity of Rs. 75.70 Crore for FY 2022-23 as compared to the RoE of Rs. 13.68 Crore approved by the Commission in the Tariff Order dated March 21, 2022.

As stated earlier, AEGCL submitted that it has converted Government Loan of Rs. 638.41 Crore and Government Grant of Rs. 1955.05 Crore as on 31.03.2021 into Equity in FY 2022-23, as approved by the GoA, notified vide letter No. PEL.58/2021/pt./105 dated 03.02.2022. For FY 2022-23, the Government Grants converted to equity is considered as Rs. 1951.14 Crore and Loan of Rs. 638.41 crore has been converted to equity by GoA for AEGCL. Hence, addition to equity in FY 2022-23 has been considered as Rs. 776.86 Crore.

APGCL submitted that in accordance with Regulation 34 of the MYT Regulations, 2021, Return on Equity (RoE) shall be calculated at 13.50%, with additional 1% RoE for achieving 80% approved capitalization for previous year, and additional 2% RoE for achieving 100% approved capitalization for previous year. AEGCL submitted that the capitalisation achieved in FY 2022-23 is more than 100% of the capitalization approved by the Commission for the year (Rs. 289.87 Crore capitalised against approved capitalisation of Rs 200 crore).

Therefore, the RoE has been computed at 15.5% based upon the opening balance of equity and normative additions during the year.

Commission's Analysis

The Commission has approved RoE for FY 2022-23 as per MYT Regulations, 2021. The equity as on April 1, 2022 has been considered equal to the closing equity approved in the Truing up for FY 2021-22. The addition of equity has been considered equal to equity portion of capitalised works as approved by the Commission in this Order.

The addition to equity on account of conversion of grant to equity is limited to 30% of GFA. As the conversion of grant to equity is itself limited to 30% of the GFA addition, the Commission has not considered any conversion of loan to equity, as the debt:equity ratio is governed by the provisions of the MYT Regulations, and equity cannot exceed 30% of the GFA. The conversion of Grant to equity allowed by the Commission for FY 2022-23 is shown in the Table below:

Table 16: Conversion of Grant to Equity approved by the Commission for FY 2022-23 (Rs. Crore)

Particulars	Amount
Opening GFA	2732.21
Average Grant towards GFA	2008.68
If conversion of Rs. 1955.05 Crore of grant considered	1955.00
Net Grant towards GFA	53.68
Net assets to be funded	2678.53
Maximum Equity that can be considered	803.56
Equity already considered (including additional equity allowed due to GFA addition in FY 2022-23)	106.57
Equity that can be additionally allowed	696.99

Thus, the Commission has considered additional equity of Rs. 696.99 Crore due to conversion of Grant to equity in FY 2022-23.

As regards the RoE rate, the higher RoE rate as proposed by AEGCL is not considered, as AEGCL has over-achieved with respect to approved capitalisation only because of prior period capitalisation being accounted for in FY 2022-23. Also, there was no dispensation for higher RoE in those previous years for such over-achievement, hence, AEGCL is not eligible for the higher RoE rate for FY 2022-23.

The approved Return on Equity for FY 2022-23 is shown in the Table below:

Table 17: Return on Equity approved by the Commission for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	Approved in Order dtd 21.03.22	AEGCL	Approved after Truing up
1	Opening Equity Capital	99.93	99.93	99.93
2	Equity addition during the year due to GFA addition	2.78	776.87	6.64
3	Equity addition due to conversion of Grant to equity	-		696.99
4	Closing Equity	102.71	876.80	803.56
5	Average Equity	101.32	488.36	451.74
6	Rate of Return on equity	13.50%	15.50%	13.50%
7	Return on Equity	13.68	75.70	60.99

The Commission approves the Return on Equity of Rs. 60.99 Crore for FY 2022-23 after Truing up.

4.8 Interest on Working Capital (IoWC)

AEGCL has claimed IoWC of Rs. 16.58 Crore in the Truing Up for FY 2022-23, as against Rs. 12.30 Crore approved in the Tariff Order dated 21st March 2022. AEGCL has considered the rate of interest for computation of IoWC as 7.86%, based on the monthly average of 1-year Marginal Cost of Lending Rate (MCLR) of State Bank of India (SBI).

Commission's Analysis

The Commission has computed IoWC in accordance with the MYT Regulations, 2021. The rate of Interest has been considered equal to average 1-year MCLR Rate of SBI during FY 2022-23 (computed day-wise rather than month-wise) plus 300 basis points, i.e., 10.80%

The Commission observed that AEGCL has considered Receivables based on the revised ARR computed by AEGCL in the true-up Petition, rather than the actual revenue based on the tariff approved for FY 2022-23. For computation of working capital requirement, the normative O&M Expenses and actual revenue billed as receivables have been considered. IoWC approved by the Commission in the truing up for FY 2022-23 is shown in the following Table:

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

Sr. No.	Particulars	Approved in Order dtd 21.03.22	AEGCL	Approved after True-up
1	O&M expenses for one month	18.59	18.25	17.93
2	Maintenance spares @ 15% of O&M Expenses	33.47	32.86	32.27
3	Receivables for two months	70.94	101.54	77.45
4	Total Working Capital requirement	123.00	152.65	127.65
5	Rate of Interest	10.00%	10.86%	10.80%
6	Interest on Working Capital	12.30	16.58	13.78

Accordingly, the Commission approves Interest on Working Capital of Rs. 13.78 Crore in the Truing up for FY 2022-23.

4.9 BST for Pension Fund (Special Charges for Terminal Benefits)

In the Order dated March 21, 2022, the Commission had approved special charges on Bulk Supply Tariff at 20 paise per unit amounting to Rs. 214.38 Crore for FY 2022-23. AEGCL has claimed Rs 219.71 Crore as BST for Pension Fund as per the Audited Accounts for FY 2022-23.

Commission's Analysis

The Commission approves the BST for Pension Fund (Special Charges for Terminal Benefits) of Rs. 219.70 Crore for FY 2022-23 as claimed by AEGCL based on audited accounts, as the same tallies with the actual energy input to APDCL at the T<>D periphery.

4.10 Contribution to Contingency Reserve

The Commission vide its Tariff Order dated 21st March 2022 approved Rs. 2.71 Crore towards Contribution to Contingency Reserve for FY 2022-23, in accordance with Regulation No. 67.9 of the MYT Regulations, 2021, at the rate of 0.1% of Opening GFA for FY 2022-23. AEGCL has claimed the contingency reserve based on actual GFA for FY 2022-23 as Rs. 2.73 crore.

AEGCL submitted that the fund created under contingency reserves for FY 2022-23 was utilized for repairing of damaged and rusted tower legs, stubs, emergency replacement of damaged conductor, temporary protection of tower, replacement of insulator due to fault, re-tensioning of conductors, construction of new towers in place of river eroded towers, etc., in several transmission lines due to the floods in the State.

AEGCL requested the Commission to continue the "Contingency Reserves" as a number of towers either collapse or become vulnerable to collapse during the monsoon period particularly in the north bank due to storm or turbulent flow of flood water.

Commission's Analysis

The allowable Contribution to Contingency Reserve works out to Rs. 2.73 Crore for FY 2022-23 at the rate of 0.1% of Opening GFA, in accordance with Regulation 67.9 of the MYT Regulations, 2021, which specifies as under:

"67.9.1 The Transmission Licensee may make an appropriation to the Contingency Reserve of a sum not exceeding 0.1 per cent of the gross fixed assets approved by the Commission at the beginning of the year, for each year, which shall be allowed in the

calculation of aggregate revenue requirement:

...

67.9.2 The Contingency Reserve shall not be drawn upon during the term of the licence except to meet such charges as may be approved by the Commission as being the expenses arising out of accidents, natural calamities or circumstances beyond the control of the Licensee....”

In response to the Commission’s query, AEGCL submitted that it had spent an amount of Rs. 0.92 Crore out of the Fund created for Contingency Reserves in FY 2022-23 inter-alia against the following items of expenditure:

- a) Survey works for raising the height of conductors;
- b) Temporary protection of Transmission Lines;
- c) Shifting of OPGW along with Joint Box;
- d) Replacing of flood affected tower;
- e) Re-tensioning of conductors;
- f) Emergency repair of damaged tower legs including all necessary civil works;
- g) Feasibility and survey on PWD roads for height raising works;
- h) PCC and RCC work up to 12 m from ground level at Transmission Lines;
- i) Flood protection work, etc.

Thus, the balance amount of Funds under the Contingency Reserves at the end of FY 2022-23 is Rs. 1.81 Crore. AEGCL also submitted that it had not obtained the Commission’s approval for utilisation of the funds under Contingency Reserves, as the works carried out were emergency in nature, and AEGCL has intimated the Commission regarding such utilisation through the present Petition.

From AEGCL’s replies, it is observed that not only have the Funds under the Contingency Reserves created in FY 2022-23 been utilised for some non-emergency work such as feasibility and survey, height raising of conductors, shifting of OPGW, etc., AEGCL has not sought the Commission’s approval for such utilisation of the Funds and not even intimated the Commission regarding such utilisation. The intimation through the true-up Petition filed 8 months after the completion of FY 2022-23 is clearly an afterthought. The Commission is of the view that the Funds under the Contingency Reserves are created for the express purpose of providing ready funds in case of emergencies such as accidents, natural calamities or circumstances beyond the control of the Licensee. However, AEGCL is utilising such

emergency funds for regular R&M work, which is not allowed, and has not sought the Commission's approval for such utilisation of the Fund, and not even intimated the Commission regarding such utilisation.

The Commission takes serious note of AEGCL's lapse in this matter. Though the actual Contribution to Contingency Reserve of Rs. 2.73 Crore has been allowed in the truing-up for FY 2022-23, the Commission has decided not to allow further Contribution to Contingency Reserve in FY 2023-24 and FY 2024-25. Further, AEGCL should ensure that it utilises the balance Funds strictly in accordance with the provisions of the MYT Regulations, 2021.

4.11 Reduction in ARR due to higher Transmission Losses

AEGCL did not submit the computation of reduction in ARR due to higher than approved Transmission Losses for FY 2022-23.

Commission's Analysis

The Commission asked AEGCL to submit the computation of reduction in ARR due to higher than approved Transmission Losses for FY 2022-23, in accordance with the MYT Regulations, 2021. AEGCL submitted the computation for Reduction in ARR equivalent to Rs. 0.24 Crore.

In accordance with the MYT Regulations, Transmission Loss is a controllable parameter, and the efficiency gain/loss due to lower/higher than approved Transmission Loss has to be shared with the beneficiaries in the ratio of 2/3:1/3, i.e., the Transmission Licensee has to bear 2/3rd of the efficiency losses. Hence, the Commission has computed the efficiency losses of AEGCL for FY 2022-23 due to excess Transmission Loss, as shown in the Table below:

Table 19: Efficiency Loss due to higher Transmission Loss for FY 2022-23 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	AEGCL	Approved after True-up
1	Energy injected into Transmission system (MU)	11452.47	11452.47
2	Energy sent out to APDCL (MU)	10985.26	10985.26
3	Energy sent out to Open Access customers (MU)	88.37	88.37
4	Total Energy Sent out (MU)	11073.63	11073.63
5	Actual Transmission Loss (MU)	378.84	378.84
6	Actual Transmission Loss (%)	3.31%	3.31%

Sr. No.	Particulars	AEGCL	Approved after True-up
7	Approved Transmission Loss (%)	3.27%	3.27%
8	Approved Transmission Loss (MU)	362.36*	374.50
9	Excess Transmission Losses (MU)	16.48	4.34
10	Approved Transmission Tariff (Rs/kWh)	0.43	0.43
11	Total Efficiency Losses	0.71	0.19
12	AEGCL share of efficiency losses	0.24	0.12

*APGCL has computed Approved Transmission Loss erroneously.

Accordingly, the Commission approves Efficiency Losses of Rs. 0.12 Crore to be reduced from AEGCL's ARR in the Truing up for FY 2022-23.

4.12 Incentive for Transmission Availability

AEGCL has billed the amount of Rs 3.38 Crore in FY 2022-23 towards incentive for Transmission Availability higher than normative Availability as per the MYT Regulations, 2021. This had been calculated based on the actual monthly transmission availability data. For the month in which the transmission availability was higher than 98.50% (Normative availability), transmission incentive bill was raised and for the month in which transmission availability was less than 98.00%, disincentive bill was raised to APDCL.

Commission's Analysis

The MYT Regulations, 2021 specifies Normative Transmission Availability of 98% for full recovery of transmission charges and 98.5% for incentive consideration.

