TAMIL NADU ELECTRICITY REGULATORY COMMISSION

Approval of True Up of TNPDCL (formerly TANGEDCO) for FY 2023-24

Order dated 30th April 2025 on M.P. No. 18 of 2025

TAMIL NADU ELECTRICITY REGULATORY COMMISSION

(Constituted under Section 82(1) of Electricity Act, 2003)

(Central Act 36 of 2003)

PRESENT:

Thiru. R. Manivannan – Chairman

Thiru. K. Venkatesan – Member

Thiru. B. Mohan – Member (Legal)

<u>Order dated 30th April 2025 on M.P. No. 18 of 2025</u>

In the matter of: Approval of True Up of TNPDCL (formerly TANGEDCO) for FY 2023-24

In exercise of the powers conferred by Section 62 and Clause (a) of sub-section (1) of Section 86 of the Electricity Act 2003 (Central Act 36 of 2003) and all other powers hereunto enabling in that behalf and after considering suggestions and objections received from the public, as per sub-section (3) of Section 64 of the said Act, the Tamil Nadu Electricity Regulatory Commission hereby passes this Order for Approval of True-Up for FY 2023-24 for TNPDCL, TNPGCL and TNGECL (formerly TANGEDCO).

Sd/-	Sd/-	Sd/-
(B. Mohan)	**(K. Venkatesan)**	**(R. Manivannan)**
Member (Legal)	**Member**	**Chairman**

(By Order of the Commission)

(Dr. C. Veeramani)
Secretary

LIST OF ABBREVIATIONS

A&G	Administration and General
ABC	Aerial Bunched Cables
AC	Auxiliary Consumption
ABR	Average Billing Rate
APR	Annual Performance Review
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
CAGR	Compounded Annual Growth Rate
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Station
COS	Cost of Supply
CPP	Captive Power Plant
CSD	Consumer Security Deposit
CSS	Cross Subsidy Surcharge
CWIP	Capital Work in Progress
DA	Dearness Allowance
DTL	Delayed Tariff Liability
EA	Electricity Act
ED	Electricity Duty
EV	Electric Vehicle
FERV	Foreign Exchange Rate Variation
FRP	Financial Restructuring Plan
FY	Financial Year
G.O.	Government Order
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoTN	Government of Tamil Nadu

GPF	General Provident Fund
GTPS	Gas Thermal Power Station
HEP	Hydro Electric Plant
HP	Horse Power
HT	High Tension
HVDS	High Voltage Distribution System
IGAAP	Indian Generally Accepted Accounting Principles
Ind AS	Indian Accounting Standards
IPP	Independent Power Producer
IT	Information Technology
kWh	kilo-Watt hour
LT	Low Tension
LTOA	Long Term Open Access
MoP	Ministry of Power
MTOA	Medium Term Open Access
MU	Million Units
MW	Mega-Watt
MYT	Multi-Year Tariff
NTI	Non-Tariff Income
O&M	Operation & Maintenance
OA	Open Access
PAF	Plant Availability Factor
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PSP	Pumped Storage Projects
R&M	Repair & Maintenance
RoE	Return on Equity

SHR	Station Heat Rate
SLDC	State Load Despatch Centre
SOC	Specific Oil Consumption
STOA	Short Term Open Access
T&D	Transmission & Distribution
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Ltd.
TANTRANSCO	Tamil Nadu Transmission Corporation Ltd.
TEDA	Tamil Nadu Energy Development Agency
TNEB	Tamil Nadu Electricity Board
TNERC	Tamil Nadu Electricity Regulatory Commission
TNGECL	Tamil Nadu Green Energy Corporation Limited
TNPDCL	Tamil Nadu Power Distribution Corporation Limited
TNPGCL	Tamil Nadu Power Generation Corporation Limited
ToD	Time of Day
TP	Tariff Policy
TPS	Thermal Power Station

Table of Contents

List of Tables

1 INTRODUCTION

1.1 PREAMBLE

1.1.1 Consequent to the enactment of the Electricity Regulatory Commissions Act, 1998 (Central Act 14 of 1998), the Government of Tamil Nadu (GoTN) constituted the Tamil Nadu Electricity Regulatory Commission (TNERC or Commission) vide G.O.Ms. No.58, Energy (A1) Department, dated March 17, 1999.

1.1.2 The Commission issued its first Tariff Order under Section 29 of the Electricity Regulatory Commissions Act, 1998, on 15-03-2003 based on the Petition filed by the erstwhile Tamil Nadu Electricity Board (TNEB) on September 25, 2002.

1.1.3 The Electricity Regulatory Commissions Act, 1998 was repealed and the Electricity Act, 2003 (Central Act 36 of 2003) (hereinafter referred as “the EA, 2003” or “the Act”) was enacted with effect from June 10, 2003.

1.1.4 The Commission notified the Tamil Nadu Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 (herein after called Tariff Regulations) on August 3, 2005, under Section 61 read with Section 181 of the Act.

1.1.5 The Commission issued its first Order (Order No. 2 of 2006) on Transmission Charges, Wheeling Charges, Cross Subsidy Surcharge (CSS) and Additional Surcharge on May 15, 2006, based on the Petition filed by the erstwhile TNEB on September 26, 2005, under Section 42 of the Act.

1.1.6 The Commission notified the TNERC (Terms and Conditions for Determination of Tariff for Intra-State Transmission/Distribution of Electricity under MYT Framework) Regulations, 2009 (herein after called MYT Regulations) on February 11, 2009.

1.1.7 Subsequently, TNEB filed an Application for determination of Aggregate Revenue Requirement (ARR) with Tariff for all functions on January 18, 2010, which was admitted by the Commission after initial scrutiny on February 9, 2010. The Commission issued its second Retail Tariff Order on July 31, 2010 (Order No. 3 of 2010).

1.1.8 The erstwhile TNEB was formed as a statutory body by GoTN on July 1, 1957, under the Electricity (Supply) Act, 1948. TNEB was primarily responsible for generation, transmission, distribution and supply of electricity in the State of Tamil Nadu.

1.1.9 GoTN, vide G.O (Ms.) No. 114 Energy Department, dated October 8, 2008 accorded in principle approval for the re-organisation of TNEB by establishment of a holding company, namely TNEB Ltd. and two subsidiary companies, namely Tamil Nadu Transmission Corporation Ltd. (TANTRANSCO) and Tamil Nadu Generation and

Distribution Corporation Ltd. (hereinafter referred as TANGEDCO) with the stipulation that the aforementioned Companies shall be fully owned by the Government.

1.1.10 GOTN, vide G.O (Ms.) No. 6, dated January 24, 2024 unbundled TANGEDCO into Generation and Distribution Utilities viz., Tamil Nadu Power Generation Corporation Limited (TNPGCL) and Tamil Nadu Power Distribution Corporation Limited (TNPDCL). Further, vide G.O (Ms.) No. 7, dated January 24, 2024, GOTN created Tamil Nadu Green Energy Corporation Limited (TNGECL) by merging the Renewable Energy Wing of erstwhile TANGEDCO and Tamil Nadu Energy Development Agency (TEDA).

1.2 THE ELECTRICITY ACT, 2003, TARIFF POLICY AND REGULATIONS

1.2.1 Section 61 of the Electricity Act, 2003 (herein after referred as the EA, 2003 or the Act) stipulates the guiding principles for determination of Tariff by the Commission and mandates that the Tariff should 'progressively reflect cost of supply of electricity', 'reduce cross-subsidy', 'safeguard consumer interest' and 'recover the cost of electricity in a reasonable manner'.

> *"**Section-62 (1):***
>
> *1. The Appropriate Commission shall determine the tariff in accordance with provisions of this Act for*
>
> *a. supply of electricity by a generating company to a distribution licensee: …;*
>
> *b. transmission of electricity;*
>
> *c. wheeling of electricity;*
>
> *d. retail sale of electricity.*
>
> *…"*

1.2.2 TNERC notified its Tariff Regulations, which specifies the factors that will guide the Commission in determination of Tariff, the relevant extract of which is reproduced below:

> *"**4. Tariff setting principles***
>
> *The Commission, while determining the tariff, shall be guided by the following factors:-*
>
> *(i) The guidelines outlined in Section 61 of the Act …*

"The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-

(a) the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;

(c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

(d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;

…

(ii) Rationalisation of tariff

… … …"

1.2.3 TNERC notified its MYT Regulations, which specifies the factors that will guide the Commission in determination of True-up, the relevant extract of which is reproduced below:

*"**3(vii). True up of variations in revenue and cost***

The variations on account of controllable factors like sales and power purchase shall be reviewed at the end of each year of the Control Period based on audited accounts of the licensee and prudence checks by the Commission."

1.2.4 The Tariff Policy notified by Govt. of India on January 28, 2016, specifies the following objectives:

"The objectives of this tariff policy are to:

(a) Ensure availability of electricity to consumers at reasonable and competitive rates;

(b) Ensure financial viability of the sector and attract investments;

(c) Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;

(d) *Promote competition, efficiency in operations and improvement in quality of supply;*

(e) *Promote generation of electricity from Renewable sources;*

(f) *Promote Hydroelectric Power generation including Pumped Storage Projects (PSP) to provide adequate peaking reserves, reliable grid operation and integration of variable renewable energy sources;*

(g) *Evolve a dynamic and robust electricity infrastructure for better consumer services;*

(h) *Facilitate supply of adequate and uninterrupted power to all categories of consumers;*

(i) *Ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance, for reliability of supply of electricity to consumers."*

1.3 TARIFF FILING

1.3.1 TANGEDCO was incorporated on December 1, 2009 and started functioning as such with effect from November 1, 2010.

1.3.2 Subsequent to the filing of Tariff Petitions by TANGEDCO for determination of retail supply tariff for FY 2012-13, the Commission scrutinized and reviewed the same. After a thorough review, **the third Order** (Order. No. 1 of 2012) of the Commission on Retail Supply Tariff, Wheeling Charges and other related charges was passed on March 30, 2012.

1.3.3 TANGEDCO filed the Tariff Petition for determination of tariff for Generation and Distribution for FY 2013-14, which was scrutinized and reviewed by the Commission. Based on this Petition and after considering views of the State Advisory Committee and the public, the Commission passed the **fourth Order** on June 20, 2013.

1.3.4 TANGEDCO did not file the ARR and Tariff Petition for FY 2014-15 before the Commission. In the absence of Tariff Petition, the Commission initiated a suo-motu proceeding for determination of tariff in accordance with Section 64 of EA 2003. After thorough review of the available information, the Commission passed the **fifth Order** on December 11, 2014.

1.3.5 In 2017, TANGEDCO filed the Petition for final truing up of FY 2011-12 to FY 2015-16, determination of Multi Year ARR for FY 2016-17 to FY 2018-19 and determination of Retail Tariff for FY 2017-18. The Petition was scrutinized and reviewed, and the Commission passed the **sixth Order** on August 11, 2017.

1.3.6 In 2022, based on the filings of TANGEDCO, Commission approved True-Up for the period from FY 2016-17 to FY 2020-21 and Annual Performance Review for FY 2021-22; Approval of Aggregate Revenue Requirement for the period from FY 2022-23 to FY 2026-27 and Determination of Tariff for Generation and Distribution for FY 2022-23 to FY 2026-27 and passed the **seventh Order** on September 9, 2022.

1.3.7 In 2024, since the Order in 2022 contained only Annual Performance Review for FY 2021-22, and as the accounts for FY 2021-22 were subsequently finalized, TANGEDCO filed a Petition before the Commission for final True-Up of FY 2021-22. The Commission approved the True-up for FY 2021-22 and passed the **eighth Order** on March 28, 2024.

1.3.8 In 2024, as the accounts for FY 2022-23 was subsequently finalized, TANGEDCO filed a Petition before the Commission for True-up of FY 2022-23. The Commission approved the True-up for FY 2022-23 and passed the **ninth Order** on August 13, 2024.

1.3.9 In 2024, TNPDCL was unbundled from TANGEDCO to handle the Distribution Function. However, the Audited Accounts for FY 2023-24 is made for the complete Bundled Utility consisting of both Generation and Distribution Function.

1.3.10 The current tariff proceedings commence from the filing of Petition by TNPDCL for Approval of True Up for FY 2023-24 for the generation and distribution businesses.

1.3.11 Based on the Petition and after considering views of the public, the Commission hereby passes the **tenth Order**.

1.4 PETITION FILING

1.4.1 On March 5, 2025, TNPDCL filed its Petition for True-Up for FY 2023-24 and the same was admitted as MP No. 18 of 2025. In the Petition, TNPDCL has mentioned that the True-Up for FY 2023-24 is submitted based on audited accounts for FY 2023-24, which has been directly prepared based on the Ind AS principles.

1.4.2 The Commission has reviewed the data available thoroughly and has also reviewed the comments received from the public, regarding the Petition filed by TNPDCL. After undertaking due process, the Commission hereby passes this order on True-Up of ARR for FY 2023-24 for TNPDCL.

1.5 PROCEDURE ADOPTED

1.5.1 In the Commission’s Daily Order dated March 11, 2025, the Commission directed TNPDCL to host the Petition for seeking comments from the Stakeholders with a time limit of 15 days and later extended the same by another 15 days. The Commission further directed TNPDCL to file the comments received from the Stakeholders along with the replies by way of an affidavit.

1.5.2 TNPDCL has published the copy of the Petition on its website on March 11, 2025, inviting comments from Stakeholders.

1.5.3 The Commission has provided sufficient time to Stakeholders for submission of written comments and suggestions on the Petition filed by TNPDCL.

1.5.4 In the Commission's Daily Order dated April 15, 2025, the Commission observed that the final Order would be passed after taking into consideration all objections / submissions made by the stakeholders and the replies filed by TNPDCL thereto.

1.5.5 The summary of objections / suggestions / views along with TNPDCL's Replies and the Commission's ruling on each issue, are included in **Annexure-III**.

1.6 RELIANCE ON AUDITED ACCOUNTS

1.6.1 It may be noted that when the Transfer Scheme for TANGEDCO and TANTRANSCO was finalized in 2015, the Commission in its subsequent Orders had decided to ignore the revaluation of assets, as the process of revaluation pertains only to book entry and has no material significance in the regulatory process. Using the logic, the Commission has previously considered only book values, after removing the impact of revaluation, while undertaking True-Up.

1.6.2 Presently, a similar question arises with the impact of various revaluation and adjustments undertaken by TANGEDCO in its accounts, for the conversion from IGAAP to Ind AS. While the Commission is fully mindful of the need for standardization, book level revaluation on assets, which were already being financed by consumers of the State, cannot be used to load additional burden on the consumers.

1.6.3 It may also be noted that a substantial number of adverse opinions from the independent auditors are present in the consolidated audited accounts of TNPDCL, TNPGCL and TNGEDCL (erstwhile TANGEDCO) for FY 2023-24. Therefore, the Commission has considered the re-stated Ind AS values only in a partial manner. Further explanation on deviating from Ind AS values is provided in detail in the relevant sections of Chapter 2.

1.7 APPLICABILITY OF ORDER

1.7.1 This Order will come into effect on and from the date of issue.

1.8 LAYOUT OF THE ORDER

1.8.1 This Order is organized into following Chapters:

a. **Chapter 1** provides introduction, process and the approach of the Order;

b. **Chapter 2** provide details / analysis of the True-Up of ARR of TNPDCL for FY 2023-24;

c. **Chapter 3** provide a list of directives issued by the Commission to TNPDCL.

1.8.2 The Order contains a few Annexures also, which form part of the Order.

1.9 APPROACH OF THE ORDER

1.9.1 The Commission has referred to the Audited Accounts of TNPDCL for truing up the expenses and revenue for FY 2023-24 in accordance with the Tariff Regulations and MYT Regulations. Based on the prudence check of the expenses and revenue reported in the Audited Accounts of TNPDCL, the Commission has arrived at the allowable ARR and revenue recovered by the Utility.

1.9.2 The Commission has considered the re-stated Ind AS values only in a partial manner. Further explanation on deviating from Ind AS values is provided in detail in the relevant sections of Chapter 2.

2 FINAL TRUE-UP FOR FY 2023-24

2.1 BACKGROUND

2.1.1 TNPDCL, in its Petition, has sought final truing up of expenditure and revenue for FY 2023-24 based on the actual expenditure and revenue as per the Audited Accounts. In this Chapter, the Commission has analysed all the elements of revenue and expenses for FY 2023-24 and has undertaken the truing up of expenses and revenue after due prudence check.

2.1.2 A comparison of the figures approved by the Commission in the previous Tariff Order dated September 9, 2022, actual expenditure incurred as per accounts of TNPDCL, and expenditure approved by the Commission in this Order are shown in the Tables under relevant sections discussed herein.

2.2 ENERGY SALES

2.2.1 TNPDCL has submitted the category-wise sales for FY 2023-24 in the Petition as per the Audited Accounts. TNPDCL has clarified that sales are excluding the wheeling units.

Commission's Views

2.2.2 The Commission has approved the actual sales for FY 2023-24 as submitted by TNPDCL for all the consumer categories.

2.2.3 **Agriculture Category (LT IV) -** In the Suo-Motu Order dated December 11, 2014, the Commission had stated the following:

> *"**Agricultural category (LT IV):** In its reply to data gaps identified by the Commission, TANGEDCO submitted the revised details of Agricultural consumption for FY 2012-13. The Commission observed that there was a significant downward revision in the number of agricultural service connections submitted in comparison to data in Form F-2 (Sales) of the petition. The revised agricultural load in HP at the end of the year had only increased marginally. However TANGEDCO increased its estimate of agricultural consumption by 1,382 MUs, i.e. from 9,707 MUs to 11,089 MUs.*
>
> *The Commission re-estimated the agricultural consumption based on the average capacity of pumpset in the middle of the year as calculated below. The data on actual additional connections given as well as corresponding increase in load as submitted by TANGEDCO in its reply to data gaps has been considered. It has been assumed by the Commission that 50% of the connections and corresponding capacity would get added in the first half of the year. The average consumption in kWh/ HP has been capped at the level as it stood for FY 2016-17 based on the 5% sample study data submitted last year at 923 units. Based on the above assumptions the agricultural*

consumption for the year FY 2012-13 has been estimated as 10,206 MUs by the Commission.

Based on the average consumption per HP/ Annum as per the 5% sample data for FY 2012-13, TANGEDCO has estimated the annual consumption as 11,089 MUs. The Commission has calculated the average hours of daily supply to agricultural consumers based on this data. It was noticed that the average hours of daily supply for FY 2012-13 worked out to be higher than that of FY 2016-17. The Commission opines that this situation is improbable given the facts that the year 2012-13 saw higher shortage of power as compared to the previous year as well as that 2012-13 was a drought year. Given that additional connection to the tune of 15,539 were given in the State during the year, it is evident that the 5% sample data for FY 2012-13 cannot be considered for estimating annual consumption. Hence the Commission did not take into consideration the 5% sample study data submitted for FY 2012-13."

2.2.4 The Commission has observed that the sales claimed for the Agriculture category for FY 2023-24 are lower than the benchmark consumption of 923 kWh/HP/annum approved by the Commission in the above-mentioned Order. Hence, the Commission has approved the sales for Agriculture category as claimed by TNPDCL for FY 2023-24.

2.2.5 The total sales for FY 2023-24 as submitted by TNPDCL and as approved by the Commission is shown in the Table below:

Table 2-1: Total Sales for FY 2023-24 as approved by the Commission (MU)

Consumer Category	Tariff Category	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
High Tension				
Industries, Factories, IT Services	I	13,486.97	15,213.87	15,213.87
Govt. Educational Institutions, Govt. Hospitals, Railway Traction, Lift Irrigation, etc	IIA	1,601.07	3,212.13	3,212.13
Lift Irrigation and Co-operative Soc. for Agriculture	IIA		50.40	50.40
Private Educational Institutions	IIB	310.37	385.76	385.76
Miscellaneous Categories	III	2,427.75	2,047.84	2,047.84
Construction Activities and Other Temporary Purposes	IV	37.41	74.15	74.15
Public EV Charging Stations	V	37.12	2.56	2.56
Sale of Power to Exchange			645.99	645.99
Sub Total HT (A)		**17,900.70**	**21,632.70**	**21,632.70**
Low Tension				
Domestic, Multi-tenements, Old age homes, Hand Loom etc.	IA	31,849.23	32,622.00	32,622.00
Huts	IB	389.92	366.00	366.00
Bulk Supply with single point Metering	IC	10.31	8.87	8.87
Common Facilities in Multi-tenements	ID & IE	1,759.04	550.00	550.00
Public Lighting and Public Water Supply provided by Govt./Local bodies	IIA	2,470.64	2,676.86	2,676.86
Government and aided Educational Institutions in Hostels, Govt. Hospitals, others	IIB (1)	158.50	217.31	217.31
Private Educational Institutions	IIB (2)	234.83	291.82	291.82

Consumer Category	Tariff Category	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Actual place of public worship	II C	140.52	158.84	158.84
Cottage and Micro Industries	IIIA (1)	342.71	339.09	339.09
Powerlooms	IIIA (2)	988.97	962.80	962.80
Industries, IT Services	IIIB	8,480.79	8,172.06	8,172.06
Agriculture and Allied Services	IV	15,619.36	15,909.00	15,909.00
Miscellaneous/General Purpose	V	7,316.96	9,108.00	9,108.00
Construction activities and Temporary Purposes	VI	290.65	363.29	363.29
Public Charging Station			1.21	1.21
Sub Total LT (B)		**70,052.43**	**71,747.15**	**71,747.15**
Total HT and LT {A+B} (C)		**87,953.13**	**93,379.85**	**93,379.85**

2.3 ENERGY AVAILABILITY

2.3.1 TNPDCL meets its energy requirements from its own generating stations, purchases from Central Generating Stations, IPPs, and other sources.

2.3.2 Based on the information available from the audited accounts, the Commission in this Section has analysed the performance of TNPDCL's own generating stations. The source-wise availability of energy has been discussed first for TNPDCL's own generating stations and then for other sources, which includes Central Generating Stations, IPPs, Renewable sources, etc.

2.3.3 Based on the Plant Load Factor (PLF) and Auxiliary Consumption discussed subsequently in this Order, the net generation from own stations for FY 2023-24 as submitted by TNPDCL is shown in the Table below:

Table 2-2: Energy availability from own stations for FY 2023-24 as submitted by TNPDCL (MU)

Sl. No.	Station	Approved	Actuals
1	Tuticorin TPS	4,629	5,902
2	Mettur TPS I	4,713	5,280
3	North Chennai TPS I	3,282	3.251
4	NCTPS II	5,866	5,913
5	MTPS II	2,933	2,959
Total Thermal		**21,423**	**23,305**
6	Tirumakottai GTPS	266	35
7	Kuttalam GTPS	374	650
8	Basin Bridge GTPS	6	0
9	Valuthur GTPS	1,078	1,103
Total Gas		**1,724**	**1,787**
10	Erode HEP	1,117	632
11	Kadamparai HEP	864	517
12	Kundah HEP	2,221	1,755
13	Tirunelveli HEP	1,145	786
Total Hydro		**5,347**	**3,690**
Wind		**4**	**3**
Total		**28,498**	**28,785**

Commission's Views

A. Own Generation

2.3.4 Energy availability from generating stations is dependent on operational parameters, viz., PLF and Auxiliary consumption. For the purpose of truing up, to estimate energy availability from own generating stations, the Commission has approved TNPDCL's submission after considering normative technical parameters, as shown in the Table below. The Commission has also considered 3 MU of availability from wind power plant after comparing against the technical performance parameters submitted by TNPDCL:

Table 2-3: Energy Availability from own generating stations approved by the Commission after true-up for FY 2023-24 (MU)

Sl No.	Generating Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
I	**Coal Based Thermal Station**			
1	Tuticorin TPS	4,642	5,901.47	5,930.31
2	Mettur TPS I	4,726	5,280.41	5,310.03
3	North Chennai TPS I	3,291	3,250.83	3,307.98
4	NCTPS Stage II	5,882	5,913.28	5,922.55
5	MTPS II	2,941	2,958.95	2,976.54
	Total Coal Based Thermal	**24,750**	**23,304.93**	**23,447.41**
II	**Gas based Thermal Stations**			
1	Tirumakottai GTPS	266	34.72	44.43
2	Kuttalam GTPS	375	649.81	652.93
3	Basin Bridge GTPS	6	-	-
4	Valuthur GTPS -1	1,081	1,102.91	1,106.09
5	Valuthur GTPS-2			
	Total Gas	**1,729**	**1,787.44**	**1,803.46**
III	**Hydro Stations**			
1	Erode HEP	1,120	631.50	633.86
2	Kadamparai HEP	867	516.68	516.68
3	Kundah HEP	2,227	1,754.97	1,754.97
4	Tirunelveli HEP	1,148	786.48	786.44
	Total Hydro	**5,362**	**3,689.63**	**3,691.95**
IV	**Wind mills**	**4**	**3.09**	**3.09**
V	**Grand Total**	**31,845**	**28,785.09**	**28,945.91**

B. Power Purchase from Other Sources

2.3.5 TNPDCL submitted the power purchase from outside/other sources for FY 2023-24 after excluding wheeling units, as shown in the following Table:

Table 2-4: Energy availability from Other Sources as submitted by TNPDCL (MU)

Power Sources	Approved	Actuals
Central Generating Stations	40,686.46	37,660.74
Independent Power Producers	11,262.81	8,828.75
Renewables	1,960.89	4,235.53
Others	19,819.51	32,181.24
Total	**73,729.67**	**82,906.26**

Commission's Views

2.3.6 The Commission has verified the details of power purchase from other sources from the audited accounts of FY 2023-24. It is observed that the SWAP power has been wrongly considered as 186.20 MU against the value of 1063 MU (876.80 MU) as per the Audited Accounts. Hence, the Commission has approved total energy availability from other sources as, as shown in the Table below:

Table 2-5: Energy availability from Other sources approved by the Commission after true-up for FY 2023-24 (MU)

Power Sources	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Central Generating Stations	40,686.46	37,660.74	37,660.74
Independent Power Producers	11,262.81	8,828.75	8,828.75
Renewables	1,960.89	4,235.53	4,235.53
Others	19,819.51	32,181.24	31,304.44
Total	**73,729.67**	**82,906.26**	**82,029.46**

C. Summary of total energy availability

2.3.7 Based on the approval given above, the summary of total energy available to TNPDCL for FY 2023-24 is shown in the Table below:

Table 2-6: Total Energy availability for TNPDCL approved by the Commission after true up for FY 2023-24 (MU)

Description	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Own Generation	31,555.16	28,641.09*	28,801.91*
Central Generating Stations	40,686.46	37,660.74	37,660.74
Renewables	11,262.81	8,828.75	8,828.75
Independent Power Producers	1,960.89	4,235.53	4,235.53
Others	19,819.51	32,181.24	31,304.44
Total Availability	**105,284.82**	**111,547.35**	**110,831.37**

** Considering the 144 MU utilised by Kadamparai HEP in Pumped Mode*

2.4 ENERGY BALANCE AND DISTRIBUTION LOSSES

2.4.1 TNPDCL submitted the Energy Balance statement for FY 2023-24 excluding wheeling units, as shown in the following Table:

Table 2-7: Energy Balance as submitted by TNPDCL (MU)

Particulars	Approved	Actual
Total Energy Required	1,05,284	1,30,669
Inter State Transmission loss	1,721	2,368
Total Energy Available at State Boundary	1,03,564	1,28,301
Intra State Transmission losses	3,956	4,729
Intra State Transmission losses	**3.81%**	**3.70%**
Wheeling Energy		19,974
Energy Available for Sales		1,03,598
HT Sales above 110 kV, 230 kV, and 400 kV Sales	2,253	5,462
Energy Available at Distribution Network	97,365	98,136

Particulars	Approved	Actual
Total LT Sales	71,982	71,747
Total HT Sales	15,647	21,633
Total Sales	**87,629**	**93,380**
Sales at Distribution Network	**85,700**	**87,918**
Distribution Losses	9,522	10,218
Distribution Losses	**10.00%**	**10.41%**

Commission's Views

2.4.2 For FY 2023-24, distribution losses have been approved by the Commission in the previous Tariff Order dated September 9, 2022, at the normative value of 10%. However, the Commission has observed that there is an increase in the actual distribution loss from 10.02% for FY 2022-23 to 10.41% for FY 2023-24. The Commission further observes that the quantum of sales in LT category has increased from 75.56% of the total quantum of sales in FY 2022-23 to 77.37% of the total quantum of sales in FY 2023-24. Since the loss at LT level is higher as compared to loss at HT level, the Commission has considered the actual distribution loss of 10.41% as claimed by the Petitioner for arriving at the Energy Balance. However, **the Commission directs TNPDCL to submit the complete details of voltage-wise energy injection, sales and distribution loss along with the complete calculation from FY 2024-25**.

2.4.3 Considering the above, and submission of TNPDCL, the following Energy Balance has been approved for FY 2023-24:

Table 2-8: Energy Balance approved by the Commission after true-up for FY 2023-24 (MU)

Description	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
LT Sales	71,982	71,747.15	71,747.15
HT Sales (up to 33 kV)	15,647	16,170.92	16,170.92
Sales below 33 kV	87,628	87,918.07	87,918.07
Distribution Loss (%)	10.00%	10.41%	10.41%
Distribution Loss	9,736	10,218.15	10,218.15
Energy Input at Distribution Periphery	97,365	98,136.22	98,136.22
Sales above 33 kV	2,253	5,461.78	5,461.78
Transmission Loss (%)	3.81%	3.70%	3.70%
Energy Required at State Periphery	103,564	128,301.00*	128,301.00*
PGCIL Losses	1,721	2,368.00	2,368.00
Total Power Required	**105,285**	**130,669.00**	**130,669.00**

** Includes 19,974 MU wheeled by OA consumers*

2.5 FIXED EXPENSES

2.5.1 TNPDCL submitted that it has considered the Fixed Cost for its Generating Stations and Distribution function on the basis of the Tariff Regulations and Audited Accounts for FY 2023-24.

2.5.2 The Fixed Costs are categorized under the following heads:

i. Operation and Maintenance Expenses
ii. Depreciation
iii. Interest and Finance Charges
iv. Return on Equity
v. Interest on Working Capital
vi. Other Debits
vii. Operating Charges and Extra Ordinary Items
viii. Prior Period Items
ix. Non-Tariff Income and Other Income

2.6 OPERATION & MAINTENANCE EXPENSES

2.6.1 The Operation & Maintenance (O&M) expenses include actual expenses incurred by TNPDCL towards Employee Expenses, Administrative and General (A&G) Expenses and Repair and Maintenance (R&M) Expenses.

2.6.2 TNPDCL submitted that the Employee Expenses includes salaries, overtime, DA, medical expenses, headquarters expense and other terminal benefits. The increase in Employee Expenses is mainly on account of wage revisions, inflation, etc., which are beyond the control of TNPDCL and the same has also been considered by the Commission as pass through in its previous Orders.

2.6.3 TNPDCL submitted that the net Employee Expenses incurred by TNPDCL for both of its business (i.e., Generation and Distribution business) as per Audited Accounts is Rs. 10,229.99 Crore and includes employee benefit expenses and remeasurement of defined benefit plan for FY 2023-24 of Rs. 3240.30 Crore.

2.6.4 TNPDCL submitted that A&G expenses include rent/rate and taxes, insurance, legal/technical/consultancy charges and audit fees, and other miscellaneous expenses of similar nature. The net A&G expenses incurred for FY 2023-24 as per Audited Accounts stands at Rs. 491.34 Crore. TNPDCL further submitted that it has claimed A&G expenses after netting off the capitalised expenses, fabrication charges and expenses towards its windfarms.

2.6.5 TNPDCL submitted that R&M expenses are the expenses incurred towards repairs and maintenance in order to maintain the asset quality given the ageing of equipment. The assets are old and require regular maintenance in order to ensure smooth and reliable operation. However, TNPDCL has tried its best to minimize the R&M expenses. TNPDCL further submitted that the actual R&M expenses as per Audited Account after netting off expenses capitalised and its wind farms, have been worked out as Rs. 1532.92 Crore for FY 2023-24.

2.6.6 The plant-wise actual O&M expenses as submitted by TNPDCL are shown in the Table below:

Table 2-9: O&M Expenses as submitted by TNPDCL for FY 2023-24 (Rs. Crore)

Power Station	Approved	Actual
Tuticorin TPS	432.66	753.15
Mettur TPS I	351.83	550.04
North Chennai TPS I	313.36	726.58
Mettur TPS II	181.78	258.22
NCTPS II	298.41	383.65
Tirumakottai GTPS	18.19	26.61
Kuttalam GTPS	29.25	39.23
Basin Bridge GTPS	15.34	12.36
Valuthur GTPS	32.32	82.50
Erode HEP	109.12	142.08
Kadamparai HEP	57.81	128.44
Kundah HEP	98.45	190.93
Tirunelveli HEP	89.43	195.10
Total Generation	**2,027.94**	**3,488.88**
Distribution	**10,670.38**	**11,969.22**
Total	**12,698.32**	**15,458.10**

Commission's Views

A. Employee Expenses

2.6.7 The Commission has approved the Salary, DA, Contribution to Pension & Gratuity and Terminal Benefits based on the actuals for FY 2023-24, and has approved the other components of Employee Expenses as per the Tariff Regulations and limiting the same to the actuals for FY 2023-24 in line with the approach adopted in the previous True-up Order for FY 2022-23.

