

**Summary of OPTCL's
Aggregate Revenue Requirement (ARR) &
Transmission Tariff (TT)**

Application for FY 2026-27

&

Truing-up for FY 2024-25

SUMMARY OF OPTCL'S ARR & TARIFF PROPOSAL FOR THE FY 2026-27

1. BACKGROUND

1.1. In exercise of powers under the Electricity Act, 2003 and the Orissa Electricity Reform Act, 1995, the State Government notified the Orissa Electricity Reform (Transfer of Transmission and Related Activities) Scheme, 2005 vide Gazette dated 09.06.2005, effective retrospectively from 01.04.2005, whereby the transmission undertaking of Grid Corporation of Odisha Limited (formerly GRIDCO Ltd.) was transferred and vested in Odisha Power Transmission Corporation Limited (OPTCL). Under the said Scheme, OPTCL is a deemed Transmission Licensee under Section 14 of the Electricity Act, 2003, has been notified as the State Transmission Utility, and entrusted with State Load Dispatch functions; further, OERC issued license conditions to OPTCL effective from 01.11.2006 vide order dated 27.10.2006 in Case No. 22 of 2006. Consequent upon the transfer, all transmission-related obligations under the Bulk Supply Agreements earlier executed by GRIDCO with WESCO, NESCO, SOUTHCO and CESCO (now TPWODL, TPNODL, TPSODL and TPCODL respectively) stand vested in OPTCL and are required to be discharged in accordance with OERC regulations and directions, pursuant to which Bulk Power Transmission and SLDC Agreements were executed between OPTCL and the respective Tata Power distribution licensees during FY 2020-21 & FY 2021-22 following their vesting by OERC.

2. OPTCL'S ARR & TARIFF PROPOSAL FOR THE FY 2026-27

2.1. Background

2.1.1. As provided under Regulation 53 (1) at Chapter VIII of OERC (Conduct of Business) Regulations, 2004, Clause 19.3 of License Conditions of OPTCL and Regulation 5.2 of the OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations 2014, OPTCL has submitted its Aggregate Revenue Requirement & Transmission Tariff application for the FY 2026-27 along with truing-up application for the FY 2024-25 before the Commission for approval.

2.2. Categorization of Customers

2.2.1. All the customers seeking access to OPTCL's Transmission System are classified under three categories:

2.2.2. Long-Term Open Access Customers (LTOA Customers): A Long-Term Open Access Customer means the right to use the Intra-State Transmission System for a period exceeding 12 years but not exceeding 25 years. Based on such premise, DISCOMs, NALCO, IMFA, ABREL

SPL, ABREL SPV, MCL, BEL, TSL, Hindalco, JSL & AMPIN happen to be the Long-Term Open Access Customers of OPTCL.

2.2.3. Medium Term Open Access Customers (MTOA Customers): Medium Term Open Access means the open access for a period exceeding three (3) months but not exceeding three (3) years. M/s Dhamra Port Company Limited (DPCL) is the only Medium-Term Open Access Customer (MTOA Customer). However, T-GNA term of M/s DPCL will terminate in March-2026. Therefore, there are no MTOA customers for FY 2026-27.

2.2.4. Short Term Open Access Customers (STOA Customers): Short Term Open Access means open access for a period up to one (1) month at a time. Medium-term open access or short-term open access shall be granted if the resultant power flow can be accommodated in the existing transmission system or the transmission system under execution, provided no augmentation shall be carried out to the transmission system for the sole purpose of granting such short-term open access.

2.3. Capital Expenditure of New Projects Proposed by OPTCL for FY 2026-27

2.3.1. OPTCL has proposed **Rs. 2,561.30 Cr.** for FY 2026-27 towards Capital Expenditure (CAPEX) as given in Table-1 below:

Table 1: CAPEX Proposed by OPTCL for FY 2026-27

(Rs.in Cr.)

Particulars	Formula	Amount
New Transmission Projects (Construction Wing)	A	1888.45
Existing Assets (O&M Wing)	B	464.83
Telecom Wing	C	66.44
Information Technology (IT Wing) & others	D	78.09
Civil Wing	E	63.48
Total Capital Expenditure	D=A+B+C+D+E	2561.30

2.4. Computation of Transmission Charges

2.4.1. According to Regulation 8.1 of OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014, the ARR for the Transmission Business shall contain the following items:

- i. Operation and Maintenance expenses;
- ii. Interest and Financial Charges;
- iii. Depreciation;