The actual Transmission Availability for AEGCL for FY 2022-23 is 99.21% on annual basis. Also, the computation and payment of Transmission Charges has been linked to monthly Transmission Availability computed as per the MYT Regulations, 2021. Accordingly, the Commission has computed the Incentive on Transmission Availability as shown in the following Table:

Table 20: Incentive on Transmission Availability for FY 2022-23 as approved by the Commission (Rs. Crore)

Sl. No	Month	No. of days in month	Monthly transmission charges (in ` crore)	Actual transmission availability (in %)	Transmission charges inclusive of incentive (in ` crore)	Incentive/Unrecoverable TC (in ` crore)
1	Apr-21	30	39.88	99.06	40.11	0.23
2	May-21	31	41.21	99.37	41.58	0.36
3	Jun-21	30	39.88	99.43	40.26	0.38
4	Jul-21	31	41.21	99.27	41.53	0.32
5	Aug-21	31	41.21	98.84	41.35	0.14
6	Sep-21	30	39.88	99.05	40.10	0.22
7	Oct-21	31	41.21	99.33	41.56	0.35
8	Nov-21	30	39.88	99.23	40.18	0.29
9	Dec-21	31	41.21	99.32	41.55	0.34
10	Jan-22	31	41.21	99.22	41.51	0.30
11	Feb-22	28	37.22	99.31	37.53	0.31
12	Mar-22	31	41.21	99.15	41.48	0.27
	Total	365	485.23	99.21	488.75	3.52

The Commission approves the Incentive of Rs. 3.52 Crore on account of higher Transmission Availability, which has been added to the ARR.

4.13 Non-Tariff Income

The Commission had approved the Non-Tariff Income (NTI) of Rs. 54.01 Crore for FY 2022-23 in the Tariff Order dated March 21, 2022. AEGCL submitted that NTI mainly comprises income from investments, supervision charges, and miscellaneous receipts. AEGCL submitted that it has considered actual NTI of Rs. 78.50 Crore earned during FY 2022-23 in the truing up.

AEGCL submitted that in accordance with Regulation 68 of the MYT Regulations, 2021, AEGCL has not considered Dividend from North East Transmission Company Limited (NETCL) for FY 2022-23 under NTI. Further, the interest on GPF has not been considered under NTI, in line with the approach adopted by the Commission in the Tariff Order dated

March 21, 2022

In view of the above, AEGCL requested the Commission to approve the NTI amounting to Rs. 78.50 Crore for FY 2022-23.

Commission's Analysis

The Commission has verified the head-wise NTI from the Audited Accounts of AEGCL for FY 2022-23. All the heads of NTI claimed by AEGCL are as per the figures reflected in the Audited Accounts and are hence, approved by the Commission. The Dividend from investment in NETCL and interest on GPF have not been considered as NTI, in line with the Regulations and approach adopted in previous Orders.

However, based on the replies submitted by AEGCL to queries raised by the Commission, it is observed that AEGCL has earned income of Rs. 0.51 Crore from its fibre optic network. AEGCL has contended that this income has not been considered under NTI because the income has been earned by investing own equity as the work is funded through ADB prior to 31st March 2021, which has been converted to equity. The Commission is of the view that as this is income earned from Other Business by AEGCL by utilising the assets of the electricity business, 1/3rd of such Income has to be shared with the beneficiaries by being included under NTI. The conversion of Grants to equity in this regard is not relevant, as the assets of the electricity business have been used to earn this income. Hence, the Commission has considered 1/3rd of such income under NTI.

In view of the above, the Commission approves the Non-Tariff Income at Rs. 78.67 Crore for FY 2022-23, for the purpose of truing up.

4.14 Revenue from Operations

AEGCL has claimed Revenue of Rs. 460.46 Crore in the truing-up for FY 2022-23, as approved by the Commission in the Tariff Order dated March 21, 2022.

Commission's Analysis

The Commission had approved net ARR of Rs. 460.46 Crore for AEGCL for FY 2022-23 in the Order dated March 21, 2022. During FY 2022-23, AEGCL has billed APDCL based on the order dated March 21, 2022. The audited accounts for FY 2022-23 reflects the actual revenue of Rs. 460.46 Crore.

In view of the above, the Commission approves the actual revenue of Rs. 460.46 Crore as per the audited accounts, for the Truing up for FY 2022-23.

4.15 Revenue from Wheeling Charges from Open Access Consumers

AEGCL has considered the wheeling charges from Open Access consumers amounting to Rs. 4.20 Crore as additional revenue of AEGCL in the True-up for FY 2022-23.

Commission's Analysis

The Commission has considered the income from wheeling charges levied to Open Access consumers as Rs. 4.25 Crore for FY 2022-23, based on the Audited Accounts and clarification submitted by AEGCL vide its replies before the TVS.

4.16 ARR after Truing Up of FY 2022-23

Considering the above heads of expense and revenue as per the Audited Accounts for FY 2022-23 and after due prudence check, the net ARR and Revenue Gap/(Surplus) approved after true-up for FY 2022-23 is shown in the following Table:

Table 21: ARR approved after Truing up for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	Tariff Order	Proposed by AEGCL	Approved after truing up
1	O&M Expenses	223.11	219.05	215.13
a	<i>Employee Cost</i>	184.39	185.39	183.56
b	<i>R&M Expenses</i>	28.89	22.99	20.89
c	<i>A&G Expenses</i>	9.83	10.67	10.67
2	Depreciation	35.96	138.92	52.89
3	Interest & Finance Charges	24.33	15.06	1.15
4	Interest on Working Capital	12.30	16.58	13.78
5	BST for Pension Trust Fund	214.38	219.71	219.70
6	Return on Equity	13.68	75.70	60.99
7	Contribution to Contingency Reserve	2.71	2.73	2.73
9	Less: Non-Tariff Income/ Other Income	54.01	78.50	78.67
10	Aggregate Revenue Requirement	472.46	609.25	485.09
11	Sharing of (Gains)/Losses	-	(3.78)	(2.49)

Sr. No.	Particulars	Tariff Order	Proposed by AEGCL	Approved after truing up
12	ARR after sharing	472.46	605.47	485.22
13	Less: Reduction due to excess Transmission Loss	-	-	0.12
14	Add: Incentive on Transmission Availability	-	3.38	3.52
15	ARR after Incentive	472.46	608.84	488.61
16	Revenue with Approved Tariff	460.46	460.46	460.46
17	Revenue from STOA/MTOA Charges	12.00	4.25	4.25
18	ARR after reducing Revenue from STOA/MTOA charges	460.46	604.59	484.36
19	Revenue Gap/(Surplus)	0.00	144.14	23.90

The Commission has approved the Net ARR after sharing of (Gains)/Losses, Incentive after Truing-up for FY 2022-23 as Rs. 488.61 Crore. After considering the Revenue at approved Tariff and Revenue from STOA/MTOA charges, the Revenue Gap of Rs. 23.90 Crore is approved after truing up for FY 2022-23, with associated Carrying Cost. This Surplus has been considered for adjustment in the net ARR of APDCL during FY 2024-25.

5 Annual Performance Review for FY 2023-24

5.1 Methodology for Annual Performance Review

The Commission had approved the ARR and Tariff for FY 2023-24 vide the Tariff Order dated March 29, 2023.

The MYT Regulations, 2021, specifies that the Commission shall undertake the APR and True-up for the respective years of the Control Period from FY 2022 -23 to FY 2024-25, as reproduced below:

“9.3 The scope of the annual review and True up shall be a comparison of the actual performance of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise the following:

- ...
- b) *Annual Review: a comparison of the revised performance targets of the applicant for the current financial year with the approved forecast in the Tariff order corresponding to the Control period for the current financial year subject to prudence check including adjusting trajectories of uncontrollable and controllable items.”*

ATEGCL submitted the APR Petition for FY 2023-24, supported by actual information available till September 2023 and estimated values for the next six months.

In accordance with the above said Regulation, it is clear that the main objective of APR is to compare the estimated performance for FY 2023-24 vis-à-vis approved forecast in the Tariff Order dated March 29, 2023. The Revenue Gap/(Surplus) arising out of APR for FY 2023-24 shall not be passed on to the beneficiaries, and the same shall be considered at the time of Truing-up of FY 2023-24 only.

In the present Chapter, the Commission has analysed the submission of all the elements of ARR vis-à-vis approved values in the Tariff Order for FY 2023-24. The Commission has computed the Revenue Gap/(Surplus) as an indication of the performance in FY 2023-24. No sharing of gains/(losses) has been undertaken at this stage and the same shall be considered at the time of Truing up for FY 2023-24.

5.2 Transmission Loss

ATEGCL projected the Transmission Loss of 3.28% for FY 2023-24.

Commission's Analysis

The Commission observes that the Transmission Loss projected by AEGCL is higher than the targeted loss level of 3.25% approved in the Tariff Order dated March 21, 2022. AEGCL should strive to meet the target set by the Commission, as increase in the Transmission Loss levels will result in increase in the power purchase quantum and cost of APDCL, thereby increasing the burden on the consumers.

5.3 Operation and Maintenance Expenses

AEGCL submitted that O&M expenses for FY 2023-24 comprise employee expenses, R&M expenses, and A&G expenses, and have been computed on normative basis in accordance with Regulation 102 of the MYT Regulations, 2021. The normative expenses as claimed in the true-up for FY 2022-23 have been considered as the base expenses. The average WPI and CPI have been considered as 7.90% and 5.40%, respectively. The normative O&M expenses submitted by AEGCL for FY 2023-24 are shown in the Table below:

Table 22: Normative O&M Expenses Projected by AEGCL for FY 2023-24 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dtd 29.03.2023	AEGCL Submission
1	O&M Expenses	239.07	239.97
a	Employee Cost	196.94	197.36
b	R&M Expenses	30.60	31.10
c	A&G Expenses	11.53	11.51

AEGCL also submitted the revised estimates of each component of O&M expenses for FY 2023-24, based on the actual expenses in the first six months and estimates for the remaining six months. The claim of AEGCL under various heads of O&M expenses is discussed below.

Employee Expenses

AEGCL submitted that the normative employee cost for FY 2022-23 of AEGCL has been considered as base employee cost for FY 2023-24 after deducting the approved base employee cost of SLDC for previous year. The Gn (Growth Factor) of AEGCL has been considered as 1.00% as approved by the Commission in the Tariff Order dated 29th March 2023, and CPI escalation has been considered as 5.40%. AEGCL requested the Commission to approve the normative Employee expenses amounting to Rs. 197.36 Crore for FY 2023-24.

AEGCL submitted that 109 employees would be recruited, as against retirement of 41 employees in FY 2023-24.

AEGCL submitted that the actual employee costs for FY 2023-24 have been estimated based on 6 months actual data and estimation for the next 6 months. Actual salary paid for the month of Oct 2023 has been considered as the salary for the month of November 2023 to March 2024. AEGCL estimated the actual employee expenses at Rs. 189.93 Crore for FY 2023-24.

R&M Expenses

AEGCL submitted that it has computed the normative R&M expenses for FY 2023-24 in accordance with the MYT Regulations, 2021, based on the average GFA of the previous year, and K factor of 0.75%, and WPI escalation rate of 7.90%. AEGCL requested the Commission to approve the normative R&M expenses amounting to Rs. 23.28 Crore for FY 2023-24, excluding Provision for Colony Maintenance and Provision for Cyber Security.

Provision for Colony Maintenance of AEGCL

AEGCL submitted that the Commission vide Tariff Order dated 21 March 2022 approved an amount of Rs. 5.93 Crore for FY 2023-24 for restoration of old colony buildings. AEGCL has already initiated the process and expenses of the same will be incurred during the current financial year.

Provision for Cyber Security of AEGCL

AEGCL submitted that in order to cope with the existing Cyber Threats and remain updated, various steps need to be undertaken which require financial involvement. Also, Cyber Security related issues cannot be taken lightly, and any data breach or attack may have disastrous impact on the organization and shall also be a breach in national security. Further, under Article 1(j) of the CEA (Cyber Security in Power Sector) Guidelines, 2021, it has been clearly mentioned that the responsible entity shall allocate sufficient annual budget for enhancing Cyber Security, enhanced year over year. In this regard, AEGCL requested the Commission to approve the amount of Rs. 1.88 Crore towards Cyber Security as requested over and above the R&M expenses for FY 2023-24.

AEGCL submitted that while estimating R&M expenses for FY 2023-24, actual R&M expenses incurred during first 6 months plus estimate for the next 6 months has been considered. It is pertinent to note that the R&M works of assets is minimal during H1, on account of monsoon. Assam receives abundant rainfall in the monsoon. The rain season starts in the month of June

and lasts till October. Hence, the R&M works are carried out post-monsoon and hence H2 expenses are usually twice the H1 expenses. AEGCL estimated the actual R&M expenses at Rs. 25.53 Crore for FY 2023-24.