2.6.8 The Commission has observed that the Petitioner has been claiming the remeasurement of employee benefit expenses for FY 2022-23 and FY 2023-24. However, it is observed that the same is not remitted into the corpus funds created for the respective years. It is essential that the amounts provided for in the Accounts are actually invested as part of the Corpus Funds, so that the same are available as per requirement. Hence, **the Commission directs the Petitioner to remit the remeasurement of employee benefits as accrued in the Audited Accounts for FY 2022-23 and FY 2023-24 in the Corpus Funds and submit a compliance report within 3 months of the issuance of this Order.**

B. Repair and Maintenance (R&M) Expenses

2.6.9 For approving R&M expenses, the Commission has adopted the same approach as specified in the Tariff Regulations, by considering annual escalation of 5.72%, over the R&M expenses arrived based on truing up the normative values approved by the Commission for FY 2022-23.

C. Administrative and General (A&G) Expenses

2.6.10 For approving A&G expenses, the Commission has adopted the same approach as specified in the Tariff Regulations, by considering annual escalation of 5.72% over the A&G expenses arrived for FY 2022-23.

2.6.11 The O&M expenses approved by the Commission after true-up for FY 2023-24 is shown in the Table below:

Table 2-10: O&M expenses approved by the Commission after True-Up for the FY 2023-24 (Rs. Crore)

Description	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Tuticorin TPS	432.66	753.15	586.60
Mettur TPS I	351.83	550.04	482.47
North Chennai TPS I	313.36	726.58	395.06
Mettur TPS II	181.78	258.22	164.54
NCTPS II	298.41	383.65	211.17
Tirumakottai GTPS	18.19	26.61	26.61
Kuttalam GTPS	29.25	39.23	21.64
Basin Bridge GTPS	15.34	12.36	12.36
Valuthur GTPS	32.32	82.50	39.83
Erode HEP	109.12	142.08	140.80
Kadamparai HEP	57.81	128.44	94.46
Kundah HEP	98.45	190.93	175.53
Tirunelveli HEP	89.43	195.10	145.49
Total Generation	**2,027.94**	**3,488.88**	**2,496.56**
Distribution	**10,670.38**	**11,969.22**	**11,707.92**
Total	**12,698.32**	**15,458.10**	**14,204.48**

2.7 CAPITAL EXPENDITURE AND CAPITALIZATION

2.7.1 TNPDCL submitted that the expenditure incurred in each power station is on account of regular works like replacement of worn-out machinery, damaged equipment, transformers, boilers, generators, stators, auxiliary equipment, etc., which are necessary works to be carried out for effective and efficient working of the power station.

2.7.2 TNPDCL submitted that the expenditure incurred for the Distribution function during the respective years is on account of regular works carried out, which were necessary for efficient working of the distribution system. The works carried out for the distribution function are mainly on account of addition of LT and HT lines, distribution transformers, and services rendered during the respective year.

2.7.3 TNPDCL further submitted that the additional capitalization during the respective years is in line with Regulation 19 of the Tariff Regulations, which have been incurred for efficient and successful operation of the Generating Stations and Distribution Network.

Table 2-11: CAPEX and Capitalization submitted by TNPDCL (Rs. Crore)

Particulars	Approved		Actuals	
	Capital Expenditure	Net Capitalization	Capital Expenditure	Net Capitalization
Total Generation	2,356.83	3,062.14	403.90	142.35
Total Distribution	4,651.07	4,379.77	2,261.18	735.41
Total	**7,007.90**	**7,441.91**	**2,665.08**	**877.76**

Commission's Views

2.7.4 The Commission has observed that there is a variation of about Rs. 33.58 Crore between the Additional Capitalisation for FY 2023-24 as claimed and as per the Audited Accounts. The Petitioner, in response, has submitted that this variation is due to the transfer of assets as per the Audited Accounts. The Commission approves the Capitalisation claimed by the Petitioner as shown below:

Table 2-12: CAPEX and Capitalization approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Particulars	Approved earlier in ARR		TNPDCL Filing		Approved after True-up	
	CAPEX	Capitalization	CAPEX	Capitalization	CAPEX	Capitalization
Total Generation	2,356.83	3,062.14	403.90	142.35	403.90	142.35
Total Distribution	4,651.07	4,379.77	2,261.18	735.41	2,261.18	735.41
Total	**7,007.90**	**7,441.91**	**2,665.08**	**877.76**	**2,665.08**	**877.76**

2.8 DEPRECIATION

2.8.1 TNPDCL submitted that for computing depreciation, the opening GFA for each of the generating stations and for distribution business for FY 2023-24 is considered same as the closing GFA for FY 2022-23.

2.8.2 TNPDCL submitted that asset additions during the year have been considered as per audited figures during the respective period. The closing GFA for FY 2023-24 has been arrived by adding the asset capitalised and by deducting the asset de-capitalised, if any, during the respective year.

2.8.3 TNPDCL submitted that the actual depreciation for generating and distribution function as per Note 31 of Audited Accounts is Rs. 3,577.34 Crore for FY 2023-24. TNPDCL further submitted that it has arrived at the aforesaid depreciation figures based on as GFA per Ind AS and the asset-wise depreciation rates as approved by the Commission. The depreciation has been computed on the opening GFA of respective year in line with Regulation 24 of the Tariff Regulations.

2.8.4 The actual depreciation for FY 2023-24 for each generating station and the Distribution business, as submitted by TNDPCL, is shown in the Table below:

Table 2-13: Depreciation as submitted by TNPDCL (Rs. Crore)

Power Station	Approved	Actual
Tuticorin TPS	171.64	134.80
Mettur TPS I	98.62	107.15

Power Station	Approved	Actual
North Chennai TPS I	164.70	81.25
Mettur TPS II	289.61	102.91
NCTPS II	406.99	221.92
Tirumakottai GTPS	34.99	13.46
Kuttalam GTPS	34.87	14.13
Basin Bridge GTPS	34.51	13.13
Valuthur GTPS	42.94	49.88
Erode HEP	189.79	157.68
Kadamparai HEP	29.18	91.21
Kundah HEP	66.85	82.86
Tirunelveli HEP	49.72	74.55
Total Generation	**1,614.41**	**1,144.92**
Distribution	**1,828.35**	**2,432.42**
Total	**3,442.76**	**3,577.34**

Commission's Views

2.8.5 The Commission, vide its queries, had directed TNPDCL to submit the detailed calculation of Depreciation along with the details of revaluation of Assets, if any. In response, TNPDCL has submitted that no revaluation exercise was carried out and the same is also certified by the Statutory Auditors and AG Audit. Further, TNPDCL has also justified that the variation between the depreciation as per the Audited Accounts and the claim is due to amortization of Software not shown in the Audited Accounts. Hence, the Commission has considered the submission of TNPDCL and has reduced the capitalised value of contribution from consumers for service line and other assets, to arrive at the revised Depreciation as approved in the table below:

Table 2-14: Depreciation approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Description	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Tuticorin TPS	171.64	134.80	134.80
Mettur TPS I	98.62	107.15	107.15
North Chennai TPS I	164.70	81.25	81.25
Mettur TPS II	289.61	102.91	102.91
NCTPS II	406.99	221.92	221.92
Tirumakottai GTPS	34.99	13.46	13.46
Kuttalam GTPS	34.87	14.13	14.13
Basin Bridge GTPS	34.51	13.13	13.13
Valuthur GTPS	42.94	49.88	49.88
Erode HEP	189.79	157.68	157.68
Kadamparai HEP	29.18	91.21	91.21
Kundah HEP	66.85	82.86	82.86
Tirunelveli HEP	49.72	74.55	74.55
Total Generation	**1,614.41**	**1,144.92**	**1,144.92**
Distribution	**1,828.35**	**2,432.42**	**2,397.01**
Total	**3,442.76**	**3,577.34**	**3,541.93**

2.9 INTEREST ON LOAN AND OTHER FINANCING CHARGES

2.9.1 TNPDCL submitted that the Government of Tamil Nadu approved the proposal of demerger of TANGEDCO into three separate entities. Consequently, the existing loans have been distributed among the newly established entities vide G.O. Ms. No. 32, Energy (B2), March 6, 2024.

2.9.2 TNPDCL, i.e., erstwhile TANGEDCO, has taken closing loan balance of FY 2022-23 to be opening balance of FY 2023-24 for each generating station of TNPGCL and TNGECL and for Distribution business of TNPDCL.

2.9.3 TNPDCL submitted that as per Clause 23(a) of the Tariff Regulations, 2005:

"Interest on loan Capital shall be computed loan-wise on the loan arrived at in the manner set out in Regulation 21 ".

"Regulation 21

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

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

2.9.4 TNPDCL submitted that other finance charges, which comprise interest on consumers' security deposit and other charges such as cost of raising finance, bank charges, etc., are included in other interest and Finance Charges for FY 2023-24 as separately shown in the Table below.

Table 2-15: Interest and Finance charges as submitted by TNPDCL (Rs. Crore)

Power Station	Approved	Actual
Tuticorin TPS	660.32	1,192.08
Mettur TPS I	394.06	570.82
North Chennai TPS I	685.01	1,390.79
Mettur TPS II	365.01	613.67
NCTPS II	404.51	633.51
Tirumakottai GTPS	156.15	377.10
Kuttalam GTPS	131.80	341.36
Basin Bridge GTPS	273.75	776.18
Valuthur GTPS	219.66	437.96
Erode HEP	322.62	122.16
Kadamparai HEP	133.75	72.15
Kundah HEP	309.47	59.38

Power Station	Approved	Actual
Tirunelveli HEP	203.89	71.27
Total Generation (A)	**4,260.01**	**6,658.45**
Distribution- Interest and Finance Charges (B)	**4,984.33**	**6,422.56**
Total Loan Interest (A+B)	**9,244.34**	**13,081.01**
Interest on security deposit	566.80	1,006.17
Other Finance Charges	1,272.72	700.43
Interest and Finance Charges	**11,083.86**	**14,787.61**

Commission's Views

2.9.5 For estimation of interest cost, the Commission has adopted the same methodology as adopted in the True-up for FY 2022-23 in its previous Order dated August 13, 2024. As per this methodology, loans are linked to GFA and GFA addition, from FY 2020-21. The opening loan for FY 2023-24 has been considered equal to the closing loan approved in the true-up for FY 2022-23. As the Commission has not approved any Return on Equity to TNPDCL due to historical issues related to non-segregation of capital and revenue borrowing and potential diversion of equity to fund revenue expenditure, and GFA and GFA additions are assumed to be funded entirely with loans, for the purpose of estimation of interest expenses.

2.9.6 Further, the loan addition is considered equal to the addition in assets during the year excluding the assets capitalised out of the contribution received from consumers for service line and other assets.

2.9.7 As regards the Interest Rate, the Commission has observed that the long-term loans include loans borrowed for capital addition as well as to fund the revenue deficit by the Petitioner. Since, the Commission is allowing the addition of loan only corresponding to that of the additional capitalisation, the Commission finds it prudent to consider interest rate of long-term loans utilised for capex funding only. Since, the loans from REC and PFC are primarily utilised for asset addition, the Commission has considered the loan balances at the beginning and at the end of FY 2023-24 as per the Audited Accounts and has considered the actual interest paid against such loans to arrive at the interest rate. Based on the above methodology, the weighted average actual interest rate works out to 10.39%. Hence, the same is considered for allowing the Interest on Loan.

2.9.8 The interest expenses determined as per the methodology are provided below.

Table 2-16: Total Loan and Interest Expenses approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Description	Approved after True-up
Opening Loan	89,441
Loan Addition	260
Loan Repayment	3,542
Closing Loan	86,159
Average Loan	87,800

Description	Approved after True-up
Interest on Loan	9,123
Interest Rate	10.39%
Other Finance Charges	785
Interest on Consumer Security Deposit	1,006
Total Interest Charges	**10,914**

2.9.9 As there is no proper station-wise loan portfolio, the above determined interest is allocated among the stations in the ratio of interest estimated. The interest on consumer security deposit and Other Finance Charges are considered as submitted by the Petitioner.

Table 2-17: Station-wise Loan and Interest Expenses approved by the Commission after True-up for FY 2023-24 (Rs. Crore)

Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Tuticorin TPS	660.32	1,192.08	839.45
Mettur TPS I	394.06	570.82	404.99
North Chennai TPS I	685.01	1,390.79	976.96
Mettur TPS II	365.01	613.67	429.61
NCTPS II	404.51	633.51	443.80
Tirumakottai GTPS	156.15	377.10	263.01
Kuttalam GTPS	131.80	341.36	253.69
Basin Bridge GTPS	273.75	776.18	556.78
Valuthur GTPS	219.66	437.96	305.93
Erode HEP	322.62	122.16	90.34
Kadamparai HEP	133.75	72.15	58.36
Kundah HEP	309.47	59.38	50.69
Tirunelveli HEP	203.89	71.27	54.81
Total Generation (A)	**4,260.01**	**6,658.45**	**4,728.45**
Distribution- Interest and Finance Charges (B)	**4,984.33**	**6,422.56**	**4,479.29**
Total Loan Interest (A+B)	**9,244.34**	**13,081.01**	**9,207.74**
Interest on security deposit	566.80	1,006.17	1,006.17
Other Finance Charges	1,272.72	700.43	700.43
Total	**11,083.86**	**14,787.61**	**10,914.35**

2.10 RETURN ON EQUITY

2.10.1 TNPDCL submitted that the total additional equity is bifurcated into generation and distribution function based on the opening balance of Gross Block allotted to generation and distribution function. Equity for generation function is further sub-allocated plant-wise based on opening gross block for each plant. The additions and deductions during the year are considered as per actuals for FY 2023-24. The rate of return on equity has been considered at 14% as specified in the Tariff Regulations and has been applied on the average equity balance of each power station and distribution function.

2.10.2 TNPDCL submitted that a Utility is entitled to Return on Equity (RoE) as the RoE earned is invested every year to carry out future capacity additions. The relevant extracts of the Tariff Regulations are reproduced below:

> *"21. Debt-Equity Ratio*
> *For the purpose of determination of tariff, debt-equity ratio as on the date of commercial operation of Generating Station and transmission projects, sub-station, distribution lines or capacity expanded after the notification of these Regulations shall be 70:30. Where equity employed is more than 30% the amount of equity shall be limited to 30% and the balance amount shall be considered as loans, advanced at the weighted average rate of interest and for weighted average tenor of the long term debt component of the investment*
> *Provided that in case of a Generating Company or other licensees, where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of return on equity in tariff computation."*

2.10.3 TNPDCL submitted that RoE earned is invested every year to carry out future capacity additions and is essential for sustainable operations. The RoE claimed by TNPDCL is as shown in below table:

Table 2-18: Return on Equity as claimed by TNPDCL (Rs. Crore)

Power Station	Approved	Actual
Tuticorin TPS	-	167.61
Mettur TPS I	-	133.62
North Chennai TPS I	-	100.17
Mettur TPS II	-	95.57
NCTPS II	-	191.53
Tirumakottai GTPS	-	17.15
Kuttalam GTPS	-	16.06
Basin Bridge GTPS	-	19.08
Valuthur GTPS	-	30.09
Erode HEP	-	64.27
Kadamparai HEP	-	77.84
Kundah HEP	-	107.32
Tirunelveli HEP	-	47.93
Total Generation	**-**	**1,068.25**
Distribution	**-**	**797.01**
Total	**-**	**1,865.26**

Commission's Views

2.10.4 In the Suo-Motu Order dated December 11, 2014, the Commission has stated the following reason for disallowing RoE to TANGEDCO:

> *"3.106 In last year order Commission has not considered the equity requirement while approving the funding requirement of capital expenditure. This stand was taken because Commission is of the view that TANGEDCO is mixing the revenue account with capital account and the equity approved may be again diverted to revenue account. This*

can also be observed from TANGEDCO audited accounts wherein the actual borrowings for FY 11 and FY 12 are significantly higher than capital expenditure. TNERC Tariff Regulations also allow the Commission for approving the equity below the norms of 30% requirement. The relevant extracts of the regulation are reproduced below:

"21. Debt-Equity Ratio

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

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

3.107 Based on the above submissions, Commission has not allowed any return on equity due to the following reasons:

i. Commission has approved interest on total outstanding loans as on November 2010

ii. Based on available sources of funding, equity has been diverted towards revenue account from FY 2003 and hence the addition in equity base as per audited accounts is on account of funding the revenue expenditure and not for creation of capital assets.

iii. Loans approved for funding the capital expenditure for generating stations and distribution business during the control period are without considering the equity

3.108 The Commission continues to take the same stand and is not allowing any return on equity for the current tariff order also."

2.10.5 The Suo-Motu Order of the Commission was challenged by the Tamil Nadu Electricity Consumers Association (TECA) before the Hon'ble APTEL in Appeal No. 62 and 63 of 2015. The Hon'ble APTEL in its Judgment dated March 2, 2016, upheld the Suo-Motu Order in its entirety , and ruled as under:

"15. The present Appeals, being Appeal Nos. 62 of 2015 and 63 of 2015, are hereby dismissed and ***the impugned suo-motu tariff orders, being SMT Order Nos. 8 of 2014 and 9 of 2014, each dated 11.12.2014,***

passed by the Tamil Nadu Electricity Regulatory Commission, are hereby upheld. *There shall be no order as to costs."*

2.10.6 As the Suo-Motu Order of the Commission has not been further appealed before any higher authority, it has attained finality. Hence, the Commission has adopted the same approach while approving RoE as adopted in the earlier Orders. However, TNPDCL has filed an Appeal before the Hon'ble APTEL on this issue in the Tariff Order dated September 9, 2022. Since the funding of capital expenditure has been considered entirely through loans, hence, no RoE has been approved in the truing up for FY 2023-24, subject to the outcome of the Appeal.

2.11 INTEREST ON WORKING CAPITAL (IOWC)

2.11.1 TNPDCL submitted that the interest on working capital (IoWC) for FY 2023-24 has been claimed on normative basis as specified in Regulation 26 of the Tariff Regulations. Maintenance spares for all types of generating stations and transmission systems are considered at 1% of the historic cost after escalating 6% p.a. However, such escalation is not specified in the Tariff Regulations for distribution system. Therefore, TNPDCL requested to maintain uniform approach across generation, transmission and distribution and allow 6% p.a. escalation on maintenance spares.

2.11.2 TNPDCL submitted that as per Regulation 27 of the Tariff Regulations, rate of interest for working capital shall be equivalent to the short-term primary lending rate of State Bank of India as on 1st April of the relevant year. Accordingly, the rate of interest for FY 2023-24 has been arrived at 14.85 %.

2.11.3 The IoWC claimed by TNPDCL is shown in the Table below:

Table 2-19: Interest on Working Capital as submitted by TNPDCL (Rs. Crore)

Power Station	Approved	Actual
Tuticorin TPS	109.75	186.48
Mettur TPS I	72.13	189.59
North Chennai TPS	79.87	135.34
Mettur TPS II	86.08	126.67
NCTPS II	130.94	175.23
Tirumakottai GTPS	6.75	13.59
Kuttalam GTPS	12.15	24.79
Basin Bridge GTPS	9.40	24.51
Valuthur GTPS	13.44	39.78
Erode HEP	18.43	18.69
Kadamparai HEP	5.81	13.22
Kundah HEP	12.38	15.42
Tirunelveli HEP	9.16	14.84
Total Generation	**566.29**	**978.17**
Distribution	**14.51**	**674.56**
Total	**580.80**	**1652.72**

Commission's Views

2.11.4 The Commission has approved the IoWC separately for generation and distribution function in accordance with Regulation 26 of the Tariff Regulations, as reproduced below, and after deducting the amount of consumer security deposit from the working capital requirement, in line with the approach adopted in the suo-motu Order:

"26. Working Capital

(1)…

(2) Till such a formula is evolved, the norms for Working Capital shall be as below:

(a) For Coal based / Lignite fired Generating Stations

i. Cost of coal or lignite for one and half month for pit head generating stations and two months for non-pit head generating stations corresponding to the target availability;

ii. Cost of secondary fuel oil for two months corresponding to the target availability;

iii. Operation and Maintenance expenses for one month; iv. Maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation; and

v. Receivables equivalent to two months of fixed and variable charges for sale of electricity calculated on target availability.

(b) For Gas Turbine / combined cycle Generating Stations

i. Fuel cost for one month corresponding to the target availability duly taking into account the mode of operation of the Generating Station on gas fuel and liquid fuel;

ii. Liquid fuel stock for half month;

iii. Operation and Maintenance expenses for one month; iv. Maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation; and

v. Receivables equivalent to two months of fixed and variable charges for sale of electricity calculated on target availability.

(c)For Hydro Power Generating Stations

The working Capital shall cover:

i. Operation and Maintenance expenses for one month;

ii. Maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation; and

iii. *Receivables equivalent to two months of fixed charges for sale of electricity, calculated on normative capacity index.*

...

(d) For Distribution System

i. *Operation and Maintenance expenses for one month*

ii. *Maintenance spares for two months based on annual requirement considered at 1% of the gross fixed cost at the beginning of the year.*

iii. *Receivable equivalent to sixty days consumption charges."*

2.11.5 Further, as it is difficult to estimate the historical cost of assets for the generation function, the Commission has approved maintenance spares at 1% of opening GFA for respective years. The assets have been segregated between generation and distribution function based on the GFA details submitted by TNPDCL. The interest rate for approving IoWC has been considered as specified in the Tariff Regulations, i.e., Prime Lending Rate of State Bank of India as on April 1st of the respective year. The Interest Rate has been taken as 14.85% in line with the provision of the Tariff Regulations.

2.11.6 The normative IoWC for Distribution function works out to be negative and has hence, been considered as zero.

2.11.7 IoWC approved by the Commission after true up for FY 2023-24 is shown in the Table below:

Table 2-20: Interest on Working Capital approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Tuticorin TPS	109.75	186.48	165.39
Mettur TPS I	72.13	189.59	179.05
North Chennai TPS	79.87	135.34	100.73
Mettur TPS II	86.08	126.67	115.07
NCTPS II	130.94	175.23	150.31
Tirumakottai GTPS	6.75	13.59	4.56
Kuttalam GTPS	12.15	24.79	21.47
Basin Bridge GTPS	9.40	24.51	18.26
Valuthur GTPS	13.44	39.78	33.95
Erode HEP	18.43	18.69	15.95
Kadamparai HEP	5.81	13.22	9.46
Kundah HEP	12.38	15.42	11.72
Tirunelveli HEP	9.16	14.84	11.18
Total Generation	**566.29**	**978.17**	**837.08**
Distribution	**14.51**	**674.56**	**0.00**
Total	**580.80**	**1652.72**	**837.08**

2.12 OPERATING CHARGES AND EXTRA-ORDINARY ITEMS

2.12.1 TNPDCL submitted that in order to run a generating station effectively and efficiently, certain costs are incurred, which are not covered under any of the fixed cost components specified in the Tariff Regulations. These costs are minimal but necessary in order to run a plant at its optimum level and hence, TNPDCL is entitled to recover such cost through its ARR. These costs include other fuel related costs, cost of water and lubricants and consumables for thermal and gas generating stations. For hydro generating stations, these costs are relating to station supplies and cost of water for hydel power.

2.12.2 TNPDCL submitted that although, these costs are minimal but are necessary in order to run a plant at its optimum level. TNPDCL has sought such costs separately through its ARR, as the same has not been defined under O&M expense as per the Tariff Regulations, 2005.

2.12.3 The Tariff Regulations, 2005 defines Operation and Maintenance expenses as below:

> *"(bb) 'Operation and Maintenance Expenses' or `O and M Expenses' means the expenditure incurred in operation and maintenance of the generating station, or part thereof / transmission system / distribution system, including the expenditure on employee cost, repair and maintenance and administration and general expenses."*

2.12.4 From the above, it can be seen that the O&M expenses as per TNERC Regulations includes expenses towards employee, repair and maintenance and administration and general purpose only. Further, the Petitioner submitted that it is to be noted that the Tariff Regulations, 2005 do recognise the above cost and has also exclusively specified the same for Hydro Generating Stations under Regulation 53(2). The relevant extract of the Regulation is as reproduced below:

> *"53. Computation of Annual Energy Charges*
>
> *(2) The annual capacity (fixed) charges shall consist of the following and shall be computed as per the principles in Chapter III.*
>
> …
>
> …
>
> *(d) Operation and Maintenance expenses excluding operating expenses like water charges, lubricants, consumables and station supplies.*
>
> …
>
> *(3) Primary Energy Charges shall be the operating expenses like cost of water, lubricants, consumables and station supplies."*

2.12.5 TNPDCL submitted that although the Tariff Regulations do explicitly define the operating expenses in case of Hydro Power Generating Stations but in case of

Thermal Generating Stations the existing Regulations are silent. Under such a circumstance, the existing Regulations in accordance with Regulation 4 of TNERC Tariff Regulations, 2005 shall be guided by principles and methodologies specified by the Central Commission. The O&M expenses under CERC Tariff Regulations clearly specifies the other operating charges such as consumables, insurance and overheads and other fuel related cost apart from the expenditure on manpower, maintenance, repairs and maintenance spares.

2.12.6 The CERC (Terms and Condition of Tariff) Regulations, 2019 defines O&M expenses as below:

> *"(45) 'Operation and Maintenance Expenses' or 'O&M expenses' means the expenditure incurred for operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, maintenance, repairs and maintenance spares, consumables, insurance and overheads and fuel other than used for generation of electricity.{emphasis added}"*

2.12.7 Based on the above, it can be clearly inferred that apart from the expenditure on employee cost, repair and maintenance and administration and general expenses, there are certain other costs incurred by the power station. TNPDCL submitted that it has categorized such costs under the head Operating Charges.

2.12.8 However, the Commission has disallowed the above cost in its previous Tariff Order stating that these costs are actually a part of the normative O&M expenses and have been considered there. The relevant extract from the Tariff Order is reproduced below;

> *"4.15.3 The Commission is of the view that the Operating Charges and Extra-Ordinary Items claimed by TANGEDCO separately, are actually a part of the normative O&M expenses and cannot be separately allowed."*

2.12.9 TNPDCL also submitted that the normative O&M expenses derived by the Commission in accordance with Regulation 25 of the Tariff Regulations do not include the operating charges and extra-ordinary items. The Operating Charges and extra-ordinary items as submitted by TNPDCL are shown in the Table below:

Table 2-21: Operating Charges and Extra-ordinary Items as submitted by TNPDCL (Rs. Crore)

S. No.	Power Station	Approved	Actual
1	Tuticorin TPS	0.00	54.49
2	Mettur TPS I	0.00	20.94
3	North Chennai TPS I	0.00	17.84
4	Mettur TPS II	0.00	10.77
5	NCTPS II	0.00	31.06
6	Tirumakottai GTPS	0.00	0.00
7	Kuttalam GTPS	0.00	0.34
8	Basin Bridge GTPS	0.00	0.21

S. No.	Power Station	Approved	Actual
9	Valuthur GTPS	0.00	0.01
10	Erode HEP	0.00	3.19
11	Kadamparai HEP	0.00	1.61
12	Kundah HEP	0.00	9.60
13	Tirunelveli HEP	0.00	0.19
14	**Total Generation**	**0.00**	**150.24**
15	**Distribution**	**0.00**	**0.00**
16	**Total**	**0.00**	**150.24**

Commission's Views

2.12.10 The Commission had directed the Petitioner to submit the reconciliation with the Audited Accounts for FY 2023-24. The Commission has considered the submission of the Petitioner and has observed that the norms arrived does not include such expenses. Hence, the Commission approves the Operating Charges as claimed by TNPDCL for FY 2023-24, as shown in the Table below:

Table 2-22: Operating Charges approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Tuticorin TPS	0.00	54.49	54.49
Mettur TPS I	0.00	20.94	20.94
North Chennai TPS	0.00	17.84	17.84
Mettur TPS II	0.00	10.77	10.77
NCTPS II	0.00	31.06	31.06
Tirumakottai GTPS	0.00	0.00	0.00
Kuttalam GTPS	0.00	0.34	0.34
Basin Bridge GTPS	0.00	0.21	0.21
Valuthur GTPS	0.00	0.01	0.01
Erode HEP	0.00	3.19	3.19
Kadamparai HEP	0.00	1.61	1.61
Kundah HEP	0.00	9.60	9.60
Tirunelveli HEP	0.00	0.19	0.19
Total Generation	**0.00**	**150.24**	**150.24**
Distribution	**0.00**	**0.00**	**0.00**
Total	**0.00**	**150.24**	**150.24**

2.13 OTHER INCOME AND NON-TARIFF INCOME

2.13.1 TNPDCL submitted that Regulation 40 of the Tariff Regulations specifies Other Income as income other than income from sale of electricity. Further, Regulation 41(2) specifies that the capacity charge for Generating Company shall be arrived at after deducting Other Income from the total annual expenses. In case of Distribution function, the treatment of Other Income and Non-Tariff Income is specified under Regulation 80 of the Tariff Regulations. The said Regulation specifies that the ARR for Distribution Licensee shall be arrived at after deducting Other Income including

Non-Tariff related charges, income from surcharge and additional surcharge from open access, etc., from total expenses.

2.13.2 TNPDCL submitted that Other Income mainly includes interest on staff loan and advances, income from investment, interest on loan advances and advances to licensee, delayed payment surcharge, rebate on power purchase bills, prompt payment rebate from financial institutions, interest from bank/trading, miscellaneous receipts, etc. Other Income for FY 2023-24 as submitted by TNPDCL is shown in the Table below:

Table 2-23: Other Income as submitted by TNPDCL (Rs. Crore)

Power Station	Approved	Actual
Tuticorin TPS	36.98	56.66
Mettur TPS I	37.69	80.60
North Chennai TPS I	4.20	66.60
Mettur TPS II	17.84	48.48
NCTPS II	6.42	32.48
Tirumakottai GTPS	0.15	0.02
Kuttalam GTPS	0.15	1.26
Basin Bridge GTPS	0.03	0.00
Valuthur GTPS	0.29	0.96
Erode HEP	-0.10	0.42
Kadamparai HEP	1.57	11.46
Kundah HEP	0.94	16.09
Tirunelveli HEP	1.03	1.58
Total Generation	**107.19**	**316.59**
Distribution	**1286.21**	**2785.80**
Total	**1,393.40**	**3102.39**

2.13.3 TNPDCL submitted that Non-Tariff Income pertains only to distribution business. Further, the Non-Tariff related charges as stated above has been specified under Regulation 68 (2) includes meter rent/service line rental, recoveries for theft of power/malpractices, wheeling charges recoveries and other miscellaneous charges recovered from consumers. Non-Tariff Income as submitted by TNPDCL is shown in the Table below:

Table 2-24: Non-Tariff income as submitted by TNPDCL (Rs. Crore)

Power Station	Approved	Actual
Meter Rent / Service line Rentals	36.77	98.41
Recoveries of Theft of Power / Malpractices	92.53	93.57
Open Access Wheeling charges	596.45	994.72
Network Charges HT		62.41
Network Charges LT		37.96
Miscellaneous Charges collected from Consumers	1,036.41	375.73
Cross Subsidy Surcharge		579.47
Belated Payment Surcharge		71.84
Capacity Compensation Charges		2.99
Reconnection Charges		82.88
Additional Surcharge from Open Access Consumers	130.00	
Other Operational Income	720.00	63.02

Power Station	Approved	Actual
Name Transfer Fees		50.20
Application Fees		22.44
Dismantling Charges		6.38
Shifting Charges		35.52
Estimate Charges		198.43
Charges for Replacement of damaged/burnt meter/Visit		9.58
Charges for dishonoured cheque - Service Charge		0.69
Fuse charges		1.02
Income from other services provided to customers		1876.75
Parallel Operation Charges HT		13.54
Green Tariff Charges		5.36
Excess Demand Charges, Power Factor Penalty, CC Arrears and Other Miscellaneous Charges		1536.85
Damage to Board Properties		7.92
Total	**2,612.16**	**6,227.67**

Commission's Views

2.13.4 The Commission has approved the Other Income and Non-Tariff Income after comparing with audited accounts and after prudence check.