- iv. Return on Equity;
- v. Income Tax;
- vi. *Less: Deposits from Transmission System Users;*
- vii. *Less: Non-Tariff Income*
- viii. *Less: Income from Other Business as specified in these Regulations*

2.4.2. The various costs involved in carrying out transmission business by OPTCL for FY 2026-27, while formulating the ARR and Transmission Tariff, have been categorized under the following heads:

(i) Operation & Maintenance (O & M) Expenses

As per Regulation 8.2 of the OERC Regulations, 2014, Operation and Maintenance (O&M) expenses shall include:

- (a) Salaries, wages, pension contributions and other employee costs;
- (b) Administrative and General Expenses;
- (c) Repairs and Maintenance Expense;
- (d) Expenses related to auxiliary energy consumption in the sub-station for the purpose of air-air-conditioning, lighting, technical consumption, etc., and
- (e) Other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

The details of O&M Expenses proposed by OPTCL for the FY 2026-27 are as under:

(a) Salaries, wages, pension contributions and other employee costs

OPTCL has submitted that the Employee Cost includes Basic pay, Dearness Allowance (DA), House Rent Allowance (HRA), Medical Allowance, Conveyance Allowance/ Reimbursement, Stipend for New recruitment, Staff Welfare expenses, Ex-gratia, other expenses etc, Terminal benefit liability (Pension, Gratuity and Leave Salary) and employer contribution to NPS.

Accordingly, OPTCL proposes **Rs. 531.52 Cr.** under the head Employees Cost for the FY 2026-27. The component-wise details are shown in the Table below.

Table 2: Employee Cost Proposed by OPTCL for FY 2026-27

(Rs. in Cr)

Particulars	Formula	Amount
Employee cost, including Salary, Dearness Allowance, etc.	A	342.08
Terminal Benefit Liability of Employees and Existing Pensioners	B	205.84

Particulars	Formula	Amount
Less: Capitalization	C	16.40
Total	D=A+B-C	531.52

(b) Administrative and General (A&G) Expenses

OPTCL has proposed Rs. 46.95 Cr. towards A&G Expenses for FY 2026-27. The A&G Expenses include property-related expenses, communication, professional charges, conveyance and travelling, SLDC charges, license fee and material-related expenses. The A&G expenses show an increasing trend in recent years due to an increase in the number of establishments (for smooth operation, maintenance and project execution), price rise and inflation being on the higher side than the amount approved by the Commission.

(c) Repair and Maintenance (R & M) Expenses

OPTCL has stated that, it has 198 Nos. Grid Sub-Stations of different voltage classes and 16,749.462 ckt. Kms of EHT transmission lines as on 31.03.2024. The details are shown in the Table given below:

Table 3: Sub-station and line details of OPTCL

Sub-Station and Line Details		
400/220/33kV S/S	2	
400/220/132/33kV S/S	3	
220/132/33kV S/S	29	
220/33kV S/S	18	
220/132kV S/S	1	
132kV Sw. Stn.	26	
132/33kV S/S	119	
Total No. of Sub-Stations	198	
Voltage Level		
Voltage Level	Lines (ckt. km.)	Bays
400kV	1,196.872	70
220kV	6,835.483	468
132kV	8,717.107	1292
33kV		1534
TOTAL	16,749.462	3386

Further, OPTCL has proposed that, around 6 Nos. and 15 Nos. new Grid Substations are proposed to be commissioned during FY 2025-26 and 2026-27. The details of R&M expenses proposed by OPTCL for FY 2026-27 are given in the Table below:

Table 4: Repairs and Maintenance Expenses Proposed by OPTCL for the FY 2026-27

(Rs.in Cr)				
Particulars	Formula	OERC Approval (FY 2024-25)	OERC Approval (FY 2025-26)	Projection (FY 2026-27)
O&M	A	135.00	160.00	224.07
Telecom	B			6.91
Civil Works	C			14.25
Information Technology & Others	D			14.42
Total R & M Expenses	E=A+B+C+D	135.00	160.00	259.65

(d) Grid Coordination Committee (GCC) Expenses:

OPTCL has proposed **Rs. 0.35 Cr.** towards annual GCC Expenses for FY 2026-27 in line with the matters specified in Chapter 11 (2)(2) of the Odisha Grid Code (OGC) Regulations, 2015.

OPTCL has proposed **Rs.838.47 Cr.** towards O&M Expenses for the FY 2026-27, details of which are given in Table 5 below:

Table 5: O&M Expenses Proposed by OPTCL for the FY 2026-27
(Rs.in Cr.)