A&G Expenses

AEGCL has considered the normative A&G expenses for FY 2022-23 as base A&G expense for FY 2023-24 and escalated the same by WPI escalation of 7.90% and requested the Commission to approve the normative A&G expenses amounting to Rs. 11.51 Crore for FY 2023-24.

AEGCL has estimated the actual A&G expenses for FY 2023-24 at Rs. 15.35 Crore, based on actual A&G expenses incurred during first 6 months plus estimate for the next 6 months.

Commission's Analysis

The Commission has approved the O&M Expenses on normative basis in the Tariff Order as per MYT Regulations, 2021.

For computation of normative employee expenses for FY 2023-24, the Commission has adopted the following approach:

- a) The normative employee expenses for FY 2022-23 has been escalated by applicable CPI inflation factor of 5.40% from FY 2020-21 to FY 2022-23;
- d) Considering the estimated increase in number of employees, growth factor of 1% has been considered. However, in case there is no increase in number of employees in FY 2023-24, then the growth factor of 1% shall not be considered at the time of true-up for FY 2023-24.

The normative employee expenses approved for FY 2023-24 is shown in the following Table:

Table 23: Approved Employee Expenses for FY 2023-24 (Rs. Crore)

Particulars	AEGCL	Approved after APR
Base Employee Cost	185.39	183.56
CPI Inflation	5.40%	5.40%
Growth factor	1.00%	1.00%
Employee expenses	197.36	195.41

For computation of normative R&M Expenses for FY 2023-24, the Commission has considered the following approach:

- a) WPI inflation for computation of R&M Expenses works out to 7.90% as per MYT Regulations, 2021, based on average increase of WPI for the period from FY 2020-21 to FY 2022-23;
- b) K-factor has been considered as 0.75% as approved in MYT Order dated March 21, 2022;
- c) Since K-factor has been computed on the basis of average GFA for projection of R&M expenses, average GFA for the previous year has been considered;
- d) The Commission has considered the entire provision for colony maintenance as approved in the MYT Order, though the actual expenses in H1 of FY 2023-24 is only Rs. 0.60 Crore. The Commission shall consider the actual expenses based on prudence check during true up of FY 2023-24;
- e) The Commission has considered the Additional amount for Cyber Security, as estimated by AEGCL, considering the criticality of maintaining security, and in accordance with the CEA Guidelines. The Commission shall consider the actual expenses based on prudence check during true up of FY 2023-24.

The normative R&M expenses approved for FY 2023-24 is shown in the following Table:

Table 24: Approved R&M Expenses for FY 2023-24 (Rs. Crore)

Particulars	AEGCL	Approved after APR
Opening GFA for previous year	2,732.21	2731.97
Closing GFA for previous year	3,022.08	3,022.08
Average GFA for previous year	2,877.14	2,877.03
K Factor	0.75%	0.75%
WPI Inflation	7.90%	7.90%
R&M Expenses	23.28	23.28
Provision for Colony Maintenance of AEGCL	5.93	5.93
Additional amount for Cyber Security	1.88	1.88
Net Normative R&M Expense	31.10	31.10

For computation of A&G expenses for FY 2023-24, the Commission has escalated the

normative A&G expenses for FY 2022-23 by applicable WPI inflation factor of 7.90% from FY 2020-21 to FY 2022-23. The normative A&G expenses approved for FY 2023-24 is shown in the following Table:

Table 25: Approved A&G Expenses for FY 2023-24 (Rs. Crore)

Particulars	AEGCL	Approved after APR
A&G Expenses for Previous Year	10.67	10.67
WPI Inflation	7.90%	7.90%
A&G Expenses	11.51	11.52

In view of the above, the Commission provisionally considers the O&M expenses as shown in the following Table in the APR for FY 2023-24:

Table 26: Approved O&M Expenses for FY 2023-24 (Rs. Crore)

Particulars	Proposed by AEGCL	Approved after APR
Total O&M Expenses	239.97	238.02
Employee Expenses	197.36	195.41
R&M Expenses	31.10	31.10
A&G Expenses	11.51	11.52

5.4 Capitalisation

AEGCL submitted that the Capitalisation for FY 2023-24 has been estimated based on 6 months actual addition of assets and estimation of asset addition for the next 6 months.

AEGCL requested the Commission to approve the proposed Capitalisation of Rs.1,009.62 Crore for FY 2023-24. The funding of capitalisation has been considered as Rs 984.32 Crore, Rs 9.07 Crore, and Rs 16.23 Crore from grants, equity, and loans, respectively.

Commission's Analysis

The Commission had approved the Capitalisation of Rs. 250 crore for FY 2023-24 in the MYT Order dated March 21, 2022. In the Tariff Order for FY 2023-24 dated March 29, 2024, the Commission revised the approved Capitalisation to Rs. 225 Crore, considering the past trend

of capitalisation.

AEGCL has estimated capitalisation of Rs.1,009.62 Crore in the APR for FY 2023-24. The Commission is of the view that such high Capitalisation is unrealistic and will only result in inflating the ARR of AEGCL, which will result in surplus at the time of true-up, which will have to be refunded to the consumers, with carrying cost. The Commission provisionally approves Capitalisation of Rs. 270 Crore in the APR of FY 2023-24, based on the 5-year average of actual Capitalisation achieved by AEGCL.

The Commission has considered the funding of Capitalisation through Grants in proportion to the funding pattern proposed by AEGCL, and balance funding has been considered in normative debt:equity ratio of 70:30, as shown in the following Table:

Table 27: Funding of Capitalisation for FY 2023-24 as considered by the Commission (Rs. Crore)

Particulars	Approved in T.O. dated 29.03.2023	Proposed by AEGCL	Approved after APR
Grant	224.66	984.32	263.23
Equity		9.07	2.03
Debt	0.34	16.23	4.74
Total Capitalisation	225.00	1,009.62	270.00

5.5 Depreciation

AEGCL submitted that Depreciation has been calculated considering the opening balance of assets and the capitalization estimated for FY 2023-24. AEGCL submitted that the Depreciation has been computed on assets excluding the assets funded through grants.

AEGCL has converted Government Loan of Rs. 11.52 Crore and Government Grant of Rs. 134.40 Crore as on 31.03.2023 into equity during FY 2023-24, as approved by the GoA, in its meeting held on 8th September 2023 notified vide letter No. E 377979/4 dated 15th September 2023.

For FY 2023-24, AEGCL has hence, considered the Grants of Rs. 1951.14 Crore and Loans of Rs. 638.41 Crore converted to equity by GoA earlier, along with the conversion of Government Grant of Rs. 134.40 Crore and loan of Rs. 11.52 Crore into equity in FY 2023-24.

Commission's Analysis

The Commission has considered the opening GFA for FY 2023-24 equal to the closing GFA approved in True up of FY 2022-23, after excluding the assets of SLDC. The Commission has computed depreciation as per scheduled rates specified in the Tariff Regulations, 2021.

As per Regulation 32 of the MYT Regulations, 2021, the total depreciation during the life of the asset shall not exceed 90% of the original cost of Asset. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has disallowed the depreciation in excess of 90% of the original cost of asset under different asset heads.

In line with the approach adopted in the previous Orders and as specified in the MYT Regulations, 2021, the Commission has not considered the depreciation on assets funded through grants, consumer contribution or capital subsidy, for FY 2023-24. The addition to equity on account of conversion of grant to equity has been elaborated in the Section on Return on Equity. As the conversion of grant to equity is itself limited to 30% of the GFA addition, the Commission has not considered any conversion of loan to equity, as the debt:equity ratio is governed by the provisions of the MYT Regulations, and equity cannot exceed 30% of the GFA.

The depreciation provisionally approved for FY 2023-24 in the APR is given in the Table below:

Table 28: Depreciation approved for FY 2023-24 (Rs. Crore)

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation
1	Land owned under full ownership	47.66	-0.02	-	
2	Land under lease	-		3.34%	-
3	Building	65.20	1.69	3.34%	1.63
4	Hydraulic	2.64	-	5.28%	-
5	Other Civil Works	159.98	3.77	3.34%	5.41
6	Plant & Machinery	1,426.63	70.62	5.28%	73.21
7	Lines & Cable Network	1,300.46	193.29	5.28%	52.65
8	Vehicles	4.95	-	9.50%	0.07
9	Furniture & Fixtures	8.35	0.37	6.33%	0.43

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation
10	Office Equipment	4.39	0.28	6.33%	0.23
11	Computer and accessories	1.81	-	15%	0.27
11	Grand Total	3,022.08	270.00		133.89
15	Less: Depreciation for Grants/ Consumer Contribution				48.87
16	Net Total				85.02
20	Less: Depreciation towards CC				3.59
21	Net Depreciation after CC & Grants				81.43

The Commission provisionally approves Depreciation of Rs. 81.43 Crore in the APR for FY 2023-24.

5.6 Interest and Finance Charges

The Commission had approved Interest and Finance Charges of Rs. 9.97 Crore for FY 2023-24 in the Tariff Order dated March 29, 2023. As against this, AEGCL has claimed Interest and finance Charges of Rs. 3.99 Crore in the APR for FY 2023-24.

Commission's Analysis

The Commission has approved Interest on loan capital for FY 2023-24 on normative basis as per MYT Regulations, 2021. The normative loan outstanding as on April 1, 2023 has been considered equal to the closing normative loan approved in the Truing up for FY 2022-23. The addition of loan has been considered equal to debt portion of capitalised works as approved by the Commission in this Order. The loan repayment has been considered equivalent to depreciation approved in this Order.

As per MYT Regulations, 2021, weighted average rate of interest shall be computed based on actual outstanding loan as on April 1, 2023. Accordingly, weighted average interest rate has been computed as 0.58% for computation of interest on loan capital.

The Interest on loan capital as approved by the Commission for FY 2023-24 is shown in the

following Table:

Table 29: Approved Interest on loan Capital for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 29.03.2023	AEGCL Submission	Approved after APR
1	Net Normative Opening Loan	159.58	85.98	178.98
2	Addition of normative loan during the year	0.34	16.23	4.74
3	Normative Repayment during the year	118.59	95.58	81.43
4	Net Normative Closing Loan	41.33	6.62	102.28
5	Interest Rate	9.92%	8.60%	0.58%
6	Interest Expenses	9.96	3.98	0.82
7	Finance Charges	0.01	0.01	0.01
8	Total Interest and Finance Charges	9.97	3.99	0.83

The Commission provisionally considers Interest on loan Capital of Rs. 0.83 Crore in APR for FY 2023-24.

5.7 Return on Equity

The Commission approved the RoE of Rs. 111.65 Crore for FY 2023-24 in the Tariff Order dated March 29, 2023. As against this, AEGCL has claimed RoE of Rs. 121.32 Crore for FY 2023-24, calculated at the rate of 13.50% as specified in the MYT Regulations, 2021.

Commission's Analysis

The Commission has approved RoE for FY 2023-24 as per MYT Regulations, 2021. The equity as on April 1, 2023 has been considered equal to the closing equity approved in the Truing up for FY 2022-23. The addition of equity has been considered equal to equity portion of capitalised works as approved by the Commission in this Order.

The addition to equity on account of conversion of grant to equity is limited to 30% of GFA. As the conversion of grant to equity is itself limited to 30% of the GFA addition, the Commission has not considered any conversion of loan to equity, as the debt:equity ratio is governed by the provisions of the MYT Regulations, and equity cannot exceed 30% of the GFA. The conversion of Grant to equity allowed by the Commission for FY 2023-24 is shown in the Table

below:

**Table 30: Conversion of Grant to Equity approved by the Commission for FY 2023-24
(Rs. Crore)**

Particulars	Amount
Opening GFA	3022.08
Average Grant towards GFA	1309.43
If conversion of Rs. 1955.05 Crore of grant considered	1258.01
Net Grant towards GFA	51.42
Net assets to be funded	2970.66
Maximum Equity that can be considered	891.20
Equity already considered (including additional equity allowed due to GFA addition in FY 2023-24)	805.59
Equity that can be additionally allowed	85.61

Thus, the Commission has considered additional equity of Rs. 85.61 Crore due to conversion of Grant to equity in FY 2023-24.

The RoE approved in the APR for FY 2023-24 is shown in the Table below:

Table 31: Return on Equity for FY 2023-24 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 29.03.2023	AEGCL Submission	Approved for APR
1	Opening Equity Capital	827.01	876.80	803.56
2	Equity addition due to GFA addition	-	43.77	2.03
3	Equity addition due to conversion of Grant to equity	-		85.61
4	Closing Equity	827.01	920.57	891.20
5	Average Equity	827.01	898.68	847.38
6	Rate of Return on equity	13.50%	13.50%	13.50%
7	Return on Equity	111.65	121.32	114.40

Accordingly, the Commission considers RoE of Rs 114.40 Crore in APR for FY 2023-24.