2.13.5 Other Income and the Non-Tariff Income in the Audited Accounts match with the values as per the claim of TNPDCL.

2.13.6 Hence, considering the above, the Other Income and Non-Tariff Income are approved as shown in the Tables below:

Table 2-25: Other Income approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Tuticorin TPS	36.98	56.66	56.66
Mettur TPS I	37.69	80.60	80.60
North Chennai TPS I	4.20	66.60	66.60
Mettur TPS II	17.84	48.48	48.48
NCTPS II	6.42	32.48	32.48
Tirumakottai GTPS	0.15	0.02	0.02
Kuttalam GTPS	0.15	1.26	1.26
Basin Bridge GTPS	0.03	0.00	0.00
Valuthur GTPS	0.29	0.96	0.96
Erode HEP	-0.10	0.42	0.42
Kadamparai HEP	1.57	11.46	11.46
Kundah HEP	0.94	16.09	16.09
Tirunelveli HEP	1.03	1.58	1.58
Total Generation	**107.19**	**316.59**	**316.59**
Distribution	**1286.21**	**2785.80**	**2785.80**
Total	**1,393.40**	**3102.39**	**3102.39**

Table 2-26: Non-Tariff Income approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Meter Rent / Service line Rentals	36.77	98.41	98.41
Recoveries of Theft of Power / Malpractices	92.53	93.57	93.57
Open Access Wheeling charges	596.45	994.72	994.72
Network Charges HT		62.41	62.41
Network Charges LT		37.96	37.96
Miscellaneous Charges collected from Consumers	1,036.41	375.73	375.73
Cross Subsidy Surcharge		579.47	579.47
Belated Payment Surcharge		71.84	71.84
Capacity Compensation Charges		2.99	2.99
Reconnection Charges		82.88	82.88
Additional Surcharge from Open Access Consumers	130.00		0.00
Other Operational Income	720.00	63.02	63.02
Name Transfer Fees		50.20	50.20
Application Fees		22.44	22.44
Dismantling Charges		6.38	6.38
Shifting Charges		35.52	35.52
Estimate Charges		198.43	198.43
Charges for Replacement of damaged/burnt meter/Visit.		9.58	9.58
Charges for dishonoured cheque - Service Charge.		0.69	0.69
Fuse charges		1.02	1.02
Income from other services provided to customers		1876.75	1876.75
Parallel Operation Charges HT		13.54	13.54
Green Tariff Charges		5.36	5.36
Excess Demand Charges, Power Factor Penalty, CC Arrears and Other Miscellaneous Charges		1536.85	1536.85
Damage to Board Properties		7.92	7.92
Total	**2,612.16**	**6,227.67**	**6,227.67**

2.14 SUMMARY OF FIXED CHARGES

2.14.1 The summary of fixed cost for FY 2023-24 as submitted by TNPDCL is shown in the Table below:

Table 2-27: Fixed Cost summary submitted by TNPDCL (Rs. Crore)

Description	Approved earlier in ARR	TNPDCL Filing
Tuticorin TPS	1,337.38	2,431.96
Mettur TPS I	878.95	1,491.55
North Chennai TPS I	1,238.74	2,385.37
Mettur TPS II	904.64	1,159.33
NCTPS II	1,234.43	1,604.42
Tirumakottai GTPS	215.92	447.89
Kuttalam GTPS	207.93	434.66
Basin Bridge GTPS	332.97	845.48
Valuthur GTPS	308.07	639.25
Erode HEP	640.06	507.66

Description	Approved earlier in ARR	TNPDCL Filing
Kadamparai HEP	224.99	373.01
Kundah HEP	486.21	449.42
Tirunelveli HEP	351.17	402.31
Total Generation	**8,361.46**	**13,172.30**
Distribution	**15,438.72**	**14,988.90**
Total	**23,800.18**	**28,161.20**

Commission's Views

A. Distribution Function

2.14.2 Based on the expenses and income approved after truing up as elaborated in the above Sections, the summary of approved Fixed Cost for Distribution function is shown in the Table below.

Table 2-28: Fixed Cost summary approved by Commission for Distribution function after true-up for FY 2023-24 (Rs. Crore)

Description	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
O&M Expenses	10,670.38	11,969.22	11,707.92
Depreciation	1,828.35	2,432.42	2,397.01
Interest & Finance Charges	6,823.85	8,129.17	6,185.90
Interest on Working Capital	14.51	674.56	0.00
Return on Equity	0.00	797.01	0.00
Gross Aggregate Revenue Requirement	**19,337.09**	**24,002.37**	**20,290.82**
Less: Other Income	1,286.21	2,785.80	2,785.80
Less: Non-Tariff Income	2,612.16	6,227.67	6,227.67
Net Aggregate Revenue Requirement	**15,438.72**	**14,988.90**	**11,277.36**

B. Generation Function (Capacity Charges)

2.14.3 As per Regulation 36 of the Tariff Regulations, fixed components of generation function comprise:

"36. Components of Tariff

1) *The tariff for sale of power by the Generating Companies shall be of two part namely the Fixed Charges (recovery of annual capacity charges) and variable (energy) charges.*
2) *The Fixed (annual capacity) charges shall consist of the following elements:*
   (a) *Interest on Loan Capital*
   (b) *Depreciation*
   (c) *Return on Equity;*
   (d) *Operation and Maintenance expenses; and (e) Interest on Working Capital:*
3) *The energy (variable) charges shall cover fuel cost."*

2.14.4 The recovery of capacity charges is governed by Regulation 42 of the Tariff Regulations, which specifies as under:

"42. Recovery of Capacity Charges

1. Full capacity charges (Fixed Charges) shall be recoverable at target availability specified in clause (1) of Regulation 37.

2. Recovery of capacity charges below the level of target availability will be on pro rata basis. At zero availability, no capacity charges shall be payable.…"

2.14.5 The above capacity charges as determined by the Commission are to be recovered when TNPDCL is able to meet the target in terms of norms set by the Commission. The norms specified for recovery of fixed charges as specified in the Tariff Regulations are reproduced below:

"37. Norms of Operation

The norms of operation for the Thermal Generating Stations shall be as under:

(i) Target availability for recovery of full capacity (fixed) charges

(a) All Thermal Generating stations in Tamil Nadu except Ennore Thermal Power Generating Station 80%

(b) Ennore Thermal Power Generating Station (Till Renovation and Modernization works in all units are completed) 50%

In respect of Generating Stations of ..... As per PPA Independent Power Producers

(c) New Thermal Stations 80%"

2.14.6 The Commission has considered the station-wise availability for FY 2023-24 as submitted by TNPDCL as certified by SLDC for its Generating Stations. However, it is observed that TGTPS was available only for 4 months from April 2022 to July 2022. Hence, the availability for TGTPS is revised based on the same as shown in the Table below:

Table 2-29: PAF considered by the Commission for FY 2023-24

Power Station	Normative	Actuals	Approved
Tuticorin TPS	80.00%	79.82%	79.82%
Mettur TPS I	80.00%	90.20%	90.20%
North Chennai TPS I	80.00%	71.62%	71.62%
Mettur TPS II	80.00%	78.23%	78.23%
NCTPS II	80.00%	61.37%	61.37%
Tirumakottai GTPS	80.00%	89.69%	29.90%
Kuttalam GTPS	80.00%	97.03%	97.03%
Basin Bridge GTPS	80.00%	84.93%	84.93%
Valuthur GTPS	80.00%	88.69%	88.69%

Power Station	Normative	Actuals	Approved
Erode HEP		81.98%	81.98%
Kadamparai HEP		75.28%	75.28%
Kundah HEP		92.16%	92.16%
Tirunelveli HEP		73.64%	73.64%

2.14.7 The Tariff Regulations specify that the recovery of Fixed Charges is dependent on achieving the normative PAF, and in case of lower than normative PAF, the recovery of Fixed Charges shall be allowed on a pro-rata basis. Therefore, based on component-wise approval given in the above Section and actual PAF, fixed cost/capacity charges for generating stations approved for FY 2023-24 is shown in the Table below:

Table 2-30: Fixed Charges approved by the Commission for Generation function after true-up for FY 2023-24 (Rs. Crore)

Description	Approved earlier in ARR	TNPDCL Filing	Trued-up at NAPAF	Trued-up at actual PAF
Tuticorin TPS	1,337.38	2,431.96	1,724.08	1,720.20
Mettur TPS I	878.95	1,491.55	1,114.00	1,114.00
North Chennai TPS I	1,238.74	2,385.37	1,505.24	1,347.57
Mettur TPS II	904.64	1,159.33	774.43	757.29
NCTPS II	1,234.43	1,604.42	1,025.78	786.90
Tirumakottai GTPS	215.92	447.89	307.62	114.96
Kuttalam GTPS	207.93	434.66	310.02	310.02
Basin Bridge GTPS	332.97	845.48	600.75	600.75
Valuthur GTPS	308.07	639.25	428.63	428.63
Erode HEP	640.06	507.66	407.54	407.54
Kadamparai HEP	224.99	373.01	243.63	243.63
Kundah HEP	486.21	449.42	314.30	314.30
Tirunelveli HEP	351.17	402.31	284.63	284.63
Total Generation	**8,361.46**	**13,172.30**	**9,040.65**	**8,430.43**

2.15 VARIABLE COST FOR OWN GENERATING STATIONS

Operational Performance Parameters

2.15.1 TNPDCL submitted the comparison of actual operational performance parameters of generation function like PAF, Plant Load Factor (PLF), Station Heat Rate (SHR), Auxiliary Consumption (AC), Specific Oil Consumption (SOC), etc., achieved during FY 2023-24, in order to derive variable cost of own generation, vis-à-vis operational performance parameters approved by the Commission in the Tariff Order dated September 9, 2022.

2.15.2 TNPDCL submitted that the actual operating parameters achieved during FY 2023-24 are dependent of the condition of the machine during the respective years, which is a function of the following factors:

i. Operation and Maintenance carried out in the plant since commissioning;

ii. Degradation due to ageing;
iii. Water chemistry;
iv. Conditions of the auxiliaries;
v. Overloading and partial loading of machines;
vi. Number of Start/Stops;
vii. Temperature and pressure stress the Machines have been subjected to;
viii. Automation of C&I; and
ix. Condenser Vacuum.

2.15.3 TNPDCL submitted the following justification for the deviations between the actual operating parameters and the operating parameters approved by the Commission:

a) Ageing

2.15.4 Frequent tube failures occur due to erosion in the old machines, which may be caused by poor quality of coal and other constraints. Heat transfer gets affected due to various reasons, and the SHR increases. AC and SOC increase due to low load/partial load operation because of some technical constraints. Due to many other reasons like vibrations, eccentricity and high bearing temperature, the auxiliary of respective plants fails and causes deterioration in performance parameters. The older machines are affected by such reasons and hence, their performance is poorer as compared to the normative values.

b) Design Constraints

2.15.5 The operational performance parameters for generating stations specified in the Tariff Regulations are based on the norms specified in CERC Tariff Regulations, which in turn is based on design specifications of NTPC Power Plants. Most of the NTPC power plants have 500 MW Units, which enable NTPC to achieve the target performance parameters specified in the Regulations.

2.15.6 On the other hand, most of the existing plants of TNPDCL have smaller Units. As the Units are older and smaller in size, it is very difficult to achieve the target performance parameters specified in the Tariff Regulations.

c) Operational Constraints

2.15.7 The actual PLF of all the thermal generating station were below the Target PLF, which is mainly on account of backing down instructions received from SLDC/System. However, based on deemed PLF (arrived after considered backing down of Units), most of the generating stations were available at a level above the normative. Further, the backing down instructions from SLDC/System are beyond the control of TNPGCL and hence, the Petitioner requested to consider the actual PLF achieved by the plants over the respective period.

2.15.8 With the increase in frequency of backing down, number of start and stop operations also increases proportionately, which not only results in abnormally higher consumption of fuel but also affects the operational efficiency of plants.

2.15.9 Further, even under the backed down mode, there are certain auxiliaries, which are required to run at part load as well as full load, which leads to higher auxiliary consumption for the reduced generation or nil generation for which no variable cost is being recovered from the beneficiaries.

2.15.10 The efficiency of boiler as well as turbine deteriorates with the decrease in loading of the plant, thus, resulting in higher SHR leading to overall inefficiency.

2.15.11 Backing down not only affects the operation life of plants, but also increases the repair and maintenance expenses.

2.15.12 Apart from above, many of the plants utilise domestic coal, which has high ash content and low GCV.

2.16 PLANT LOAD FACTOR (PLF)

2.16.1 The following Table shows the Plant Load Factor (PLF) as approved by the Commission vis-à-vis the actual PLF achieved by TNPGCL and TNGECL generating stations during FY 2023-24:

Table 2-31: PLF as submitted by TNPDCL for FY 2023-24

S. No.	Power Station	Approved	Actuals
Thermal Power Generating Stations			
1	Tuticorin TPS	55.00%	70.31%
2	Mettur TPS I	70.00%	78.68%
3	North Chennai TPS I	65.00%	65.35%
4	NCTPS II	60.00%	60.43%
5	Mettur TPS II	60.00%	60.76%
Gas Power Generating Stations			
6	Tirumakottai GTPS	30.00%	14.96%
7	Kuttalam GTPS	45.00%	78.29%
8	Basin Bridge GTPS	0.60%	0.00%
9	Valuthur GTPS	70.00%	71.56%
Hydro Power Generating Stations			
10	Erode HEP	25.46%	14.40%
11	Kadamparai HEP	16.46%	9.70%
12	Kundah HEP	30.56%	24.06%
13	Tirunelveli HEP	35.00%	23.95%

Commission's Views

2.16.2 The Commission has analysed the submissions made by TNPDCL. It is observed that TGTPS was available only for 4 months for FY 2023-24. Hence, the Commission has approved the actual PLF based on the gross Generation submitted by TNPDCL except for TGTPS, where the PLF gets reduced in proportion to its availability, as shown in the Table below:

Table 2-32: PLF approved by the Commission after true-up for FY 2023-24

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Thermal Power Generating Stations				
1	Tuticorin TPS	55.00%	70.31%	70.31%
2	Mettur TPS I	70.00%	78.68%	78.68%
3	North Chennai TPS I	65.00%	65.35%	65.35%
4	NCTPS II	60.00%	60.43%	60.43%
5	Mettur TPS II	60.00%	60.76%	60.76%
Gas Power Generating Stations				
6	Tirumakottai GTPS	30.00%	14.96%	4.99%
7	Kuttalam GTPS	45.00%	78.29%	78.29%
8	Basin Bridge GTPS	0.60%	0.00%	0.00%
9	Valuthur GTPS	70.00%	71.56%	71.56%
Hydro Power Generating Stations				
10	Erode HEP	25.46%	14.40%	14.40%
11	Kadamparai HEP	16.46%	9.70%	9.70%
12	Kundah HEP	30.56%	24.06%	24.06%
13	Tirunelveli HEP	35.00%	23.95%	23.95%

2.17 AUXILIARY CONSUMPTION

2.17.1 TNPDCL submitted the approved auxiliary consumption and actual achieved by its generating stations in FY 2023-24 as shown in the Table below.

2.17.2 TNPDCL submitted that during FY 2023-24, due to frequent backing downs/reserve shutdown and low load operations, the actual auxiliary consumption is higher than the approved norms.

2.17.3 TNPDCL submitted that with respect to Gas Power Stations, the actual auxiliary consumption of all Stations is higher than the approved norms mainly on account of part load operation of stations due to inadequate supply of gas during the respective period. As already mentioned, even though the plants are backed down or operated at part load, there are certain auxiliaries that are required to be run at part load or full load in order to bring the Units back as per system demand. This results in increased auxiliary consumption for lower generation. In FY 2023-24, Kadamparai HEP, Kundah HEP and Tirunelveli HEP have operated efficiently despite low PLF and have maintained the AEC within the normative approved AEC.

Table 2-33: Auxiliary Consumption as submitted by TNPDCL

S. No.	Power Station	Approved	Actuals
Thermal Generating Stations			
1	Tuticorin TPS	8.50%	9.00%
2	Mettur TPS I	8.50%	9.04%
3	North Chennai TPS I	8.50%	10.11%
4	NCTPS II	7.00%	7.17%
5	Mettur II	7.00%	7.60%

S. No.	Power Station	Approved	Actuals
Gas Power Generating Stations			
6	Tirumakottai GTPS	6.00%	26.55%
7	Kuttalam GTPS	6.00%	6.45%
8	Basin Bridge GTPS	0.99%	0.00%
9	Valuthur GTPS	6.00%	6.27%
Hydro Power Generating Stations			
10	Erode HEP	0.50%	0.87%
11	Kadamparai HEP	0.50%	0.49%
12	Kundah HEP	0.50%	0.39%
13	Tirunelveli HEP	0.50%	0.40%

Commission's Views

2.17.4 The Commission has considered the normative Auxiliary Consumption after adjusting for PLF based relaxation provided in the Tariff Regulations for Coal/ Lignite based Thermal Generations, considering the backing down and Availability of such stations. For other Generating Stations, the Commission has considered the lower of the normative/actual Auxiliary Consumption for FY 2023-24.

Table 2-34: Auxiliary Consumption approved by the Commission after true-up for FY 2023-24

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Thermal Power Generating Stations				
1	Tuticorin TPS	8.50%	9.00%	8.56%
2	Mettur TPS I	8.50%	9.04%	8.53%
3	North Chennai TPS I	8.50%	10.11%	8.53%
4	NCTPS II	7.00%	7.17%	7.02%
5	Mettur TPS II	7.00%	7.60%	7.05%
Gas Power Generating Stations				
6	Tirumakottai GTPS	6.00%	26.55%	6.00%
7	Kuttalam GTPS	6.00%	6.45%	6.00%
8	Basin Bridge GTPS	0.99%	0.00%	0.00%
9	Valuthur GTPS	6.00%	6.27%	6.00%
Hydro Power Generating Stations				
10	Erode HEP	0.50%	0.87%	0.50%
11	Kadamparai HEP	0.50%	0.49%	0.49%
12	Kundah HEP	0.50%	0.39%	0.39%
13	Tirunelveli HEP	0.50%	0.40%	0.40%

2.18 STATION HEAT RATE (SHR)

2.18.1 TNPDCL requested the Commission to approve actual SHR for its generating stations considering various justifications, especially relating to loading and gas availability. The station-wise SHR as submitted by TNPDCL is shown in the Table below:

Table 2-35: SHR as submitted by TNPDCL (kcal/kWh)

S. No.	Power Station	Approved	Actuals
Thermal Power Generating Stations			
1	Tuticorin TPS	2,600	2,577

S. No.	Power Station	Approved	Actuals
2	Mettur TPS I	2,600	2,551
3	North Chennai TPS I	2,489	2641
4	NCTPS II	2,597	2,548
5	MTPS II	2,597	2,519
Gas Power Generating Stations			
6	Tirumakottai GTPS	1,850	4,462
7	Kuttalam GTPS	1,850	2,046
8	Basin Bridge GTPS	4,399	0
9	Valuthur GTPS	1,850	2,119

Commission's Views

2.18.2 Regulation 37(iii) of the Tariff Regulations specify the norms for SHR. Commission has considered SHR as per norms, after adjusting for SHR relaxation in line with PLF, as allowed under the Tariff Regulations.

2.18.3 In addition, for gas power plants, considering vintage and backing down, the Commission has approved relaxed values. The Commission has considered SHR as the minimum of the actual/ relaxed SHR allowed for similar vintage power plants by CERC in its Tariff Regulations.

Table 2-36: SHR approved by the Commission after true-up for FY 2023-24 (kcal/kWh)

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Thermal Power Generating Stations				
1	Tuticorin TPS	2,600	2,577	2,551
2	Mettur TPS I	2,600	2,551	2,551
3	North Chennai TPS I	2,489	2,641	2,447
4	NCTPS II	2,597	2,548	2,505
5	Mettur TPS II	2,597	2,519	2,519
Gas Power Generating Stations				
6	Tirumakottai GTPS	1,850	4,462	2,600
7	Kuttalam GTPS	1,850	2,046	2,046
8	Basin Bridge GTPS	4,399	0	0
9	Valuthur GTPS	1,850	2,119	2,119

2.19 SPECIFIC OIL CONSUMPTION (SOC)

2.19.1 TNPDCL submitted that the SOC has been calculated in terms of the percentage of total calorific requirement of the power generating Unit, which has relation with the size of the generating Unit. For the lower size Units, the SOC remains higher as compared to larger size power generating Units, because certain amount of SOC remains fixed irrespective of the size of the generating Unit.

2.19.2 TNPDCL further submitted that the actual SOC of all the above generating stations is within the norms.

2.19.3 The station-wise SOC as submitted by TNPDCL is shown in the Table below:

Table 2-37: SOC as submitted by TNPDCL (ml/kWh)

S. No.	Power Station	Approved	Actuals
1	Tuticorin TPS	1.67	0.95
2	Mettur TPS I	0.69	0.48
3	North Chennai TPS I	1.79	1.04
4	NCTPS II	1.10	0.77
5	MTPS II	0.88	0.53

Commission's Views

2.19.4 Regulation 37(iv) of the Tariff Regulations specifies the normative SOC for the own generating plants. In previous orders, the Commission had considered revised SOC norms based on the performance of the generating Stations. The Commission has approved SOC for FY 2023-24 in accordance with the lower of the actuals and the norms considered in the Tariff Order, as shown in the Table below:

Table 2-38: SOC as approved by the Commission after true-up for FY 2023-24 (mL/kWh)

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
1	Tuticorin TPS	1.67	0.95	0.95
2	Mettur TPS I	0.69	0.48	0.48
3	North Chennai TPS I	1.79	1.04	1.04
4	NCTPS II	1.10	0.77	0.77
5	MTPS II	0.88	0.53	0.53

2.20 FUEL RELATED PARAMETERS

2.20.1 TNPDCL submitted the details of actual Gross Calorific Value (GCV) of coal vis-à-vis the values approved by the Commission in the last Tariff Order.

Commission's Views

2.20.2 The Commission has considered the actual GCV of coal and gas as submitted by TNPDCL, as shown in the Table below:

Table 2-39: GCV approved by the Commission after true-up for FY 2023-24

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Thermal Power Generating Stations (kcal/kg)				
1	Tuticorin TPS	3,123.69	2,885.30	2,885.30
2	Mettur TPS I	3,162.28	3,082.66	3,082.66
3	North Chennai TPS I	3,252.52	3,047.75	3,047.75
4	NCTPS II	3,227.94	3,067.70	3,067.70
5	Mettur II	3,202.78	3,150.42	3,150.42
Gas Power Generating Stations (kcal/SCM)				
6	Tirumakottai GTPS	10,538.36	10,524.00	10,524.00
7	Kuttalam GTPS	10,416.58	10,393.00	10,393.00
8	Basin Bridge GTPS	10,572.00	0.00	0.00
9	Valuthur GTPS	9,718.96	9,716.00	9,716.00

2.21 PRICE OF PRIMARY FUEL

2.21.1 TNPDCL submitted the actual primary fuel prices for FY 2023-24.

Commission's Views

2.21.2 The Commission has considered the actual primary fuel prices for FY 2023-24 as submitted by TNPDCL, as shown in the table below:

Table 2-40: Price of primary fuel as approved by the Commission

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Thermal Power Generating Stations (Rs. /MT)				
1	Tuticorin TPS	4,300	3,880.79	3,880.79
2	Mettur TPS I	5,500	5,946.11	5,946.11
3	North Chennai TPS I	4,200	4,033.04	4,033.04
4	NCTPS II	4,500	4,639.65	4,639.65
5	MTPS II	5,600	7,165.82	7,165.82
Gas Power Generating Stations (Rs. /SCM)				
6	Tirumakottai GTPS	8.97	25.01	25.01
7	Kuttalam GTPS	9.55	26.10	26.10
8	Basin Bridge GTPS*	54.29	0.00	0.00
9	Valuthur GTPS	8.69	22.79	22.79

** In Rs. Crore for Basin Bridge*

2.22 COMPUTATION OF ENERGY CHARGES

2.22.1 TNPDCL submitted that based on the actual operating parameters and fuel related parameters recorded during FY 2023-24, it has arrived at plant-wise variable cost of generation.

Commission's Views

2.22.2 The Commission has approved the plant-wise variable cost on the basis of operational parameters and fuel related parameters approved, as elaborated in the Sections above. The approved Variable Cost of Generation and Energy Charges for Thermal and Gas stations after true-up for FY 2023-24 is shown in the Table below:

Table 2-41: Variable Cost of Generation approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Thermal Power Generating Stations				
1	Tuticorin TPS	1,835.46	2,273.69	2,251.11
2	Mettur TPS I	2,359.17	2,871.96	2,866.67
3	North Chennai TPS I	1,180.72	1,280.82	1,187.90
4	NCTPS II	2,310.05	2,475.81	2,434.49
5	Mettur TPS II	1,463.17	1,853.79	1,842.08
Gas Power Generating Stations				
6	Tirumakottai GTPS	45.66	50.12	29.21
7	Kuttalam GTPS	69.06	356.90	356.90

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
8	Basin Bridge GTPS	56.08	0.21	0.00
9	Valuthur GTPS	193.92	584.86	584.86
	Total	**9,513.30**	**11,748.17**	**11,553.21**

Table 2-42: Energy Charge approved by the Commission after true-up for FY 2023-24 (Rs./kWh)

S. No.	Power Station	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Thermal Generating Stations				
1	Tuticorin TPS	3.99	3.85	3.80
2	Mettur TPS I	4.71	5.43	5.40
3	North Chennai TPS I	3.91	3.94	3.59
4	NCTPS II	3.96	4.19	4.11
5	Mettur TPS II	4.62	6.23	6.19
Gas Power Generating Stations				
6	Tirumakottai GTPS	3.07	14.44	6.57
7	Kuttalam GTPS	1.98	5.49	5.47
8	Basin Bridge GTPS	89.56	0.00	0.00
9	Valuthur GTPS	1.81	5.30	5.29

2.23 POWER PURCHASE FROM OTHER SOURCES FOR FY 2023-24

2.23.1 TNPDCL submitted the power purchase quantum and expenses from outside/other sources for FY 2023-24, after excluding wheeling units and wheeling cost as per the table below:

Table 2-43: Power purchase expenses submitted by TNPDCL for FY 2023-24

Power Sources	Approved		True Up	
	Units (MU)	PP Cost (Rs Crore)	Units (MU)	PP Cost (Rs Crore)
Central Generating Stations				
New Neyveli TS	3,644	1548	4,470	2,242
NLC TS I	0	0	0	0
Neyveli TS-II Stage I	3848	1278	2,082	1,216
NLC TPS II - Second Expansion	0	0	0	0
Neyveli TS-I Expansion	1647	572	1,295	661
Neyveli Expansion Unit II	1033	506	908	478
NTPL JV with NLC	1913	1002	2,055	1,100
NTPC SR (Ramagundan I & II)	3505	1348	3,099	1,524
NTPC SR -III (Ramagundam III)	884	348	910	419
Simhadri Stage II -Unit III	1271	642	1,236	746
Simhadri Stage II -Unit IV	0	0	0	0
NTPC_TNEB JV Vallur Unit 1	5469	3358	4,708	2,798
NTPC_TNEB JV Vallur Unit 2	0	0	0	0
Talcher	3647	983	3,637	1,109
Madras APS	822	229	925	245
Kaiga APS	1961	753	1,757	620
Kudankulam	8381	3784	6,977	3,044

Power Sources	Approved		True Up	
	Units (MU)	PP Cost (Rs Crore)	Units (MU)	PP Cost (Rs Crore)
Kudankulam II	0	0	0	0
PFBR Kalpakkam	-	-	0	0
NTPC ER (FARAKKA STPS)	119	60	211	100
Kudgi Unit I	945	796	1,844	1,405
Kudgi Unit II	0	0	0	0
Talcher I	0	0	0	0
NTPC Kayamkulam	0	0	0	2
NTPC Bongaigaun	0	0	157	99
NTPC/Barh-1	518	181	480	282
NTPC/Barh-2	611	250	707	394
NTPC/KBUN	469	183	113	46
NLC Talabira	0	0	0	0
Reconciliation- Udumalpet and Palladam	0	0	0	0
NTPC/Telangana	0	0	89	50
Total CGS	**40,686**	**17,818**	**37,661**	**18,580**
IPPs				
SEPC	643	354	2,870	1,855
Samalpatti	0	0	0	0
Madurai Power Corpn	0	0	0	0
Pillaiperumalnallur	0	0	0	0
TAQA (STCMS)	1318	741	1,365	894
LANCO Power (Aban co)	0	0	0	0
PPN Power Gen. Co. Pvt. Ltd.	0	0	0	189
PIONEER Power co. (Penna)	0	0	0	0
Total IPPs (ii)	**1961**	**1094**	**4,236**	**2,938**
Renewables				
Windmill	3432	1125	1,756	897
Co-generation	347	192	392	219
Cogeneration new	0	0	0	-
Biomass	2	2	2	2
Captive generation	15	3	0	-
Solar	7466	3343	6,580	4,009
Co-Gen in Co-op Sugar Mills	0	0	99	96
Total Renewables (iii)	**11,263**	**4,665**	**8,829**	**5,223**
Short Term and Others				
UI Power	0	0	-452	170
Traders-MTOA	886	378	1,957	896
Traders-LTOA	11513	5,511	19,607	10,320
Traders -STOA	886	317	2,650	2,534
Power Exchanges	4,428	4,170	8,606	7,953
Swap	0	0	-186	-
Total Short Term and Others (iv)	**19,820**	**10,376**	**32,181**	**21,873**
STOA charges		**75**		81
Add: Hydro Balancing fund				-564
Total	**73,730**	**34,028**	**82,906**	**48,130**
Transmission Charges TANTRANSCO/PGCIL/POSOCO		**8,547**		**7,624**
Total Power Purchase Cost	**73,730**	**42,575**	**82,906**	**55,754**

Commission's Views

2.23.2 The Commission observes that there has been a disproportionate increase in the power purchase cost as compared to the values approved in the previous Tariff Order.

2.23.3 In response to the Commission's queries on the increase in the power purchase cost, TNPDCL has submitted the following as the major reasons for the increase:

- Increase in energy charges as pass through from Generators;
- Late Payment Surcharge allowed as per the MoP Liquidation Scheme;
- Lignite Transfer Price;
- Inclusion of Change in Law impact;
- Revision of Fixed Charges of Central Generating Stations; and
- Foreign Exchange Rate Variation (FERV), Ash Transportation Expenses and Delayed Tariff Liability (DTL) for Central Generating Stations.

2.23.4 Considering the justification provided by TNPDCL for the increase in power purchase expenses, the Commission has considered the actual power purchase quantum as submitted by TNPDCL since, actual distribution loss claimed by the Petitioner has been approved by the Commission.

2.23.5 The Commission has considered the Hydro Utilization fund as submitted by TNPDCL for FY 2023-24 as per the Tariff Regulations.

2.23.6 TANTRANSCO Charges and PGCIL charges have been considered separately in the overall ARR, and approved as submitted by TNPDCL.