Particulars	Formula	Amount
(i) Employees' Cost, including Terminal Benefits	A	531.52
(ii) A&G Cost	B	46.95
(iii) R&M Cost	C	259.65
(iv) (GCC expenses)	D	0.35
Total O&M Expenses	E=A+B+C+D	838.47

(ii) Interest and Financial Charges

(a) Interest on Loan

OPTCL has estimated the total interest on loan capital is Rs. 407.48 Cr. After considering interest on loan capital of Rs.166.57 Cr. to be capitalised during FY 2026-27, it has proposed net interest on loan capital of **Rs. 240.91 Cr.** (Rs. 407.48 Cr.- Rs. 166.57 Cr.) for the FY 2026-27.

(b) Rebate

As per Regulation 8.49 of the OERC Transmission Tariff Regulations, 2014, OPTCL has proposed **Rs. 27.53 Cr.** towards rebate @ 2% on the projected ARR for the FY 2026-27.

(iii) Depreciation

In accordance with Regulation 8.38 of OERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2014, OPTCL has proposed a Depreciation of **Rs. 337.09 Cr.** for FY 2026-27.

(iv) Return on equity (RoE)

As per Regulation 8.27 of OERC Regulations, 2014, OPTCL has proposed Return on Equity (RoE) of **Rs. 279.11 Cr.** for FY 2026-27 @ 15.5% on 30% of GFA Rs. 6002.32 Cr. (Book value of own Assets on 31.03.2026).

(v) Income Tax

As per Regulation 8.43 of the OERC's Transmission Tariff Regulations, 2014, Income tax of the Transmission Licensee shall be recovered from the beneficiaries. As per the Audited Accounts of the FY 2024-25, OPTCL has paid Income Tax of **Rs. 28.56 Cr.** Accordingly, it has proposed the same amount of Rs. 28.56 Cr. towards income tax for FY 2026-27, subject to true-up.

(vi) Interest on Working Capital

OPTCL has not proposed any amount towards interest on working capital for FY 2026-27. However, OPTCL has requested the Commission to consider the interest on working capital, if any, availed during FY 2026-27 in the truing-up exercise.

Other Cost:

(vii) Incentive for System Availability:

In accordance with Regulation 6.5 of the OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014, OPTCL has worked out an incentive of Rs. 13.73 Cr. towards system availability for the FY 2024-25. Accordingly, OPTCL proposed **Rs.13.73 Cr.** towards Incentive for System Availability for the ensuing FY 2026-27.

2.5. Miscellaneous Receipt

2.5.1. OPTCL has submitted that, in line with the trend of revenue of previous years and earnings during 1st six months of FY 2026-27, it has proposed **Rs.275.35 Cr.** for FY 2026-27 towards Miscellaneous Receipts from different sources as given in the table below:

Table 6: Summary Miscellaneous Receipts

Source	Rs. in Cr.
Inter-State Transmission charges	8.14

Source	Rs. in Cr.
Short-Term Open Access Charges	195.73
Bank Interest	20.00
Scrap Sale	5.00
Income from Lease rent (Optical Fibre)	16.48
Supervision Charges	20.00
Other Misc. Receipts	10.00
Total	275.35

2.6. Summary of Aggregate Revenue Requirement of OPTCL for FY 2026-27 (Rs. Cr.)

2.6.1. Considering all the aforesaid proposed transmission costs and miscellaneous receipts, OPTCL has proposed its Net Aggregate Revenue Requirement (ARR) of **Rs.1,490.05 Cr.** for FY 2026-27 before the Commission for approval. The Summary of ARR is shown in the Table below:

Table 7: Summary of ARR Proposed by OPTCL for FY 2026-27

(Rs.in Cr.)

Particulars	Formula	Amounts
1. O&M Expenses	A=A1+A2+A3+A4+A5	838.47
(b) Employees Cost, including Terminal Benefits	A1	531.52
(c) A&G Cost	A2	46.95
(d) R&M Cost	A3	259.65
(e) Expenses related to auxiliary energy consumption	A4	0.00
(f) Other misc. expenses, statutory levies and taxes (GCC)	A5	0.35
2. Interest & Financial Charges	B=B1+B2+B3+B4	268.44
(g) Interest on Loan Capital	B1	240.91
(h) Interest on Working Capital	B2	0.00
(i) Rebate	B3	27.53
(j) Exemption as per OERP-2022	B4	
3. Depreciation & amortisation expense	C	337.09
4. Return on Equity	D	279.11
5. Income Tax	E	28.56
6. Incentive for system availability	F	13.73
7. Total Transmission Cost	G=A+B+C+D+E+F	1,765.40
8. Less: Misc. Receipts	H	275.35
9. Net ARR proposed to recover from LTA Customers	I=G-H	1,490.05

2.7 Transmission Loss

2.7.1. OPTCL has submitted that the actual transmission loss in OPTCL's system from April 2025 to September 2025 was 3.07%, compared to the Commission's approved target of 3.00% for FY

2025-26. OPTCL anticipates the loss level to remain at around 3.07% for the current year. Accordingly, OPTCL proposes a transmission loss of 3.05% for FY 2026-27.