5.8 Interest on Working Capital (IoWC)

The Commission approved IoWC of Rs. 17.73 Crore for FY 2023-24 in the Tariff Order dated March 29, 2023. As against this, AEGCL has claimed IoWC of Rs. 19.29 Crore for FY 2023-24, calculated as specified in the MYT Regulations, 2021.

Commission's Analysis

The Commission has computed IoWC in accordance with the MYT Regulations, 2021. The rate of Interest has been considered equal to average SBI 1-year MCLR rate for the last six months at the time of filing of the Petition, plus 300 basis points, i.e., 11.53%. For computation of working capital requirement, normative O&M expenses have been considered. Further, receivables have been considered equal to the revenue approved for FY 2023-24 in the Tariff Order for FY 2023-24. The IoWC approved by the Commission for FY 2023-24 is shown in the following Table:

Table 32: Interest on Working Capital for FY 2023-24 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 29.03.23	AEGCL	Approved after APR
1	O&M expenses for 1 month	19.92	20.00	19.84
2	Maintenance spares @ 15% of O&M Expenses	35.86	36.00	35.70
3	Receivables for two months	111.82	111.25	110.58
4	Total Working Capital	167.60	167.24	166.12
5	Rate of Interest	10.58%	11.53%	11.53%
6	Interest on Working Capital	17.72	19.29	19.16

Accordingly, the Commission provisionally approves IoWC of Rs. 19.16 Crore in the APR for FY 2023-24.

5.9 BST for Pension Fund

The Commission had approved BST for Pension fund at 20 paise per unit amounting to Rs. 230.34 Crore for FY 2023-24 in the Tariff Order dated March 29, 2023. AEGCL has claimed BST for Pension Fund of Rs. 251.55 Crore as per the estimated energy sent out to APDCL for

FY 2023-24.

Commission's Analysis

The Commission approves BST for Pension Fund at 20 paise per unit on the energy transmitted to APDCL, as shown in the following Table:

Table 33: Approved BST for Pension Fund for FY 2023-24 (Rs. Crore)

Particulars	Approved in T.O. dt. 29.03.23	AEGCL	Approved after APR
Energy transmitted to APDCL (MU)			12120.41
BST for Pension Fund	230.34	251.55	242.41

Accordingly, the Commission provisionally approves BST for pension fund of Rs. 242.41 Crore in the APR for FY 2023-24.

5.10 Non-Tariff Income

The Commission had approved the Non-Tariff Income (NTI) at Rs. 58.45 Crore for FY 2023-24 in the Tariff Order dated March 29, 2023. As against this, AEGCL has projected NTI of Rs. 67.23 Crore for FY 2023-24.

Commission's Analysis

The Commission provisionally considers NTI of Rs. 77.41 Crore, by considering a 5% increase in some of the heads of NTI and nil increase in other heads for FY 2023-24 over the actual levels in FY 2022-23. The actual non-Tariff income will be allowed at the time of truing up, subject to prudence check.

5.11 Contribution to Contingency Reserves for FY 2023-24

AEGCL submitted that the Commission vide its Tariff Order dated 29.03.2023 has approved Contribution to Contingency Reserves of Rs. 2.89 Crore for FY 2023-24. The fund created under contingency reserves for FY 2023-24 shall be utilized for repairing of damaged and rusted tower legs, stubs, emergency replacement of damaged conductor, temporary protection of tower, replacement of insulator due to fault, re-tensioning of conductors, construction of new towers in place of river eroded towers, etc., in several transmission lines due to recent floods in the State. AEGCL has estimated the Contribution to Contingency

Reserve based on estimated GFA for FY 2023-24 at Rs. 3.02 crore as shown in the Table below:

Table 34: Contribution towards Contingency Reserves for FY 2023-24 as estimated by AEGCL (Rs. Crore)

Sl. No.	Particulars	As per T.O. dated 29.03.2023	AEGCL Submission
1	Opening GFA for Previous year	2893.06	3022.08
2	%Contribution to Contingency Reserves	0.10%	0.10%
3	Contingency Reserves (1*2)	2.89	3.02

Commission's Analysis

As stated in the Chapter on True-up for FY 2022-23, AEGCL is utilising the Funds against Contingency Reserve for regular R&M work, which is not allowed, and has not sought the Commission's approval for such utilisation of the Fund, and not even intimated the Commission regarding such utilisation.

The Commission has taken serious note of AEGCL's lapse in this matter, and has decided not to allow further Contribution to Contingency Reserve in FY 2023-24 and FY 2024-25.

5.12 ARR after Annual Performance Review of FY 2023-24

Considering the above heads of expense and revenue, the net ARR approved after APR for FY 2023-24 is shown in the following Table:

Table 35: ARR approved after APR for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 29.03.23	Proposed by AEGCL	Approved after APR
1	O&M Expenses	239.07	239.97	238.02
A	<i>Employee Cost</i>	196.94	197.36	195.41
B	<i>R&M Expenses</i>	30.60	31.10	31.10
C	<i>A&G Expenses</i>	11.53	11.51	11.52
2	Depreciation	117.69	95.58	81.43

Sr. No.	Particulars	Approved in T.O. dt. 29.03.23	Proposed by AEGCL	Approved after APR
3	Interest and Finance Charges	9.97	3.99	0.83
4	Interest on Working Capital	17.72	19.29	19.16
5	BST for Pension Trust Fund	230.34	251.55	242.41
6	Return on Equity	111.65	121.32	114.40
7	Contribution to Contingency Reserve	2.89	3.02	-
8	Less: Non-Tariff Income	58.45	67.23	77.41
9	Aggregate Revenue Requirement	670.88	667.49	618.83

5.13 Revenue Gap/(Surplus) for FY 2023-24

AEGCL has claimed Revenue Gap of Rs. 4.03 Crore after APR for FY 2023-24.

Commission's Analysis

The Commission has computed the Revenue Gap/(Surplus) arising out of APR for FY 2023-24 as shown in the following Table:

Table 36: Revenue Gap/(Surplus) after APR for FY 2023-24 (Rs. Crore)

Sr. No.	Particulars	Proposed by AEGCL	Approved after APR
1	Net ARR	667.49	618.83
2	Revenue with Approved Tariff	658.88	658.88
3	Revenue from STO/MTOA Charges	4.58	4.58
4	Revenue Gap/(Surplus)	4.03	(44.63)

The APR reveals a surplus of Rs. 44.63 Crore for FY 2023-24. It is only indicative, in the absence of Audited Annual Accounts for FY 2023-24. It will be considered during the Truing up process for FY 2023-24, after the Audited Annual Accounts are made available.

6 Revised ARR for AEGCL for FY 2024-25

6.1 Introduction

This Chapter deals with the approval of ARR of AEGCL for FY 2024-25 in accordance with the provisions of the MYT Regulations, 2021.

6.2 Transmission Loss

AEGCL has projected the Transmission Loss for FY 2024-25 as 3.28%.

Commission's Analysis

The Commission in the MYT Order dated March 21, 2022, has approved the Transmission Loss target of 3.23% for FY 2024-25, which is retained. AEGCL should strive to ensure that the actual Transmission Losses are within the loss level approved by the Commission.

6.3 Transmission Availability

AEGCL has projected the Transmission Availability of 99.50% for FY 2024-25.

Commission's Analysis

The MYT Regulations, 2021 specifies the Normative Transmission Availability of 98% for full recovery of transmission charges and 98.5% for incentive consideration. Also, the computation and payment of Transmission Charges has been linked to monthly Transmission Availability computed as per the MYT Regulations, 2021.

The Commission notes that AEGCL has projected the trajectory of Transmission Availability higher than Normative Transmission Availability as specified in MYT Regulations, 2021. The computation of incentive/disincentive on account of Transmission Availability shall be undertaken at the time of truing up for FY 2024-25 in line with the MYT Regulations, 2021.

6.4 Operation and Maintenance Expenses

AEGCL submitted that O&M expenses for FY 2024-25 comprise of the following heads:

- a) Employee expenses;
- b) R&M expenses;
- c) A&G expenses.

The normative O&M expenses submitted by AEGCL for FY 2024-25 are shown in the Table below:

Table 37: Normative O&M Expenses Projected by AEGCL for FY 2024-25 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dtd 21.03.2022	AEGCL Submission
1	O&M Expenses	249.87	261.83
a	Employee Cost	209.48	210.10
b	R&M Expenses	29.73	39.31
c	A&G Expenses	10.66	12.42

The claim of AEGCL under various heads of O&M expenses are discussed below:

Inflation Indices

AEGCL has considered the WPI of 7.90% and CPI of 5.40% for projecting the O&M expenses for FY 2024-25.

Employee Expenses

AEGCL submitted that the normative employee cost for FY 2023-24 of AEGCL has been considered as base employee cost for FY 2024-25. The Gn (Growth Factor) of AEGCL has been considered as 1.00% as approved by the Commission in the Tariff Order dated 29th March 2023, and CPI escalation has been considered as 5.40%. AEGCL requested the Commission to approve the normative Employee expenses amounting to Rs. 210.10 Crore for FY 2024-25.

AEGCL submitted that 398 employees would be recruited, as against retirement of 54 employees in FY 2024-25.

R&M Expenses

AEGCL submitted that R&M expenses are directly related to number of the substations and lines, age of the assets, its wear and tear during the period. R&M expenses are generally incurred in order to ensure the maintenance of the transmission lines/systems.

AEGCL submitted that it has computed the normative R&M expenses for FY 2024-25 in accordance with the MYT Regulations, 2021, based on the average GFA of the previous year, and K factor of 0.75%, and WPI escalation rate of 7.90%. AEGCL requested the Commission

to approve the normative R&M expenses amounting to Rs. 28.54 Crore for FY 2024-25, excluding Provision for Colony Maintenance and Provision for Cyber Security.

Provision for Colony Maintenance of AEGCL

AEGCL submitted that the Commission, vide Tariff Order dated 21st March 2023 approved Rs. 17.79 Crore for colony maintenance through a duration of three financial years, i.e., FY 2022-23, FY 2023-24, and 2024-25. Accordingly, the yearly allowable amount of Rs.5.93 Crore was meant to be utilized in FY 2022-23.

The amount against the work carried out in FY 2022-23 had to be booked against the FY2023-24. AEGCL wants to complete the majority of the colony maintenance work by the end of the FY 2024-25. At many of the GSS colonies including Sarusajai, Kahilipara, Dhaligaon, Depota, Samaguri, Mariani, Tinsukia Dullavcherra, Pailapool etc., there remains a lot of maintenance works in the coming months to repair and give a face lift to the colonies. AEGCL also submitted that there has been surge of applicants (employees) requesting residential quarters in AEGCL colony. Under this circumstance, it is extremely important that AEGCL should be allowed the entire amount of Rs.17.79 Crore till FY 2024-25. AEGCL submitted that it was committed to fully utilize the balance amount with this stipulated period of MYT Control Period. AEGCL hence, requested the Commission to allow the amount of Rs. 9.76 Crore against this head in FY 2024-25.

Provision for Cyber Security

AEGCL submitted the estimate of Rs. 1.01 Crore against the following heads under Provision for Cyber Security:

Table 38: Provision for Cyber Security as estimated by AEGCL for FY 2024-25

Sl. No.	Description	Quantity	Unit	Rate in Rs.	Amount (Rs.)
1	End Point Security	1000	Nos	1,400	14,00,000
2	Training And Development				20,00,000
3	NCSAM (National Cyber Security Awareness Month)	1		2,00,000	2,00,000
4	AEGCL Webmail Licenses				15,00,000
5	Cyber Security Related Tools				40,00,000
6	Software Procurement				10,00,000
Total					1,01,00,000

A&G Expenses

AEGCL has considered the normative A&G expenses for FY 2023-24 as base A&G expense for FY 2024-25 and escalated the same by WPI escalation of 7.90% and requested the Commission to approve the normative A&G expenses amounting to Rs. 12.42 Crore for FY 2024-25.

Commission's Analysis

The Commission has computed the O&M Expenses for FY 2024-25 on normative basis as per MYT Regulations, 2021. Any variation between normative O&M expenses and actual O&M Expenses shall be considered under sharing of gains and loss on account of controllable items as per Regulation 10 of MYT Regulations, 2021 at the time of truing up for respective year.

For computation of employee expenses for FY 2024-25, the Commission has adopted the following approach:

- a) The Normative employee expenses for FY 2023-24 have been considered as base expenses;
- b) The base employee expenses for FY 2023-24 have been escalated by applicable CPI inflation for FY 2021-22 to FY 2023-24, which works out to 5.32%;
- c) Considering the projected increase in number of employees in FY 2024-25, growth factor of 1% has been considered.