2.23.7 The summary of Power Purchase approved by the Commission after truing up for the FY 2023-24 is shown in the Table below:

Table 2-44: Summary of Power Purchase Expenses approved by the Commission after true-up for FY 2023-24

Source of Power Purchase	Units in MU	VC Rs/kwh	Total Variable Cost Rs. Crores	Total Fixed Cost Rs. Crores	Total Cost Rs Crores (5+6)	Net Prior Period Expenses	Total Cost incl. of Prior Period	Cost (Rs./kWh)
Central Generating Stations								
New Neyveli TS	4,469.68	3.20	1,430.94	811.34	2,242.27	-	2,242.27	5.02
Neyveli TS-II Stage I	2,082.18	4.50	936.71	279.00	1,215.71	-	1,215.71	5.84
Neyveli TS-I Expansion	1,295.16	3.88	502.11	158.99	661.09	-	661.09	5.10
Neyveli Expansion Unit II	908.19	3.93	356.81	121.48	478.28	-	478.28	5.27
NTPL JV with NLC	2,054.92	3.55	730.35	369.99	1,100.33	-	1,100.33	5.35
NTPC SR (Ramagundam I & II)	3,098.93	3.78	1,169.88	353.70	1,523.58	-	1,523.58	4.92
NTPC SR -III (Ramagundam III)	910.33	3.72	338.97	80.00	418.97	-	418.97	4.60
Simhadri Stage II -Unit III & IV	1,236.27	4.01	495.96	249.89	745.85	-	745.85	6.03

Source of Power Purchase	Units in MU	VC Rs/kwh	Total Variable Cost Rs. Crores	Total Fixed Cost Rs. Crores	Total Cost Rs Crores (5+6)	Net Prior Period Expenses	Total Cost incl. of Prior Period	Cost (Rs./kWh)
NTPC_TNEB JV Vallur Unit 1 & 2	4,707.61	3.84	1,806.54	991.95	2,798.49	-	2,798.49	5.94
Talcher	3,636.78	1.77	644.89	464.06	1,108.95	-	1,108.95	3.05
Madras APS	924.66	2.64	243.81	0.70	244.51	-	244.51	2.64
Kaiga APS	1,756.87	3.50	615.19	5.06	620.25	-	620.25	3.53
Kudankulam I & II	6,977.22	4.28	2,988.95	54.56	3,043.51	-	3,043.51	4.36
NTPC ER (FARAKKA STPS)	211.03	2.93	61.84	38.61	100.45	-	100.45	4.76
Kudgi Unit I & II	1,843.62	5.30	977.94	427.14	1,405.08	-	1,405.08	7.62
NTPC Kayamkulam				2.47	2.47		2.47	
NTPC Bongaigaun	156.54	3.48	54.41	44.31	98.72	-	98.72	6.31
NTPC/Barh-1	480.44	3.21	154.02	127.68	281.70	-	281.70	5.86
NTPC/Barh-2	707.43	3.42	242.02	151.71	393.74	-	393.74	5.57
NTPC/KBUN	113.50	2.83	32.07	13.45	45.53	-	45.53	4.01
NTPC/Telangana	89.40	3.75	33.52	16.89	50.42	-	50.42	
Total CGS	**37,660.74**	**3.67**	**13,816.92**	**4,762.97**	**18,579.89**	**-**	**18,579.89**	**4.93**
IPPS								
SEPC	2,870.04	4.28	1,229.40	625.42	1,854.82	-	1,854.82	6.46
Pillaiperumalnallur					-	189.31	189.31	
TAQA (STCMS)	1,365.49	4.59	626.82	267.04	893.85	-	893.85	6.55
IPPs	**4,235.53**	**4.38**	**1,856.22**	**892.46**	**2,748.68**	**189.31**	**2,937.99**	**6.94**
Renewables								
Windmill	1,756.00	5.11	897.49	-	897.49	-	897.49	5.11
Co-generation	391.58	-	-	219.20	219.20	-	219.20	5.60
Biomass	2.38	5.20	1.24	0.31	1.55	-	1.55	6.52
Solar	6,580.00	6.09	4,008.86	-	4,008.86	-	4,008.86	6.09
Co-Gen in Co-op Sugar Mills	98.79	-	-	95.77	95.77	-	95.77	9.69
Renewables	**8,828.75**		**4,907.59**	**315.28**	**5,222.87**	**-**	**5,222.87**	**5.92**
UI Power	-452.44	-	169.81	-	169.81	-	169.81	3.75
Traders-MTOA	1,957.12	1.88	394.85	501.64	896.49	-	896.49	4.58
Traders-LTOA	19,606.84	3.12	6,391.88	3,927.96	10,319.84	-	10,319.84	5.26
Traders -STOA	2,650.28	7.55	2,500.47	33.22	2,533.69	-	2,533.69	9.56
CPP_Traders	-	2.11	-	-	-	-	-	
Power Exchanges	8,605.65	9.51	7,953.37	-	7,953.37	-	7,953.37	9.24
TANTRANSCO charges	-	-	-	4,128.05	4,128.05	-	4,128.05	
Swap	-1063.00							
ABT PGCIL	-	-	-	3,495.78	3,495.78	-	3,495.78	
PGCIL Reactive	-	-	-	-	-	-	-	
Hydro Utilization fund	-	-	-	-564.34	-564.34	-	-564.34	
STOA Charges	-	-	-	80.59	80.59	-	80.59	
Total	**82,029.46**		**37,991.11**	**17,573.61**	**55,564.73**	**189.31**	**55,754.04**	**6.80**

2.24 SUMMARY OF ARR FOR FY 2023-24

2.24.1 Based on the component-wise approval as elaborated in the above Sections, the summary of Aggregate Revenue Requirement for TNPDCL as whole for FY 2023-24 as approved in earlier Order, as submitted by TNPDCL, and as approved after final true up is shown in the Table below:

Table 2-45: Summary of ARR approved by the Commission after true-up for FY 2023-24 (Rs. Crore)

Particulars	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Power Purchase Cost	34,028	48,130	48,130
TANTRANSCO, PGCIL & SLDC charges	8,547	7,624	7,624
Generation cost (Own Generation Plants)	18,718	24,920	19,984
Return on Equity	0	797	0
Interest on Loan Capital	3,443	8,129	6,186
Depreciation	1,828	2,432	2,397
Interest on Working Capital	0	675	0
Operation and Maintenance Expenses	10,670	11,969	11,708
Total Revenue Requirement	**77,234**	**104,677**	**96,029**

2.25 REVENUE FROM SALE OF POWER

2.25.1 TNPDCL submitted category-wise sales in MU (excluding wheeling units) and revenue earned by TNPDCL (excluding wheeling revenue and subsidy from State Government) as per Audited Accounts of FY 2023-24.

Commission's view

2.25.2 The Commission has considered the revenue from sales as given in the Audited Accounts for FY 2023-24.

2.25.3 The revenue from sales approved for FY 2023-24 is shown in the Table below:

Table 2-46: Revenue from Sales approved by the Commission after true-up for FY 2023-24

Consumer Category	Tariff Category	Sales (MU)	Revenue* (Rs. Crore)
High Tension Supply			
Industries, Factories, IT Services	I	15,213.87	16,553.10
Govt. Educational Institutions, Govt. Hospitals, Railway Traction, Lift Irrigation, etc	IIA	3,212.13	3,192.25
Lift Irrigation and Co-operative Soc. for Agriculture	IIA	50.40	56.71
Private Educational Institutions	IIB	385.76	427.57
Miscellaneous Categories	III	2,047.84	2,792.21
Construction Activities and Other Temporary Purposes	IV	74.15	129.30
Public EV Charging Stations	V	2.56	2.50
Sale of Power to Exchange		645.99	383.22
Sub Total HT (A)		**21,632.70**	**23,536.86**
Low Tension Supply			
Domestic, Multi-tenements, Old age homes, Hand Loom etc.	IA	32,622.00	16,904.09

Consumer Category	Tariff Category	Sales (MU)	Revenue* (Rs. Crore)
Huts	IB	366.00	298.85
Bulk Supply with single point Metering	IC	8.87	7.34
Common Facilities in Multi-tenements	ID & IE	550.00	553.92
Public Lighting and Public Water Supply provided by Govt./Local bodies	IIA	2,676.86	2,549.66
Government and aided Educational Institutions in Hostels, Govt. Hospitals, others	IIB (1)	217.31	229.57
Private Educational Institutions	IIB (2)	291.82	335.12
Actual place of public worship	II C	158.84	156.81
Cottage and Micro Industries	IIIA (1)	339.09	296.55
Powerlooms	IIIA (2)	962.80	816.41
Industries, IT Services	IIIB	8,172.06	7,770.36
Agriculture and Allied Services	IV	15,909.00	6,593.95
Miscellaneous/General Purpose	V	9,108.00	10,504.27
Construction activities and Temporary Purposes	VI	363.29	1,058.92
Public Charging Station		1.21	1.28
Sub Total LT (B)		**71,747.15**	**48,077.11**
Total HT and LT {A+B} (C)		**93,379.85**	**71,613.97**

** Revenue is including Govt. Tariff subsidy, but excluding Wheeling/Network charges and grants*

2.26 CUMULATIVE REVENUE GAP/(SURPLUS) TILL FY 2023-24

2.26.1 The Commission had approved a deficit of Rs. 7837 Crore for FY 2022-23 and directed TNPDCL to recover the same from GoTN loss funding. Based on the approved Aggregate Revenue Requirement and Revenue from sales, and after considering subsidy and the loss funding received from GoTN for FY 2023-24, the cumulative Revenue Gap/ (Surplus) approved by the Commission is shown in the Table below.

Table 2-47: Cumulative Revenue Gap/(Surplus) approved by the Commission after true-up till FY 2023-24 (Rs. Crore)

Particulars	Approved earlier in ARR	TNPDCL Filing	Approved after True-up
Total Revenue Requirement	**77,234**	**104,677**	**96,029**
Revenue Gap approved for FY 2022-23			7,837
Carrying Cost			814
Add: Revenue Gap approved for FY 2022-23 with Carrying Cost	-	-	8,651
Total Revenue Requirement	**-**	**-**	**104,476**
Less: (i) Revenue at Existing tariff	74,143	71,614	71,614
(ii) Non-tariff revenue	2,612	6,228	6,228
(iii) Other income	1,286	2,786	2,786
(iv) Govt Grant- Loss Funding		17,117	17,117
(v) Other Govt. Grant (Cyclone Funds)		13	13
Gap with carrying cost to be taken over by GoTN	**-**	**6,920**	**6,922**

2.26.2 The treatment of this deficit is explained in the following Section.

2.27 TREATMENT OF REVENUE GAP

2.27.1 The GoTN vide G.O. (Ms) No. 38 dt. August 18, 2021, has agreed to take over 100% losses of TANGEDCO from FY 2021-22 onwards under GSDP norms of GoI (Annexure I). As per the norms and also under UDAY scheme, losses have been taken over by GoTN in a year-wise manner.

Table 2-48: Cash Loss Funding provided by the Government of Tamil Nadu (Rs. Crore)

FY	Book Loss	Loss Taken During FY	Amount (% of Loss)
2016-17	4,349	2017-18	217 (5%)
2017-18	7,761	2018-19	776 (10%)
2018-19	12,623	2019-20	3156 (25%)
2019-20	11,965	2020-21	5982# (50%)
2020-21	13,407	2021-22	6703# (50%)
2021-22	11,955	2022-23	11955 (100%)
2022-23	10,868	2023-24	17117 (75% of gross loss)
2023-24	17,863	2024-25	16077 (90% of gross loss)

 # - Actual receipt during FY 2020-21 is Rs. 5217 Crore and FY 2021-22 is Rs.7108 Crore

2.27.2 The revenue gap till FY 2023-24 is proposed to be recovered considering the Govt. of Tamil Nadu's commitment to take over 90% of financial losses of TNPDCL for FY 2023-24 (Rs. 16077 Crore) vide GO (Ms.) No. 64 dated September 09, 2024.

2.27.3 As per Electricity (Amendment) Rules, 2024 dated January 10, 2024, there are limits on carrying forward with old regulatory revenue gaps, as reproduced below:

"23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff.– The tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff except under natural calamity conditions:

Provided that such gap, created if any, shall not be more than three percent of the approved Annual Revenue Requirement:

Provided further that such gap along with the carrying costs at the base rate of Late Payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time shall be liquidated in maximum three numbers of equal yearly instalments from the next financial year:

Provided also that any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff existing on the date of notification of these rules, along with the carrying costs at the base rate of Late Payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time shall be liquidated in maximum seven numbers of equal yearly instalments starting from the next financial year."

2.27.4 As per the above Rules, the past accumulated Revenue Gaps shall have to be liquidated in maximum of seven years, through equal instalments.

2.27.5 Therefore, the Revenue Gap for FY 2023-24 as determined in this Order is not considered as new Regulatory Asset.

2.27.6 The Commission has already directed TNPDCL in its Order dated May 28, 2024 in M.P. No. 10 of 2023 to seek approval of GoTN to get the cumulative Revenue Gap till FY 2021-22 of Rs. 83,000 Crore to be liquidated through available Government resources, funds, including any schemes. Hence, the Commission directs TNPDCL to recover the same along with carrying cost in consultation with GoTN and provide periodic reports to this Commission on the status of such liquidation.

3 SUMMARY OF DIRECTIVES

3.1.1.1 TNPDCL to remit the remeasurement of employee benefits as accrued in the Audited Accounts for FY 2022-23 and FY 2023-24 in the Corpus Funds towards pension commitment of TNPDCL and submit a compliance report within 3 months of the issuance of this Order.

3.1.1.2 The periodical GST and E Tax commitment shall be paid in time without giving scope for interest payment.

3.1.1.3 The Commission has observed that approximately only 30% of the power procurement is met from own generation, while the balance power is procured from external sources, market and private generators. This external purchase constitutes to ~60% of the total ARR of the Petitioner. TNPDCL to focus on augmentation of adequate generating capacity by developing new RE/storage/PSP/BESS projects and accelerating the development of ongoing thermal/hydro/PSP projects.

3.1.1.4 The cost of power purchase, which contributes as a major share of revenue expenditure, shall be controlled by shifting non-solar peak hour loads to solar hours. In the direction of power purchase optimization, TNPDCL shall further make prudent analysis with SLDC and take all possible measures to balance load pattern among solar and non-solar hours. In events of excess generation with lower demand, power shall be sold in open market following merit order principle to augment revenue and offset the power purchase cost to the extent possible, in the process. Short term power purchase shall be limited to the extent possible at a reasonable cost.

3.1.1.5 The Commission has already issued guidelines to shift load from non-solar hours to solar hours. TNPDCL to strive to shift the peak hour loads of non-solar hours to solar hours and flatten the load curve. All consumers, particularly the agricultural consumers to be sensitized by State-wide Demand Response programme to shift their usage of electricity from non-solar hours to solar hours, as already directed by the Commission.

3.1.1.6 Capacitors shall be installed in all agricultural services that would contribute to substantial load relief to the grid and in turn reduce the commitment of power purchase, reduce line losses and also improve the voltage profile.

3.1.1.7 As a further measure, distributed generation shall be accelerated by leveraging the potential of solar power by following the simplified procedure and directions already issued by the Commission pursuant to the revised guidelines issued by the Government. Further, all 22 kV and 11 kV feeders wherever possible shall be envisaged to be solarised by adopting the working procedure issued by the Commission vide Lr. No. TNERC/F.Direction to TANGEDCO/D.No. 111 dt. 24.01.2024.

3.1.1.8 TNPDCL to submit a report for AT&C loss reduction to meet the target distribution loss trajectory approved by the Commission vide Tariff Order for FY 2022-23 within 3 months from the issue of this Order.

3.1.1.9 The progress of ongoing 500 MW Kundah pumped storage plant and necessary initial measures for the 12 Nos. pumped storage plants as approved in G.O No.106 dated 13.12.23 shall be sped up.

3.1.1.10 The Connected Load (in HP) of all the agriculture connections based on the data available shall be verified and validated by TNPDCL, The number of sample service connections earmarked for assessing agricultural consumption shall be increased to a minimum 15% circle-wise, for better accuracy of State-wide assessment and ensure uniformity in all related accounts such as subsidy claim, sale of energy, loss assessment, etc., It shall be ensured that the sample service connections are chosen judiciously covering the water potential areas, meters are maintained in healthy condition in all sample services, and assessment is carried out regularly in all the services, making the quarterly accounting mechanism well in place for accurate assessment. Availability of meters status shall be submitted to the Commission on regular intervals.

3.1.1.11 Asset Register with classification of various categories of assets shall be maintained with allied geo-tagging as mandated in the Commission's DSOP Regulation as amended. TNPDCL to submit compliance report on the same within 3 months of the issue of this Order.

3.1.1.12 The adverse opinion of the independent auditors as recorded in the Annual Report shall be attended to. All shortcomings and lack of sufficient documents pointed out in the Report and pointed out by the stakeholders shall be set right. Further, TNPDCL to comply with all the comments of the Statutory Auditor and also address the points raised by CAG and submit a detailed report on such compliance along with the True-up filing for FY 2024-25.

3.1.1.13 TNPDCL to comply with the energy accounting and auditing standards as per the BEE (Manner and Intervals for Conduct of Energy Audit in Electricity Distribution Companies) Regulations, 2021 and its amendments thereof.

3.1.1.14 TNPDCL shall carry out necessary study to accurately quantify the cost to support the increase in RE Penetration in the State Grid.

3.1.1.15 TNPDCL shall continue to submit the PAF based on Availability Certificate as issued by SLDC along with the true-up filing for the upcoming financial years.

3.1.1.16 TNPDCL shall carry out Resource Adequacy Plan meticulously and implement the same.

3.1.1.17 TNPDCL shall submit quarterly return on number of consumers availing OA under captive and third-party purchase and details of various charges collected towards the same.

3.1.1.18 CEA vide its response to the CERC draft order dated 04.10.2024 in Petition No. 8/SM/2024 has observed that there is a possibility of market participants doing transactions with mutual understating increases and results in non-competitive transactions in the Day Ahead Contingency (DAC) market in the Power Exchanges. Hence, TNPDCL to be vigilant while procuring power from DAC and HPDAM to avoid additional power purchase expenses.

3.1.1.19 TNPDCL to submit the complete details of voltage-wise energy injection, sales and distribution loss (including wheeling for Open Access consumers) along with the complete calculation from FY 2024-25 while filing true-up.

3.1.1.20 TNPDCL to furnish the details of power purchase through exchanges and traders on daily basis along with the details of the category and the trader, power purchase price, quantum and the value of such purchase from the date of issue of this Order.

3.1.1.21 TNPDCL to segregate loans and interest paid into capital investment loans and loan towards revenue borrowing and submit the actual interest paid for borrowings towards capital investments to arrive at the interest on loan component.

3.1.1.22 TNPDCL to submit the compliance of Directives of the Commission in a consolidated manner with the True-up filings in addition to the periodic submissions made in line with the directions of the Commission.

Sd/-	**Sd/-**	**Sd/-**
(B. Mohan)	**(K. Venkatesan)**	**(R. Manivannan)**
Member (Legal)	**Member**	**Chairman**

(Dr. C. Veeramani)
Secretary

4 ANNEXURES

4.1 ANNEXURE I – G.O.(MS). NO. 38: TAKE OVER OF 100% FINANCIAL LOSSES OF TANGEDCO

ABSTRACT

Energy Department - Release of Tranche II under Liquidity Infusion Scheme - Taking over of 100% of financial losses of TANGEDCO of the current year by the Government in the next year from FY 2021-22 onwards, Timely payment of electricity bills by Government Departments, Companies, Bodies, Urban Local Bodies and Panchyat Raj Institutions and Installation of prepaid / smart prepaid meters in State Government Departments, Companies Bodies, Urban Local Bodies and PRIs, etc. - Orders issued.

ENERGY (C2) DEPARTMENT

G.O.(Ms).No.38 **Dated : 18.08.2021**

திருவள்ளுவர் ஆண்டு 2052

பிலவ வருடம், ஆனி–2

Read :-

From the Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, Letter No.29873/DFC/Res/A34/A341/2020, dated 17.05.2021.

- - - -

ORDER :

In the letter read above, the Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited has requested the Government to issue Orders for taking over of 100% of financial losses of Tamil Nadu Generation and Distribution Corporation Limited of the current year by the Government during the next year, from FY 2021-22 onwards, for release of Tranche-II funds under "Liquidity Infusion Scheme" and for timely payment of electricity bills by Government departments, Government Companies, Bodies, Urban Local Bodies and Panchayat Raj Institutions, etc., and directing Tamil Nadu Generation and Distribution Corporation Limited to arrange for fixing of prepaid / smart prepaid meters in State Government Departments, Government Companies, Bodies and Urban Local Bodies Panchayat Raj Institutions etc., by FY 2023-2024 as directed by the Ministry of Power, Government of India for considering the claim submitted by TANGEDCO for Tranche-II funds under "Liquidity Infusion Scheme" to REC & PFC.

2. The Government have examined the above proposal of Chairman-cum-Managing Director, Tamil Nadu Generation and Distribution Corporation Limited as directed by the Ministry of Power, Government of India for considering the claim submitted by Tamil Nadu Generation and Distribution Corporation Limited for Tranche-II release of funds under "Liquidity Infusion Scheme" to REC & PFC and decided to accept the same and accordingly issue the following orders:-

- Government of Tamil Nadu undertakes to take over 100% of financial losses of Tamil Nadu Generation and Distribution Corporation Limited of the current year during the next year from FY 2021-22 onwards.

- Government of Tamil Nadu undertakes to ensure timely payment of electricity bills by Government departments. Government Companies, Bodies, Urban Local Bodies and Panchyat Raj Institutions, etc.,

- Government directs Tamil Nadu Generation and Distribution Corporation Limited to arrange for fixing of prepaid / smart pre-paid meters in State Government Departments, Government Companies, Bodies, Urban Local Bodies and Panchayat Raj Institutions etc., by FY 2023-2024.

4. This order issues with the concurrence of the Finance Department vide its U.O. No.2610/FS(P)/PWD-II/21, dated 18.8.2021.

(BY ORDER OF THE GOVERNOR)

DHARMENDRA PRATAP YADAV
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Chairman and Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, Chennai - 2.
M/s.REC Limited, New Delhi.
M/s.Power Finance Corporation Limited, New Delhi.
The Director (Finance), Tamil Nadu Generation and Distribution Corporation Limited, Chennai-2.
The Chief Financial Controller (General), Tamil Nadu Generation and Distribution Corporation Limited, Chennai-2.
The Chief Electrical Inspector to Government, Guindy, Chennai- 32.
The Principal Accountant General, Chennai-18.
The Accountant General, Chennai-18. (By Name).

Copy to:
The Chief Minister's Office, Chennai-9.
The Senior P.A. to Minister (Finance and HRM), Chennai-9.
The Senior P.A. to Minister (E,P&E), Chennai-9.
The Finance (L&A Cell / PW-II / BPE) Department, Chennai-9.
The Municipal Administration & Water Supply Department, Chennai-9.
The Rural Development & Panchayat Raj Department, Chennai-9.
Energy (OP) Department, Chennai-9.
SF/SCs.

// Forwarded / By Order //

SECTION OFFICER

4.2 ANNEXURE II- G.O.(MS). NO. 64: TAKE OVER OF RS. 14,422 CRORE FINANCIAL LOSSES OF TNPDCL

ABSTRACT

Energy Department – TANGEDCO – Sanction of Revenue Grant towards taking over losses of TANGEDCO for the FY 2023-24 – Sanction and Release of **Rs.14,442Crore** - Orders - Issued.

ENERGY (D3) DEPARTMENT

G.O.(Ms.) No.64

Dated: 18.06.2024
திருவள்ளுவர் ஆண்டு 2055
குரோதி வருடம், ஆனி – 04

Read :-

1) G.O.Ms.No.38 Energy (C2) Department, dated 18.08.2021.
2) Ministry of Finance/Dept. of Expenditure/Govt. of India Letter No. F.No.40 (02)/PF-S/2020-21 dated 09.06.2021.
3) Ministry of Finance/Dept. of Expenditure/ Government of India Letter No.F.No.40(02)/ PF-S/2021-22, dated 22.8.2023.
4) From the Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, Letter No. DFC/RES/AAO/RES/F.Loss funding/2024, dated 23.05.2024.

******

ORDER :

In the letter 4th read above, the Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited has informed that the Government of Tamil Nadu has already consented for taking over of 100% losses of TANGEDCO from the Financial Year 2021-2022 vide G.O.Ms.No.38, dated 18.08.2021 and also as per 0.5% Additional borrowing on GSDP guidelines as per letter 2nd read above, the future losses of the Discom are to be taken over by Government as detailed below:-

2022-23	2023-24	2024-25	2025-26 & onwards
60% of the loss for the year 2021-22	75% of the loss for the year 2022-23	90% of the loss for the year 2023-24	100% of the loss for the year 2024-25 & onwards

//2//

The computation of loss funding grant for the year 2022-2023 has been communicated vide letter 3rd read above. Accordingly the losses for the Financial Year 2022-2023 to the tune of Rs.17,117.18 Crore has been taken over by the Government vide G.O.(Ms) No.50, dated 12.07.2023 for an amount of Rs.1500.00 Crore & G.O.(Ms).No.05, dated 22.01.2024 to the tune of Rs.15617.18 Crore.

2. The Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, has also informed that by way of opting to LPSC scheme, TANGEDCO has to pay the monthly dues to the generators on the default trigger date as per PRAAPTI portal which will be around Rs.4100 Crore per month, otherwise TANGEDCO has to pay interest thereon more over TANGEDCO will also be regulated & restricted from procuring power from the Exchanges. In order to avail the benefit of the LPSC scheme of the Ministry of Power, Government of India, it is mandatory to make payment of the current dues of power purchase as well as the monthly instalments to the generators to the tune of Rs.360 Crore on 5th of every month without any delay. TANGEDCO is having a fund flow gap of about Rs.2,000 Crore per month for meeting the monthly commitments.

3. The Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, has informed that the Government has provided a sum of Rs.14,442.00 Crore in the Budget estimate for the year 2024-2025 towards taking over of future losses of TANGEDCO. The estimated loss of TANGEDCO for the Financial Year 2023-2024 will be Rs.746 Crore.

4. The Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, has further informed that as per conditions of the 0.5% Additional Borrowing on GSDP conditions, the loss to be taken over by Government during the Financial Year 2024-25 will be as follows: -

(Rs. In Crore)

Sl. No.	Description	TOTAL
A	Loss of DISCOMs (PAT) for 2023-24* (Provisional)	746.00
B	ADD: Unpaid subsidy dues or accrued but not received from the State Government, if treated as income in annual accounts.	0.00
C	Add: Grant received/receivable from the State Government towards take-over of loss of DISCOMs, if treated as income in annual accounts.	17117.18
D=A+B+C	Adjusted operational loss for the previous year.	17863.18

//3//

E=90% of D	Amount to be taken over in current year 2024-2025	**16076.86**
F#	Loss taken over by the State	**0.00**
G=E-F	Balance loss to be taken over/ to be deducted from borrowing ceiling of State.	**16076.86**

5. The Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, has further requested the Government, considering the present financial position of TANGEDCO and to meet out uninterrupted power supply in the state and to avoid regulation of power by the generators, requested the Government that a sum of Rs.7500 Crore may kindly be sanctioned and released against the Loss funding grant for the Financial Year 2023-2024 against Rs.14,442 crore which has been provided by Government of Tamil Nadu in its Budget for Financial Year 2024-2025 and the balance may be released after finalization of the TANGEDCO's accounts.

6. The Government after careful examination by considering the present difficult financial position of the TANGEDCO, hereby accord sanction and release of Rs.14,442 Crore (Rupees Fourteen Thousand Four Hundred and Forty Two Crore only) towards the Loss funding grant to Tamil Nadu Generation and Distribution Corporation Limited in order to take over the losses incurred in Financial Year 2023-2024, by relaxing Quarterly Control of Appropriation system for which orders were issued in the G.O.(Ms.) No.149, Finance (BG-I) Department, dated 15.03.2024. Further, this Quarterly Control of Appropriation relaxation is updated in the online QCA module of IFHRMS also to facilitate drawal of bills under the IFHRMS as well.

7. The amount of Rs.14,442Crore sanctioned in para 6 above shall be debited to the following head of account: -

"2801 POWER- 80 – General 101 Assistance to Electricity Board – State's Expenditure – AM Taking over future loss of TANGEDCO by State Government under UDAY Scheme – 309 Grants – in – Aid 03 Grants for Specific Schemes".

(IFHRMS DPC 2801 80 101 AM 30903)

8. The amount sanctioned in para 6 above shall not be paid in cash, but shall be given contra credit to the following head of account.

"K-Deposits and Advances (b) Deposits not bearing interest 8443-00 Civil Deposits 800 other Deposits -BM Deposits of Tamil Nadu Electricity Board 801 Receipts -02 Not bearing interest.

(IFHRMS DPC 8443-00-800-BM 80102)

//4//

9. The Chief Electrical Inspector to Government (CEIG), Chennai-32 is authorized to draw the amount by making adjustment entry in the IFHRMS with reference to the amount sanctioned in para 6 above, in favour of the Personal Deposit Account of the Tamil Nadu Generation and Distribution Corporation Limited indicating the Account Number **20210383614** and disburse the same to the Tamil Nadu Generation and Distribution Corporation Limited by remittance to the above credit head of account.

10. This order issued with the concurrence of Finance Department vide its U.O.No.3799/Infra-II/24, dated 18.06.2024.

(BY ORDER OF THE GOVERNOR)

BEELA VENKATESAN,
PRINCIPAL SECRETARY TO GOVERNMENT.

To
The Chief Electrical Inspector to Government,
Chennai-600 032.
The Chairman cum Managing Director,
Tamil Nadu Generation and Distribution Corporation Limited,
Chennai -600 002.
The Director (Finance),
Tamil Nadu Generation and Distribution Corporation Limited,
Chennai – 600 002.
The Pay and Accounts Officer (South), Chennai-600 035.
The Principal Accountant General (Accounts & Entitlements),
Chennai-600 018.
The Principal Accountant General (Audit-I), Chennai-600 018.
The Principal Accountant General (Audit-II), Chennai-600 035.

Copy to:
The Finance (Infra-II/L&A Cell/W&M-II) Department,
Chennai-600 009.
SF/ SC.

//Forwarded / By Order//

UNDER SECRETARY TO GOVERNMENT.

4.3 ANNEXURE III- G.O.(MS). NO. 93: TAKE OVER OF BALANCE RS. 1635 CRORE FINANCIAL LOSSES OF TNPDCL

ABSTRACT

Energy Department – TNPDCL – Sanction of Revenue Grant towards taking over losses of Tamil Nadu Power Distribution Corporation Limited for the FY 2023-24 – Sanction and Release of Balance financial Assistance Rs.1634.86Crore - Orders - Issued.

ENERGY (D3) DEPARTMENT

G.O(Ms)No.93 **Dated: 25.09.2024**
குரோதி வருடம், புரட்டாசி–09
திருவள்ளுவர் ஆண்டு 2055

Read:

1) G.O.(Ms.) No.64 Energy (D3) Department dated.18.06.2024
2) From the Chairman cum Managing Director, Tamil Nadu Power Distribution Corporation Limited, Letter No. 1650/CFC/G1/FC/GI/DFC/RES/AAO/RES/2024, dated 04.09.2024.

*****

ORDER:

In the letter 2nd read above, the Chairman cum Managing Director, Tamil Nadu Power Distribution Corporation Limited has informed that the Government of Tamil Nadu has already consented for taking over of 100% losses of TANGEDCO from the FY 2021-22 vide G.O.(Ms.) No.38 dated.18.08.2021 and also as per 0.5% Additional borrowing on GSDP guidelines, the future losses of the Discom are to be taken over by Government as detailed below:

2022-23	2023-24	2024-25	2025-26 & onwards
60% of the loss for the year 2021-22	75% of the loss for the year 2022-23	90% of the loss for the year 2023-24	100% of the loss for the year 2024-25 & onwards

The computation of loss funding grant for the year 2022-23 has been communicated vide letter dated 23.05.2024. Accordingly the losses for the FY 2022-23 to the tune of Rs.17,117.18Cr has been taken over by the Government vide G.O.(Ms) No.50 dated:12.07.2023 for an amount of Rs.1500.00Cr and G.O.(Ms).No.05 dated:22.01.2024 to the tune of Rs.15617.18Cr.

//2//

2. The Chairman cum Managing Director, Tamil Nadu Power Distribution Corporation Limited, has further informed that the Government has provided a sum of Rs.14,442.00 Cr in the Budget estimate for the year 2024-25 towards taking over of future losses of TANGEDCO. The estimated loss of the DISCOM i.e, TNPDCL for the FY 2023-24 is expected to be Rs.746 Cr. The exact amount will be known after finalization of the Accounts for FY 2023-24.

3. The Chairman cum Managing Director, Tamil Nadu Power Distribution Corporation Limited has further informed that as per conditions of the 0.5% Additional Borrowing on GSDP conditions, the loss to be taken over by Government during the FY 2024-25 will be as follows:

Sl. No.	Description	TOTAL (Rs. In Crore)
A	Loss of DISCOMs (PAT) for 2023-24* (Provisional)	746.00
B	ADD: Unpaid subsidy dues or accrued but not received from the State Government, if treated as income in annual accounts.	0.00
C	Add: Grant received/receivable from the State Government towards take-over of loss of DISCOMs, if treated as income in annual accounts.	17117.18
D=A+B+C	Adjusted operational loss for the previous year.	17863.18
E=90% of D	Amount to be taken over in current year 2024-25	**16076.86**
F#	Loss taken over by the State	**0.00**
G=E-F	Balance loss to be taken over/ to be deducted from borrowing ceiling of State.	**16076.86**

4. The Chairman cum Managing Director, Tamil Nadu Power Distribution Corporation Limited has further informed that Government has issued a G.O. vide G.O.(Ms) No. 64, Energy Department, dated 18.06.2024 to the tune of Rs.14,442Cr for release against the Loss funding grant for the FY 2023-24 restricting the same to the available Budget provision for FY 2024-25 and the balance may be released after finalization of the TNPDCL's accounts.

5. The Government after careful examination, hereby accord sanction and release a sum of Rs.1634.86Crore (Rupees One Thousand Six Hundred and Thirty Four Crore and Eight Six Lakh only) under the Loss funding grant in FY 2023-24, after making an Additional Budget Provision by Government of Tamil Nadu subject to

//3//

finalization of accounts of Tamil Nadu Power Distribution Corporation Limited.

6. The amount sanctioned in para 5 above shall be debited to the following head of account:-

"2801 POWER- 80 – General 101 Assistance to Electricity Board – State's Expenditure – AM Loss funding to TANGEDCO – 309 Grants – in – Aid 03 Grants for Specific Schemes".

(IFHRMS DPC 2801 80 101 AM 30903)

7. The amount sanctioned in para 5 above shall not be paid in cash, but shall be given contra credit to the following head of account.

"K-Deposits and Advances (b) Deposits not bearing interest 8443-00 Civil Deposits 800 other Deposits - BM Deposits of Tamil Nadu Electricity Board 801 Receipts -02 Not bearing interest.

(IFHRMS DPC 8443-00-800-BM 80102)

8. Necessary additional funds of Rs.1634,86,00,000/- over and above BE 2024-25 will be provided in RE/FMA/2024-25. However, this expenditure shall be brought to the notice of legislature by way of **Specific inclusion** in the supplementary estimate 2024-25. Pending provision of funds. The Chief Electrical Inspector to Government (CEIG), Chennai-32 is authorized to draw and disburse the expenditure sanctioned in para 5 above. The Chief Electrical Inspector to government (CEIG), Chennai 32 is directed to include the above item of expenditure while sending the budget proposal for RE/FMA 2024-25 and also send necessary draft Explanatory note for inclusion of the expenditure in the Supplementary Estimate 2024-25 to Finance (infrastructure -II/BG-I) Department at an appropriate time without fail.

9. The Chief Electrical Inspector to Government (CEIG), Chennai-32 is authorized to draw the amount by making adjustment entry in the IFHRMS with reference to the amount sanctioned in para 5 above, in favour of the Public Deposit Account of the Tamil Nadu Generation and Distribution Corporation Limited indicating the Account Number **20210383614** and disburse the same to the Tamil Nadu Power Distribution Corporation Limited by remittance to the above credit head of account.