2.8 OPTCL Revenue Receipt and Deficit in the Proposed ARR for the FY 2026-27 at the existing Transmission Tariff

2.8.2. OPTCL has stated that it has taken the recent realistic demand projection of all four DISCOMS **39103.46 MU** (4463.87 MW) for FY 2026-27. Further, the energy of 440 MU (50.23 MW) is likely to be transacted in 33kV & 11kV networks of DISCOMS for which OPTCL is not entitled to get any transmission charge as per the Commission's order. Hence, excluding this, the petitioner has estimated that net **38663.46 MU** (i.e., 39103.46 MU - 440 MU) will be transmitted over the OPTCL's network for DISCOMS.

2.8.3. Regarding recovery of transmission charges from the Long-Term Access (LTA) Customers during FY 2026-27, OPTCL has proposed as follows:

- I. By levying transmission charges at the rate applicable to DISCOMs for transmission of **38,663.46 MU** (4,414.30 MW).
- II. By levying transmission charges at the rate applicable to LTA customers, namely IMFA (380 MU), NALCO (147.60 MU) and Jindal Steel Limited (1,314 MU), for transmission and supply of emergency/backup power aggregating to **1,841.60 MU** (210.22 MW).
- III. By levying transmission charges at the rate applicable to Renewable Energy (RE) LTA customers, namely M/s BEL (9.45 MU), M/s ABReL SPL (27.28 MU), M/s ABReL SPV (25.03 MU), M/s MCL (111 MU), M/s Tata Steel Limited, Kalinganagar (839.38 MU under GNA), M/s Hindalco (262.80 MU under GNA) and AMPIN (69.276 MU), for transmission of renewable power aggregating to 1,344.21 MU, in accordance with the OERC (Promotion of Renewable Energy through Green Energy Open Access) Regulations, 2023.

Accordingly, OPTCL has estimated the total energy to be transmitted through its transmission system during FY 2026-27 at **41,849.28 MU** (38,663.46 MU + 1,841.60 MU + 1,344.21 MU) for DISCOMs and LTA/LTOA customers, including NALCO, IMFA, Jindal Steel Limited, BEL, ABReL SPL, ABReL SPV, MCL, Tata Steel Limited, Hindalco and AMPIN.

2.8.4. OPTCL has projected that the revenue to be earned from transmission of 41,849.28 MU for DISCOMs and other LTA/LTOA customers, at the existing transmission tariff of 25.50 paise per unit, shall be **Rs.1,067.16 Cr.**

2.9. Excess/Deficit of Revenue Requirement

2.9.1. OPTCL has projected a revenue deficit of **Rs.423.04 Cr.** for FY 2026-27 by considering the proposed ARR of Rs. 1,490.05 Cr. and the estimated revenue of **Rs. 1,067.01 Cr.** to be earned from transmission of 41,849.28 MU at the existing transmission tariff @25.50 P/U.

2.10. Open Access Charges

2.10.1. Para 20(2), chapter 5 of Regulation “OERC (Terms and conditions of Intra state open access) Regulations 2020” (effective from 18.11.2021) specifies the details of Open Access Charges and transmission charges shall be payable on the basis of contracted capacity in case of long-term and medium-term open access consumers and on the basis of scheduled load in case of short-term open access consumers.

2.10.2. The Commission, vide Letter No. DIR(T)-332/2008/77 dated 01.02.2021, had clarified that the DISCOMs do not come under the new regulation “OERC (Terms and Conditions of Intra-state Open Access) Regulations 2020” and they are governed under OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014. Therefore, the transmission charges for the LTA customers are to be recovered as under:

(i) From four DISCOMs (i.e. TPCODL, TPWODL, TPNODL & TPSODL) as per the OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014.

and

(ii) From other LTOA customers (i.e. NALCO, IMFA & JSL) as per OERC (Terms and conditions of Intra-state open access) Regulations 2020.

(iii) From RE LTOA customers (i.e. ABREL SPL, AMPIN, BEL, ABREL SPV & MCL) as per OERC (Promotion of Renewable Energy through Green Energy Open Access) Regulations 2023.