The normative employee expenses approved for FY 2024-25 are shown in the following Table:

Table 39: Approved Employee Expenses for FY 2024-25 (Rs. Crore)

Particulars	As per T.O. dated 21.03.2022	AEGCL Submission	Approved for FY 2024-25
Employee Expenses for previous year	196.54	197.36	195.41
CPI Inflation	5.53%	5.40%	5.32%
Growth factor	1.00%	1.00%	1.00%
Normative Employee Expenses	209.48	210.10	207.87

For computation of R&M Expenses for FY 2024-25, the Commission has considered the

following approach:

- a) WPI inflation has been computed for FY 2024-25 based on available data, which works out to 7.23%;
- b) K-factor has been considered as 0.75% as approved in the MYT Order dated March 21, 2022;
- c) Since, K-factor has been computed on the basis of average GFA, for projection of R&M expenses for FY 2024-25, average GFA for the previous year has been considered;
- d) Provision for Colony Maintenance has been considered as Rs. 5.93 Crore, as approved in the MYT Order;
- e) The amount of Rs. 1.01 Crore claimed by AEGCL for cyber security of its systems has been approved. AEGCL is directed to provide information to the Commission with its actual expenditure on this with necessary documentary proof on half-yearly basis.

In addition to other works, AEGCL should utilise the fund for construction of officer's residential RCC building (G+2) with six units, each at Jorhat (Garmur), Depota and Dhaligaon GSS.

The normative R&M expenses approved for FY 2024-25 are shown in the following Table:

Table 40: Approved R&M Expenses for FY 2024-25 (Rs. Crore)

Particulars	As per T.O. dated 21.03.2022	AEGCL submission	Approved by Commission
Opening GFA for previous year	2908.47	3,022.08	3,022.08
Closing GFA for previous year	3158.47	4,031.70	3,292.08
Average GFA for previous year	3033.47	3,526.89	3,157.08
K Factor	0.75%	0.75%	0.75%
WPI Inflation	4.13%	7.90%	7.23%
Normative R&M Expenses	23.81	28.54	25.39
Provision for Colony Maintenance of AEGCL	5.93	9.76	5.93
Additional amount for Cyber Security		1.01	1.01
Net Normative R&M Expenses	29.73	39.31	32.33

The A&G expenses for FY 2024-25 have been approved by escalating the approved A&G

expenses for FY 2023-24 with applicable WPI escalation of 7.23%. The approved A&G expenses for FY 2024-25 are shown in the following Table:

Table 41: Approved A&G Expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in T.O. dt. 21.03.22	AEGCL	Approved by the Commission
A&G Expenses for Previous Year	10.23	11.51	11.52
WPI Inflation	4.13%	7.90%	7.23%
Normative A&G Expenses	10.66	12.42	12.35

The summary of normative O&M expenses approved by the Commission for FY 2024-25 is shown in the Table below:

Table 42: Approved O&M Expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in T.O. dt. 21.03.22	AEGCL	Approved by the Commission
Employee Expenses	209.48	210.10	207.87
R&M Expenses	29.73	39.31	32.33
A&G Expenses	10.66	12.42	12.35
Total O&M Expenses	249.87	261.83	252.55

6.5 Capitalisation

The Commission had approved capitalisation of Rs. 300 Crore for FY 2024-25 in the Order dated March 21, 2022. AEGCL has projected revised capitalisation of Rs. 273.15 Crore in its Petition. AEGCL submitted that the funding of Capital Expenditure is envisaged through Grants, Equity, and Loans, as per funding pattern of the respective Schemes, as shown in the following Table:

Table 43: Capital Expenditure and Capitalisation submitted by AEGCL (Rs. Crore)

Particulars	As per T.O. dated 21.03.2022	AEGCL Submission
Capitalisation	300.00	273.15
Funding of Capitalisation		
Grant	261.22	245.05
Equity	1.35	0.00
Debt	37.43	28.11

Commission's Analysis

The Commission has approved the Scheme-wise Capital Expenditure and Capitalisation as elaborated in the MYT Order dated March 21, 2022. In the APR for FY 2023-24, the Commission has approved the Capitalisation of Rs. 270 Crore, based on the actual 5-year average of Capitalisation achieved by AEGCL. As the Capitalisation projected by AEGCL for FY 2024-25 is very close to the average Capitalisation in last 5 years, the Commission has accepted the Capitalisation and its funding as proposed by AEGCL for FY 2024-25, as shown in the Table below:

Table 44: Funding of Capitalisation approved by the Commission for FY 2024-25 (Rs. Crore)

Particulars	As per T.O. dated 21.03.2022	AEGCL Submission	Approved
Grant/Consumer Contribution	261.22	245.05	245.05
Equity	1.35	0.00	0.00
Debt	37.43	28.11	28.11
Total Capitalisation	300.00	273.15	273.15

6.6 Depreciation

AEGCL submitted that depreciation has been computed as per MYT Regulations, 2021 for FY 2024-25. Depreciation has been calculated taking into consideration the opening balance of assets for the respective year and the projected capitalization. The Closing Gross Fixed Assets for FY 2023-24 has been considered as the opening balance of assets for FY 2024-25. As specified in MYT Regulations, 2021, depreciation is calculated as per SLM considering depreciation to the extent of 90% of the Asset Value. The Depreciation of assets created

through Grant has been reduced before arriving at Net depreciation.

AEGCL submitted that AEGCL has converted Government Loan amounting to Rs. 638.41 Crore and Government Grant of Rs. 1955.05 Crore as on 31.03.2021 into equity during FY 2022-23. Also, AEGCL has converted Government Loan amounting to Rs. 11.52 Crore and Government Grant of Rs. 134.40 Crore, as on 31.03.2023 into equity during FY 2023-24. AEGCL claimed depreciation of Rs. 126.64 Crore for FY 2024-25.

Commission's Analysis

For computation of depreciation, the Commission has considered the closing GFA for FY 2023-24 as approved in this Order, as the Opening GFA for FY 2024-25. The capitalisation approved for FY 2024-25 has been considered as asset addition during the year. The Commission has considered the scheduled depreciation rates as specified in MYT Regulations, 2021.

As per Regulation 32 of the MYT Regulations, 2021, the total depreciation during the life of the asset shall not exceed 90% of the original cost of Asset. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has disallowed the depreciation in excess of 90% of the original cost of asset under different asset heads.

In line with the approach adopted in the previous Orders and as specified in the MYT Regulations, 2021, the Commission has not considered the depreciation on assets funded through grants, consumer contribution or capital subsidy, for FY 2024-25. The addition to equity on account of conversion of grant to equity has been elaborated in the Section on Return on Equity. As the conversion of grant to equity is itself limited to 30% of the GFA addition, the Commission has not considered any conversion of loan to equity, as the debt:equity ratio is governed by the provisions of the MYT Regulations, and equity cannot exceed 30% of the GFA.

The Commission has approved depreciation for FY 2024-25 as per MYT Regulations, 2021, as given in the Table below:

Table 45: Depreciation approved for FY 2024-25 (Rs. Crore)

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation Approved
1	Land & Rights	47.64	-		-
	Land under lease	-	-		-
2	Building	66.88	-	3.34%	1.66
3	Hydraulic	2.64	-	5.28%	-
4	Other Civil Works	163.75	20.71	3.34%	5.81
5	Plant & Machinery	1,497.25	107.06	5.28%	77.90
6	Lines & Cable Network	1,493.75	141.27	5.28%	61.48
7	Vehicles	4.95	-	9.50%	0.06
8	Furniture & Fixtures	8.72	0.80	6.33%	0.46
9	Office Equipment	4.67	3.31	6.33%	0.33
10	Computer and accessories	1.81	-	15%	0.27
11	Grand Total	3,292.08	270.00	4.20%	147.99
12	Asset excluding Land	3,244.43	270.00		
13	Less: Depreciation for Grants/Consumer Contribution				45.97
14	Net Depreciation				102.01
15	Depreciation towards CC				3.65
16	Net Depreciation after CC & Grants				98.37

6.7 Interest on Loan Capital

AEGCL has considered the closing net normative loan for FY 2023-24 as per its submissions, as the opening net normative loan for FY 2024-25. The normative repayment has been considered equal to the depreciation. The weighted average interest rate on the actual loan portfolio has been considered as 10.08% for FY 2024-25. AEGCL has claimed the Interest and Finance Charges for FY 2024-25 as Rs. 0.34 Crore.

Commission's Analysis

The Commission has considered the opening net normative loan as on April 1, 2024 as Rs. 102.28 Crore, based on the closing net normative loan of FY 2023-24. The addition of loan has been considered equal to debt portion of capitalized works as approved by the

Commission in this Order. The loan repayment has been considered equivalent to depreciation approved in this Order.

The weighted average rate of Interest of 0.58% has been considered for computing the normative interest for FY 2024-25. The interest on loan capital as approved by the Commission for FY 2024-25 is shown in the following Table:

Table 46: Approved Interest on Loan for FY 2024-25 (Rs. Crore)

Particulars	Approved in T.O. dt. 21.03.22	AEGCL	Approved the by Commission
Net Normative Opening Loan	217.22	6.62	102.28
Addition of normative loan during the year	37.43	28.11	28.11
Normative Repayment during the year	39.47	126.64	98.37
Net Normative Closing Loan	215.18	-	32.03
Interest Rate	10.08%	10.08%	0.58%
Interest Expenses	21.78	0.33	0.39
Finance Charges	0.01	0.01	0.01
Total Interest and Finance Charges	21.79	0.34	0.40

6.8 Return on Equity

AEGCL submitted that the Return on Equity has been computed at 13.5% on average balance of equity based upon the opening balance of equity and normative additions during the year. Accordingly, AEGCL has projected the RoE as Rs. 124.28 Crore for FY 2024-25.

Commission's Analysis

The Commission has approved RoE for FY 2024-25 as per MYT Regulations, 2021. The equity as on April 1, 2024 has been considered equal to the closing equity approved in the APR for FY 2023-24. The addition of equity has been considered equal to equity portion of capitalised works as approved by the Commission in this Order.

The addition to equity on account of conversion of grant to equity is limited to 30% of GFA. As the conversion of grant to equity is itself limited to 30% of the GFA addition, the Commission has not considered any conversion of loan to equity, as the debt:equity ratio is governed by the provisions of the MYT Regulations, and equity cannot exceed 30% of the GFA. The conversion of Grant to equity allowed by the Commission for FY 2024-25 is shown in the Table

below:

**Table 47: Conversion of Grant to Equity approved by the Commission for FY 2024-25
(Rs. Crore)**

Particulars	Amount
Opening GFA	3292.08
Average Grant towards GFA	1214.73
If conversion of Rs. 1955.05 Crore of grant considered	1172.40
Net Grant towards GFA	42.33
Net assets to be funded	3249.75
Maximum Equity that can be considered	974.92
Equity already considered (including additional equity allowed due to GFA addition in FY 2024-25)	891.20
Equity that can be additionally allowed	83.73

Thus, the Commission has considered additional equity of Rs. 83.73 Crore due to conversion of Grant to equity in FY 2024-25.

The Commission has considered the approved RoE at 13.50% as shown in the Table below:

Table 48: Return on Equity approved by the Commission for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 21.03.22	AEGCL Submission	Approved by the Commission
1	Opening Equity	105.00	920.57	891.20
2	Addition due to Capitalisation	1.35	-	-
3	Addition due to conversion of Grant to equity	-	-	83.73
4	Less: Reduction during the year	0	-	-
5	Equity (Closing Balance)	106.35	920.57	974.92
6	Average Equity	105.68	920.57	933.06
7	Rate of Return on Equity	13.50%	13.50%	13.50%
8	Return on Equity	14.27	124.28	125.96

6.9 Interest on Working Capital

AEGCL submitted that the normative IoWC has been computed in accordance with the MYT

Regulations, 2021. The rate of interest provided on the working capital is the normative interest rate of 300 basis points above the average SBI 1-year MCLR prevalent during last available six months for the determination of tariff. Accordingly, AEGCL has projected the loWC as Rs. 20.96 Crore FY 2024-25.