//4//

10. This order issues with the concurrence of Finance Department vide its U.O.No.7057/Infra-II/24, dated 25.09.2024 and ASL No.0916 (Nine Hundred and Sixteen).

(IFHRMS ASL No.2024090916)

(BY ORDER OF THE GOVERNOR)

BEELA VENKATESAN
PRINCIPAL SECRETARY TO GOVERNMENT .

To

The Chief Electrical Inspector to Government, Chennai-32.
The Chairman cum Managing Director,
Tamil Nadu Power Distribution Corporation Limited,
Chennai -02.
The Director (Finance),
Tamil Nadu Power Distribution Corporation Limited, Chennai – 2.
The PAO (South), Chennai-35.
The Principal Accountant General (Accounts & Entitlements),
Chennai-600 018.
The Principal Accountant General (Audit-I), Chennai-18.
The Principal Accountant General (Audit-II), Chennai-35.

Copy to:

The Finance (Infra-II/L&A Cell/W&M-II) Department,
Chennai-600 009.
Stock File/ Spare Copy.

// FORWARDED // BY ORDER //

UNDER SECRETARY TO GOVERNMENT

4.4 ANNEXURE IV - STAKEHOLDERS' COMMENTS, TNPDCL'S REPLY AND COMMISSION'S VIEW

1. Bharathiya Electricity Engineers Association

Comments	Reply of TNPDCL
There is a discrepancy of 647 MU between the input energy reported after Southern Region (SR) loss and the energy available at the state boundary. Additionally, the True-up Petition shows energy sold (net) as 98,136 MU, while the Audited Annual Statement (AAS) reports only 92,735 MU a difference of 5,401 MU. Further, the AT&C loss is shown as 10.41% in the Petition against 11.39% in the AAS, highlighting inconsistencies in energy accounting and data accuracy that require clarification.	The 647 MU of sales made by TNPDCL in Exchange is considered as sale of power, hence there is no discrepancy in Energy Balance. 5462 MU is the sales of 400 kV, 230 kV and 110 kV consumers which is included in HT sales (21633 MU) for calculation of distribution loss. Hence, there is no difference in Energy sold. 10.41% is the Distribution loss only. However, in the AAS 11.39% is the inclusive of Technical and Commercial loss calculated based on CEA method.
STOA Trader-based power purchases cost Rs. 9.56/unit, which is significantly higher than long-term PPAs at Rs. 5-6/unit.	No reply provided by TANGEDCO
Non-optimization of Merit Order Dispatch (MOD) leads to costly procurement.	The merit order stack is being followed in real time (15 minutes time block) operation. Real time operation for the periods from Apr'23 to June'23, July'23 to Sep'23, Oct '23 to Dec '23 and Jan'24 to Mar'24 are already submitted to TNERC.
The Petition lacks clarity on Renewable Purchase Obligation (RPO) compliance and the purchase of Renewable Energy Certificates (RECs). Petitioner to publish a detailed RPO compliance report with REC purchases, targets, and penalties (if applicable)	For the year FY 2023-24, the RPO percentage has been arrived based on the data of actual RE energy utilized vs total grid consumption only. On taking account of the units generated by both sale to Board category and wheeling category, for the WEG commissioned after 31.03.2022 and excess Wind power, the RPO is calculated as 2.10%. For other RPO, the units generated by both sale to Board category and wheeling category for Solar, Hydro, Bio-mass, Bagasse , WEG commissioned before 31.03.2022, are considered and the RPO is calculated as 19.15%.

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td>TNPDCL has received approval for Rs. 19,163 Crore for Smart Metering, covering 3 crore consumer meters, 4.725 lakh DT meters, 18,274 feeder/boundary meters
However, no clarity is provided on the procurement progress, implementation timeline, and expected revenue impact.</td><td>Tenders for 3 Crore Smart consumer metering and 4.725 lakh DT metering under RDSS has been floated on 12.03.2025. On finalization of the tenders, smart metering will be implemented within 27 months from the date of issue of LoA/Contract agreement.
LoA has already been issued for implementing Feeder metering AMR in 10,570 nos of Distribution feeders in entire TNPDCL. Work is under progress and will be completed soon.</td></tr>
<tr><td>The Petition states a capital expenditure of Rs. 2,665.08 Crore, but Audited Account Statement shows Rs. 10,255.72 Crore, leading to a mismatch.
Unclear segregation of generation & distribution CAPEX, inflating the ARR costs.
It is suggested by the stakeholder to separate CapEx for Generation & Distribution and provide a project-wise status report.</td><td>In the Audited Account, Rs. 10,255.72 Crore is inclusive of on-going Thermal & Hydro projects which are yet to be commissioned.
The ARR Petition is filed for existing generating plants of Thermal, Gas and Hydro along with distribution function.</td></tr>
<tr><td>The Kundah Pumped Storage Project (500 MW) is facing delays, with only 46% of the EPC work completed. Meanwhile, Tamil Nadu has planned new Pumped Storage Hydro Projects (PSHPs) totalling 14,500 MW. However, the Central Electricity Authority (CEA) has assessed that only 1,500 MW of PSP capacity will be required by FY 2034-35, highlighting a mismatch between planning and actual demand projections.</td><td>82% work progress in EPC has been achieved as on 28.02.2025. All the balance project works are programmed to be completed early and COD expected during FY 2025 -2026.
Though 14500MW capacity is planned, in the first Phase the following projects alone are taken up for study and will be developed under JV/PPP Mode based on need/economic viability.
<table>
<tr><th>Sl.No.</th><th>Name of Project</th><th>Present Status</th></tr>
<tr><td>1.</td><td>Upper Bhavani PSHEP (1000MW)/Nilgiris District.</td><td>Allotted to NTECL for development under JV.DPR under preparation.</td></tr>
<tr><td>2.</td><td>Sillahalla PSHEP Stage - I (1000MW) /Nilgiris District.</td><td>DPR under preparation. To be</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td></td><td>developed under PPP mode.</td></tr>
<tr><td>3.</td><td>Aliyar PSHEP (1800MW) /Coimbatore District.</td><td rowspan="2">Obtaining TOR from MOE,F & CC/GoI and detailed technical studies are underway. To be developed under PPP mode.</td></tr>
<tr><td>4.</td><td>Elumalai PSHEP (1100MW) Kanyakumari District.</td></tr>
</table>
</td></tr>
<tr><td>Employee expenses are Rs. 10,229.99 Crore, but the workforce productivity data is missing.
Publish employee productivity metrics (MU supplied per employee) and workforce optimization plans.</td><td>At present the Total No. of sanctioned post in TNPDCL is 1,24,195 in which 70,050 Nos. are only utilised and 44% of the posts are in vacant position.
The sales per employee is 1.33 MU.</td></tr>
<tr><td>UDAY grants of Rs. 6,703.66 Crore for FY 2021-22 and Rs. 11,437.94 Crore for FY 2022-23 have been received, but the Petition does not provide any breakup or utilization details, raising concerns about transparency and proper accounting of these funds.
Provide a detailed utilization report on government subsidies and financial support.</td><td>Subsidy is paid as per section 65 of Electricity Act, 2003 towards free/reduction in tariff for supply to the various categories of consumers as per policy directive issued by GoTN under section 108 of Electricity Act 2003. The entire amount is being utilized for the supply of electricity. The financial support is being provided as per the G.O.Ms.No.38 dt:18.08.2021 for the loss funding to meet out the ARR gap.</td></tr>
<tr><td>Recovery (LT Tariff 1D & 1E Implementation)
• Delayed implementation of multi-tenement tariff categories has led to revenue loss of Rs. 900 Crore.
• High fixed charges for LT consumers, accounting for 24% of energy charges, require rationalization, as they impose a disproportionate burden.
ERP & Financial data issue, SAP financial record shows Rs. 12,617.79 Crore in</td><td>Following TNERC Orders 07 of 2022 and 09 of 2023, TNPDCL initiated systematic sub-categorization of LT Tariff 1D for common facilities in multi-tenements. A new LT Tariff 1E was introduced for small residential flats without lift facilities. From Oct 2022 to Dec 2024, field officials were directed to inspect and convert eligible services using updated billing software. Emphasis was on 100% implementation to ensure consumer satisfaction and revenue protection. As of March 28, 2025, most conversions are complete, with remaining services actively being addressed.</td></tr>
</table>

Comments	Reply of TNPDCL
power purchase dues but manual record shows Rs. 19788.88 Crore. Coal advances of Rs. 2,583 Crore remain unadjusted due to ERP reconciliation issues.	The amount of Rs. 2583.76 Crore, for the period from 04/2021 to 03/2024. The amount of liability will be reduced only passing the entries in F-54 and F-44 in ERP. The bill was adjusted but these entries were not made in ERP. Necessary journal was hosted and the same was reduced to Rs. 1184.83 Crore as on 30.11.2024. The liability in the accounts will be cleared during FY 2024-25.

Views of the Commission:

The comments of the stakeholder and the replies made by the Licensee have been scrutinized. The Commission has sought reconciliation of each item as per the Petition with the values as per the Audited Accounts to be true-up for the year under consideration. The Commission has dealt with the issues of Sales, Power Purchase, O&M Expenses, Capital Investment and Capitalisation in the respective sections of this Order considering the reconciliation and justifications provided by TNPDCL.

2. Thiru. S. Gandhi

Comments	Reply of TNPDCL
Petitioner to provide details of the following: • Receipt of Banking charges in units • DSM charges collected from those using distribution network. • Losses incurred in banking of wind energy. • Losses incurred through non adoption billing adjustment in accordance to time block of wheeled energy. • Losses due to concession in various charges to wind generators, including cross subsidy surcharges. • Losses in GNA charges due to free transmission to RE power in inter state Transmission. • Losses incurred due to enforcement of MUST RUN PLANT to infirm RE Power Generation. These losses are disguised as other charges.	In response to the stakeholder comments, it is submitted that: • Banking charges deducted as 14% in kind (455 MU for the FY 2023-24). • The DSM regulations are implemented from 01.04.2024 onwards. • Concession is extended as per the Tariff Order issued by the TNERC • Block wise adjustment is not applicable for the FY 2023-24. • Concession is extended as per the Tariff Order issued by the TNERC. • Concession to GNA charges due to free transmission to RE power in interstate Transmission are as per the regulations of Hon'ble CERC. • Must run status given to RE power generation as per the TNERC orders. However, the compensation mechanism for part load operations has been notified by the TNERC dated:26.05.2021. A sum of Rs. 16.9544 Crore has been claimed as compensation in the True up Petition.
There is a discrepancy in the reported energy balance. While the total energy is stated as 1,30,669 MU, the sum of the components own generation (28,785 MU), power purchase (82,906 MU), and wheeled energy (19,974 MU) adds up to 1,31,665 MU, resulting in an unexplained difference of 996 MU This indicates a potential error or omission in the	The difference of 996 MU is nothing but swap sales and purchase which has not been included in the Energy balance.

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td>data that needs clarification.</td><td></td></tr>
<tr><td>The entire energy needs are not drawn through inter state network. Line Loss till State periphery is not correct statements.

Equally, wheeled energy in part were drawn in the inter state network. Losses incurred by them can not be thrown upon common consumers.</td><td>The inter State loss has been taken from Southern Regional Power Committee (SRPC) energy accounting reports.

The wheeled energy including loss component has been deducted from the energy availability, hence the losses incurred by Open Access consumers has not been passed on to the common consumers.</td></tr>
<tr><td>Energy required were as follows:

<table><tr><td>2021-22</td><td>98,286 + 17,157 =1,15,443</td></tr><tr><td>2022-23</td><td>1,03,055 + 15,532 = 1,18,586</td></tr><tr><td>2023-24</td><td>1,11,691 + 19,974 = 1,31,665</td></tr></table>
This indicates a sharp rise not only in total energy consumption but also in wheeled energy. However, such a significant increase in wheeled energy is questionable, especially in the absence of a proportionate rise in new generators or open access consumers. Without the addition of new generation capacity catering to open access, a steep surge in wheeling appears inconsistent and merits further scrutiny.</td><td>Sale to Board (Wind Generators) are reduced during 2023-24 as below:

as on 01.04.2023- 1705 Nos and

as on 31.03.2024 - 1463 Nos

Hence, the wheeling category is increased to 19,974 MU.</td></tr>
<tr><td>The analysis of generation performance and cost parameters reveals several concerns:

i. Suboptimal Utilization of Large Units:
NCTPS II (2 × 600 MW) recorded a Plant Availability Factor (PAF) of 61.37% and a Plant Load Factor (PLF) of 60.27%, reflecting underutilization.
MTPS II (1 × 600 MW) also showed suboptimal use, with a PAF of 78.23% and PLF of 60.76%. These figures indicate that</td><td>NCTPS-II, consisting of two 600 MW units, exhibited a low Plant Availability Factor (PAF) of 61.37% and Plant Load Factor (PLF) of 60.27%, pointing towards underutilization. The primary reason for this subpar performance is attributed to frequent unplanned outages, which adversely affected availability. However, corrective measures such as routine, preventive, and scheduled maintenance (including annual and capital overhauls) are implemented as per OEM guidelines, aiming to improve availability and reduce future disruptions.</td></tr>
</table>

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td>larger generating units were not operated at optimal efficiency.

ii. Cost Disparity in Coal for Adjacent Stations: Despite being located at the same site and seemingly sharing coal handling systems, MTPS I had a coal cost of Rs. 5,946/ton, while MTPS II reported Rs. 7,166/ton. This sharp variation in primary fuel costs is unusual and warrants a detailed audit of procurement and allocation practices.

iii. Questionable Financial Cost Escalation:
• R&M (Renovation & Modernization) expenses are reported at Rs. 1,532 crore.
• Interest and financial costs for thermal plants surged from Rs. 2,509 crore in 2022-23 to Rs. 4,402 crore in 2023-24.
• For gas-based stations, costs increased from Rs. 782 crore to Rs. 1,932 crore in the same period.

Such a steep rise in financial charges, in the absence of significant new capital investments, appears disproportionate and suggests either misreporting or unexplained financial restructuring that should be scrutinized.</td><td>Similarly, MTPS-II (1 × 600 MW) recorded a PAF of 78.23% and PLF of 60.76%, indicating that, despite higher availability, generation remained suboptimal. This was largely due to:
• Planned outages (9.71%),
• Reserved outages (1.51%),
• Forced outages (7.74%),
• Partial losses due to grid operator requests (LDC) (15.97%), and
• Internal operational issues (4.31%), such as coal mill problems, ash evacuation delays, and poor coal quality.

In terms of fuel cost, a notable discrepancy exists between MTPS-I and MTPS-II, despite both being co-located and sharing coal handling infrastructure. MTPS-I reported an average coal cost of Rs. 5,946/ton, whereas MTPS-II incurred a significantly higher cost of Rs. 7,166/ton. This variance is explained by the use of imported coal in MTPS-II, which naturally commands a higher price.

From a financial perspective, O&M (Operation and Maintenance) expenses rose sharply to Rs. 1,532 Crore in the true-up for FY 2023-24. This spike is justified on the grounds of aging infrastructure across stations, necessitating increased replacement and refurbishment efforts to maintain safety and reliability standards.

Moreover, there is a steep surge in interest and financial costs:
• Thermal projects: from Rs. 2,509 crore (2022-23) to Rs. 4,402 crore (2023-24),
• Gas-based stations: from Rs. 782 crore to Rs.</td></tr>
</table>

Comments	Reply of TNPDCL
	1,932 crore. This increase is not due to new capital infusion, but rather due to accumulated regulatory assets amounting to Rs. 83,000 crore as of 31.03.2022. The absence of tariff revisions since 2014 has led to deferred recovery and mounting liabilities. Consequently, the burden of interest and carrying costs on this unrecovered amount is now manifesting as a significant financial load.
The financial and interest charges reported for FY 2023-24 include Rs. 302 crore as interest on the pension scheme and Rs. 95 crore as interest on the provident fund. These figures are notably high and raise concerns about the clarity and necessity of such expenditure. HQ expenses other than A&G expenses is puzzling.	The reported interest expenditure of Rs. 302 crore on the Contributory Pension Scheme (CPS) and Rs. 95 crore on the General Provident Fund (GPF) for FY 2023-24. These amounts reflect the cost of servicing employee retirement benefit obligations. The allocation of Head Quarters expenses is provision for Remeasurement of defined benefit plan of Rs. 3240 Crores(including Generation and Distribution)
In the analysis of Non-Tariff Income, it is noted that several expected revenue streams have either not been reported or there is a lack of clarity in disclosure. These components typically contribute to the utility's earnings apart from energy sales, and their absence raises questions about completeness and transparency in the financial reporting. The key missing items are: i) Banking Charges ii) DSM (Deviation Settlement Mechanism) Charges iii) Additional Surcharges iv) Quantum of Third Party Wheeling	• Banking charges is not a Non-tariff income and deducted in kind (455 MU for the FY 2023-24). • DSM charges is collected from 01.04.2024 onwards. • Additional surcharges for the period 01.04.2023 to 30.09.2023 is Nil and there is no Additional surcharge order for the period 01.10.2023 to 31.03.2024. • The quantum of Third Party wheeling units is 3537.08 MU.

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td>
The review of Power Purchases for FY 2023-24 reveals significant financial inefficiencies and raises questions about the prudence of procurement decisions, especially from long-term contracted sources like NLC and renewable energy (wind and solar), as well as reliance on power exchanges.
i) NLC Power Purchases
The variable charges for NLC stations despite being pithead-based (near coal source) have shown steep escalation over the years:
Neyveli New: 219 → 320 paise/unit
Neyveli TS II: 266 → 450 paise/unit
Neyveli I Exp: 244 → 388 paise/unit
Neyveli Exp II: 256 → 393 paise/unit
TNPDCL should have scrutinized these claims more stringently. Compared to other coal-based plants (e.g., Singareni), NLC appears costlier. The differential has led to a loss of approx. Rs. 1,119.8 Crore in variable cost alone when benchmarked against previous rates.
ii) Wind and Solar Energy
Wind Purchases have jumped in cost, now at 511 paise/unit, leading to a loss of Rs. 372 Crore.
Solar Purchases show escalation from 472 to 609 paise/unit, resulting in a loss of Rs. 882 Crore. The total loss due to escalated renewable purchase costs amounts to Rs. 1,261 Crore.
Moreover, wind energy purchases were reportedly reduced to under 50% of earlier
</td><td>
The details of Variable cost, Fixed cost and other charges payment made to NLC is provided.
Wind Power Purchase cost details
<table>
<tr><th>S.No.</th><th>Description</th><th>Rs.in Crores</th></tr>
<tr><td>1.</td><td>Prior period</td><td>143.5</td></tr>
<tr><td>2.</td><td>LPSC</td><td>5.32</td></tr>
<tr><td>3.</td><td>Provision for unutilised energy</td><td>18.46</td></tr>
<tr><td>4.</td><td>Wheeling journal</td><td>63.41</td></tr>
<tr><td></td><td>Sub-total</td><td>230.69</td></tr>
<tr><td>5.</td><td>Wind Total pp cost</td><td>897.49</td></tr>
<tr><td>6.</td><td>Actual wind energy charges paid</td><td>666.8</td></tr>
<tr><td>7.</td><td>Units purchased (MU)</td><td>1756</td></tr>
<tr><td>8.</td><td>Cost/unit</td><td>3.79</td></tr>
</table>
In respect of Solar, a sum of Rs.381.32 Crores paid during FY 2023-24 as arrear. Further, some of the companies has filed case before the Hon’ble APTEL and TNERC to change the power purchase rates.
i) The supply of power by M/s NLC has been decreased than the agreed share due to land acquisition issues, to the tune of around 450MU per month, which led TANGEDCO to procure power from the Power Exchanges with an additional cost of Rs.6/- per unit resulted in an additional expenditure of Rs. 275 crores per month for the entire financial year, totaling to Rs. 3300 Crore.
ii) Due to breakdown of Turbine the power supply has been decreased by 240MU per month in M/s NTECL (Vallur Unit 1) which led TANGEDCO to procure power from the Power Exchanges with an additional cost of Rs.7 per unit, resulting in an additional expenditure of Rs.170 crore per month, totaling to Rs. 2040 Crore for the year
iii) Decrease in generation of wind power to the tune of 470MU up to October 2023 resulted in power purchase from Exchange with an additional
</td></tr>
</table>

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td>
levels, despite existing agreements being in force. At the same time, wheeled wind energy (OA) rose by 2,000 MU, suggesting that EPAs may have been informally terminated or deprioritized to favor wheeling, raising suspicions that merit regulatory inquiry.
iii) Power Exchange Purchases
Purchase from power exchanges also significantly increased:
FY22: 6,329 MU @ 647 paise
FY23: 4,061 MU @ 951 paise
FY24: 8,606 MU @ 924 paise
This heavy dependency, particularly in FY24, was a direct consequence of lower generation from tied-up sources.
Had the 800 MW NCTPS-III unit been commissioned on time, the dependence on high-cost power exchange purchases could have been substantially reduced. The delay in project execution directly led to TANGEDCO procuring power at elevated rates, inflicting a massive financial burden on consumers.
Despite this, the Tamil Nadu Electricity Regulatory Commission (TNERC) did not effectively exercise its regulatory oversight over TNPDCL. While granting Short-Term Open Access (STOA) approvals, TNERC failed to conduct due diligence or question the procurement rationale, allowing the process to continue in a mechanical and perfunctory manner.
</td><td>
expenditure of Rs.470 Crore.
iv) Decrease in Hydro storage - Comparison of storage in reservoirs in 2022 and 2023 is shown below:
<table>
<tr><td>Month</td><td>2022</td><td>2023</td><td>Diff</td></tr>
<tr><td>June</td><td>694MU</td><td>429MU</td><td>265MU</td></tr>
<tr><td>October</td><td>1958MU</td><td>718MU</td><td>1240MU</td></tr>
</table>
Due to deficit monsoon and consequent storage shortfall in reservoirs, hydro-power availability reduced by 1500 MU, resulting in power purchase through exchange at an additional cost of Rs. 1,500 Crore for the year.
v) Due to increase in total demand TANGEDCO has no other alternative than procuring power from exchanges with an additional commitment of Rs.100 crore per month totaling Rs.1,200 Crore for the year.
During execution of the NCTPP-III project, the time schedule could not be kept up by the EPC contractors, due to various reasons such as impact due to COVID-19 first and second wave on Project Execution, delay in transmission tower erection across Kosasthalaiyar river due to local village fisheries agitation and delay due to non completion of BOP works by the contractor.
Eventhough, the BOP works were not completed, TNPGCL have taken strenuous efforts to complete the essential works left out by the BOP contractor and the unit was commissioned on 07.03.2024. The NCTPP-III achieved its maximum installed capacity of 800 MW on 27.06.2024. After attending technical issues, Boiler light-up of NCTPP-III was done on 17.03.2025 & the Unit was synchronised with Grid on 20.03.2025 and the Unit is in continuous service with more than 75%PLF.
</td></tr>
</table>

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td colspan="2">Views of the Commission:

The comments of the stakeholder and the replies made by the Licensee have been scrutinized. The Commission has sought reconciliation of each item as per the Petition with the values as per the Audited Accounts to be true-up for the year under consideration. The Commission has dealt with the issues of power purchase and the reasons for increase in the power procurment cost in the respective sections of this Order considering the reconciliation and justifications provided by TNPDCL.</td></tr>
</table>

3. Thiru. A. Jeevanatham

Comments	Reply of TNPDCL
There are significant inconsistencies between the audited energy balance and the data submitted in the True-Up Petition. The input energy after Southern Region loss in the AAS is 1,27,654 MU, while the Petition shows a higher availability at the State boundary of 1,28,301 MU an unexplained excess of 647 MU. Wheeled (Open Access) energy of 18,770 MU reported in AAS is not reflected in Table 23 of the Petition. Similarly, net energy sold differs widely AAS reports 92,735 MU, while the Petition claims 98,136 MU, indicating an unexplained increase of 5,401 MU. Distribution losses are underreported in the Petition, AAS records 11,730 MU as unrealised energy, while the Petition shows only 10,218 MU, underplaying losses by 1,512 MU. This impacts the AT&C loss percentage, which is 11.39% in the AAS but is brought down to 10.41% in the Petition a significant 0.98% discrepancy. Moreover, the AAS uses CEA's structured methodology with clear formulae and transparent calculations. In contrast, the Petition's tables lack sequential logic, omit crucial components like wheeled energy (19,974 MU) and power to Kadamparai, and fail to explain how losses are derived, raising questions about the accuracy and transparency of the True-Up data.	The perceived discrepancies between the Petition and AAS energy data are clarified as follows: The input energy figure of 1,27,654 MU in the AAS matches the Petition's gross energy of 1,30,669 MU after deducting Inter-State transmission losses (2,368 MU) and exchange sales (646 MU). Thus, no excess energy exists; the figures reconcile when sales through power exchanges are excluded. The 18,770 MU shown as wheeled energy in the AAS is the net adjusted figure after accounting for line losses. The gross wheeling of 19,774 MU, as per Serial No. 8 of Annexure-A, is duly accounted for in the Petition’s Table 23 (Serial No. 5a). The total sales reported in Table 23 of the Petition is 93,380 MU, not 98,136 MU. The latter figure refers to the total energy available at the distribution level (below 66 kV), not energy sold. Within the 93,380 MU sales, HT sales account for 21,633 MU, which includes exchange sales (646 MU) and EHT-level HT sales (5,462 MU); LT sales comprise 71,747 MU. The apparent mismatch in distribution losses arises from methodological differences. The AAS uses the CEA method for AT&C loss, while the Petition adheres to the TNERC-approved method for computing distribution loss, leading to variance in reported loss percentages. As for wheeling energy, the AAS figure (18,770 MU net) is fully aligned with the Petition after deducting technical losses. Additionally, the Kadamparai pumped storage energy (144 MU) is

Comments	Reply of TNPDCL
	embedded within auxiliary consumption in the AAS, which explains why it's not separately reflected in Table 23 of the Petition.
The quoted Interstate Transmission Loss of 3.70% in the Petition lacks a clear source, and no data is available on TANTRANSCO's website. Therby it is requested that the responsible authority to authenticate this value or make it public on the TANTRANSCO website. It's crucial to know the source, as it significantly impacts the available power at the distribution network. The data provided in Table 24 i.e. Energy Balance Statement of FY 2023-24 of the Petition is incomplete, due to which the actual distribution loss cannot be arrived at. It is further suggested using the CEA prescribed format for arriving at accurate Distribution Loss calculation. For RPO Compliance (Para 3.27.4), only the wind and other RPO percentages are given, but there's no explanation of how these figures were arrived at or the source of data. This issue was also raised in the True-Up for FY 2022-23. Own Generating Plants: The claimed generation cost of Rs 26,653 Crore for FY 2023-24 is Rs 7,076 Crore higher than the approved amount in the Tariff Order, while the generation volume has remained close to the approved quantum. The Basin Bridge Gas Turbine Power Station, despite having no generation for the last decade, claims a cost of Rs 846 Crores. You question the justification for this expense and suggest considering plant closure. No techno-economic viability for maintaining the plant has been	The Interstate Transmission loss calculation is submitted. Action will be taken to upload monthly and Annual Transmission loss in TANTRANSCO website. The AT&C loss for TNPDCL (TANGEDCO) has been prepared as per AT&C Loss Calculation methodology communicated by CEA vide letter dt. 30.06.2023. Further, the Energy Balance Statement 2023-24 has been prepared in accordance with the TNERC format. For the year 2023-24 Wind Energy Generation (WEG) Commissioned after 31.03.2022 and excess wind power, the RPO is calculated based on actual RE energy utilized vs total grid consumption, and this results in an RPO of 2.10%. Other RPO (Solar, Hydro, Bio-mass, Bagasse, and WEG Commissioned before 31.03.2022): For these categories, the RPO is calculated by considering both sale to the Board category and wheeling category. This results in an RPO of 19.15%. Basin Bridge, the Units are run as synchronous condenser to supply reactive power to the Grid for better Voltage profile and system stability. TNPDCL's Board approved power procurement from intra-state generators like SEPC on a pass-through basis under MoP's Section 11 directive, based on SLDC dispatch. TNPDCL filed Petitions with TNERC for approval and ratification, with orders issued for each. Following MoP's

Comments	Reply of TNPDCL
disclosed. IPP SEPC Power Purchase: More power was purchased than the approved quantum, with Rs 1,600 Crores spent over the approved amount, but there is no mention of regulatory approval for the excess purchases. Additionally, wind power purchase is 50% less than approved, but its cost per unit is Rs 5.11, much higher than the Rs 1.96 per unit in FY 2022-23. Excess Purchase Quantum: The total short-term and other purchase quantum is 12,361 MU higher than the approved quantum, with Rs 11,497 Crores paid over the approved amount. No additional approval for this deviation has been mentioned. The withdrawal of Rs. 564 Crore from the Hydro Balancing Fund has not been explained, nor has regulatory approval been cited. The remaining balance in the fund is also not provided. The FY 2023-24 Audited Accounts show a net export of 1,063 MU under Swap In/Out, but the True-Up Petition lacks key details such as involved utilities, supply/return periods, quantum, margins, and losses. It also omits data on received swap power and returned banking power. Table 28 notes 1,026 MU exported and kept as receivable, but it's unclear if its cost is reflected in the Petition or accounts. In contrast, the FY 2022-23 Petition disclosed swap imports (88.86 MU, Rs. 299.69 Crore) but no exports, highlighting inconsistent disclosures. UI power exported as per power purchase table 452 MU , but amount Rs 170 /Crore booked as Power Purchase Cost. If exported amount should be	20.02.2023 directive to ensure power availability, SEPC and others supplied power, with VFC paid as per MoP's fortnightly benchmark rates based on imported coal and shipping costs. During 2023-24 for various generators interest on delayed payment related to previous period has been paid as per the direction of TNERC and Hon'ble High Court. So the overall cost increased as compared to FY 2022-23. In Tamil Nadu, the all-time peak demand and energy consumption have been steadily rising due to significant industrial growth and development, resulting in a substantial increase in power requirements and a widening demand-supply gap. The state recorded an all-time high demand of 17,563 MW and consumption of 388.078 MU on 29.04.2022, which further increased to 19,387 MW and 423.785 MU on 20.04.2023. Due to delays in the estimated capacity additions for the period 2023 to 2030, power had to be procured through Short Term and other sources to meet the growing demand. This increase in power purchase has been duly approved by the Commission through Tariff Adoption Petitions. Hydro generation during FY 2023-24 reduced from the norms hence hydro balance fund is utilized for power purchase expenses. In the FY 2023-24 the swap payable and receivable are not included in the ARR since it is non monetary value. UI Charges (Unscheduled Interchange Charges) is levied for deviation between actual and scheduled drawal or injection of power. The charges is either

Comments	Reply of TNPDCL
credited. Power Purchase cost in the True up Petition filed varies between Account statement. Interest on loan capital mentioned in True Up Petition & AAS varies widely. Depreciation in True up Petition & AAS not matching. Revenue at existing Tariff entries in True Up Petition & AAS is not matching. Revenue gap in True Up Petition is Rs 6,919 Crore and in AAS Rs. 1196 /Crore as loss. Total Power Required in the Approved MYT Tariff order 2022 , for FY 2023-24 is 1,09,742 MU , and that of TU Petition FY 20233-24 is 1,30,669 MU . It is excess by 20,927 MU , 19 % higher than approved . Similarly Total Revenue Requirement exceeded Rs 21,289 /Crore then approved ARR. 27 % excess amount. Observed that MYT Tariff order for 5 years period can't estimate actual ARR requirements	payable or receivable in nature. The amount of Rs. 137.79 crore is related to purchases from SWAP. The transactions in SWAP are not monetary in nature and the purchases are adjusted with sales. Therefore, the amount of Rs. 137.79 crore has not been considered from Power Purchases from other sources The Interest on Loan and Interest on Working Capital for Generation function and Distribution function are furnished separately. The depreciation for Generation function and Distribution function are furnished separately. The entire summary of fixed cost for Generation and Distribution functions are shown in Table 21. An amount of Rs.1,641 crore, which was included in the Revenue from Sale of Power, has been classified under Non-Tariff Income. Additionally, an amount of Rs. 810 crore, recorded in the Audited Account for SWAP Sales, has not been included in the ARR as these transactions are non-monetary. Furthermore, an amount of Rs. 317 crore related to other income from generating station, has been allocated to the respective stations and is reflected in the Generation cost. The actual losses as per Audited Accounts stands at Rs. 4,436.08 crores after accounting for remeasurements of defined benefit plan of Rs. 3,240.30 crores. The revenue gap in the Petition in excess of Rs. 6,920 crores is due to inclusion of Return on Equity(Generation and Distribution) and adjustments in SWAP sales and purchases. The quantum approved in the MYT Tariff Order 2022 were based on projections and appropriate

Comments	Reply of TNPDCL
	assumptions as per previous five years CAGR however in the true up Petition while the quantum claimed under the True Up Petition is based on actual data.
The True-Up Petition by TNPDCL reports FY 2023-24 capital expenditure of Rs. 2,665.08 crore and net capitalisation of Rs. 877.76 crore, while the Audited Accounts (Note 4a) show much higher additions of Rs. 10,255.72 crore and CWIP of Rs. 53,763.27 crore indicating a major discrepancy. This mismatch was also flagged in earlier public comments, which requested detailed lists of CWIP and capitalised works. Although TANGEDCO attributed the higher figures to ongoing generation projects, it did not provide the requested breakdown for both generation and distribution projects.	The details of capital expenditure made for generation and distribution function circle wise furnished in the Petition.
As per Tariff Regulations, only O&M-related capital works in Generation and Distribution should be included in the True-Up. However, TANGEDCO has wrongly included capital expenditure of ongoing/new generation projects, even after TNPGCL was formed. These project costs are also reflected in the audited accounts and the Petition, inflating the ARR unjustifiably. It is standard practice elsewhere to maintain separate project-wise accounts for new generation plants. A revised account statement excluding these costs should be submitted for accurate ARR representation. The Capital Investment Plan (CIP) approved by TNERC in the 2022 Tariff Order includes a	The O&M expense related to ongoing project are capitalized as per the provision of tariff regulation. The O&M expense mentioned in the Petition excluding the Project expense. In respect of ongoing project separate Petition will be filed for the determination of tariff.