2.10.3. OPTCL has proposed the short-term Open Access for FY 2026-27 as per the table below.

Table 8: Open Access Charges proposed by OPTCL for the FY 2026-27

Parameters	Formula	In Rs. Per Unit approach
Net Aggregate Revenue Requirement (Rs. Cr.)	A	1,490.05
Proposed Energy to be transmitted in the OPTCL Network (MU)	B	41,849.28
Power Flow (Equivalent of 41,849.28MU) in MWs	C	4777.31
Proposed Transmission Tariff (Rs./MW-Day)	D	8545.00
Proposed Transmission Charges (Paise/unit)	E=A*10/B	35.61

2.11. Reactive Energy Charges

2.11.1. OPTCL has provisionally proposed 3paise/KVARh as Reactive Energy Charges FY 2026-27 in accordance with the order of Hon'ble Commission vide Case No. 50/2017. dated 05.02.2019.

2.12. Levy of Grid Support Charges (GSC)

2.12.1. The Commission vide order dated 09.07.2024 in Case No. 44 of 2024 has directed to submit a consolidated report considering certain queries. OPTCL is in the process of submitting the report complying with the suggestions of the Commission. If the levy of GSC is decided in favour of the petitioner (OPTCL), the major portion of the accrual from GSC shall be passed on to the end users, resulting in further reduction in transmission cost.

B. True Up Application for FY 2024-25

3.1. OPTCL has submitted that during FY 2024-25, it incurred a net deficit of **Rs. 53.07 Cr.** Therefore, the petitioner requests the Commission to consider the surplus/deficit against each item for the truing-up of ARR for FY 2024-25. The actual figures/ amounts as per audited accounts and truing-up proposed by OPTCL against the approval of the Commission in ARR for the FY 2024-25 are shown in the Table below:

Table 9: Truing-up Proposed by OPTCL for the FY 2024-25

(Rs. Cr.)

Particulars / Year	Formula	OERC Approval	Actual as per Audited Accounts	Truing up	Surplus/ (Deficit)
Expenditure					
Employee Cost (Net)	A	488.63	473.39	473.39	15.24
R & M Cost	B	135.00	149.01	149.01	-14.01
A & G Cost (Including SLDC and GCC)	C	37.05	44.76	41.60	-4.55
Sub-Total	D=A+B+C	660.68	667.16	664.00	-3.32
Depreciation	E	275.67	408.91	269.89	5.78
Interest on long-term liability	F	133.95	131.38	131.38	2.57
Rebate	G	20.16	15.93	15.93	4.23
Incentive for system availability	H	5.00	5.00	13.73	-8.73
GCC Expenses	I	0.35	-	-	0.35
Sub-Total	J=D+E+F+G+H+I	1,095.81	1,228.38	1,094.93	0.88
Return on Equity	K	162.14		173.12	-10.98
Income tax	L	7.00		28.56	-21.56
Grand Total	M=J+K+L	1,264.95	1,228.38	1,296.61	-31.66
<i>Less: Inter-state wheeling & Misc. Revenue</i>	<i>N</i>	<i>302.75</i>	<i>347.51</i>	<i>347.51</i>	<i>44.76</i>
<i>Less: Regulatory Surplus</i>	<i>O</i>	<i>48.50</i>	<i>-</i>	<i>-</i>	<i>-48.50</i>
Net Transmission Cost	P=M-N-O	913.70	880.87	949.10	-35.40

Revenue from Transmission Charges	Q	913.76	896.09	896.09	-17.67
Difference to be allowed in truing up (FY 2024-25)	R=P-Q	-0.06	-15.22	53.01	-53.07

3.2. OPTCL has humbly submitted before the OERC to kindly consider the component wise surplus/shortfall for carrying out the truing up of ARR for FY 2024-25. The net deficit of **Rs. 53.07 Cr.**

Prayers

4.1. Based on the facts and submissions made in the foregoing paragraphs, OPTCL humbly prays before OERC to kindly approve the proposed ARR and Transmission Tariff for FY 2026-27 and the truing up application of OPTCL for FY 2024-25 as under:

- Aggregate Revenue Requirement of **Rs.1,765.40 Cr.**
- Recovery of Transmission Charge @ **Rs. 8545.00 /MW-Day i.e. 35.61 Paise/unit.**
- Transmission Loss for FY 2026-27 as **3.05%** on energy drawal.
- Truing up exercise for the FY 2024-25 and considering the deficit amount of **Rs.53.07 Cr.** for which the applicant is duty-bound shall ever pray.