Commission's Analysis

The Commission has computed normative loWC in accordance with the MYT Regulations, 2021. The rate of Interest has been considered equal to average SBI 1-year MCLR rate prevalent in last 6 months plus 300 basis points, i.e., 11.53% For computation of working capital requirement, normative O&M expenses have been considered. Further, receivables have been considered equal to the ARR approved for FY 2024-25 in this Order. loWC approved by the Commission for FY 2024-25 is shown in the following Table:

Table 49: loWC approved by the Commission for FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	Approved in T.O. dt. 21.03.22	AEGCL	Approved by the Commission
1	O&M expenses for 1 month	20.82	21.82	21.05
2	Maintenance spares @ 15% of O&M Expenses	37.48	39.27	37.88
3	Receivables for two months	90.03	120.61	116.27
4	Total Working Capital	148.33	181.71	175.19
5	Rate of Interest	10.00%	11.53%	11.53%
6	Interest on Working Capital	14.83	20.96	20.21

6.10 BST for Pension Fund

AEGCL has computed the special charges on account of BST at 20 paise per unit of energy sent out to APDCL, as shown in the Table below:

Table 50: Special charges - BST for FY 2024-25 by AEGCL (Rs. Crore)

Sl. No.	Particulars	As per T.O. dated 21.03.2022	AEGCL Petition
1	Energy Sent Out to APDCL (MU)	250.79	12640.31
2	BST Charge (Rs. /kWh)		0.20
3	Total (3=1*2/10)	250.79	252.81

Commission's Analysis

The Commission approves BST for Pension Fund at 20 Paise per unit on the energy sent out to APDCL, as approved in the Tariff Order of APDCL, as shown in the following Table:

Table 51: BST for Pension Fund for FY 2024-25 as approved by the Commission (Rs. Crore)

Particulars	Approved in T.O. dt. 21.03.22	AEGCL	Approved by the Commission
Energy sent out to APDCL (MU)		12640.31	13034.53
BST for Pension Fund	250.79	252.81	260.69

6.11 Non-Tariff Income

AEGCL has projected the Non-Tariff Income (NTI) as Rs. 67.20 Crore for FY 2024-25.

Commission's Analysis

The Commission has approved the NTI as Rs. by considering a 5% escalation on the NTI estimated for FY 2023-24.

The Commission approves the Non-Tariff Income of Rs. 85.33 Crore for FY 2024-25. The actual non-Tariff income shall be considered at the time of truing up for FY 2024-25, after prudence check.

6.12 Contribution to Contingency Reserves for FY 2024-25

AEGCL has considered the Contribution to Contingency Reserves for FY 2024-25 in accordance with Regulation 67.9 of the MYT Regulations, 2021, as shown in the Table below:

Table 52: Contribution towards Contingency Reserves for FY 2024-25 (Rs. Crore)

Sl. No.	Particulars	As per T.O. dated 21.03.2022	AEGCL Petition
1	Opening GFA for Previous year	3079.29	4,031.70
2	% Contribution to Reserve	0.10%	0.10%
3	Contingency Reserves (1*2)	3.08	4.03

Commission's Analysis

As stated in the Chapter on True-up for FY 2022-23, AEGCL is utilising the Funds against Contingency Reserve for regular R&M work, which is not allowed, and has not sought the

Commission's approval for such utilisation of the Fund, and not even intimated the Commission regarding such utilisation.

The Commission has taken serious note of AEGCL's lapse in this matter, and has decided not to allow further Contribution to Contingency Reserve in FY 2024-25.

6.13 Revenue from STOA/MTOA Charges

AEGCL submitted that the Income from Open Access consumers has been projected based on actual of FY 2022-23 and six months actual for FY 2023-24. AEGCL submitted the projected income from Open Access consumers as Rs. 4.58 Crore for FY 2024-25.

Commission's Analysis

The Commission has accepted AEGCL's projection of income from Open Access consumers as Rs. 4.58 Crore for FY 2024-25. The actual Income from STOA/MTOA shall be considered at the time of true-up for FY 2024-25.

6.14 Summary of ARR for FY 2024-25

The summary of ARR as submitted by AEGCL and as approved by the Commission for FY 2024-25 is given in the Table below:

Table 53: ARR for FY 2024-25 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	Approved in MYT Order	AEGCL Petition	Approved by the Commission
1	O&M Expenses	249.87	261.83	252.55
a	Employee Cost	209.48	210.10	207.87
b	R&M Expenses	29.73	39.31	32.33
c	A&G Expenses	10.66	12.42	12.35
2	Depreciation	39.47	126.64	98.37
3	Interest and Finance Charges	21.79	0.34	0.40
4	Interest on Working Capital	14.83	20.96	20.21
5	BST for Pension Trust Fund	250.79	252.81	260.69
6	Return on Equity	14.27	124.28	125.96
7	Contribution to Contingency Reserve	3.08	4.03	-

Sr. No.	Particulars	Approved in MYT Order	AEGCL Petition	Approved by the Commission
8	Less: Non-Tariff Income/ Other Income	54.01	67.20	85.33
9	Aggregate Revenue Requirement	540.18	723.69	672.85
10	Revenue from STOA/MTOA Charges	12.00	4.58	4.58
11	Net Revenue Requirement	528.18	719.11	668.27

7 Transmission Tariff for FY 2024-25

7.1 Cumulative Revenue Gap/(Surplus) and Net ARR for recovery

AEGCL has computed the Revenue gap on account of True-up for FY 2022-23 along with the holding Cost as shown in the Table below. The Interest rate has been considered equal to the average SBI 1-year MCLR for FY 2022-23 plus 300 basis points, as per the MYT Regulations, 2021.

Table 54: Cumulative Revenue Gap/(Surplus) (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Opening Balance	0.00	144.14	144.14
Recovery/(Addition) during the year	(144.14)	-	144.14
Closing Balance	144.14	144.14	-
Rate of Interest (%)	10.86%	11.53%	11.53%
Carrying Cost	7.83	16.62	8.31
Total Carrying Cost	-	-	32.76

AEGCL has computed the Cumulative Revenue Gap/(Surplus) after Truing-up for FY 2022-23, as shown in the Table below:

Table 55: Cumulative Revenue Gap/(Surplus) (Rs. Crore)

Particulars	Amount
Revenue Gap for FY 2022-23	144.14
Carrying cost on Revenue Gap for FY 2022-23	32.76
Total Gap / (Surplus)	176.90

Commission's Analysis

For computation of cumulative Revenue Gap/(Surplus), the Commission has considered the Revenue Gap/(Surplus) after truing up of FY 2022-23 as approved in this Order along with Carrying/(Holding)Cost. No Revenue Gap/(Surplus) arising out of APR of FY 2023-24 has been proposed to be recovered through tariff in FY 2024-25, in accordance with the MYT Regulations, 2021. The Revenue Gap/(Surplus) computed by AEGCL and approved by the Commission in this Order is shown in the Table below:

Table 56: Revenue Gap/(Surplus) for FY 2022-23 approved for recovery/adjustment in FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	MYT Tariff Order	AEGCL	Approved in this Order
1	Net ARR	460.46	604.59	484.36
2	Revenue from Transmission Charges	460.46	460.46	460.46
3	Revenue Gap/(Surplus)		144.14	23.90
4	Carrying/(Holding) cost		32.76	5.42

The Commission has computed the Carrying/ (Holding) cost, considering the interest rate of 10.80% equal to the average SBI 1-year MCLR for FY 2022-23 plus 300 basis points, as per the MYT Regulations, 2021, as shown in the following Table:

Table 57: Carrying/ (Holding) Cost for Revenue Gap/(Surplus) for FY 2022-23 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25
1	Opening Balance	-	23.90	23.90
2	Recovery/(Addition) during year	23.90	-	23.90
3	Closing balance	23.90	23.90	-
4	Rate of Interest (%)	10.80%	11.53%	11.53%
5	Carrying /(holding) Cost	1.29	2.76	1.38
	Total Carrying Cost		5.42	

The Commission has considered the recovery of total Carrying Cost, i.e., Rs. 5.42 Crore on Revenue Gap for FY 2022-23. The Commission approves the cumulative Revenue Gap of AEGCL as Rs 29.32 Crore. This Gap is to be recovered from APDCL in ten monthly equal instalments of Rs. 2.44 Crore in FY 2024-25 starting from June 2024, in addition to the monthly bills.

7.2 Transmission tariff for FY 2024-25

AEGCL has considered the maximum Contracted Capacity as 2654.60 MW, by considering a 10% increase over Peak Load of 2413.27 MW as on 16th September 2023. AEGCL has

proposed the Transmission Tariff for FY 2024-25 based on the cumulative Revenue Gap/(Surplus) after Truing up of FY 2022-23 and based on the projected ARR for FY 2024-25, as shown in the Table below:

Table 58: Transmission Tariff Proposed by AEGCL for FY 2024-25 (Rs. Crore)

Particulars	FY 2024-25
Stand-alone ARR	719.11
Previous Revenue Gap/ (Surplus) with carrying cost	176.90
Net Aggregate Revenue Requirement	896.01
Transmission Charge (Rs./ kWh)	0.71
Transmission Access Charge (Rs/MW/day)	9247.42

Commission's Analysis

In accordance with MYT Regulations, 2021 the Commission has determined the Annual Transmission Charges and Transmission System Access Charges for FY 2024-25. The Annual Transmission Charges payable by APDCL and Transmission system access charges payable by other users of AEGCL transmission system are arrived at based on Net ARR of AEGCL and the energy handled by the transmission system.

7.3 Annual Transmission Charges for APDCL

The Annual Transmission Charges for FY 2024-25 shall be equal to Net ARR approved for recovery for FY 2024-25, i.e., Rs. 667.69 Crore.

The Commission has determined the Annual Transmission Charges in terms of Rs./kW/ month and per unit charges. The Commission has considered the maximum Contracted capacity of 2,654.60 MW as submitted by AEGCL and estimated energy supplied to APDCL and Open Access consumers as 13,062.17 MU as approved in Tariff Order of APDCL for FY 2024-25.

The Annual Transmission Charges shall be recovered on monthly basis as transmission charge from the users who shall share the Transmission Charge in proportion of the allotted transmission capacity.

AEGCL shall raise the bill for the transmission charge (inclusive of incentive) for a month based on its estimate of Transmission System Availability Factor for the month computed as per MYT Regulations, 2021. The adjustments, if any, shall be made on the basis of the Transmission System Availability Factor to be certified by the SLDC within 30 days from the

last day of the relevant month.

The approved Transmission System Access Charges works out to Rs. 0.51/kWh for FY 2024-25, as shown in the Table below:

Table 59: Transmission Access Charges approved by the Commission for FY 2024-25

Sr. No.	Particulars	FY 2024-25
1	Net ARR for Transmission (Rs Crore)	668.27
2	Energy transmitted to APDCL (MU)	13,062.17
3	Transmission Access Charges (Rs./kWh)	0.51
4	Transmission Charges for LTOA/ MTOA (Rs./MW/day)	6,896.98

For short-term Open Access customers, the Transmission Charges shall be: Rs. 0.51 /kWh.

Note:

- 1) The Commission has considered Annual Maximum Peak for FY 2024-25 as 2,654.60 MW.
- 2) Any recovery on account of short-term/medium-term open access charges shall be considered as Non-Tariff Income.

7.4 Applicability of Tariff

The approved Transmission tariff for FY 2024-25 shall be effective from April 1, 2024 and shall continue until replaced/modified by Order of the Commission. The under/over recovery in Transmission Tariff for the months of April, May, and June 2024 on account of levy of Transmission Tariff approved in the Tariff Order for FY 2023-24, shall be billed/adjusted equally in the bills of subsequent months in FY 2024-25 (July 2024 to March 2025) raised to APDCL.

Sd/-
(A. Bhattacharyya)
Member, AERC

Sd/-
(S. N. Kalita)
Member, AERC

Sd/-
(K. S. Krishna)
Chairperson, AERC

8 Directives

The Commission has issued certain directives to AEGCL in the past Orders, with an objective of attaining operational efficiency and streamlining the flow of information, which would be beneficial to the sector and the Petitioner, both in the short-term and long-term.

As regards the directives issued by the Commission in the Tariff Order dated March 29, 2023, AEGCL has submitted the report to the Commission on compliance. The Commission has reviewed the compliance of directives submitted by AEGCL, and the status is as follows:

Directive 1: Funding from Government of Assam for employer's contribution to Terminal Liabilities based on Actuarial valuation

AEGCL is directed to pursue regarding the funding from Government of Assam for employer's contribution to Terminal Liabilities based on actuarial valuation done.

AEGCL Submission

AEGCL submitted that the actuarial valuation conducted in FY 2018-19 was placed before the GoA to provide one-time funding. As per the calculation, the past unfunded liability was Rs. 7086.24 Crore as on 31.01.2019. However, GoA has not provided one-time funding and continued to provide budgetary support for yearly deficit.

GoA has made budgetary support of Rs. 285 Crore for FY 2022-23. The GoA has made budgetary provision of Rs. 240.89 Crore for FY 2023-24 in the General Budget 2023.

Commission's Views

Noted. AEGCL is directed to continue pursuing regarding the funding from Government of Assam for employer's contribution to Terminal Liabilities based on actuarial valuation done.