Comments	Reply of TNPDCL
detailed list of Generation and Distribution O&M capital works. As per standard regulatory practice, TANGEDCO must furnish progress reports on these approved works in the True-Up to justify capitalisation. However, no such list or status update of ongoing and completed works is provided in the Petition. The Petitioner should submit both the list of ongoing capital works and capitalised works with full details.	
The Petition's Annexure-I, cited in Para 3.13.5 for detailed expenditure, is duplicated and misindexed, causing confusion. It lacks specific information on works from the approved 2022 Capital Investment Plan, showing only general expenditure heads. Stakeholders cannot assess project progress, costs, or status. TANGEDCO must provide a clear list of completed and ongoing works with capitalisation details for transparency. Table 27 of the True-Up Petition shows Total HT+LT sales as 93,380 MU with revenue of Rs. 71,614 Crore. However, the Account Statement (Note 25) shows only 92,735 MU sold, with a higher revenue of Rs. 74,065.32 Crore creating confusion. Notably, HT sales above 110kV (5,462 MU) are not clearly accounted for in the ARR revenue or in the Energy Sold Net figure under the AT&C Loss table. It's unclear where this quantum and associated revenue is included in the True Up Petition or account statements.	Detailed of works carried out circle wise furnished to TNERC • Total Sales as per Balance sheet 92735 MU add Exchange Sales 646 MU • Total 93380 MU as per form Table 23 Serial No 11 • HT Sales above 110kv is 5462 MU (Serial no 7 in table No 23) and sales at distribution network 87918 MU (serial no 12 of table 23) • That total is 5462MU + 87918MU = 93380MU There is no omission in sales quantum. The revenue difference of Rs.2451 Crore. due to cross subsidy surcharge, excess demand charges, power factor penalty and other CC arrears from the consumers are included in the balance sheet.

Comments	Reply of TNPDCL
Sl.No D3 Billing efficiency : 90.08 % (Ratio of Energy Sold Net / Net Input Energy) Reason for low billing efficiency, possible unbilled areas found, if any may be furnished. Action taken to improve billing efficiency may be furnished.	In Billing efficiency the main reason for reduction is due to increase in the wheeling quantum by open access consumers (15382 MU in FY 2022-23 and 18770 MU in FY 2023-24)
The ARR shows Gross Generation of 519.22 MU and Net Generation of 516.68 MU for Kadamparai, but also notes 144 MU consumed in pumped mode (Form 8). This 144 MU used for pumping is not shown in the Energy Balance (Table 23), nor is the cost of stored power separately calculated. Since Kadamparai operates in both conventional and pumped storage modes, generation cost and storage cost should be segregated. Despite repeated requests in earlier Petitions, TANGEDCO has not provided the quantum of energy generated purely from pumped mode, The cost of storage power, which is essential especially as TNEB plans 14,500 MW of future PSPs and Separate tariff methodology for pumped storage should be adopted as a benchmark for future projects.	The Gross (519.22 MU) and Net Generation (516.68 MU) reported is for the entire Kadamparai Generation Circle, covering 9 hydro stations. For Kadamparai PSP alone, Gross Generation is 132.36 MU and Net Generation is 131.16 MU. The 144 MU consumed for pumping is not auxiliary, but represents stored energy for later peak-time generation. Tariff for pumping energy and cost of stored power is not calculated, as TNERC hasn't issued a separate tariff regulation for pumped storage yet.
The Petition provides consolidated trader-wise power purchase data but does not specify whether the reported units (2,259.5 MU) are at the Ex-bus or state periphery. The derived per unit cost is Rs. 9.74, which appears excessive compared to similar purchases by neighboring states. The Petition lacks detailed breakdowns of power purchases under Long-term, Medium-term, Short-	In the consolidated power purchase from Traders, the actual units in MU is the energy delivered at TN State periphery. The procurement of power from traders has been carried out through DEEP portal wherein the price discovered depends on various factors such as quantum floated, time period, participants and time of floating the tender etc., the price discovered in neighbouring state and TN State lacks the common

<table>
<tr><th>Comments</th><th>Reply of TNPDCL</th></tr>
<tr><td>term, as well as from CGS, IPPs, CPPs, Solar, Wind, etc.

There is also no clarity on purchases via DEEP Portal, which should be separately categorized.

It is requested that approval status, quantum, source, period, and cost details be furnished category-wise for full transparency and stakeholder analysis.</td><td>parameters for comparison owing to above mentioned factors.</td></tr>
<tr><td>TANGEDCO has initiated work on 14,500 MW of Pumped Storage Projects (PSPs) approved by the Government of Tamil Nadu, with pre-feasibility studies conducted in-house and tender document preparation outsourced to private consultants for PPP mode execution. However, there is ambiguity regarding TNPDCL's role in procuring the storage power generated from these projects, particularly since TNERC has directed TANGEDCO to expedite their implementation.

Despite RTI queries, no clear response has been received from TNGECL on storage power requirements or procurement modalities. While the CEA's Resource Adequacy Plan (RAP) based on TNPDCL data estimates a requirement of 8,581 MW of storage power by 2030, it surprisingly excludes the existing Kadamparai PSP and shows only 1,500 MW of PSP additions by 2034-35, far below the approved 14,500 MW.

Additionally, with private entities independently planning PSPs (e.g., an 1,800 MW project in Vellore) and BESS projects gaining traction (like TNPDCL's 500 MW tender), the total quantum of future storage capacity is unclear.</td><td>1. 82% work progress in EPC has been achieved as on 28.02.2025. All the balance project works are programmed to be completed early and COD expected during 2025 -2026.

2. Though 14500MW capacity is planned, in the first Phase the following projects alone are taken up for study and will be developed under JV/PPP Mode based on need/economical viability.

<table>
<tr><th>S.No.</th><th>Name of Project</th><th>Present Status</th></tr>
<tr><td>1.</td><td>Upper Bhavani PSHEP (1000MW) /Nilgiris District.</td><td>Allotted to NTECL for development under JV.DPR under preparation.</td></tr>
<tr><td>2.</td><td>Sillahalla PSHEP Stage - I (1000MW) /Nilgiris District.</td><td>DPR under preparation. To be developed under PPP mode.</td></tr>
<tr><td>3.</td><td>Aliyar PSHEP (1800MW) /Coimbatore District.</td><td>Obtaining TOR from MOE,F & CC/GoI and detailed technical studies are underway. To be developed under PPP mode.</td></tr>
</table>
3. For any projects tariff can be approved under section 63 of electricity act after discovering tariff though tender.

4. In respect of resources adequacy plan</td></tr>
</table>

Comments	Reply of TNPDCL
Hence, there is an urgent need for regulatory clarity on whether TNPDCL will procure power from these PSPs, whether TNERC approval is mandatory before floating PPP tenders, and whether a public consultation on the financial and operational implications of these projects should precede implementation. It is also requested that the finalized Resource Adequacy Plan for Tamil Nadu be published and its current status be disclosed.	preparation work is under process after completion the same will be submitted to the TNERC
TANGEDCO's True-Up Petition for FY 2023-24 cites total fuel expenses of Rs. 11,832.64 Crore as per Note 28 of the Audited Accounts but fails to provide a fuel-wise, station-wise cost breakdown in the accounts. Stakeholders request a consolidated table detailing quantities, prices, and costs of indigenous/imported coal, gas, oil, and naphtha for transparency. Similarly, while the accounts confirm that ash audits are completed, there is no disclosure of station-wise ash generation, disposal, or revenue from ash sales an important non-tariff income stream. On the financing front, interest charges allocated to the generating stations appear highly inflated, exceeding original project costs, with no clear breakup of pending loans or calculation methodology. TANGEDCO justifies this using the GFA-based allocation method per T.O.No.7 of 2022 but fails to provide supporting loan data. In Form 11 of Annexure II, TNPDCL's interest and loan details do not align with the audited accounts and lack approved values; similar details for	Fuel-wise and station-wise data (coal, gas, oil, naphtha – quantity, price, cost) is stated as furnished in the true-up Petition. Ash generation details are said to be provided in Annexure-III. Interest allocation is done on a GFA basis; project loans are excluded from generation/distribution loan booking. No approved interest values exist per T.O. No. 7 of 2022. Total interest (Rs. 16,440 Crore) matches audited accounts. However, actual loan balances and repayment details per station are not disclosed. Interest breakup: Interest on loan for Generation: Rs. 6,658 Crore (Petition), Rs. 16,440 Crore (Audit) Interest on loan for Distribution: Rs. 8,129 Crore Interest on Working Capital for Generation: Rs. 978 Crore Interest on Working Capital for Distribution: Rs. 675 Crore

Comments	Reply of TNPDCL
TNPGCL and TNGECL are also missing. The reconciliation table shows Rs. 16,440 Crore interest expenses (Rs. 6,658 Crore for Generation loans, Rs. 8,129 Crore for Distribution loans, and Rs. 1,653 Crore for working capital), but stakeholders request accurate station-wise loan data and matching entries with audited figures for validation.	
Interest & Finance Charges for FY 2023-24 show sharp deviations from FY 2022-23, notably for hydro stations, distribution, and plants like Basin Bridge GTPS. No station-wise loan or GFA data has been provided. The cited reason loan restructuring under GO (MS) No.6 & 7 and reallocation to TNGECL, TNPGCL, and TNPDCL lacks clarity without detailed backup. Additionally, interest on Consumer Security Deposits (CSD) significantly exceeds approved levels, with no justification for the rise in average CSD or reference to Table 4-22 from the Tariff Order. Additionally, the Petition omits Average Cost of Supply (ACOS), which is critical and appears significantly higher than both approved and audited values this too needs clarification and inclusion.	In FY 2022-23, loan allocation was based on GFA across all stations, whereas in FY 2023-24, due to restructuring under GO (MS) No.6 & 7, loans were reallocated among TNGECL (Rs. 6,376 Crore), TNPGCL (Rs. 94,143 Crore), and TNPDCL (Rs. 64,042 Crore), resulting in significant changes in Interest & Finance Charges. Consumer Security Deposit (CSD) balances also increased, with an opening of Rs. 16,516 Crore and interest of Rs. 1,006 Crore, matching audited account details. In ACoS calculation, Rs. 3,240 Crore (remeasurement of definite benefit plan) was omitted, and Rs. 1,865 Crore (RoE) added per regulations, though not booked in audited accounts. Including both, revised ARR is Rs. 1,05,185 Crore, giving an ACoS of Rs. 11.35/unit justifying that there's no excess claim in the Petition.
The True-Up Petition (Table 25) shows a shortfall in meeting RPO (Others) targets. To explain this, TNPDCL must provide detailed data as of 31.03.2024 on utility-scale, consumer-scale, and CTU-connected solar capacities, solar power tied up through SECI PSAs (contracted vs. actual MW), and details of other solar tie-ups yet to commence	As on 31.03.2024, the solar power capacity in Tamil Nadu comprises 3,495.34 MW under utility-scale projects for sale to the board and 3,901.03 MW under the wheeling category. Additionally, consumer-scale solar projects account for 599.16 MW. A capacity of 150 MW is connected to the Central Transmission Utility (CTU). Further,

Comments	Reply of TNPDCL
supply. This is essential for assessing RPO compliance.	Tamil Nadu has tied up 500 MW of solar power through Power Sale Agreements (PSAs) with SECI, and the full 500 MW has already been received as of the reporting date. There are no additional solar power tie-ups pending supply beyond this.
The True-Up Petition shows station-wise loan and GFA data that significantly exceed Commission-approved figures from the 2022 Tariff Order. Note 46 of the audited accounts also reveals mismatched segment-wise finance charges. This suggests inclusion of loans for ongoing generation projects not sanctioned in the approved capital expenditure, violating Tariff Regulations and prior Commission orders. A revised Petition has been requested, along with clarification on whether project-wise accounting is maintained for ongoing generation works and, if not, when it will be implemented. Additionally, concerns are raised over the stated GFA value for the Basin Bridge Gas Turbine Power Station, reported at Rs. 2,177.87 Crore in the ARR, which appears inflated compared to its original installation cost of Rs. 490 Crore in 1996. It is requested that TNPDCL confirm whether all GFA values provided in the ARR formats are based on actual figures or approximate estimates.	TANGEDCO’s restructuring under GO Ms. No. 32 (dated 6 March 2024) led to a company-wise reallocation of loans, assets, and liabilities, which is reflected in the FY 2023-24 True-Up Petition. TNPDCL states that only loans related to existing plants and approved capital expenditure are included, not for ongoing generation projects. Opening loans considered are Rs. 5,271 Cr (TNGECL), Rs. 73,324 Cr (TNPGCL), and Rs. 64,042 Cr (TNPDCL). The Basin Bridge GTPS GFA is shown as Rs. 2,177.87 Cr in the ARR due to land revaluation, with TNPDCL affirming the accuracy of revalued GFA data. Regarding the Basin Bridge Gas Turbine Power Station, although its installation cost was Rs. 490 Crore, the Gross Fixed Asset (GFA) value in the ARR is shown as Rs. 2,177.87 Crore due to the inclusion of high land cost amounting to Rs. 2,038 Crore post-revaluation. TNPDCL has confirmed that all GFA figures provided in the ARR formats are accurate and reflect the revalued asset base including land.
The audit report states that Rs. 56.82 crore was paid in FY 2023-24 for power purchased from Co-Gen Cooperative Sugar Mills in FY 2022-23, while the True-Up Petition records a purchase of 99 MU and payment of Rs. 96 crore as occurring in FY 2023-24. This results in two discrepancies: differing	The amount of Rs. 96 crore is inclusive of prior period item of Rs. 56.82 crores.

Comments	Reply of TNPDCL
years of procurement and a Rs. 39.18 crore gap in payment figures. Clarification is needed on the actual year of purchase and the reason for the payment difference.	
TANGEDCO initiated co-generation projects in 12 cooperative sugar mills in 2010, of which 7 have been commissioned. Power Purchase Agreements (PPAs) have been signed with these operational units, including tariff and fixed cost components. While project costs for commissioned units were funded by TANGEDCO, detailed information on mill-wise expenditure and the progress (both physical and financial) of the remaining 5 uncommissioned projects is yet to be provided.	The details of tariff, plant commissioning and yearwise power purchase details are enclosed in the annexure.
In the True-Up Petition for FY 2023-24, TNPDCL confirms that depreciation has been calculated as per TNERC Regulation No. 24, explicitly excluding land cost from the depreciation base. Although the Gross Fixed Assets (GFA) includes land, it has not been factored into the depreciation computation. Depreciation has been applied only to depreciable assets like buildings, plant and machinery, furniture, vehicles, and office equipment. A total depreciation of Rs. 3,559.52 crore has been claimed, along with Rs. 17 crore towards software amortization. A normative depreciation table, however, has not been furnished, and stakeholders have sought its disclosure for better transparency.	In the True-Up Petition for FY 2023-24, TNPDCL has calculated depreciation based on the closing Gross Fixed Assets (GFA) as per TNERC Regulation 24. While the GFA includes all assets, land costs have been excluded from the depreciation calculation, as land is not a depreciable asset under the regulation. The total depreciation claimed is Rs. 3,559.52 crores, which covers assets like buildings, plant and machinery, furniture, office equipment, and vehicles. Additionally, Rs. 17 crores has been claimed for the amortization of software. However, a segment-wise, station-wise normative depreciation table has not been provided, which could enhance transparency in the depreciation calculation.
In the Account statement FY 2023-24, Directions issued under Section 143(5) of the Companies Act, 2013 point No 20 “Purchase of Energy Saving Certificates for the	TANGEDCO responded to a direction under Section 143(5) of the Companies Act, 2013 regarding the purchase of Energy Saving Certificates (ESCerts) for its thermal and gas

Comments	Reply of TNPDCL
thermal stations and gas turbine stations may be verified and it may be stated whether the provisioning in this regard is done properly" The Ministry of Power (MOP), through a notification dated March 30, 2012, under Section 14 of the Energy Conservation Act 2001, listed thermal power stations, gas turbine power stations, and Independent Power Producers (IPPs) of TANGEDCO as designated consumers (DCs) in PAT Cycle 1. These DCs were directed to comply with energy conservation norms by 2014-15. The Tamil Nadu Power Distribution Corporation Limited (TNPDCL) was designated as the State Designated Agency (SDA) for implementing these norms. TANGEDCO's thermal stations, including TTPS, MTPS-I, and NCTPS-I, took necessary actions to meet these targets by purchasing Energy Saving Certificates (ESCerts) for the shortfalls in energy conservation, ensuring compliance with the PAT Cycle 1 requirements.	turbine stations. The response clarified that the thermal stations of TANGEDCO were not included in the Perform, Achieve and Trade (PAT) Cycle 1. However, according to the Ministry of Power (MOP) notification dated March 30, 2012, thermal power stations, gas turbine stations, and Independent Power Producers (IPPs) of TANGEDCO were indeed part of PAT Cycle 1 and were required to meet energy conservation norms by 2014-15. TANGEDCO's stations, including TTPS, MTPS-I, and NCTPS-I, participated in PAT Cycle 1, with specific targets set for their Net Heat Rate (SHR). Shortfalls in heat rate were addressed through the purchase of ESCerts to avoid penalties. The purchased ESCerts for each station and the corresponding financial details, including the quantity purchased, rates, and total amounts, are provided. The compliance for the PAT Cycle 1 purchase of ESCerts was fully completed in FY 2017-18.
Audit observations pointed out issues such as incorrect ERP authorizations, unqualified employees making entries, and the lack of a transition audit for migrating from the legacy system.	These issues are due to major organizational changes, including the transition to Ind AS and the ERP rollout. To address these concerns, TNPDCL has appointed a special auditor to resolve issues such as balances in legacy GLs, reconciliation of debtors, creditors, inter-company accounts, and GST. TNPDCL is actively working to rectify these issues, with the goal of reducing audit comments in the future.
Audit remarks on TNPDCL's FY 2023-24 accounts noted that Interest During Construction (IDC) of Rs. 295.34 crore related to the ETPS Expansion	This true up Petition does not deal with on going projects. All the thermal projects are under the control of

Comments	Reply of TNPDCL
Project was not capitalized. TANGEDCO responded that this IDC will be charged to the Profit and Loss (P&L) account in FY 2024-25. Clarification was sought on which of the three entities TNPDCL, TNPGCL, or TNGECL will account for this IDC and details of the capital works-in-progress amounting to Rs. 64,018.99 crore as stated in Note 4(a) including project-wise physical/financial progress and IDC incurred during FY 2023-24, were not disclosed in the Petition or public domain.	TNPGCL.
Audit observations on TNPDCL's FY 2023-24 accounts flagged a significant inconsistency in trade payables, specifically creditors for power purchase, amounting to Rs. 19,788.88 crore. However, as per the SAP system, the recorded amount was only Rs. 12,617.79 crore, while manual records reflected Rs. 9,323.56 crore (excluding late payment surcharge) and Rs. 17,975.21 crore (including surcharge), indicating discrepancies across systems. Despite TANGEDCO's earlier assurance that all expenditure-related transactions have been routed through SAP since FY 2021-22, this major expenditure is still being manually recorded, pointing to serious lapses in system integration and internal audit oversight. In response, TANGEDCO has stated that reconciliation between SAP and manual records will be undertaken in FY 2024-25 but has not clarified why such critical transactions bypassed the ERP. Additionally, there is no clarity on the exact pending power purchase amount, the	The power purchase cost includes late payment surcharge. Late payment surcharge is paid due to delay in payments to power supply. As per the LPSC rules any invoice paid beyond the due date (45 days, 60 days as per PPA) it attracts LPSC. A sum of Rs. 730.81 crore has been paid during FY 2023-24 for various generators. The power purchase dues: a. Outstanding as on 31.03.2024 (Including LPSC Scheme) - Rs.17,984 crores b. Outstanding as on 31.03.2024 (Excluding LPSC Scheme) – Rs.9,454 crores.

Comments	Reply of TNPDCL
corresponding late payment surcharge, or the financial year in which the dues originated. It is also unclear whether the true-up Petition for FY 2023-24 accounts for these pending liabilities and surcharges.	
Comments submitted post TNPDCL Response: TNPDCL has not enabled a two-way engagement with stakeholders. Unlike the Delhi or Kerala Commissions where regulatory officers assist stakeholders and hearings are interactive and publicly accessible, TNPDCL merely repeats old responses from prior years, offering no mechanism to seek clarifications. Institutional support to be provided from the Commission itself to clarify replies and increase transparency since TNPDCL's current process lacks accountability and responsiveness. The Petition lacks a standardized, concise, and analysable format, and no summary is provided to stakeholders. TANGEDCO's audit response claimed thermal stations were not part of the PAT cycle, but there is proof from MoP and BEE that they were. TNPDCL's reply only covers up to FY 2017-18, omitting post-2017 compliance actions, status of gas turbine stations, and whether regulatory approval was obtained for purchasing ESCerts. There are a lot of gaps in audit response credibility and ull disclosure of compliance to such comments and the rectification is to be provided. TNPDCL did not disclose consolidated loan data as per approved Tariff Order Table 4-20. Net loan addition in true-up is Rs. 14,794.32 Crore vs	No response from TNPDCL

Comments	Reply of TNPDCL
approved Rs. 3,999.15 Crore a 70% increase. There should be the inclusion of ongoing generation project loans which are not eligible under distribution ARR. A serious allegation of cost inflation and regulatory non-compliance is noted. Hence the petition and audited accounts need to be revised. Normative depreciation tables are missing. Land cost was excluded in the reply but included in actual depreciation calculation (e.g., Basin Bridge GFA Rs. 2,177.87 Crore vs actual project cost Rs. 490 Crore due to Rs. 2,038 Crore land value). This violates TNERC norms. This is a clear violation of depreciation norms land must not be depreciated yet appears included in the base.	

Views of the Commission:

The comments of the stakeholder and the replies made by the Licensee have been scrutinized. The Commission has sought reconciliation of each item as per the Petition with the values as per the Audited Accounts to be true-up for the year under consideration. The Commission has dealt with the issues of Sales, Power Purchase, Depreciation. Interest on Loan, O&M Expenses, Capital Investment and Capitalisation in the respective sections of this Order considering the reconciliation and justifications provided by TNPDCL.

4. PFI

Comments	Reply of TNPDCL
TNPDCL in True-Up Petition for FY 2023-24 has claimed 15,909 MU of Unmetered Sales pertaining to Agriculture consumers which is 17% of the Total Energy Sales claimed for FY2023-24. Further as per CEA Report on Status of Metering only 37% of the Urban Distribution Transformers(DTs) and 8% of the Rural DTs are metered in Tamil Nadu as on 31/03/2024 which is an area of concern.	Distribution Transformer (DT) and consumer metering through smart meters has been approved under RDSS, with a retender floated on 12.03.2025. Once the tender is finalized and awarded, all DTs will be metered, enabling more accurate estimation of unmetered agricultural consumption by deducting metered service usage. Additionally, as a pilot initiative, select mixed agricultural feeders one per circle in Erode, Gobi, and Salem EDCs have been identified for complete metering of agricultural services to better assess actual agri consumption.
TNPDCL continues to report many unmetered connections, violating the Electricity (Rights of Consumers) Rules, 2020, and undermining accurate energy accounting and loss estimation. Despite the RDSS scheme's focus on smart metering, TNPDCL has shown poor progress, resulting in inefficiencies and higher costs passed to consumers. Such controllable losses should not be trued-up but borne by the Tamil Nadu Government as subsidies. TNERC to act under Section 142 of the Electricity Act, 2003, and direct TNPDCL to implement a time-bound plan (within two years) to fully meter agricultural distribution transformers with regular ATRs. As a deterrent, TNERC to provisionally disallow 50% of the claimed unmetered agricultural sales and corresponding power purchase cost in the ARR of FY 2025-26, to be recovered only upon fulfillment of the metering obligation. Past Commission orders have also disallowed excess unmetered sales booked beyond approved norms, and a similar verification is sought for FY	The agriculture consumption arrived based on the sample meters fixed in various circles. Based on the sample monthly meter readings average consumption per HP per annum is arrived and total agriculture consumption calculated for all the Servie Connections. Hence, the reduction of sales in MU and disallowance of power purchase cost does not arise.

Comments	Reply of TNPDCL
2023-24.	
The Commission in Tariff Order dtd.9/09/2022 in ARR of FY2023-24 has allowed Power Purchase Cost of Rs.34,028 Crore. However, TNPDCL in the True-Up Petition for FY2023-24 has claimed Rs. 48,130 Crore. for Power Purchase Cost. In FY 2023-24, TNPDCL procured 1,14,012 MU of power at a higher APPC of Rs. 7.08/kWh against TNERC's approval of 1,05,488 MU at Rs. 5.00/kWh, reflecting poor procurement planning. Excessive procurement from high-cost sources like Kudgi Unit I and SEPC, far beyond approved limits, violated TNERC's directives to prioritize cheaper sources and optimize PLF. These actions breached the 2005 Tariff Regulations mandating least-cost, merit-order-based power procurement, resulting in elevated costs and consumer burden.	Following the Ministry of Power's directive dated 20.02.2023 under Section 11 of the Electricity Act, 2003 issued to ensure nationwide electricity availability TNPDCL, facing power shortages, approved procurement from intra-state generators, including M/s SEPC, on a pass-through basis. This procurement was based on TNPDCL Board's approval aligned with MoP's guidelines. Accordingly, M/s SEPC was requested to supply power as per SLDC's dispatch instructions. As per MoP norms, the Variable Fuel Charges (VFC) are to be paid at benchmark rates, revised fortnightly by a MoP-constituted committee, factoring in prevailing imported coal and shipping costs.
TNPDCL has not submitted SLDC certified monthly Merit Order Despatch (MoD) reports in its True-Up Petition, unlike DISCOMs in other States. This lack of transparency hinders regulatory scrutiny of power purchase costs, violating Section 86(1)(b) of the Electricity Act, 2003. APTEL has consistently stressed the importance of MoD in evaluating cost reasonableness. Additionally, TNPDCL has not clarified whether high-cost power from CSGS was scheduled under compulsion or due to Minimum Technical Limit (MTL) requirements, raising concerns about procurement prudence.	The merit order stack is being followed in real time (15 minutes time block) operation. Real time operation for the periods from Apr'23 to June'23, July'23 to Sep'23, Oct '23 to Dec '23 and Jan'24 to Mar'24 are already submitted to the TNERC.
TNPDCL has not undertaken adequate measures	The Ministry of Power allocated power from NTPC-

Comments	Reply of TNPDCL
to improve power procurement planning. The Petition lacks crucial details on whether gas-based or other costly plants were scheduled during peak hours information that TNERC should demand and make publicly available. Inefficiencies in procurement are being socialized through the ARR, burdening honest consumers with hidden tariff impacts. PFI recommends that TNPDCL surrender costly PPAs upon expiry and prioritize enhancing their portfolio with round-the-clock renewable energy coupled with energy storage solutions. As per regulatory provisions, power should be procured on a least-cost basis following strict merit order dispatch. By applying these principles and keeping the power purchase quantum unchanged, it is estimated that TNPDCL could have saved Rs. 2,056 Crore in FY 2023-24 by avoiding costlier power and optimizing procurement from cheaper sources. TNERC to disallow this excess cost in the True-Up and determine the Power Purchase Cost accordingly, with the inefficiency to be borne by the Tamil Nadu State Government as subsidy.	KBUN to Tamil Nadu as a short-term measure to address peak hour demand from the unallocated quota, with no permanent allocation. Regarding MAPS, it operates under a must-run status, and TNPDCL has availed the entire available power. The low PLF is attributed to the prolonged shutdown of Unit-1 (220 MW).
In FY 2023-24, TNPDCL's power purchase strategy included a significant reliance on high-cost sources. Notably, 10% of its total power amounting to Rs. 7,953 Crore was procured from the Power Exchange at an elevated average rate of Rs. 9.24/kWh. Additionally, 2,650 MU were purchased through Short-Term Open Access at an even higher rate of Rs. 9.56/kWh, costing Rs. 2,534 Crore. Apart from this, TNPDCL also sourced expensive power from stations like Kudgi Unit I, Simhadri Stage II Unit III, SEPC,	TANGEDCO incurred significant additional costs in FY 2023-24 due to multiple supply-side and regulatory challenges. The shortfall of 450 MU/month from NLC due to land issues led to an added expense of Rs. 3,300 Crore through costly Exchange purchases. A turbine breakdown at NTECL Vallur Unit 1 reduced supply by 240 MU/month, causing further Exchange purchases worth Rs. 2,040 Crore. Reduced wind generation (470 MU) up to October 2023 added Rs. 470 Crore to the costs, while hydro power output fell by 1,500

Comments	Reply of TNPDCL
and TAQA. These high-cost procurements collectively pushed TNPDCL's Average Power Purchase Cost (APPC) up to Rs. 6.94/kWh for FY 2023-24.	MU due to poor reservoir storage, resulting in Rs. 1,500 Crore extra. Rising demand forced additional Exchange procurement worth Rs. 1,200 Crore. Regulatory changes General Network Access and New Sharing Regulations raised inter-state transmission charges by Rs. 1,950 Crore annually. Overall, these factors significantly strained TANGEDCO's finances through elevated procurement and transmission expenses.
TNPDCL has failed to meet its Renewable Purchase Obligation (RPO) target for FY 2023-24. As per TNPDCL's own submission in Table 25 of its Petition, the RPO achievement is 21.25% against the target of 27.07%, resulting in a shortfall of 5,435 MU. This failure contradicts the goals set by the Government of India to achieve 500 GW non-fossil capacity and 50% installed capacity from non-fossil sources by 2030. Under TNERC's RPO Regulations, 2023, any shortfall must be compensated by depositing an amount in a dedicated RPO fund, calculated based on the maximum REC price during the year (which was Rs. 1,000 per REC). This makes TNPDCL liable to deposit Rs. 543 crore. Additionally, penalties under Section 142 of the Electricity Act, 2003 may also apply for non-compliance. PFI requested TNERC to: • Direct TNPDCL to deposit Rs. 543 crore in the RPO fund, • Impose penalty for non-compliance, and • Deduct this amount from TNPDCL's ARR for FY 2023–24.	TNPDCL addressed the FY 2023-24 RPO shortfall by stating that RPO was calculated based on actual renewable energy used versus grid consumption, with 2.10% from post-31.03.2022 WEGs and excess wind, and 19.15% from other renewables. The Tamil Nadu Government has also approved TANGEDCO's restructuring, creating TNPGCL for thermal and TNGECL for renewable/hydro. TNGECL will lead clean energy initiatives and grid decarbonization, expected to improve future RPO compliance.

Comments	Reply of TNPDCL
TNPDCL's FY 2023-24 True-Up claim of Rs. 14,787 crore in Interest and Finance Charges, Rs. 8,129 crore for Distribution and Rs. 6,658 crore for Generation against the Commission's approved amount of Rs. 4,984 crore for Distribution is not admissible. The lack of justification for the opening loan of Rs. 64,042 crore and loan addition of Rs. 35,600 crore, which should align with the previous year's closing loan and reflect only actual asset additions (excluding consumer contributions). Using TNPDCL's interest rates and valid loan addition of Rs. 735 crore (from Form 12), Rs. 5,624 crore be disallowed from the claimed amount.	The reason for increase in loan is due to non revision of tariff from 2014 which resulted accumulation of regulatory assets of Rs. 83,000/- crore as on 31.03.2022. This is the reason for increase in interest and Finance charges. Further overall interest expenses has to be considered along with carrying cost of Rs.83,000 Crore.
TNPDCL's Rs. 1,865 Crore RoE claim for FY 2023-24 (Rs. 797 Cr for Distribution, Rs. 1,068 Cr for Generation) is not admissible in line with TNERC's FY 2022-23 True-Up Order dated 13.08.2024 which disallowed RoE due to absence of actual equity infusion. TNERC had held that capital works were debt-funded and equity shown in accounts was used for revenue expenses. As per Clause 21 of Tariff Regulations and APTEL's 2016 ruling (Appeal Nos. 62 & 63 of 2015), RoE can be denied if actual equity is less than normative. In line with this regulatory precedent, TNERC to disallow TNPDCL's full RoE claim. TANGEDCO has claimed Rs. 150 Crore as Operating Expenses for its Generation Business for FY 2023-24. However, in the True-Up Order dated 13.08.2024 for FY 2022-23, the TNERC explicitly stated that Operating Charges and	TNPDCL has justified its claim of Return on Equity (RoE) for FY 2023-24 by citing Regulation 21 of the TNERC Tariff Regulations, which stipulates a normative debt-equity ratio of 70:30 for tariff determination. As per the Regulation, equity up to 30% of the capital cost is eligible for RoE, and any excess is treated as loan. The outright disallowance of RoE contradicts the intent of this Regulation. Furthermore, TNPDCL has filed an appeal before the Hon'ble APTEL challenging the disallowance of RoE in TNERC's Tariff Order No. 7 of 2022 dated 09.09.2022, reinforcing its stand that RoE should be permitted in line with regulatory provisions. TNPDCL has sought inclusion of operating and extraordinary items like water, lubricants, and non-generation fuel costs as part of O&M expenses for thermal, gas, and hydro plants, as they are essential but not covered under TNERC's 2005 Tariff Regulations, which limit O&M to employee, R&M,

Comments	Reply of TNPDCL
Extraordinary Items are already included within the normative O&M expenses and hence were not allowed separately. Based on this regulatory precedent, the Commission to disallow the Rs. 150 Crore. claimed under Operating Expenses for the Generation Business in the FY 2023-24 True-Up.	and administrative costs. TNPDCL cited CERC's broader 2019 O&M definition that includes such expenses. While TNERC allows these for hydro stations, it has previously disallowed them for thermal plants, stating they are already covered under normative O&M. TNPDCL disputes this, claiming these costs are excluded from TNERC's normative calculations and merit separate approval.
TNPDCL has claimed total revenue of Rs. 97,758 Crore for FY 2023-24 in its Tariff Petition, including revenue from tariff, other income, and grants. However, TNPDCL's audited accounts which report a higher total revenue of Rs. 98,884 Crore comprising Rs. 95,781 Crore from tariff and grants and Rs. 3,102 Crore from other income. This results in a difference of Rs. 1,126 Crore more than what TNPDCL has submitted. Accordingly, TNERC to consider the audited figure of Rs. 98,884 Crore while approving the True-Up for FY 2023-24.	SWAP sales non monetary value journal included in the AAS, which is Rs. 809 Crore. has not been considered as revenue. Further, a sum of Rs.317 Crores considered in generation function which has been mentioned in table 21. Hence, there is no under statement of revenue in the true up Petition.

Views of the Commission:

The comments of the stakeholder and the replies made by the Licensee have been scrutinized. The Commission has sought reconciliation of each item as per the Petition with the values as per the Audited Accounts to be true-up for the year under consideration. The Commission has dealt with the issues of Sales, Power Purchase, Interest on Loan, Return on Equity and Revenue in the respective sections of this Order considering the reconciliation and justifications provided by TNPDCL.

5. Thiru. Neelakanta Pillai

Comments	Reply of TNPDCL
TANGEDCO to provide details of the following: 1. Incomplete Forms - Form 15B and 10B lack critical approval details for FY 2022–23 & 2023–24 (Sl. Nos. 1,2,3), raising doubts on the Petition's completeness. 2. GFA Increase without Justification - Rs. 10,000 Cr added to GFA without TNERC-approved breakup or reconciliation. 3. Depreciation Gaps - (Legacy & Manual Additions) - Depreciation not charged on old legacy balances and manually posted additions. Amount unquantified due to lack of disclosures. 4.Overstatement due to Overhauling Components - Components replaced during overhauling were not derecognized, inflating PPE and depreciation values. Correct valuation not provided. 5. Arrears of Depreciation - Rs. 44.69 Cr worth of assets, capitalized late, were not provided depreciation for prior years. 6. Uncapitalized Completed Work Orders - Assets completed by 31.03.2024 were not capitalized or depreciated, understating asset base. 7. Capital Spares not Treated as PPE - Rs. 1,955.03 Cr in capital spares were not capitalized, leading to undervaluation of PPE and undercharging of depreciation. | 8. Scrapped Assets - (No Derecognition) Sale or scrap of assets done without identifying costs; impact on PPE, loss/profit and depreciation is untraceable. 9. Rs. 578.87 Cr under Note 32 Uncapitalized - Pending work orders shown as 'Other Expenses' inflate losses and reduce CWIP & depreciation. 10. Borrowing Cost Misclassification - Assets	1. The formats (Form 15B/10B) are under finalization. Inputs are being compiled from multiple units and will be completed before final submission. Any lapse in filling will be corrected. 2. The increase in GFA is due to asset capitalization, including legacy items and work orders closed through ERP. Detailed breakup and reconciliation will be provided to TNERC along with the revised filing. 3. Most legacy assets have exhausted useful life; ~90% depreciation has already been charged. Remaining lapses are due to ERP transition. Measures are being taken to rectify these in FY 2024–25. 4. Component-wise derecognition is a known ERP challenge and being addressed. Internal audit and ERP modules are being refined to ensure compliance with Ind AS 16. 5. Assets worth Rs. 44.69 Cr capitalized late were not provided arrears due to procedural delay. This will be rectified in FY 2024-25. Special audit teams are reviewing such cases. 6. Work order closure is a continuous process. TNPDCL is streamlining ERP practices to ensure timely capitalization and automatic depreciation in upcoming cycles. 7. Capital spares are accounted based on usage. If used for capital projects, they are moved to PPE; otherwise, they remain in inventory or charged to revenue. This bifurcation is ERP-enabled. 8. ERP currently does not capture historical cost of scrapped assets effectively. An SOP is under preparation to enforce compliance with derecognition principles in Ind AS 16.

Comments	Reply of TNPDCL
created from grants/deposits are not identified separately; depreciation and borrowing cost exclusion improperly handled. 11. CWIP Misclassified due to ERP Work Order Closure Issues - Completed assets tagged under AUC, not depreciated; ERP issues blamed. 12. ERP & Manual Entry Conflicts - Manual postings and changes to capitalization dates not reflected in depreciation; ERP incapable of dynamic recalculations. 13. DCW Works Depreciation - Income from DCW works not aligned with Ind AS 115; depreciation impact under Ind AS 16 not reported. 14. General Systemic Failures - Multiple responses by TNPDCL blame ERP issues, transition problems, and non-materiality viewed as excuses for financial misreporting. 15. Stakeholder Conclusion - Depreciation figure of Rs. 2,432.42 Cr (5.63%) is termed artificial. The Petition is labeled fraudulent, repeated misconduct is highlighted, and a fresh, truthful Petition is demanded.	9. These are pending work orders, and due to delays in closure, expenses are shown under 'Other Expenses'. Rectification is ongoing. Depreciation impact will be auto-calculated post-capitalization. 10. ERP tagging for assets from grants/deposits is being improved. System modifications are underway to exclude them from capitalization of borrowing costs and apply depreciation correctly. 11. Transition issues in ERP led to incorrect classification. The assets are being reviewed, and appropriate depreciation will be applied after correction. These are not material in value. 12. Date corrections in ERP are not picked for depreciation auto-calculation. TNPDCL acknowledges the limitation and is coordinating with ERP support for resolution. 13. Post-Ind AS transition, DCW works are recognized as income. Capitalization and depreciation for associated assets are being properly accounted as per Ind AS 115 & Ind AS 16. 14. TNPDCL acknowledges transitional difficulties but is actively implementing reforms: appointing special auditors, internal auditors, and streamlining ERP functions. Accountability is being enforced. 15. TNPDCL strongly refutes the claim of deliberate falsification. The transition to Ind AS and ERP is complex in a utility of this scale. The Petition is based on available data and will be revised wherever required, with all regulatory inputs considered.
1. Tariff ID and Tariff IE should not be combined as per the tariff order. The data for both categories have been clubbed together, which is incorrect. The	Multiple official instructions have been issued post TNERC's Order No. 7 of 2022 and 9 of 2023 to sub-categorize ID and IE appropriately. Software

Comments	Reply of TNPDCL
cost of realization has been incorrectly calculated as combined. TNPDCL is requested to furnish separate data for Tariff ID and Tariff IE as distinct categories. 2. The consumer count under LT Category Sl No. 4 is only 316,518, whereas the TNERC approved 8.5 lakh consumers. TNPDCL has also accepted this quantum. The question arises regarding the missing revenue from the left-out consumers, leading to a revenue loss of approximately Rs. 900 Crs. This shortfall needs to be explained. 3. There is a delay in implementing the multi-tenement tariff for all consumers. Despite having a GIS-based application to identify multi-storey buildings, the tariff has not been imposed on all eligible consumers. The reasons for this delay and the failure to fully implement the tariff need to be clarified. This delay could lead to discrimination among consumers, violating the Electricity Act 2003. 4. The failure to fully impose tariffs on multi-tenement buildings creates unnecessary discrimination among consumers. This delay in imposing the new tariff violates the Rules, Regulations, and the Electricity Act 2003. The process needs to be expedited to ensure fairness across all consumers. 5. The fixed charge for domestic category consumers is Rs. 102 per month per kW, while the energy charge is Rs. 8.15 per unit. However, the cost of realization is Rs. 10.07 per unit, leading to an additional Rs. 1.92 per unit in fixed charges. This represents 24% of the energy charge, which is disproportionately high. The justification for such high fixed charges needs to be explained,	provisions in the LT billing system have been modified to allow tariff classification based on field inspections. TNPDCL has directed field officials to complete the classification and conversion accordingly. Data as of 28.03.2025 has been tabulated and conversion is ongoing. Field-level inspections are ongoing and progressively identifying the applicable services under ID or IE. Instructions were issued multiple times (Oct 2022 to Dec 2024) to complete 100% inspection and conversion. Many conversions have already been completed; the rest are in process, indicating phased implementation of TNERC's order and resolution of data mismatch. Implementation requires physical field inspections to confirm the category eligibility (e.g., number of floors/dwelling units). Multiple circulars (Oct 2022, Nov 2023, Dec 2024) reiterate the urgency and field responsibility. GIS tools are used in support, but manual confirmation remains necessary for accurate categorization under 1D or IE. Efforts are underway to ensure full compliance with TNERC orders. Monthly review meetings are held, and field officers have been instructed to identify and convert all remaining services. TNPDCL emphasizes that the goal is 100% implementation and revenue alignment.

Comments	Reply of TNPDCL
especially for domestic consumers. 6. Fixed charges collected from this category amount to Rs. 20.94 Crore, while energy charges collected are Rs. 18.73 Crore. After including a subsidy of Rs. 6.08 Crore from GoTN, the actual contribution by domestic consumers to energy charges is Rs. 12.65 Crore. The fixed charges collected are 165.5% higher than energy charges, and even with the subsidy, this figure remains 111.8%. The discrepancies suggest a lack of accuracy in the statistics and biased implementation of the tariff order. TNPDCL and TNERC are requested to explain and justify these discrepancies.	
TANGEDCO calculated loss funding grants under UDAY and Additional Borrowing Schemes using pre-revised financials, resulting in Rs. 2,612.18 crore overstatement in FY 2021-22 and Rs. 624.59 crore understatement in FY 2022-23. These figures did not reflect revised losses under Ind AS, leading to an overstatement of Retained Earnings and understatement of Current Liabilities by Rs. 1,987.59 crore. To comply with Ind AS and ensure accurate reporting, TANGEDCO must revise its annual report, restate the affected financials, and submit an Action Taken Report detailing the correction. TANGEDCO has indicated that the transfer of assets related to TANTRANSCO, including accumulated depreciation, will be addressed in FY 2024-25. However, it remains unclear from the true-up Petition whether the specific irregularities namely, the overstatement of the net value of Property, Plant and Equipment (PPE) by Rs. 59.68 crore and the understatement of receivables from	The company has revised its annual accounts for FY 2020-21 and FY 2021-22 to comply with IND AS provisions, based on the orders of Hon'ble NCLT. Accordingly, there will be changes in losses reported and on accrual basis, such differences were already provided in the accounts. The rectification of all audit comments will be attended in subsequent year and all efforts are being taken to resolve such transactional audit comments in FY 2024-25. TNPDCL has engaged an audit firm as special auditor to resolve certain heads which includes reconciliation of creditors for power purchase also. The comment of C&AG is the non-disclosure of the fact and the management has stated that the fact will be disclosed in FY 2024-25. Based on the true up order, the tariff subsidy will be taken care in the FY 2024-25. Since it is routine accounting policy to bring transactions in the year it is accruing, the same shall be brought in FY 2024-25.

Comments	Reply of TNPDCL
TANTRANSCO have been corrected. A clear confirmation is required to ensure these discrepancies have been properly reconciled in the current filing. TNPDCL's FY 2023-24 accounts include Rs. 295.34 crore as Interest During Construction (IDC) for the ETPS Expansion Project under Capital Work in Progress, despite no active project activity due to contractor issues. This capitalization contradicts Ind AS 23, leading to an overstatement of CWIP and understatement of finance costs and losses by Rs. 295.34 Crore. Management has stated IDC will be expensed in FY 2024-25. TNPDCL to clarify about the treatment on: (1) revised capital fund interest status, (2) understatement of finance costs, and (3) the true financial impact of the Rs. 295.34 crore IDC. Rs. 2,583.76 crore in coal advances remain unadjusted due to ERP issues. Management attributed the problem to ERP implementation challenges and assured corrective action in FY 2024-25. However, such audit clarifications cannot be deferred and TNPDCL to provide confirmation on whether the ERP issue has been resolved and the advance adjusted. The situation as absurd, considering the high power purchase costs and poor data management. There is a significant mismatch in power purchase creditor figures between SAP records Rs. 12,617.79 Crore, manual records Rs. 9,323.56 Crore without LPSC and Rs. 17,975.21 Crore with LPSC), and the Petition Rs. 19,788.88 Crore, highlighting a serious reconciliation failure. Despite repeated assurances, TNPDCL has not	Appropriate accounting treatment will be given effect in the subsequent year only and stakeholders claim is not in order.Since it is routine accounting policy to bring transactions in the year it is accruing, the same shall be brought in FY 2024-25. Based on the TNERC regulations only, the utilization of Hydro Balancing Fund was effected under power purchase heads and as such, the accounting pattern is in order.

Comments	Reply of TNPDCL
addressed this gap, and the discrepancy remains unresolved year after year. Such material differences should have been transparently disclosed in Note 21 and corrected in the current year's Petition, rather than deferred again. TNPDCL failed to account for a Rs. 696.65 crore demand raised by the Pollution Control Board for seawater usage between 1994 and 2017, instead seeking a government waiver in 2024. Despite the long-standing nature of the liability, TNPDCL deferred disclosure to the next financial year. This recurring delay and such material liabilities must be included in the current true-up Petition, necessitating its revision and a fresh public hearing. TNPDCL incorrectly accounted for Rs. 205.07 crore of tariff subsidy adjustments, including Rs. 84.05 crore excess subsidy for FY 2023-24 and Rs. 121.02 crore from prior years that should have been restated per Ind AS 8. This led to overstatement of receivables and understatement of liabilities and prior-year income. There is delay in proper accounting and TNPDCL should align true-up submissions only after regulatory approval to avoid recurring misstatements. TNPDCL wrongly treated Rs. 128.28 crore from a bank guarantee encashment for the ETPS Expansion Project as income, instead of adjusting it against the capital project cost. This misstatement inflated Other Income and Capital Work in Progress, and understated the loss by the same amount. Stakeholder emphasized that the amount, received in FY 2023-24, must be properly accounted in the same year, not deferred to FY 2024-25, and the true-up Petition should be	

Comments	Reply of TNPDCL
amended accordingly for accurate financial reporting. TNPDCL failed to account for Rs. 344.70 crore payable to NLC Thermal Power Ltd for power purchases during 2015-19, as per the CERC's final true-up order issued in June 2024. This omission led to an understatement of both expenses and liabilities, and consequently, the loss for FY 2023-24 is understated by the same amount. Despite having ample time to incorporate this adjustment before submitting the Petition, TNPDCL deferred it to next year, continuing a pattern of delaying necessary corrections. TNPDCL incorrectly treated the withdrawal of Rs. 563.88 crore from the Hydro Balancing Fund as a reduction in power purchase cost instead of adjusting it within equity, leading to understatement of both the power purchase cost and the loss for FY 2023-24. As the fund is a reserve appropriation, the accounting treatment should align with TNERC's methodology, ensuring transparency in financial reporting. This misclassification distorts the actual cost of power and financial performance.	
TNPDCL failed to account for Rs. 52.71 crore payable to MCL due to grade variation in coal, as quality reports were pending. This led to understatement of trade payables and loss for FY 2023-24 by the same amount. Delaying the provision until FY 2024-25 reflects poor accountability, and a revised Petition should be submitted with accurate financial data. An error led to double accounting of GAIL gas bills, overstating power generation cost and trade payables by Rs. 33.15 crore. Though payment on	The facts are only being given as replies and stakeholders claim is not acceptable. Appropriate accounting treatment will be given effect in the subsequent year only and stakeholders claim is not in order. Proposals need to be addressed to GoTN for adjustment of errors in workings in subsequent demands. The comment of the auditors will be addressed in FY 2024-25 balance sheet. The amount involved in court cases will be shown as contingent

Comments	Reply of TNPDCL
the original bill was halted, reversal has not yet been confirmed. TNPDCL must clearly report whether the reversal has been done and specify the extent of liability reduction. TNPDCL overstated interest expenses by Rs. 118.77 crore due to calculation errors on government loans, leading to an overstatement of loss and understatement of financial assets. Though they plan to adjust this in FY 2024-25, they must clarify actions already taken and provide factual details justifying the financial loss for proper correction in the current true-up. In 2023-24, TNPDCL changed the apportionment ratio for post-retirement benefit liabilities, leading to an understatement of non-current provisions by Rs. 932.49 crore and overstatement of current provisions by Rs. 94.32 crore, thereby understating the loss by Rs. 838.17 crore. Though the change was noted in accounting policies, TNPDCL must confirm specific action taken to properly disclose this adjustment in the financial statements as required under Ind AS 8. An arbitration award dated 10-04-2024 directed TNPDCL to pay Rs. 216.80 crore to JSW Energy (Utkal) Ltd. for wrongful invocation of a bank guarantee. Although TNPDCL has appealed the award in the High Court, the amount should have been disclosed under Contingent Liabilities. The management claims it will be included in Note No. 50, but confirmation and explanation of the financial implications of this inclusion are awaited. TNPDCL's continued use of 79 "Legacy Codes" in SAP-ERP, involving Rs. 19,518.89 crore in balances, reflects serious lapses in integrating all transactions into the ERP system. Though	liabilities. This year TNPDCL has appointed a special auditor also for resolving certain issues which includes certain legacy GLs also. Further, the posting in the legacy GLs were also blocked in the ERP. The comment of the auditors will be addressed in FY 2024-25 balance sheet. The list of court cases will be furnished in the FY 2024-25 Annual Report.

Comments	Reply of TNPDCL
management attributes this to phased ERP implementation and legacy data migration, it signals a lack of proper accounting discipline and ERP compliance. Stakeholder viewed this as poor financial governance, and demanded for an immediate corrective action, staff accountability, and engagement of qualified professionals to ensure proper ERP usage and eliminate such codes in the future. TNPDCL has 44 pending legal cases involving power purchase dues totaling around Rs. 7,085 crore, which were not disclosed as contingent liabilities in the financial statements. While the management has assured their inclusion in the notes, the stakeholder insisted on furnishing both the detailed list of these liabilities and the current status of each case, to ensure transparency and regulatory compliance.	
1. Miscellaneous Receipts – Rs. 497.11 Crore: A detailed breakdown of the items generating this income, to be provided. 2. Delayed Payment Surcharge Collected from Consumers – Rs. 107.39 Crore: A separate breakdown of the surcharge collected from High Tension (HT) and Low Tension (LT) consumers to be furnished. 3. Interest on Staff Loans and Advances of Rs. 188.02 Crore, a discrepancy is noted in the reported staff loans amounting to Rs. 248.05 crore as per Notes 11 and the split-up of staff loans and advances, along with the interest rates charged to employees is to be provided. 4. Discrepancy in Total Other Income: The total other income approved for FY 2023-24 is Rs. 1,286.21 crore, but the actual income reported in	The Miscellaneous Receipts of Rs. 497.11 crores are related to payments received through Vendors. The Delayed Payment Surcharge collected from HT and LT consumers amount to Rs.33.80 crores and Rs.73.59 Crores respectively. The different loans and advances provided to Staff includes Car Loan, Technical Education Loan, Housing Loan, Computer Loans, etc. The interest rates will vary year on year based on the availability of funds from the financial institutions. The Multi Year ARR filed during July 2022 is based on Audited Accounts of FY 2020-21 prepared under IGAAP principles in which non-tariff income projected was excluding capital receipts. However as per IND-AS all receipts Capital/Revenue is treated as revenue receipts only. So overall income increased.

Comments	Reply of TNPDCL
the true-up Petition is Rs. 2,785.80 crore, showing a significant difference. A detailed breakup of all items (Sl. No. 1 to 7) in the approval column is to be provided to understand the reasons behind the discrepancy.	
1. Miscellaneous Charges: The split-up of Rs. 376 crore in miscellaneous charges and the difference between Rs. 376 crore and Rs. 497.11 crore reported in Form 21 needs clarification. The discrepancy between these two amounts requires an explanation of the categories included under miscellaneous charges. 2. Network Charges (HT and LT): The solar energy generation (in Million Units) required to pay network charges of Rs. 62 crore (HT) and Rs. 38 crore (LT) is to be provided. This aims to correlate the energy generation from solar power to network charges. 3. Income from Other Services (Rs. 1877 Crore): A breakdown of income from services provided to customers is requested, with a focus on the specific categories included under this head. 4. Damage to Board Properties (Rs. 8 Crore): An explanation is needed for income from damage to properties, especially whether it includes damage from vehicle accidents or is categorized differently. 5.Other Operational Income (Rs. 63 Crore): Details regarding the activities generating this income are requested, given that multiple other income categories exist. 6.Cross Subsidy Surcharges (Rs. 579 Crore): The collection details of the cross-subsidy surcharge are required, particularly the voltage range-wise split and total energy consumed under this category.	The miscellaneous charges include illumination charges, disconnection charges, testing fees, etc., as outlined in Form 22. These charges are detailed and serve as the primary source of income under this category. The Rs. 497.11 crores listed in Form 21 correspond to payments received through vendors and are categorized under Other Income. This amount differs from the miscellaneous charges collected from consumers in Form 22. Network Charges (Rs. 62 Crores HT, Rs. 38 Crores LT): The HT network charges were levied for 629.24 MUs during FY 2023-24. The corresponding solar energy generation needed to pay these charges should be determined based on the levied amount. This income includes payments received for DCW work and other services. It represents payments made for specific consumer services provided beyond typical energy charges. Income from damage to Board properties, such as poles or DT structures due to vehicle accidents or private party actions, is collected from consumers, as per the category description. Other Operational Income (Rs. 63 Crores): This income includes fees collected from various operational activities, such as periodical inspections, issuance of certificate copies, registration of consumer meter cards, extra levy charges, LT agreement fees, etc. Cross Subsidy Surcharge (Rs. 579 Crores): No

Comments	Reply of TNPDCL
7. Overall Miscellaneous Collection: A significant difference (238% increase) between approved and actual miscellaneous income (Rs. 2612 crore approved vs. Rs. 6228 crore collected) is noted. The reasons and split-up for this vast discrepancy need to be explained. 8. Demand Raised and Collection Status: The absence of demand raised in each category is pointed out, especially regarding BPSC arrears and non-timely payments by government departments. An explanation is sought on the strategy for dealing with non-collection or pending amounts in categories like BPSC and CC arrears. 9. Excess Demand Charges, Power Factor Penalty, and Miscellaneous Charges (Rs. 1537 Crore): A detailed breakdown of the components under this head is requested, including HT/LT services and whether harmonics compensation is included.	additional cross-subsidy surcharge was levied beyond the prescribed amount. The units levied for cross-subsidy surcharge for FY 2023-24 include 2012.37 MUs from IEX, and varying amounts from third-party sources like fossil fuel, wind, solar, biomass, and bagasse. The income increase from the multiyear ARR filed in July 2022 is due to the switch from IGAAP to IND-AS accounting principles, where all receipts (capital and revenue) are treated as revenue, resulting in higher overall income. The BPSC charges are calculated when consumers pay their CC charges, and demand is raised at the time of payment. This approach ensures accurate tracking of payments and outstanding amounts for BPSC and other pending charges. Excess demand charges, Power factor penalty are levied are booked under same GL Code in respect of HT and LT category.
Significant discrepancies are observed between the data approved by the Commission and the data submitted by the DISCOM in its True-Up Petition. Despite minimal changes in electricity consumption, there is a large gap in the expenditure, particularly in power purchase costs, which raises concerns about the authenticity of the information provided. The Commission and DISCOM repeatedly claiming errors due to new systems (like Ind AS accounting, ERP, SAP), but never correct them, perpetuating irregularities year after year. The stakeholder also accused the Commission and DISCOM of poor transparency, dishonesty, and incompetence and alleged a deliberate manipulation of accounting practices, including	As per TNERC's MYT Regulations, 2009 (and its amendments), the Multi-Year Tariff (MYT) framework operates over a 5-year control period, extendable by the Commission. The year before the control period is treated as the base year. The MYT allows for tariff setting based on indices like CPI/WPI or a fixed quantum to meet the licensee's Aggregate Revenue Requirement (ARR). During the control period, the Commission may conduct a mid-term review based on true-up or actual performance. The DISCOM files a true-up Petition annually, based on the audited financial statements, to reflect the actual expenditure incurred during the financial year after audit finalization.

Comments	Reply of TNPDCL
incorrect categorization of expenses, duplicate entries, and lack of documentation. The officials' excuses are seen as deflecting responsibility, and the Petitioner calls for the removal of corrupt and incompetent officials to restore efficiency, transparency, and accountability to the energy sector in Tamil Nadu.	
The Petitioner has raised serious concerns regarding TNPDCL's accounting and treatment of revenue arrears, especially Belated Payment Surcharge (BPSC), under Ind AS. Key issues include lack of clarity on where BPSC is disclosed in audited statements, the total BPSC amount, and the practice of adjusting consumer payments to current dues while older arrears remain. The legality of continuing supply to defaulters despite high arrears, potential violations of the Electricity Act and TNERC Supply Code is questioned, and whether TNPDCL has reported these arrears to TNERC or received regulatory approval. Concerns about favoritism toward influential consumers and lack of accountability from senior officials were also raised, with demands for transparency, documentary evidence, and possible regulatory contempt scrutiny.	Revenue is recognized in the sale of power as and when a service is assessed, with outstanding dues reflected under Note 9 of the balance sheet. BPSC (Belated Payment Surcharge) is accounted for at the time of actual payment and classified as non-tariff income. TNPDCL clarified that there is no procedure in place for waiving old dues. Instead, they ensure that the entire current consumption (CC) amount, along with applicable BPSC, is collected based on the date of receipt of CC charges.
TNPDCL’s claim of Rs. 560 crore in annual savings from capacitor installations on agricultural service connections in FY 2023-24 to be clarified and whether this saving was properly deducted from the subsidy claimed from the Government of Tamil Nadu (GoTN). The concern is that while Rs. 350 crore was spent on capacitor installations typically the consumer's responsibility under TNERC’s supply code the resulting savings were not transparently reflected in the True-Up Petition	Subsidy is being claimed from GoTN based on the connected load. Hence, reduction of subsidy to the tune of Rs.560 Crore does not arise. Fixing of capacitor is a capital Expenditure incurred to improve the voltage profile and lead to reduction in T&D loss. Totally 3,63,343 Nos. of capacitors had been installed so far. The impact of savings will be reduction in power purchase cost inturn reduce the loss of TNPDCL and savings in loss funding of GoTN.

Comments	Reply of TNPDCL
(M.P. No. 18 of 2025), ARR filings, or audited accounts. If unaccounted for, this could amount to misrepresentation and potential fraud against the GoTN, with legal implications under the IPC. The submission stresses the importance of compliance with Section 65 of the Electricity Act and Section 108 policy directions.	
Referring to the TNERC order dated 29.12.2023 mandating uninterrupted 24-hour three-phase power supply to all rural consumers without discrimination, clarification to be provided by the utility. Information on the revenue generated due to the implementation of this directive is to be provided. In case of non-implementation, a clear explanation for the failure to comply, along with the estimated revenue loss incurred is to be clarified. Comprehensive data on the extent of load shedding carried out broken down by geographical area and consumer category in terms of energy in million units (MUs), to assess the impact on rural consumers and the utility's adherence to regulatory directives is to be provided.	TNPDCL stated that it has complied with the TNERC's order dated 29.12.2023 by extending 24-hour three-phase power supply to the HT feeder where Thiru. M. Xavier's industry (LTCT SC No. 07-351-016-117) is located, as directed under the pilot measure. The utility further informed that the pilot study is currently underway in accordance with the Commission's directive, and the extension of round-the-clock supply to other rural feeders will be implemented in a phased manner with demand monitoring, as outlined in the TNERC order.
A major revenue shortfall of Rs. 1,089 crore in LT Tariff ID (common services for multi-tenement dwellings) for FY 2023-24 is observed, with only Rs. 554 crore realized against the approved Rs. 1,643 crore. The shortfall is attributed to poor enforcement and possible misclassification of connections under subsidized categories, causing revenue leakage and increased subsidy burden on the Government of Tamil Nadu. The cause, corrective steps, TNERC communication, and accounting treatment of the loss is to be provided by the Petitioner.	No reply was provided by the Petitioner

Comments	Reply of TNPDCL
The 96 adverse remarks made in the Independent Auditor's Report on the Standalone IND AS Financial Statements, especially noting the unquantified discrepancies impacting reported losses. The stakeholder demanded a point-wise, transparent response from TNPDCL, detailing: 1. Remarks that have been attended, with full details and specific entries in the Petition; 2. Remarks not yet attended, along with detailed justifications; 3. The financial impact of each discrepancy whether losses were understated or overstated and under which accounting head; 4. Reasons for the discrepancies; 5. A timeline for when each pending issue will be fully addressed. Generic responses such as "to be addressed in future" are not acceptable as the consumers deserve clarity on losses, corrective action, and accountability. The concern is framed around the need for responsible financial governance, stakeholder rights, and trust in public sector operations.	Comments raised by the statutory auditors for FY 2023-24 will be addressed in the financials for FY 2024-25. The FY 2023-24 financials have already incorporated resolutions for auditor comments raised in FY 2022-23. Introduction of Ind AS and ERP rollout were key initiatives taken to enhance transparency, though they caused transitional discrepancies. Integration of HT and LT billing software with ERP (March 2024) to eliminate manual entries and ensure accurate revenue booking. Implementation of centralized payment processing via API integration with banks to prevent future bank reconciliation issues. Appointment of a special auditor to resolve legacy account issues including debtor/creditor reconciliation, inter-company balances, and GST issues. Auditor comments are being noted and replied to by the management. TNPDCL expects a reduction in audit observations going forward due to the corrective actions taken.
While the average energy cost per unit is Rs. 8.50, the actual cost of realization is often higher than this average in most consumer categories. Except for LT Tariff categories IA and IV.	No reply was provided by the Petitioner
The adequacy and justification is to be provided for wheeling charges collected by TNPDCL from open access consumers. It is noted that during FY 2023-24, a total of 19,000 MUs of energy was wheeled, and TNPDCL incurred Rs. 7,624 crore towards TANTRANSCO, PGCIL, and SLDC charges, with HT and EHT energy losses totaling 7,097 MUs.	The levy of wheeling charges is intended to recover the cost associated with the distribution wire business, as approved by the TNERC in the tariff order. However, it is highlighted that the wheeling charges recover only a portion of the total wire business cost, in accordance with the cost allocation matrix stipulated by the Commission

Comments	Reply of TNPDCL
The adequacy and accuracy of wheeling charges collected by TNPDCL is to be justified with a detailed comparison of actual expenditures on line losses and transmission charges. Concerns have been raised about whether the charges are sufficient, overstated, or understated, and a call has been made for transparent disclosure of calculations and accounting data to verify alignment with TNERC-approved tariffs and ensure fair cost recovery.	through the Tariff Regulation Amendment dated 26.05.2021. Supporting data is submitted.
The stakeholder raised serious concerns about the lack of reliable data and systemic gaps in TANGEDCO's energy accounting practices, and questioned the methodology used to determine injected and billed units, especially in the absence of voltage-wise input segregation. The stakeholder challenged the use of assumptions (like an 11% distribution loss) in place of actual metered data, pointing out the contradiction between such assumptions and the claimed availability of communicable meters at feeders, substations, and distribution transformers (DTs). And also highlighted inconsistencies in not utilizing smart meter data from LT CT services and areas like T. Nagar. Stakeholder questioned why data from 70,000 metered DTs is not reflected in loss accounting. Furthermore, criticized the absence of division-wise data, which is a mandatory requirement under BEE guidelines, and demand accountability regarding who authorizes and signs off on the assumed figures. The stakeholder objected that based on the Energy Auditor's findings specifically the presence of metering at both ends of transformers and the	TNPDCL submitted that the input energy (injected energy) is calculated using the CEA methodology. The billed units are sourced from the Consumption and Revenue Statement provided by the Revenue Wing. Feeder meters and circle boundary meters are equipped with DLMS meters, and communication is being established with the MDM and Head End System through NIC cards. Once the integration with the necessary software is completed, voltage-wise input energy and voltage-wise losses will be determined. TANGEDCO submitted that the input energy is sourced from the Grid Resource statement, and the billed units are derived from the Consumption and Revenue Statement. Losses are calculated according to the CEA methodology, with no assumptions made in the process. All LT CT services are equipped with smart meters, communication and automatic billing systems are currently under development. In the T. Nagar ABD area (12 sections), 99.7% of the LT services are smart metered, with 99.2% of communication and automation for reconnection being consistently carried out. The project was completed, and a 7-year AMC/FMS contract began

Comments	Reply of TNPDCL
communicable capability of 10817 out of 10929 feeders it is evident that sufficient infrastructure exists to retrieve accurate meter data from feeders and substations. Therefore, the stakeholder questions why actual data from these meters is not being used to determine precise figures for energy import, export, losses, sales, and generation, and seeks the official source or method currently being used to ensure these calculations.	on 01.11.2023. Data is currently available for these 12 sections. Under the RDSS, a proposal is in place to install smart meters for all consumer meters, with a tender already floated for the project. TANGEDCO in reply to the stakeholder submitted that the data is not available in the DT meters. TNPDCL submitted that all the feeders are 100 % Metered with DLMS facilities. Now communication is being established to the MDM and Head End System by providing NIC cards in the DLMS Meters. Works are under progress. On completion and integration with necessary software measures will be taken to ascertain the actual quantum of energy import and export in the networks.
The stakeholder has pointed out serious objections regarding TNPDCL's deviation from TNERC-approved power procurement plans, highlighting massive discrepancies in quantum and cost of energy purchased, particularly from traders, power exchanges, and renewable sources. (1) TNPDCL purchased 62% more energy and spent 111% more in cost than approved, indicating a failure either in TNPDCL's planning or TNERC's prudence during approval; (2) renewable energy procurement was 22% lower than approved, yet its unit cost was more than double (Rs. 5.91 vs Rs. 2.41), raising concerns over adherence to competitive bidding norms under the Electricity Act 2003; (3) an overall energy purchase increase of 16,448 MU compared to the previous year is questioned in light of reduced RE purchase; (4) purchases of 11,256 MU at Rs. 9.3/unit from STOA and PX caused a Rs. 10,487 crore burden,	TNPDCL attributes the 62% higher quantum and 111% higher cost of short-term power to shortfalls from NLC and NTECL due to land and turbine issues, poor hydro generation from low reservoir levels, and rising demand, necessitating high-cost market purchases to maintain supply. The reduction is due to a decline in Board Sale Wind Generators, lower wind generation, and pending legal disputes affecting solar procurement. These factors limited TNPDCL's ability to meet the approved RE quantum. The increased cost includes prior period dues, late payment charges, provisions for unutilized energy, and wheeling adjustments. Actual wind energy cost was Rs. 3.79/unit; the average rose due to non-energy financial components. Emergency purchases from exchanges were essential to bridge generation gaps. No planning failure is admitted; purchases were driven by uncontrollable supply issues and rising demand.