Directive 2: Energy Audit and Implementation of SAMAST

The Commission directs AEGCL to carry out the Energy Audit every year and submit the report based on the metered energy at different interconnection points, including the status of metering, functional meters, etc. This Report, with details of Transmission Losses, should be submitted along with the next Tariff Petition. AEGCL is directed to earnestly pursue the implementation of SAMAST.

AEGCL Submission

AEGCL submitted that the revised Energy Audit report for FY 2022-23, status of SAMAST,

and status of the 33 kV metering project, have been submitted to the Commission along with the True Up Petition for FY 2022-23.

Commission's Views

Noted. AEGCL should complete the SAMAST project and all energy audit related metering infrastructure at the earliest.

Directive 3: Capacity Building

The Commission directs AEGCL to submit the Training Calendar to the Commission for FY 2023-24 latest by 30th April, 2023.

AEGCL Submission

AEGCL has submitted the training calendar for its employees for FY 2023-24 on 16.05.2023.

Commission's Views

Noted. The Commission directs AEGCL to submit the Training Calendar to the Commission for FY 2024-25 latest by 30th June, 2024.

Directive 4: Maintenance of Project-wise Database

AEGCL is directed to maintain database on the individual Projects under each Scheme with the following details and submit the following details for all ongoing projects at the time of true-up and Tariff for respective year. Further, for all Projects that have not commenced by March 31, 2022, AEGCL shall obtain the Commission's prior approval based on the necessary details as identified below, even if in-principle approval has been received:

- a) Details/Scope of Project including activities, area covered, etc.;
- b) Start date of Project;
- c) Scheduled completion date of Project;
- d) Funding Plan;
- e) Cost-Benefit-Analysis of the Project (if the Asset is expected to lower Transmission Loss, recording of previous Transmission Loss and Actual Transmission Loss after commissioning)
- f) Present Status of Project, indicating physical progress in percentage terms and in monetary terms;
- g) Status of Capitalisation as per Field Reports and as per Accounts in a compiled manner, i.e., individual project-wise and Scheme-wise Capitalisation and

Energisation Report, which would include the certificate of Electrical Inspector for asset being put to use, along with the comparison of project-wise and Scheme-wise approved capital cost;

h) Whether the intended benefits of the Project have been achieved, etc.

AEGCL Submission

AEGCL submitted that it is maintaining the database on the individual projects under each scheme which is reviewed by the Commission in various meetings on regular basis.

AEGCL has submitted the upgraded project/scheme wise database along with the True Up Petition for FY 2022-23

Commission's Views

Noted. AEGCL is directed to maintain the database on the individual Projects under each Scheme with the above-mentioned details and submit the necessary details for all ongoing projects at the time of true-up and Tariff for respective year.

NEW DIRECTIVES:

The Commission hereby issues the following fresh directives to AEGCL:

Directive 1 – Rationalisation of Organisation Structure

It is understood that AEGCL has recruited additional employees against its sanctioned manpower strength in the month of March 2024. In this regard, AEGCL should undertake a study to properly assess its manpower requirement at Head Office (HO) and field level, based on the prevalent employee norms for its transmission infrastructure, duly benchmarked against the best practices followed in other Transmission Licensees. Based on such study, AEGCL may recast its organisational structure to achieve optimal results, by ensuring that adequate manpower is available to undertake all the operations and capital expenditure projects. Future recruitment should be based on the revised assessment of manpower requirement based on such study. Periodic status report of preparation of this study should be submitted to the Commission. AEGCL is directed to submit half-yearly reports on the status of this study to the Commission by 30th September and 31st March each year till final report is submitted to the Commission.

Directive 2 – Contingency Reserve

AEGCL should ensure that it utilises the balance Funds under the Contingency Reserve strictly in accordance with the provisions of the MYT Regulations, 2021, after receiving prior approval from the Commission and only for the intended purposes for which the Contingency Reserve has been created. AEGCL should submit the details of utilisation of the balance Funds under Contingency Reserve on a half-yearly basis, and submit the details of balance Funds under Contingency Reserve, along with every true-up Petition, till the balance Funds are utilised fully.

Sd/-
(A Bhattacharyya)
Member, AERC

Sd/-
(S. N. Kalita)
Member, AERC

Sd/-
(K. S. Krishna)
Chairperson, AERC

9 Annexures-1

Minutes of the 33rd Meeting of the State Advisory Committee

Venue: AERC Conference Hall.

Day/Dated: Wednesday, 10th January 2024

List of members/special invitees: At Annexure-I (Enclosed)

The 33rd Meeting of the State Advisory Committee (SAC) was chaired by the Hon'ble Chairperson, AERC, Kumar Sanjay Krishna, IAS, (Retd.).

At the onset, Hon'ble Chairperson, AERC welcomed all members and invitees. In the welcome address, the Hon'ble Chairperson, AERC highlighted that the fuel and power purchase cost accounts for more than 90% of the Aggregate Revenue Requirement (ARR) of APDCL. Therefore, this cost needs to be contained in order to bring down the power tariff. More than 70% of the installed generating capacity of APGCL is natural gas based. In the tariff Order for this ongoing year i.e. FY 2023-24, the gas price was fixed as US \$ 2.90 /MMBTU keeping in mind the declining trend of international gas prices during January- March, 2023. However, gas price was fixed at US \$6.5 / MMBTU since 8th April, 2023 even for the gas produced from ONGC/OIL fields. With increase in gas price, the generation cost of APGCL and the power purchase cost of APDCL has increased. Although, most of the factors affecting power purchase cost is uncontrollable, still the Company must focus on reducing the cost to the extent possible.

Hon'ble Chairperson, AERC also emphasized on the matter that in the recent tariff petitions, APDCL merged the ongoing FPPPA and have requested the Commission not to increase the tariff any further. However, the Company has shown a deficit of over Rs 1400 Crore in the true up which they have requested the Commission to allow along with carrying cost which amounts to Rs. 1766 Crore. Shri Krishna informed that APDCL has requested that this amount may be allowed to be recovered through a suitable mechanism without creating any regulatory asset.

Concluding his address, the Hon'ble Chairperson called upon the SAC members to actively participate and to offer their suggestions on the adjustment of the true -up gap of Rs. 1766 Crore.

The important points raised by the members during the discussions that followed are briefly recorded below.

Brief presentation on Action Taken Report of AEGCL, APGCL and APDCL

A brief presentation by Mr. Jayjeet Bezbaruah, Deputy Director (GEN PPA, P&P) on action taken report of APDCL and APGCL, which was noted by the members.

Agenda Item No 2 & 3: Brief presentation by APDCL on the Power position of the State by MD, APDCL and Discussions

Shri Rakesh Kumar, MD, APDCL apprised the SAC on the power scenario of the state. MD, APDCL informed that since reform the peak demand has reached 2540 MW, maximum demand met is 2413 (in the month of September, 2023) and average daily consumption is 36.95 MU. MD, APDCL also informed the SAC on the Power Purchase Planning of APDCL which includes Long Term Planning through Power Purchase Agreements, Day Ahead Planning, and Real Time Balancing through Power Exchange. Shri Kumar further informed the SAC of the present steps taken by APDCL to meet the demand, which include several short, medium and long duration contracts in MoP's DEEP Portal as well as in IEX. The members were also informed regarding future tie ups with upcoming generators such as PTC (Nikacchu, Bhutan), NLC (Ghatampur, UP), APGCL (Lower Kopili), NHPC(Suwansiri), SECI, NTPC (Talcher) and APDCL (Solar). In matter of RPO Compliance, MD, APDCL stated that there has been a deficit in RPO compliance especially in terms of Wind RPO due to non-availability of wind power in the region.

SAC Members mentioned that a disparity has been observed in terms of Energy sales and purchase from approved (as seen from the True-up of 2022-23).

Further, among various sources for power purchase, the variation in percentage price hike is diverse with significant hikes for APGCL, AGBPP, etc. whereas reduction for OTPC. Further, even among various Coal-based or Hydel sources, the semblance is not found in the %age price hikes. Hence, SAC members recommended that the break up and analysis of Energy cost may be done by APDCL. Further, it is seen that optimum utilization of the available generation capacity has not been done for which AI based technological solutions may be adopted. SAC Members further observed that power has been purchased from the exchange at high cost during peak, which has been exported at lower cost, resulting in losses. Thus, SAC members recommended that proper Power Purchase Planning and practical Power procurement should be done, which necessitates the monitoring with all the 3 companies, viz., APDCL, AEGCL, and APGCL.

Further, no semblance between unit prices of fuel and price hikes has also not been observed for the generating plants under APGCL, which may be due to the impact of heat rate in the normative calculation. Hence, for maximum clarity, the SAC members recommended that the actual values should also be incorporated in the petition along with normative values so that a comparative statement can be obtained for the actual values achieved by the utility against

the values approved by the Commission. SAC Members also recommended that the same may be incorporated in the petitions of all the utilities. The deviations in achieving targets may be analyzed using advanced technological tools such as AI, specialized software available. SAC Members also recommended that since a major portion of power procurement is from natural gas-based generators, to reduce the impact of yearly hikes in gas prices, diversion of portfolio for natural gas may be explored. Also, APDCL may carry out a comparative study of their AT&C losses against other distribution companies that have minimal losses. MD, APDCL clarified that a direct comparison of APDCL with other utilities like TATA Power, Adani Power, etc. cannot be drawn as the commercial and industrial load is much lower in Assam resulting in a low HT: LT consumer mix ratio. Hence, the AT&C losses are much higher. Shri S. Sharma, SAC Member mentioned that increasing the LT connection upper limit from 25kVA to 30kVA has further added to the ratio being even higher and APDCL may take it up with the Hon'ble Commission. SAC members also recommended that a long-term (preferably five years) loss reduction plan be chalked out and presented to the SAC.

SAC Members further mentioned that the wind RPO trajectory is quite high which is not practical for Assam and requested AERC to consider the possibility of compensating the wind RPO with other RE sources. The Hon'ble Member (Technical), AERC clarified the RPO is in line with the MoP Rules.

Agenda Item No 4 & 5: Presentations on the Tariff Petitions by the utilities & Discussions

Presentation by APDCL

MD, APDCL informed that in True Up for FY 2022-23, the net revenue gap is Rs. 1904.17 Cr which has been brought about due to an exorbitant hike in Natural Gas Price (Effective price of \$ 7.34/MMBTU against earlier approved price of \$ 2.90/MMBTU) and the consistently high price of power in the market resulting in a significant increase in power purchase cost for APDCL. MD, APDCL mentioned that 24% of the total power procured by APDCL is from gas-based stations, which explains the impact of the rise in gas prices on the power purchase cost for APDCL. The distribution loss is 16.22% against the approved 15%. Also, APDCL received a government subsidy of around Rs 346.40 Cr.

MD, APDCL further informed that in APR for FY 2023-24, the distribution loss of 15.80% against the approved loss of 14.75%. There is also a massive increase in Power cost of Rs 2520.31 Cr mainly due to persistently high natural gas prices and high market prices. MD, APDCL also mentioned that the compliance of RPO obligations also adds up to the increase

in power purchase cost. MD, APDCL informed that the net gap in APR is around Rs 1170.19 Cr.

MD, APDCL also informed that in ARR the cumulative revenue requirement for FY 2023-24 is Rs 13,191.66 Cr and the ACoS to recover the entire cumulative amount shall be Rs. 12.35 per kWh for FY 2024-25. MD, APDCL submitted that the effective ABR prevailing at present over the approved level of ACoS is Rs. 9.31 per unit (without Government subsidy) and recovery of the entire amount will lead to increase of existing retail tariff by 33% on the prevailing rate on average. Hence, MD, APDCL proposed to continue the prevailing tariff structure (with applicable FPPPA) and requested the commission to allow a suitable mechanism to recover the dues pertaining to true up petition with carrying cost without creating any regulatory assets. SAC Members mentioned that for reduction of losses voltage level should be ideally above 33kV. The members enquired whether any study has been carried out in co-ordination with AEGCL for reducing technical shortcomings and optimized use of Substations and recommended that advanced technological tools may be used for the purpose.

SAC Members also mentioned that a huge impact has been observed in the tariff in terms of RoE, where the percentage claimed is 14% in case of APDCL and 15.5% in case of APGCL and AEGCL which is much higher than the GoI benchmark of 10%. SAC Members requested the Commission to look into the matter. Also, a significant impact in terms of RoE has been observed due to conversion of grants to equity for APDCL. Same has been observed in case of AEGCL and APGCL as well. SAC Members noted that the burden of this conversion is being passed on to the consumers which defies the very purpose why funds were earlier given as grants to reduce cost and provide benefit to the consumers by way of lower tariff. Hence, SAC members suggested that the matter may be taken up with the State Government. The Hon'ble Chairperson assured that the matter shall be taken up with the Government and requested the Additional Secretary, DoP, GoA to make a note of the same.