Comments	Reply of TNPDCL
prompting questions on emergency procurement planning and lack of accountability for such high-cost decisions; (5) the stakeholder sought clarity on whether Deviation Settlement Mechanism (DSM) and Demand Side Management (DSM) were effectively implemented, suggesting that if DSM had been properly executed, such expensive purchases could have been avoided. The stakeholder also demanded identification and accountability of responsible officers for the financial impact. The stakeholder has raised concerns over TNPDCL's power purchase mix, particularly the high unit cost of Short-Term Open Access (STOA) power from entities like PTC India and others, seeking a detailed breakup by generation source (thermal, wind, solar, gas) and timing of such costly purchases. They questioned the underutilization of cheaper Medium-Term Open Access (MTOA) power, which was 46% below the approved quantum, and the repeated reliance on expensive short-term purchases often above Rs. 8/unit. Additionally, a sharp spike in wind power costs—Rs. 5.11/unit in FY 2023-24 compared to Rs. 1.96–2.97/unit in prior years—has been flagged, with a demand for explanation and supporting documents, especially if due to Late Payment Surcharge (LPSC) or other dues.	Though DSM measures exist, the extraordinary shortfalls made market purchases inevitable. Details on deviation settlement and cost recovery are part of the Petition. The reduction in renewable energy (RE) purchase during FY 2023-24 was primarily due to a decline in the number of wind generators selling to the Board, dropping from 1,705 to 1,463. This led to a total wind energy purchase of 1,756 MU at an average cost of Rs. 3.79/unit. Additional payments such as prior period dues, late payment surcharge (LPSC), and wheeling journal entries contributed to a total cost of Rs. 897.49 crore. For solar energy, Rs. 381.32 crore was paid as arrears, while ongoing legal proceedings before APTEL and TNERC may alter approved rates. Shortfalls in power supply from central generators like NLC (due to land issues) and NTECL Vallur (due to turbine failure) forced TNPDCL to buy expensive power from exchanges, incurring Rs. 3,300 crore and Rs. 2,040 crore in extra costs, respectively. A 470 MU dip in wind generation until October 2023 further added Rs. 470 crore in exchange purchases. Moreover, poor monsoon led to a 1,500 MU drop in hydro generation, costing Rs. 1,500 crore. Rising demand necessitated continuous exchange purchases, adding another Rs. 1,200 crore for the year.
The stakeholder raised multiple concerns regarding LT Tariff IIA (Public Lighting and Water Supply) for FY 2023-24. They questioned discrepancies in the number of service connections 865,672 in Annexure E versus 816,866 in the ARR and sought justification. A sharp rise in arrears from Rs.	The assessed amount for LT II A (Public Lighting & Water Supply) for FY 2023–24 is Rs. 2,549.66 crores, corresponding to 8,16,866 services as per Annexure B from the balance sheet. The higher number of consumers shown in Annexure E includes additional services like local body offices,

Comments	Reply of TNPDCL
1,618.54 crore (March 2023) to Rs. 2,205.86 crore (March 2024) was flagged, with a request for a breakup between Belated Payment Surcharge (BPSC) and fresh dues. They also sought clarity on whether the reported Rs. 2,550 crore revenue includes only current year charges or also arrears and surcharges, demanding a clear revenue component-wise disclosure.	which are billed under LT Tariff V. Revenue from local bodies is accounted on a first-in, first-out basis, with BPSC and current consumption (CC) arrears collected separately. The reported Rs. 2,550 crore pertains solely to power sales during FY 2023-24 and excludes BPSC or any prior period dues.
The stakeholder has raised concerns regarding the transparency and clarity of the capital expenditure details reported in the True-Up Petition for FY 2023-24. • The cumulative capital expenditure of Rs. 9,081.72 crores incurred up to the previous year, where the stakeholder seeked clarification on the timeframe over which this amount has accumulated. • A year-wise breakup of works under progress as on 31st March 2024 to understand how long these projects have been pending. • The stakeholder questioned the method of interest calculation on the uncapitalized portion of capital expenditure, especially for works that are physically completed but not financially closed. • A comprehensive details of outstanding capital work-in-progress, including interest accrued and interest on interest, broken down year-wise and distribution region-wise.	• TANGEDCO clarified that the capital expenditure of Rs. 9,081.72 crores incurred up to the previous financial year pertains to ongoing works such as construction of 33kV substations, procurement of equipment, and R&M activities, which will remain in capital work-in-progress until completion. • The year-wise details of these works under progress as of 31st March 2024 have already been submitted to the Commission through data gap responses. • Interest calculated on capital expenditure of Rs.9000 crores which are yet to be completed and at the time of work order closing the same will be accounted. The interest expenses during construction will be treated as capital expenditure and added to the asset value.
The stakeholder objected to discrepancies in TNPDCL's reported net capital expenditure and capitalization for FY 2023-24, highlighting a Rs. 173 crore shortfall in capitalization and inconsistencies between approved and actual data for Generation and Distribution. Concerns were	Regarding the Basin Bridge Gas Turbine Power Station, although its installation cost was Rs. 490 Crore, the Gross Fixed Asset (GFA) value in the ARR is shown as Rs. 2,177.87 Crore due to the inclusion of high land cost amounting to Rs. 2,038 Crore post-revaluation. TNPDCL has confirmed

Comments	Reply of TNPDCL
raised about potential misreporting or lack of due diligence by the Commission. Specific confusion arose from Gas Thermal Power Station (GTPS) data being wrongly listed under Distribution, violating the legal requirement to maintain separate records for Generation and Distribution. The stakeholder emphasized the need for clear, accurate, and segregated documentation.	that all GFA figures provided in the ARR formats are accurate and reflect the revalued asset base including land.
The stakeholder has raised several concerns regarding the deviation of actual operational parameters from the norms specified by the Commission. • Plant Availability Factor (PAF) Deviation, despite the Tariff Order (No. 07 of 2022, para 4.17.9) stating that TANGEDCO must maintain a PAF of 80% or higher, the NCTPS Stage I & II and Mettur Plant II failed to meet this target. The stakeholder seeks specific reasons for these deviations for each plant. • Generation Loss Compensation: The stakeholder inquired whether TANGEDCO has claimed compensation for generation losses against the Plant Availability Factor (PAF), as per the Commission's approval. They requested detailed month-wise information on the compensation amount and energy (in MU) claimed. If no compensation was claimed, the stakeholder demands an explanation, particularly regarding the integration of renewable energy under the must-run status. • PLF Approval for Coal-Based Thermal Plants: The stakeholder questioned the	The responses provided by TNPDCL against the issues raised by the stakeholder: PAF Reduction Below 80%: Unscheduled outages have resulted in a reduced PAF for certain plants. There is no compensation for the reduction in PAF, as per the Commission's Order (No. 07 of 2022). While the generation was used to accommodate renewable energy, especially during the wind season, the Commission has approved the need for stations to maintain at least 80% availability, irrespective of low PLF. Gas Shortage for Gas Thermal Power Stations (GTPS): The poor performance of the Thirumakottai and Valuthur Gas Power Stations is due to a shortage of natural gas, which is beyond their control. As a result, these stations have faced unavailability of adequate fuel, which adversely affected their performance. Hydro Power Stations: The performance of hydro power plants is due to the shortage of water and changes in the monsoon as the main reasons for low PLF. The comparison of PAF with PLF is irrelevant, as PAF represents availability, and PLF represents the actual output. Despite the lower PLF, TANGEDCO notes that all hydro generating stations are operated based on instructions from the Load Despatch Centre.

Comments	Reply of TNPDCL
approval of a 60% Plant Load Factor (PLF) for coal-based thermal power plants by the TNERC, citing this as a primary reason for the higher generation cost for TANGEDCO and its inability to compete with the Market Dispatch (MoD). They seek clarification on the norms followed by TNERC in approving PLF for each plant. • Poor Performance of Gas Power Stations: Concerns were raised regarding the poor performance of the Thirumakottai and Valuthur Gas Power Generating Stations. The stakeholder requests an explanation for this underperformance, citing extremely poor progress. • Hydro Generation Plants' PAF and PLF Gap: The stakeholder highlighted a significant gap between the TNERC's approved PAF and PLF for hydro generation plants, claiming that the regulatory process by TNERC is ineffective and a "mockery." They questioned the rationale behind issuing executive orders year after year and soliciting public comments.	
The stakeholder strongly objected to the vague explanation regarding the operational and financial separation of TNPGCL, TNGECL, and TNPDCL following TNPGCL's incorporation on 09.02.2024 and highlighted that the legal requirement for separate financial accounts for generation and distribution is not being properly implemented, despite TANGEDCO's claims. The stakeholder emphasized the lack of clarity on	Although G.O. Ms No. 124 dated 24.12.2024 specifies the preparation of separate balance sheets, individual accounts are already being maintained at the station level. It is affirmed that TNPGCL, TNGECL, and TNPDCL are subsidiary companies under TNEB Ltd., which is the holding company, and all three are classified as Public Sector Undertakings. The effective date of the asset and function transfer

Comments	Reply of TNPDCL
when and how independent accounting practices actually began for the three entities, raising concerns about non-compliance and transparency. They argue that even after the government's formal order to operationalize TNPGCL, there has been no submission of separate accounts for the new company, which is a serious lapse. Moreover, they highlight that while TNPGCL is generating power, it is still being shown under TANGEDCO's own generation an illogical and misleading practice given that TNPGCL and TNPDCL are separate legal entities. Thus, the power drawn from stations like TTPS, MTPS, and NCTPS should be treated as third-party power purchases. The stakeholder criticized the high cost of generation from TNPGCL stations, ranging from Rs. 6.90 to Rs. 11.28 per unit, compared to Rs. 4.90 per unit for central sector power, resulting in an annual financial loss of Rs. 8,500 crore for TNPDCL. They also raised concerns about the absence of a Power Purchase Agreement (PPA) between TNPDCL and TNPGCL, deeming it a legal violation. The stakeholder rejected the delay in implementing the transfer scheme to 01.04.2024, suggesting it was a tactic to avoid regulatory accountability, and urged the Commission not to treat the entities as a single entity, as it undermines transparency and compliance.	under the new corporate structure is confirmed as 01.04.2024 (i.e., for FY 2024-25). For the previous financial year, FY 2023-24, no power was procured from TNPGCL or TNGECL, and the accounts were consolidated under TNPDCL without preparing separate balance sheets. From 01.04.2024 onwards, power procurement from TNPGCL and TNGECL has commenced and is being done at tariff rates approved by the Tamil Nadu Electricity Regulatory Commission (TNERC). Furthermore, the reply states that the Power Purchase Agreements (PPAs) between TNPGCL, TNGECL, and TNPDCL are currently under process and will be formally executed shortly.
The stakeholder firmly opposes TNPDCL's request to approve the revenue gap/surplus for FY 2023-24 without creating a regulatory asset, alleging that the financial data presented is false and manipulated. They cite adverse audit remarks as evidence and claim the accounting system is deliberately confusing to conceal the actual deficit.	TANGEDCO submitted that its request to approve the revenue gap/surplus without creating a regulatory asset is based on the Government of Tamil Nadu's commitment, as per G.O. (Ms) No. 38 dated 18.08.2021, to take over 100% of TANGEDCO's losses from FY 2021-22 onward under GSDP norms. Additionally, it referenced the

Comments	Reply of TNPDCL
The stakeholder demands that the Commission reject the prayer, initiate a thorough investigation by a third-party agency, and take legal action under the Electricity Act, 2003 against those responsible.	Ministry of Power's RDSS guidelines (SOPs dated 01.07.2022), which require DISCOMs to avoid creating new regulatory assets during the latest tariff cycle. Therefore, the Petition aligns with both state commitments and central scheme requirements.
The stakeholder expressed serious concerns about the qualifications, experience, and competence of TANGEDCO officials, citing repeated adverse audit remarks and financial mismanagement. They accuse the officials of neglecting to address identified irregularities and causing ongoing financial losses. The stakeholder requests a list of officials involved in maintaining TANGEDCO's accounts, including their qualifications, experience, and contributions.	TNPDCL submitted that the names and designations of all the officers are available in the balance sheet itself.
The stakeholder raised concerns about the high employee costs and total O&M costs relative to the Plant Load Factor (PLF) for various power plants (NCTPS I, MTPS I, TTPS, MTPS II, and NCTPS II). They highlight a total loss of Rs. 619 crores due to high employee costs and Rs. 1195 crores in total O&M costs due to poor PLF. They seek clarification on the norms for plant-specific expenditure on employee costs and O&M, any compensation mechanisms for PLF reduction caused by must-run status of renewable energy (RE) sources, and reasons for poor PLF despite ensuring plant availability. They also inquire about possible remedies for low Plant Availability Factor (PAF) and how to address the associated losses. 1. The stakeholder questioned if the power generated by the Kadamparai Pumped Storage Plant is the cheapest, considering the unit generation cost is Rs. 6.5/unit.	The employee costs include Dearness Allowance (DA), which increases annually, as well as pension expenses and remeasurement of the defined benefit plan, which are allocated to all stations. Compensation of Rs. 16.9544 crore has been claimed for the reduction in PLF due to the must-run status of renewable energy, as per the True-Up Petition. It is also stated that fixed costs are admissible for achieving the target PAF of 80%, but any shortfall in PAF does not attract compensation. Additionally, a reduction in PLF does not affect fixed cost recovery. 1. The Gross and Net Generation data provided in Table-8 corresponds to the entire Kadamparai Generation Circle, which includes 9 hydro stations. The Kadamparai Pumped Storage Station alone contributed 132.358 MU (Gross) and 131.155 MU (Net). 2. The 144 MU consumed during the pumping

Comments	Reply of TNPDCL
2. Concerns are raised about the plant's operation under motor mode, its consumption, and the charges associated with it. The stakeholder also asks for the documentation of consumption under Time of Day (ToD) and requests a balance sheet for sales and purchases in different time slots. 3. The stakeholder asks for clarification on the schedule when the plant generated 517 MUs and whether TNERC has approved the unit generation cost. If not, why was it not approved? 4. There is a need for clarity on the breakdown of employee cost (Rs. 43.65 crore), pension cost (Rs. 48.59 crore), and the remaining O&M costs (Rs. 35.76 crore), which have not been explained clearly. 5. The stakeholder is concerned about the large difference between the Plant Availability Factor (PAF) of 75.28% and the Plant Load Factor (PLF) of 9.7%, asking for an explanation for this discrepancy. 6. The stakeholder highlights that the data in the true-up Petition shows much higher expenditures than approved, but the generation is lower than expected. They also point out that with 9.7% PLF, the generation should be around 340 MUs, not 517 MUs, as mentioned in the Petition.	operation at Kadamparai Pumped Storage Plant (PSP) is not auxiliary consumption; rather, it is stored as hydro potential energy for later use during peak hours. Since the tariff for this energy consumption has not been finalized, the storage cost for the PSP is not included. 3. The Rs. 35.76 crore mentioned pertains to Repair & Maintenance expenses and Administration & General expenses. 4. The Plant Availability Factor (PAF) is based on the availability of the machine (declared capacity), while the Plant Load Factor (PLF) is based on actual generation. 5. The PLF calculation formula is provided, showing 9.7% based on the generation data.
The stakeholder has raised concerns about his authorization and qualifications of the CFC of TNPDCL, as the full additional charge order was not disclosed. Stakeholder further questioned his competence in handling the financial matters of TNPDCL, TNPGCL, and TNGECL, citing vague and delayed responses to queries and the failure to address audit remarks. The lack of engagement from other officials and non-compliance with	The comments received from stakeholders were sent to the Heads of Departments (HODs) for their input, and after obtaining approval from the competent authority, a consolidated reply was sent to the stakeholders. As per the TNERC's order dated 01.04.2025, the TNPDCL requested additional time for submitting replies to 25 comments received, and the deadline for submitting comments was extended until

Comments	Reply of TNPDCL
TNERC orders, such as the failure to publish the extended deadline for public comments on the website, led to accusations of contempt of court. Overall, stakeholders argued that the Petition process was mishandled and should not proceed.	08.04.2025. The replies to these comments were to be sent by 14.04.2025, with the case adjourned to 15.04.2025 for filing the affidavit. However, there was no specific order or directive from the TNERC to publish the extension of the deadline on the website.

Views of the Commission:

The comments of the stakeholder and the replies made by the Licensee have been scrutinized.

The remarks not related to this Petition in particular have not been taken by the Commission in this order. The Commission has sought reconciliation of each item as per the Petition with the values as per the Audited Accounts to be true-up for the year under consideration. The Commission has dealt with the issues of Sales, Power Purchase, Interest on Loan, Interest on Working Capital, O&M Expenses and Revenue in the respective sections of this Order considering the reconciliation and justifications provided by TNPDCL.

The Commission observes that there are a lot of adverse remarks and comments by the Statutory Auditors in the Audited Accounts for FY 2023-24. **The Commission directs TNPDCL to comply with all the comments of the Statutory Auditor and also address the points raised by CAG and submit a detailed report on such compliance along with the True-up filing for FY 2024-25.**

As regards the comment on Tariff process, the Tariff Filings are in line with the existing Tariff Regulations, 2005 and MYT Regulations, 2009 along with their latest amendments.

As regards the issue of webhosting the Tariff Petition for comments from Stakeholders, a similar approach is followed in other States where true-up Order is issued separately and is within the ambit of the Electricty Act and the Tariff Regulations. The Commission has also ensured that ample time has been provided for submission of comments by the stakeholders.

6. Thiru. C. Selvaraj

Comments	Reply of TANGEDCO
The stakeholder alleges widespread financial mismanagement, fraud, and lack of transparency within TANGEDCO, accusing employees at all levels of contributing to the company's decline with the support of its Board and the inaction of TNERC.	The True-Up Petition for FY 2023-24 has been filed in accordance with TNERC Tariff Regulations, 2005 and is based on audited financial statements.
The following approaches deserve to be pointed out: • There is a persistent increase in interest and finance charges to the tune of 60% amounting to Rs. 5542 crore, to which no explanation is there in the True up Petition. • Increase in O&M expenses to 22% amounting to Rs. 2761 crore. What caused such increase is silent. • Steep increase in interest on working capital to the tune of 185% amounting to Rs. 1072 crores. • Non-tariff income raised to 138% amounting to Rs. 3616 Crore than that was forecasted by the TNERC.	The increase in loans and resulting rise in interest and finance charges is attributed to the non-revision of tariff since 2014, leading to the accumulation of Rs. 83,000 crore in regulatory assets as of 31.03.2022. The overall interest expenses also include the carrying cost of these regulatory assets. As per IND AS guidelines, in addition to regular employee costs (salaries, wages, terminal benefits, and pensions), a provision of Rs. 3,240.30 crore was made in FY 2023-24 towards re-measurement of the defined benefit plan leading to increase in O&M expenses. The working capital increase is due to increase in receivables of distribution function and calculated as per the provisions of the TNERC Tariff Regulations 2005 and its amendments thereon. The multi-year ARR filed in July 2022 was based on FY 2020-21 audited accounts under IGAAP, which excluded capital receipts from non-tariff income. However, under IND-AS, both capital and revenue receipts are treated as revenue, leading to an overall increase in reported income.
Power purchase expenses increase alarmingly in an unreasonable manner. For 12.5% increase in power	In FY 2023-24, TNPDCL faced high additional power purchase costs due to multiple issues: NLC's 450 MU/month shortfall (Rs. 3,300 crore)

Comments	Reply of TANGEDCO
purchase, the cost of purchase makes a multiple jump to 64% amounting to Rs. 21,726 crore. Despite a 4% increase in sales, revenue decreased by 4%, leading to a deficit of Rs. 2,529 crore highlighting a clear mismatch between sales growth and revenue realization.	from land constraints, NTECL's 240 MU/month shortfall (Rs. 2,040 crore) due to turbine issues, 470 MU wind deficit (Rs. 470 crore), and 1,500 MU hydro shortfall from poor monsoons (Rs. 1,500 crore). Rising demand led to Rs. 1,200 crore spent on power exchange purchases. An additional Rs. 5,148.47 crore was incurred for change in law claims, LPSC, and regulatory costs. Under MoP's Section 11 directive, power was procured from intra-state generators like SEPC on a pass-through basis, with VFC payments aligned to MoP's fortnightly benchmark rates. The reason for decrease in revenue Rs.2529 crore is due to error in the approved ARR which has been filed in the review Petition R.P No.1 of 2022. Mainly the difference arises in LT IIIB category viz., Approved ARR: Rs.9736 Crs. Actual revenue: Rs.7770 Crs.
The ARR gap shows a sharp and unusual spike rising by 823% over the amount approved by TNERC resulting in a shortfall of Rs. 6,171 crore.	The overall ARR gap is increased due to increase in power purchase cost, Interest & Finance charges and O&M expenses.
Capitalization of expenditure in Distribution Regions remains significantly low, with no justification provided. This raises serious concerns either TNERC's approvals are inadequately forecasted, or TANGEDCO is deliberately misrepresenting facts.	The capital expenditures are incurred based on the fund availability and tie up with the financial institutions. In RDSS scheme the smart meter installation work got delayed. So the overall CAPEX reduced.
Apart from the above, some pages of the Annexure A to the independent auditors report. This remarks rose in the auditor's report needs clarification and reasons for not setting right the errors, frauds,	The audit remarks raised in Annexure A to the Independent Auditor's Report are acknowledged, with TNPDCL attributing past adverse comments to major transitions like adoption of Ind AS and

Comments	Reply of TANGEDCO
financial mismanagement for the fourth time consecutively, with documentary evidence on factual happenings.	ERP rollout. TNPDCL notes that integration of HT/LT billing with ERP in March 2024 has eliminated manual revenue entries, and centralized, API-based bank payments will likely resolve bank reconciliation issues. A special auditor has also been appointed to address legacy GL balances, and reconciliations related to debtors, creditors, inter-company transactions, and GST. TNPDCL affirms that it is taking comprehensive corrective measures to significantly reduce audit remarks going forward.

Views of the Commission:

The comments of the stakeholder and the replies made by the Licensee have been scrutinized. The Commission has sought reconciliation of each item as per the Petition with the values as per the Audited Accounts to be true-up for the year under consideration. The Commission has dealt with the issues of Sales, Power Purchase, Interest on Loan, Interest on Working Capital, O&M Expenses and Revenue in the respective sections of this Order considering the reconciliation and justifications provided by TNPDCL.

7. M/s. IWPA

Comments	Reply of TANGEDCO
A comprehensive and independent prudent check of the data submitted by TANGEDCO to be done. This request is especially pertinent considering The Ministry of Power's (MOP) 12th Annual Integrated Rating and Ranking of Power Distribution Utilities, which highlights TANGEDCO'S poor performance and 96 adverse remarks in the Statutory Independent Auditors Report for TNPDCL for FY 2023-24.	In order to come out of the adverse comments of the statutory auditors the following measures have been taken by TNPDCL: 1. HT and LT billing have been integrated with ERP as of March 2024, eliminating manual revenue booking. 2. All payments are now centralized and automated via API-linked bank systems, reducing future bank reconciliation audit issues. 3. A special auditor has been appointed to address legacy and reconciliation issues (GLs, debtors, creditors, inter-company, GST), aiming to minimize audit comments in these areas.
TANGEDCO is one of the adverse-performing power utilities in India, ranked 50th out of 53 by the Ministry of Power. It faces high operational and interest costs, and holds 23% of the entire power sector's debt the highest in the country. TNERC should not to pass these inefficiencies onto consumers through higher electricity tariffs. Section 61 of the Electricity Act mandates that the commission shall ensure efficiency, competition and cost-effectiveness in tariff determination. Given the concern we request the Commission to rely on third-party verified technical and financial data before processing TANGEDCO's true-up Petition, it is suggested that O&M and Interest costs should be capped at Rs. 0.50 per unit and Rs. 0.40 per unit respectively. Wind generators connected to substations pay Rs. 3,16,790 per MW per year as O&M charges which are escalated annually by 5%, however wheeling charges determined by TNPDCL also include O&M costs leading to double payment by wind generators	TNPDCL is a combined utility and the comparison with the other DISCOM which are segregated is incorrect. The O&M cost is claimed as per actuals and the increasing employee cost is due to remeasurement of employee benefits such as retirement, pension etc as per the IND AS accounting system. TNPDCL claimed actual O&M expenses in the true up Petition as per Regulation 25 of (TERMS AND CONDITION FOR DETERMINATION OF TARIFF) REGULATION – 2005 The O& M cost collected from the wind mill generators is related to TANTRANSCO and not payable to TNPDCL. The O&M charges claimed in the ARR is related to generation and distribution function only. So there is no double claim in the O&M charges from wind mill generators. The wheeling charges collected from the consumer for the distribution function expense as per the tariff regulations

Comments	Reply of TANGEDCO
TNPDCL's claim of Rs. 1865 crore as Return on Equity (RoE) for FY 2023-24 is inadmissible since the Commission had already disallowed RoE in FY 2022-23 since the capital expenditure was fully funded through loans. As this decision was not appealed and has attained finality, the same principle should apply for FY 2023-24. Therefore, to maintain consistency, the stakeholder urged the Commission to disallow the current RoE claim as well.	TNPDCL justifies its RoE claim based on Regulation 21 of the TNERC Tariff Regulations, 2005, which permits RoE up to a 30:70 equity-debt ratio, or actual equity if it is below 30% and further clarifies that an appeal (DFR No. 606/2023) has been filed before Hon'ble APTEL against TNERC's earlier disallowance of RoE in T.O. No.7 dated 09.09.2022. TNPDCL states that it is awaiting APTEL's final decision, and will act accordingly based on the outcome.
The stakeholder objected to TANGEDCO's high Interest and O&M costs, which are significantly above national averages. While TANGEDCO incurs Rs. 1.24/unit on O&M and Rs. 1.30/unit on interest, even moderately performing utilities spend only Rs. 0.50 and Rs. 0.40/unit respectively and propose capping these costs accordingly and highlight that Rs. 15,458 Crore in O&M exceeds the approved Rs. 12,697 Crore, demanding transparency and justification, especially for the spike attributed to generation-related expenses. The multi-year tariff order (T.P. No.1 of 2022) was provisional, based on estimated parameters. True-up based on actual data is crucial to determining accurate tariffs for the next year, as practiced in other States.	The rise in interest and finance charges is due to the accumulation of Rs. 83,000 Crores in regulatory assets due to non-revision of tariff since 2014, which also justifies the associated carrying cost. The Rs. 2,761 Crores increase in O&M expenses is mainly due to remeasurement of employee benefits under IND AS and rising maintenance needs. Aging infrastructure and the need for refurbishment and safety compliance have driven up O&M costs for FY 2023-24. The directive in Tariff Order No. 7 of 2022 dated 09.09.2022, where the TNERC instructed the licensee to file Tariff/ARR/True-up Petitions annually and on time, in accordance with TNERC's 2005 Tariff Regulations. Specifically, Petitions under the MYT framework must be filed by 30th November of the final year of the current control period to determine tariffs for the next period.
An unexplained reduction in transmission charges in TANGEDCO's true-up Petition approved at Rs. 8,547 Crore but actual payment shown as Rs. 7,624 Crore. This drop, despite increased energy sales, raises concerns about whether full dues were paid to TANTRANSCO. The Auditor's report also points to	TNPDCL has contested PGCIL's claim of Rs. 819.22 Crores related to CTU charges under CERC Orders 172/TT/2021, 173/TT/2021, and 242/TT/2021 for the Pugalur-Trichur and Raigarh-Pugalur HVDC systems. The matter is currently pending adjudication.

Comments	Reply of TANGEDCO
unreconciled balances between TANTRANSCO and TNPDCL, warranting further investigation.	
The true-up adjustments should be reflected in subsequent year's tariffs, aligning with regulatory practices in other states. However, TNERC has not applied such adjustments, which weakens the purpose of the true-up. Reference is made to GERC's Case No. 2162 of 2022 (dated 31.03.2023) as an example of proper implementation.	As per Regulation 3 of the TNERC MYT Regulations, 2009, the Multi-Year Tariff (MYT) framework operates over a 5-year control period, extendable by the Commission. During this period, the Commission may conduct a Mid-term Review to revise approvals based on true-up and actual performance.
TNPDCL has failed to publish its true-up Petitions in newspapers as required under Section 64 of the Electricity Act 2003, hindering public scrutiny and stakeholder engagement. Given the auditor's adverse remarks, the recommendation is for TNERC to appoint an independent financial expert to audit TNPDCL's accounts for accuracy before approving any claims.	The TNERC, in its daily order dated 11.03.2025, directed TNPDCL to immediately publish the Petition on its website and invite stakeholder comments within 15 days. TNPDCL was also instructed to respond to stakeholders and file both the comments and replies before the Commission in the form of an affidavit. Meanwhile, the Commission's Tariff Wing was tasked with scrutinizing the Petition and seeking any missing data.

Views of the Commission:

The comments of the stakeholder and the replies made by the Licensee have been scrutinized. The Commission has sought reconciliation of each item as per the Petition with the values as per the Audited Accounts to be true-up for the year under consideration. The Commission has dealt with the issues of Power Purchase, Interest on Loan, Return on Equity, O&M Expenses and Revenue in the respective sections of this Order considering the reconciliation and justifications provided by TNPDCL.

As regards the comment on Tariff process, the Tariff Filings are in line with the existing Tariff Regulations, 2005 and MYT Regulations, 2009 along with their latest amendments. The process of Multi-Year Tariff is to bring Regulatory certainty to the Tariff Process.

As regards the issue of webhosting the Tariff Petition for comments from Stakeholders, a similar approach is followed in other States where true-up Order is issued separately and is within the ambit of the Electricty Act and the Tariff Regulations.

Sd/-	**Sd/-**	**Sd/-**
(B. Mohan)	**(K. Venkatesan)**	**(R. Manivannan)**
Member (Legal)	**Member**	**Chairman**

(Dr. C. Veeramani)
Secretary