SAC Members further enquired whether there is a shortage of manpower in APDCL at present, especially lineman, meter readers, etc. and the same may be taken up with the GoA. MD, APDCL clarified that APDCL is currently operational at optimum manpower level including outsourced manpower. New recruitments are being done for the new substations coming up under various schemes. SAC Members recommended that pragmatic manpower assessment may be done and training programs, etc. should be implemented right from the circle level. The Hon'ble Member (Technical), AERC stated that the implementation of ERP has resulted in a gradual reduction in manpower cost, which is in line with the directive of the Commission, and the same was confirmed by MD, APDCL.

SAC Members enquired about the parameter "Revenue with Approved tariff including targeted subsidy" in the petition of APDCL. APDCL clarified that this revenue is including the levy of

FPPPA which is a major component. SAC Members also enquired about the parameter “Other Income” in the petition of APDCL. MD, APDCL clarified that it pertains to the past bills/receivables by APDCL, which are gradually being collected through the Smart Prepaid Meters and also on account of seasonal export at improved market rates. SAC Members also enquired whether the Smart Prepaid Meters can be used for Rooftop Solar Plants to which MD, APDCL confirmed in the affirmative.

SAC Members also requested not to increase FPPPA significantly so as to provide reasonable tariff in order to encourage more industrial establishments in Assam and improve the HT/LT ratio.

SAC Members enquired about the proposed timeline from the upcoming Neyveli generating plant which is supposed to supply power at around Rs. 4.52/unit. MD, APDCL informed that the 1st unit is expected around March, 2024 and the 2nd unit is expected after 6 months. SAC Members further enquired if any steps had been taken for requesting CERC/Gol for reduction in the cost of power from BTPS as compared to other coal-based plants. APDCL informed that proposal was placed under NLCPR funding, but the same was not approved by Ministry of Finance, Gol. However, alternate arrangement with switchover of coal block, spread out of depreciation, etc. has resulted in reduction of cost of power from the station.

SAC Members further recommended APDCL to prepare and present the roadmap of the next 5 years and analysis of consumer service rating, billing efficiency, consumer satisfaction, performance-based assessment of APDCL manpower etc. in the next SAC meeting. The Electricity Ombudsman enquired about the reasons for huge numbers of billing arrears. MD, APDCL clarified that the issues of billing arrears are being taken care of with smart meters and proper monitoring. MD, APDCL informed that APDCL ranks 4th on DISCOM performance and as per consumer service rating APDCL has improved its rating from category C last year to category B+ this year. With the installation of smart meters, AT&C losses have reduced in such areas to a minimum of ~7%, billing efficiency is almost 92% and collection efficiency is 100%. MD, APDCL further informed that a detailed analysis shall be presented in the next SAC meeting.

Presentation by AEGCL

A PowerPoint presentation was made by Shri Debajyoti Das, MD, AEGCL on the salient features of Tariff petition submitted by AEGCL and SLDC. Important points of the discussion are noted below

In True-up for FY 2022-23, AEGCL has shown ARR of Rs.604.59 Crore and a gap of Rs. 144.14 Crore. For SLDC, in True-Up, ARR of Rs. 7.84 Crore and gap of Rs. 1.34 Crore is shown.

In APR for FY 2023-24, AEGCL has shown ARR of Rs.662.91 Crore and a marginal gap of Rs. 4.03 Crore. For SLDC, in APR for FY 2023-24, ARR of Rs. 10.39 Crore and gap of Rs. 0.29 Crore is shown.

In ARR for FY 2024-25, AEGCL has shown ARR of Rs.719.11 Crore and a gap of Rs 190.94 Crore. SLDC has shown ARR of Rs. 15.25 Crore with a gap of Rs. 7.90 Crore. SLDC has also requested for a separate revenue item for Back-up SLDC of Rs. 3.00 Crore.

AEGCL has submitted a transmission loss of 3.31% for True-up against the approved loss of 3.27%. AEGCL has projected a loss of 3.28% in ARR for FY 2024-25. AEGCL has a projected transmission charge of Rs.0.71 Rs./kwh and SLDC charge of Rs. 174.27/MW/Day for FY 2024-25.

SAC Members observed that as stated in earlier meetings, a load centre was proposed in Rangia by installing 200 MVA transformers at Rangia GSS, AEGCL. SAC members enquired whether a proper load flow study has been done in the matter, what is the current status of action taken by AEGCL and whether any co-ordination meeting has been conducted with APDCL for planning evacuation of power. MD, AEGCL informed the SAC that the LOA has already been issued for procurement of one no. of 200 MVA transformer at Rangia GSS and the same is expected to arrive at site around April, 2024. Shri Das also stated the load flow study has already been carried out. MD, AEGCL further stated that though several discussions have taken place at field level with APDCL officials, a co-ordination meeting for the evacuation plan has not yet been done. SAC Members suggested that regular co-ordination meetings may be convened between AEGCL, APDCL and APGCL for better functioning of all the three utilities.

MD, AEGCL also informed with the load flow study software PSSE is currently in use in AEGCL which enables carrying out the load flow studies. The SAC members enquired whether study has been carried out for the new proposed 400kV Substation coming up in Rangia. Hon'ble Member (Technical), AERC clarified that proper load flow studies for all upcoming projects have been carried out which have been vetted by CEA as well as Gol, only after which approval as well as funding for the projects have been received. Hon'ble Member also directed AEGCL to develop a strong commercial team for proper studies and adequate planning. Hon'ble Member also raised concern regarding the PGCIL feeder of 500m evacuating supply from NTPC, Bongaigaon to AEGCL, for which huge amount of transmission charges are being incurred. The matter has come to light in several earlier instances and recommended early action on part of AEGCL to address the issue.

SAC Members further highlighted that the Transmission Loss is still on the higher side and efforts should be made with proper analysis to bring down the loss and resolve lower voltage issues with measures such as parallel operation of transformers, operationalization of

Capacitor Banks, etc. SAC Members suggested that the action plan for addressing loss minimization and resolution of lower voltage issues at 33kV level may be presented by AEGCL. SAC Members also recommended to carry out analysis of actual against the approved in addition to the normative, as stated earlier. SAC Members also pointed out that ERS (Emergency Restoration System) should be established, however, the same was not procured by AEGCL in the year 2022-23 even after approval of the Commission. It was suggested that efficient manpower planning needs to be carried out for AEGCL also.

Further, SAC Members enquired whether the BST (Bulk Supply Tariff) is sufficient to pay the pensioners. AEGCL clarified that there remains a deficit which is provisioned by the GoA in the annual budget for AEGCL. SAC Members further recommended that AEGCL should show proper utilization of the pension corpus fund (if created), its utilization and how it plans to mitigate deficits in the next SAC meeting.

Presentation by APGCL

A Power Point Presentation by Shri. Bibhu Bhuyan, MD, APGCL on approval of True up for FY 2022-23, Revised Capex Plan for FY 2023-24 to FY 2024-25, Petition for Annual Performance Review for FY 2023-24 and Revised ARR for FY 2024-25.

MD, APGCL brought to notice of SAC that APGCL has been rated in A++ category against the earlier A rating. Shri Bhuyan reiterated that the generating plants of APGCL are mostly gas based and due to the exorbitant hike in natural gas prices the cost of power in each generating station of APGCL increased significantly and this has an impact in consumer retail Tariff. MD, APGCL also appraised the Committee regarding a proposal for a Pump Storage Hydro Plant. He further stated that the initial study has been taken up and 3 nos. of sites have been identified in Karbi Anglong, of which one site shall be finalized after completion of the studies and in-principle approval has been obtained from the State Government. Shri Bhuyan also mentioned that GT unit 3 (15MW) of NTPS is proposed to be operated for the purpose of Merchant Sale of Power in FY 2024-25.

In the True Up for the FY 2022-23, APDCL has shown a Net Revenue of Rs. 1385.55 Cr and actual revenue gap of Rs. 176.94 Cr. The Gross generation is 2156.79 MU. The presentation also depicted the rising trend in gas price which has increased almost 380% from September, 2021 to September, 2023.

During the presentation, SAC Members expressed concern that in the case of Auxiliary consumption in the True Up especially for LTPS a significant rise has been observed against the approved figure. SAC Members requested APGCL to carry out an analysis in this matter. MD, APGCL clarified that analysis has been carried out and it has been observed that the scope of reduction of the auxiliary consumption is low as the gas pressure itself is very low.

The supply from AGCL has not improved even after implanting gas booster facility. SAC Members requested the Commission to look into the matter.

SAC Members further expressed concern that a disparity in fuel price hikes has been observed throughout the various generating plants of APGCL in several parameters. To this, the MD, APGCL clarified that this is observed mainly due to the different sources of fuel supply. SAC Members further stated that the petition depicts only the normative values against the approved values for the True Up. However, the SAC members reiterated that the actual values should also be incorporated in the petition along with the normative values. Further, the matter for conversion of grant to equity which has resulted in increase in equity in several plants of APGCL, should be taken up with the State Government.

SAC Members also recommended that in the context of high gas price, the state government may be approached for considering a reduction in the VAT to 5%, which is currently being charged at 14.5%. The reduction in 9.5%, if approved, will result in significant reduction in the gas price and hence on the overall tariff. The Hon'ble Chairperson, AERC recommended that the Additional Secretary, DoP, Assam may take up the matter with the State Government.

SAC Members also enquired about the proposed timeline for the revival of LTPS. MD, APGCL informed the SAC that work is in progress and the plant is likely to start generating power from the mid of 2025.

The Hon'ble Chairperson thanked the members for their participation and insights in the meeting and directed the utilities, APDCL, AEGCL and APGCL to make presentations in the next SAC meeting on the points requested by the members during the course of the discussions. Hon'ble Chairperson once again requested the SAC members to offer their ideas & suggestions for adjustment of the gap of Rs 1766 Cr as per APDCL petitions, even at a later date.

Sd/-

Secretary,

Assam Electricity Regulatory Commission

Annexure-I

List of members, special invitees, and officers present in the meeting of the 33rd SAC

Members

1. Kumar Sanjay Krishna, IAS (Retd), Chairperson, AERC
2. Shri Satyendra Nath Kalita, Member (Technical), AERC
3. Shri Alokeswar Bhattacharyya, Member (Law), AERC
4. Shri Narsing Pawar, Secretary (Finance)
5. Shri S. M. Z. Chistie, Additional Secretary Power (E)
6. Shri Nikunja Borthakur, Sr. CGM NRL
7. Shri Subodh Sharma, Consumer Activist
8. Shri Arin Bordoloi, Ex GM NTPC
9. Shri Abhijit Barooah, Ex-Chairman, CII Assam Branch
10. Shri Sanjay Bagchi, ABITA
11. Shri Deepakananda Bharali, Ex. GM IOC
12. Dr. Jaideep Baruah, Director, AEDA
13. Shri Kumud Medhi, Secretary, NESSIA
14. Shri Dilip. Kr. Sarma, Ex. Executive Director, PGCIL
15. Shri Sauresh Agarwala, Power Committee, FINER

SPECIAL INVITEES

1. Shri Maninder Singh, IAS(Retd.), Chairman, AEGCL
2. Shri Rakesh Kumar, IAS, Managing Director, APDCL
3. Shri Bibhu Bhuyan, Managing Director, APGCL
4. Shri Debajyoti Das, Managing Director, AEGCL
5. Shri J. N. Baruah, AASSIA
6. Shri Badan D. Barman, G.S, AASSIA

OFFICERS FROM APDCL, AEGCL & APGCL

1. Shri B. Basumatary, CGM, AEGCL
2. Shri Deepanjali Das, GM (PP&EM), APDCL
3. Shri Chinmoy kr. Bordoloi, GM, (TRC), APDCL
4. Shri F Hashmi DGM, AEGCL
5. Shri Pinkey Deb, DGM (AUDIT), APGCL
6. Shri Aklantika Saikia , DGM APGCL
7. Shri Debasish Paul , AGM (F&A) , AEGCL
8. Shri Dipmoni Nath, AM , AEGCL

9. Shri T.G. Basumatary, Special Executive Officer, APGCL
10. Shri Bidyut Das, Consultant

OFFICERS FROM AERC

1. Shri Manoj Kumar Deka, IAS (Retd). Secretary
2. Smt. Panchamrita Sharma, Joint Director (Tariff & RA)
3. Shri Nipen Deka, Joint Director (Engg)
4. Shri Jayjeet Bezbaruah, Deputy Director (Gen PPA, P&P)
5. Smt. Jharna Devi, Deputy Director (Engg)
6. Shri Kishore Rajkumar, Assistant Director (IT& RIM)
7. Smt. Punam Rabha, Assistant Director (Tariff)
8. Shri A.N. Dev Choudhury, Consultant (Tariff)